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# Lawmakers keep Texas moving in right direction on fiscal policy but leave much to be desired



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Like their counterparts in the Senate, members of the Texas House reached the end of the 82nd Legislature's special session without having effected genuine fiscal stability.

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By **Talmadge Heflin and James Quintero**

SPECIAL TO THE AMERICAN-STATESMAN

Published: 7:11 p.m. Saturday, July 9, 2011

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Six months ago, Texas lawmakers convened the 82nd session amid the most challenging fiscal climate since World War II.

As soon as the session began, lawmakers learned that revenues were down sharply from the previous cycle, the state was short \$4.3 billion for its current budget, and the next budget was facing a \$15 billion shortfall. No minor matters.

Fast-forward to today: The bills for the current two-year budget are paid, the budget for the next two years is balanced, no new major taxes were passed, and much of the state's rainy day fund is still intact for use by future legislatures.

All in all, a job well done, right? Well, that depends.

To be sure, lawmakers achieved some good things this session, such as cutting overall spending for the first time in at least 50 years and reducing general revenue spending for only the third time since World War II.

But to make these things happen, budget writers had to rely heavily on gimmicks and one-time fixes, like a \$2.3 billion payment deferral to the Foundation School Program and underfunding Medicaid caseload growth to the tune of \$4.8 billion.

Perhaps even worse than these budget shenanigans is the fact that, despite having a golden opportunity, lawmakers failed to make any substantive changes to how and why state government spends money.

For instance, of the Texas Public Policy Foundation's five essential budget and spending reforms, which were offered in January (see the American-Statesman article at <http://bit.ly/nCd3UH>), lawmakers really only achieved one — reducing Texas' dependence on federal funds — and even then, this goal was primarily accomplished because of the fact that \$12 billion in federal stimulus funds expire at the end of the current budget cycle, meaning this was probably going to happen on its own anyhow.

As for other budget and spending reforms, here's how lawmakers fared:

- What conservatives were hoping for: A two-year budget prepared from scratch to root out waste, fraud and abuse.

What actually happened: Lawmakers largely overlooked zero-based budgeting — a technique that requires each state agency to build their budget from the ground up, thus helping to ensure that every expense is justified — and instead wrote the budget using a modified current services approach. The result was a much meatier budget than could have otherwise been.

If there is a silver lining here, it is that zero-based budgeting proponents did make some headway this session in highlighting this tool and possibly created some opportunities in the next session for lawmakers to take this tool out of the toolbox.

- What conservatives were hoping for: The elimination of nonessential agencies and programs.

What actually happened: In short, very little.

Initially, it appeared that House lawmakers were going to look favorably on this idea and even cast a number of difficult votes to defund certain agencies and programs. But unfortunately, much of

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the lower chamber's resolve seemed to wane after its version of the budget was passed and conference committee members went to work.

In the Senate, lawmakers never really pursued this and instead turned much of their attention to finding additional revenue to support the current structure.

And so, no major efforts to rethink how state government operates ever materialized, coming as a major disappointment for many as the Legislature seemed unwilling to look closely at rationale for continuing taxpayer support for such entities as the Historical Commission, the Commission on the Arts and the Healthy Texas Program.

To be fair, in the end a few agencies were consolidated and merged, and funding was somewhat reduced in some cases; but overall, the Legislature seemed reluctant to do what it did in 2003 and truly refocus the state's attention on priority issues — such as transportation, border security and an efficient system of public education.

• What conservatives were hoping for: Change the budget layout to make it easier for taxpayers and legislators to understand.

What actually happened: Twice House members amended major legislation to try to pass this provision, and twice conference committee members stripped it from the final bill, even going so far as to ignore a motion to instruct conference committee members to keep the provision on the bill.

To this day, it is still largely unknown why the conference committee members were so opposed to such a simple thing as making the budget easier to understand. For the time being, it seems, the budget bill's confusing and intimidating nature will continue to baffle all but those without an advanced degree in public finance.

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	<b>Scot</b> 8:24 PM on July 10, 2011 Score: 1 Report Abuse
The elimination of nonessential agencies and programs. Other peoples Money. In the end what is essential to spend other peoples money for?	
	<b>Tarvin</b> 5:19 PM on July 10, 2011 Score: -2 Report Abuse
How about abolishing the state government entirely? Will you conservatives be happy then?  <a href="#">1 reply</a>	
	<b>Tarvin</b> 5:17 PM on July 10, 2011 Score: 0 Report Abuse
Didn't fees go way up so the Repugs can say they didnt raise taxes?  <a href="#">1 reply</a>	
	<b>tonynovak</b> 4:44 PM on July 10, 2011 Score: -1 Report Abuse
I wasn't aware that here was	

interest in changing the Healthy Texas program as was suggested in the article. Can someone elaborate? I am working on publicity and marketing for the restaurant association's new health plan with Healthy Texas so it would be useful to have some insight into the changes being considered.



[SA1965](#)

Score: 0

11:17 AM on July 10, 2011

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Have you ever wondered why Republicans are so interested in encouraging people to volunteer in their communities? It's because volunteers work for no pay. Republicans have been trying to get people to work for no pay for a long time. GC

[1 reply](#)



[SA1965](#)

Score: 2

11:16 AM on July 10, 2011

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Conservatives say if you don't give the rich more money, they will lose their incentive to invest. As for the poor, they tell us they've lost all incentive because we've given them too much money. GC



[Nate](#)

Score: 4

10:26 AM on July 10, 2011

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Why is this opinion piece placed as the headline on the web edition?



[Fiftycalx](#)

Score: -2

9:28 AM on July 10, 2011

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In other words, the liberals at this "think tank" are unhappy that the teacher unions didn't get their usual 6% pay increase, "free" welfare money didn't increase so the liberals will have a harder time buying votes and with voter ID, it will be harder for illegal aliens to vote for the socialist party.

[1 reply](#)



[Bree](#)

Score: 4

8:17 AM on July 10, 2011

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I guess Texas hasn't gutted enough to please the private prison industrialists who want more slave fodder.



[w\\_roos](#)

Score: 4

8:03 AM on July 10, 2011

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This session damaged education in Texas, and didn't solve nothing going forward. The structural deficits remain for the next biennial (dare we think that far ahead). All it did was help Perry run for '012.

[1 reply](#)



[blakemcdaniel](#)

Score: -2

7:18 AM on July 10, 2011

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Kudos to the legislature for making hard decisions and a job well done in the midst of serious fiscal challenges. Let's see if our federal government can follow suit.



[UT System Employee](#)


Score: 2

6:10 AM on July 10, 2011


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There are several wasteful institutions which should have been defunded. Due to its dismal graduation record, and inability of its graduates to obtain and hold a


job in their chosen field, UTEP should be seriously restructured or defunded. There are better things to do with the state money than support the 'royal empire' of Diana Natalicio who has been in power over 22 years as President and who make very close to 1/2 Million dollars a year.

 [1 reply](#)


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 **OldBlow hard** Score: 1  
3:51 AM on July 10, 2011 [Report Abuse](#)


The Legislature did a great job. All McCown wants to do is raise people's taxes and spend their \$\$\$ for a welfare state. Forget it.

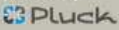
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 **svstexas9** Score: 0  
8:48 PM on July 9, 2011 [Report Abuse](#)

I hope the Statesman also plans to publish commentary from Scott McCown. I think his take will be different, as is mine.

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