

Use the dollars we've got and the ones it takes to pave the way to a better future.



To build opportunity, improve health, increase safety, and pave the way forward for the next generation, Texas has to identify and use resources today, so we create greater prosperity for our state tomorrow.

Most Texans want the best for our state in the future, something that happens when we “pay it forward,” budgeting in ways that bring about what we want our state to be in years to come. What many Texans don’t realize is that in good financial times and in bad, our state has pretty consistently held the line on low investments, even when more is needed to deliver what Texans want and expect from their state. The only variation in spending we see are deep cuts during economic downturns,¹ leading to stark results: continued declines in outcomes for Texas families and children and worsening forecasts for our state’s economy in the future. In times of true financial crisis like the recent recession, the cuts made to Texas services are severe, with vulnerable populations continuing to be hardest hit, but major across-the-board cuts affecting every community and our shared state future.



What to Know

- Because **nearly half of all state funding directly benefits children**,² kids are arguably the population most affected by the state budget.
- In 2011, **among states, Texas already spent the least per capita on its people, when service cuts removed an additional \$14 billion** from our state budget.³ One of the most dramatic cuts made to the budget by the 82nd Legislature, was an unprecedented \$4 billion cut to the basic operations funding for Texas public schools, along with an additional \$1.3 billion in cuts for programs like full-day prekindergarten, services for at-risk students, and merit pay for teachers.⁴
- Those cuts were **due to projections of revenue that turned out to be greatly underestimated**. Now the Comptroller reports that there is nearly \$9 billion in unanticipated revenue.⁵
- **Texas additionally will have \$11.8 billion in the state’s replenishing savings account**, the Economic Stabilization Fund (sometimes called the Rainy Day Fund).⁶

How to Make it Happen

- **Meet the needs of Texas children today with cash balances on hand, the Economic Stabilization Fund and available federal funding.** Rather than let money sit in state coffers while Texans’ needs go unmet, our state should use resources on hand to make strides for our people and give all of us a more secure Texas future.

- **Support creation of new revenue sources that are equitable and can grow along with the growth in need for public services.** The Texas revenue base has long been inadequate in meeting the needs of our state. Our revenue base relies heavily on a form of taxes that hits the poorest among us hardest—the sales tax.⁷ At the same time, Texas has more outsized tax breaks and incentive packages for big businesses than any other state.⁸ Texas should look at eliminating loopholes and carve-outs that don't serve the needs of our state and explore other possible sources of revenue, such as a sugary drink tax (See “Make clear the real costs of unhealthy substances”).⁹ Similarly, taxing non-medical professional services the way we tax goods would be an added measure to modernize our system, so we have new revenue and an equitable way to collect it.
- **Support ongoing reviews of tax exemptions and improved openness and transparency in the budget process.** Our state public investments undergo multiple layers of scrutiny, but the big breaks we give to corporations are not given that same sort of attention and accountability. When big businesses are given a pass on paying their fair share, we should require a careful, transparent review of the reasoning of this policy choice—and weigh it against the benefits of meeting our state's needs now and in the future.

Thinking About Costs

Being responsible managers of our state's future today would help usher in an era of positive growth for Texas' economy. By 2040, if Texas could close its achievement gaps and put all children born over the next decade on a good and level educational playing field, it would result in an additional \$300 billion per year being pumped into the state economy. To put that in perspective, that is more than what our state oil and gas industry contributes to the economy now.

Sources

"Thinking about Costs"

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