

A Report to the

Citizens of Texas

What's Inside

State Performance Measures	2
Accomplishments	2
Texas Finances	3
The Texas Economy:	4
Where We Are, Where We're Going	

Strengthening our Prosperity

Working together, we must set clear priorities that will help maintain our position as a national leader now and in the future:

Ensuring our state's economic competitiveness

Investing in critical water, energy and transportation infrastructure needs to meet the demands of our rapidly growing state

Ensuring excellence and accountability in public schools and institutions of higher education

Defending Texans by safeguarding our neighborhoods and protecting our international border

Increasing transparency and efficiency at all levels of government to guard against waste, fraud and abuse

This is Texas

Texas is home to the world's 13th-largest economy, successful companies in energy, agriculture, medicine and more — and is always a top choice for others looking to relocate.

Texas has been the leader in U.S. energy production for decades. With increasing interest in renewable and alternative energy sources, Texans have positioned themselves at the leading edge of new energy technologies.

Texas' economic success has spurred a growing population, one that expanded by 20.6 percent from 2000 to 2010.

The Texas Advantage

Business

- Texas was home to eight of the nation's 100 fastest-growing companies in Fortune magazine's 2010 rankings, second only to California.
- Texas ranked third among states in the friendliness of its policies toward entrepreneurship, and first among the 10 largest states in the Small Business & Entrepreneurship Council's 2010 *Small Business Survival Index*.

Energy

- In 2009, Texas accounted for about 30 percent of U.S. natural gas production and about 20 percent of U.S. crude oil production.
- Texas has more installed wind-generating capacity than any other state.

Demographics

- According to the 2010 census, more than 25 million people now call Texas home. That marks an increase of more than 4 million people during the last 10 years.
- Texas' population is expected to exceed 40 million by 2040.

Global Trade

- Texas is the nation's leading export state. From 2005 to 2010, its annual exports rose by more than \$73.5 billion, to a total of \$203 billion.
- Texas-based companies export to more than 200 countries, and Texas ports handle more than half of all U.S. imports and exports.

Employment Percent by Industry

Administrative & Support/Waste Management	6%
Construction	6%
Public Administration	6%
Accommodation and Food Services	9%
Manufacturing	9%
Educational Services	11%
Retail Trade	11%
Health Care and Social Services	12%
All other Industries	30%

Source: www.texasindustryprofiles.com/apps/win/

Texas by the Numbers

Calendar Year	Resident Population	Per-capita income	Non-farm Employment	Unemployment Rate (percent)	Public School Enrollment (for preceding school year)
2010	25,145,561	\$39,229	10,450,000	8.2	4,847,844
2009	24,749,300	\$38,163	10,479,800	6.8	4,671,493



State Performance Measures

The following performance measures show Texas' achievements in education, transportation and public health and safety – all key government services influencing and affecting residents' quality of life.

Selected Performance Measures	FY 2010 Targeted	FY 2010 Actual	FY 2009 Actual
Education			
Percent of Students Completing High School	83.9	89.2	89.5
Percent of Students Passing All Tests Taken	74.0	75.8	72.0
Natural Resources			
Percent of Private Land Acreage in Texas Managed to Enhance Wildlife	15.60	16.87	15.72
Number of Grant Assisted Projects Completed <i>Note: Grant assisted projects are local park acquisition, development, or construction projects that receive a state or federal matching grant.</i>	36	37	31
Public Safety			
Number of crimes committed per 100,000 population (Index Crime Rate)	4,583	4,600	4,495
Number of Emergency Incidents Coordinated	5,000	5,806	5,783
Public Health			
Prevalence of Tobacco Use among Middle & High School Youth in Target Areas of Texas	19.0%	22.3%	23.7%
Number of Women and Children Served (Family Violence Services)	80,942	79,060	77,739
Transportation			
Dollar Volume of Construction Contracts Awarded (Millions)	\$2,870.00	\$3,233.83	\$2,681.39
Number of Construction Projects Awarded	600	1,061	677

Source: Legislative Budget Board

Are there specific performance measures you would like to see reported on this page?

Please let us know by contacting the Comptroller's Fiscal Management Division at statewide.accounting@cpa.state.tx.us



A Report to the Citizens of Texas has won the Certificate of Excellence in Citizen-Centric Reporting from the Association of Governmental Accounting for the fiscal years 2008 and 2009.

Accomplishments

Financial Allocation Study for Texas

Public education spending consumes a huge share of Texas' state and local revenues. The 2009 Texas Legislature charged the Comptroller's office with conducting an unprecedented analysis — the Financial Allocation Study for Texas, or FAST — to study educational spending patterns and their link to student performance. Our groundbreaking report, *Connecting the Dots: School Spending and Student Progress*, identified Texas school districts that achieve strong student performance while keeping spending growth to a minimum.

Check out the full report on www.FASTexas.org for a unique analysis of public education spending and academic results.

Every Chance Funds

An economy as big as Texas' needs a large and well-trained work force. The Comptroller's *Texas Works* report detailed a widening gap between the skills required by Texas employers and the number of skilled workers in our state. To address this growing problem,

the Texas Legislature created a \$25 million Jobs and Education for Texans program to be administered by the Comptroller's office. The agency awards these Every Chance Funds in three categories:

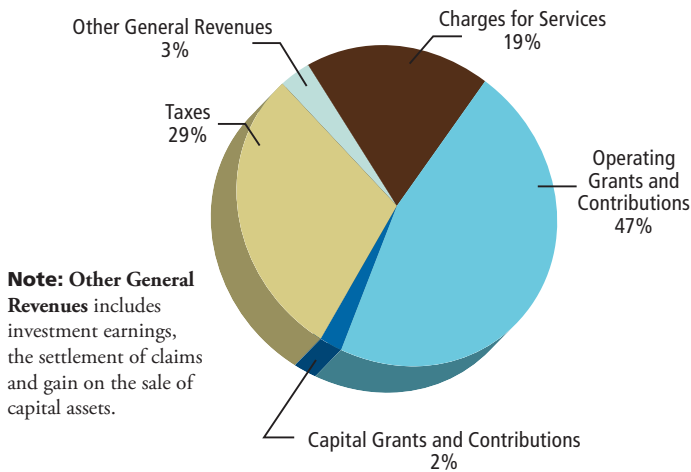
- *Job Building Fund* — \$10 million to help finance equipment purchases for new career and technical education programs. More than 40 public and community colleges received funding, which is expected to benefit more than 7,700 students.
- *Launchpad Fund* — \$10 million to support and expand existing nonprofit programs that prepare low-income students for careers in high-demand occupations. Launchpad funding is expected to help more than 4,500 low-income Texans seek technical training.
- *Career and Technical Scholarship Fund* — \$5 million to help students complete certificates or associate's degrees in high-demand occupations. It is anticipated that more than 5,000 students will receive scholarship funds.

Visit www.everychanceeverytexas.org/funds/ for complete program details.

Texas Finances

An audit of the state's financial statements resulted in a clean audit opinion. Complete financial information can be found at fm.xcpa.state.tx.us/fm/pubs/cafr.

PRIMARY GOVERNMENT SOURCES OF REVENUE



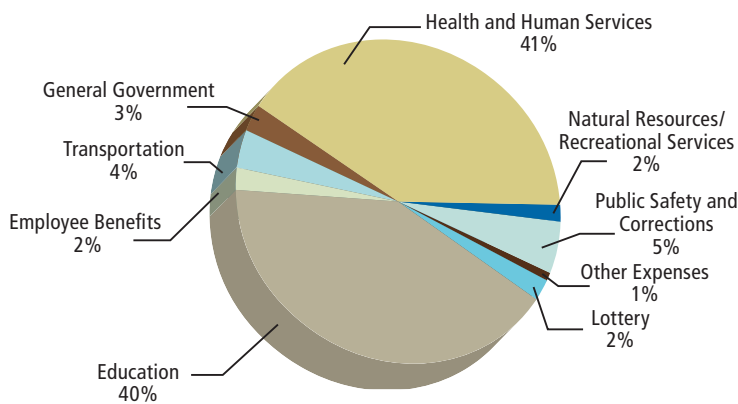
For the Fiscal Years Ended Aug. 31, 2010, and Aug. 31, 2009
(Amounts in Thousands)

	Total Primary Government		
	2010	2009	% Change
REVENUE BY SOURCE			
Charges for Services	\$ 22,765,454	\$ 21,087,533	7.96
Operating Grants and Contributions	56,440,821	36,024,012	56.68
Capital Grants and Contributions	2,758,852	2,715,520	1.60
Taxes	35,590,034	35,928,793	-0.94
Other General Revenues	3,895,693	2,804,795	38.89
TOTAL REVENUES	\$ 121,450,854	\$ 98,560,653	23.22

Operating Grants provide funding for the day-to-day operation of the state, including personnel, administration and other regular expenses.

Capital Grants provide funding for buildings, construction or equipment, rather than program or operating expenses.

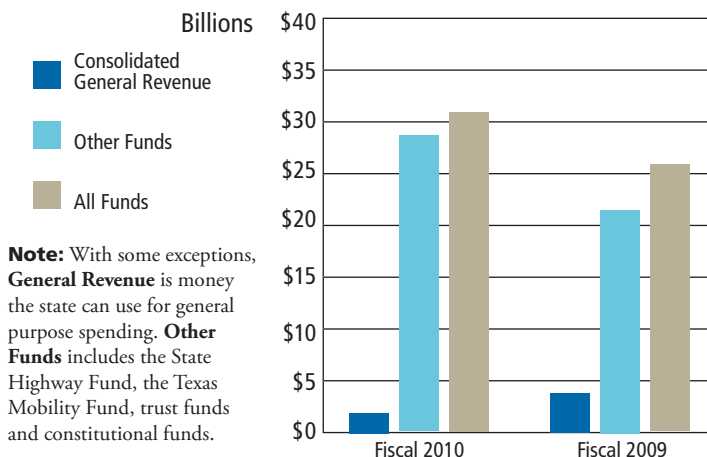
PRIMARY GOVERNMENT FUNCTIONAL EXPENSES



For the Fiscal Years Ended Aug. 31, 2010, and Aug. 31, 2009
(Amounts in Thousands)

	Total Primary Government		
	2010	2009	% Change
EXPENSES			
General Government	\$ 3,614,488	\$ 3,232,720	11.81
Education	48,288,168	45,087,827	7.10
Employee Benefits	2,452,865	1,887,597	29.95
Health and Human Services	49,313,643	43,032,292	14.60
Public Safety and Corrections	6,318,967	6,110,366	3.41
Transportation	4,353,809	4,246,107	2.54
Natural Resources/Recreational Services	1,913,349	1,978,492	-3.29
Other Expenses	1,202,871	971,586	23.80
Lottery	2,681,627	2,680,273	.05
TOTAL EXPENSES	\$ 120,139,787	\$ 109,227,260	9.99

ENDING CASH BALANCE



Ending Cash Balances in State Treasury All Funds Excluding Trust

For the Fiscal Years Ended Aug. 31, 2010, and Aug. 31, 2009
(Amounts in Thousands)

	2010	2009	% Change
Consolidated General Revenue	\$ 1,951,288	\$ 3,899,868	-49.97
Other Funds	28,698,146	21,899,543	31.04
All Funds	\$ 30,649,434	\$ 25,799,411	18.80

We value your
feedback!

Did you find this report informative?
Is there other information you'd
like to see? Please let us know
by contacting the Comptroller's
Fiscal Management Division:
statewide.accounting@cpa.state.tx.us

The Texas Economy: Where We Are, Where We're Going

2010

Jobs

The Texas economic direction reflected an overall positive change in 2010, particularly with employment numbers:

- Texas' nonfarm employment increased by 192,100 jobs from November 2009 to November 2010.
- Texas added jobs in eight of the state's 11 major industries in 2010, with the fastest rate of job growth in the oil and natural gas sector. The areas that added the most jobs were education and health services.
- The information industry, which includes broadcast media, telecommunications and Internet-based services, was the poorest performer.

Economic growth

Economic data indicated that Texas and the nation returned to economic growth in 2010.

- Texas' real gross state product (GSP) grew by 3.4 percent.
- The diversity of Texas industries, a relatively healthier housing market and strong export performance allowed the state to grow faster than the nation.

Exports

- Export sales reached an all-time high in 2010, accounting for 15.8 percent of the state's gross state product.
- Texas lead all other states in the value of its export trade.

2011 and Beyond

Challenges

The most recent economic forecast indicates continued improvement in 2011 and beyond that will be slower than normal due to an economic recovery that continues to struggle with these issues:

- High unemployment rates
 - Texas still has the second lowest unemployment rate of the 10 most populous states.
 - Texas is projected to continue with an unemployment rate below the national average.
- Cautious consumer spending
- Tight credit markets

Areas that will show gains

- Export sales
- Business investment
- Capital spending

Relatively strong recovery

Texas' recovery should outpace the nation due to:

- Continued net migration to the state
- Location in the nation's healthiest economic region
- An experienced workforce
- A growing energy industry
- A comparatively healthy housing market

Texas Economic Outlook for Fiscal 2010 through 2013

	2010	2011	2012	2013
Real Gross State Product – total value of goods and services produced (Billions)	\$1,271.0	\$1,327.2	\$1,382.7	\$1,452.6
Annual Percent Change	3.9	4.4	4.2	5.1
Personal Income (Billions)	\$979.1	\$1,023.7	\$1,067.0	\$1,114.4
Annual Percent Change	2.1	4.6	4.2	4.4
Nonfarm Employment	10,300,830	10,447,001	10,652,405	10,911,531
Annual Percent Change	-1.0	1.4	2.0	2.4
Resident Population	25,196,099	25,650,312	26,088,226	26,514,267
Annual Percent Change	1.9	1.8	1.7	1.6
Unemployment Rate (percent)	8.3	8.2	7.7	7.1

Gross State Product is a measure of the total value of goods and services produced in Texas.

Nonfarm Employment represents the number of jobs in the economy, not including jobs relating to the farming industry.