



STATE OF TEXAS

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December 6, 2010

TO: State Agency Board/Commission Chairs
State Agency Heads/Executive Directors
Appellate Court Chief Justices
Chancellors, Presidents and Directors of Institutions of Higher Education
Legislative Agency Heads

Thank you for the thoughtful plans you submitted in response to our January 15, 2010, request to identify savings totaling 5 percent of your general-revenue-related appropriations for the 2010–2011 biennium. Since that time, sales tax receipts have improved; however, overall state revenue receipts for fiscal year 2010 came in \$2 billion below estimate. The sales tax has performed well in the first two months of fiscal year 2011 (more than 6 percent growth compared to 2010), but we still anticipate insufficient revenue to cover general revenue spending needs in the current biennium.

As we prepare for the upcoming legislative session, we respectfully ask that you identify additional strategies to slow spending in fiscal year 2011. While there is no need to update the plans you submitted in response to our previous request, we ask that you plan on additional savings equal to 2.5 percent of your original general revenue and general-revenue-dedicated appropriations for fiscal year 2011. While the same program exemptions identified in our January 2010 letter can be used to calculate your 2.5 percent target, we ask that you take a broad view across all programs and services to find savings opportunities. These and other savings you have identified for the current fiscal year will be realized through action the 82nd Texas Legislature takes in adopting a supplemental appropriations bill for fiscal year 2011.

Reduced spending in the current fiscal year puts state government in a better position to prepare for the budget reductions that will be necessary to balance the budget for the 2012–2013 biennium. And every dollar we save in fiscal year 2011 will alleviate the level of reductions necessary for the upcoming biennium.

The Texas economy remains strong and will rebound from the current difficult conditions. We appreciate your help now and during the legislative session to balance the budget while keeping state government effective and efficient.

Sincerely,

Rick Perry
Rick Perry
Governor

David Dewhurst
David Dewhurst
Lieutenant Governor

Joe Straus
Joe Straus
Speaker of the House