

Texas agencies asked to cut \$500 million

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AUSTIN -- The Legislature's top two leaders, citing "uncertain economic conditions," have asked state agencies to propose immediate spending cuts. Lt. Gov. David Dewhurst and House Speaker Joe Straus, R-San Antonio, want to reduce spending by a half-billion dollars before Aug. 31, Dewhurst said Monday. "That will have a very, very positive effect" as lawmakers write a budget for the next two years, the Republican lieutenant governor said.

Texas spends about \$40 billion of state tax revenue annually. Dewhurst and Straus want to squeeze that by 1.25 percent in the seven months that remain in this fiscal year.

They don't want across-the-board cuts, though.

In a letter they sent agency heads Friday, the two leaders solicited ideas for trimming spending by 2.5 percent in most programs because they don't want cuts in "essential programs" such as public schools, the Children's Health Insurance Program, and payments to treat sick people enrolled in Medicaid. Straus and Dewhurst said Texas, while faring better than most states, must "leave a reasonable reserve in the rainy day fund to ensure we do not face a large deficit in the 2011 session."

Comptroller Susan Combs says the fund, flush with oil and gas production taxes, will have \$6.7 billion by Aug. 31.

Last month, Combs said lawmakers have \$9.1 billion less to spend than they did two years ago.

On Monday, Senate Finance Committee Chairman Steve Ogden, R-Bryan, said a "base budget" that he and other key lawmakers have proposed would outspend projected revenue by several billion dollars, requiring rainy day fund money to balance.

Staff writer Terrence Stutz contributed to this report.

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