

## Trends in Texas Government: State Government Spending

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### Key Points

- Between fiscal years 1990 and 2010, All Funds appropriations for Texas state government increased from \$23 billion to \$92.7 billion, a growth of 303 percent. By contrast, the rate of population growth plus inflation increased only 115.5 percent over the same period.
- On a per capita basis, Texas state government spending has increased from \$1,348 in fiscal year 1990 to \$3,645 in fiscal year 2010, an increase of 167 percent.
- Texas' 2012-13 budget should, at a minimum, be held to zero growth and future spending increases limited to the sum of population growth plus inflation.

In 1990, the entire budget for the state of Texas was \$23 billion. This level of appropriations supported all the major operations of government: administration, health, education, judicial services, legislative activities, and capital projects.

Today, the major functions of state government remain largely the same, taking into account some agency and program consolidations, name changes, and the addition of some new agencies and commissions. What is not the same, however, is the cost of sustaining Texas government.

For the most recently completed fiscal year, FY 2010, the state's total appropriations amounted to \$92.6 billion, a growth of just over 300 percent in the All Funds budget.<sup>1</sup>

Some might argue that demographic changes or economic considerations justify this level of expenditure increase; but when the rate of growth in state appropriations is compared with the rate of growth in the state's population and inflation, this line of reasoning begins to unravel.

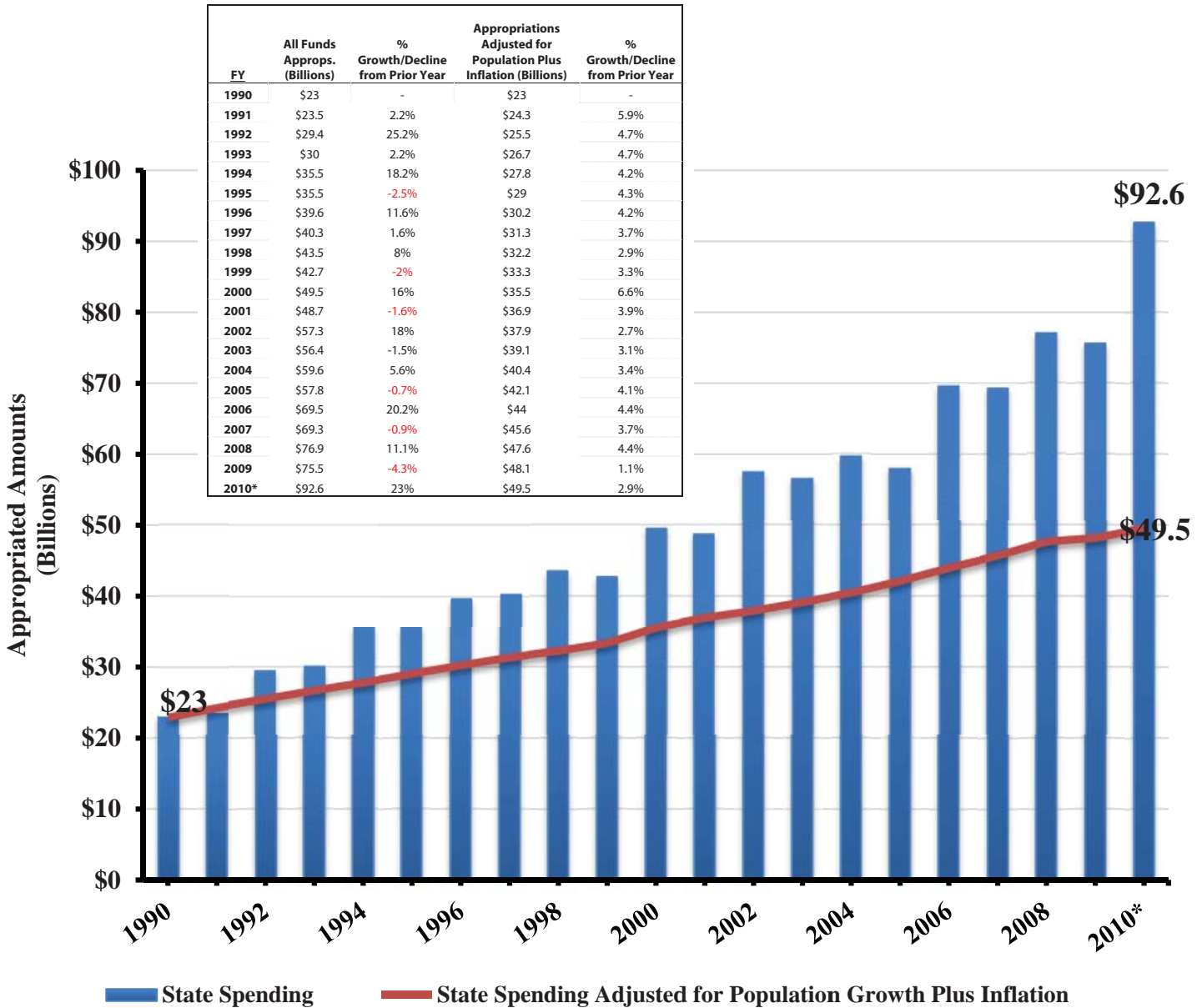
Since 1990, the state's population has grown from 17 million to approximately 25.4 million, an increase of 49.1 percent. Inflation, as measured by the Consumer Price Index, has increased by 66.4 percent over the same period.<sup>2</sup> Combined, the sum of population growth plus inflation between 1990 and 2010 totaled 115.5 percent; state spending increased by roughly two-and-a-half times that amount.

The Legislature can do little to reverse the excessive spending of the past; but it can protect taxpayers going forward. To accomplish this goal, the Legislature should limit the rate of growth in government spending to the sum of population growth plus inflation. This approach would go far to mitigate the rising cost of government.

For example, had state government spending been limited to population growth plus inflation increases from 1990 to 2010, the cost of operating Texas state government—and the spending burden on taxpayers—would be much less than it is today. Instead of spending \$92.6 billion on Texas government in FY 2010, taxpayers would have only spent \$49.5 billion, or \$43.1 billion less (see chart on back).

Putting the state's budget on a sustainable path, while still allowing for reasonable growth, will require the Legislature to adopt fiscally responsible structural measures such as limiting increases in state spending to population growth plus inflation and making the state's 2012-13 budget a zero-growth budget. Neither of these is a feat as difficult as some might think—we've just become used to "overgrowing" of state spending in the past. ★

## Growth in Texas State Spending



*Note: Amounts are taken from the General Appropriations Acts as published; amounts do not reflect vetoes or other modifications.*

*\* Population estimates for 2010 were taken from the Texas Health and Human Services Commission; 2010 inflation figure represents half-year average.*

*Source: Legislative Budget Board, Bureau of Labor Statistics, Census Bureau*

<sup>1</sup> Texas' All Funds budget includes four fund types: General Revenue, General Revenue-Dedicated, Federal Funds, and Other Funds.

<sup>2</sup> To determine the amount of inflation for 2010, the average from first half of the year was used.

