

## Budget ax chopping even deeper

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AUSTIN — Texas leaders facing a gaping budget shortfall asked state agencies and universities Tuesday to cut about another \$500 million over the next nine months, on top of \$1.2 billion they've already been ordered to slash this budget period.

In response to the letter from Gov. Rick Perry, Lt. Gov. David Dewhurst and House Speaker Joe Straus, the Health and Human Services Commission said it would reduce reimbursement rates for health care providers serving Medicaid and Children's Health Insurance Program patients.

The reduction, which will take effect Feb. 1, comes on top of a rate cut earlier this year and will produce an extra \$42 million in state savings for the two-year budget period that ends Aug. 31. It will come at a cost. The state will lose \$83.5 million in federal matching funds as a result.

“While we understand state leaders' concern about the challenging budget situation, these new cuts are an ominous development that will jeopardize facilities' ongoing ability to provide quality care to Texas' oldest most vulnerable seniors, and put at risk the key facility jobs that make a key difference in patient outcomes,” Tim Graves, president of the Texas Health Care Association, representing long-term care providers, said in a statement.

When added to earlier cuts by human services agencies, savings identified for this budget period so far total \$247 million. Texas will lose a total \$273.5 million in federal funds as a result.

Human services officials still are looking at the possibility of other state spending reductions, commission spokeswoman Stephanie Goodman said.

Other agencies were mulling options for additional cuts.

Eva DeLuna Castro of the Center for Public Policy Priorities, which advocates for programs for lower-income Texans, said cuts are difficult in a state that already ranks 50th in state spending per person.

“It's not like they went on a spending spree and they are having to get rid of luxury items. They're having to get rid of staples,” she said.

Senate Finance Committee Chairman Steve Ogden, R-Bryan, said the 2.5 percent in additional cuts sought by state leaders this fiscal year “represents an additional \$500 million in savings.”

The cuts come as the state faces an overall shortfall that some put at more than \$20 billion through the next two years.



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That figure takes into account the use of one-time funds, such as unspent balances and stimulus funds, to pay for spending this budget period; state revenues falling short of projections as the recession hit Texas; and the need to fund such basics as increased school enrollment over the next two years.

The current two-year Texas budget tops \$182 billion, with state general revenue making up more than \$80 billion of that figure.

Dewhurst has said that taking into account only the fact that revenues are expected to fall short of projections in the current two-year budget period, plus the use of one-time funds that aren't expected to be available again next time, the shortfall figure is more like \$15 billion to \$16 billion.

State Comptroller [Susan Combs](#) won't make her official revenue estimate until January.

Perry sought to put the best face on the call for more cuts.

“Identifying these savings builds on our ongoing call to keep government spending in check so that we can balance our state budget without raising taxes and continue to attract businesses that create jobs for Texans.”

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