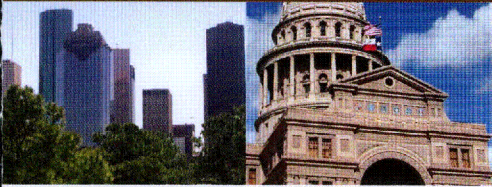




# A Report to the Citizens of Texas

Sept. 1, 2008 – Aug. 31, 2009



## What's Inside

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- 3. Texas Finances
- 4. Texas and the Future — Challenges Ahead

## Texas Government

The Texas Constitution establishes the structure and major functions of Texas government. It divides state government into three separate branches: the Legislative, Executive and Judicial branches.

The Legislative branch includes:

- Texas Legislature and its committees
- State Auditor's Office
- Legislative Budget Board
- Sunset Advisory Commission

The Executive branch includes:

- Governor
- Lieutenant Governor
- Attorney General
- Comptroller of Public Accounts
- Commissioner of the General Land Office
- Secretary of State
- Commissioner of Agriculture
- Texas Railroad Commission
- State Board of Education/Texas Education Agency

It also includes other governing boards and committees with a wide range of responsibilities:

- general government services
- health and human services
- public safety and corrections
- education
- natural resources and recreational services
- regulatory entities and transportation

Finally, the Judicial branch includes:

- Supreme Court of Texas
- Court of Criminal Appeals
- Lower and local courts

Source: [www.constitution.legis.state.tx.us](http://www.constitution.legis.state.tx.us)

## The Story of Texas

With the world's 12th largest economy, Texas is a global powerhouse. It attracts, creates and fosters some of the world's most successful businesses. Its ports move more than half of the world's imports and exports annually.

The state's enormous size, diverse population and abundant natural resources make it a leader in agriculture and energy. Texas has a low tax burden, low cost of living and a range of climates and geography to suit every taste.

The following factors help shape the state, its economy and its way of life:

### Business Advantage

Texas' low tax burdens and business-friendly climate make it a highly desirable location for new and growing companies. The state ranks 11th best in the nation in the Tax Foundation's State Business Tax Climate Index, which compares states in five areas of taxation that affect business.

### Demographics

Texas is one of the nation's fastest-growing states. Our growing population is becoming older, less rural and more diverse. The state gained more people than any other state between July 1, 2008, and July 1, 2009.

### Energy

Texas is the nation's largest producer and consumer of energy, and a national leader in the development of renewable energy sources. Texas remains the nation's largest producer of oil and gas (excluding federal offshore areas), accounting for 19.9 percent and 30.4 percent of total U.S. production.

### Global Trade

Texas is a hub for world trade. The nation's leading exporting state, Texas' export shipments of merchandise in 2009 totaled \$163 billion.

### Housing

Texas is a great place to live and work, with an affordable housing market that ranked 39th among states in median costs in 2008.

### Infrastructure & Transportation

Texas has more than 12,000 miles of railroad tracks, more than any other state, and the nation's most extensive roadway network, as well as three of its 10 busiest ports.

### Science and Technology

Texas is a global technology leader, with world-class university research and unique programs that encourage entrepreneurial and tech-related business.

Sources: The Tax Foundation, U.S. Census Bureau, Energy Information Administration, International Trade Administration, American Association of Port Authorities, Texas Department of Transportation

## Texas by the Numbers — Fiscal 2009 average

Resident Population	24,749,300
Per-capita Income	\$38,163
Nonfarm Employment	10,479,800
Unemployment Rate (percent)	6.8
Public School Enrollment (2007-2008)	4,671,493

# State Performance Measures

The following performance measures show Texas' achievements in education, transportation and public health and safety – all key government services influencing and affecting residents' quality of life.

Are there specific performance measures you would like to see reported on this page?

Please let us know by contacting the Comptroller's Fiscal Management Division at [statewide.accounting@cpa.state.tx.us](mailto:statewide.accounting@cpa.state.tx.us).

Selected Performance Measures	Fiscal 2008	Fiscal 2009
<b>Education</b>		
Percent of Students Completing High School	88.6	89.5
Percent of Students Passing All Tests Taken	69.25	72.02
<b>Natural Resources</b>		
Percent of Private Land Acreage in Texas Managed to Enhance Wildlife	15.04	15.72
Number of Grant Assisted Projects Completed <small>Note: Grant assisted projects are local park acquisition, development, or construction projects that receive a state or federal matching grant.</small>	39	31
<b>Public Safety</b>		
Number of crimes committed per 100,000 population (Index Crime Rate)	4,631	4,495
Number of Emergency Incidents Coordinated	6,206	5,783
<b>Public Health</b>		
Prevalence of Tobacco Use among Middle & High School Youth in Target Areas of Texas	24.5%	23.7%
Number of Women and Children Served (Family Violence Services)	74,801	77,739
<b>Transportation</b>		
Dollar Volume of Construction Contracts Awarded	\$2,773,640,000	\$2,681,390,000
Number of Construction Projects Awarded	657	677

Source: Legislative Budget Board

## Texas Leads the Way

The saying that everything is bigger in Texas rings true in a host of areas. The state continually ranks as a leader among states for its energy production, exports and cutting-edge research and technology. For example, the Lone Star State:

**leads...** the nation in renewable energy potential. Texas represents nearly 30 percent of wind generation capacity and 27 percent of net wind energy in the nation.

**leads...** the U.S. in exports for eight years running. According to the World Institute for Strategic Economic Research (WISER), Texas exported \$163 billion worth of goods from January to December 2009; California was a distant second among states, with \$120.1 billion in exports.

**hosts...** more than 1,000 traditional biotechnology companies, biomedical research concerns, business and government consortia, medical manufacturing companies, and world-class universities and research facilities. These institutions and facilities employ more than 33,500 workers.

**ranks...** as the state with the lowest cost of living among the 10 largest states. It also had the fifth-lowest cost of living among all U.S. states in the third quarter of 2009, according to the Missouri Economic Research and Information Center.

**generates...** \$9 billion in federal tax revenues each year through Texas ports. The Port of Houston is the Gulf Coast's largest container port. Texas ports provide 1 million jobs to Texans and more than \$30 billion in personal income to Texans.

Sources: *Odessa American*, World Institute for Strategic Economic Research, Office of the Governor, Missouri Economic Research and Information Center, Texas Ports Association



## We value your feedback!

Did you find this report informat ve?

Is there other information you would like to see?

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[statewide.accounting@cpa.state.tx.us](mailto:statewide.accounting@cpa.state.tx.us)



# Texas and the Future — Challenges Ahead

The state's chief tax collector, accountant, revenue estimator, treasurer and purchaser, the Texas Comptroller of Public Accounts writes the checks, pays the bills and keeps the books for the multi-billion dollar business of state government.

In this spirit, the Comptroller's office provides Texas state agencies, local governments, businesses and citizens with a wide variety of services to help ensure the state's continuing prosperity.

The Comptroller's office has identified the following challenges for Texas:

- **Ensuring an educated work force.** The newly established Every Chance Funds will boost Texas career and technical education by offering grants to community colleges, technical schools and nonprofit organizations as well as scholarships for students in career and technical training programs. Learn more about these funds at [www.everychanceeverytexan.org/funds](http://www.everychanceeverytexan.org/funds).
- **Balancing economic growth with natural resources.** The Comptroller's Natural Resources Policy Division monitors and analyzes the potential impact of state and federal energy and natural resource initiatives that could affect state revenues and the Texas economy. The division is advising a multi-agency advisory committee currently evaluating ways to reduce "greenhouse" gas emissions without damaging the Texas economy. Learn about the committee's work at [www.window.state.tx.us/finances/noRegrets](http://www.window.state.tx.us/finances/noRegrets).
- **Ensuring government works smarter.** Through strategic sourcing and volume discounts, the state of Texas is achieving economies of scale through smarter purchasing, generating cost savings for state agencies and stretching taxpayer dollars. For more information, visit [www.window.state.tx.us/txsmartbuy](http://www.window.state.tx.us/txsmartbuy).
- **Encouraging transparency.** To see exactly how your tax dollars are spent, the Comptroller's "Open Book Texas" tools allow you to track and analyze spending by state agencies, read about local government transparency efforts and follow the flow of federal stimulus spending in our state. Open the books at [www.window.state.tx.us/openbook](http://www.window.state.tx.us/openbook).

## Texas Economic Outlook for Fiscal 2010-11

The Comptroller's Biennial Revenue Estimate and Certification Revenue Estimate tell the Legislature how much money is available to spend.

According to the Comptroller's most recent Certification Revenue Estimate:

**The national recession appears to be abating** and U.S. job losses are becoming less severe.

The economic forecast underlying this estimate projects that:

- Texas employment that began declining late in calendar 2008 will resume slow growth in the first half of calendar 2010.
- employment growth will build throughout the remainder of fiscal 2010, with more significant improvement in fiscal 2011. Job growth will reach 2.1 percent after two consecutive fiscal years of net job losses.
- Texas should regain its previous peak employment level of 10.66 million by the end of fiscal 2011.

**Texas' real gross state product is expected to:**

- increase by 1.9 percent in fiscal 2010 in advance of significant job gains, and following a decline of 1.8 percent in fiscal 2009.

- show a growth of 3.4 percent in fiscal 2011 — faster than the projected growth in the U.S. economy for that year.

**The national and state economies appear to be at turning points,** moving back to expansion.

As the economy recovers, jobs will be added, more homes will be built and retail sales will increase.

If consumer spending continues to lag through the second half of fiscal 2010, tax collections may be lower than currently anticipated. This uncertainty demands caution and vigilance.

**Source:** *Certification Revenue Estimate*, November 2009.

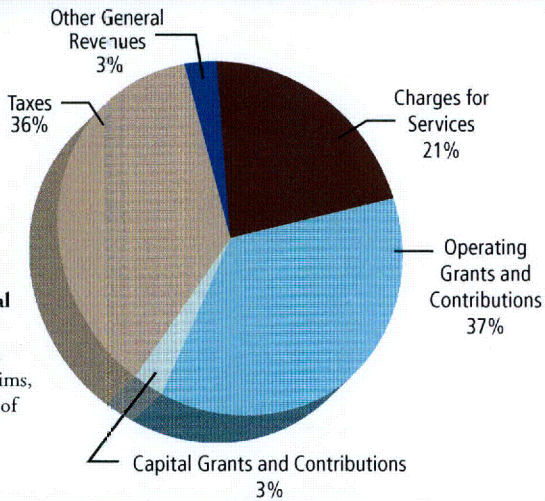
Texas Economic Outlook for Fiscal 2010 and 2011

	2010	2011
Real Gross State Product – total value of goods and services produced (2000 \$)	\$927,331,000	\$958,600,700
Annual Percent Change	1.9	3.4
Personal Income (Billions)	\$962.6	\$1,005.6
Annual Percent Change	1.9	4.5
Nonfarm Employment	10,353,100	10,571,500
Annual Percent Change	-1.2	2.1
Resident Population	25,216,800	25,658,300
Annual Percent Change	1.9	1.8
Unemployment Rate (percent)	8.2	7.7

# Texas Finances

An independent audit resulted in a clean audit opinion. Complete financial information can be found at [fm.x.cpa.state.tx.us/fm/pubs/cafr](http://fm.x.cpa.state.tx.us/fm/pubs/cafr)

## PRIMARY GOVERNMENT SOURCES OF REVENUE



**Note: Other General Revenues** include investment earnings, the settlement of claims, and gain on the sale of capital assets.

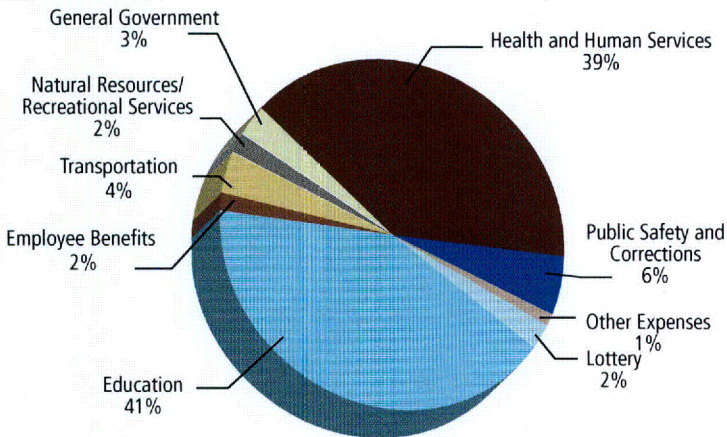
For the Fiscal Years Ended Aug. 31, 2009, and Aug. 31, 2008  
(Amounts in Thousands)

	Total Primary Government		
	2009	2008	% Change
<b>REVENUE BY SOURCE</b>			
Charges for Services	\$ 21,087,533	\$ 20,898,098	.91
Operating Grants and Contributions	36,024,012	30,708,652	17.31
Capital Grants and Contributions	2,715,520	2,831,469	-4.10
Taxes	35,928,793	41,419,231	-13.26
Other General Revenues	2,804,795	3,451,917	-18.75
<b>TOTAL REVENUES</b>	<b>\$ 98,560,653</b>	<b>\$ 99,309,367</b>	<b>-.75</b>

**Operating Grants** are grants which provide funding for the day to day operation of the state, including personnel, administration and other regular expenses.

**Capital Grants** are grants which provide funding for buildings, construction or equipment, rather than program or operating expenses.

## PRIMARY GOVERNMENT FUNCTIONAL EXPENSES

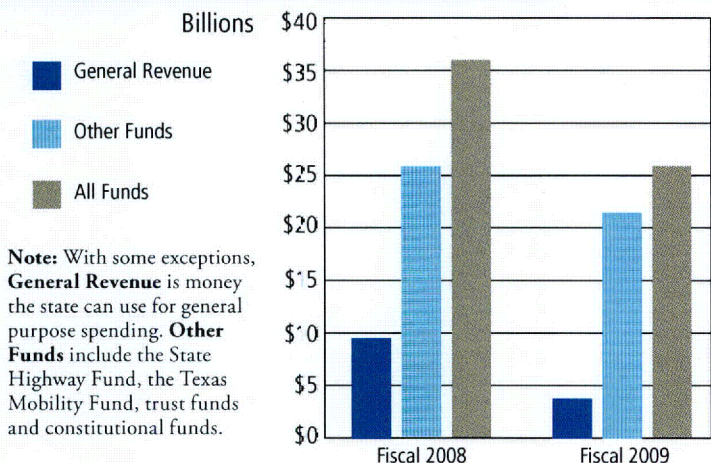


**Note: Employee Benefits** includes Teacher Retirement Benefits. **Other Expenses** include regulatory services and interest on long-term debt.

For the Fiscal Years Ended Aug. 31, 2009, and Aug. 31, 2008  
(Amounts in Thousands)

	Total Primary Government		
	2009	2008	% Change
<b>EXPENSES</b>			
General Government	\$ 3,232,720	\$ 2,836,834	13.96
Education	45,087,827	43,605,792	3.40
Employee Benefits	1,887,597	1,847,954	2.15
Health and Human Services	43,032,292	33,893,231	26.96
Public Safety and Corrections	6,110,366	5,101,504	19.78
Transportation	4,246,107	4,642,389	-8.54
Natural Resources/Recreational Services	1,978,492	1,698,468	16.49
Other Expenses	971,586	976,944	-.55
Lottery	2,680,273	2,634,446	1.74
<b>TOTAL EXPENSES</b>	<b>\$ 109,227,260</b>	<b>\$ 97,237,562</b>	<b>12.33</b>

## ENDING CASH BALANCE



**Note:** With some exceptions, **General Revenue** is money the state can use for general purpose spending. **Other Funds** include the State Highway Fund, the Texas Mobility Fund, trust funds and constitutional funds.

### Ending Cash Balances in State Treasury All Funds Excluding Trust

For the Fiscal Years Ended Aug. 31, 2009, and Aug. 31, 2008  
(Amounts in Thousands)

	2009	2008	% Change
General Revenue	\$ 3,899,868	\$ 9,811,664	-60.25
Other Funds	21,908,447	26,311,491	-16.73
All Funds	\$ 25,808,315	\$ 36,123,155	-28.56