

Fiscal 2011
 Sept. 1, 2010 –
 Aug. 31, 2011

A Report to the Citizens of Texas

What's Inside

- State Performance Measures ..2
- Accomplishments.....2
- Texas Finances3
- The Texas Economy4

Employment Percent by Industry

- Administrative & Support/
 Waste Management..... 6%
- Construction 6%
- Public Administration 7%
- Manufacturing..... 8%
- Accommodation and
 Food Services 9%
- Educational Services 11%
- Retail Trade..... 11%
- Health Care and
 Social Services..... 12%
- All Other Industries..... 30%

Source: www.texasindustryprofiles.com/
 apps/win/

This is Texas

The 2010 U.S. Census reveals that Texas' growth over the past 10 years accounted for 15.7 percent of the nation's total population growth, and 52 percent of the national growth of those under the age of 18. During that decade, our population increased by 4.3 million, or 20.6 percent — more than twice the national rate of 9.7 percent. In 2011 alone, Texas' population increased by more than 400,000.

No place displayed more vibrancy in the job market than Texas according to *Forbes* magazine. The Lone Star State dominated the three size categories in the most recent annual Best Cities for Jobs list. Austin was ranked #1 among large metropolitan areas, with El Paso #1 for mid-sized cities and Killeen-Temple-Fort Hood #1 for small cities.

Job growth, automobile sales and sales tax from business and consumer purchases signaled the emergence of the Texas economy from the recent recession.

For the seventh consecutive year, Texas was chosen best state for business by more than 500 CEOs according to *Chief Executive* magazine. States were evaluated on a broad range of issues including regulations, tax policies, workforce quality, education resources, quality of living and infrastructure.

Energy Stays Strong

Generally high energy prices helped Texas oil and gas-related companies grow rapidly in the last five years, providing valuable support for the state during a recessionary period.

Health Service Jobs Growing

Jobs in health services are an important element in the growth of Texas' employment, due in large part to a population that is both growing and aging. In 2011, the Texas Legislature appropriated \$30 million for the Nursing Shortage Reduction Act in addition to the \$444 million already appropriated for nursing education. Such commitments are crucial for the state to keep pace with the need for nursing professionals.

Texas Ranked Top in Business and Industry

Texas took the top spot in the 2011 Business Climate Rankings compiled by *Site Selection* magazine. Texas finished strong in both the objective by-the-numbers information and subjective input given by executives. Survey respondents described Texas as “a pro-business, entrepreneurial, right-to-work state” and noted “cooperation and flexibility of state and local officials; proactive in growing the economy.” During the latest legislative session, Texas continued reduced taxes for 40,000 small businesses.

Texas by the Numbers

Fiscal Year	Resident Population	Per Capita income	Nonfarm Employment	Unemployment Rate (percent)	Public School Enrollment (for preceding school year)
2011	25,673,050	\$40,346	10,573,700	8.2	4,933,617
2010	25,204,180	\$38,872	10,321,800	8.1	4,847,844

State Performance Measures

These performance measures show Texas' achievements in education, transportation and public health and safety — all key government services influencing and affecting residents' quality of life.



Selected Performance Measures	FY 2011 Targeted	FY 2011 Actual	FY 2010 Actual
Education			
Percent of Students Completing High School	84.0	91.4	89.2
Percent of Students Passing All Tests Taken	75.0	75.8	75.8
Natural Resources			
Percent of Private Land Acreage in Texas Managed to Enhance Wildlife	16.2	17.9	16.9
Number of Grant-assisted Projects Completed <i>Note: Grant-assisted projects are local park acquisition, development or construction projects that receive a state or federal matching grant.</i>	39	38	37
Public Safety			
Number of Crimes Committed per 100,000 Population (Index Crime Rate)	4,600	4,600	4,600
Number of Emergency Incidents Coordinated	5,000	4,679	5,806
Public Health			
Percent of Prevalence of Tobacco Use among Middle & High School Youth in Target Areas of Texas	19.0	18.3	22.3
Number of Women and Children Served (Family Violence Services)	80,942	79,319	79,060
Transportation			
Dollar Volume of Construction Contracts Awarded (Millions)	\$4,541.00	\$3,496.79	\$3,233.83
Number of Construction Projects Awarded	1,000	868	1061

Source: Legislative Budget Board

Are there specific performance measures you would like to see reported on this page?

Please let us know by contacting the Comptroller's Fiscal Management Division at statewide.accounting@cpa.state.tx.us



A Report to the Citizens of Texas has won the Certificate of Excellence in Citizen-Centric Reporting from the Association of Governmental Accounting for fiscal years 2008, 2009 and 2010.

Accomplishments by Area

Austin – Round Rock – San Marcos

Forbes.com ranked the Austin-Round Rock-San Marcos metro first on its "America's Best Cities for Jobs" list in 2011.

Forbes.com ranked Austin among the top cities of the world in 2011 based on its business-friendliness, affordability and attractiveness to "millennials" (starting their families later this decade).

Shopping giant and online auction website eBay announced a planned expansion of its Austin office by 1,000 jobs during the next 10 years.

Dallas – Fort Worth

The city of Dallas thinks big. It has one of the largest alternative fuel fleets in the U.S. The Dallas-Fort Worth (DFW) International Airport, is the world's third-busiest airport.

El Paso

El Paso is on the cusp of transforming itself into a rich, global cultural attraction through continued development of the arts, historical archeological sites and music.

El Paso remains one of the busiest border crossing points in the U.S. Fort Bliss' continued development represents the largest U.S. Department of Defense expansion in U.S. history and supports 30,000 active-duty personnel.

Fort Worth – Arlington

Fort Worth's largest business expansions in 2011 include GE Transportation, which will potentially bring in 775 new jobs and estimated investments of \$100 million. Brightpoint, Inc. plans to relocate its Touchstone Wireless operations, creating 200 jobs. TD Ameritrade also plans to create about 500 jobs within three years after an \$11.2 million remodeling and expansion project.

Houston – Sugar Land – Baytown

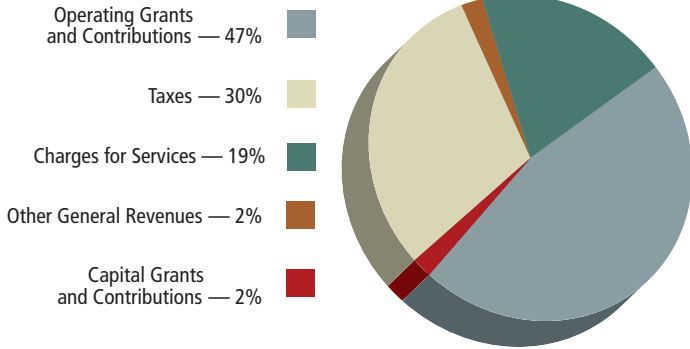
The Houston Airport System is the fourth-largest multiple airport system in the U.S.

In 2011, Houston ranked first in the following categories: Fastest Growing Millionaire City in the U.S. by Forbes, Top Cities for IT Jobs by Modis, Top Local Government Green Power Purchaser by the Environmental Protection Agency, Lowest Cost of Living - Large Metro by ACCRA Cost of Living Index and Top U.S. Manufacturing City by Manufacturers News, among others.

San Antonio – New Braunfels

Lackland Air Force Base was selected as headquarters for a new Cyber Command to defend Air Force computers against cyber attacks and prevent computer disruptions.

Primary Government Sources of Revenue



For the fiscal years ended Aug. 31, 2011, and Aug. 31, 2010 (Amounts in thousands)

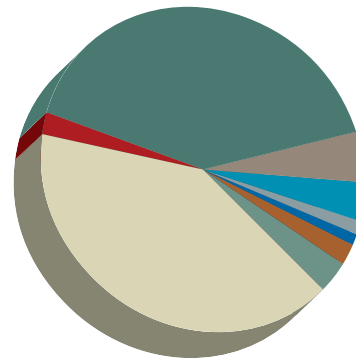
	Total Primary Government		
	2011	2010	% Change
REVENUE BY SOURCE			
Charges for Services	\$ 25,019,637	\$ 22,765,454	9.90
Operating Grants and Contributions	61,323,706	56,440,821	8.65
Capital Grants and Contributions	2,820,690	2,758,852	2.24
Taxes	39,661,587	35,590,034	11.44
Other General Revenues	2,762,603	3,895,693	-29.09
TOTAL REVENUES	\$ 131,588,223	\$ 121,450,854	8.35

Note: **Operating Grants** provide funding for the day-to-day operation of the state including personnel, administration and other regular expenses. **Capital Grants** provide funding for buildings, construction or equipment, rather than program or operating expenses. **Other General Revenues** includes investment earnings, the settlement of claims and gain on the sale of capital assets.

Primary Government Functional Expenses

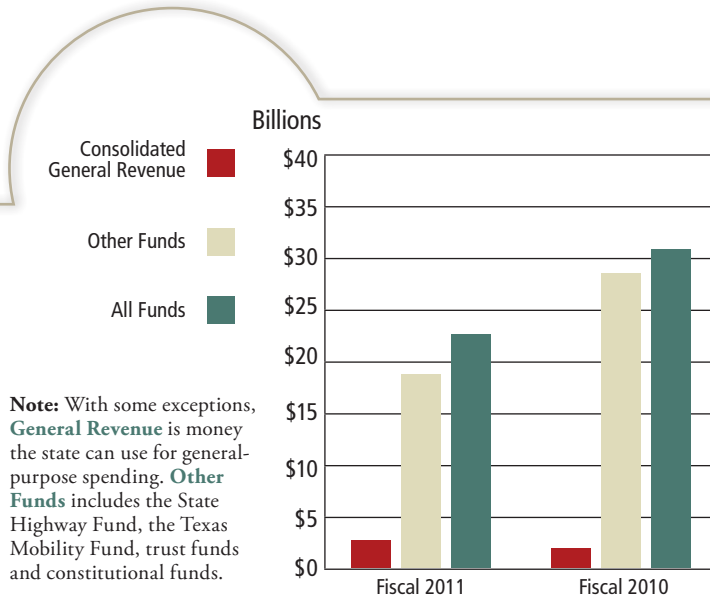
For the fiscal years ended Aug. 31, 2011, and Aug. 31, 2010 (Amounts in thousands)

	Total Primary Government		
	2011	2010	% Change
EXPENSES			
General Government	\$ 4,188,211	\$ 3,614,488	15.87
Education	50,869,973	48,288,168	5.35
Employee Benefits	2,587,115	2,452,865	5.47
Health and Human Services	50,931,243	49,313,643	3.28
Public Safety and Corrections	5,625,417	6,318,967	-10.98
Transportation	4,587,674	4,353,809	5.37
Natural Resources/Recreational Services	1,897,815	1,913,349	-0.81
Other Expenses	1,205,145	1,202,871	0.19
Lottery	2,783,798	2,681,627	3.81
TOTAL EXPENSES	\$ 124,676,391	\$ 120,139,787	3.78



- 41% — Health & Human Svcs
- 41% — Education
- 5% — Public Safety and Corrections
- 4% — Transportation
- 3% — General Government
- 2% — Employee Benefits
- 2% — Natural Resources/Recreational Services
- 2% — Lottery
- 1% — Other Expenses

Note: **Employee Benefits** includes teacher retirement benefits. **Other Expenses** includes regulatory services and interest on long-term debt.



Note: With some exceptions, **General Revenue** is money the state can use for general-purpose spending. **Other Funds** includes the State Highway Fund, the Texas Mobility Fund, trust funds and constitutional funds.

Ending Cash Balance

Ending Cash Balances in State Treasury All Funds Excluding Trust

For the fiscal years ended Aug. 31, 2011, and Aug. 31, 2010 (Amounts in thousands)

	2011	2010	% Change
Consolidated General Revenue	\$ 2,629,415	\$ 1,951,288	34.75
Other Funds	19,889,951	28,698,146	-30.69
All Funds	\$ 22,519,366	\$ 30,649,434	-26.53

The Texas Economy: Where We Are, Where We're Going



2011 Jobs

The Texas economic direction reflected an overall positive change in 2011, particularly with employment numbers:

- Through December 2011, Texas recovered all of the jobs lost during the recession; the U.S. just 36 percent. At the end of fiscal 2011, Texas added 232,900 jobs, more than any other state.
- *Mining and logging* was the fastest growing major industry in Texas.
- However, government employment in Texas declined by 35,500 jobs (1.9 percent) during fiscal 2011, due to budget constraints and school district and postal service cutbacks.

Economic growth

In the face of a weak national recovery, Texas has a relatively attractive economic picture. The Texas economy moved more fully into recovery and showed significant job growth in the state.

- Total state revenues were \$1.7 billion above projection.
- Motor vehicle sales were quite robust, with a 12.7 percent increase reflecting the backlog of demand.
- With Texas serving as the headquarters for many companies in the oil and natural gas industry, the mining and logging industry's contribution to Texas personal income was more than five times the national share.

Exports

- Exports continued to boost Texas manufacturing. Texas exports increased by 21.6 percent in fiscal 2011.

2012 and Beyond Challenges

The outlook is for continued moderate job growth in fiscal 2012 and 2013. Job growth is expected to slow somewhat in response to a period of economic weakness nationally and internationally.

Areas that will show gains

- Motor vehicle tax revenue collections will continue to grow in fiscal 2012 by an expected 8.5 percent as consumers and businesses continue to replace older vehicles in an environment of more available credit and high fuel prices, manufacturer and dealer incentives and release of pent-up demand.
- Because the Texas economy will continue to be healthier than the national economy, migration will be an important part of future state population growth. Texas population will increase by about 926,000 in the 2012-13 biennium — an average annual increase of 1.8 percent — to 26.6 million Texans in fiscal 2013.
- Registered nurses topped the projected list of most-needed jobs, with a projected gain of 50,756 jobs in the decade ending in 2020, an increase of 30 percent from 2010. Filling these slots could be challenging, given an ongoing shortage of nurses.



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Texas Economic Outlook for Fiscal 2011 through 2014

	2011	2012	2013	2014
Real Gross State Product – total value of goods and services produced (Billions)	\$1,253.6	\$1,299.6	\$1,353.2	\$1,431.8
Annual Percent Change	5.7	3.7	4.1	5.8
Taxable Oil Price (\$ per barrel)	\$87.85	\$78.65	\$78.67	\$81.45
Taxable Natural Gas Price (\$ per MCF)	\$4.13	\$3.98	\$3.93	\$4.28
Nonfarm Employment	10,520,300	10,671,400	10,834,300	11,049,500
Annual Percent Change	2.2	1.4	1.5	2.0
Unemployment Rate (percent)	8.2	8.3	8.1	7.5

Gross State Product is a measure of the total value of goods and services produced in Texas. **Nonfarm Employment** represents the number of jobs in the economy, not including jobs relating to the farming industry.