



A long-standing legacy in shaping Texas fiscal policy

**For Immediate Release**  
**AUG. 10, 2017**

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## **New TTARA analysis finds state budget challenges to continue**

Dwindling state revenue forced some tough fiscal decisions this recent legislative session, but ultimately lawmakers were able to put a balanced budget in place. Still, the budget was balanced with the help of a number of one-time measures and deferrals that paid for ongoing expenses. Those decisions will create a structural gap that guarantees Texas will continue to face budget challenges into the next regular session.

That's the conclusion of a biennial budget wrap-up released today by the Texas Taxpayers and Research Association (TTARA). "[Texas Budget Challenges Are Not Over](#)" identifies a potential structural gap of nearly \$8 billion lawmakers may face in 2019 when putting together the 2020-2021 budget.

That gap "could worsen if lawmakers fund new initiatives using accounting shifts in the current special session," TTARA President Dale Craymer writes in the report.

The \$8 billion gap will be created by several factors, including a potential Medicaid shortfall along with one-time measures and funding shifts lawmakers relied on during the past session to balance the 2018-2019 budget. These strategies, Craymer writes, are not unusual in the budgeting process, but "it is a gamble that sometimes pays off, and sometimes does not."

Rising school property taxes – projected to increase 7 percent each of the next two years – allowed the state to reduce funding for public schools, the report notes.

"What the state scores as a budget cut, actually translates into higher property tax bills," according to Craymer. "This is a huge loophole in the state's current spending limit."

The report concludes, "Of course, as always, there is little wrong with the Texas budget at any time that cannot be cured by \$80 per barrel oil; but absent that, lawmakers are assured of continual budget difficulties for the foreseeable future."

The report can be found on the TTARA website at: <http://www.ttara.org/files/document/file-598c652fc2ecb.pdf>. Hard copies of the report also are available upon request.

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