

EXAMINING LOCAL GOVERNMENT SPENDING TRENDS FROM 2014 TO 2023

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KEY POINTS

- Local government spending continues to outstrip increases in both population and inflation.
- From 2014 to 2023, local government spending rose by 61.2%, whereas population and inflation increased by only 42.7%.
- Elevated spending growth invites larger tax bills, bigger government, and mission creep.
- Proper fiscal restraints are needed to control the growth of local government budgets.

ISSUE

Local government spending has increased rapidly over the last decade.

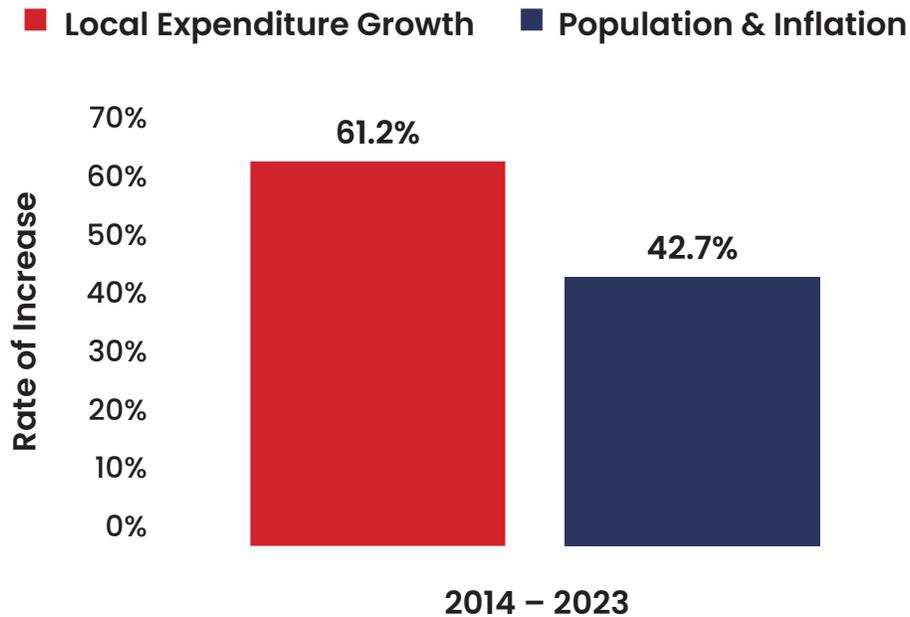
In 2014, cities and counties in Texas spent a combined \$130.6 billion on programs and services for their respective constituencies. By 2023 (the latest available data), aggregate local expenditures rose to \$210.5 billion, which represents a 61.2% increase for that period ([U.S. Census Bureau, 2024a](#)).

While some expenditure growth is reasonable in a fast-growing state like Texas, the rate of expansion in local government spending appears excessive when compared to population and inflation. From 2014 to 2023, Texas's population grew from 26.9 million to 30.7 million, representing a 14% increase. Over the same period, inflation, as measured by the Consumer Price Index (U.S., All items, 1982–64), increased by 28.7% ([U.S. Bureau of Labor Statistics, n.d.](#)). Combined, population and inflation rose by 42.7%. Thus, while local government expenditures *actually* increased by 61.2% from 2014 to 2023, the *ideal* rate of spending growth (42.7%) was far more reserved, as illustrated in **Figure 1**. The considerable gap between the actual and ideal standards likely signals a systemic imbalance and an urgent need for reform.

continued

Figure 1

Local Government Expenditure Growth Compared to Population and Inflation, 2014–2023, Cumulative



Note. Data from *Consumer Price Index for all urban consumers 2014–2023*, U.S. Bureau of Labor Statistics (<https://www.bls.gov/cpi/data.htm>); *State Population totals: 2010–2020*, U.S. Census Bureau, (<https://www2.census.gov/programs-surveys/popest/tables/2010–2020/state/totals/nst-est2020.xlsx>); *State population totals and components of change: 2020–2025*, U.S. Census Bureau (<https://www.census.gov/data/tables/time-series/demo/popest/2020s-state-total.html>); *State and local government finances by level of government: U.S. and states: 2012–2023*, U.S. Census Bureau ([https://data.census.gov/table/GOVSTIMESERIES.GS00LF01?q=Local+Government+Finances&g=010XX00US,\\$0400000&nkd=AGG_DESC-LF0089,GOV-TYPE-001:003,time~2017:2018:2019:2020:2021:2022:2023&tableFilters=GEO_ID~VALUES\(0400000US48\)](https://data.census.gov/table/GOVSTIMESERIES.GS00LF01?q=Local+Government+Finances&g=010XX00US,$0400000&nkd=AGG_DESC-LF0089,GOV-TYPE-001:003,time~2017:2018:2019:2020:2021:2022:2023&tableFilters=GEO_ID~VALUES(0400000US48))).

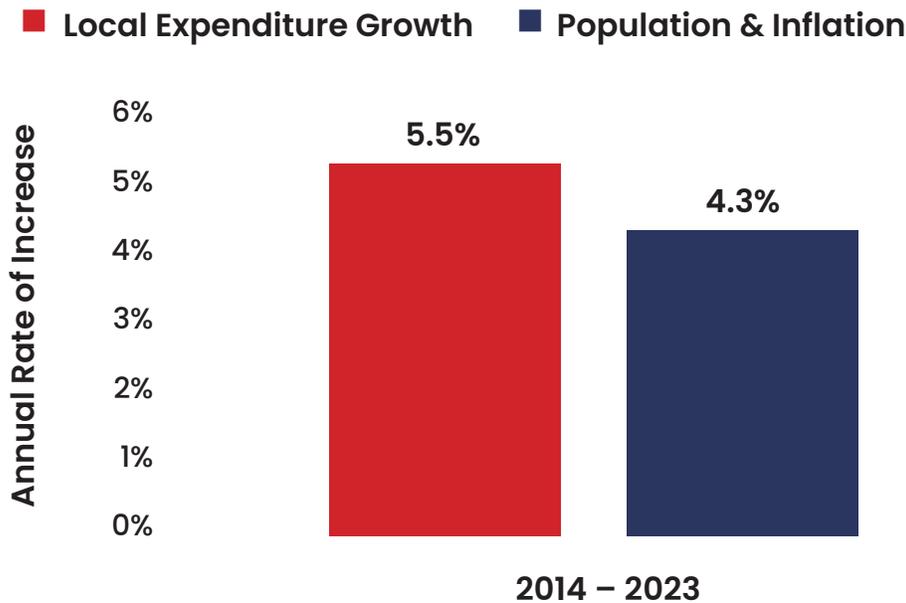
From 2014 to 2023, local government spending grew, on average, by 5.5% every year. Over the same period, population and inflation increased, on average, by 4.3% annually. This discrepancy is indicative that spending by local government has consistently outstripped reasonable standards, as noted in **Figure 2**.

In this type of policy environment where local expenditure excess is obvious, certain negative effects are more likely to occur or may have already taken root, such as bureaucratic bloat, excessive debt accumulation,¹ and onerous taxation.² When these factors are present, a society’s ability to foster economic growth, create jobs, attract investment, and achieve lasting prosperity could suffer meaningfully.

1 In fiscal year 2024, Texas’s local debt service outstanding grew to \$499.7 billion, which was “nearly \$40 billion higher than the prior year’s total” (Quintero, 2025, para. 2).
2 According to scholars at the Tax Foundation (2023), Texas’s effective property tax rate on owner-occupied homes ranks as the 7th highest in the nation.

Figure 2

Local Government Expenditure Growth Compared to Population and Inflation, 2014–2023, Average Annual Increase



Note. Data from *Consumer Price Index for all urban consumers 2014–2023*, U.S. Bureau of Labor Statistics (<https://www.bls.gov/cpi/data.htm>); *State Population totals: 2010–2020*, U.S. Census Bureau, (<https://www2.census.gov/programs-surveys/popest/tables/2010–2020/state/totals/nst-est2020.xlsx>); *State population totals and components of change: 2020–2025*, U.S. Census Bureau (<https://www.census.gov/data/tables/time-series/demo/popest/2020s-state-total.html>); *State and local government finances by level of government: U.S. and states: 2012–2023*, U.S. Census Bureau ([https://data.census.gov/table/GOVS-TIMESERIES.GS00LF01?q=Local+Government+Finances&g=010XX00US,\\$0400000&nkd=AGG_DESC-LF0089,GOVTYPE-001:003,time~2017:2018:2019:2020:2021:2022:2023&tableFilters=GEO_ID~VALUES\(0400000US48\)](https://data.census.gov/table/GOVS-TIMESERIES.GS00LF01?q=Local+Government+Finances&g=010XX00US,$0400000&nkd=AGG_DESC-LF0089,GOVTYPE-001:003,time~2017:2018:2019:2020:2021:2022:2023&tableFilters=GEO_ID~VALUES(0400000US48))).

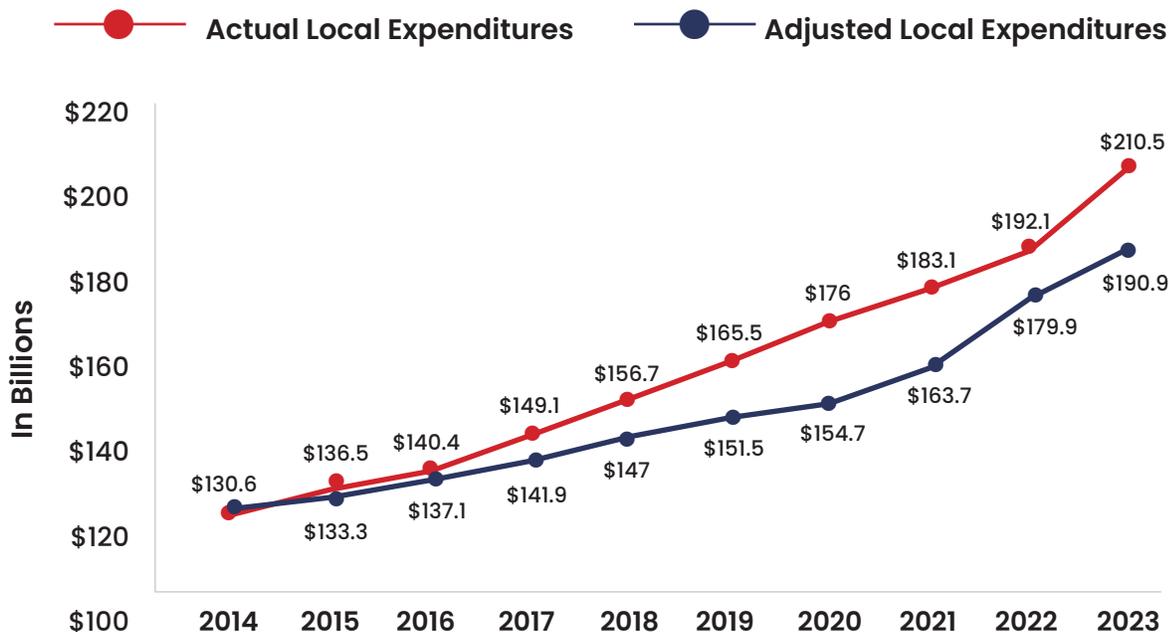
ILLUSTRATING LIMITED SPENDING

Under current law, local government entities are not required to adhere to an expenditure limit of any type. As a result, local expenditures have increased far faster than is reasonable, thereby inviting bigger government and larger tax bills.

Hypothetically, had local government entities been required to adhere to a strict spending limit based on population and inflation, then the burden and trajectory of expenditure growth would have been much different. **Figure 3** illustrates this difference, showing the gap between actual spending growth (see red line) and spending growth adjusted for population and inflation (see blue line). The former would have increased from \$130.6 billion in 2014 to \$210.5 billion in 2023, whereas the latter would have risen from \$130.6 billion to \$190.9 billion over the same period. The 10-year savings that could have been realized with a strict spending limit in effect totaled slightly more than \$110 billion.

Figure 3

Local Government Expenditure Growth Compared to Population and Inflation, 2014–2023, Average Annual Increase



Note. Data from *Consumer Price Index for all urban consumers 2014–2023*, U.S. Bureau of Labor Statistics (<https://www.bls.gov/cpi/data.htm>); *State Population totals: 2010–2020*, U.S. Census Bureau, (<https://www2.census.gov/programs-surveys/popest/tables/2010-2020/state/totals/nst-est2020.xlsx>); *State population totals and components of change: 2020–2025*, U.S. Census Bureau (<https://www.census.gov/data/tables/time-series/demo/popest/2020s-state-total.html>); *State and local government finances by level of government: U.S. and states: 2012–2023*, U.S. Census Bureau ([https://data.census.gov/table/GOVSTIMESERIES.GS00LF01?q=Local+Government+Finances&g=010XX-00US,\\$0400000&nkd=AGG_DESC~LF0089,GOVTYPE~001:003,time=2017:2018:2019:2020:2021:2022:2023&tableFilters=GEO_ID~VALUES\(0400000US48\)](https://data.census.gov/table/GOVSTIMESERIES.GS00LF01?q=Local+Government+Finances&g=010XX-00US,$0400000&nkd=AGG_DESC~LF0089,GOVTYPE~001:003,time=2017:2018:2019:2020:2021:2022:2023&tableFilters=GEO_ID~VALUES(0400000US48)))).

RECOMMENDATIONS

In light of the current spending environment, the next Texas Legislature should consider ways to instill fiscal discipline in cities, counties, school districts, and special districts.

Local Spending Limit

One approach is to craft and adopt a local government spending limit. The ideal limitation would restrict expenditure growth to population and inflation, apply to all types of funding and political subdivisions, and permit very few workarounds, if any. Such a constraint would not be entirely unique, either. Consider that the state’s finances are already governed by five different constitutional and statutory limitations, like “a debt limit, a welfare spending limit, a pay-as-you-go limit, and a limitation on the growth of certain appropriations. In addition, state law also provides for a consolidated general revenue (CGR) cap that ‘limits the biennial growth of CGR appropriations to the estimated compounded growth of state population and monetary inflation’” (Quintero, 2024, p. 1).

Third-Party Efficiency Audits

Another solution is to require local governments to undergo third-party efficiency audits, which are independent evaluations of the effectiveness of public programs and related organizations. The primary function of an efficiency audit is to determine *how* entities spend money and whether taxpayers are seeing the benefits of the services being supported by this spending. By uncovering and eliminating waste, fraud, and abuse in local budgets, policymakers can help steer systems in a better direction while potentially alleviating the burden on taxpayers.

Zero-Based Budgeting

A third recommendation is to compel local government officials to undergo zero-based budgeting (ZBB) on a periodic basis. Under such a requirement, local policymakers would be prompted to craft a budget from zero and work toward its eventual completion, with each spending item justified along the way. Such a change would contrast sharply with the current services model of budgeting in effect for many local governments that “presumes that programs and services currently offered are necessary and ought to be continued, oftentimes in greater fashion” ([Texas Public Policy Foundation, 2020, para. 2](#)). This type of budgeting is outclassed by ZBB, which permits policymakers to better manage an entity’s budget with precision and intentionality.

With these policy prescriptions in place, the next Texas Legislature can promote fiscal discipline and undo the poor fiscal trends evident across the state. ■

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As a proud Eagle Scout John is an avid camper and enjoys spending time in the outdoors as well as at home with his wife.

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