

# THE REPUBLIC

News Sports Living Fun Community Classifieds Search Subscribe! My Account E-Edition Contact Us About Us



## Texas economy thriving, but experts say better roads, education needed to keep it that way

By CHRIS TOMLINSON Associated Press  
March 30, 2014 - 10:34 am EDT

Share / Save

AUSTIN, Texas — Oil and gas production is up, construction is on the rise and unemployment is low. The Texas economy is strong with no trouble in sight, economists say.

Texans of a certain age have seen this before, and they know what usually happens next. Bust.

The question facing all Texans, then, is where might the next bust come from, and how can the state mitigate against it.

In the last 40 years, busts hit when oil prices collapsed in 1982 and when savings and loans collapsed four years later. Most recently, it was the Great Recession in 2007 that cost 400,000 Texans their jobs.

Economist Ray Perryman, whose clients range from private companies to political activists, told Texas lawmakers last week that Texas has bounced back better than any state in the nation.

"We've gained back roughly a million jobs," he told the House Business and Industry Committee. "In contrast to everybody else, we're doing very, very well."

Since Texas represents 8 percent of the nation's economy, the state's \$1.3 trillion in economic activity and 5.7 percent unemployment rate are two of the reasons the country is no longer in a recession.

Perryman told lawmakers the oil and gas boom is different than the one in the late 1970s that led to the state's worst modern recession in 1982. Back then, Texas oil and gas revenues skyrocketed because of troubles with OPEC, Iran and other Middle Eastern strife, not due to demand or increased production.

Texas oil and gas production peaked in the early 1980s at 1.2 billion barrels a year, but Perryman said few people realized that the higher prices were temporary. When other oil-producing nations boosted production, prices dropped and the Texas economy went down with them.

The hit to the Texas state budget was so extreme that lawmakers created the rainy day fund to be ready if another economic bust hit the state. The comptroller's office predicts that fund will have \$12 billion in it by the end of the 2014-2015 biennium.

This time the Texas oil and gas boom is driven by growing global demand for energy and new technologies that are boosting



### Medical Billing Coding

educationconnection.com

Free Certificate Information. Study Medical Billing and Coding

### Pipe Marking Wall Chart

### Nursing Asst Training

### New Home, No Down Payment

### The Texas Oil Kingdom

### Wholesale Steel Buildings

### Kate Middleton Photos

### Natural Gas Forecast 2014

**We also have more stories about:**  
(click the phrases to see a list)

**Category:**

- [Texas](#)

**Subjects:**

- [Economy](#)
- [Energy industry](#)
- [Government and politics](#)

production, such as hydraulic fracturing, Perryman said. This is much more sustainable and less likely to result in the overnight plummeting of revenues, he argued.

Perryman and other observers say the problem is not the commodity market pulling the rug out from under the Texas economy, but Texas' workforce and infrastructure not keeping up.

Texas is undergoing a dramatic demographic shift over the next 20 years, with the Hispanic community growing into the majority. Today, members of that community rank highest in reliance on poorly performing public schools and lack of health insurance.

Overall, the Texas Association of Business points out that only 25 percent of Texas public high school graduates are either career or college ready, and the group argues that less stringent high school graduation requirements will not boost that number. Democrats complain that the Republican-controlled Legislature has cut per-student spending in public schools and trails the national average.

Texas also faces major challenges in producing enough clean water, affordable electricity and uncongested roads to keep businesses operating smoothly.

Texas voters have approved a \$2.5 billion water infrastructure fund at the state level, but they will need to approve another \$26 billion in funding at the local government level to make sure the state has enough water in 2050, the water development board said.

In November, Texas voters will decide whether to approve taking \$4 billion from the rainy day fund for transportation projects. Experts at the Texas Department of Transportation say this is an important step, but far from sufficient to meet all the state's needs.

Perryman told lawmakers that while the economy is strong, they need to address those problems and look at the state's tax policies, including who they tax and how.

"We have to have a great transportation system and a great education system," he said. "Our revenue streams and our economic streams are not very matched up right now."

---

Follow Chris Tomlinson on Twitter at <http://twitter.com/cltomlinson>

**Think your friends should see this? Share it with them!**

Like Share Be the first of your friends to like this.

**All comments are moderated before posting. Your email address must be verified with Disqus in order for your comment to appear.**

**[View our commenting guidelines and FAQ's here.](#)**

[Click here to view comments on this story](#)

Story copyright 2014 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

**Feedback, Corrections and Other Requests:** AP welcomes feedback and comments from readers. Send an email to [info@ap.org](mailto:info@ap.org) and it will be forwarded to the appropriate editor or reporter.

- [Government business and finance](#) 
- [Government finance](#) 
- [Industries](#) 
- [Labor economy](#) 
- [Leading economic indicators](#) 
- [Recessions and depressions](#) 
- [State governments](#) 

#### Places:

- [Austin](#) 
- [Texas](#) 

#### Follow The Republic: