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Days run short for passage of a fiscally sound budget
Approve viable funding for education, Medicaid

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GREATER HOUSTON PARTNERSHIP

With each passing day, the 82nd Texas Legislature gets closer to the end of its current session. Like grains of sand passing from one end of an hourglass to another, the opportunities to ensure a fiscally sound and viable funding option for public education and Medicaid are quickly growing scarce.

Currently, the Senate has proposed a $176.5 billion budget for the next biennium. This budget represents an $11 billion cut from the current budget of $187.5 billion. The House's proposed budget calls for a much more significant $23 billion budget cut for the coming two years.

Being fiscally conservative in uncertain times is prudent and wise, and we should applaud members of the House for the effort they have undertaken to cut spending during this difficult financial time. However, we are very concerned that more than $18 billion of the proposed cuts in the House version target education and Medicaid. For this reason, the Greater Houston Partnership strongly supports the Texas Senate's version of the state budget, which limits these cuts to a more manageable level.

Surely our children are the most precious resource we have. Who among us would deny our own child the promise and opportunity that comes with a quality education? And yet this is exactly what we are doing — not only to our own children — but to an entire generation of Texas children when we cut public education too deeply.

The House version cuts $7.8 billion from what is needed to fund public education at current levels. The Senate version limits the cuts to $4 billion. While living within our fiscal means in the near future is imperative, we must also keep an eye toward our future. Severe cuts to education spending could have a profound negative impact on the current generation of school children. Budget cuts that are too deep will have catastrophic effects and significantly impact the quality of the Texas work force in the future.

Today we boast a well-educated, well-trained work force that is the envy of most other states. Companies from around the world seek out Texas as a place to start or relocate their business to, in part because of our work force. Severe cuts to education would negatively affect our ability to provide skilled workers in the coming years.

Also, the proposed budgets cuts to Medicaid currently under consideration by the House and Senate will severely affect the Houston region and the 49 member institutions of the Texas Medical Center. The proposed budget in the House reduces funding and Medicaid
reimbursements to member institutions in the Texas Medical Center by $1.3 billion for the two-year budget cycle. The proposed Senate budget would reduce resources by $1.0 billion.

These reductions to patient care and student programs will limit the ability of the Texas Medical Center institutions to meet their core missions, including educating critically needed medical and health care professionals. This level of reduced funding will also have a substantial negative impact on their ability to provide quality, cost-effective care to the citizens in the region.

A recent economic analysis shows that the Texas Medical Center has a $14 billion impact on the Texas economy. The effects of the current budget proposal will result in losses of jobs, clinical programs and patient services at many of the institutions in the Texas Medical Center.

Beyond the direct ramifications to education and Medicaid, the House's proposed budget could also affect hundreds of thousands of jobs. A state study released on March 24, 2011, showed Texas would lose 335,000 jobs if the current budget proposal in the House became law. Data from the nonpartisan Legislative Budget Board said the budget would eliminate 189,000 state jobs by the end of 2013 and private companies would eliminate 146,000 jobs under the House plan.

Already we are seeing school districts throughout the state making difficult choices as to how to balance their budgets. In addition to programs, thousands of teachers have been or will be informed that they no longer have jobs for the upcoming school year.

The Greater Houston Partnership asks members of the state Legislature to strongly consider supporting the Senate budget proposals for both education and Medicaid in order to limit the negative impact to our state. We encourage members to look for every revenue opportunity including passing SB 1811 and spending a portion of the rainy day fund.

Time is running out and the top glass bulb is almost empty, having given up its supply of white sand to its counterpart below. But unlike a real hourglass, we will have to live with severe consequences if we choose to cut funding to education and Medicaid too deeply — unable to simply turn things over and start again.

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