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## Groups call for spending restraint in tough budget climate

By [Kate Alexander](#) | Wednesday, February 11, 2009, 01:33 PM

We seem to have competing weather forecasts at the Texas Capitol.

Several groups representing fiscal conservatives, businesses and taxpayers said Wednesday that much of the rainy day fund, which is expected to have \$9.1 billion available for the upcoming budget, needs to be saved for storms building on the horizon.

"Yes, we are in a rainy day, but no one knows for sure how long this storm will last," said Talmadge Heflin of the [Texas Public Policy Foundation](#). "Texas families have the instinct to stretch their emergency savings as long as possible, and state government needs to show the same discipline."

The groups, which included the Texas chapter of the National Federation of Independent Business, Texans for Fiscal Responsibility and others, laid out their blueprint for an effective budget, such as:

- Maintaining a rainy day fund at least 5 percent of general revenue, which would be about \$4.5 billion in the upcoming budget;
- Using the rainy day fund only for one-time expenses or tax relief, such as continuing the school property tax cuts approved in 2006; and
- Prioritizing spending on constitutional requirements (i.e. education and law enforcement)

The Center for Public Policy Priorities, meanwhile, said now is precisely the time to use the rainy day fund.

"When it rains, use your umbrella," CPPP intones in a paper released Tuesday. CPPP advocates for low- and middle-income Texans.

CPPP argues:

The constitutional purpose of the Economic Stabilization Fund (aka rainy day fund) is to help stabilize the state budget during a severe decline in state revenue.

Texans did not want to repeat the experience of 1986, which required budget cuts and tax increases during an economic recession. The fund serves as a savings account for the state, to be tapped to fund ongoing services when revenues fall.

State lawmakers are looking into a significant budget hole as they go about writing the roadmap for the state spending in 2010-2011. The introduced Senate budget is \$3.9 billion above the available revenue.

Texas' financial troubles are nowhere near as bad as those of most other states but it is still a big hole to fill. And some in the Capitol are looking to the federal stimulus package as a potential source to help fill it.

But the groups at Wednesday's new conference say otherwise.

"As Congress is poised to mortgage our children's future and spend-thrift states are lining up for bailouts, Texas may well be a last refuge of fiscal sanity," said Peggy Venable of Americans for Prosperity.

That money should only be used for one-time expenses and should not dig the state into a bigger hole in future years, they said.

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