

Key state programs see budget holes

Texas' health and education commissioners warn of problems ahead for Medicaid and school funding.

By Gary Scharrer

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Texas Education Commissioner Robert Scott said this week that a ban on social promotions in schools will be lifted unless legislators provide money to help struggling students. Photo: Associated Press File Photo / AP2009

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AUSTIN — Two key leaders of Gov. Rick Perry's team highlighted growing budget problems in separate speeches this week, with one projecting at least a \$15 billion hole in the Medicaid program and the other warning that the ban on social promotions in schools will be lifted unless lawmakers provide money to help struggling students.

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

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 after his failed campaign for the Republican nomination for president. Speculation on Perry's political strength has abounded

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since he stumbled on the national stage, was drubbed in early primary state voting and saw his vaunted fundraising prowess wither.

“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 of dollars for education and health care under a Perry mandate that the state budget be balanced through spending cuts rather than revenue increases.

Scott's remarks on education money and [Health and Human Services](#) Commissioner [Tom Suehs](#)' observations on the Medicaid health care program “are certainly valid,” said [Senate Finance Committee](#) Chairman [Steve Ogden](#), R-Bryan, who is retiring next year after 22 years in the Legislature.

But it is too early to panic, he said.

“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 that a special legislative session is needed.

“I don't think you can fix school finance without a constitutional amendment,” Ogden said.

Texas Public Policy Foundation Executive Director [Arlene Wohlgemuth](#) said other states should join Texas in resisting federal money that comes with strings attached.

“This is the best long-term solution to the Medicaid crisis, as it would return both the money and regulatory authority over health care to the participating states,” she 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, [Bill Peacock](#) of the [Texas Public Policy Foundation](#) contends that 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 that it is better than a 26-1 ratio, he said.

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.

Retired state [District Judge F. Scott McCown](#), who now directs the [Center for Public Policy Priorities](#), which advocates for low- and modest-income Texans, 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. These are conservative men who Gov. Perry has confidence in, and they are saying they can't do it.”

Perry believes in “living within our means while preserving essential state services,” spokeswoman [Allison Castle](#) said. “There are always those who will want more, and Gov. 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,” Van de Putte said. 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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