

Fiscal Policy

Wohlgemuth: Budget transparency means prosperity

Aug 19th 2013 by Arlene Wohlgemuth in [Budget, Spending and Transparency](#)

This piece originally ran in the [Austin American-Statesman](#) on August 18, 2013.

Recent data released by Texas' Legislative Budget Board (LBB) show that state spending has decreased since 2002. As someone who believes that reining in the growth of government would increase prosperity, I'd welcome this news. My work in the Texas House of Representatives from 1995 through 2005—including my participation in the epochal 2003 budget debates—demonstrates the depth of that belief.

However, the LBB's approach to measuring spending is an example of the need for greater budget transparency.

The debate over transparency has picked up recently. For instance, when the Texas Legislature adopted its biennial budget in 2011, it showed a decrease in overall state spending. While some complained about the cuts to services and others praised the Legislature's fiscal restraint, as we approach the August 31st end of the 2012-13 budget cycle, it is obvious that state spending will actually *increase* this biennium.

What happened?

A number of budget gimmicks, including an underfunding of Medicaid by more than \$4 billion, didn't show up in the official numbers in 2011. Additionally, two years after the fact, the Legislature "backfilled" funds into the budget during the most recent legislative session.

To combat this lack of transparency over government spending, the Texas Public Policy Foundation has proposed several measures. For instance, we were one of the early proponents of check registers at the state and local government, a measure which has been broadly adopted.

Additionally, we proposed that the state change back to a program-based budget that would enable the tracking of spending after the funds have been appropriated. Though the Legislature still uses its strategic-based budget, our proposal was adopted by the LBB and the programmatic budget information is now available on its website.

More recently, we released in May a chart on "session spending," the total amount of money the Legislature planned to appropriate in the 2013 legislative session—regardless of the fiscal year it was applied.

The chart showed that general revenue appropriations in 2013 were on track to increase about \$20 billion, or 24 percent, over appropriations from 2011. This spurred both state and national debate about how best to track the growth in state spending.

Now comes the most recent entry into the transparency debate. The LBB's data show that state general revenue spending increased from \$59.9 billion in 2002-03 to \$94.8 billion in 2014-15. However, by making various "adjustments" to the numbers, the LBB claims this increase in spending is actually a decrease of 11.5 percent. The LBB also turns an \$84 billion increase in overall state spending during the same period into a decrease of 1.2 percent.

Moving forward, it is important to remember that the debate over budget transparency is ultimately a battle for reigning in government growth and increasing prosperity of Texans.

With this in mind, there are several steps we the Legislature should take.

First, it should return to the use of the program-based budget it used up until 1993 to allow citizens to track their tax dollars all the way through the process.

Next, it should require the LBB to quickly post all available information about the budget on the website. The lack of timely, detailed information makes it very hard for the public to respond in real time to spending proposals.

Another important step would be for the Legislature to provide a \$2 billion sales tax cut to Texans. The less money government takes from us the less government spending there is to keep track of.

Finally, the Legislature should adopt a tax and expenditure limitation that limits the growth of all state spending to the rate of inflation and population growth—or less.

These ideas can put Texas at the forefront of the battle for both greater transparency and less government spending. It is a battle worth fighting—and winning.