



LEAGUE OF WOMEN VOTERS OF TEXAS

ACTION ALERT: Rainy Day Fund Needed to Help Maintain Essential Services

During this national economic crisis, our state is \$27 billion short of being able to provide services at their current levels. The Texas House and the Senate are currently writing budget proposals for the 2012-2013 biennium that fall far short of the revenue needed to keep education and health and human services at the levels we have today.

An obvious source of revenue is the state's \$9.4 billion Rainy Day Fund, or Economic Stabilization Fund. Voters created the fund by constitutional amendment in 1987 to save money in good times for future economic downturns.

Requested action:

Phone, e-mail, or fax your senator and representative and tell them to use as much of the Rainy Day Fund as possible to help maintain services like education, nursing homes, and health care at current levels. Get contact information at: <http://www.fyi.legis.state.tx.us>

Who should receive the Action Alert:

Members. Members should also share this information and contact their friends, asking them to make calls and to contact their friends.

When:

Contact your senator and representative as soon as possible. A budget recommendation from the Senate Finance Committee, which includes \$3 billion in Rainy Day Funds, is expected to go before the full Senate this week. The House has already proposed a more draconian budget that includes no Rainy Day Funds. Your input is important now and during efforts to reach consensus on the budget.

Talking points:

- The Rainy Day Fund, which is based on oil and gas production taxes and unencumbered general revenues, is self-replenishing.
- The Legislature has often used the Rainy Day Fund. In 1991, the entire balance of \$28.8 million was spent on public schools; in 1993, the entire balance of \$197 million was spent on criminal justice; in 2003, \$1.3 billion was spent to address the economic downturn; and in 2005, nearly all of the \$2 billion fund was spent.
- Using part or all of the Rainy Day Fund is only one way to help plug the existing deficit hole. Other approaches should include closing tax loopholes, exploring new revenue sources, and addressing structural deficits like the 2006 tax swap that replaced property tax support for public education with a tax on small and medium businesses.

Questions can be directed to Nan Clayton at nanclayton@yahoo.com.