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:

- 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.

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.”