

State budget surplus \$10B

Lawmakers urge fiscal caution

By Enrique Rangel

enrique.rangel@morris.com

Publication Date: [11/23/08](#)

AUSTIN - Seven years ago, life was good in Texas.

Despite a national recession on the horizon, the Legislature had a \$6 billion surplus and funded programs that otherwise might not have been funded or gotten much money. As a result, in the 2001 session, state lawmakers increased spending by 16 percent.

However, the surplus was gone, and two years later it was another story. While the nation had recovered from a mild recession, the Texas Legislature had a \$10 billion deficit, and funding for everything was sharply reduced and in some instances cut off.

In Amarillo, the budgets of West Texas A&M University and Amarillo College were severely reduced, despite growing student enrollment. To this day, neither school has fully recovered from those cutbacks.

Fast forward to today. Despite an international economic crisis, the Texas economy is in good shape, and there is even a projected surplus of at least \$10 billion for next year's legislative session.

But former state Rep. Talmadge Heflin, R-Houston, chairman of the House Appropriations Committee in the 2003 session, sees something that worries him and has gone public with his concern.

Heflin, who now heads the Center for Fiscal Policy at the Texas Public Policy Foundation, an Austin-based think tank, is warning his former colleagues to avoid the mistakes of 2001 in next year's session.

"Next year, the Texas Legislature will reveal whether it has learned the lessons of 2001 or whether it will spend us into another budget crisis," Heflin said. "Clearly, the national economy is far worse today than it was in 2001, and while Texas has positioned itself better than just about any other state, we will not be immune to the effects from a national recession."

He is not the only one sounding the alarm bell.

At a recent meeting of the Legislative Budget Board, director John O'Brien urged lawmakers to "save some money for what might be a rough 2011 session."

Most of the state budget comes from sales taxes because Texas is one of a half-dozen states with no income tax. State Comptroller Susan Combs says that the Texas economy remains healthy, but also has warned of difficult times ahead. Before the Legislature convenes in mid-January, Combs will

release her official revenue estimate for the next biennium.

Plummeting oil and natural gas prices, key components of the Texas economy, add to the concern. After six years of growth, the state's oil and gas industry is bracing for hard times.

The price of a barrel of crude oil is now less than \$50, almost \$100 less than the record close on July 3.

Some lawmakers and government leaders appear to be heeding Heflin and O'Brien's warnings.

Lt. Gov. David Dewhurst, the presiding officer of the Texas Senate and co-chair of the Legislative Budget Board, said the board unanimously approved a 9.14 percent spending limit for the next biennium, which is about 4.55 percent a year - nearly half of what the Legislature approved in 2001.

"I am working hard to keep state spending and taxes as low as possible while providing essential services to Texans," Dewhurst said.

Republican Reps. Carl Isett of Lubbock and John Smithee of Amarillo said the Legislature would be foolish not to listen to Heflin and O'Brien.

"This is not the time to start new programs," said Isett, who also sits on the House Appropriations Committee and chairs the panel's Subcommittee on General Government, as well as the Sunset Advisory Commission which oversees all state agencies.

"We just need to fund the schools, to keep our roads and highways safe and the criminal justice system that protects us," Isett said. "We just have to meet those and other essential needs."

Smithee, the dean of the Panhandle delegation and chairman of the House Insurance Committee, agreed.

"We need to be very cautious," Smithee said of next year's session. "It doesn't take a genius to figure out that we're in for tough times. Texas is starting to feel it now."

Dick Lavine, senior fiscal analyst at the Center for Public Policy Priorities, an Austin think tank that advocates for needy Texans, said he agrees with the warnings but hopes lawmakers adequately fund basic programs such as public education and health care.

"The reason we keep having these problems is because Texas invests so little in its people and its future," Lavine said.

Click here to return to story:

http://www.amarillo.com/stories/112308/new_news6.shtml

© The Amarillo Globe-News Online