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Report: State faces \$8 billion budget gap in two years

By **Mike Ward** Updated 2:25 pm, Thursday, August 10, 2017



An oil drill is viewed near a construction site for homes and office buildings on February 5, 2015 in Midland, Texas. As crude oil prices have fallen nearly 60 percent globally, American communities dependent on oil revenue prepare for hard times. Texas, which benefited from hydraulic fracturing and the shale drilling revolution, tripled its production of oil in the last five years. The Texan economy saw hundreds of billions of dollars come into the state before the global plunge in prices. Across the state drilling budgets are being slashed and companies are notifying workers of upcoming layoffs. According to federal labor statistics, around 300,000 people work in the Texas oil and gas industry, 50 percent more than four years ago. (Photo by Spencer Platt/Getty Images)

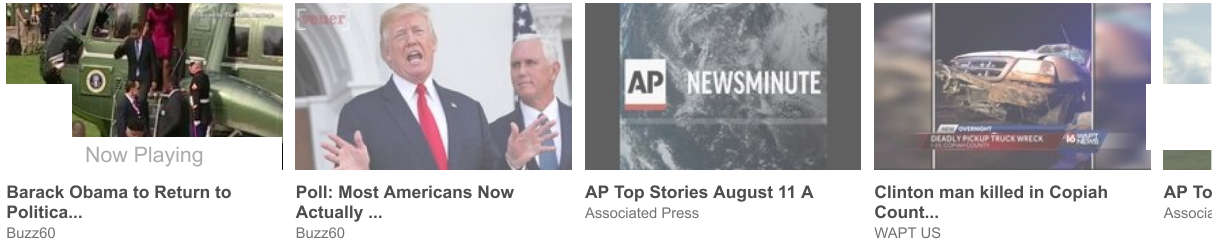
AUSTIN -- If Texas lawmakers think they bridged a state budget crisis with the new one they approved in May, they should think again.

A new report by Austin-based Texas Taxpayers and Research Association warns that the stop-gap fixes that the Legislature made last spring "will create a structural gap that guarantees Texas will continue to face budget challenges into the next regular session."

An \$8 billion gap, to be exact.

"Dwindling state revenue forced some tough fiscal decisions this recent legislative session, but ultimately lawmakers were able to put a balanced budget in place," the group states, after analyzing Texas' revenue projections in coming years.

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"The budget was balanced with the help of a number of one-time measures and deferrals that paid for ongoing expenses."

Legislative leaders who are in Austin for a special session said they had not seen the report and had no immediate comment. Previously, though, several have warned that tight budgets will continue until the state's economy improves.

The gap will show up in 2019, the next time lawmakers will have to write a budget. And it "could worsen if lawmakers fund new initiatives using accounting shifts in the current special session," Dale Craymer, the association's president, writes in the report.

The report says 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. But what the state counted in its current spending plan will translate into higher property tax bills for many Texans.

"This is a huge loophole in the state's current spending limit," Craymer predicts.

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."

Check out the full report [here](#).

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