



Bill Analysis

Bill Analysis: House Bill 2804

by The Honorable Talmadge Heflin, Director, Center for Fiscal Policy
& Bill Peacock, Vice President of Research and Planning; Director, Center for Economic Freedom

Overview

The Texas budget has been the key issue during this legislative session, and it will likely remain that way until it is adopted. It is important to trim the budget, but it is just as important to clearly show where money is going and for what purpose it will be used. House Bill 2804 addresses these concerns.

The bill adds an informational component to the general appropriations bill which shows the amount and source of funds for each agency program under each strategy. Furthermore, HB 2804 requires a constitutional and/or statutory reference which authorizes each program. This information will allow legislators and the public to better track spending and determine whether it is appropriate.

Bill Specifics

House Bill 2804 makes the general appropriations bill much more transparent by requiring that each program receiving money be listed in a detailed annotation. This annotation will specify:

- The programs covered under the appropriation, as well as any subprograms or other component parts;
- The amount of the appropriation allotted for each of these activities and subprograms;
- A description of each designation including a citation of the law that authorizes it;
- And, finally, a statement regarding whether the source of the funding is nondedicated general revenue, dedicated general revenue, federal funds, or other.

Why Reform is Needed

The current formatting system—the strategic budgeting format—obscures where taxpayer money is being spent.

For instance, “in the 1989 appropriations bill, one could easily find that the Comptroller of Public Accounts spent \$3.3 million on legal services in central administration and \$20.7 million on the enforcement of the tax compliance in field operations. In the 1993 bill, however, that information is impossible to determine. One can determine that the comptroller spent \$177 million dollars on tax compliance and \$97 million of that on ‘Ongoing Audit Activities,’ but that is the extent of the detail available in the appropriations bill.”¹

Because of this lack of transparency, it is very difficult for the public and even legislators to see exactly how much a program costs. Without this information, a proper evaluation of programs and whether the programs justify the funding they receive are nearly impossible.

Conclusion

Increased transparency in Texas’ appropriations process is critical if taxpayers and legislators are truly to understand the state is spending money and the value of those programs and services. House bill 2804 helps to achieve that, by providing greater insight into how programs are funded and where that money is coming from. ★

¹ Texas Public Policy Foundation, *Make the Budget Process More Transparent: HB 2804 and SB 1653* (31 Mar. 2011) <http://www.texaspolicy.com/pdf/2011-BudgetSolutions-BudgetProcessMoreTransparent-AGBudget.pdf>.