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## One-third of stimulus money = recurring expense?



3:10 PM Thu, Aug 27, 2009 | [Permalink](#) | [Yahoo! Buzz](#)  
**Robert T. Garrett/Reporter** [Bio](#) | [E-mail](#) | [News tips](#)

About one-third of the federal stimulus money Texas accepted this year will probably translate into ongoing obligations, the Legislature's top budget-writing adviser said today.

Despite state leaders' pleas that all stimulus dollars be spent on one-time, non-recurring items, "there are a couple of areas where that's just not going to be possible," said Legislative Budget Board director John O'Brien (at right, in photo). He spoke at a budget symposium sponsored by the Texas Public Policy Foundation, which advocates limited government and free markets.



The stimulus package provided Texas some \$4.1 billion in extra federal matching money for Medicaid, the nation's main health care program for the poor. Some was used to cover Medicaid and foster care cost overruns in the current two year budget, which ends Monday. O'Brien said \$2.5 billion of it helped balance the 2010-2011 budget, "and when that goes away, the [state] General Revenue portion will just automatically go up."

He continued, "I don't see the Legislature reducing its funding to school districts." While everyone hopes a stock portfolio in a state trust fund for the schools will recover and start spitting out money, "almost \$2 billion in formula funding for public schools will be a recurring need."

So if there's no Stimulus II passed in Washington, it looks like \$4.5 billion -- or nearly one-third of the \$14.4 billion of round-one stimulus money that the state sprinkled over three fiscal years -- is a hole that will have to be filled somehow in the two-year budget written next session. And that's with no change in Medicaid eligibility rules and services. Just lots of medical inflation, lots of needy people, lots of kids needing to be educated.

"Everywhere else," O'Brien said, "we hope that agencies are spending money on one-time items and not getting used to having that money."

It's something to keep in mind, when some lawmakers already have warned that budget writers next time could face a shortfall exceeding \$10 billion.

## Comments

Posted by **Toby.Belch** @ 3:44 PM Thu, Aug 27, 2009

Isn't this why Perry rejected the stimulus money for the unemployment fund? But we accepted money which will lead to a future budget deficit? Why didn't that get vetoed? Maybe instead of trying to enhance his "conservative" street cred, Perry should start leading. Also, if KBH even hopes to win next fall, then her campaign should probably start criticizing Perry for taking this money, instead of criticizing him for what he didn't take, but by the time they figure that out, it'll probably be too late.

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Posted by **Toby.Belch** @ 3:46 PM Thu, Aug 27, 2009

That should be next spring, not next fall, but the point doesn't change. Need to read this closer before hitting submit.

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