



Center for Public Policy Priorities

An Honest Analysis of Proposed State Spending

The *Dallas Morning News* reports that state leaders are being accused by both the left and the right of runaway spending as they finish writing the state's budget for the next two years. Runaway spending? What hogwash.

Consider a few simple facts:

Texas is a large, rapidly growing state with significant needs. The legislature is writing a budget to address those needs after having made drastic cuts in 2003.

Even before the cuts in 2003, Texas state government consistently ranked at or near the bottom of the fifty states in spending per resident and taxes per resident. Texas has never been a big spending state. Average state government spending nationwide is 46 percent higher than in Texas, not the top, but the average. Whatever the final budget details, Texas will remain at or near the bottom in state spending.

When properly adjusted for population growth and inflation, state spending may grow as much as 2.5 percent per year in the next two years—a far cry from the 15 or 16 percent some have cited. (From 1995-2004, adjusted for population growth and inflation, state spending rose only 0.9 percent annually.)

As a share of our total economy, state spending has grown little. Since 1991, All-Funds spending by Texas state government has been roughly 7 percent of the economy, as measured by the Gross State Product (GSP). At most, in the next budget, All-Funds spending may reach 7.5 percent of the economy. General Revenue spending (undedicated state tax dollars) might go from 3.5 percent to 3.6 percent.

Reducing local property taxes with dollars from cutting the state budget would be disastrous. Even now, the state is not providing adequately for critical public needs such as public education. For example, budget writers have once again announced that they are going to leave textbook funding short, this time by \$300 million. Schools have been counting on the textbooks this money would buy, books which are needed to fully implement the state's approved curriculum.

The left, the right, and the middle may have different views about the best budget for Texas, but everyone ought to be honest about the numbers, honest about the context, and honest about the difficult choices facing our state leaders.