

While Texans and the federal government often disagree about who has the authority over different policy issues, a related and equally contentious issue is who will pay for different policies. Texas has historically claimed sovereignty over a wide range of policy issues; it has also complained that the state gives more to the federal government than it gets. Relative to other states, Texas has not always fared as well with federal dollars as some. A study by the Tax Foundation found that in 2004 Texas ranked thirty-sixth out of fifty states on federal funds received relative to federal taxes paid by residents of the state. Overall, Texas at that time received \$0.94 for every \$1.00 Texans paid in federal taxes.ⁱ An analysis of census data by *The Economist* showed that from 1990–2009 Texans paid more in federal taxes than the federal government spent in Texas.

The gap between what some states get and what their residents pay reflects what is sometimes termed *fiscal transfers*. The reasons behind this gap are complicated because there are so many types of federal spending. Some of the gap does not reflect a transfer from one state to another so much as it does transfers from wealthy to poor communities. Puerto Rico, New Mexico, Mississippi, and West Virginia enjoy the greatest advantage, while Delaware, Minnesota, and New Jersey receive the least federal revenue compared to what their citizens pay.ⁱⁱ While some people have suggested that part of this gap results from federal hostility toward Texas, the data behind the gap they describe occurred while a Texan was in the White House.

A number of changes, including increasing military expenditures, changing demographics, and a growing number of Texans living in poverty, reveal some evidence that this trend has reversed. In recent years, Texas has received more federal money than it has paid. At the same time, Congressman Joe Barton of Texas, a frequent critic of the federal government, believes that while Texas is now getting a fair share of federal spending, the federal government attaches too many strings to the funds.ⁱⁱⁱ

- ★ Should a state reasonably expect to get back in federal spending what it pays in federal taxes?
- ★ To what degree should the level of government that pays for policy implementation have authority over that policy issue?

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- i. Tax Foundation, “Federal Tax Burdens and Spending by State,” Special Report no. 139, October 19, 2007.
 - ii. “America’s Fiscal Union: The Red and the Black,” *The Economist*, August 1, 2011, www.economist.com/blogs/dailychart/2011/08/americas-fiscal-union (accessed September 22, 2014).
 - iii. Sean Collins Walsh, “Texas Can No Longer Complain That It Gives More Than It Gets from Federal Government,” *Dallas Morning News*, August 5, 2012, www.dallasnews.com/news/politics/headlines/20120805-texas-can-no-longer-complain-that-it-gives-more-than-it-gets-from-federal-government.ece (accessed September 22, 2014).