

Where spending cuts really hurt

As legislators hash out a lean budget, poor families fear they'll bear a greater burden

By RENEE C. LEE
 HOUSTON CHRONICLE
 April 3, 2011, 8:38AM



Cody Duty Chronicle

Debra Walker, at her southeast Houston home with her uncle, Jessie Anderson, says she and her husband see their living costs go up as they try to get by on a small fixed income.

Debra Walker, a part-time home health aide, feels squeezed from all directions. The property taxes on her southeast Houston home keep going up, she spends more money to fill up her gas tank and she's paying more at the grocery store but coming home with fewer items.

She and her retired husband's annual household income of just more than \$18,000 is barely enough to get by and not enough for them to afford health insurance. The couple rely on public health clinics and Medicaid. But Walker, 56, fears that looming state budget cuts could threaten those services, leaving them without any health care options.

In the trade-off between taxes and government services, Walker feels as though her family is getting a poor bargain.

Her frustration is echoed by many low-income families who don't like the decisions state lawmakers are making to shore up a budget shortfall of up to \$27 billion. Education, public health and Medicaid - services that poor people depend on the most - all face major cuts.

Poor families have reason to be concerned, according to a recent report by the Center for Public Policy Priorities, a liberal-leaning think tank based in Austin. They bear a disproportionate share of state and local taxes compared with higher-income families, the report said.

A family earning \$29,223 pays 14 percent of its income in taxes compared to a family that earns \$126,460 and pays 3 percent, the report shows.

"If you're talking about budget cuts, they are aimed at the services people can't pay for themselves," said the center's senior policy analyst, Dick Lavine.

Texas has the nation's fifth most-regressive tax system, the report said. Based on figures from the state comptroller, low-income families shoulder the heaviest burden in paying sales taxes, the report said.

Concern for kids' future

The Texas Public Policy Foundation, a conservative-leaning think tank, argues that the state's tax system is fair and that calculating taxes as a percentage of income is not a legitimate means of assessing the equity of the system.

"When you look at percentage of income, you find everything lower-income people buy is a higher percentage of their income," said Talmadge Heflin, director of the foundation's Center for Fiscal Policy and a former state representative. "If you look at who pays the most as far as real dollars, the higher-income people will pay more."

Across the board, everyone is paying more taxes, Heflin said.

While the Center for Public Policy Priorities advocates for a fairer tax system based on ability to pay, the Public Policy Foundation supports reducing the tax burden so that everyone keeps a greater portion of what they earn.

But as policy wonks debate and lawmakers work to balance the budget, many low-income families are becoming increasingly worried about their children's education. Public schools, for example, could experience an \$8 billion cut in funding for the next two years. Many school districts have begun laying off teachers and preparing to cut programs.

Dolce Cantu of Deer Park has two children in college and two young children, 2 and 4. Her 4-year-old daughter will be ready for prekindergarten next school year, but there's a chance the program will be eliminated. Cantu said all children need the foundation of a pre-K program to start their education.

Pay and hours cut

"With all this budget-cutting and laying off teachers, I don't know where she will go," said Cantu, who decided to be a stay-at-home mom two years ago because child care was too expensive. "I will have to go back to work to pay for private school if pre-K programs are cut."

She wants to go back to being a substitute teacher, but that's probably not an option because of budget cuts, she said.

Cantu and her husband, a scaffold builder at a chemical plant, own their home and feel what they pay in school property taxes is too much for what they'll be getting in return, she said.

They already have had to make financial adjustments so that their two older children can stay in college.

Their 20-year-old daughter recently transferred from St. Thomas University to the University of Houston at Clear Lake to save money.

"My husband works fewer hours and had a pay cut," Cantu said. "They're talking about raising taxes. If they do,

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we won't be able to pay for a place to live."

Special programs, buses

Single parent Patricia Gonzales of Pasadena is concerned about schools losing special needs and gifted and talented programs. Her 12-year-old twins have benefited from both programs.

She said her school district also is considering providing bus service only to children who live farther from school, a move that would force Gonzales, who has a physical disability and a fixed income, to drive her children back and forth to school. Her children wouldn't be able to attend many after-school activities because the gasoline would cost too much, she said.

Gonzales is active with the Texas Organizing Project, a grass-roots community group that advocates for low-income people. The group held several community rallies in March to raise awareness about state budget cuts and to get people involved in the legislative process.

The group recently held a rally at Stephen F. Austin High School, a school with many low-income students that could lose its band program and other extracurricular activities. Parents at the rally said schools that have fought hard to acquire programs enjoyed by more affluent schools would be hit hardest by the financial cuts.

"This is important because it's going to impact our future generation," said Gonzales. "They (lawmakers) need to know that if they do these budget cuts, they're setting up our children to fail. I feel every child should have an equal education."

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1FCNuremberg 8:59 PM on April 2, 2011

47% of Americans pay \$0.00 in personal income taxes. Companies like GE pay \$0.00 in corporate income taxes.

-- Eliminate personal and corporate income taxes and bring on a Federal Sales Tax or Value Added Tax.

-- Everyone should pay and everyone should benefit. Right now millions of leeches and liars steal from the taxpayers, creating class warfare, which is the last thing this economy needs.

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felopton 8:30 PM on April 2, 2011

I don't blame them for being upset about the healthcare threat. Medical care is too freaking expensive. Without government subsidy or health insurance it is impossible to pay for. I pay cash for my healthcare. The last 3 visits to the Dr I have had to spend over \$100 each to have an MD look at me for 30 seconds, confirm what I already knew I had, and write me a prescription for a \$4 medication that I already knew I needed.

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