

# Miracle or Mirage?

## TEXAS AND OUR PATH TO OPPORTUNITY

**W**e all like to boast about Texas – the best state in America – there’s so much here to make us proud. Some like to claim that Texas benefits from a “miracle” economy, but the full story of how Texas is doing is more complicated.

As Texans, we can celebrate our tremendous economic and social capital while also conducting an honest analysis of what needs improvement. At CPPP, we rely on data and analysis – not ideology – to identify smart public policies that can expand opportunity for all. Because we love Texas, we’re committed to understanding what’s driving our economy and what’s holding us back.

### WHAT’S WORKING — OUR STRENGTHS

If Texas were a country, we would be the world’s 12th largest economy.<sup>1</sup>

Texas was responsible for 29 percent of all U.S. job growth from 2000 to 2013.<sup>2</sup> Our unemployment rate is 4.5%, lower than the national average of 4.9%.<sup>3</sup>

Texas is home to 54 Fortune 500 corporate headquarters.<sup>4</sup> And 35 of the Forbes 400 richest Americans live in the Lone Star State.<sup>5</sup>

One in 12 Americans lives in Texas.<sup>6</sup> Our population of 27 million is booming and increasingly diverse. Forty-nine percent of Texas children are Hispanic/Latino, 33% White, 12% Black, and six percent Asian, multiracial or another race.<sup>7</sup>

Over 53% of Texas 4-year-olds participate in a Pre-K program, one of the higher rates of participation in the country.<sup>8</sup>

Texas’ high school graduation rates have improved for nearly all racial and ethnic groups of students.<sup>9</sup>

### NOT GOOD ENOUGH FOR TEXAS

**Growing income inequality:** Texas ranks among the 10 states with the worst income inequality in the nation.<sup>10</sup> Four of the U.S. areas with the worst income inequality are in sections of Austin, Fort Worth, Temple and Rusk County.<sup>11</sup>

**Too many low-wage jobs:** Texas has the 10th highest rate of low-wage jobs in the country.<sup>12</sup> More than 31 percent of Texas jobs pay less than \$24,000 per year — a wage that keeps families in poverty by official measures.

**Inequality in high school graduation rates:** The state lags in supporting the success of Hispanic and Black students at the same rate as for White and Asian students (86 and 85% graduation rates, compared to 91 and 95% graduation rates, respectively).<sup>13</sup>

**Too few students finish college or earn an associate’s degree:** Only 35 percent of adults 25-34 in Texas have an associate’s degree or higher, leaving us far behind other large states in terms of education levels. Yet 65% of jobs here will require some form of postsecondary education by 2020.<sup>14</sup>

**Entrenched poverty, especially in Texas cities:** Poverty in Texas is worse than before the recession, especially in our big cities.<sup>15</sup> Between 2000 and 2012, the number of people living in poverty jumped by 82% in Austin, 64% in Dallas-Fort Worth 46% in Houston and 36% in San Antonio.

**One of the 10 worst states to be a kid:** One in four Texas children live in poverty, and poverty rates for Latino (33%) and Black children (32%) are nearly three times higher than they are for White (11%) and Asian children (12%).<sup>16</sup>

**Highest uninsured rate in the country:** There are still 5 million Texans (19%) without health insurance, the highest number and percentage of uninsured in the country.<sup>17</sup>



# Smart Policy Solutions Are the Answer

**Reform school finance:** The Texas Legislature should remodel the state's school finance system, investing more where it matters so that all Texas kids get a quality education regardless of where they live.

**Expand Pre-K:** After a good first step in the 2015 legislative session, lawmakers should expand Pre-Kindergarten to a high-quality, full-day program for currently eligible students.

**Develop our workforce:** Programs that connect graduates to careers and good jobs need more support. Instead of spending so much time out of state recruiting businesses to move to Texas despite our skilled labor shortage, Texas leaders should work with educators and businesses to harness the talent that's already here.

**Reduce the cost of college:** The rising cost of higher education and the elimination of state support for scholarships mean that the careers of the future are out of reach for too many Texans. State leaders should invest in programs to make higher education more accessible and add oversight to lenders to ensure hard-working students aren't saddled with debt.

**Raise the minimum wage:** The Texas Legislature should raise the minimum wage so workers make enough to escape poverty. If state leaders are unwilling to act, they should allow cities to set higher minimum wages for all their residents. Dallas, Austin and San Antonio already raised the minimum wage for city employees or contractors in 2015.

**Close the health care coverage gap:** Access to affordable health coverage increases family economic security by reducing exposure to high health care costs and freeing income for other basic and longer-term needs. The uninsured are more likely to have unmet medical needs, potentially limiting their ability to participate fully in education or the workforce and hampering economic security.

**Invest in the future, not in tax giveaways:** Reform state fiscal policy to ensure that corporations pay their fair share and that our revenue systems can fully fund necessary public services. Whenever short-sighted tax cuts take priority over investments in public education, health care and infrastructure, Texans don't get the tools they need to compete and succeed in life.

## Local Success Stories

### ■ San Antonio: Pre-K 4 SA

Research shows that for every dollar we invest in high-quality Pre-K, the state saves \$3.50. San Antonio is leading the way with their smart investment in the "Pre-K 4 SA" full-day Pre-K program. More early education programs allow parents to work while kids learn, and full-day Pre-K programs help prepare kids for school.

### ■ Houston: Upskill Houston

The Greater Houston Partnership and JP Morgan Chase Bank launched Upskill Houston, an innovative model that aims to close the skills gap in Houston by working in partnership with community colleges and key business sectors to increase the number of Houstonians trained for great careers across the region.

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"Our challenges are real, but fortunately **we don't need a miracle** to solve them. **What we need are evidence-based public policies** that give all Texans a chance to compete and succeed in life."

– Ann Beeson, CPPP Executive Director

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All Texans who work hard and contribute to our state's prosperity should benefit from it. Everyone wins when we enact policies that provide pathways for working families to move from poverty into the middle class. Let's work together to make Texas the best state for hard-working people and their families.

*For complete citations, please visit [CPPP.org](http://CPPP.org).*

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At the Center for Public Policy Priorities, we believe in a Texas that offers everyone the chance to compete and succeed in life. We envision a Texas where everyone is healthy, well-educated, and financially secure. We want the best Texas – a proud state that sets the bar nationally by expanding opportunity for all.