



STATE OF TEXAS

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April 16, 2009

The Honorable Henry Cuellar  
The Honorable Chet Edwards  
The Honorable Al Green  
The Honorable Rubén Hinojosa  
The Honorable Eddie Bernice Johnson  
The Honorable Silvestre Reyes

The Honorable Lloyd Doggett  
The Honorable Charles A. Gonzalez  
The Honorable Gene Green  
The Honorable Sheila Jackson Lee  
The Honorable Solomon P. Ortiz  
The Honorable Ciro D. Rodriguez

Dear Congressmen and Congresswomen:

Thank you for your letter concerning the state's budget, which passed out of the Senate last week and will soon be considered by the House of Representatives. Both chambers' versions of the budget are balanced and retain a reserve in the Economic Stabilization Fund (ESF) – also referred to as the Rainy Day Fund – to ensure Texas' fiscal stability.

The assertion that State Fiscal Stabilization money is being used as a substitute for state funds is not correct. If that were the case, the education budget would have remained constant instead of increasing over the current biennium. The added dollars not only go toward restoring state support as required by the American Recovery and Reinvestment Act of 2009 (ARRA), Section 14002(a)(2), but also increase total financial support for public education. These funds also increase Texas' and ARRA's common goals of increased accountability and incentive pay to improve teacher effectiveness. The formula used avoids the "funding cliff" Education Secretary Arne Duncan warns against in his published guidelines.

Secondly, neither budget transfers state or federal money to the ESF. Deposits to the ESF are matters of revenue, not appropriation. Deposits to the ESF are constitutionally required if certain revenue conditions exist. We fully understand that the provisions of ARRA prevent states from depositing into the ESF general revenue freed up as a result of the stimulus bill.

Finally, your letter was written one day after the U.S. Department of Education promulgated its 45-page application for the funds, which it has since amended. Your letter is also dated one day after the Texas Senate adopted its budget. The full Texas House has yet to consider its budget, and the Texas Legislature has yet to begin its conference committee on the budget. Federal requirements and definitions are still being determined.

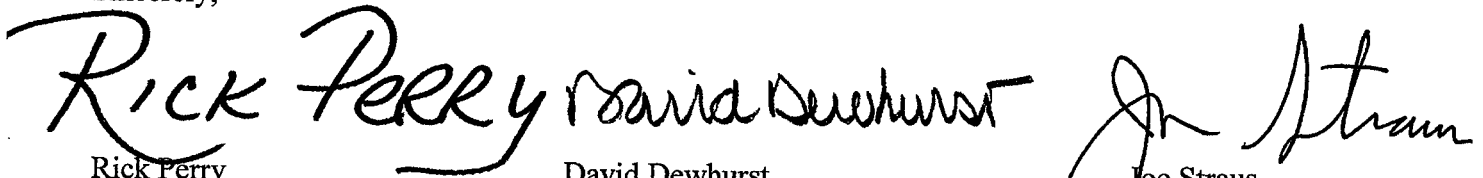
Congressmen and Congresswomen

April 16, 2009

Page 2

Thanks to our collective efforts, Texas is already a leader in the four ARRA reform areas. Prior to ARRA, Texas had implemented the largest teacher incentive program in the nation; adopted college- and career-ready standards; required that students graduating on the state's recommended plan complete four years of math, science, social studies and English; developed rigorous end-of-course exams; and implemented plans for a world-class data system. ARRA funds will be used to continue progress in these areas.

Sincerely,

Handwritten signatures of Rick Perry, David Dewhurst, and Joe Straus.

Rick Perry  
Governor

David Dewhurst  
Lieutenant Governor

Joe Straus  
Speaker of the House

cc: The Honorable Arne Duncan, Secretary, U.S. Department of Education