Ensuring Texas is the Best Place to Live and Work Through the Bicentennial and Beyond
Texas Prosperity

Texas has outperformed the US economy for the last quarter century.

Real GDP in Texas and the US, Index 100 = 1977

Source: Bureau of Economic Analysis
Texas Prosperity

Individual Texans and their families have benefited from rising wages and a low cost of living.

Real Household Median Incomes in Texas and the US, 1984-2015

- **LOW OIL PRICES**: 1.0%
- **MID-1990s EXPANSION**: 2.0%
- **2000s EMERGING MARKETS BOOM**: 0.2%
- **POST CRISIS**: 1.4%

Texas CAGR (%)

Cost of Living Index

- **U.S. Index**: 100
- **Texas**: 92

Source: BOC: CPS, Missouri Economic Research and Information Center

Real Household Median Incomes in $1,000

<table>
<thead>
<tr>
<th>Year</th>
<th>Texas</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>42</td>
<td>50</td>
</tr>
<tr>
<td>1988</td>
<td>43</td>
<td>51</td>
</tr>
<tr>
<td>1992</td>
<td>44</td>
<td>52</td>
</tr>
<tr>
<td>1996</td>
<td>45</td>
<td>53</td>
</tr>
<tr>
<td>2000</td>
<td>46</td>
<td>54</td>
</tr>
<tr>
<td>2004</td>
<td>47</td>
<td>55</td>
</tr>
<tr>
<td>2008</td>
<td>48</td>
<td>56</td>
</tr>
<tr>
<td>2012</td>
<td>49</td>
<td>57</td>
</tr>
<tr>
<td>2014</td>
<td>50</td>
<td>58</td>
</tr>
</tbody>
</table>

Source: BOC: CPS, Missouri Economic Research and Information Center
Texas Prosperity

Texans have enjoyed decades of economic growth & prosperity made possible by:

- Large, employable workforce
- Infrastructure to support economic expansion
- Business-friendly environment
- Vast natural resources
Warning Signs

While Texas is still strong, our quality of life and economy are at risk.
Significant population growth and demographic shifts will occur over next two decades,

**THE CASE FOR ACTION**

Population Growth by Ethnicity

Source: Steve Murdock
Significant population growth and demographic shifts will occur over next two decades, necessitating substantial job creation.

Must add around 6 million new jobs by 2036 to maintain today’s rate of 3.5% unemployment.

Roughly the equivalent of the number of jobs in DFW & Houston metro areas today.

Source: Bureau of Labor Statistics, non-farm employment, November 2017
Yet the current talent pipeline is insufficient,

in 2025 77% of jobs will require a certificate or 2- or 4-year degree

in 2018 23% of Texas students earn a certificate or 2- or 4-year degree

Source: Georgetown Center on Education and the Workforce; THECB
Yet the current talent pipeline is insufficient, and **educational outcomes** are slipping.

### State Rankings On National Assessment Of Educational Progress (NAEP)

<table>
<thead>
<tr>
<th>Grade/Subject</th>
<th>Texas’ US Rank 2015</th>
<th>Texas’ US Rank 2017</th>
<th>Change in Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>4TH READING</td>
<td>40th</td>
<td>46th</td>
<td>↓6</td>
</tr>
<tr>
<td>4TH MATH</td>
<td>11th</td>
<td>19th</td>
<td>↓8</td>
</tr>
<tr>
<td>8TH READING</td>
<td>39th</td>
<td>41st</td>
<td>↓2</td>
</tr>
<tr>
<td>8TH MATH</td>
<td>23rd</td>
<td>24th</td>
<td>↓1</td>
</tr>
</tbody>
</table>

### Quality Counts Report State Rankings

<table>
<thead>
<tr>
<th>Category</th>
<th>Texas’ US Rank 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>41st</td>
</tr>
<tr>
<td>K-12 Achievement</td>
<td>29th</td>
</tr>
<tr>
<td>Chance for Success</td>
<td>42nd</td>
</tr>
<tr>
<td>School Finance</td>
<td>41st</td>
</tr>
</tbody>
</table>

Source: National Assessment of Educational Progress; Education Week
Healthcare costs are rising, crowding out investments in other priorities.

Growth in health and human services (HHS) costs will outpace tax base growth going forward...

$49B in total state HHS spend
6% annual healthcare spend increase
2% growth of tax base (to fund costs)

while Texans struggle to access appropriate care,

50th in uninsured rate
45th in primary care physicians per capita
200+ counties have mental health physician shortage

and poor outcomes persist.

40th in obesity ranking
43rd in maternal health outcomes
33rd in mental health outcomes

Source: Texas Comptroller Data, America Health Ratings, 2016 Annual Report
Transportation Infrastructure needs and costs are increasing while funding falls short.

Since 2000, congestion costs in Texas have risen 1.7% per year while falling in the US overall, reducing one of Texas’s historical advantages.

Cost of congestion per auto commuter by metro area (non-truck), USD (2014)¹

<table>
<thead>
<tr>
<th>Year</th>
<th>Texas</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>$999</td>
<td>$1223</td>
</tr>
<tr>
<td>2014</td>
<td>$1166</td>
<td>$1189</td>
</tr>
</tbody>
</table>

Vehicle miles traveled and revenue from gas tax, (actuals through 2017, projected 2018-2036)

Source: Texas Transportation Institute, Moody’s, TXDOT, Texas Comptroller
State government must be equipped to perform well in an age of increasing scale and complexity.

108 state contracts over $100M totaling $136B

$100-$500M $500M-$1B $1B-$5B $5B+

The largest contract is more than $16 BILLION

Nearly 80% of state IT resources are dedicated to maintaining current systems

Source: Legislative Budget Board; Texas Department of Information Resources
Rather than yield the future to a course of events imposed from outside, we are confident that Texans will choose to rely on a great, long-standing asset: the determination to shape their own destinies.

An Approach for Systemic Change
3 Key Elements

- Creating a Strategic Plan with Performance Indicators
- Tracking Progress, Measuring Accountability & Reporting
- Building Support with Focused Policy Agendas on Biennial Legislative Cycle
Setting a Long-Term Vision with the 2036 Strategic Plan

Focusing on 6 Core Functions of state government

- Education & Workforce
- Health & Human Services
- Infrastructure
- Natural Resources
- Safety & Justice
- Government Performance
Focusing on Short Term Advocacy

Drive change across 2-year cycles with targeted recommendations per legislative session.

Create a statewide network of influencers to advocate for implementation of legislative recommendations that will impact their own communities.
Continuous Measurement of Progress

Monitor implementation for fidelity

Evaluate impact of legislation over time using data

Revise and adjust policy as necessary to achieve desired outcomes
Insights for Action: texas2036.org/data
Systemic change requires a disciplined approach of incremental changes, informed by data, pursued over short-term cycles that are aligned to achieve long-term results.

It takes deep commitment sustained over time.