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Texas lawmakers pass budget restoring money cut from schools

May 26, 2013 | Corrie MacLaggan | Reuters

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AUSTIN, Texas (Reuters) - Texas lawmakers on Sunday gave final approval to a two-year budget that restores money cut from schools in 2011, adds funds for mental health services and calls for an 8.3 percent increase in state spending over the previous cycle.

The Republican-majority House on Sunday voted, 118-29, to send Governor Rick Perry the \$94.6 billion spending plan for 2014-2015. The Senate, which also has a Republican majority, approved it on Saturday on a 27-4 vote. The total budget, including federal funds, is \$196.9 billion, a 3.7 percent increase.

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"It's a great budget," House Appropriations Chairman Jim Pitts, a Republican, said after the vote. "We gave money to public education, we gave more money to higher education, we gave state employees a pay raise. The thing we're most proud of is what we've done for mental health."

Lawmakers have said that the nearly \$300 million extra for mental health came in light of recent school shootings, including the December massacre in Newtown, Connecticut.

The budget debate was less contentious than in 2011, when lawmakers cut \$4 billion from schools

because of a budget shortfall. The new budget - a compromise between the House and Senate - includes an additional \$3.4 billion for schools.

When the Legislature convened in January, state comptroller Susan Combs said that lawmakers would have more revenue to spend than they did in the previous cycle thanks to higher-than-expected tax collections boosted by economic growth.

Lawmakers were expected to consider more than \$1.3 billion in tax cuts and rebates late on Sunday before the conclusion of the biennial legislative session on Monday. That includes about \$1 billion in tax cuts for businesses and about \$300 million in electricity rebates.

Perry, a Republican, has called on lawmakers to pass tax cuts for businesses. He has the option of vetoing specific items in the budget.

In another bill passed by both houses Sunday, lawmakers approved taking \$3.9 billion from the state's economic stabilization fund - known as the rainy-day fund. That will leave an estimated \$8 billion in the fund, which is generated mostly from oil and gas production taxes, by the end of the 2014-2015 cycle.

The bill, which also will be sent to the governor, calls for spending \$2 billion from the rainy-day fund to finance water infrastructure projects in a state suffering from two years of widespread drought, assuming Texas voter approval of that money this fall.

It also calls for spending \$185 million from the rainy-day fund to pay mostly for fighting wildfires in 2011. Of that, \$15 million would go to a disaster fund to which certain communities - including the city of West, site of a fertilizer plant explosion in April - could apply.

In addition, the measure would take \$1.75 billion from the rainy-day fund to pay for a deferral in payments to schools, a budget tool used during the 2011 crunch.

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The Texas Public Policy Foundation, an Austin-based think tank that advocates for small government, criticized the state's spending plan and said lawmakers should not have tapped the rainy-day fund.

"Texans ought to be concerned about traveling down the road of unsustainably high government spending, dealing a blow to the prosperity that has sustained our homes and communities as the rest of the nation has suffered the worst economic times since the Great Depression," Chuck DeVore, the foundation's vice president for policy, said in a statement.

Texas' rapid growth - including 80,000 new public-school students each year - puts enormous demands on the state's infrastructure and budget, said Republican Senator Robert Duncan, who

supported the spending plan.

"The good news is, we're growing faster probably than any other state," Duncan told fellow senators on Saturday. "The bad news is, we're growing."

(Reporting By Corrie MacLaggan; Editing by Bill Trott)

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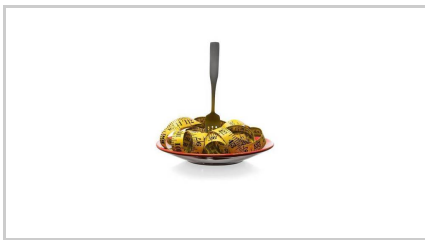
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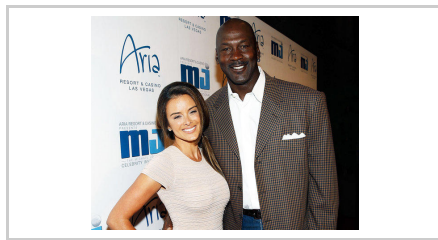
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