

B Texas

Just a couple of years ago, a special report done by the Governmental Accounting Standards Board evaluated the progress states had been making in their use of performance measures in the budgeting process. Texas had gone further than just about any state in the country. Its experiments in this field had continued through the administrations of both Democratic Governor Ann Richards and Republican Governor George W. Bush, received strong support in the legislature and were considered a model for measurement enthusiasts around the country.

The current administration in Austin takes a strikingly different view. It considers performance-based budgeting a costly operation that doesn't justify its expense as long as a state is handling its regular financial operations in an acceptable way. And Texas does that. Its financial management may not be spectacular, but it's satisfactory. In one area, that of financial controls and reporting, Texas is better than average.

The executive-branch retreat from performance measurement has generated a great deal of criticism from those around the country who admired the previous efforts, and who charge that Texas has sacrificed its commitment to delivering top-quality services in an accountable manner. The criticism doesn't seem to be bothering Governor Rick Perry or his closest advisers. Indeed, Perry has made it clear that he has his own ideas about just how budgeting should work.

Sometimes those ideas are a little unusual. At the end of 2002, after a \$10 billion fiscal shortfall had been projected for the coming year, the governor threw out the budget draft that had been prepared for him and proposed one of his own. At each line, instead of a real dollar number, the new budget showed a zero. The idea was that the state was going to build a brand new budget with no preconceptions—the old concept of “zero-based budgeting.” It's hard to know how this might have worked: Zero-based budgeting proved very difficult to implement in the few jurisdictions that tried it seriously. And in Texas, debate still lingers about the experiment's utility. While many appreciated the exercise, some questioned if it was simply an attempt to mask accountability for the end result—a 12.5 percent cut in spending.

Fortunately, it takes a while to break a system as strong as Texas has had. Performance measures are still well used at the agency level, because leaders in the legislature demand detailed numbers in order to pass judgment on agency budget requests.

Strategic planning, which became a hallmark for many agencies in the 1990s, also remains standard practice in many of them. Moreover, agencies have recently begun preparing workforce plans as well. The one drawback in the HR field may be the absence of a strong central personnel office. When state budget cutbacks imperil the overall effectiveness of the state workforce, there's not much of a unified voice to plead the case for restoring the funds.

Texas has an excellent infrastructure maintenance program and spends its dollars on road and bridge upkeep more wisely than many states. It reports a maintenance backlog of only \$110 million—which, assuming it is correct, is a remarkable achievement in a state that spans 267,000 square miles.

The big question in Texas right now is whether the Perry administration's efforts to cut costs today will wind up hurting the state in the long term. For example, one massive piece of legislation has consolidated 12 agencies—including the Commission for the Blind, the Commission for Alcohol and Drug Abuse and the Department of Health—into a new Health and Human Services Commission, made up of four broad departments. There's no question the state will save money with this move; it has saved quite a bit already. But there are concerns that the result over time will be a constriction in services provided to some of the state's neediest citizens.

What's more, since the consolidation relies heavily on outsourcing, its success will depend on its ability to hold private contractors accountable for their performance. Recent reports from the State Auditor's Office found that in the early days of consolidation, \$20 million in the Children's Health Insurance Program had been mismanaged. While this figure is minuscule in proportion to the HHS Commission's \$7 billion in private contracts issued every year, it has not helped to quiet doubting voices.

For additional data and analysis, go to:
<http://results.gpponline.org/texas>

● Strength ○ Mid-level ● Weakness

Money B

| | |
|------------------------------|---|
| Long-Term Outlook | ○ |
| Budget Process | ○ |
| Structural Balance | ○ |
| Contracting/Purchasing | ○ |
| Financial Controls/Reporting | ● |

People B

| | |
|-------------------------------|---|
| Strategic Workforce Planning | ○ |
| Hiring | ○ |
| Retaining Employees | ○ |
| Training and Development | ○ |
| Managing Employee Performance | ● |

Infrastructure B-

| | |
|--------------------------------|---|
| Capital Planning | ● |
| Project Monitoring | ○ |
| Maintenance | ● |
| Internal Coordination | ○ |
| Intergovernmental Coordination | ○ |

Information B

| | |
|---------------------------|---|
| Strategic Direction | ● |
| Budgeting for Performance | ● |
| Managing for Performance | ○ |
| Program Evaluation | ○ |
| Electronic Government | ○ |

Population (rank): 20,851,820 (2)

Average per capita income (rank): \$29,372 (28)

Total state spending (rank): \$70,274,342,000 (3)

Spending per capita (rank): \$3,233 (49)

Governor: Rick Perry (R)

Took office: 12/2000

Senate: 31 members: 12 D, 19 R

Term limits: None

House: 150 members: 63 D, 87 R

Term limits: None