

ANGIE CHEN BUTTON



The State of Texas
House of Representatives



March 25, 2011

The Budget

On Thursday, the House spent the day debating HB 4 and HB 275. After many long hours and thorough discussion, the House adopted HB 4, the supplemental appropriations bill, to balance the books at the end of the current budget year, as required by the Texas Constitution. It implements \$1.2 billion in spending cuts previously approved by the state leadership and provides \$600 million in new funding to close a shortfall in the Foundation School Program. After the House adopted HB 4, we moved on to HB 275, which authorized the use of up to \$3.2 billion from the Economic Stabilization Fund (Rainy Day Fund) to close the rest of the current biennium's budget deficit.

These budgetary actions are the result of a long, thorough and deliberative process that has been underway for almost two years. We knew the challenges were coming and we've been bracing for the tough decisions and preparing to confront the fiscal realities of our state's economic shortfall. We've also been working with agencies to reign in state spending and make sure we are getting a good return on our taxpayer dollars.

C.S.H.B. 1

Friday morning at 8:30 am the House began debate on the budget bill. Before the debate began, Appropriations Chairman Jim Pitts stated, "Today we take up House Bill 1, the state budget for 2012-2013. This budget does not raise taxes. It does not rely on any spending and any new tax revenue to pay for programs or services. This budget does not spend any federal stimulus money. This budget does not spend any of the Rainy Day Fund on any ongoing programs or services in the next biennium. Finally, this budget does not grow government."

At _____ the House voted to adopt C.S.H.B. 1. The budget illustrates the economic realities we face as a state. It only spends available revenue and combined with HB 4 and HB 275, it fulfills our constitutional requirement to have a balanced budget. This budget we adopted reflects not only the spending cuts made to the 2010-2011 biennium, it also reflects the 10 % reductions we required in 2012-2013 and much more.

The legislature must adopt a balanced budget with the limited resources we have to allocate. To balance the budget, many painful cuts that affect the lives of everyday Texans had to be made. I know there are human faces behind each cut made, but we owe it to future generations of Texans to make the tough decisions today in order to protect the Texas of tomorrow.

The good news is, this tough budgetary process has helped find efficiencies and savings in state government. Instead of assuming that each agency should get what it got last year, we forced them to take a hard look at their budgets and justify from scratch their need for our limited tax dollars. It was because we went through this painful process that we found the needed savings in order to balance our budget. This utilization of zero-based budgeting is a fundamental reform brought about by this legislature.

Texas' economic performance leads the nation due to the competitive advantages created by its pro-economic growth policy environment. Although Texas has not been spared hardships, the economic recession in the state has been milder than in California and the nation overall.

The House considered a \$164.5 billion budget proposal for 2012-13, which is about \$23 billion, or 12.3%, smaller than the current budget. General revenue funding which comes mostly from state taxes and fees will fall \$4.6 billion, or 5.2%, from current spending. The amount of general revenue spending is \$77.6 billion. The state's debt service would rise 18.5%, to \$3.3 billion in the budget we adopted.

I have heard from many of you during this process. I appreciate your input. The issue I heard the most on was education. I will go into more detail on all aspects of the budget in the coming weeks but right now I would like to address education.

Education is a major priority and remains so in this budget. 56% of the state's general revenue is spent on education which is actually a little more amount more than what has been spent in the previous years. The share of the pie is the same, but the problem is that the size of the pie has gotten smaller due to the economic downturn.

Through long hours and extensive study, many came to the conclusion that spending more money on education does not translate to better educational attainment and improved learning. I support innovation and efficiency in the educational system and believe recruiting and rewarding the best teachers is fundamental to improving our children's education.

Some facts that may help put things in perspective are:

- Over the last 20 years, total Texas public school expenditures increased 334.5%, an increase of 142% when adjusting for inflation.
- Per-pupil costs have skyrocketed in Texas from \$3,659 in 1987-88 to \$11,024 in the 2007-08 school year, representing a 201% increase.
- Texas spends a higher percentage of its state budget on public education and higher education than other states on average.
- According to the National Center for Education Statistics, in 2007, Texas had the most public school employees of any state in the nation. This is surprising considering that

California had 1.6 million more students in public schools. Even with more students, California had 52,090 fewer total school personnel than Texas in 2007.

- Total Texas public school expenditures increased 334.5% from 1987 to 2007, an increase of 142% when adjusting for inflation. Texas' central administrators had a larger increase in salaries over the last 20 years than teachers. Texas' per-pupil costs increased from \$3,659 in 1987 to \$11,024 in 2007, a 66% increase when adjusted for inflation. The national average increase was 54%.
- Texas' education staff increased 71.5% between 1989 and 2009, while student enrollment only increased 44.5%. The number and percentage of staff hired by Texas public schools increased at a higher rate for non-teaching staff (76.6%) than for teachers (66.8%) over the last 20 years.

The House will be bringing forward many education proposals that will reform many fiscal aspects of educational administration and provide significant budgetary savings. Specifically, HB 400 will implement new effective human resource management processes, reward effective teaching, eliminate unnecessary and costly mandates on school districts, and allow class size flexibility in K-4.

Friendly Faces from Home



This week, some of The University of Texas at Dallas' best and brightest students representing the McDermott Scholarship Program, visited the Capitol. I had the opportunity to speak to them a little about the legislative process and what I have been doing so far this session. We discussed the importance of higher education not just to myself, but to the future of Texas.

It is an honor to serve as your State Representative. Please continue to communicate your views on issues that are important to you.

Sincerely,

Angie Chen Button

If you would like to be added or removed from this mailing, please e-mail District112.Button@house.state.tx.us.