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Employment Percent by Industry

Health Care/Social Assistance.....12%

Retail Trade.....11%

Educational Services.....11%

Accommodation and Food Services.....9%

Manufacturing.....8%

Public Administration.....6%

Administrative & Support/Waste Management.....6%

Professional/Scientific/Technical Services.....6%

All Other Industries.....31%

Source:
www.texasindustryprofiles.com/apps/win



Comptroller's Mission Statement

The Office of the Texas Comptroller of Public Accounts will serve the people of Texas by applying the tax and fiscal laws fairly and consistently. We will continue to improve our services through innovative management and technology, carrying out all our duties with integrity, openness and at the least cost to the taxpayer.

REPORT to the Citizens of TEXAS

Fiscal 2013 • Sept. 1, 2012–Aug. 31, 2013

This is Texas

Oil and Gas Numbers

Texas currently accounts for over one third of all U.S. oil output, thanks in large part to production growth in the West Texas Permian Basin and the South Texas Eagle Ford Shale. This oil output translated to more than two million barrels a day — enough to rank the state among the top 15 of oil producing nations. In addition, Texas produces about 27 percent of the nation's natural gas, ranking it in the top five among the world nations.

The Wall Street Journal reported in 2013 that oil output has more than doubled in Texas since 2005, with more than 400,000 Texans — earning an average annual salary of \$100,000 — employed in the oil and gas industry.

Oil and natural gas production taxes together reached nearly \$4.5 billion in fiscal 2013 — a 23 percent increase over the prior year, reflecting firm oil prices and increased production from the Permian Basin and Eagle Ford areas. A Baker Hughes rig count shows that nearly half of oil rigs in use in the U.S. are in Texas, and about 25 percent of the world's oil drilling rigs are in the state.

Good for Business

For the ninth consecutive year, Texas was named the Best State for Business by *Chief Executive* magazine. Chief executive officers (CEOs) rated those states with which they were familiar on taxation/regulation, quality of workforce and living environment. Nearly 740 CEOs — the highest response on record — rated states on these metrics.

“States like Texas and Ohio are consistently trying to help us grow our business and are listening to the leaders of companies to help solve problems,” said CEO Terry Nea of Toledo-based Impact Products.

Fifty-two *Fortune* 500 companies are based in Texas. The magazine calls the state the “hottest IPO (initial public offering) market” in the nation, with Austin one of the fastest growing tech hubs.

Employment Gains Remain Steady

Between October 2012 and October 2013, total nonfarm employment in Texas increased by 267,400 jobs or 2.4 percent. Over the past year, Texas added jobs in all of the 11 major industries: professional and business services; trade; transportation and utilities; leisure and hospitality; education and health services; construction, mining and logging; government; financial activities; information; other services; and manufacturing.

A Thriving Population

U.S. Census Bureau estimates show the Texas population edging ever closer to 27 million. The 2013 estimate puts the population at 26.4 million, up more than 1.3 million from the official 2010 Census amount. Texas remains the second-most populous state — behind California's 38 million residents.

According to the Census Bureau population estimates, half of the 10 fastest-growing cities in the nation are in Texas:

- Houston (2)
- San Antonio (4)
- Austin (5)
- Dallas (7)
- Fort Worth (10)



Texas by the Numbers

Fiscal Year	Resident Population	Per Capita Income	Nonfarm Employment	Unemployment Rate (percent)	Public School Enrollment (for preceding school year)
2013	26,441,900	\$42,233	11,108,800	6.5	5,075,840
2012	26,005,700	\$40,934	10,793,400	7.1	4,988,579

Selected MEASURES

State Performance Measures

These performance measures as reported by state agencies show Texas' performance and expectations in education, natural resources, public safety, public health, transportation and business and economic development — all key government services influencing and affecting residents' quality of life.

Selected State Performance Measures	FY 2013 Targeted	FY 2013 Actual	FY 2012 Actual
Education			
Percent of Students Completing High School	89.8	92.7	92.1
Total Average Daily Attendance	4,711,961	4,700,389	4,627,055
Natural Resources			
Percent of Texans Served by Public Water Systems That Meet Drinking Water Standards	93	96	97
Number of State Parks in Operation	86	91	92
Public Safety			
Arrests for Narcotics Violations	1,500	1,681	1,497
Number of Fatalities per 100,000 Miles Traveled	1.25	1.41	1.28
Public Health			
Number of Children Provided Dental and Child Health Services by the Maternal and Child Health Program	30,223	38,838	36,482
Percent of Prevalence of Tobacco Use Among Middle & High School Youth in Target Areas of Texas	23.6	18.5	18.1
Transportation			
Percent of Bridges Rated in Good Condition or Higher	82.5	81.4	81.2
Total Number of Registered Vehicles	22,555,577	23,227,032	22,618,153
Business and Economic Development			
Number of New Jobs Announced by Businesses Receiving Recruitment and Expansion Assistance	6,000	10,857	8,904
Number of Tax Returns Processed	4,850,000	5,054,013	4,820,459

Source: Legislative Budget Board

You can search any state agency's Budget Performance and Assessments at:

<http://bapm.lbb.state.tx.us/?FiscalYear=2013>

Are there specific performance measures you would like to see reported here?

Submit your suggestions to the Comptroller's Fiscal Management Division at statewide.accounting@cpa.state.tx.us



The Comptroller's *A Report to the Citizens of Texas* has been awarded the Certificate of Excellence in Citizen-Centric Reporting from the Association of Governmental Accounting (AGA) for fiscal years: • 2008 • 2009 • 2010 • 2011

2013 Accomplishments by Metro Area

Austin – Round Rock – San Marcos

Austin's growth exploded between August 2012 and August 2013, swelling to a population of 843,000. *Forbes* ranked Austin first on its January 2013 America's 20 Fastest Growing Cities list in terms of population and economy. *Forbes* also ranked Austin first among the top 10 best cities for future job growth while *Bloomberg.com* ranked Austin as one of The Top American Boomtowns based on growth of both population and domestic product. San Marcos enjoyed growth in fiscal 2013 as well, with the United States Census Bureau naming it the fastest growing city over 50,000 with the largest percentage increase.

Dallas – Fort Worth – Plano – Irving

Forbes ranked Dallas second among the top 20 U.S. Cities with the Most Construction, third for America's Fastest Growing Cities, sixth among the Best Cities for Jobs and eighth on the list of Best Cities for Future Jobs. A Best Cities for Job Seekers survey by *Nerdwallet.com* placed Dallas seventh while Fort Worth came in higher at sixth.

New Geography magazine ranked Fort Worth fourth on its Best Large-Sized Cities for Job Growth list while *Forbes* called it one of the 10 Cities Where Real Estate is Ripe for a Rebound.

El Paso Metropolitan Area

This former outpost for missionaries and traders was transformed through historic building renovations and the development of a new downtown arts district. *Forbes* ranked El Paso second for Downtown Revitalization. It was named the Best City in West Texas by the Texas Department of Transportation Travel Counselors. El Paso remains one of the busiest border crossing points in the U.S., with nearly 10 million pedestrian border crossings annually.

Houston – Sugar Land – Baytown

Houston received a number of accolades: Best Quality of Life by *Princeton Review*; Largest Export Market in the U.S. by the U.S. Department of Commerce; Highest Demand for Engineering Jobs by *Monster.com*; Best City in America by *Business Insider*; Most Walkable City Among Large Texas Cities by *Walk Score*; and Best Comeback City by *Kiplinger*.

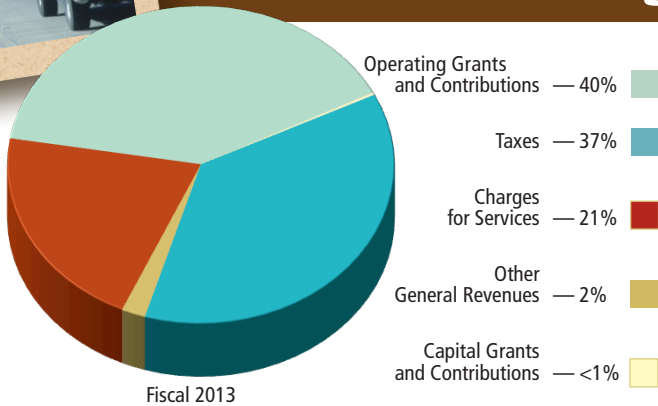
San Antonio – New Braunfels

Forbes gave San Antonio an A+ on its Best and Worst U.S. Cities for Business. *Nerdwallet.com's* taxes study ranked the city the second-most welcoming among the largest cities for small businesses. The city ranked fourth on *Bloomberg's* list of Top 12 American Boomtowns and twelfth on *New Geography's* Best Cities for Job Growth.

Texas FINANCES

An audit of the state's financial statements resulted in a clean audit opinion. Find complete financial information at: fmx.cpa.state.tx.us/fm/pubs/cafr.

Sources of Revenue



For the fiscal years ended Aug. 31, 2013, and Aug. 31, 2012 (Amounts in thousands)

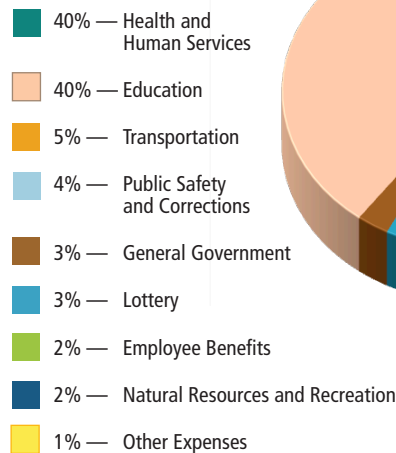
	Revenues		
	2013	2012	% Change
REVENUE BY SOURCE			
Charges for Services	\$ 27,895,351	\$ 26,442,400	5.49
Operating Grants and Contributions	52,189,047	55,339,143	-5.69
Capital Grants and Contributions	382,170	307,328	24.35
Taxes	48,118,538	44,338,553	8.53
Other General Revenues	3,008,917	3,537,552	-14.94
TOTAL REVENUES	\$ 131,594,023	\$ 129,964,976	1.25

Note: **Operating Grants** provides funding for the day-to-day operations of the state including personnel, administration and other regular expenses. **Capital Grants** provides 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.

Functional Expenses

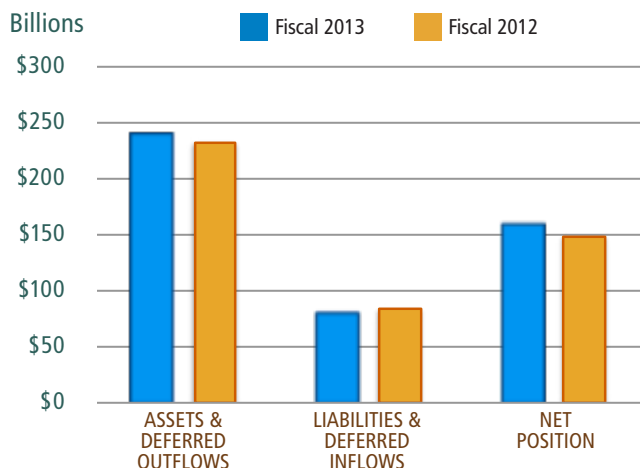
For the fiscal years ended Aug. 31, 2013, and Aug. 31, 2012 (Amounts in thousands)

	Expenses		
	2013	2012	% Change
EXPENSES			
General Government	\$ 3,023,333	\$ 3,266,400	-38.06
Education	49,149,972	48,391,419	1.57
Employee Benefits	2,930,249	2,813,670	4.14
Health and Human Services	48,743,070	49,855,286	-2.23
Public Safety and Corrections	5,408,150	5,386,043	0.41
Transportation	5,613,397	4,700,507	19.42
Natural Resources and Recreation	2,169,347	1,980,809	9.52
Lottery	3,185,869	3,027,943	5.22
Other Expenses	1,202,815	1,125,872	6.83
TOTAL EXPENSES	\$ 121,426,202	\$ 120,547,949	0.73



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

Net Position



Statement of Net Position

For the fiscal years ended Aug. 31, 2013, and Aug. 31, 2012 (Amounts in thousands)

	2013	2012	% Change
Assets & Deferred Outflows	238,920,990	232,160,339	2.91
Liabilities & Deferred Inflows	(80,291,270)	(83,583,428)	3.94
NET POSITION	\$158,629,720	\$148,576,911	6.77

Note: **Assets** are usable resources controlled by the government. **Liabilities** are unavoidable obligations arising from past transactions or events. **Deferred outflows of resources** are the use of net assets applied to a future reporting period. **Deferred inflows of resources** are the acquisition of net assets applied to a future reporting period. **Net position** is the remaining balance of assets plus deferred outflows minus liabilities minus deferred inflows.

Texas Prospects & Concerns

Water

On page one of this report we mentioned Texas' burgeoning population. Such growth can be a double-edged sword because the state's growing population combined with its cyclical droughts have resulted in an increasing demand for water.

In recognition of Texas' increasingly severe water problems, the 83rd Legislature made sweeping changes to Texas' administration of water projects. Additional state funding for water infrastructure projects — \$2 billion from the Economic Stabilization (Rainy Day) fund — was approved by voters in November 2013.

The Comptroller's [Texas Water Report](#) provides a more in-depth analysis of water scarcity issues that threaten the state's economic health.

Transportation

According to the Texas Department of Transportation, over the past 25 years the Texas population has increased 57 percent, while state road capacity grew by only 6 percent. As a result, the state transportation system has been unable to meet growing population demands.

The Texas Department of Motor Vehicles annually registers more than 20 million vehicles that travel on Texas roads that stretch for 300,000 miles. State officials face the challenge of providing increased capacity, infrastructure repairs and controls for traffic congestion while meeting state and federal air pollution standards.

In response to [legislation](#) passed in 2013 (and [subject to November 2014 voter approval](#)), beginning in fiscal 2015 one-half of the general revenue that would normally be transferred to the Economic Stabilization (Rainy Day) fund will instead be allocated to the State Highway fund to support the construction and maintenance of public, non-tolled roads.

Higher Education

The state — specifically The Higher Education Coordinating Board (THECB) — has a goal to provide the people of Texas access to quality higher education. THECB's philosophy says "access without quality is mediocrity and ... quality without access is unacceptable."

To that end, the 83rd Legislature voted to create a new research university and medical school in the Rio Grande Valley. The new facility will address the needs of a medically and educationally underserved Valley population while providing higher-paying jobs in South Texas.

The new university is eligible for appropriations from the Permanent University Fund, an endowment funded by state gas and oil royalty investments. This makes it less reliant on the state's general revenue.

The state capital will also be home to a new research-intensive medical school affiliated with the University of Texas (UT) at Austin. The Seton Healthcare Family has committed \$250 million for the construction of a teaching hospital. In fiscal 2013, Travis County voters agreed to a five-cent property tax increase that will provide \$35 million for patient services at the new Dell Medical School. Remaining funds will come largely from UT-Austin.

The new teaching hospital, clinics and medical office building are planned for a 182-acre site in Austin bounded by 15th Street, Interstate 35, Martin Luther King Jr. Boulevard and Trinity Street. Planning considerations include urban design, environmental concerns and transportation.



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Did you find this report informative?
Is there other information you'd like to see?

Please let us know.

Contact the Comptroller's
Fiscal Management Division:

statewide.accounting@cpa.state.tx.us

Texas Economic Outlook for Fiscal 2013 through 2015

	2013	2014	2015
Real Gross State Product – total value of goods and services produced (billions)	\$1,248.2	\$1,294.4	\$1,338.5
Annual Percent Change	4.1	3.7	3.4
Taxable Oil Price (\$ per barrel)	\$93.20	\$93.98	\$86.71
Taxable Natural Gas Price (\$ per MCF)	\$3.39	\$3.30	\$3.42
Nonfarm Employment	11,108,800	11,348,700	11,588,900
Annual Percent Change	2.9	2.2	2.1
Unemployment Rate (percent)	6.5	6.1	6.0

Nonfarm Employment does not include farm workers, self-employed proprietors, domestic household workers or non-civilian members of the military. In Natural Gas, MCF means per thousand cubic feet.