THE TRUTH

Money Needed to Pay Bills
$56.6 Billion

Taxpayer Burden™
$6,600

Financial Grade
D

Ranking
33 out of 50

Texas Ranking Remained Constant Even With Federal Aid

Truth in Accounting

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Financial State of Texas

Texas' latest financial report indicated the state's financial position improved in 2021 mostly due to a great deal of federal aid and dramatic increases in the value of pension system assets. But the state still needed $56.6 billion to pay the bills it had accumulated. The resulting Taxpayer Burden™ was $6,600, which represents each taxpayer's share of the state's debt. Therefore, the state earned a "D" grade from Truth in Accounting.

Texas' financial problems stem mostly from unfunded retirement obligations. Record gains in the stock market in 2021 made funding levels of the state's pension system appear healthier than in 2020, but much of that improvement is fading. Markets have lost an average of 14% value in 2022. Although pension liabilities decreased by $47 billion in 2021 due to the increase in investment value, much of the value increase is only on paper. Until the pension investments are sold, these liability decreases are not real. Given these facts, the state's overall debt situation will likely further deteriorate over the coming year.

Even with these reported increases in pension assets, Texas had only set aside 86 cents for every dollar of promised pension benefits and three cents for every dollar of promised retiree health care benefits. If benefits and funding are not changed, future taxpayers will be burdened with paying the under-funded retirement promises.

The data included in this report is derived from the State of Texas' 2021 audited Annual Comprehensive Financial Report and retirement plans' reports. To compare state financial, demographic and economic information go to Data-Z.org.

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Texas' Financial Breakdown

Fast Facts

- Texas had $132 billion available to pay $188.6 billion worth of bills.
- The outcome was a $56.6 billion shortfall, which breaks down to a burden of $6,600 per taxpayer.
- Texas received large amounts of federal Covid funding and recognized improvements in market conditions related to pension plans. Even with these factors, Texas still earned a "D" grade.

THE STATE'S BILLS EXCEEDED ITS ASSETS	
Total assets	$446,392,120,000
Minus: Capital assets	-$168,965,915,000
Restricted assets	-$145,377,083,000
Assets available to pay bills	$132,049,122,000
Minus: Total bills*	-$188,626,871,000
Money needed to pay bills	$56,577,749,000
Each taxpayer's share of this burden	$6,600

*BREAKDOWN OF TOTAL BILLS	
Bonds	$59,909,439,000
Other liabilities	$77,206,407,000
Minus: Debt related to capital assets	-$51,772,874,000
Unfunded pension benefits	$29,849,476,000
Unfunded retiree health care benefits	$73,434,423,000
Total bills	$188,626,871,000

Grade:

D

Bottom line: Texas would need $6,600 from each of its taxpayers to pay all of its bills, so it 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."

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