

## 2020- Leg Report-Tx Budget Status and Woes

BOB TURNER RURAL ISSUES CONSULTING

Voss, Texas

cell text 325 669 1717

Austin, Texas

I know that many of you own businesses – or manage businesses for others. Many of you have either lost your source of employment – or your revenue has been significantly reduced. You certainly know the hardships and financial strain that the current Pandemic Coronavirus situation is placing on you and similar businesses.

I also realize that many of you are members of – and serve on the board of directors of an association – or organization. Whether that duty represents the local Church – school board – hospital board – city council or county commissioners court is not the issue. The issue is that almost every organization and association has felt the budgetary crunch which the current virus situation is creating. I read where many of these groups are experiencing serious budget short-falls - - many of which are extremely critical.

Now – place yourself in the position of being a member of the Texas Legislature. Texas State Comptroller – Glenn Hegar – just announced that the current (2020-2021) state budget is faced with a \$4.6 BILLION deficit. Keep in mind that this is only referring to the current – previously approved and certified - two-year budget. This sounds like an insurmountable obstacle as the new legislative cycle begins on Tuesday – January 12 – 2021. Dealing with this huge deficit will require numerous budget amendments - and the shuffling of funds from one state account to another. There is no doubt that many state agency projects will either be eliminated – or drastically reduced in capability. As I have stated in a previous report – the Governor and state

leadership have already directed each state agency to reduce their revenue requests by a minimum of 5% from current budget levels. This will be required to enable state agencies to continue to provide their needed and necessary services.

THEN comes the next daunting requirement - - that the new legislature create and gain approval on the next biannual budget – for years 2022 – 2023. This new biannual budget must be certified by the state comptroller – then signed by the Governor. Keep in mind that this requirement is constitutionally mandated prior to the adjournment of the new legislature.

Comptroller Hegar stated that the majority of this huge current budget deficit is being brought about by the Coronavirus Pandemic event. The Comptroller also discussed how the drastic drop in crude oil prices has negatively impacted the state budget. These two major events happening simultaneously have drastically reduced state revenue while increasing the state's operational expenses.

We must hope and pray that a serum for the prevention of the virus be approved – developed and utilized in the VERY NEAR future. This appears to be a must before we can regain any degree of “normalcy”. This requirement will play a major role in making it possible for business – commerce and industry to again provide the financial costs of operating our state government.

There is lots of speculation as to what the NEW normal may be. I believe ( and hope ) that we may learn valuable lessons that could lead to positive gains and changes in Texas' future.