TEXAS' FINANCES CONTINUE TO CRUMBLE

September 2019
truthinaccounting.org

THE FINANCIAL STATE OF TEXAS

A new analysis of the latest available audited financial reports found Texas has a Taxpayer Burden™ of $12,100, earning it a "D" grade from Truth in Accounting. Texas' overall financial condition worsened by 20 percent from the previous fiscal year mainly because a large part of the state's revenue is related to the oil industry.

Texas' elected officials have made repeated financial decisions that have left the state with a debt burden of $98.7 billion. That burden equates to $12,100 for every state taxpayer. Texas' financial problems stem mostly from unfunded retirement obligations that have accumulated over the years. Of the $264.4 billion in retirement benefits promised, the state has not funded $58.8 billion in pension and $71.4 billion in retiree health care benefits.

Texas and other states have become more transparent over the last few years, thanks to the Generally Accepted Accounting Principles (GAAP) set by the Governmental Accounting Standards Board (GASB), which now require governments to disclose pension (GASB 68) and other post-employment (GASB 75) benefits on their balance sheets.

THE TRUTH:

33 Rank	**-$98.7 billion** Money needed to pay bills	**-$12,100** Taxpayer Burden	**D** Financial grade
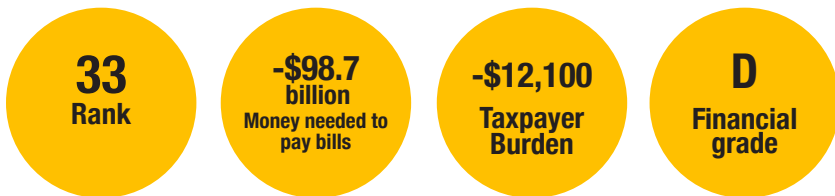
Data included in this report is derived from the state of Texas' 2018 audited Comprehensive Annual Financial Report and retirement plans' reports.

TEXAS
FINANCIAL BREAKDOWN

FAST FACTS

- Texas has $81.3 billion available to pay $179.9 billion worth of bills.
- The outcome is a $98.7 billion shortfall, which breaks down to a burden of $12,100 per taxpayer.
- Texas' reported net position is understated by $14.8 billion, largely because the state delays recognizing gains resulting from changes in the assumptions used to calculate the amount of unfunded retiree health care benefits.

THE STATE'S BILLS EXCEED ITS ASSETS	
Total assets	$336,102,261,000
Minus: Capital assets	-$144,427,916,000
Restricted assets	-$110,411,749,000
Assets available to pay bills	$81,262,596,000
Minus: Total bills	-$179,931,752,000
Money available (needed) to pay future bills	-$98,669,156,000
Each taxpayer's share of this debt	-$12,100

BILLS THE STATE HAS ACCUMULATED	
Bonds	$54,319,870,000
Other liabilities	$46,342,725,000
Minus: Debt related to capital assets	-$50,956,906,000
Unfunded pension benefits	$58,778,752,000
Unfunded retiree health care benefits	$71,447,311,000
Total bills	$179,931,752,000

GRADE: D

Bottom line: Texas would need $12,100 from each of its taxpayers to pay all of its bills, so it has received a "D" for its finances. According to Truth in Accounting's grading scale, any government with a Taxpayer Burden between $5,000 and $20,000 receives a "D."

Truth in Accounting is a 501(c)(3) committed to educating and empowering citizens with understandable, reliable and transparent government financial information, To be knowledgeable participants in their government and its budget process, citizens need truthful and transparent financial information.