

GASB State of Texas Case: Budgeting Teaching Notes

Class Use Objectives

As a performance budgeting case, this case elaborates on the origin, development, and status quo of performance budgeting in the state of Texas. Instructors may well use this case to familiarize students with how to initiate, develop, promote and implement performance budgeting in state government. This case also provides a wonderful opportunity to discuss the limitations of performance budgeting.

Since the case itself does not provide much hard budgetary data, use of the case may better focus on performance budgeting as a new tool, and as an instrument for higher efficiency. Discussion questions are developed around this theme.

Pre-Requisites

- Familiarity with the concept and at least some use of performance budgeting.
- Pre-class reading of the case.

Discussion Questions

1. What is the status quo of performance budgeting in the state of Texas? After over 10 years of institutionalizing performance budgeting, what can you see as their greatest achievements in this area?
2. How widely has performance budgeting been used in the state government? Texas governors (former and current) and legislature have been advocates of performance budgeting. To what extent has the state tried to involve citizens in this process?
3. What do you think should be done to boost the application of performance budgeting in Texas?
4. What do you see as the major reasons behind the drastic decrease of the number of performance measures from 11,000 to 6,000 in eight years? (page 21)
5. Some interviewees aired concerns about the timeliness and accuracy of performance information. As a result, some people who need such information are not using it. What do you think should and/or could be done to make such information more useful?

Possible Activities

1. Check online Texas budget(s): Could you identify any link between department budget(s) and performance measures? If yes, is the link strong or weak?
2. If you have checked the budgets for several biennial periods, could you trace any change of performance that has resulted from use of this budget format?
3. Texas publishes some popular financial reports, for example the *Fiscal Notes* by the Comptroller's Office. Can you identify some effort by the state government to incorporate citizen participation into their performance budgeting? What do you think about the quality of these reports? Do you like the use of graphics?