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Texas Hides 89 Percent of Retirement Debt

CHICAGO—Today, Truth in Accounting (TIA), a Chicago-based think tank that analyzes government financial reporting, released a new report, *The Financial State of Texas*. TIA researchers found that Texas did not report 89 percent—or \$81.5 billion—of the state’s retirement debt on its balance sheet.

The report indicates that Texas only reported \$9.6 billion in retirement and health care benefits but owes \$91.1 billion. This large amount of debt is excluded from the state’s financial reporting because the state government uses outdated accounting methods.

“Texas’ government is treating pension and retirement benefits like a mortgage that’s payable over time,” said Sheila Weinberg, Founder and CEO of Truth in Accounting. “But, it’s nothing like a mortgage—it’s actually a lot like a credit card. State officials are ignoring the minimum payment requirements and continue to accumulate more debt.”

When TIA researchers included the \$81.5 billion of hidden debt, they discovered that Texas:

- owes \$130.3 billion in bills;
- has \$67.7 billion available to pay bills; and
- needs \$62.6 billion to pay its bills.

“If Texas’ \$62.6 billion shortfall were divided amongst state taxpayers, each taxpayer’s share would be \$8,300” said Weinberg. “Until financial data is accurate and transparent, real action cannot be taken and future generations will carry the financial burden. It’s time to acknowledge and address the state’s debt to help correct this burgeoning crisis.”

Data from the study was derived from Texas’ August 31, 2014 audited Comprehensive Annual Financial Report and retirement plans’ actuarial reports.

Founded in 2002, Truth in Accounting is dedicated to educating and empowering citizens with understandable, reliable, and transparent government financial information. Sheila Weinberg is a Certified Public Accountant with more than 30 years of experience in the field.

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