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20 Years of Population Growth for Texas

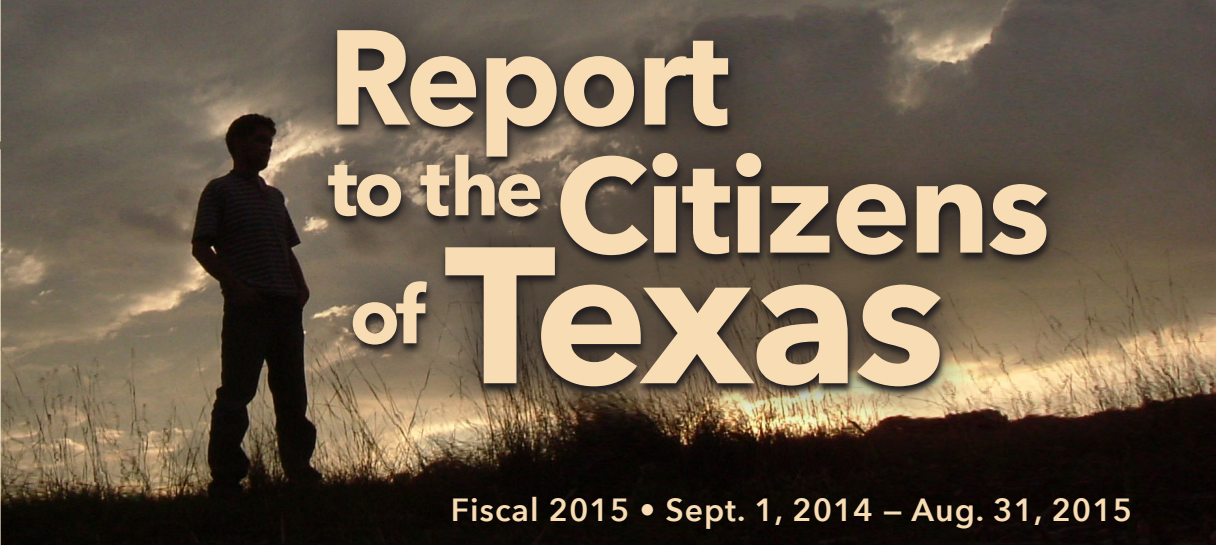


Source: United States Census Bureau



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.



Fiscal 2015 • Sept. 1, 2014 – Aug. 31, 2015

Smart Choices Keep Texas Ahead

Still a Business Powerhouse

For the 11th consecutive year, Texas was named the Best State for Business by *Chief Executive* magazine. The annual survey of chief executive officers (CEOs) ranked states on a variety of measures including tax burdens, quality of workforce and living environment. One CEO commented, "Texas is pro-business in terms of taxes, licensing, incentives and quality of workforce."

Texas had a gross domestic product (GDP) of \$1.2 trillion. *If Texas Were a Nation* it would rank 12th in GDP, larger than that of Australia or Korea.

Fifty-four Texas companies made the June 2015 Fortune 500 list, an annual compilation of the 500 most profitable U.S. industrial corporations. Texas ranked second among states, edging out California's 53 companies on the list. Dallas-Ft. Worth was home to 21 Fortune 500 corporations.

Texas benefitted from companies fleeing California's taxes, costs and regulatory burden. From 2008 through the end of 2014, Texas gained 219 California companies that relocated or expanded their operations — including Apple and eBay — collectively bringing 37,553 jobs and \$6.47 billion investment to Texas.

Texas' diversified economy kept the Lone Star State a business powerhouse through the nation's economic ups and downs. From 1990 through August 2015, Texas added 157,000 energy jobs in the renewable and traditional energy sectors; health care and education job growth increased

140 percent; and tech jobs rose from 18,000 to nearly 160,000.

State Economy Keeps Rolling

Over the past year, Texas added jobs in 9 of the 11 major industries including: professional and business services; trade; transportation and utilities; leisure and hospitality; education and health services; construction; government; financial activities; and information and other services.

Pre-recession Texas employment peaked at 10,639,900 in August 2008. Post-recession, this level was surpassed in November 2011. By August 2015, Texas gained an additional 1,160,100 jobs. However, the state shed close to 22,000 energy jobs in 2015.

Toyota is moving its North American headquarters to Plano, Texas. A 100-acre, \$350 million facility is due to be completed in 2017, with potentially 1,000 jobs available for Texans beyond those held by the 3,000 employees moving with the company from out-of-state.

Per the Comptroller's *The Texas Economy* Key Economic Indicators, the Texas unemployment rate continued a steady monthly decline from 8.2 percent in November 2010 to 4.1 percent in August 2015, with a fiscal 2015 average of 4.4 percent. By the end of August 2015, the Texas unemployment rate had been at or below the national rate for 104 consecutive months.

Texas by the Numbers

Fiscal Year ¹	Resident Population ¹	Per Capita Income ¹	Nonfarm Employment ¹	Unemployment Rate (percent) ¹	Per Capita State Tax Collections ²	State Tax Collections ²
2015	27,350,000	\$ 46,200	11,775,000	4.4	\$ 1,890	\$ 51,683,059,891
2014	26,900,000	\$ 44,800	11,456,000	5.3	\$ 1,896	\$ 50,992,561,539

Source: ¹ 2016-2017 Certification Revenue Estimate (Oct. 2015); ² 2015 State of Texas Annual Cash Report (Nov. 2015)

State Performance Measures

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

Selected State Performance Measures	FY 2015 Targeted	FY 2015 Actual	FY 2014 Actual
Business and Economic Development			
Number of New Jobs Announced by Businesses Receiving Recruitment and Expansion Assistance	6,000	8,051	10,731
Number of Tax Returns Processed	4,975,000	5,212,002	5,026,391
Education			
Percent of Eligible Students Taking Advanced Placement/International Baccalaureate Exams	21.9	23.5	22.1
Total Average Daily Attendance	4,885,099	4,854,882	4,778,319
Natural Resources			
Percent of Texans Served by Public Water Systems That Meet Drinking Water Standards	93	87	97
Number of State Parks in Operation	91	87	91
Public Health			
Number of Vaccine Doses Administered to Children	14,725,692	15,838,584	15,582,633
Percent of Prevalence of Tobacco Use Among Middle & High School Youth in Target Areas of Texas	22	18.7	19.5
Public Safety			
Number of Oil Spill Responses	700	785	623
Number of Highway Patrol Service Hours on Routine Patrol	2,242,000	3,031,064	2,207,325
Transportation			
Percent of Bridges Rated in Good Condition or Higher	83.1	82.0	81.8
Total Number of Registered Vehicles	23,286,089	23,751,503	23,886,263

Source: Legislative Budget Board

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

Submit your suggestions to the Comptroller's Fiscal Management Division at statewide.accounting@cpa.texas.gov

Connect with the Texas Comptroller of Public Accounts on:



The Comptroller's **Report to the Citizens of Texas** has been awarded the Certificate of Excellence in Citizen-Centric Reporting from the Association of Government Accountants (AGA) for each fiscal year since 2008.



2015 Texas Stars

Lone Star Startups Still Stepping Up

Though Texas has not escaped the national easing of new business creation, there are still bright spots.

Startups increased statewide in 2015. During the first half of 2015, 83,235 certificates of formation for new businesses were filed with the Texas Secretary of State — a nearly 4 percent increase over 2014 numbers for the same period.

The 2015 Kauffman Index of Startup Activity, using indicators such as the number of startup firms per 100,000 residents, ranked Austin-Round Rock No. 1 among the nation's metropolitan areas for entrepreneurial and startup activity.



Source: Texas Secretary of State; Fiscal Notes Dec. 2015-Jan. 2016; Ewing Marion Kauffman Foundation

Best State to Make a Living



MoneyRates.com ranked Texas as the top state in 2015 for income potential based on measures including average salaries, cost of living, employment rates and workplace conditions.

Source: www.money-rates.com/research-center/best-states-to-make-a-living/

Popular State for Big City Jobs

Based on key metrics such as job opportunities and



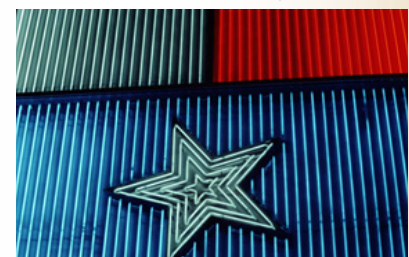
employment growth, Texas cities took three of the top four spots when ranking 150 of the most populated U.S. cities.

- #1 Plano
- #3 Austin
- #4 Irving

Source: Wallet Hub

Texas Wages Grew Amid Volatility

In the period from 2004 through the end of 2014 (first four months of fiscal 2015), the economic fortune of states varied widely as the nation experienced an economic expansion, a deep recession and ultimately an economic recovery. During that time, Texans enjoyed wage growth of 36.4 percent, the nation's seventh-highest and well above the total U.S. growth of 29.3 percent.

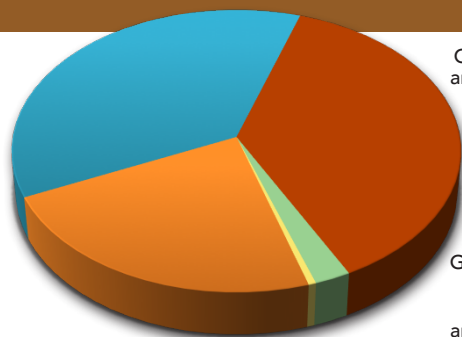


Source: Texas Comptroller of Public Accounts analysis based on data from Economic Modeling Specialists, Intl. (EMSI)

Texas Finances

The amounts below are presented in thousands for fiscal years ending Aug. 31, 2015 and Aug. 31, 2014. An audit of the state's financial statements resulted in a clean audit opinion. Find complete financial information at: <https://fm.x.cpa.texas.gov/fm/pubs/cafr>.

Sources of Revenue



Fiscal 2015

- Operating Grants and Contributions — 37%
- Taxes — 37%
- Charges for Services — 23%
- Other General Revenues — 2%
- Capital Grants and Contributions — <1%

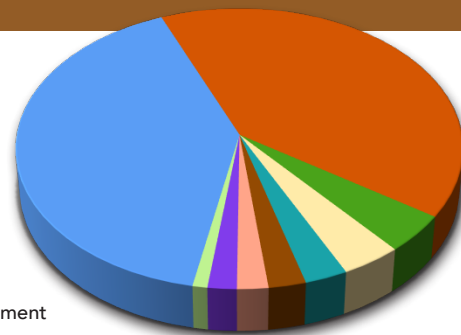
REVENUE BY SOURCE	2015	2014	% Change
Charges for Services	\$ 31,754,746	\$ 29,546,191	7.47
Operating Grants and Contributions	51,059,387	60,024,074	-14.94
Capital Grants and Contributions	202,951	619,013	-67.21
Taxes	51,773,006	50,916,366	1.68
Other General Revenues	3,281,958	3,012,063	8.96
TOTAL REVENUES	\$ 138,072,048	\$ 144,117,707	-4.19

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 and gain on other financial activity.

Functional Expenses

EXPENSES	2015	2014	% Change
General Government	\$ 3,785,464	\$ 3,089,799	22.51
Education	54,500,956	52,035,340	4.74
Employee Benefits	2,742,977	3,099,987	-11.52
Health and Human Services	54,377,619	50,774,364	7.10
Public Safety and Corrections	5,877,487	5,638,589	4.24
Transportation	5,340,853	5,472,547	-2.41
Natural Resources and Recreation	2,447,046	2,260,483	8.25
Lottery	3,296,218	3,164,120	4.17
Other Expenses	1,303,344	1,543,213	-15.54
TOTAL EXPENSES	\$ 133,671,964	\$ 127,078,442	5.19

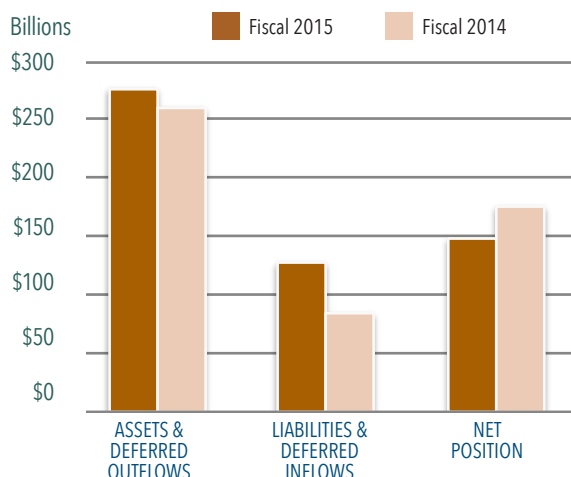
- 41% — Education
- 41% — Health and Human Services
- 4% — Public Safety and Corrections
- 4% — Transportation
- 3% — General Government
- 2% — Lottery
- 2% — Employee Benefits
- 2% — Natural Resources and Recreation
- 1% — Other Expenses



Fiscal 2015

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	2015	2014	% Change
Assets & Deferred Outflows	\$ 276,122,600	\$ 260,923,021	5.83
Liabilities & Deferred Inflows	(128,414,944)	(85,340,447)	50.47
NET POSITION	\$ 147,707,656	\$ 175,582,574	-15.88

Note: Assets are resources the government controls that can be converted into cash. **Liabilities** are obligations that use up resources the government has little or no discretion to avoid. **Deferred Outflows** is the consumption of a resource by the government that should be reported in a future period. **Deferred Inflows** is the acquisition of a resource by the government that should be reported in a future period. **Net Position** is the balance of all financial statement elements (Assets + Deferred Outflows – Liabilities – Deferred Inflows).

In fiscal 2015, the state of Texas implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* — an amendment of GASB Statement No. 27. This resulted in an increase in **Deferred Outflows** and **Deferred Inflows** related to pensions.

What's Down the Road?

Texas Oil and Gas in Fiscal 2015

The Texas economy continued to expand in fiscal 2015 (Sept. 1, 2014 – Aug. 31, 2015), though not at the pace of the previous few years. The sharp drop in oil prices and the subsequent contraction in oil and gas and related industries served to put a damper on Texas growth.

The price in the futures market of West Texas Intermediate-grade crude dropped from \$92.88 per barrel at the end of the *first* trading day of fiscal 2015 to \$49.20 per barrel at the close of the *last* trading day that year — a 47 percent drop. While production of all crude oil in Texas increased 12 percent from fiscal 2014 to 2015, monthly oil production began easing as fiscal 2015 drew to a close.

Employment in the mining sector — almost exclusively related to oil and gas extraction in Texas — dropped consistently throughout almost all of fiscal 2015. Overall industry employment peaked in December 2014 and by Aug. 31, 2015, industry employment stood at 289,700 — a drop during fiscal 2015 of 21,900 jobs or 7 percent of the industry workforce.

Future Projections and Challenges

The Texas economy is projected to grow in fiscal 2016 and 2017, but at a much slower pace than when the state simultaneously recovered from the Great Recession and enjoyed the economic effects of the shale oil boom. The Comptroller's October 2015 projections indicate the state's economy will grow by 2.4 percent in fiscal 2016 and by another 2.3 percent in fiscal 2017.

Texas' drilling and other oil and natural gas-related activity is expected to remain slow if the price of oil and gas remain at low levels. Somewhat offsetting this widespread economic downshift are the benefits to consumers from lower gasoline prices and

to refineries and chemical manufacturing facilities from cheaper inputs (crude oil and natural gas) into their production processes.

Texas nonfarm employment is expected to grow 1.7 percent in fiscal 2016 and 1.8 percent in fiscal 2017. The state's unemployment rate, which had fallen significantly for five consecutive years, is expected to tick down only slightly from fiscal 2015's measurement of 4.4 percent to 4.3 percent in fiscal 2016, with a return to 4.4 percent in fiscal 2017.

The population explosion in Texas continues. A challenge to state and local government is ensuring adequate funding for education, health services and infrastructure (roads; highways; bridges) while adhering to Texas' proven strategy of fiscal conservatism and a "pay-as-you-go" approach to spending. Total Texas population is expected to be 28.3 million in fiscal 2017, with the Lone Star State continuing to be the nation's second-most populous state next to California.

we value your feedback!

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.texas.gov

Texas Economic Outlook for Fiscal 2015 Through 2017

Source: 2016-2017 Certification Revenue Estimate (Oct. 2015)	2015	2016	2017
Real Gross State Product — total value of goods and services produced (billions adjusted for inflation)	\$ 1,490	\$ 1,526	\$ 1,561
Annual Percent Change	2.4	2.4	2.3
Taxable Oil Price (\$ per barrel)	\$ 64.94	\$ 49.48	\$ 56.52
Taxable Natural Gas Price (\$ per Mcf)	\$ 3.34	\$ 2.91	\$ 3.05
Nonfarm Employment	11,775,000	11,974,000	12,190,000
Annual Percent Change	2.8	1.7	1.8
Unemployment Rate (percent)	4.4	4.3	4.4

In Natural Gas, **Mcf** means per thousand cubic feet. **Nonfarm Employment** excludes farm workers, self-employed proprietors, domestic household workers and non-civilian members of the military.



Social Media

Many Texas state agencies and colleges/universities use social media to communicate with the public. For more details, please visit [Texas.Gov's social media](#) directory.

- Austin Community College
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- Baylor University
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- Blinn College
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- Cancer Prevention & Research Institute of Texas
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- Comm. on State Emergency Communications
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- Public Utility Commission of Texas
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- Sam Houston State University
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- South Texas College
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- Texas A&M University
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- Texas Commission on Environmental Quality
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- Texas Department of Family & Protective Services
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- Texas Education Agency
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- Texas Veterinary Medical Diagnostic Laboratory
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- Texas State University
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- University of Texas at Austin
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