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Leaders warn of more budget problems in Texas

Education, health care officials say appropriations must be increased

By Gary Scharrer, Houston Chronicle
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AUSTIN – Two key leaders of Gov. Rick Perry's team highlighted growing budget problems this week, with one projecting at least a \$15 billion hole in the Medicaid program and another warning that the ban on social promotions will end unless lawmakers find money to help struggling students.

More also will be needed to pay for the new school accountability system, Texas Education Commissioner Robert Scott told school administrators Monday.

Warnings from the two respected agency commissioners that state leaders need to appropriate more money to fix problems in the costliest missions of state government - education and health care - will renew the ongoing conflict between those advocating more spending and others who want to shrink government.

They also will present formidable challenges to Perry's leadership and spur speculation about his political strength in the wake of his failed national campaign for the Republican nomination for president.

"We need to hear the truth so we can seriously address the consequences," said state Sen. Leticia Van de Putte, D-San Antonio. "We have known Texas' revenue system cannot meet and does not meet its growing infrastructure needs in education, health care, water and transportation. What's new is that we finally have two state officials with enough courage to say the truth."

Lawmakers last year slashed billions in funding for education and health care under a Perry mandate that the state budget be balanced through spending cuts rather than with revenue increases.

Scott's remarks on education funding and Health and Human Services Commissioner Tom Suehs' observations on the Medicaid health care program "are certainly valid," said Senate Finance Chairman Steve Ogden, R-Bryan, who is retiring next year after 22 years in the Legislature.

However, he said, it is too early to panic.

"Those assumptions are based on things not changing. We see over and over that things change a lot, and they change pretty fast," Ogden said.

Texas also faces another school funding lawsuit, prompting Ogden to suggest a special legislative session is needed.

"I don't think you can fix school finance without a constitutional amendment," he said.

'Few good options'

Arlene Wohlgemuth, executive director of the Texas Public Policy Foundation, said other states should join Texas in resisting federal funds that come with attached strings.

"This is the best long-term solution to the Medicaid crisis, as it would return both the money and

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regulatory authority over health care to the participating states," Wohlgenuth said.

Suehs' staggering Medicaid projections are in line with the foundation's own analysis, she said.

Texas lawmakers have "few good options to deal with this crisis," she said.

On the education front, the foundation's [Bill Peacock](#) contends the state is spending enough and that schools must become more efficient. The 22-1 teacher-to-student ratio comes with no research evidence indicating it is better than a 26-1 ratio, Peacock declared.

Schools should get rid of administrators before teachers, he said, and teacher salary schedules could be eliminated - allowing schools to pay more for good teachers.

"There's enough money in the current system to make sure that students get a good education if the districts will make students their priority," Peacock said.

Red flag to business

Retired state district judge [F. Scott McCown](#) said it is significant that, on consecutive days, the leaders of the state's two largest agencies say "their agencies can't make it on what's been budgeted."

McCown, who now directs the [Center for Public Policy Priorities](#), which advocates for Texans with low and modest incomes, took note of who is making those assessments. "These are conservative men who Governor Perry has confidence in, and they are saying they can't do it," he said.

Perry believes in "living within our means while preserving essential state services," his spokeswoman [Allison Castle](#) said. "There are always those who will want more, and Governor Perry will work with lawmakers and agency leaders in the next session to pass a budget that holds the line on new taxes."

Van de Putte said Perry and other state leaders seldom listen to lawmakers. "They listen to the business community."

And business leaders, she said, "need to realize that in a very short time we won't have the workforce that we need or the income of Texans to be able to buy the goods and services that they are selling."

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