

Texas legislature proposes draconian education cuts

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Lawmakers in Texas are planning to use a purported \$25 billion shortfall in the state budget over the next two years to impose sweeping cuts to social services, including a massive cut to public schools and universities.

The size of the deficit amounts to about one-fourth of total spending and is proportionally larger than the deficit that California faced recently, which was made up with deep cuts in social services. It also far exceeds Texas's previous record budget shortfall of \$9.9 billion, which occurred in 2003. That budget shortage was solved by reducing Medicaid eligibility and benefits and allowing public university campuses greater latitude over setting their tuition and fees, which have increased drastically since then.

Lawmakers are looking to impose a similar resolution to the current crisis, but with even more extreme measures that will likely include mass layoffs and furloughs for thousands of state workers and educators.

Nothing about the current budget crisis is sudden or unforeseen. Rather, it is the direct result of property tax cuts that were enacted in 2006 by the state legislature and signed into law by the Republican governor, Rick Perry. The tax reduction was enacted in response to a ruling by the Texas Supreme Court that found that state funding for public education had fallen to such a point that local school boards had no choice but to charge the highest possible tax rate, in effect removing their discretion to set rates and creating a statewide property tax, something that is prohibited under the Texas Constitution. The response of the legislature was to restructure the way education is funded in the state by lowering property taxes by almost one-third and replacing the lost revenue with a new business tax.

From its inception, however, there remained a large gap between the revenue generated by the business tax

and the revenue lost by the property tax reduction. Within a couple of years after the tax bill was passed, this difference amounted to over \$9 billion per year. Far from doing anything to address this disparity, the legislature passed a tax exemption for thousands of businesses in 2009, further exacerbating the situation.

The decision to make the business tax nothing more than a token imposition was a bipartisan action carried out in an effort to make Texas into the most "business friendly" state in the nation, as numerous chamber of commerce advertisements bragged.

The state government was able to postpone the day of reckoning for a few years through depletion of the state "rainy-day fund" and the infusion of federal stimulus dollars allocated to shore up shortages in the budget.

With the depletion of these funds it is now apparent that the state faces a massive shortfall in its expected revenues.

Though the exact amount of the budget deficit remains unknown, and will remain so until January 2011 when the comptroller will provide an official estimate of expected revenues, information from legislative testimony and agency reports has been trickling out over the last year and gives some indication of what the state is facing. Experts now estimate the budget shortfall is between \$23.8 billion and \$24.8 billion and is expected to go even higher if the economic slump continues.

It has been known for some time that the state will be facing a budget deficit for the upcoming legislative session, but the size of the deficit has been deliberately concealed by the administration of Governor Perry.

Republican Susan Combs, the state's comptroller and chief financial officer, has refused calls to update her January 2009 revenue estimate despite the fact that the Texas Constitution requires the comptroller to update

his or her estimate “when it may be necessary to show probable changes” to that estimate. The January 2009 revenue estimate was made when the financial crisis was just beginning to have its full effect on the state and it has already been demonstrated that its projections were significantly higher than actual revenue.

Governor Perry has consistently sought to downplay the gravity of the budget crisis and has dismissed calls for updated revenue information as “bizarre” and politically motivated. This was intentionally done to prevent the budget crisis from emerging as an election issue and generating popular opposition to the cuts.

For his part, Perry’s Democratic challenger in the current election cycle, former Houston mayor Bill White, was more than willing to oblige. White not only failed to seriously raise the issue of the deficit and the implications of the looming budget crisis for millions of Texans, but he ruled out any significant tax to increase revenues should he be elected.

This was no mere oversight. The decision to resolve the current crisis by means of austerity measures is entirely a bipartisan affair. It is evident that the Democratic Party no less than the Republican Party is committed to a political agenda that subordinates all social needs, including education, to the dictates of big business.

So far, the newly elected Perry administration has rebuffed any attempt to identify precisely what items in the budget would be cut in order to resolve the deficit. However, it has already become clear what the intended targets are.

The former budget chief for the state House of Representatives, Talmadge Heflin, is quoted by the *Dallas Morning News* as affirming public education spending as the focus of austerity efforts, stating “when you look at the big numbers, I just don’t think there’s any way that you make it match without making some reduction in education, both higher [education] and public education.”

The assessments of other experts were less understated. “It’s going to be solved by a number of very hard decisions that cause a lot of pain in a lot of different areas,” former budget advisor to governors George Bush and Ann Richardson, Dale Craymer, is quoted as saying. Predicting layoffs in the thousands if not tens of thousands he described the likely outcome

as “pretty gruesome.”

The cuts to education will have a devastating impact in a state where a sustained attack against public education has been waged for years. Texas has one of the highest rates of student growth in the nation but one of the lowest per pupil expenditures. Classrooms that are already overcrowded will be stretched to unmanageable proportions. This is in a state that already ranks dead last in the percentage of adults who have a high-school diploma.

As for higher education, skyrocketing tuition rates will render college education unaffordable for large numbers of young people. Texas already saw university tuition and fees increase by a staggering 61 percent between 2002 and 2006. Community and technical colleges, institutions that have seen the largest increase in enrollment over the last 10 years, are likely to be hit hardest.

Even these unprecedented cuts to education are likely to be insufficient by themselves to make up the budget deficit, and state lawmakers are looking at gutting other social services.

The *New York Times* reported on Friday that the right wing of the Republican Party is pushing to allow Texas to exempt itself from the federal Medicaid program in favor of a second-rate state-run alternative. Once considered a fringe position pushed by “free market” think tanks like the Heritage Foundation, the *Times* article indicates that this idea is finding acceptance among so-called party moderates.

In addition to health care expenditures, it is also likely that there will be large cuts to state parks and wildlife spending as well as sizable reductions in staffing for state prisons. These cuts would likely pave the way for widespread privatization of public land and—one of the largest growing industries in the state—the prison system.



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