



Interesting Times

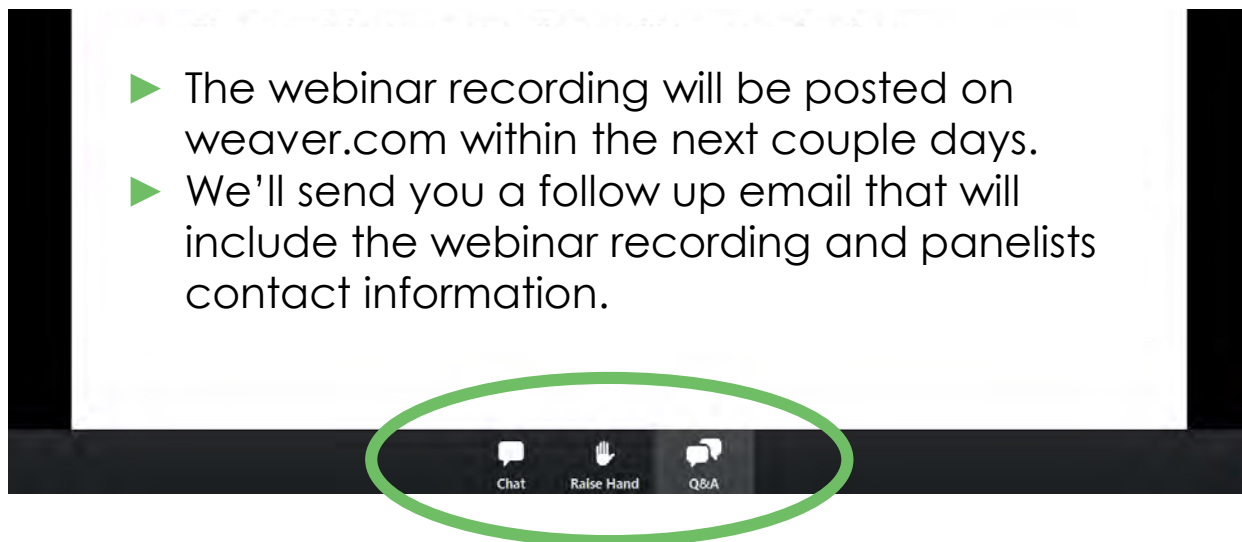
The Future of the Texas Political Economy

Adam Jones
State Government Practice Leader



Webinar Logistics

- ▶ You are joined in **listen only mode**. If you have questions, please type them in the “Q&A” area.
- ▶ A link to download today’s presentation with speaker contact information is located in the **chat section**.



Webinar Logistics



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 - » You must complete **three (3) polling questions** and attend at least **50 minutes** of this webinar to receive credit.
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Presenter Introductions



Adam Jones

State Government Practice Leader

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Interesting Times

The Future of the Texas Political Economy

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May you live in interesting times.

- Sir Austen Chamberlain, 1936

Today's Presentation

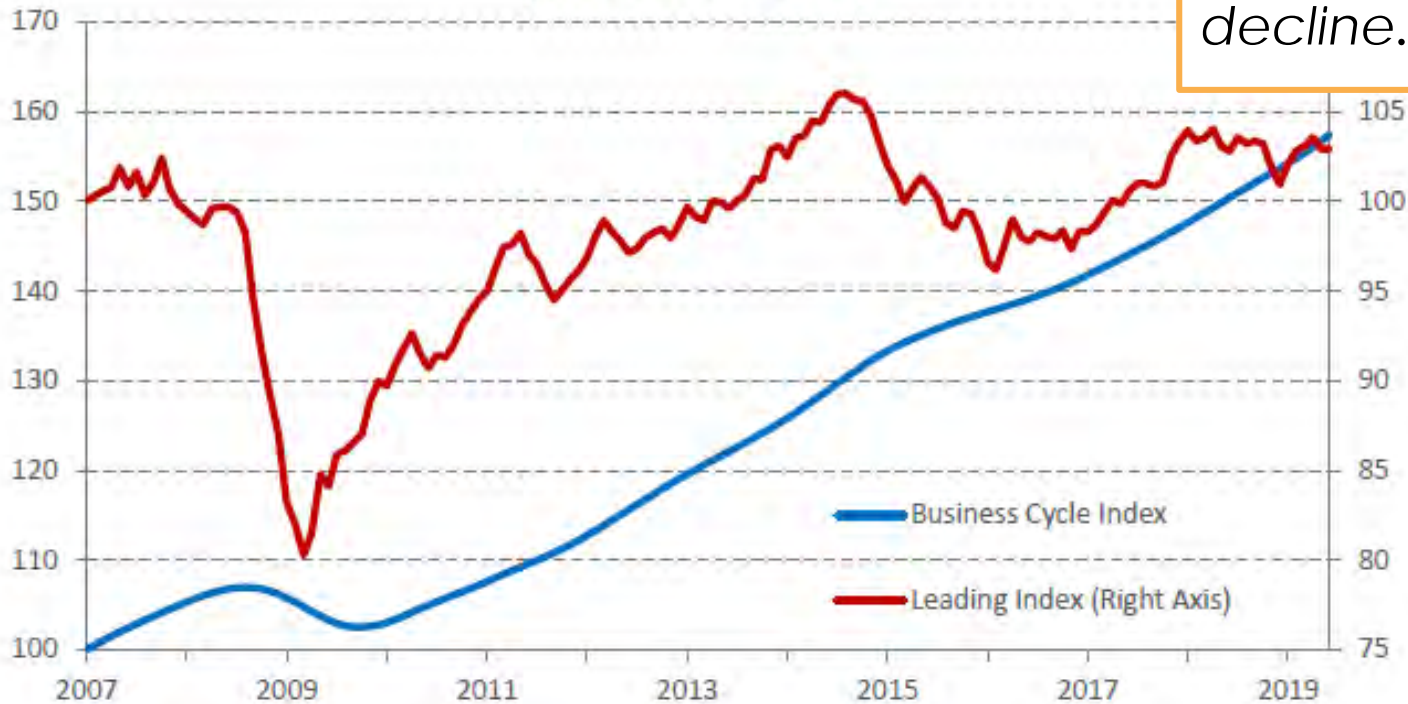
- ▶ The Texas Juggernaut Ends
- ▶ National Economic Perspectives
- ▶ The Emergent Lone Star Economy
- ▶ Demography, Destiny, and Politics



The Texas Juggernaut

From 2009 – 2020 Texas was in an eleven-year business cycle expansion, even including an oil decline.

Texas Business Cycle Index and Leading Index
(Index Jan 2007 = 100)

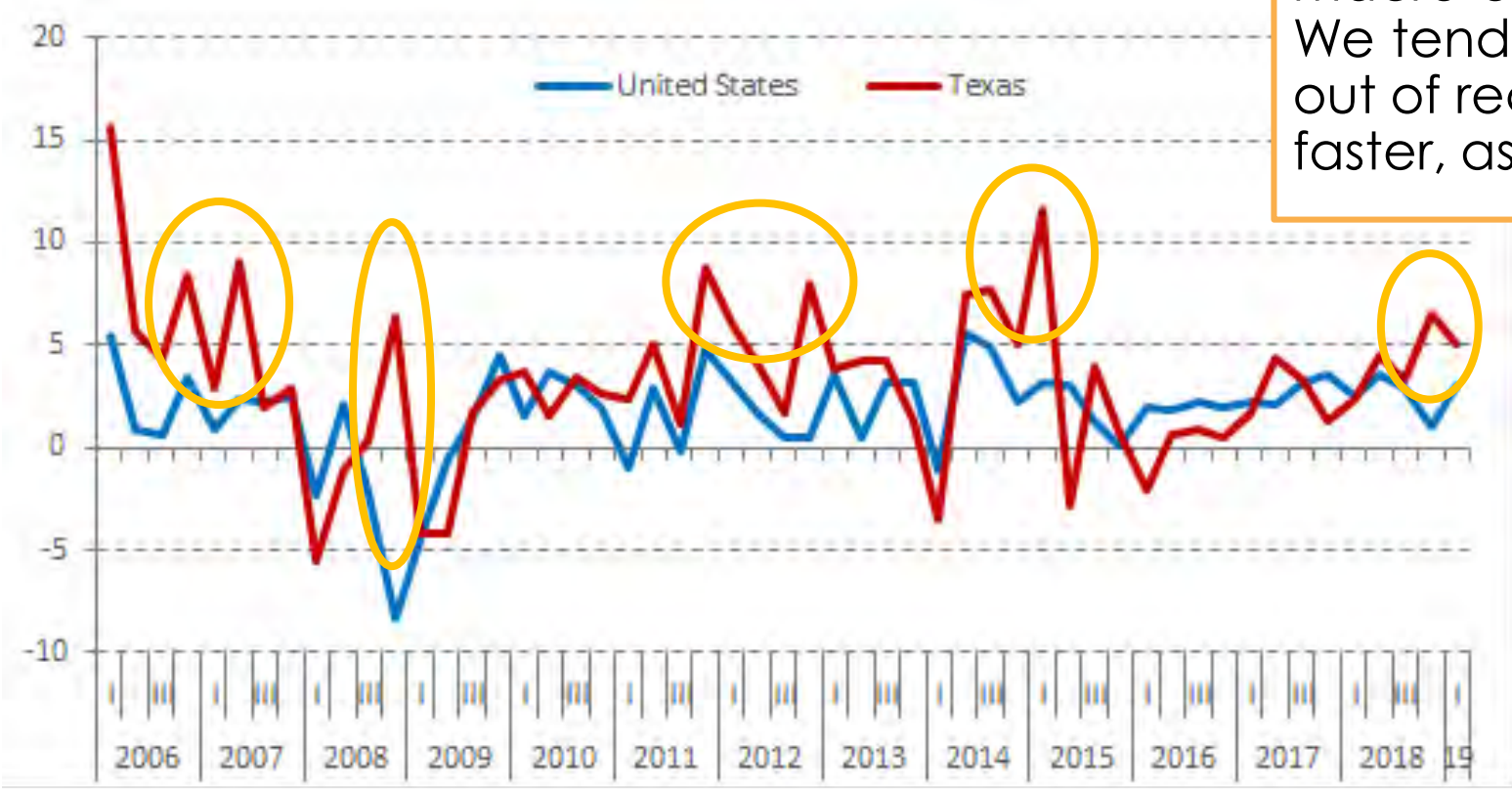


Note: Seasonally adjusted. For more information, see [Texas Business Cycle Index](#).

Source: Federal Reserve Bank of Dallas

The Texas Juggernaut

Texas regularly surges past the U.S. macro-economy. We tend to climb out of recessions faster, as well.



change in Real GDP, Real Estate Center at Texas A&M University, USBEA data

What do we do for an encore?

Fiscal Sustainability in Texas Government



From 2019...

“The fiscal sustainability of state and local government is dependent on a rapidly growing Texas economy...

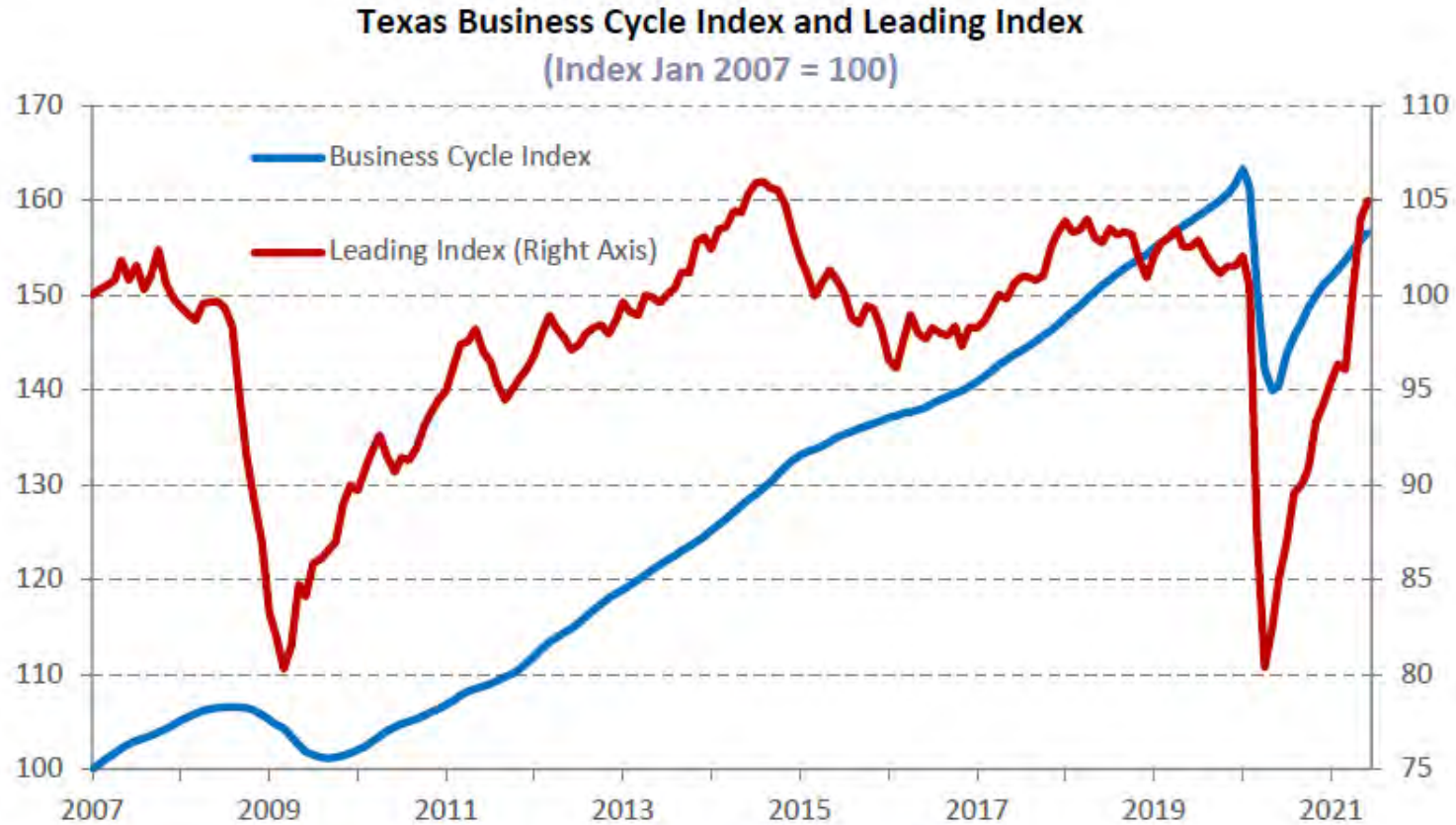
...and the avoidance of any downturn brought on by an oil collapse, national recession, trade war, technology bubble or natural disaster.”

From 2019...

“The fiscal sustainability of state and local government is dependent on a rapidly growing Texas economy...

...and the avoidance of any downturn brought on by an oil collapse, national recession, trade war, technology bubble or natural disaster.”

The Texas Juggernaut Ends



Note: Seasonally adjusted. For more information, see [Texas Business Cycle Index](#).

Source: Federal Reserve Bank of Dallas

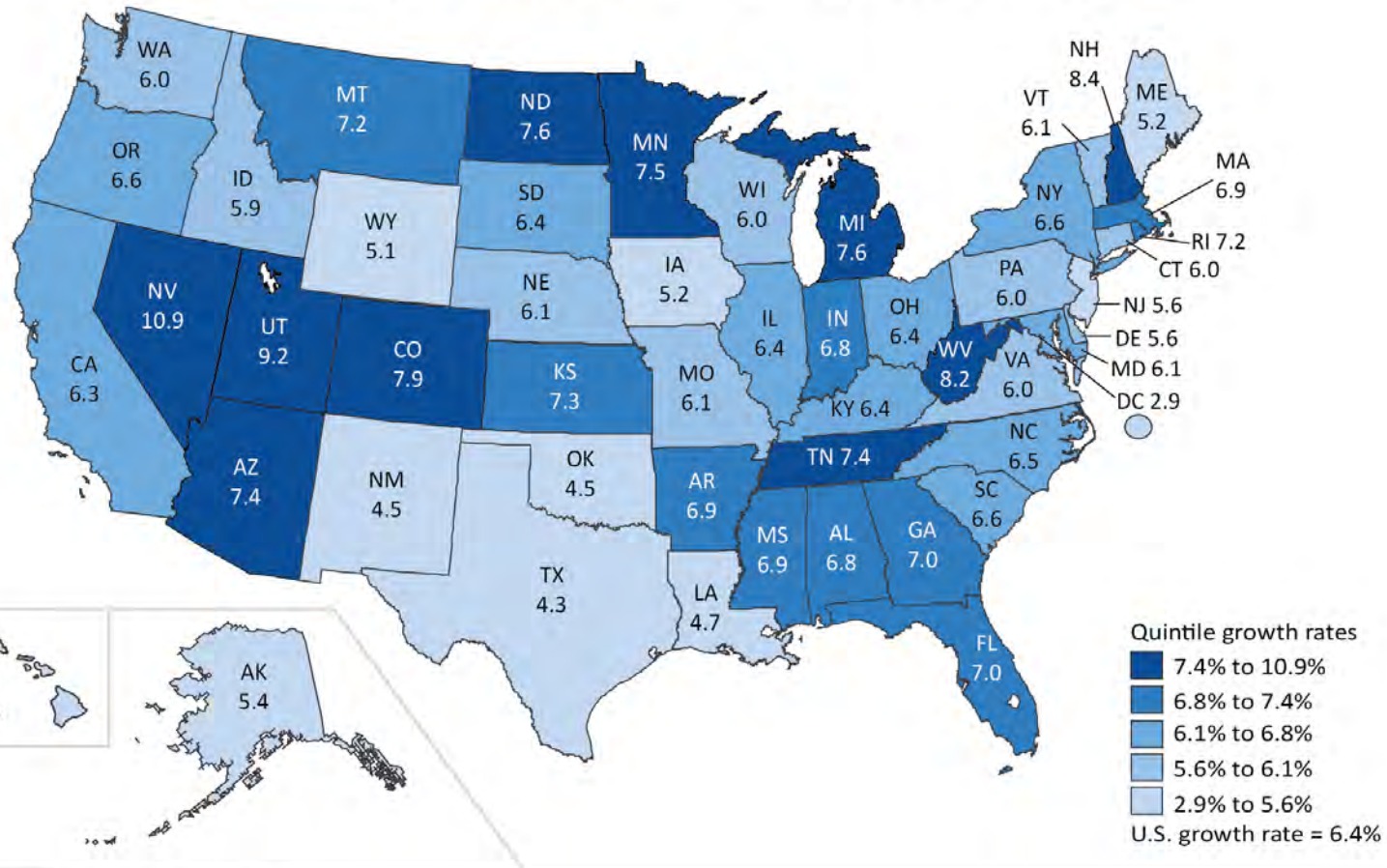
The Texas Juggernaut Ends



Change in Real GDP, Real Estate Center at Texas A&M University, USBEA data

The Texas Juggernaut Ends

Real GDP: Percent Change at Annual Rate, 2020:Q4–2021:Q1



U.S. Bureau of Economic Analysis

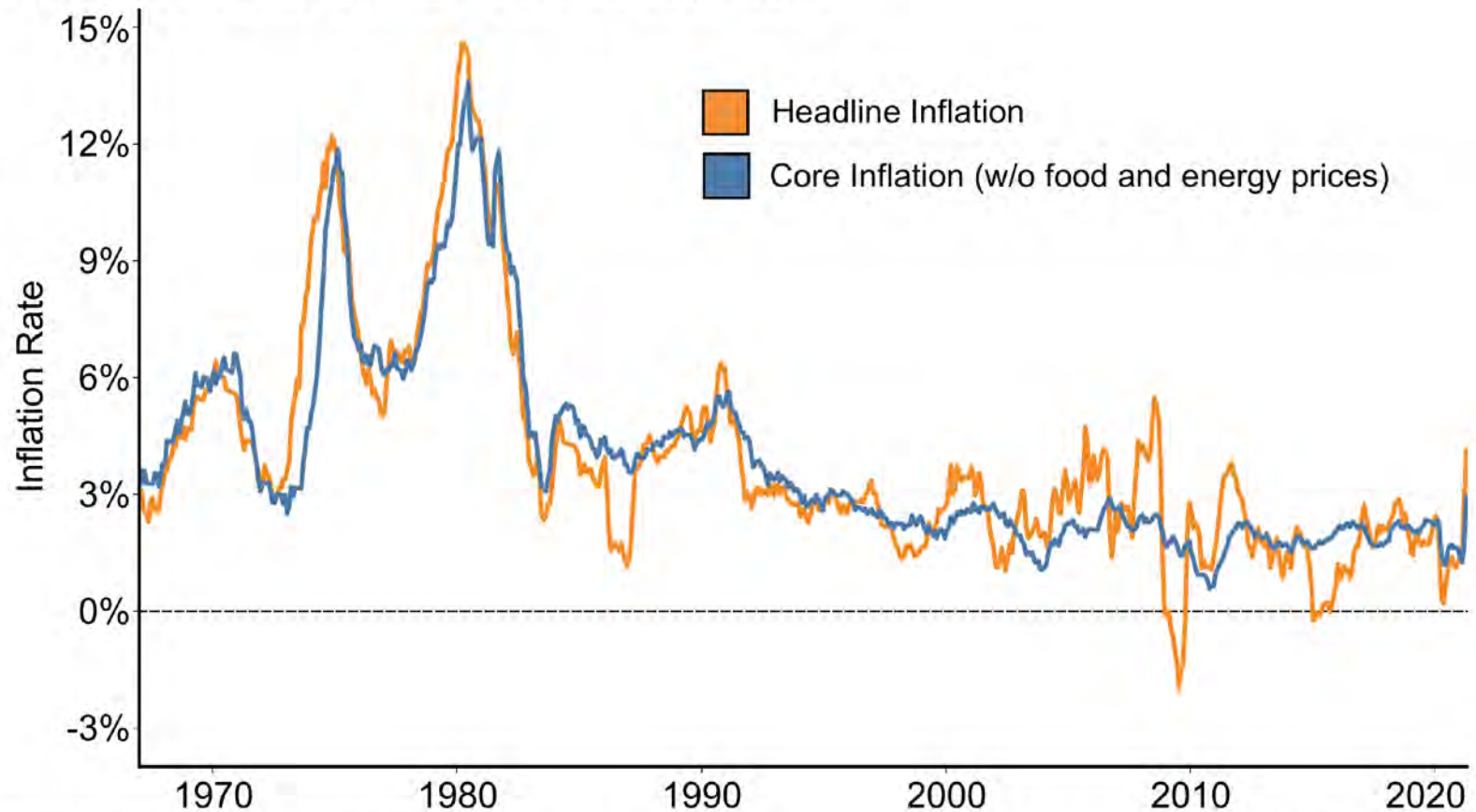
National Economic Perspectives



Photo by [Miesha Maiden](#) from [Pexels](#)

U.S. CPI INFLATION

MONTHLY YEAR-ON-YEAR DATA, 1967–2021



Source: Federal Reserve Economic Data (FRED)

EconoFact econofact.org

POLLING QUESTION 1

Where has your household noticed inflation the most?

- a. The Grocery Store
- b. The Gas Station
- c. Retail
- d. Travel: Airline/Rental Car/Hotel
- e. Inflation, What Inflation?

National Economic Perspectives

We don't have enough of these things.....



...and we have too many Chinese manufacturing slowdowns, air travel interruptions, weather events, and random ships getting stuck in the Suez Canal.



In August, U.S. ports were estimated to have handled **2.37 million imported containers**, the single highest number for any month since records were first kept in 2002.

Walmart's inventories are **up 20 percent** to avert difficulties this Christmas.

National Economic Perspectives **weaver** Assurance • Tax • Advisory

Chart 1. Unemployment rate, seasonally adjusted, August 2019 – August 2021

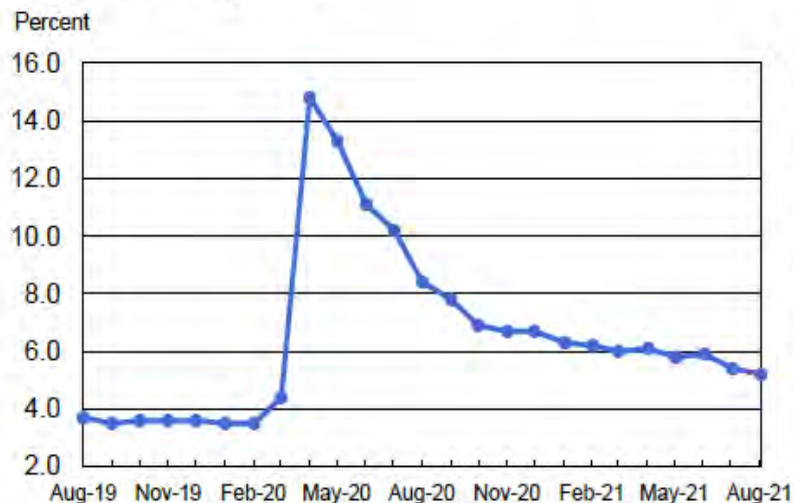


Chart 2. Nonfarm payroll employment, seasonally adjusted, August 2019 – August 2021



US Department of Labor, Bureau of Labor Statistics

- ▶ Weak August jobs report – 235,000 (586,000 avg for the year)
- ▶ National unemployment 5.2% (Covid low)
- ▶ But...40% are long-term (six-months) unemployed
- ▶ Weekly Covid unemployment benefits have expired nationally (since June in Texas)

Why America has 8.4 million unemployed when there are 10 million job openings

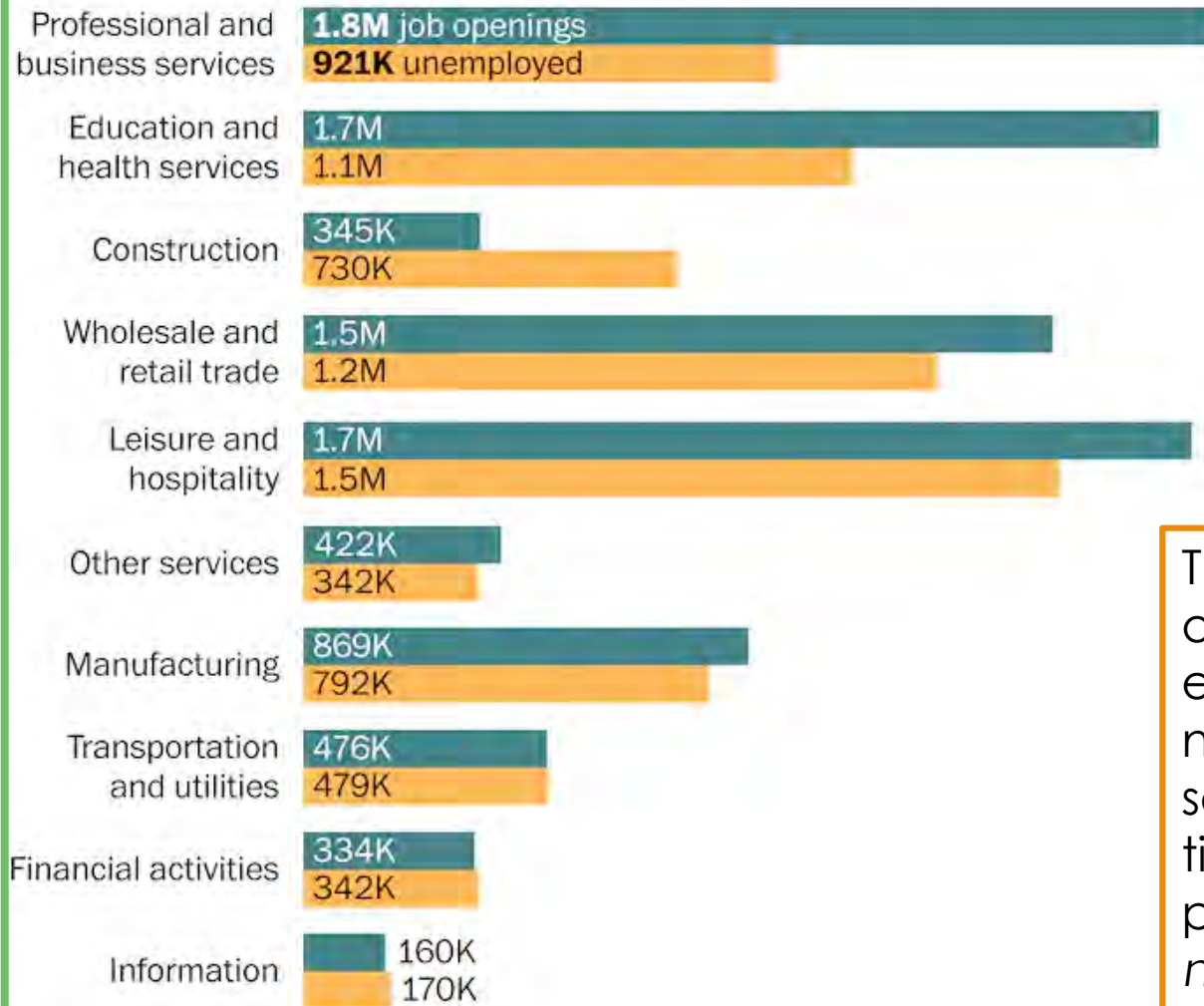
The economy is undergoing massive changes. There's a big mismatch at the moment between the jobs available and what workers want.

Why America has 8.4 million unemployed when there are 10 million job openings

The economy is undergoing massive changes. There's a big mismatch at the moment between the jobs available and what workers want.

- This is a labor market that Johnny Paycheck would love...
 - “I have better things to do”
 - “I will start my own business”
 - “But I like working remotely”
 - “Time to hang it up and retire”
 - “This is not fun, or even healthy, anymore”

Job openings outpace unemployed in many fields



As of June 2021

Source: Labor Department

The number of job openings have exceeded the number of job seekers for the first time during the pandemic, *but not necessarily in the right industries.*

THE WASHINGTON POST

National Economic Perspectives



Market Summary > S&P 500

INDEXSP: .INX

4,524.09 +2,344.11 (107.53%) ↑ past 5 years

Sep 1, 5:02 PM EDT · Disclaimer

1 day 5 days 1 month 6 months YTD 1 year **5 years** Max



Open	4,528.80	Prev close	4,522.68
High	4,537.11	52-wk high	4,537.36
Low	4,522.02	52-wk low	3,209.45

Two economies,
not always connected

National Economic Perspectives



The Emergent Lone Star Economy



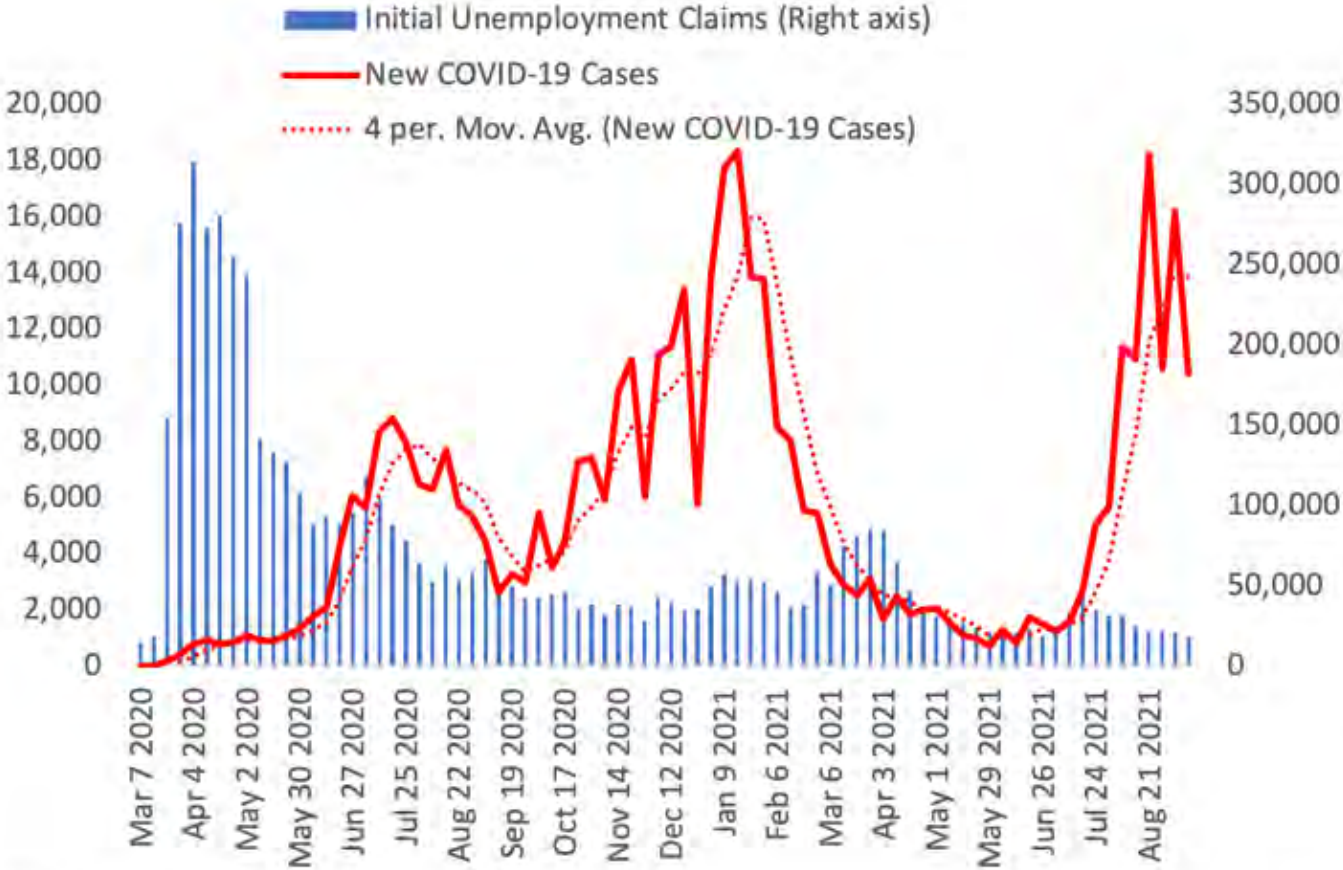
Photo by Mizu Cho from [Pexels](#)

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Figure 3. Texas Unemployment Initial Claims and New COVID-19 Cases

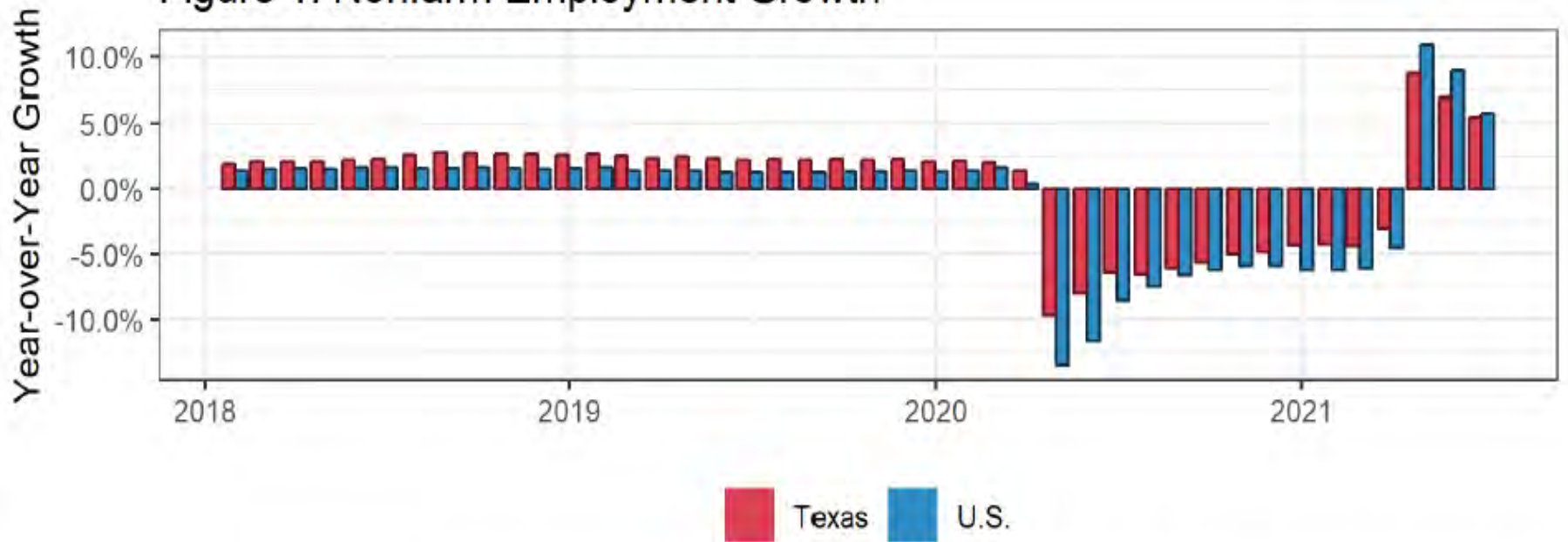


Note: Unemployment initial claims are seasonally adjusted.

Sources: Department of Labor, Haver Analytics, and <https://github.com/nytimes/covid-19-data/blob/master/us-counties.csv>

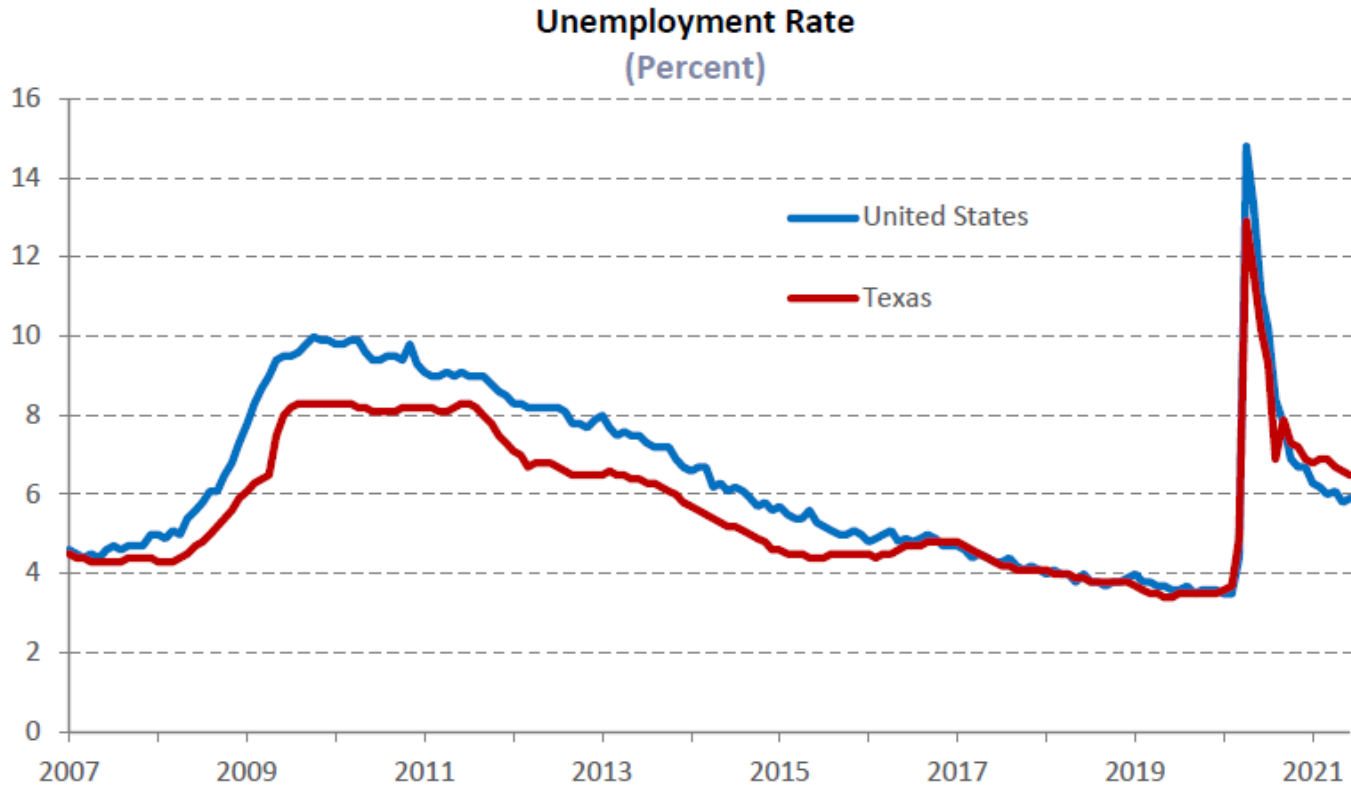
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Figure 1. Nonfarm Employment Growth



Sources: Texas Workforce Commission and Texas Real Estate Research Center at Texas A&M University

The Emergent Lone Star Economy



Note: Seasonally adjusted. June 2021 is preliminary. For more information, see [Unemployment Rate](#).

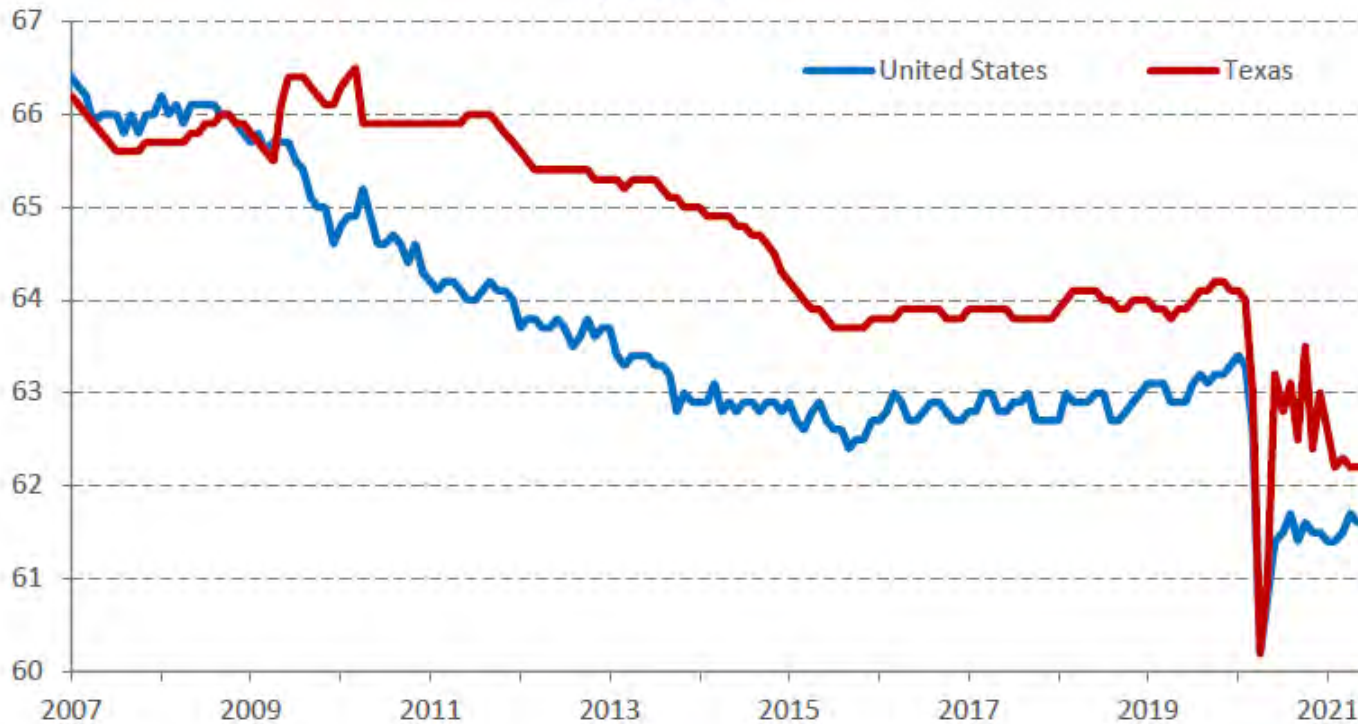
Source: Bureau of Labor Statistics

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Labor Force Participation Rate
(Percent)



Note: Seasonally adjusted. For more information, see [Unemployment Rate](#).

Source: Bureau of Labor Statistics

The Emergent Lone Star Economy

A good year for the Legislature...

Comptroller's BRE

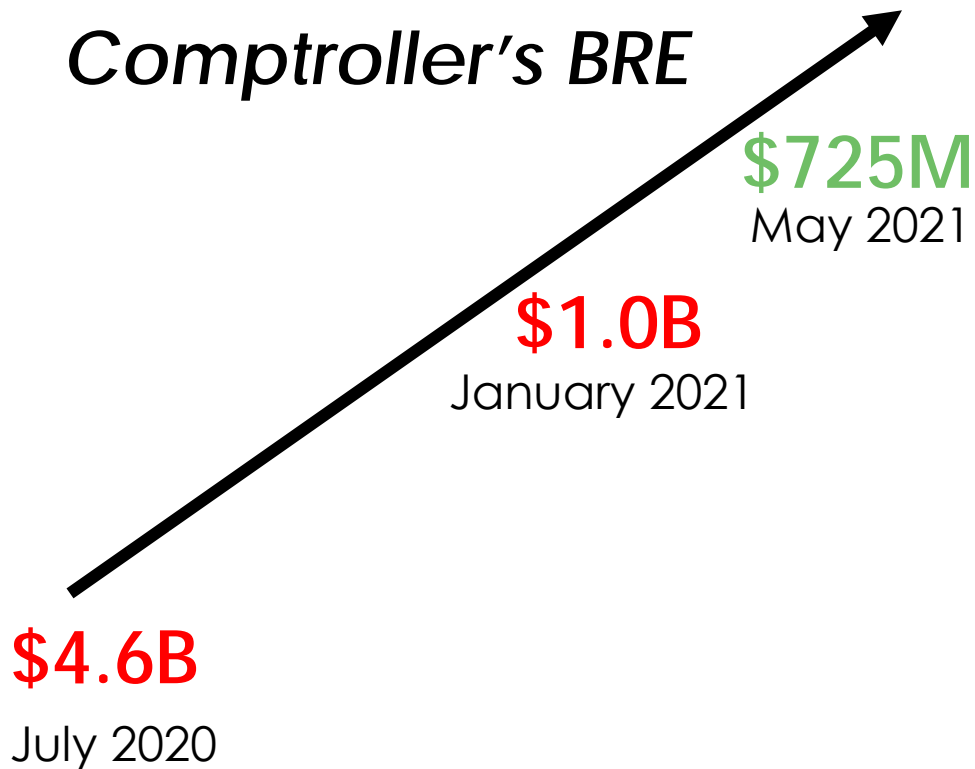


Photo by [Priya Karkare](#) from [Pexels](#)

The Emergent Lone Star Economy



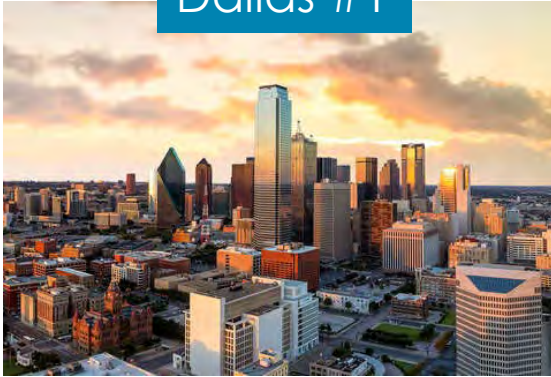
If the state didn't have it, the feds made up for it...

\$19.2 B for K12 and higher education
\$10.5 B for cities and counties
\$4.0 B for health and human services
\$1.5 B for renter's assistance
...plus payments to individuals

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Dallas #1



Houston #2



Austin #8



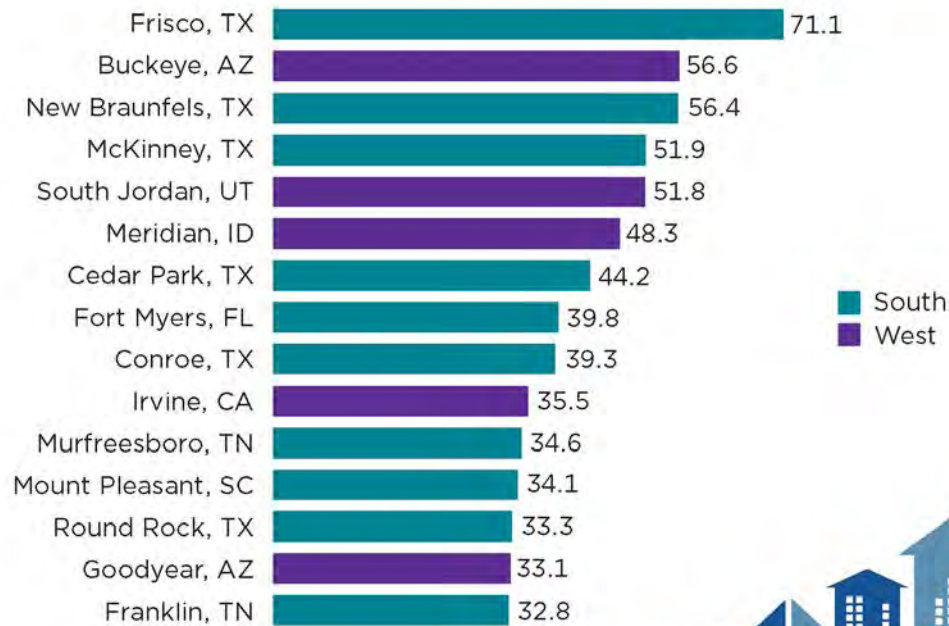
Top 10 Metropolitan Areas in Numeric Growth, 2010 to 2019

Rank	Metropolitan Area	April 1, 2010 (Estimates Base)	July 1, 2018	July 1, 2019	Numeric Growth
1	Dallas-Fort Worth-Arlington, TX	6,366,537	7,455,756	7,573,136	1,206,599
2	Houston-The Woodlands-Sugar Land, TX	5,920,487	6,976,147	7,066,141	1,145,654
3	Phoenix-Mesa-Chandler, AZ	4,193,129	4,849,209	4,948,203	755,074
4	Atlanta-Sandy Springs-Alpharetta, GA	5,286,718	5,945,303	6,020,364	733,646
5	Washington-Arlington-Alexandria, DC-VA-MD-WV	5,649,688	6,247,841	6,280,487	630,799
6	Miami-Fort Lauderdale-Pompano Beach, FL	5,566,274	6,143,837	6,166,488	600,214
7	Seattle-Tacoma-Bellevue, WA	3,439,808	3,935,179	3,979,845	540,037
8	Austin-Round Rock-Georgetown, TX	1,716,323	2,165,497	2,227,083	510,760
9	Orlando-Kissimmee-Sanford, FL	2,134,399	2,574,838	2,608,147	473,748
10	Riverside-San Bernardino-Ontario, CA	4,224,948	4,612,542	4,650,631	425,683

The Emergent Lone Star Economy

The 15 Fastest-Growing Large Cities

By Percent Change: April 1, 2010-July 1, 2019



POLLING QUESTION 2

How many cities in Texas have a population of more than 100,000?

- a. 18
- b. 26
- c. 35
- d. 41

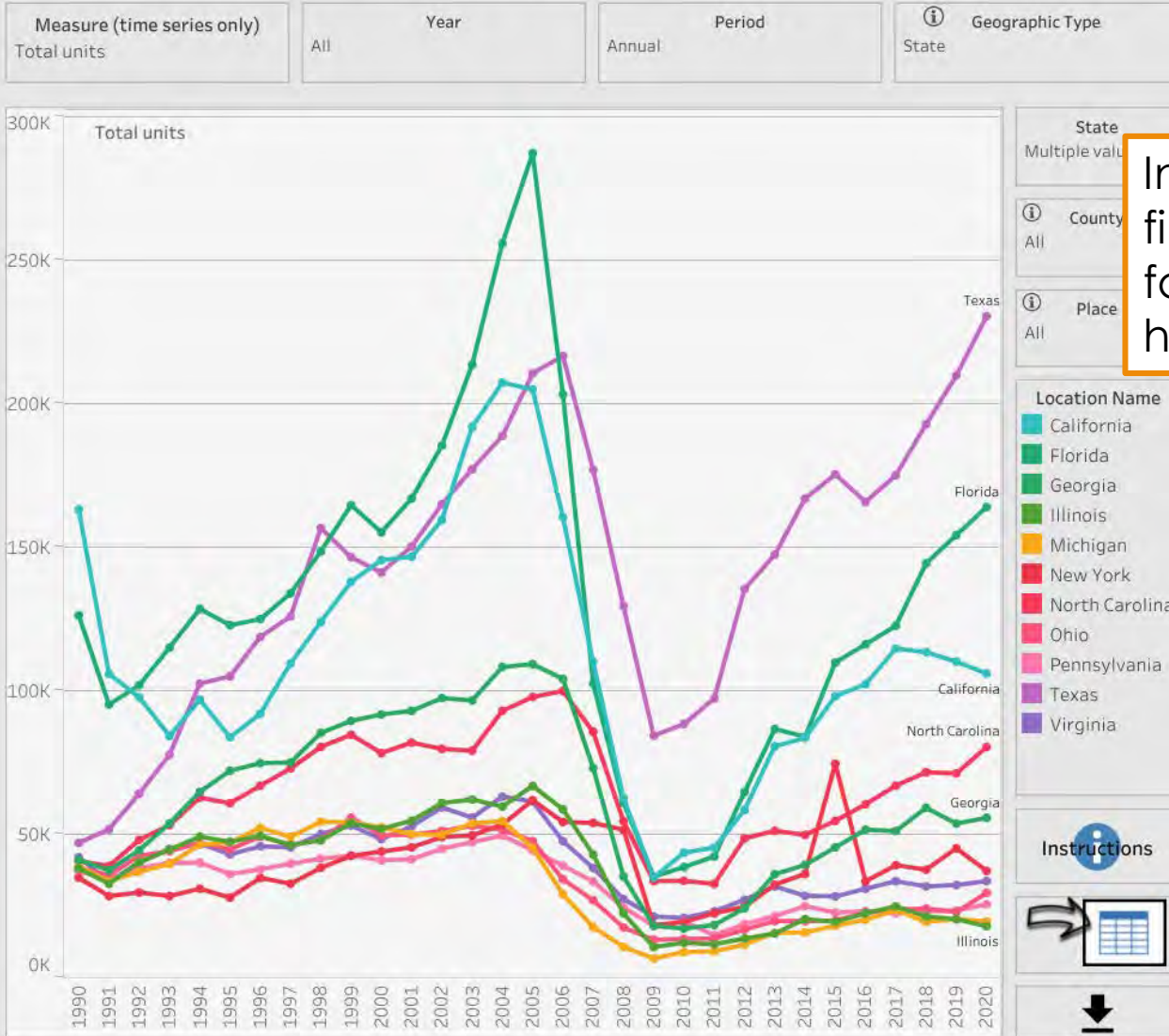
41 Texas Cities are in the 100K Club

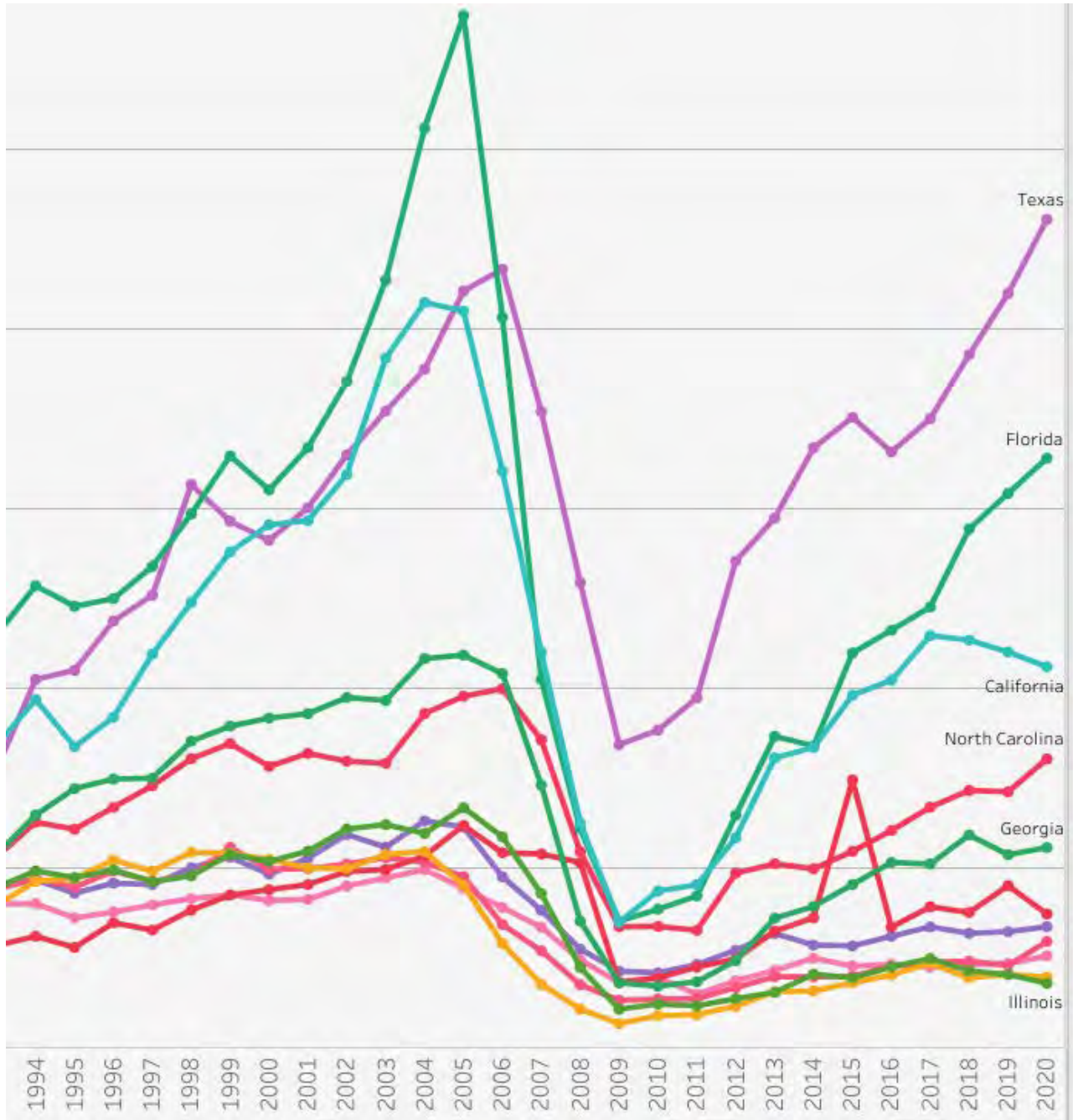
41. San Angelo	100,031
42. Edinburg	95,847

U.S. Census Bureau Building Permits Survey New Privately Owned Housing Unit Authorizations



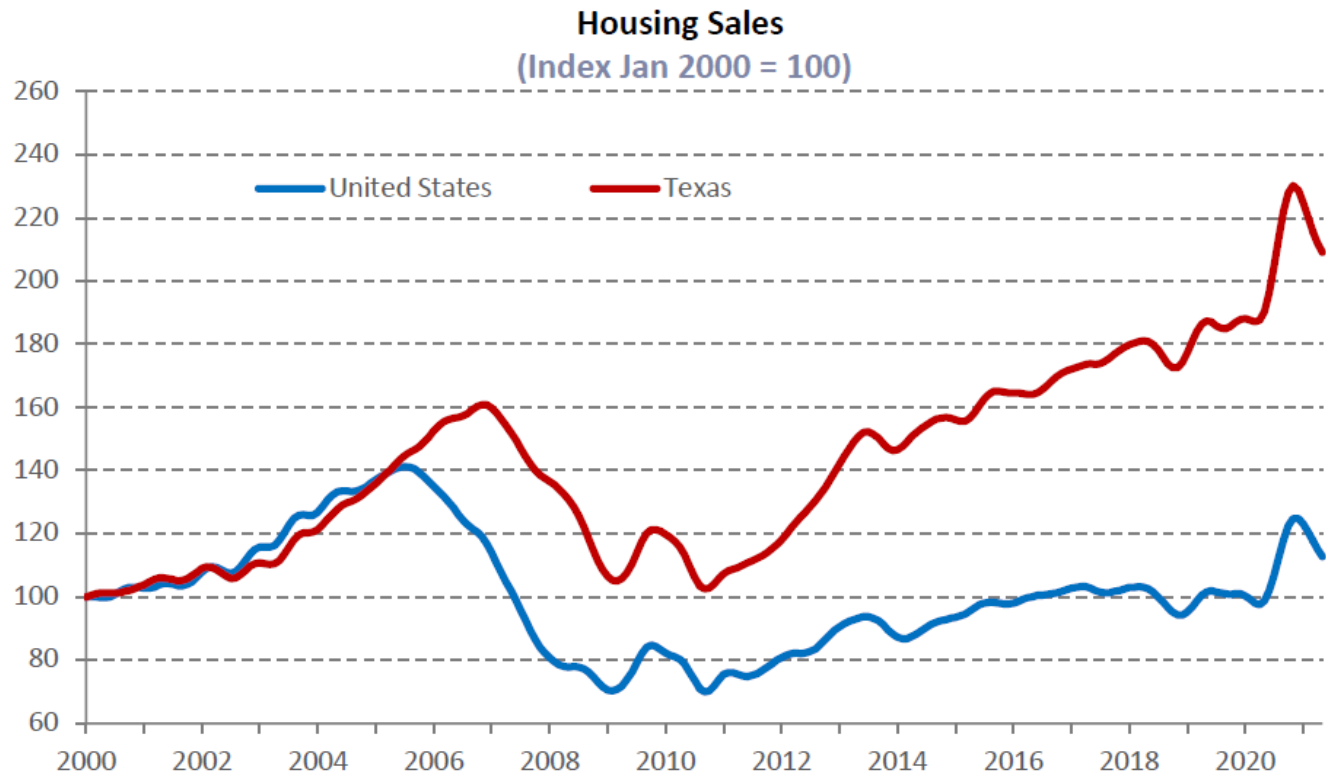
In Texas, you can find a job, raise a family and own a home.





In Texas, you can find a job, raise a family and own a home.

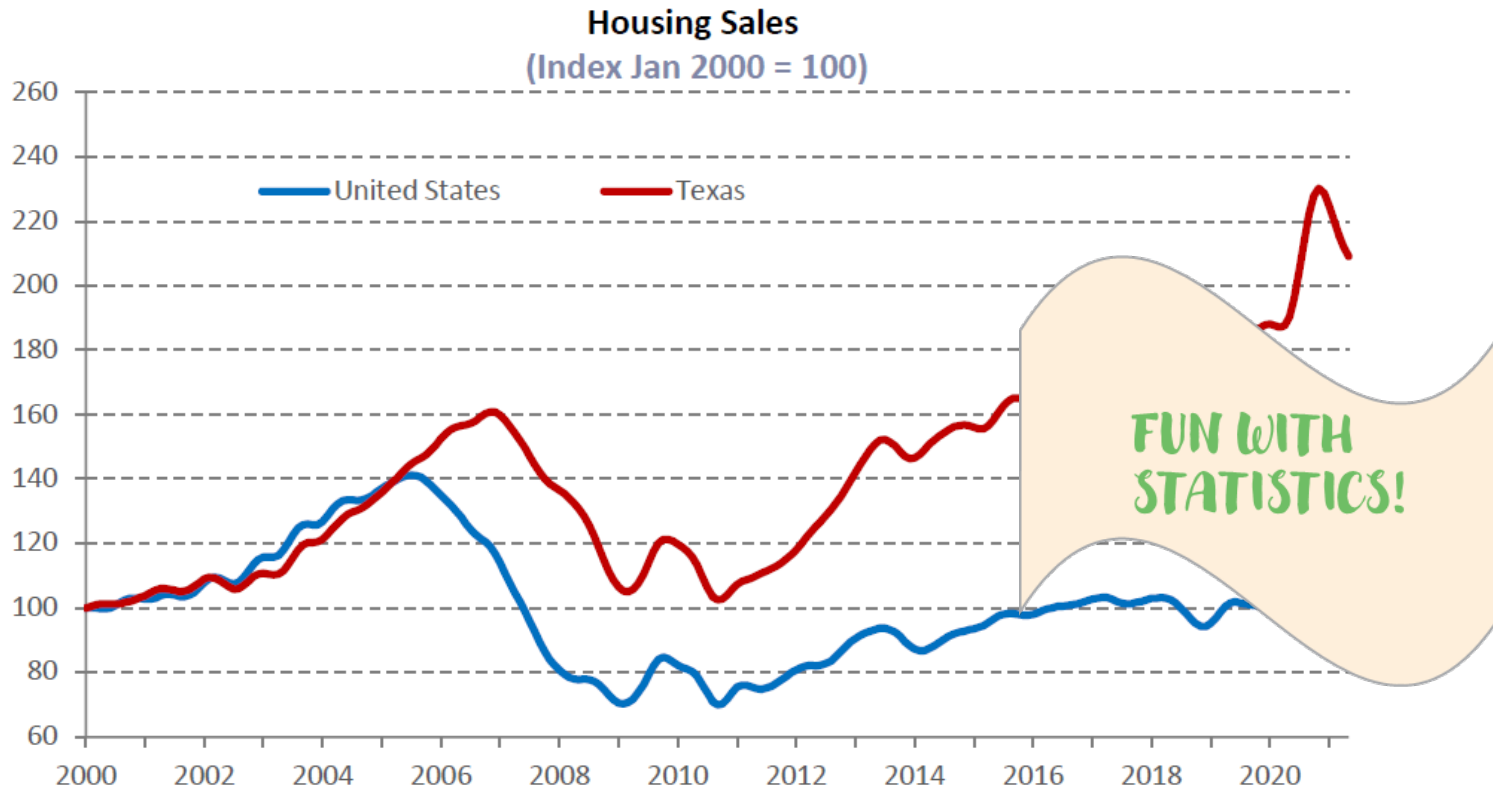
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Texas does not correlate with the United States...the United States correlates with Texas (and Florida)

Note: Trend-cycle component. Sales for the United States include all existing homes and new single-family homes; new non-single-family homes are not included. Texas includes all existing and new homes. For more information, see [Housing Sales](#).
Sources: U.S. Census Bureau, National Association of Realtors, and Texas Real Estate Research Center at Texas A&M University

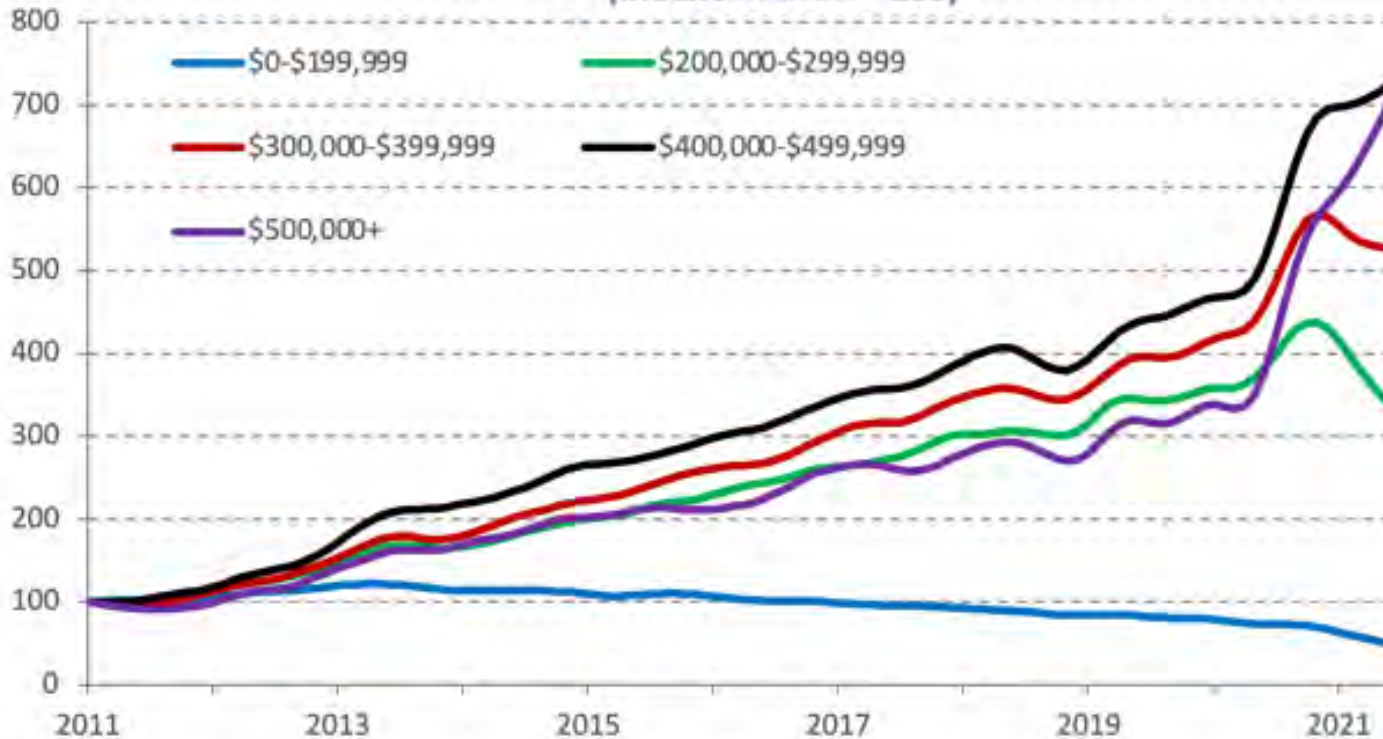
The Emergent Lone Star Economy



Note: Trend-cycle component. Sales for the United States include all existing homes and new single-family homes; new non-single-family homes are not included. Texas includes all existing and new homes. For more information, see [Housing Sales](#).
Sources: U.S. Census Bureau, National Association of Realtors, and Texas Real Estate Research Center at Texas A&M University

The Emergent Lone Star Economy

Texas Total Housing Sales by Price Cohort
(Index Jan 2011 = 100)

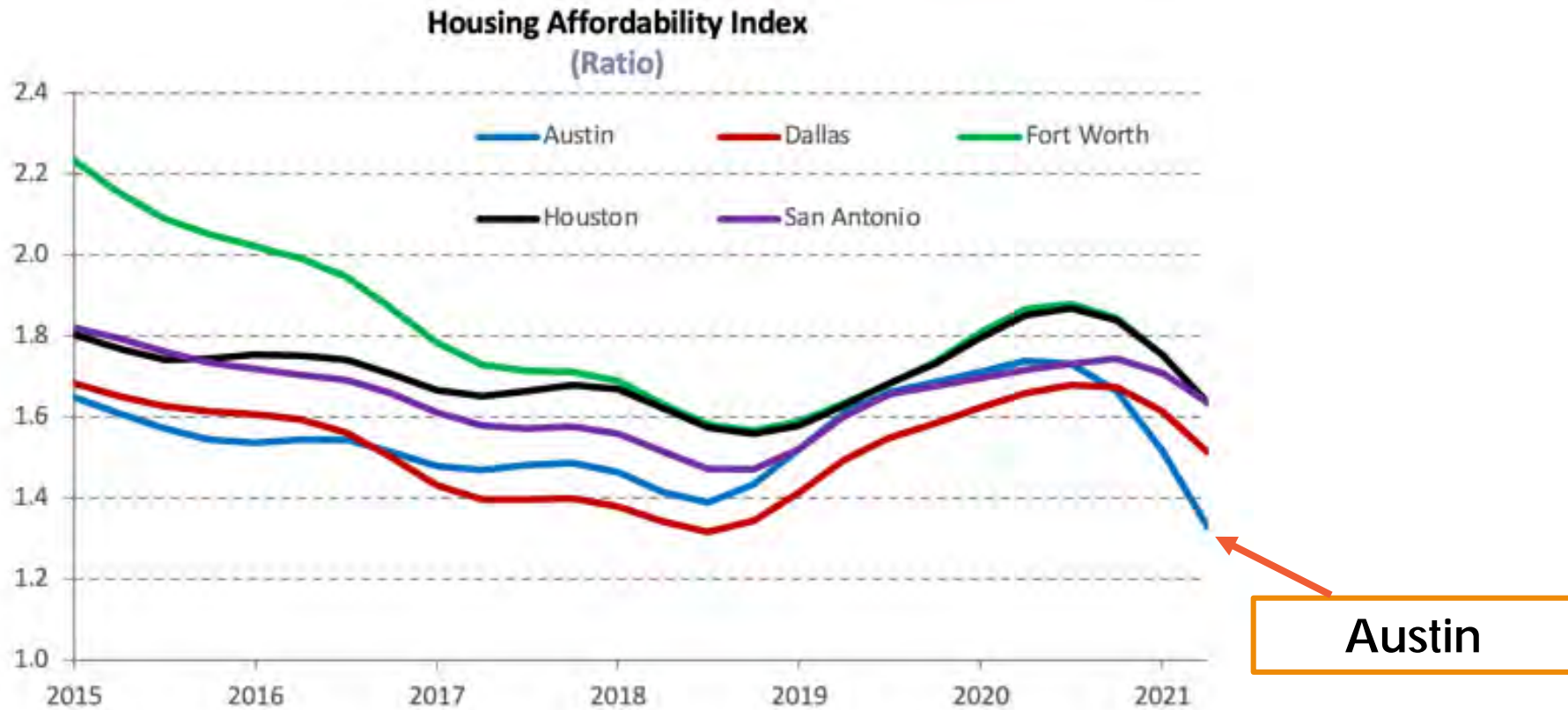


**Texas Trend
to Watch:**
*affordable
housing*

Note: Trend-cycle component.

Source: Texas Real Estate Research Center at Texas A&M University

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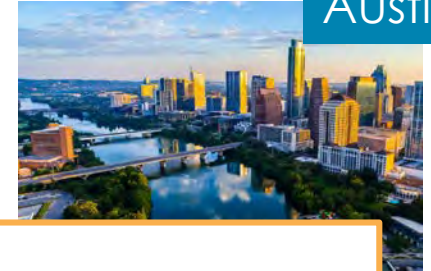
Note: Trend-cycle component.

Source: Texas Real Estate Research Center at Texas A&M University

The Emergent Lone Star Economy **weaver**

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Austin



About Austin...

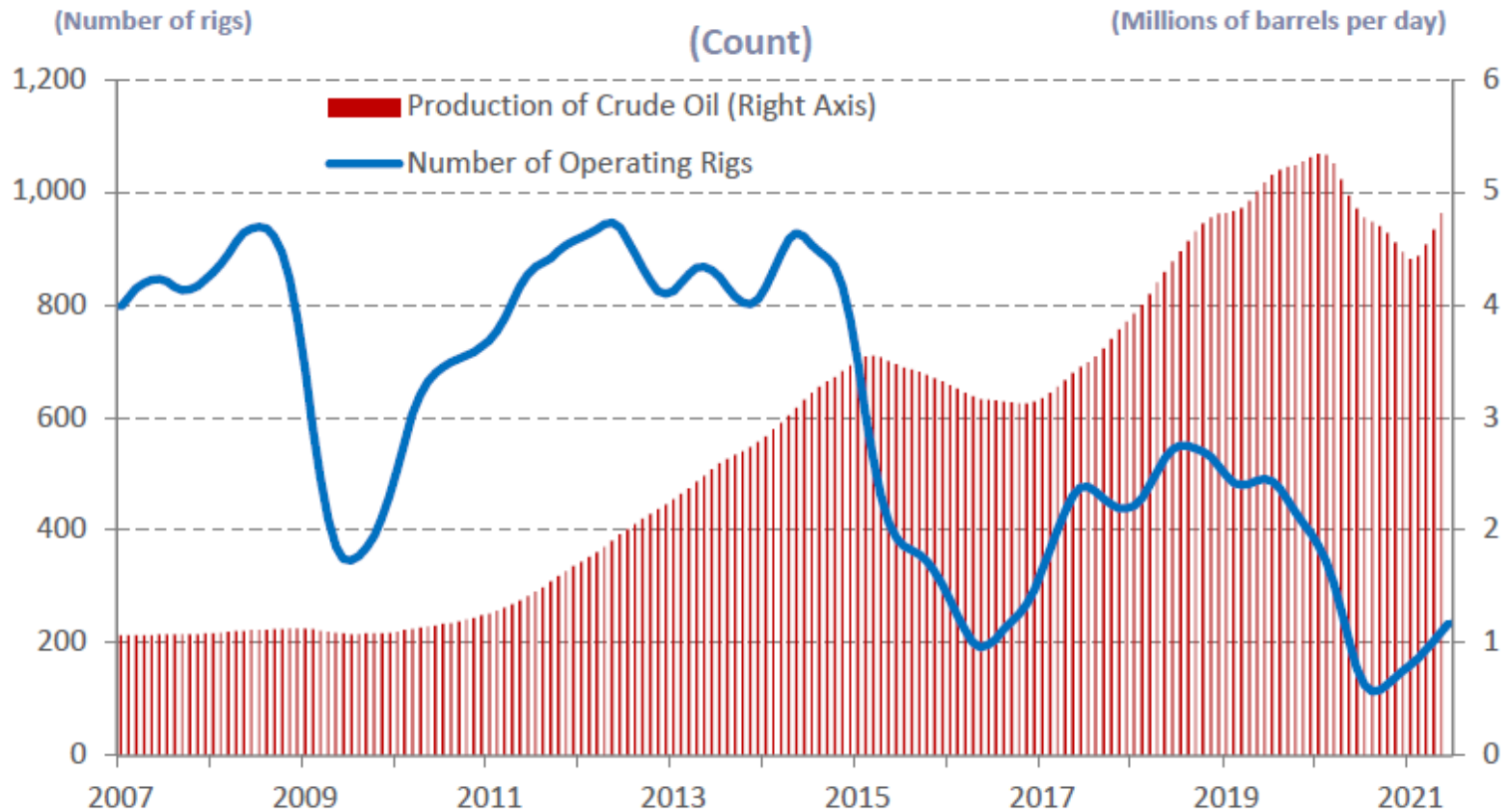
#8 on the numeric growth list and #3 on the percentage growth list (29.8% from 2010 to 2019).

Austin is the only MSA on both lists and the only major MSA in the top ten in percentage growth.

Photo by [Emily Jewell Knaub](#) from [Pexels](#)

The Emergent Lone Star Economy **weaver** Assurance • Tax • Advisory

Texas Production of Crude Oil and Rig Count



Note: Trend-cycle component. For more information, see [Texas Production of Crude Oil and Rig Count](#).
Sources: Baker Hughes and U.S. Energy Information Administration

City of Houston Building Permit

1. Do you own the land?
 - Yes
 - No

2. Would you like to build something on it?
 - Yes
 - No

If the answers to the above questions are yes, please proceed.

The Emergent Lone Star Economy

**Chart 4
Energy Activity**

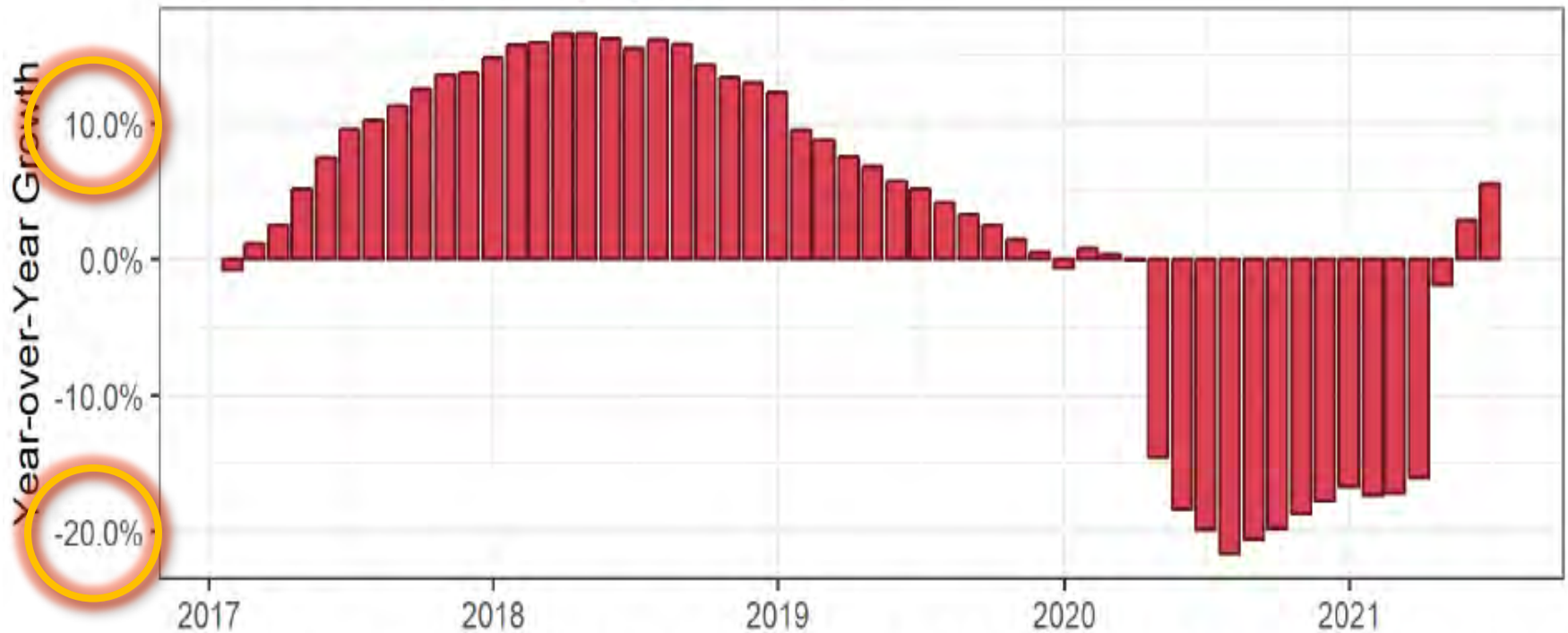


NOTE: Oil price and rig count data are through the week ending Sep. 17, 2021. The oil price is for West Texas Intermediate crude.
SOURCE: Baker Hughes; Energy Information Administration.

Dallas Fed

The Emergent Lone Star Economy

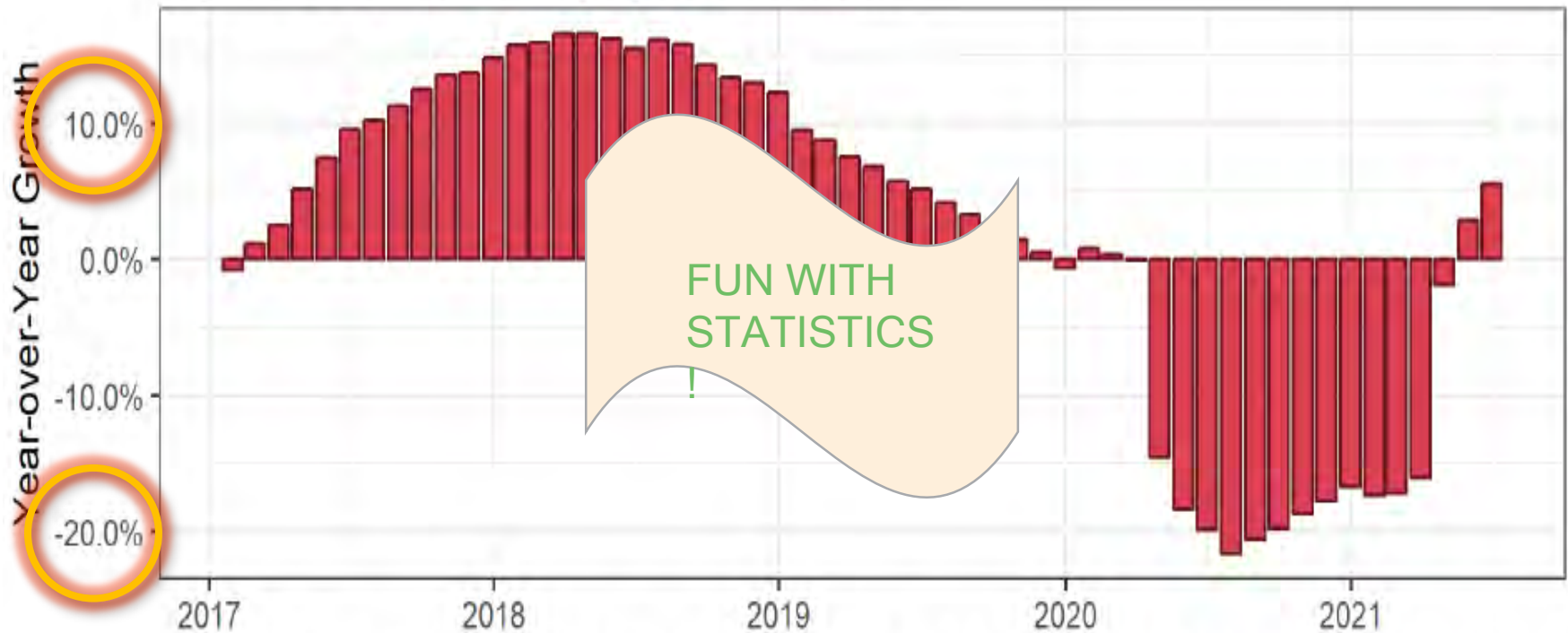
Figure 54. Midland Employment Growth



Sources: Texas Workforce Commission and Texas Real Estate Research Center at Texas A&M University

The Emergent Lone Star Economy

Figure 54. Midland Employment Growth



Sources: Texas Workforce Commission and Texas Real Estate Research Center at Texas A&M University

Demography, Destiny, and Politics

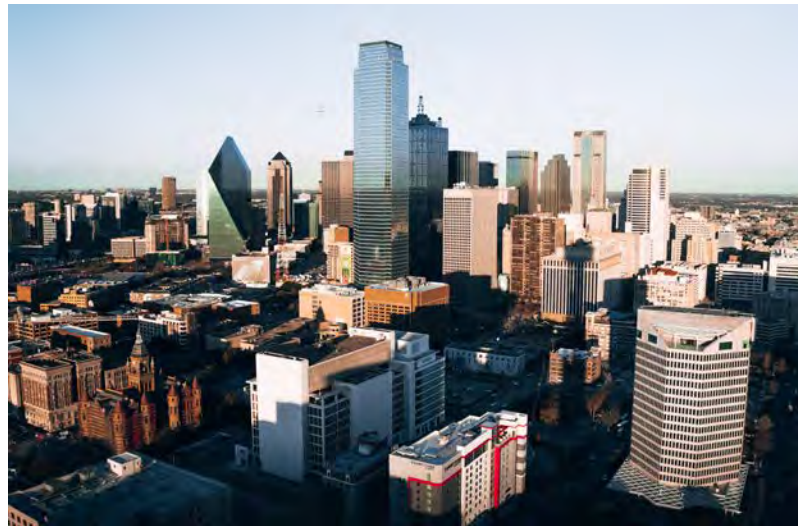


Photo by [Ryan](#) from [Pexels](#)

Demography, Destiny, Politics



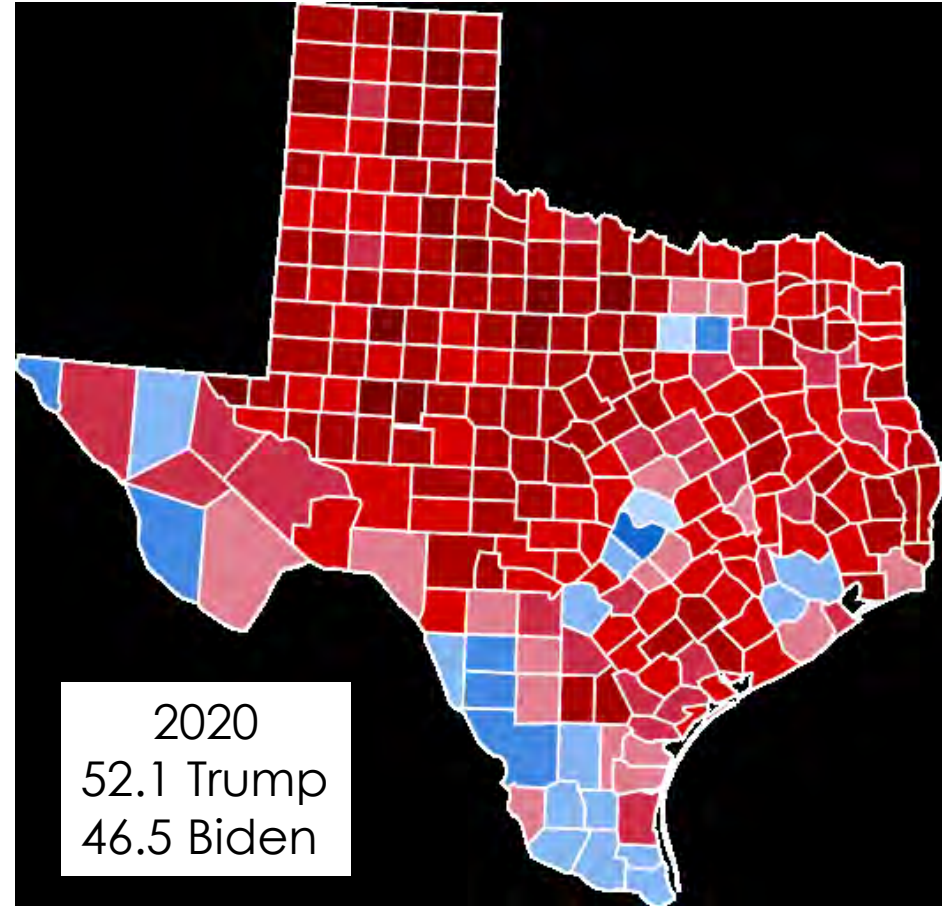
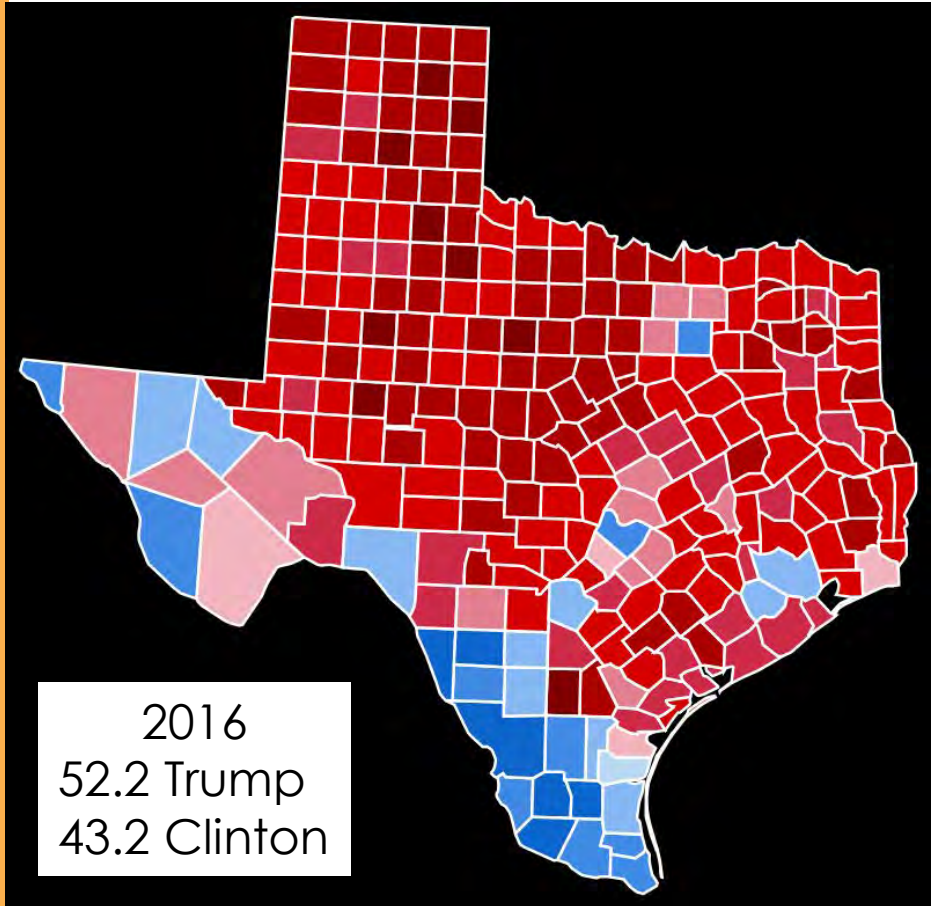
I am Switzerland.

Demography, Destiny, Politics

Recent Texas Presidential Elections

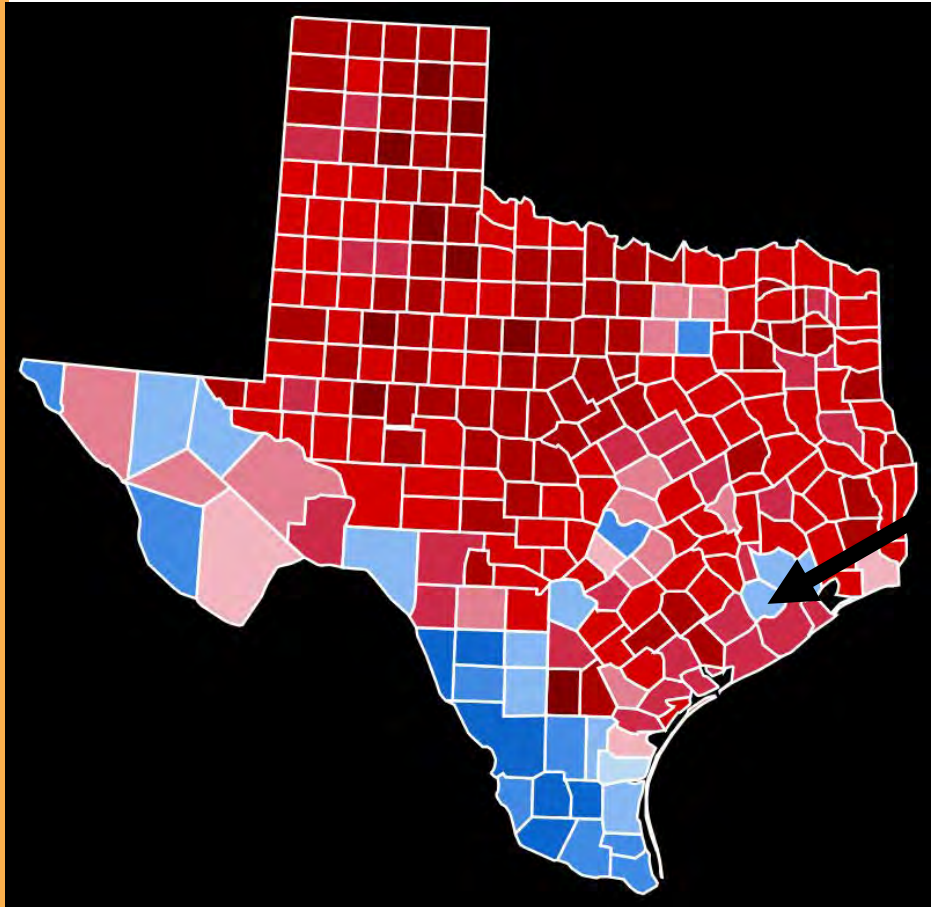
YEAR	Republican	Democrat	Difference
2020	52.1 Trump	46.5 Biden	R +5.6
2016	52.2 Trump	43.2 Clinton	R +9.0
2012	57.2 Romney	41.4 Obama	R +15.8

Demography, Destiny, Politics



By The2016 - Own work, CC BY-SA 4.0, <https://commons.wikimedia.org/w/index.php?curid=95975116>

Demography, Destiny, Politics



Something significant happened in the 2016 presidential election

By The2016 - Own work, CC BY-SA 4.0, <https://commons.wikimedia.org/w/index.php?curid=95975116>

Demography, Destiny, Politics



Recent Fort Bend County Presidential Elections

YEAR	Republican	Democrat	Difference
2020	44.1 Trump	54.7 Biden	D +10.6
2016	44.8 Trump	51.4 Clinton	D +6.6
2012	52.9 Romney	46.1 Obama	R +6.8

Demography, Destiny, Politics



Here are the changing demographics of Fort Bend County, the second-most ethnically diverse large county in the United States.

FORT BEND COUNTY	2010		2019	
Total population	590,350	%	811,688	%
Hispanic or Latino	140,885	23.9	202,492	24.9
White	212,358	36.0	258,470	31.8
Black or African American	127,141	21.5	161,865	19.9
Asian	100,633	17.0	163,107	20.1
Two or more races	7,681	1.3	22,329	2.8

POLLING QUESTION 3

What large county in the United States has the most in common demographically with Fort Bend?

- a. Miami-Dade County, Florida
- b. Cook County, Illinois
- c. Queens County (borough), New York
- d. Alameda County, California

Demography, Destiny, Politics

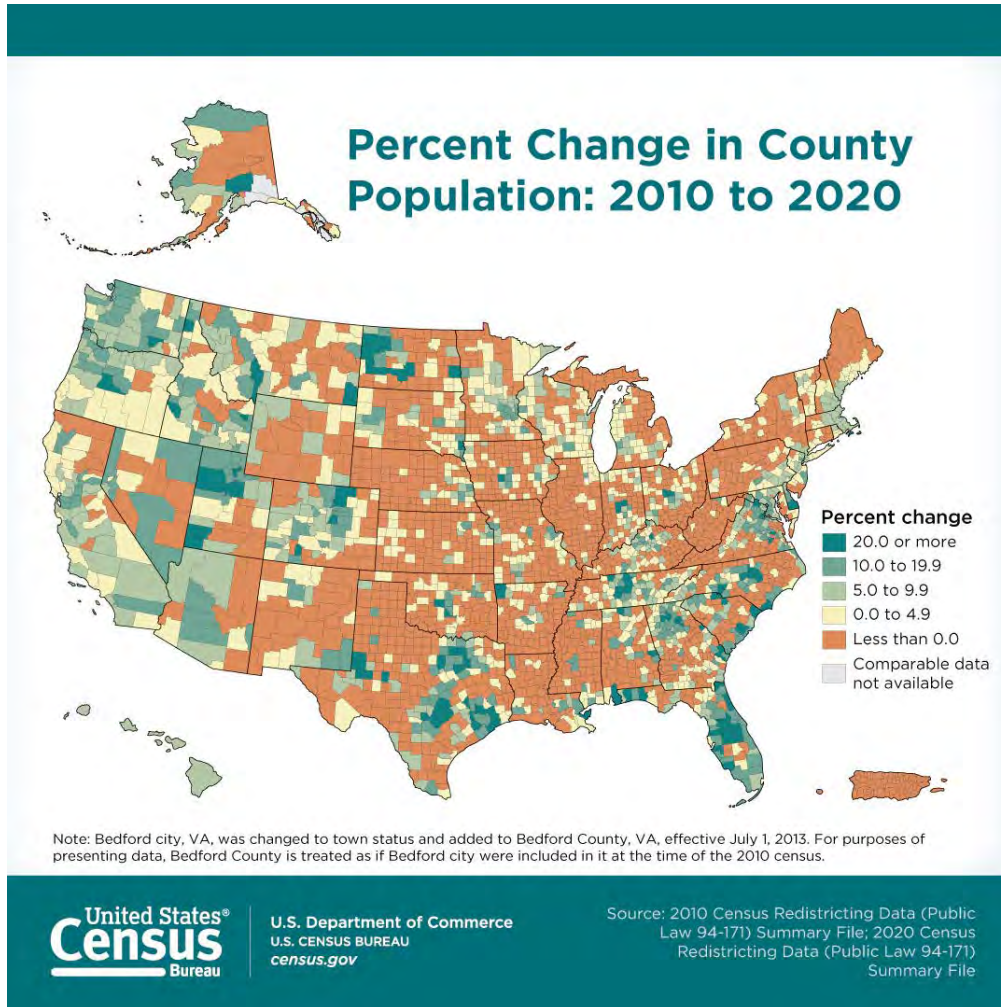
Queens, NY



Image by pixabay.com/users/stephenvancedaniels

DIVERSITY INDEX	FORT BEND		QUEENS	
Total population	811,688	%	2,253,858	%
Hispanic or Latino	202,492	24.9	635,588	28.2
White	258,470	31.8	561,211	24.9
Black or African American	161,865	19.9	466,549	20.7
Asian	163,107	20.1	606,288	26.9
Two or more races	22,329	2.8	67,616	3.0

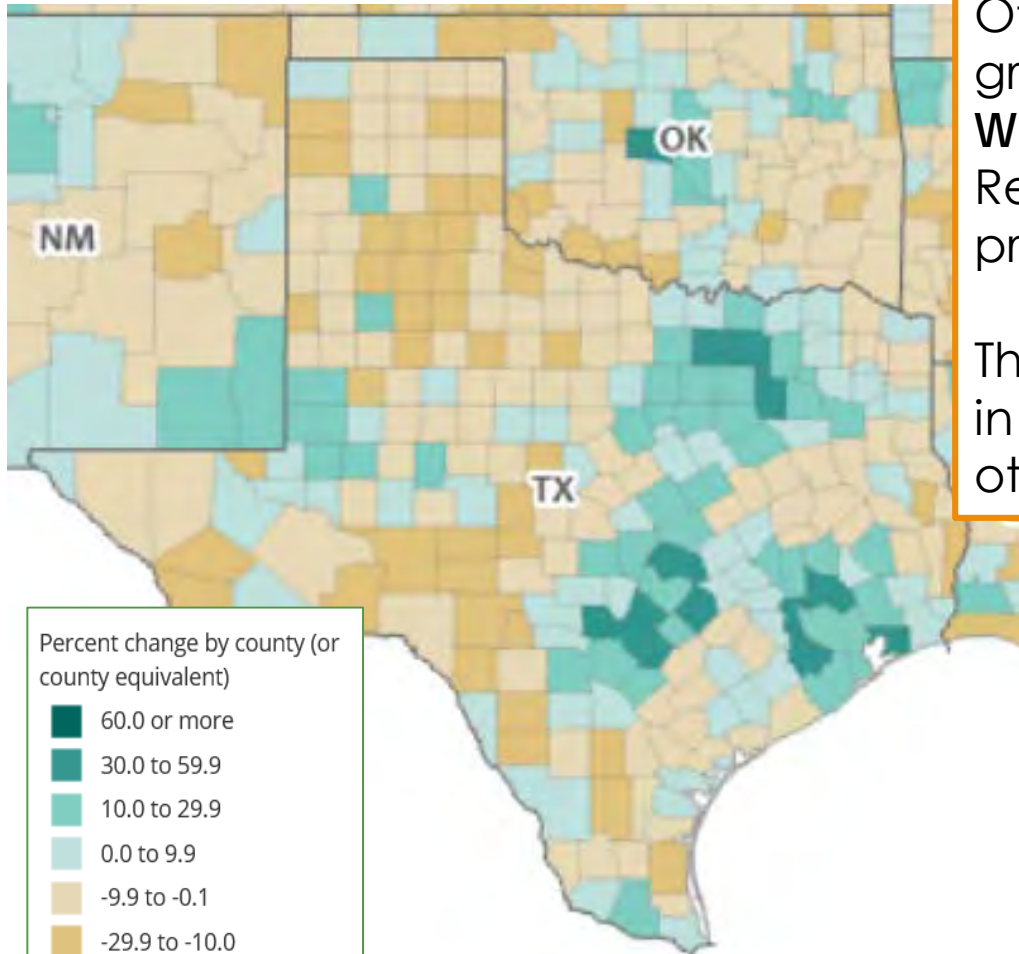
Demography, Destiny, Politics



Fastest-growing U.S. counties with 100k+ residents, 2010-2020:

1. Hays, TX +53%
2. Comal, TX +49%
3. Osceola, FL +45%
4. Williamson, TX +44%
5. St. Johns, FL +44%
6. Forsyth, GA +43%
7. Kaufman, TX +41%
8. Ft. Bend, TX +41%
9. Sumter, FL +39%
10. Rockwall, TX +38%

Demography, Destiny, Politics



Percent change by county (or county equivalent)

- 60.0 or more
- 30.0 to 59.9
- 10.0 to 29.9
- 0.0 to 9.9
- 9.9 to -0.1
- 29.9 to -10.0
- 30.0 or less

U.S. percent = 7.4

Of the 13 counties in the >30% growth club, **Hays** and **Williamson** switched from Republican to Democrat in the presidential race.

The Democrats gained ground in *11 of the 13 counties*. The other two were a wash.

- | | |
|-----------|------------|
| Bastrop | Hays |
| Chambers | Kaufman |
| Collin | Montgomery |
| Comal | Rockwall |
| Denton | Waller |
| Fort Bend | Williamson |
| Guadalupe | |

Demography, Destiny, Politics

So, the Texas Democrats had a great 2020 election night?



Photo by [rovenimages.com](https://www.rovenimages.com) from [Pexels](https://www.pexels.com)

Demography, Destiny, Politics

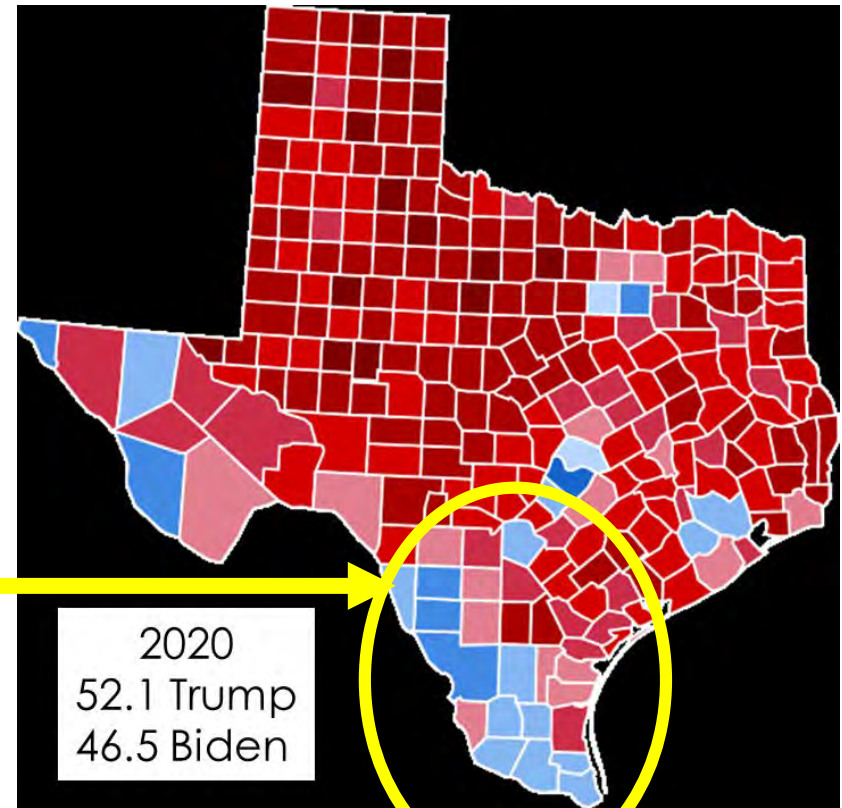
Uhm...not
exactly



Photo by [Ylanite Koppens](#) from [Pexels](#)

Demography, Destiny, Politics

- ❖ Republicans still have a winning streak in statewide offices that dates to 1994 (Bullock, Morales, Sharp...)
- ❖ Democrats picked up zero seats in the Texas House (including three close losses in Fort Bend County).
- ❖ Democrats picked up zero seats in the US House.
- ❖ Democrats lost ground in the RGV and among Hispanic voters generally.

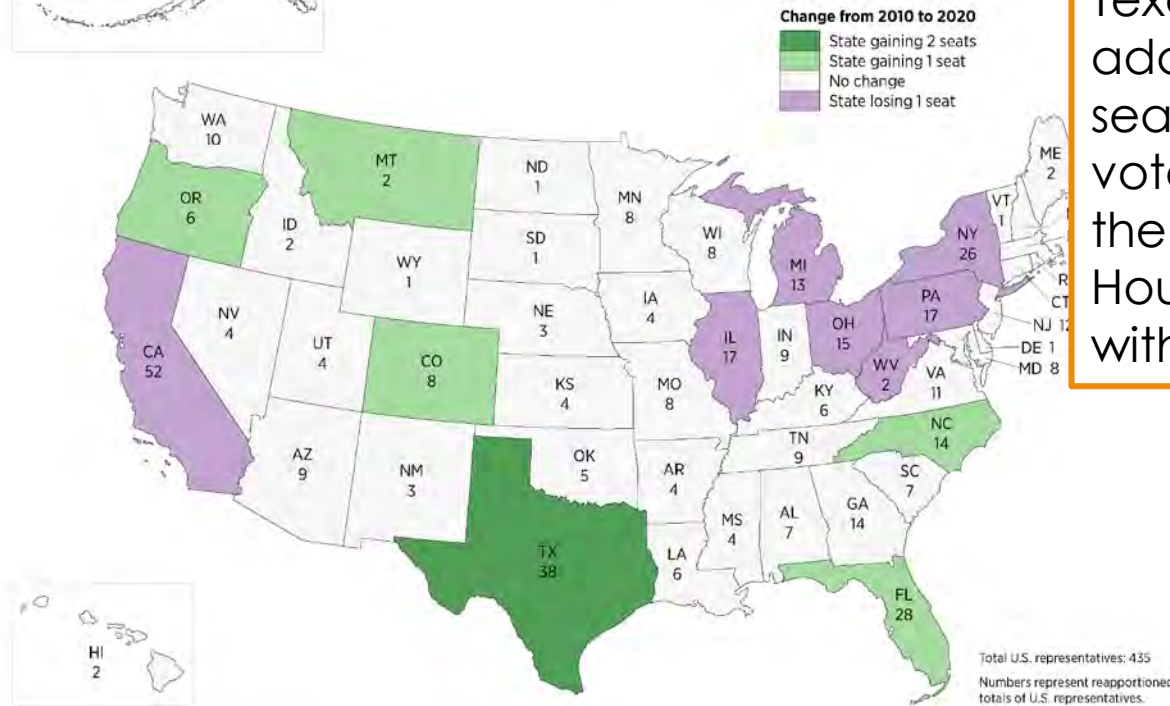


This leads us to the most important demographic change...

Demography, Destiny, Politics



**Apportionment of the U.S. House of Representatives
Based on the 2020 Census**



Texas is the only state to add two Congressional seats (and two electoral votes) at a time where the margin in the U.S. House is eight members, with three vacant seats.

Demography, Destiny, Politics



The people of Texas are not in the best of moods...

DIRECTION OF TEXAS (OCTOBER 2009 TO AUGUST 2021)



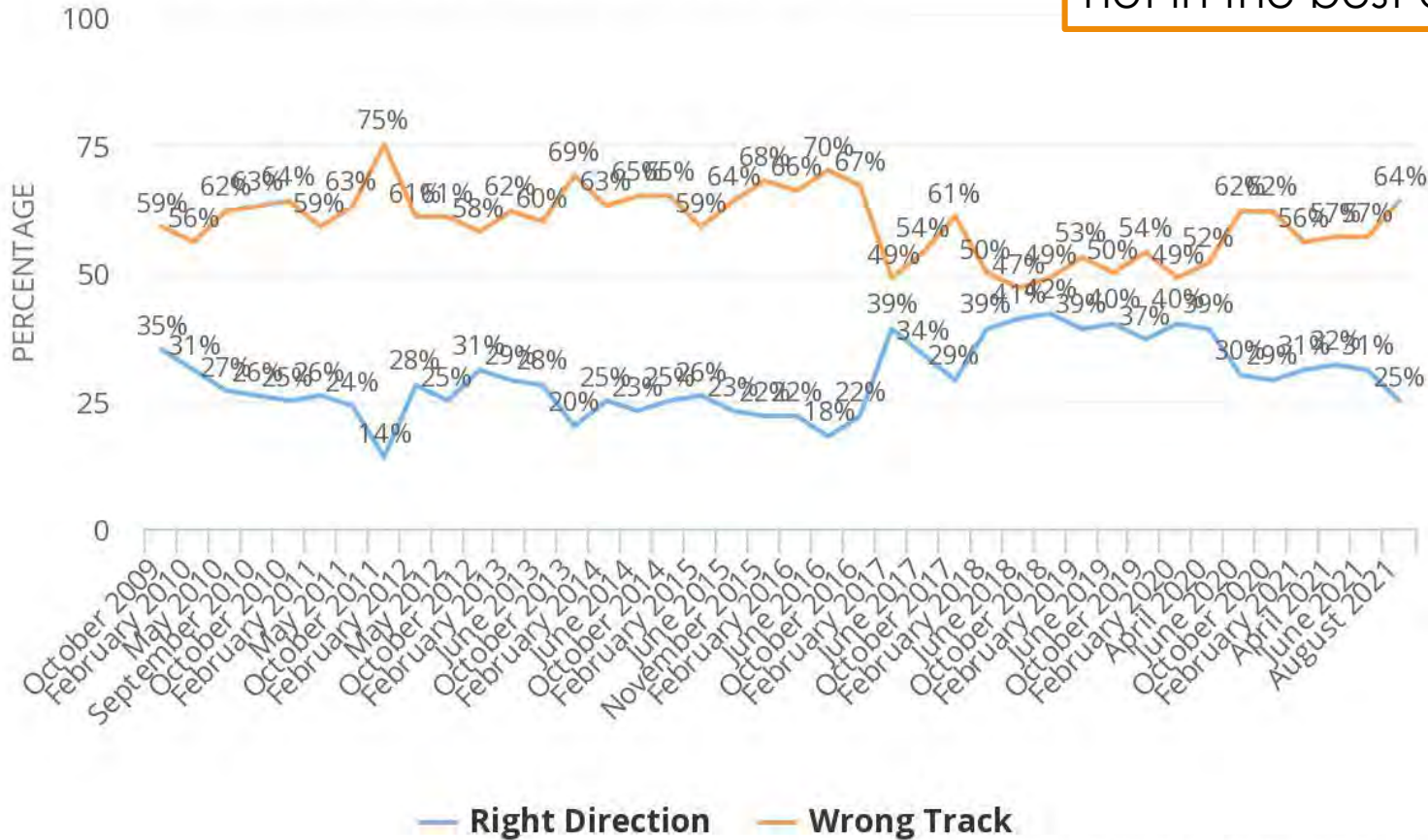
Source: University of Texas/Texas Tribune Polling.

Demography, Destiny, Politics



The people of Texas are not in the best of moods...

DIRECTION OF THE COUNTRY (OCTOBER 2009 TO AUGUST 2021)



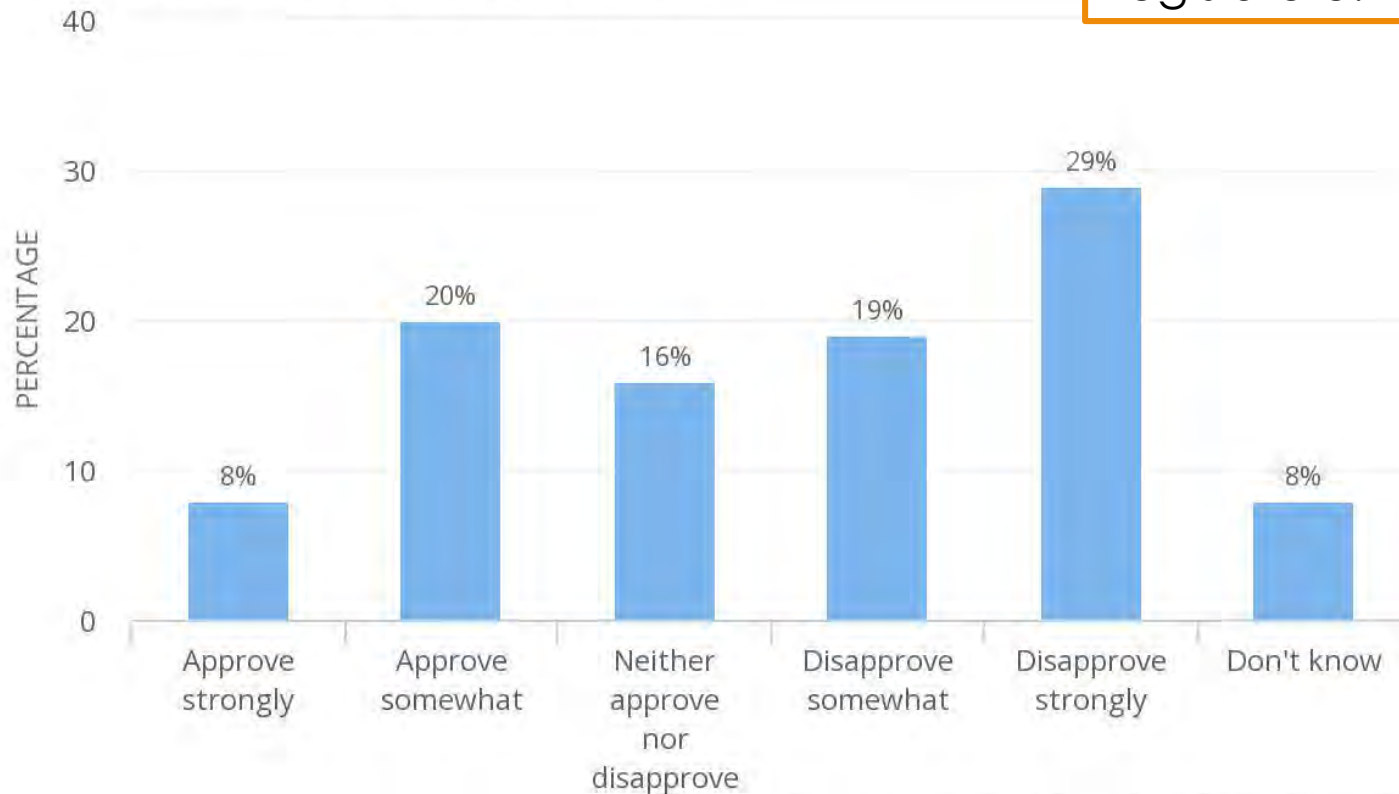
Source: University of Texas/Texas Tribune Polling.

Demography, Destiny, Politics

TEXAS LEGISLATURE APPROVAL (AUGUST 2021)

The Margin of Error for this Graphic is +/- 2.89%

They don't love the Legislature.



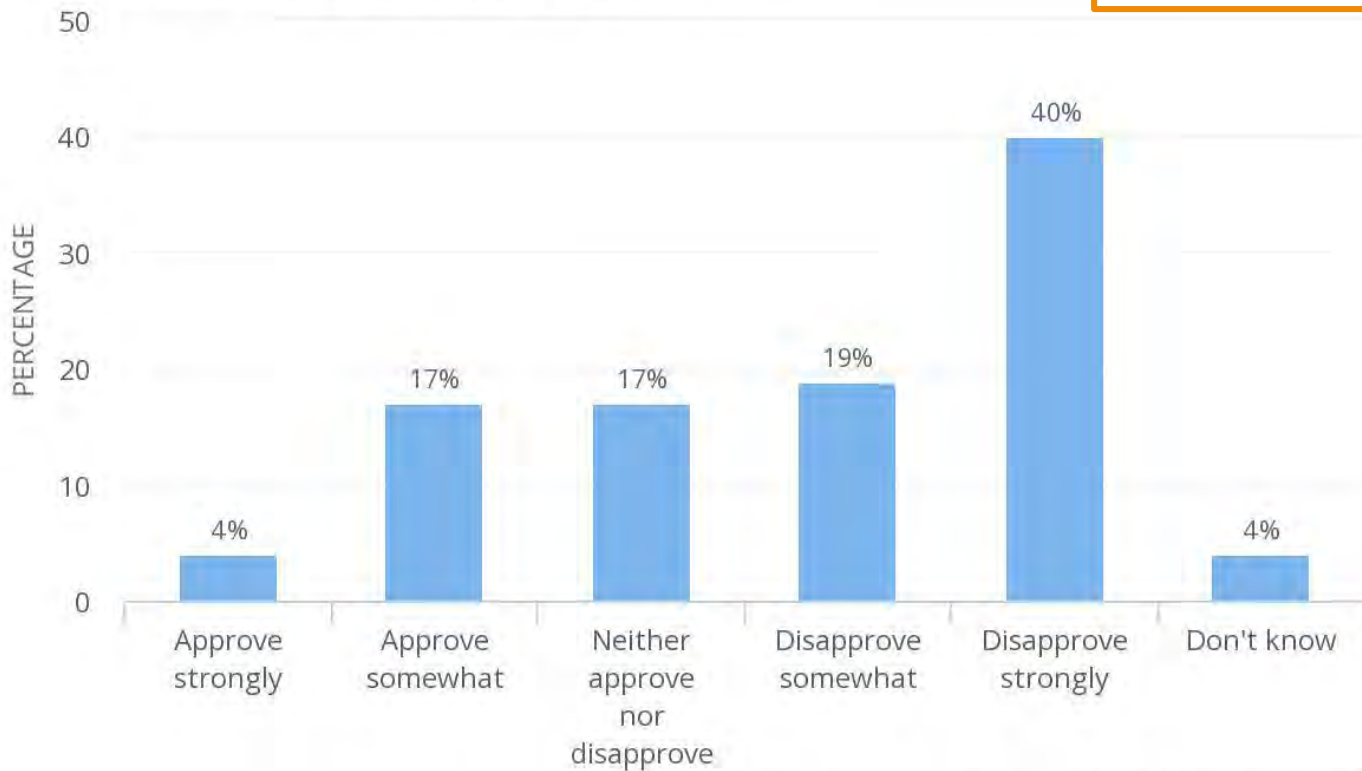
Source: August 2021 University of Texas/Texas Politics Project Poll

Demography, Destiny, Politics

U.S. CONGRESS APPROVAL (AUGUST 2021)

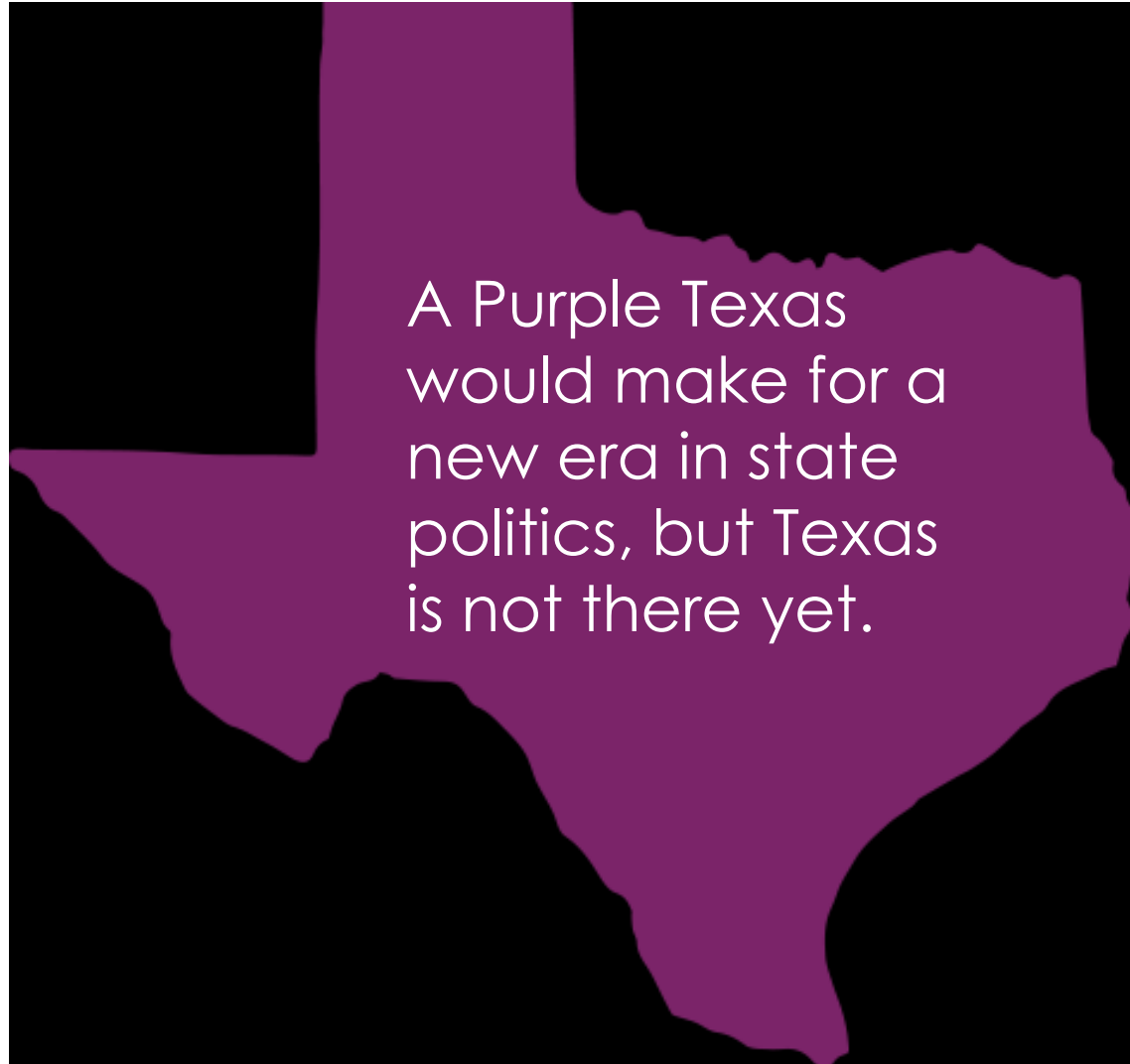
The Margin of Error for this Graphic is +/- 2.89%

They like Congress even less!



Source: August 2021 University of Texas/Texas Politics Project Poll

A final thought...



Thank you!





Questions?

Let's Connect

Adam Jones

State Government Practice Leader

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 [@capitoljones](https://twitter.com/capitoljones)



VIRTUAL WEBINAR

GOVERNMENT CPE SERIES



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