



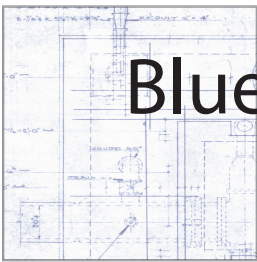
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## Blueprint for an *Effective* Budget

It takes clarity, vision, and leadership to responsibly prepare a biennial budget for the State of Texas. Legislators are called to make difficult decisions that affect the lives of 24 million Texans. In that spirit, we offer these guidelines for effective fiscal policy. By following these guidelines in drafting the 2010-11 state budget, the Texas Legislature will promote the necessary economic conditions for a strong and vibrant Texas.

- ★ Limit the growth of state spending to no more than the sum of population growth plus inflation, or the growth in personal income, whichever is *less*.
- ★ Prioritize state spending on the basis of constitutional mandates, followed by statutory requirements.
- ★ Return excess fee and tax revenues to those who paid them.
- ★ Limit the use of the Rainy Day Fund to either emergency tax relief or one-time emergency spending items.
- ★ Maintain a Rainy Day Fund balance of at *least* 5 percent of the general revenue and general revenue-dedicated funds spent in the 2010-11 budget.
- ★ Make it easy to identify and report government fraud and waste by posting all budgets, expenditures, contracts, and other relevant financial information online in a searchable and user-friendly format.
- ★ Structure state agencies' performance measures to reflect *outcomes* rather than *outputs*.
- ★ Fund only those programs that return a greater value to the taxpayer than the program's cost.
- ★ Avoid duplication of services by focusing on programs that are not provided by local governments or the private sector.