



Overcoming objections from the right, House finishes work on Texas budget

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AUSTIN — Lawmakers rushed their budget deal to passage late Sunday, going down to the wire as their session neared its end.

House leaders struggled but eventually succeeded in lassoing enough Republicans to win the two-thirds vote needed to spend rainy day dollars, which has become anathema to tea party adherents and staunch conservatives.

Republican leaders needed two unusual moves to amass the two-thirds support needed to pass a required supplemental measure. First, soft-spoken Rep. Jim Pitts, the chamber's chief budget writer, raised his voice as he fended off objections to leaders' proposed use of state savings. And during a roll call a few minutes later, Speaker Joe Straus, who by custom never votes, announced, "Speaker voting aye."

Later, the House passed and sent to Gov. Rick Perry a \$197 billion, two-year budget. The vote was 118-29.

Both the House and Senate also approved and sent the governor bills on fees and consolidation of dedicated funds that are crucial to balancing the budget.

But late Sunday, a bill to cut the business-franchise tax by \$712 million was on shaky ground in the House. That raised the possibility that a special session would include tax cuts, a priority that Perry has repeatedly stressed. The measure would permanently exempt small businesses with revenue under \$1 million from the tax, and make other changes, including a temporary 5 percent rate reduction for all businesses, if the economy remains strong.

Pitts said it would bring to \$1.36 billion the amount of tax reductions lawmakers would send Perry, who has demanded \$1.8 billion worth. But if the bill went down, it would not endanger the budget package, Pitts said.

The maneuvers culminated 139 days in which GOP leaders first tacked to the left, to appease Democrats angry over last session's \$5.3 billion in school cuts, and then to the right, to soothe Republicans alarmed over the budget package's complexity and size.

Pitts, R-Waxahachie, acknowledged he was sweating the vote on the supplemental bill. His voice reached almost a shout as he stressed the rainy day fund money would pay for a water-infrastructure bank, wildfires, the fertilizer plant explosion in West and undoing an accounting gimmick — a delay in state payments to school districts.

Leaders' last-minute decision to use savings to reverse the payment delay drew cries of outrage from Rep. Phil King, R-Weatherford, who called it "a terrible precedent." He noted it freed up more general-purpose state revenue, which budget negotiators used to pay for a last dollop of help for public schools and for tax cuts.

Straus lieutenant Rep. John Otto, R-Dayton, argued that more general revenue becomes available every time lawmakers spend rainy-day dollars.

Transparency issue

A veteran Democrat called out the tea party-backed Republicans for demanding greater transparency and less reliance on hoarding of dedicated taxes, and then opposing attempts to achieve both.

"The people of Texas are weary of these accounting gimmicks," said Rep. Rene Oliveira, D-Brownsville.

The supplemental bill passed, 110-29 — 10 votes more than needed. Also winning final approval was a constitutional amendment to create a revolving loan fund for water projects. Voters will decide its fate in a fall election.

Pitts turned to passing the budget, which outside conservative groups and Rep. David Simpson, R-Longview, said represented a spendthrift, double-digit increase in spending.

Pitts, though, noted that in 2011, lawmakers hoarded \$5 billion in dedicated taxes and diverted \$1.2 billion of gas-tax money to balance the budget. In the new spending plan, they would hoard just \$4 billion of the special-purpose money and tap gasoline tax dollars for just \$800 million of the cost of the Department of Public Safety.

That's progress, he said, while defending the effort to restore money cut in education and other programs two years ago.

Pitts said even "doing all ... the good things that are in this budget, by increasing public education, by helping our higher education institutions, to help our state employees, we're still able to increase the state budget by a percentage of less than 1 percent per year" in dollars adjusted for inflation and population growth.

The two-year budget would spend slightly less than \$197 billion, counting federal funds. Leaders tout that as being only 3.7 percent higher than current spending, though some experts say it's about 7 percent higher after factoring in accounting shifts.

The budget provides little new money for transportation, identified by state leaders as a major need in this year's session. But it reduces waiting lists for in-home services for the disabled, boosts mental health spending by about a quarter-billion dollars, plows \$166 million more to reduce backlogs of child-abuse investigations at Child Protective Services and seeks to cushion safety net hospitals with \$300 million.

Rep. John Zerwas, R-Richmond, said that would help cushion the blows to hospitals that are coming from shifts of federal Medicaid payments.

Medical education

The Legislature put back some of the money for medical education that was cut last session and provided an additional \$14 million to create and expand residency training positions for medical school graduates. Many must move to another state to find a position because Texas has too few, leaders say.

The budget package also would end a fee on electricity bills in North Texas, Houston and the Rio Grande Valley.

The money, collected in the System Benefit Fund, will no longer be collected as of Sept. 1. And a huge backlog, held in reserve to help certify the budget's balanced, will be used to give poor people 82 percent discounts on utility bills.

"All of the money ... will go back to the people for whom it was collected," said Rep. Sylvester Turner, D-Houston.

Budget writers also added 50 employees to help work off backlogs and delays when Texas military veterans apply for federal benefits. And they added mental health counselors and services to try to stem a tide of suicides among Iraq and Afghanistan combat veterans.

Rep. Pat Fallon, R-Frisco, noted the congratulatory tone of budget writers' remarks last month, when the budget cleared the House and they thanked one another and staffers for hard work.

"The government doesn't make any money, nor do we produce anything," he said. "The private sector does that, and the one person we should, must and will thank today is the Texas taxpayer."

Simpson noted several conservative objections to the budget and the process by which it was approved, including that by giving state district judges a 12 percent raise, lawmakers have padded their pensions, which are linked to the judges' salaries.

"We are going to raise our pensions," he said, urging a no vote. "Don't put your summer vacation above doing what's right for the state."

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BY THE NUMBERS: Budget items of interest to the Dallas area

Savings of \$97 million: The state is expected to close two adult prisons, the 2,200-bed Dawson State Jail in Dallas and the 2,100-bed Mineral Wells Pre-Parole Transfer Facility. Corrections Corporation of America operates both. State-owned lockups have 12,000 empty beds.

\$70 million: Engineering building at University of Texas at Dallas.* Total project cost is \$95 million.

\$63 million: New library and student success center at University of North Texas at Dallas.* Total project cost is \$70 million.

\$60 million: New research facilities and "vivarium," or enclosure for studying plants or animals, at UT Southwestern Medical Center.* Total project cost is \$250 million.

\$56 million: Building renovation costs for University of North Texas at Dallas law school in downtown Dallas.* Total project cost is \$88 million.

\$15 million: Research at Center for Brain Injury, UT Southwestern Medical School.

\$5 million: Texas State Technical College's Marshall campus to serve North Texas, offering vocational and technical classes at an extension center in northern Ellis County. The site is still to be determined.

\$600,000: Expanding to Dallas a pilot program in Houston called Brighter Bites. It supplies fresh produce to low-income students in areas called "food deserts" and educates them and their parents about how to prepare healthier meals.

\$300,000: Starlink, a distance-learning program at campuses in the Dallas County Community College District.

\$133,000: An internship program at the African American Museum at UT-Dallas.

*Contingent on lawmakers' passage late Sunday of a bill to authorize tuition revenue bonds, which would help pay for the new or renovated campus buildings.

SOURCES: Legislative Budget Board, *Dallas Morning News* research

AT A GLANCE: Highlights of the Texas budget

Public schools: Would undo \$3.2 billion of the \$4 billion cut from basic state aid last session. Of \$1.3 billion whacked from grant programs, lawmakers put back less than \$100 million — for full-day pre-kindergarten, remedial instruction and dropout prevention. They added \$460 million to improve the soundness of school employees' pension fund.

Higher education: Formula funding for four-year universities would increase by 8 percent; by 16 percent for medical schools; and by 2 percent for community colleges.

College financial aid: The state's centerpiece program, TEXAS Grants, would be able to serve 84 percent of the low- and moderate-income students who qualify, up from about two-thirds now. Each grant is worth \$5,000 a year, not the \$7,700 average cost of tuition and fees.

Pay raises: State employees would get a 1 percent, across-the-board raise in September, and a 2 percent raise a year later. State troopers and other peace officers at state agencies would receive 10 percent higher pay over two years. Guards at prisons and youth lockups would receive 5 percent raises. Also receiving raises of as much as 10 percent would be people in high-turnover positions, such as child-abuse investigators and psychiatric nurse assistants at state mental hospitals.

Nursing homes: Medicaid reimbursements would increase by 2 percent the first year, and 4 percent the next. Once again, though, destitute residents on Medicaid would see no raise in their \$60 a month "personal needs allowance," which they use to pay for a hairdo, gum or toiletry items. It has lost 13 percent of its purchasing power since 2006.

Community care attendants: The low-wage workers who help disabled and aged Texans stay in their homes would get raises, to a minimum of \$7.75 an hour. Some are paid as little as \$7.25.

Gov. Rick Perry's pet programs: He received \$50 million of new money for the Emerging Technology Fund and permission to use \$120 million of unspent money in the deal-closing Texas Enterprise Fund. Also, the usual \$600 million of bond money was authorized for the troubled Cancer Prevention and Research Institute of Texas.

SOURCES: Legislative Budget Board; House and Senate leadership offices; *Dallas Morning News* research.

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Cody 22 hours ago

Pretty interesting that 3 chairmen (Hilderbran, Kolkhorst, and Smithee), the Republican Caucus Chair Brandon Creighton, and several other well-respected Republicans voted against the budget and/or HB

1025. Obviously the budget had some issues when the leadership can't even get the support of all of the chairmen and Caucus chair.

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HOUSTONPETITION 24 hours ago

Wow! Check this out.

\$600,000: Expanding to Dallas a pilot program in Houston called Brighter Bites. It supplies fresh produce to low-income students in areas called "food deserts" and educates them and their parents about how to prepare healthier meals

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Trying To Win 1 day ago

People need to start getting out to vote. Demographics of Texas have changed. Representation needs to change.

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CDville 1 day ago

Twelve percent raise! Well, it is only fair, since we all saw our incomes rise by 12% last year. /sarcasm

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