One of the continuing themes that I wish to emphasize is the use of information and its importance in the political process. Briefly we explored how you can use the Internet as a tool for gathering information. For a good place to start for Texas government, visit:
http://www.texas.gov

You can also visit my web page, and under Information and Important Links you will find many useful links to other web pages that can help you with understanding not only Texas government but aspects of U.S. government as well.

The Texas Legislature

Briefly we wish to revisit one of the concepts we discussed in the first chapter, and that is the concept of separation of powers. The purpose of separating powers of government was to provide for a more limited government rather than having all governmental power under one entity (as under the feudal kingdoms of Europe). This concept was first proposed by Baron de Montesquieu, and was incorporated into the constitution of the United States by James Madison. Under this system of government, the legislative branch is considered to be the most powerful of the three branches because it most directly represents the will of the people.

The Texas legislature is indeed considered to be the most powerful of the three main branches of government, though none of the three branches of government in Texas is very strong. This is a direct reflection of the sentiments of the members of the Constitutional Convention of 1875 here in Texas. As we discussed in the first unit, they greatly resented the Reconstruction Constitution of 1869, and especially resented the governorship of E.J. Davis. As a result of the strong centralized government from that constitution, the reformers in 1875 greatly wanted to limit the power of the government of Texas, including the legislature. As a reminder, the principle force behind the Constitution of 1876 was the Grangers, an agricultural group. We also have to remember that Texas in 1876 was a very different state, mostly rural and mostly agrarian.

The Texas legislature is a bicameral (two chambers) institution, composed of a Senate and a House of Representatives. Each chamber has approximately equal power, but the Senate has more prestige and is considered the upper house. As with most states, the concept of a bicameral legislature is modeled on the United States Congress. In theory this concept is to further protect individual liberties in that one house checks the other house. In Texas, the state Senate has 31 members, and the House has 150 members. Since Texas legislators are elected from single-member districts (only one representative for each district) in the general elections held in November of even-numbered years, Senate districts are larger than House districts. Thus House members are, in theory, closer to the people and more sensitive to their needs. In addition, since House members serve two year terms, they must respond more quickly to public demand or face the possibility of a short tenure as a representative. Senate members serve four year terms, which also helps them to be more independent on public sentiment, which also allows them to be more deliberate when considering legislation.

The legislature meets in either regular sessions, or called sessions. Regular sessions are biennial, meaning that they occur only every other year, and cannot run longer than 140 days. Called sessions (or special sessions) are special sessions that only can be initiated by the governor and are limited to a maximum of 30 days. The governor determines the agenda for called sessions, though the legislature may consider other matters once it convenes in the special session.

Legislative districts in Texas vary widely in geographic size. As of the 2000 Census, each senatorial district should have approximately 627,075 residents, and each House district should have approximately 129,595 residents.
**Formal qualifications** for members of the Senate are that a person must be 26 years of age, a qualified voter for at least five years in the state, and a resident of the district for which they are elected for one year. Formal qualifications for members of the House are that a person must be 21 years of age, a qualified voter, resident of the state for at least two years, and resident of the district from which they are elected for one year.

**Informal qualifications** of members of the Texas legislators show that most are white male Protestant lawyers or businessmen in their late 40s who are married, college-educated, members of civic organizations, have considerable personal money and access to campaign funds, and have the support of the local media.

Legislators are not paid very well in Texas. They receive an annual salary of $7,200 plus a per diem (per day) allowance of $128 when the legislature is in session. The reason for such a small salary goes back again to the group that wrote our current Texas Constitution (those wonderful farmers, back in 1875). As we have stated before, they were deeply suspicious of government, and one of the concerns of theirs was having “professional” politicians who would be more interested in keeping government active rather than looking to limit government. In theory, only the people really interested in making governing decisions would thus run for office. Unfortunately, things often do not work as intended. The low salary and per diem rates often makes legislators susceptible to lobby giveaways and to abusing the reimbursement system.

The functions of legislative bodies are divided into **formal and informal** functions. **Formal functions** include the following:

1) **Lawmaking** – the basic prerogative for writing, amending, and passing laws belongs to legislative bodies. Under our theory of democracy, as first developed by James Madison and others, the legislature is considered to be the most important branch of the government. We will discuss this process in more depth later.

2) **Reapportionment and redistricting** – every ten years, after completion of the U.S. Census, the legislature must **reapportion** itself, that is, decide which parts of the state get more members of the legislature and which lose members. Essentially this involves taking the census data and determining the ideal size of each U.S. Representative District, state Senate districts, and state House of Representative districts. The ideal size is determined by the total number of people in the state divided by the number of each of the above stated bodies (for example: for the Texas Senate, it would be the total population of the state divided by 31, which is the number of senators in the Texas Senate). Once the ideal size of each district is determined, the legislature must then redraw boundary lines (**redistrict**) of the districts. One of the biggest concerns in the redistricting process is that of a **gerrymander**, which is the drawing of district boundaries of districts to favor one group or another. This can be a very political and contentious process (as evidenced by the 2003 legislative session, where Republicans sought to redraw U.S. Congressional districts). If the legislature fails to accomplish redistricting in the first session following the 10 year Census, then the **Legislative Redistricting Board (LRB)** assumes that task. The members of the LRB include: the lieutenant governor, the speaker of the House, the comptroller of public accounts, the general land office commissioner, and the attorney general. All redistricting plans in Texas, whether completed by the legislature or the LRB, are subject to review the U.S. Justice Department as per the conditions of the Voting Rights Act of 1965. Eventually the redistricting plans are certified by the U.S. Fifth Circuit Court of Appeals.

3) **Constituent/Amendment function** – a body empowered to create or amend a constitution is described as having a **constituent function**. State legislatures are involved in the ratification of amendments to the national Constitution and also propose amendments to state constitutions.

4) **Judicial function** – this comes into play whenever the House impeaches and the Senate tries a judge or an executive branch official.

5) **Electoral function** – when necessary, the legislature settles election disputes.

6) **Administrative function** – this is exercised primarily through the process of legislative oversight of administrative agencies. This was strengthened by the passage of the Sunset Act of 1979 and the establishment of the Sunset Advisory Commission.
7) **Investigatory function** – if a state agency is suspected of not doing its job properly or not acting in the public interest then the legislature has the authority to investigate the agency in question.

**Informal functions** of a legislative body include:

1) **Casework** – the troubleshooting or problem solving on behalf of a constituent.
2) **Education and information** – providing information to constituents and educating them on public policy issues through newsletters or speeches.

**Lawmaking – The Legislative Process**

As we stated above, the legislature is considered the most important branch of government. Its principle purpose is lawmaking: passing legislation that is to become the fundamental rules and regulations that all members of society within the state must obey. The role of the legislature in lawmaking is complex and may appear confusing to the average layperson. There are three basic reasons why this is so:

- complex rules are a basic part of the legislative process
- the legislative process consists of several stages
- the issues faced by legislators are growing in complexity

We make lawmaking difficult for two primary reasons. First, Americans in general, and Texans in particular, have a tradition of being suspicious of government and generally feel that less government is better, therefore they prefer not to have many laws. Second, by making the legislative process difficult, it helps to safeguard against bad legislation being passed.

There are four different forms of legislative action used in Texas:

a) **Bills.** Required by the Texas Constitution for introducing a law or a change in a law. A bill is an item of proposed legislation that is introduced into either one of the two chambers of the legislature for consideration and markup. Eventually, upon passing through the legislative process, these become laws. Technically speaking, there are three types of bills passed by the Texas legislature, however, for our purposes here, when we refer to a bill we are referring to **general bills**, which are ones that apply to all persons within the state.

b) **Simple resolutions.** Used by either house to take care of housekeeping matters, details of business, and trivia (such as wishing someone a happy birthday). Requires only a simple majority to pass.

c) **Concurrent resolutions.** Similar to simple resolutions but require action by both houses.

d) **Joint resolutions.** Important in that these are how amendments to the Texas Constitution are proposed or how amendments to the U.S. Constitution are ratified. Either of these types of resolutions require a two thirds vote of both houses to pass.

One thing that is important to note is that resolutions do not require any action by the governor.

To consider the process of passing bills, we have to take into consideration the powers of the **presiding officers** of both the House and the Senate, as well as understanding the **committee system.**

The **presiding officers** of the Senate and the House are the two most dominant positions in the legislature. They appoint the chairs of all committees and generally set the agenda for the flow of legislation through each of the respective houses. The presiding officer of the Senate is the **lieutenant governor,** who is elected during the general election and serves a term of four years. The presiding officer of the House of Representatives is the **Speaker of the House** who is chosen by the members of the House at the opening of the legislative session.

The powers of the presiding officers are divided into **procedural powers** and **institutional powers.**

**Procedural powers** of the presiding officers include:

1) **Committee membership.** The presiding officers determine who is going to be on which committees in each house.

2) **Conference committees.** Conference committees are important because major bills seldom make it past both houses in the same form, so these are formed to work out the differences. Five members of each house are chosen by the presiding officers to serve on these committees when their needs arise. At least three members of each house must agree to accept the
committee’s report before it can return to both houses for vote. Each house must then either accept or reject the report as it is without further changes.

3) **Committee chairpersons.** The presiding officers name the chairpersons of each committee.

4) **Scheduling.** The power to determine which calendar and where in that calendar a bill will be placed is concentrated in the hands of the presiding officers.

5) **Recognition.** Presiding officers have the power to recognize a member who wishes to speak and traditionally invoke this power in a fair and judicious manner.

6) **Procedures.** Both houses adopt rules of procedure at the beginning of each regular session, and the presiding officer interprets these rules.

**Institutional powers of the presiding officers include:**

The presiding officers get to appoint the members of three important arms of the legislature: the Legislative Budget Board, the Legislative Council, and the Legislative Audit Committee. In addition, the lieutenant governor serves as chairperson of each and the Speaker serves as vice-chairperson.

- **The Legislative Budget Board.** A ten member joint committee. It is responsible for preparing the legislative budget and overseeing state agency expenditures.

- **The Texas Legislative Council.** A seventeen member committee that oversees a professional staff who provide legislators with bill-drafting services as well as conducting investigations and doing research during sessions.

- **The Legislative Audit Committee.** A six member committee that appoints and oversees the state auditor and his staff who are responsible for ensuring the legality of state agencies’ expenditures and quality of services.

**Seniority** is important in the Texas legislature because it increases the probability that the member will be knowledgeable about policy issues, understand the system, and, especially in the Senate, have an opportunity to chair a committee.

**The Committee System**

Your online textbook discusses what they refer to as permanent committees, and many other types of committees. For our purposes here, we simply want to discuss two types of committees: standing committees and conference committees.

**Standing committees** are more or less permanent committees that deal with designated areas of public policy (energy, banking, agriculture, insurance, etc). There are a different number of standing committees in both the House and the Senate, though the House has almost twice as many of these types of committees as the Senate. These types of committees are what are the real workhorses of either chamber. In essence they are where the real work of any bill is carried out. Often there are subcommittees which work underneath the standing committees which offer more detailed consideration of specific types of legislation (say, either ranching activities or farming activities under the umbrella of the agricultural committee). Committees come under intense pressure from interest groups who target the key legislators on these committees in order to try to influence the legislation.

**Conference committees** are temporary committees formed to arrive at acceptable compromises on bills that have passed both houses but in different forms. Conference committees are comprised of five members from either house.

Bills may originate in either house, except **revenue bills**, which must originate in the House of Representatives.

The following is a simple outline of the process a bill must go through in the legislative process:

1) **Introduction and referral.** Each bill must be introduced by a member of one of the houses, who is then known as the bills sponsor. It may either be introduced on the floor by a member or by depositing copies with the Secretary of the Senate or the Clerk of the House (respectively, for each house). The reading clerk then gives the bill its first of its three required readings. The presiding officer of the house in which the bill is introduced then refers the bill to a standing committee.

2) **Committee action.** Standing committees then place a proposed bill on their agendas. If a committee looks upon a bill unfavorably then it might “**pigeonhole**” a bill by placing it at the bottom of the committee’s agenda. The committees then schedule hearings on the proposed bills. A procedural step
that a senator can use to object to a bill is known as a “tag”. This requires that the senator be notified in writing at least 48 hours in advance of any hearing on a proposed bill. Standing committees may report bills favorably, unfavorably, or not at all.

3) **Floor action.** Once out of committee a bill must be scheduled for debate on the floor. Your textbook spends considerable time discussing the different calendars committees and how legislation eventually gets to the floor for debate. For our purposes here it is not so much important that you know all of the different types of calendars committees and their functions, just that all legislation must be scheduled somehow in order to get to the floor for debate. In essence, floor debate, through any of the calendars committees, is mostly controlled by the presiding officers of either house. Depending on the rules for debate as provided by the calendars committees, there is discussion (debate) on the proposed bill, and the possibility that amendments to a bill can be added. In the House debate is highly restricted (members generally have 10 minutes to speak), while members of the Senate have the privilege of unlimited debate, and sometimes use this technique in an attempt to talk a bill to death (known as a **filibuster**). Once a bill passes debate it is given its third reading and a vote is taken.

If a bill receives a **simple majority vote** (50% +1) in one house it is then passed on to the other house. Once there steps one through three are followed again. If a bill makes it back out of the other house without any changes it is then formally prepared and sent on to the governor for action. However, if there are changes from one house version to the other, then the bill must go to a **conference committee**. A bill dies if it cannot make it past any of these steps. It cannot be considered again during the legislative session in which it was proposed.

The governor has ten (10) days, excluding Sundays, to dispose of enacted legislation unless the legislature has adjourned, then he has twenty (20) days. The governor may sign it into law, allow it to become law without signing it, or may **veto** it. If the governor vetoes legislation during a session then the legislature can override a veto by two-thirds vote of both houses. If the governor vetoes the bill after the legislature is out of session then the veto is absolute and cannot be overridden. A veto applies to the entire bill, except in the case of appropriation bills, on which a governor can exercise an **item veto**. Acts signed by the governor become law 90 days after the session ends, except in the case of appropriations bills, which take affect September 1 (the beginning of the **fiscal year** in Texas).

Lawmaking is also carried out informally by others outside of the legislature. The governor may influence legislation through by the threat of veto, or by rallying the support of political cronies and lobbyists for or against a bill. Administrative agencies (the bureaucracy) supplement statutes with rules and regulations since most legislation is written in general terms. Also, by interpreting statutes they engage in a type of lawmaking. The attorney general’s office can issue opinions on the constitutionality of legislation that have the force of law unless successfully challenged in court. Both the federal and state courts review legislative acts challenged on the grounds of constitutionality.

**Criticisms and Suggested Reforms**

In general, the primary criticism of the Texas legislature is that the low salaries and short terms force legislators to maintain other sources of income, a necessity that leads to inattentiveness to legislative business, especially between sessions. However, the electorate still considers that that the legislature as a group is paid too much for the work they do.

Among the reforms mentioned are to change to annual legislative sessions, or, at least, allow the legislature to give itself the ability to call special sessions; reduce the number of legislators in the House and to increase the salaries of all legislators; and to lengthen the terms of office to four and six years, respectively, for members of the Texas House and Senate.

**The Executive Branch**

The job of the executive branch is largely to carry out the laws passed by the legislature. The U.S. Constitution tells the president to “take care that the laws be faithfully executed”. On the one hand, we look to our chief executives to provide us with charismatic and dynamic leadership. To a certain degree we like to be led. However, on the other hand, we do not like a concentration of power. Our entire system of
government, whether it is at the national level or the state level, operates to divide power up and works to prevent the execution of government. This is especially so in Texas.

In Texas, the executive branch of government is highly fragmented. Although the governor is the head of the executive branch, his power is limited by the fact that five major offices within the executive branch (lieutenant governor, attorney general, Commissioner of the General Land Office, Commissioner of the Agricultural office, and Comptroller of Public Accounts) are elected independently of the governor. These department heads often act independently of the governor. Because of the Texas is said to have a plural executive, where the powers of the executive are shared among these different offices.

The governor is elected in off year (even-numbered years when there is no presidential election) statewide elections. The idea is to prevent issues at the national level from overshadowing state issues, but the reality is that the voter turnout is often disappointing because the election is in an off year. The lieutenant governor is chosen in the same year, but runs separately of the governor. In 1972 a state constitutional amendment extended the term of the governor from two years to four years. There are currently no constitutional limits of the number of terms a governor can serve.

The governor can be removed from office by impeachment. This is a process of a trial in the state House of Representatives which determines if there is sufficient evidence to warrant a charge being brought against the governor. The House recommends impeachment by a simple majority vote. The senate then conducts a trial to determine if the governor should be convicted. Conviction comes with a two-thirds majority vote of members present. Upon conviction the governor is removed from office and is disqualified from holding future governmental offices in Texas again. If there are criminal charges then they must be brought in a regular court of law after the impeachment process is finished.

If the governor is removed, dies, or resigns, the lieutenant governor then assumes the office of governor. If there is no lieutenant governor then the president pro tempore of the senate and the speaker of the house must call a special legislative session to elect a governor and lieutenant governor until the next general election.

The current compensation of the governor is determined by the legislature. Currently the governor makes over $100,000 per year.

To be governor of Texas a candidate must be at least thirty (30) years old, a citizen of the United States, and have been a resident of the state for five years immediately prior to the election. These qualifications also apply to the office of the lieutenant governor.

Informally, qualifications for the governor are that he be a WASP (white, Anglo-Saxon, protestant), be middle-aged (usually around 50), and an attorney/businessman. In addition, the governor should be politically conservative. Historically the office has been dominated by conservative Democrats since the time of Reconstruction. In recent years, however, there have been several Republican governors, starting with Bill Clements in 1972. It also helps for the person who is attempting to be governor to have been quite active in community organizations (pillars of the community).

The governor in Texas is considered weak by many scholars (in comparison to other governors on other states). His power is limited by a highly fragmented executive branch that includes five other elected executives (the lieutenant governor, the attorney general, the comptroller of public accounts, the commissioner of the General Land Office, and the Agricultural Commissioner), two elected boards, and a large number of boards and commissions that decentralize power, as well as the fact that all judges in the state are elected officials.

The governor is limited in his appointment power because of the fact of a large number of offices and agencies under the executive branch that are elected. When vacancies do occur in these positions, the governor is allowed to make appointments to them. Gubernatorial appointments must be confirmed by a two-thirds majority of the members of the Texas senate. In addition, there is the practice of senatorial courtesy, where the senator from the district in which an appointee lives must agree to the appointee before the formal vote is taken. The governor is also limited in that he can only remove political appointees whom he/she has appointed.

**Bureaucracy**

A bureaucracy is a type of organization associated with red tape, specialization, and hierarchy.
Hierarchy refers to an organizational arrangement that puts few people with the maximum power at the top of the organization, and many people with little power at the bottom.

Public policy is the results of decisions made by the three branches of government.

Public administration refers not only to the activities necessary to carry out public policy but also to the various bodies, and those who work in them, that are responsible for these activities.

The term agency refers to any department, agency, commission, board, bureau, or other public administrative organization.

Administrator and executive refer to top-level individuals in public administration.

Any state employee may be a bureaucrat, but the term is generally limited to administrators, executives, and lower echelon white-collar office employees.

Some scholars consider the administrative state so powerful as to constitute a fourth branch of government.

Because implementing the law is formally the responsibility of the executive branch, the bureaucracy is nominally headed by the chief executive. However, the bureaucracy permeates all branches of government and its interests and powers crisscross the entire governmental structure.

Bureaucracies are sometimes said to have “quasi” powers in that they often mimic the other branches of government in their behavior (quasi-legislative, quasi-executive, and quasi-judicial). They carry out public policy by behaving in some ways like each of the formal branches of government.

In the early 20th century the sociologist Max Weber did a study on authority in organizations, and came up with a model of bureaucracies. Bureaucracies exhibit these characteristics:

1. They have a hierarchical authority structure. Power flows from the top down and the responsibility from the bottom up.
2. A bureaucracy uses task specialization so that experts instead of amateurs perform technical jobs.
3. They develop extensive rules, which may seem nit-picking at times but which allow similar cases to be handled similarly instead of capriciously.
4. Bureaucracies also operate on the merit principle, in which entrance and promotion are awarded on the basis of demonstrated abilities rather than on “who you know”.
5. Bureaucracies behave with impersonality so that all of their clients are treated impartially. They are politically neutral.
6. They have defined jurisdictions in that they are created to accomplish definite and limited goals.

In reality modern bureaucracies differ greatly from this model, modern characteristics of bureaucracies include:

1. Instead of a single administrator heading the agency they often are headed by boards and commissions which act to diffuse authority and accountability.
2. They are often characterized by overlapping jurisdictions. Limits on goals and authority are obscured, which leads to confusion and competition among agencies. Often there is competition over funding, and agencies can at times be characterized as being overzealous. Furthermore, despite the overlap, there are often times when items will fall between the cracks of various agencies.
3. Bureaucracies are not political neutral. It is very difficult to get personnel to divorce themselves of feelings towards subjects within the political process.
4. Rules designed to ensure consistency and fairness sometimes contradict one another.
5. The role of the “expert” is often unclear. In addition, experts often disagree with one another, causing confusion over which path to follow.
6. There is often a reliance on managers to oversee policy implementation and to act as brokers between citizens and elected officials. Layers of management often isolate the citizen-customer from key decision makers, causing great frustration to the citizens involved in the process.
7. Elected officials, primarily the executive branch, frequently reorganize agencies in an attempt to make them more accountable to the legislative process.

State administration in Texas is confusing as a result of three essential characteristics:

1. There is no single, uniform organizational pattern.
2. There are numerous exceptions to the traditional bureaucratic characteristics of hierarchy.
3. The number of state agencies depends upon one’s method of counting. According to your text book, as of fiscal year 1997 there were at least 254 agencies, institutions, and independent programs which were funded by general appropriations.

Big government came about from a variety of factors. Among these are:
1) The Industrial Revolution. The mechanization of farms and ranches and the technological revolution led to the urbanization of the nation.

2) The combination of a pseudo-laissez-faire business philosophy and Social Darwinism eventually produced the conditions that led to an unpredictable boom-and-bust economy and widespread poverty.

3) Political developments emanating from these economic problems led eventually to national government intervention in an attempt to curb the worst excesses of big business and to protect those who were unable to protect themselves.

The first bureaucratic agency created to protect groups was the Interstate Commerce Commission (ICC) which was created in 1887 to regulate railroads, which had been pricing small farmers out of business by charging exorbitant freight rates. The scope of government continued to expand after World War II primarily as the increasing complexity of society also created a need for governmental expansion. With the demand for new services and rapid population growth the size and scope of state and local government also increased.

The election of Ronald Reagan in 1980 signaled major political and ideological changes. The role of states in the American federal system was increased dramatically. Cuts in federal funding forced reductions in state and local social programs previously financed by the national government. Citizens began to question the high cost of governmental services and to demand more accountability from the administrative state.

Bureaucrats seek first survival and then growth for three basic reasons:
1) To protect their jobs.
2) To promote their organization’s programs.
3) To serve their clientele.

**Clientele groups** are the groups that are supposed to be regulated by the bureaucratic agency. Regulation frequently becomes promotion as the relationship between the two matures.

A **civil service system** is one in which workers are hired on merit (performance on written tests or other forms of examinations) and are evaluated on the basis of their job performance. Bureaucrats often have considerable **administrative discretion**. They are relatively free to use their own judgment as to just how the laws will be carried out.

**Goal displacement** is the shifting of bureaucratic orientation, the replacement of one goal for another. In this case the public interest is forgotten and the agencies’ interests and those of clientele groups become paramount.

*“Program creep” refers to the concern that there has been an incremental expansion of government programs over time.*

**Legislative oversight** of bureaucratic agencies results from several sources. First of all, the legislature passed the laws that created all bureaucratic agencies in the state, and thus they have the ability to go back and revise those laws. Second, the legislature has the power of the purse-strings, thus being able to review and budget funding for all agencies in the state.

In 1977 the Texas legislature passed the **Sunset Law**, which established a procedure in which the **Sunset Advisory Commission** conducts sunset reviews in all statutory boards, commissions, and departments on a 12-years cycle and makes recommendations to the legislature regarding their continuing existence. The **Texas Open Records Act** allows the public to have access to a wide variety of official records and to most public meetings of state and local agencies. Also known as a “**Sunshine Law**”, it is designed to prevent or expose bureaucratic ineptitude, corruption, and unnecessary secrecy.

**A whistle-blower** is someone from inside an agency who reports illegal acts of the agency. The Texas legislature passed an act in 1983 designed to protect the employee from retribution.

In recent years there have been movements to “**re-invent**” government. Mostly this refers to the desire to shrink government programs that are perceived to be either larger than required to do the job at hand, or that they are no longer necessary and need to simply go away (see Sunset Law above). One of the key elements sometimes touted as a “fix” for out of control bureaucracies is the **privatization** of government programs. This type of program is one where government services are outsourced to private companies. As the discussion in your online text regarding the experiment to privatize parts of the Department of Health and Human services illustrates, these movements have had mixed results.

**Iron triangles.** We first introduced the concept of the iron triangle in the last unit. Essentially this is a model which suggests that policy making is largely controlled by private interest groups, regulatory
agencies, and legislative committees. These three groups share common interests and goals and control the key decision making forums so much that their control is considered to be “iron tight”, they from an iron triangle of policy control. This model emphasizes that these groups have pursued their collective goals without regard for the public’s preferences or interests. Now that we have discussed the legislative process and how bureaucracies work that the student will have a better understanding of how this model operates. As previously stated by your instructor in class, this is a very popular theory today for explaining how the majority of public policy gets carried out. The concern is that this process is considered inherently undemocratic.

**Political Economy**

**Public finance** is government spending, taxing, borrowing, and money management. **Fiscal policy** refers to the government’s taxing and spending of money. Our state constitution includes restrictions on how the state can finance its operations. The legislature then makes budget decisions every biennium and established the methods that the state uses for borrowing and money management.

A **budget** is a plan for how much money one expects to take in and how one proposes to spend that money. Individuals, families, organizations, sometimes college students, use a budget as a tool to manage the money, pay the bills, and avert crises. Governments do the same thing. Texas uses a **biennial budgeting system**, covering a two year period. The state’s **fiscal year**, the period used for accounting, begins September 1 and ends August 31.

**Deficit spending** is spending in the current budget cycle above and beyond incoming revenue. **Debt** is the total outstanding amount owed from past borrowing. Forty-nine states have a balanced budget requirement prohibiting deficit spending. Texas refers to its balanced-budget requirement as a “pay-as-you-go” policy, though that policy has now been compromised by many bond (debt) programs enacted as constitutional amendments.

There are many different types of taxes: sales taxes, inheritance taxes, motor vehicle taxes, ad valorem (property) taxes, excise taxes, severance taxes, corporation franchise taxes, gross receipt taxes, insurance premium taxes, even sin taxes! These are all used by various governmental agencies to raise and gather money to pay for programs. In Texas the most important way to raise taxes is through the general sales tax. The general sales tax places a fixed rate (6.25%) on the sale of certain goods. One of the most important aspects of taxation is the fairness of a tax (**tax equity**). The general sales tax is considered to be a somewhat unfair tax because it places a greater burden on those who can least afford it. In addition, as discussed in your online textbook, Texas has not adjusted its tax system according to its evolution of its economy. As service industries have grown in Texas, they have not been subject to taxes similar as to those placed on fixed goods. Thus Texas has had to struggle with what some consider an antiquated system of taxation to fund services. This is has been especially problematic as Texas has grown significantly in population since 1970, thus requiring more public services.

Historically, Texas has relied on its **natural resources** (primarily oil) for the generation of revenue for a considerable amount of time. This put Texas at risk during times when oil prices collapsed and little revenue could be generated. Because of this, the tax system in Texas was said to lack **elasticity**, in that it was not easily adjusted to the ups and downs of the economy. This was a major problem during the 1980s, when the Texas legislature had to struggle to find funding for many state programs (most notably, education). Because of this, Texas began a broad program during the 1990s to **diversify** its economy so that it would be less vulnerable to fluctuations in the market prices of oil.

As a result of the budget crisis of the early to mid 1980s, in 1988 the legislature created the “**rainy day**” fund. Essentially this is revenue that is “left over” in certain budget cycles when there has been a surplus of funds collected from tax sources. The idea is to have this money available to the legislature for times when there are project to be budget shortfalls (as of this time, anticipated shortfalls for the 2011-2013 budget cycle range from $10 billion to $12 billion, due to the general economic downturn in the U.S.).

In 2003 the Texas Legislature created the **Texas Enterprise Fund**. This was essentially a pool of money given to the governor in order to try to attract businesses to Texas. At times this fund has been a source of
controversy in that there is a tradeoff between the needs of the general population and the desire to grow business in Texas.

A tax is said to be **progressive** when the percentage of tax paid increases with the value of the object being taxed. One of the best examples of a progressive tax is the U.S. income tax. A person pays more in taxes as their income increases. The object being taxed, in this case, is income.

A tax is **regressive** when the percentage of one’s income paid for the tax decreases as one’s income increases. A tax is **proportional** (sometimes called **flat**) when everyone pays the same percent of their income for that tax, regardless of income. The **general sales tax**, which taxes items sold within the state of Texas at a rate of 6.25% (counties can add another 1%, and cities can also add another 1%, if voters in those areas approve), is considered a regressive tax because it hits those who can afford it the least harder than those who can afford it. Since the percentage of tax is always constant, those of lower economic status have to pay a higher percentage of their income for those taxes. Please keep in mind that a tax is not regressive just because it is a sales tax. One could, in theory, create a progressive sales tax where the amount of tax paid would increase as the value of the object (let’s say a car) increased in value.

In Texas, the **Comptroller of Public Accounts** is responsible for tax collection, investments, and the safeguarding of public funds. The **State Auditor** oversees state agencies to ensure legality of expenditures by an agency with regard to state financing laws. The auditor is appointed by the **Legislative Audit Committee (headed by the lieutenant governor)**.

Of the major funds in the state, the most important is the **General Revenue Fund**, which supports most state programs. The largest single expenditure by the state is for education.