



Texas 2036 and the 89th Legislature

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TEXAS **2036**

Who We Are

**Texas 2036 is a nonpartisan, nonprofit
public policy organization**

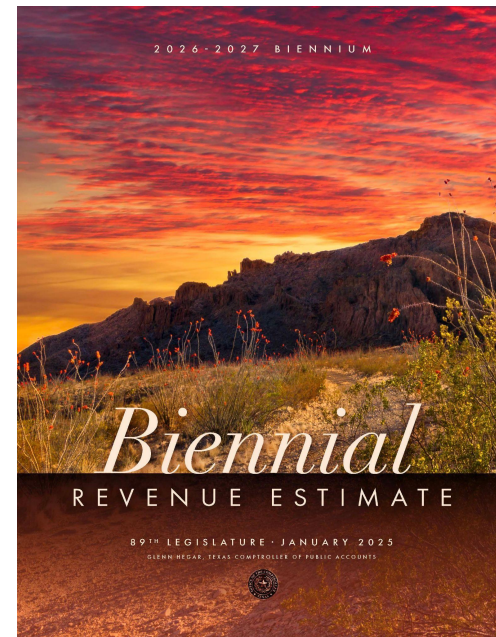
focused on advancing data-driven strategies and policies that will advance the prosperity and opportunities for all Texans and make it the best environment for its people and enterprises as we approach Texas' bicentennial.



The 89th Texas Legislature So Far

State Budget

- BRE (Biennial Revenue Estimate) released Monday, 1/13
 - Buoyed by a \$23.8 billion carryover fund balance, Comptroller Hegar projects \$194.6 billion available for “general-purpose spending”
- Relevant spending limits finally set
 - LBB members used projected 8.93% economic growth rate to set boundaries on the growth of spending.



Governor Abbott's State of State Address, 2/2/2025

Emergency Items:

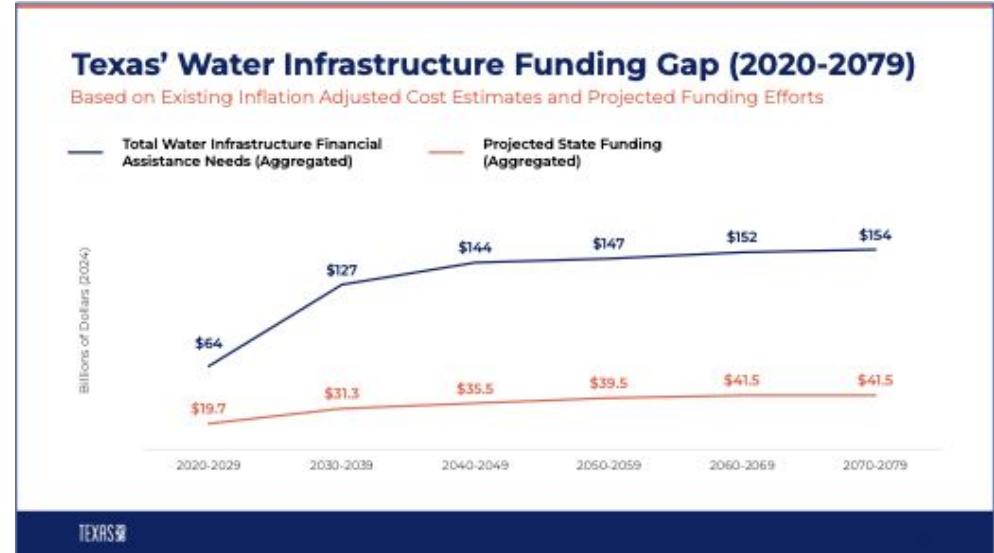
- Water Infrastructure Investment
- Teacher Pay Raises
- Career Training
- Creation of a Texas Cyber Command
- Property Tax Relief
- School Choice
- Bail Reform



Texas 2036 Budget Priorities and Areas of Focus

Texas 2036 Top Budget Priorities

- Creating a Dedicated Revenue Stream to Address **Water** Infrastructure
- Fully Funding Newly Implemented HB8 (88R) **Community College Finance** Reforms
- Information Technology and Staffing to Fully Operate the Texas **All Payers Claim Database**
- **Child Care and Workforce Data** Modernization at Texas Workforce Commission
- Increasing Access to High-Quality **Math Professional Development**
- Improving **Judicial Data** Systems



2025 Legislative Session: Texas 2036 Areas of Focus

- Water Infrastructure
- College and Career Readiness
- Health Care Affordability
- Improving Correctional Education, Workforce Readiness
- Housing Supply and Affordability

Other areas of engagement include:

- Childcare
- Energy Expansion
- Emerging Technologies



Water Infrastructure

Reality for Texans Today

Texas faces a **long-term water supply deficit** if it does not develop enough new water supplies and is hit with another long, severe drought. In addition, aging water systems in need of repairs place a significant strain on our state's resources.

American Society of Civil Engineers (ASCE) grades for Texas:

- C-** drinking water infrastructure
- D** wastewater infrastructure
- \$154** billion will need to be spent on water needs over the next 50 years

Policy Opportunity

Create a dedicated revenue stream to address long-term economic needs for continuous, adequate water supplies and reliable infrastructure.

College and Career Readiness

Reality for Texans Today

Recent changes to the K-12 and community college funding systems have the potential to dramatically accelerate the number of Texas students earning a postsecondary degree or credential. However, these updates have not yet been fully aligned for maximum impact.

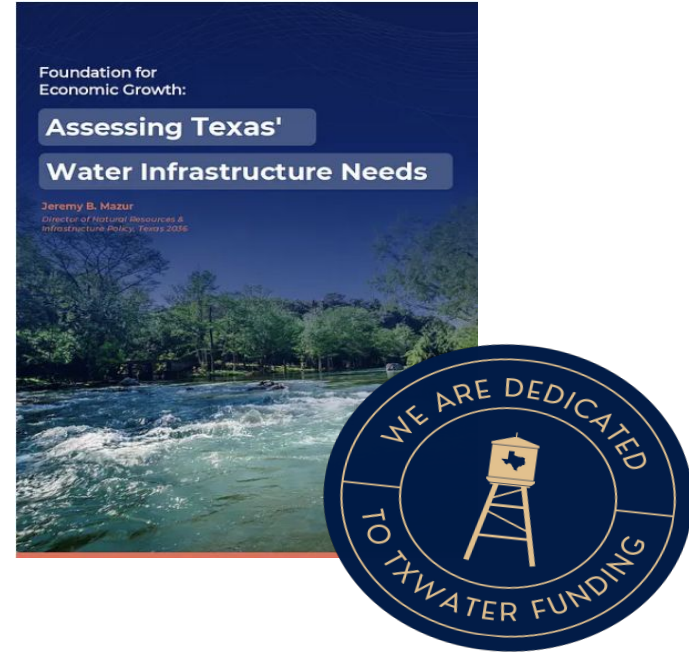
- 90%** high school graduation rate
- 76%** of graduates achieve college or career readiness benchmarks
- 36%** actually go on to earn a postsecondary degree

Ensure the K-12 system is aligned with workforce demands and incentivizing opportunities for students to earn a family-sustaining wage upon high school graduation.

Improve the quality of mathematics instruction to prepare students with the math skills needed to be successful and competitive in the 21st century.

Water Infrastructure

- Both the House and the Senate have filed base budgets that include \$2.5 billion for water supply & infrastructure, including flood projects.
- This represents the largest single infusion of water infrastructure funding in Texas history.
- Texas 2036 will continue to press for this funding to be accompanied by a long-term water funding strategy
- This long-term strategy is essential to fully address our state's growing needs and the \$110 billion water infrastructure funding gap anticipated over the next 50 years.



Water Infrastructure

- In recent months, Texas 2036 has collaborated with an **expanding coalition** of business and industry partners to build momentum and drive long-term solutions to Texas' water infrastructure challenges.
- A letter from our **Texas Water Funding Coalition** went out to all 181 legislative offices last week



To: 89th Texas Legislature

February 10, 2025

Dear members,

Earlier this month, Texas Governor Greg Abbott announced the need for a "Texas-sized" investment towards the state's water infrastructure needs. In declaring an emergency item in his State of the State address, the Governor called for a "generational investment" – "the largest investment in water in the history of Texas" – to "put Texas on a path to have plenty of water for the next 50 years." The Governor's call for action echoes similar calls for water investment from Lieutenant Governor Dan Patrick and Speaker Dustin Burrows.

These calls to address our long-term water needs couldn't come at a better time. Texas faces two long-term water infrastructure challenges. First, we must expand our water supply portfolio for a drought-prone and growing state. Second, and equally as important, Texas must address the problem of aging, deteriorating, and leaking drinking water and wastewater systems that are becoming liabilities to the communities that they serve.

The continuation of Texas' economic miracle depends on the reliability of our water infrastructure. Given its importance to future growth and prosperity, the Legislature and state leaders have the historic opportunity to dedicate a portion of existing state revenues towards addressing Texas' long-term water infrastructure challenges.

The following organizations support investing in our state's water infrastructure, including the creation of a long-term, dedicated revenue stream for water. If approved in 2025, this revenue stream would provide the Texas-sized investment needed to secure both Texas' water future and the continued promise of the Texas Economic Miracle.

Regards,

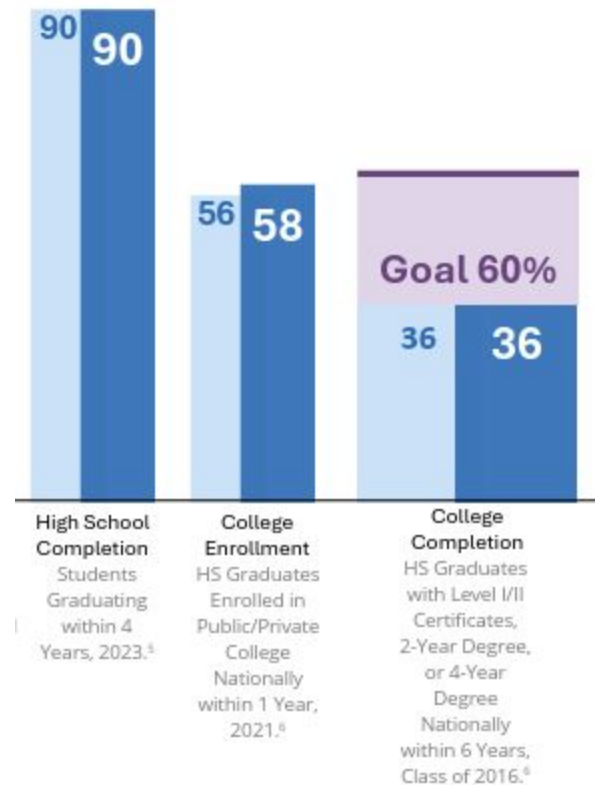
Texas Water Funding Coalition

For more information:
www.texas2036.org/txwater-funding



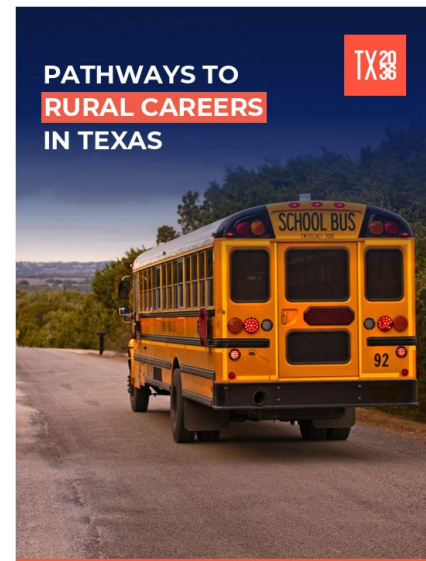
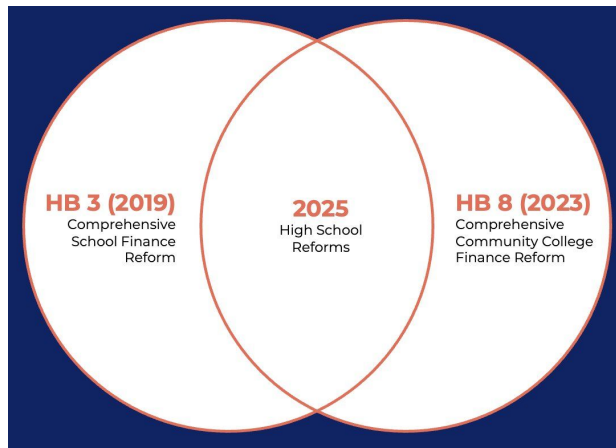
Workforce Connectivity in High School and Community Colleges

- **The problem:** Too few students enroll in postsecondary education (58%), and too **few Texas students are earning a postsecondary credential (36%)**. Labor market projections anticipate 60+% of students will need postsecondary credentials by the 2030s.
- **The goal:** Every Texas High School student should have the opportunity to earn a **career-aligned, postsecondary credential of value** before they graduate



Workforce Connectivity in High School and Community Colleges

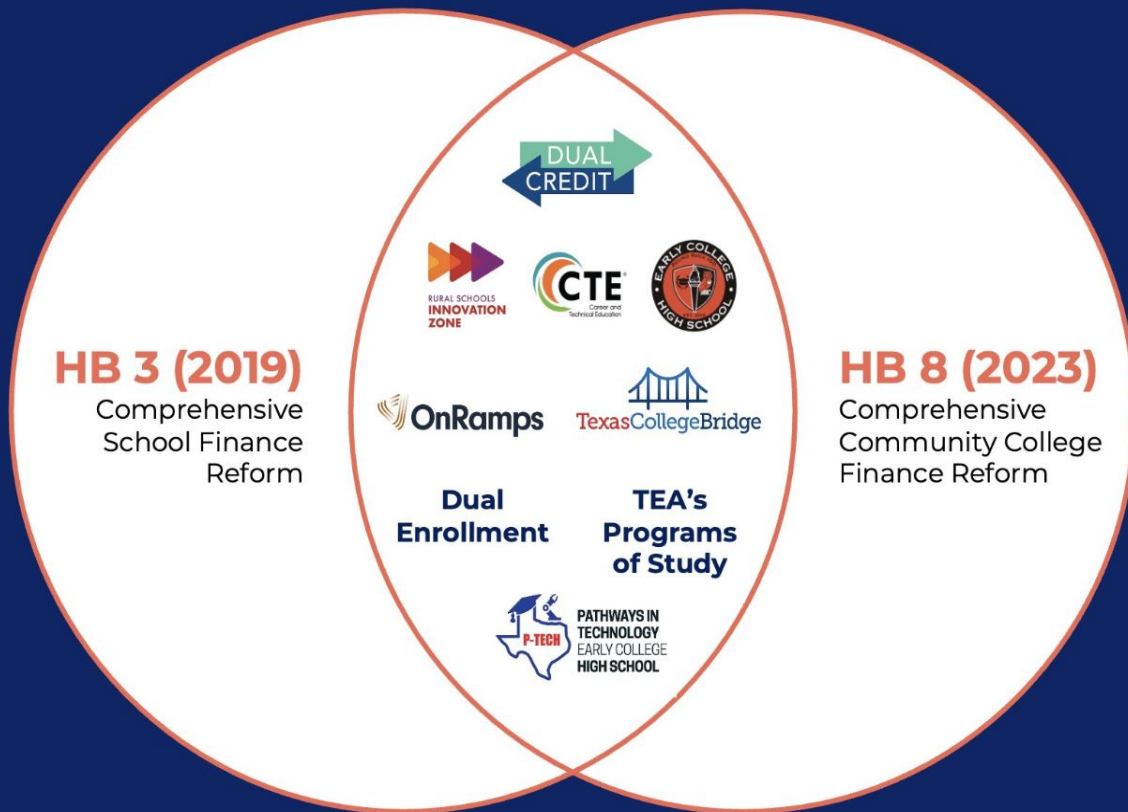
- **Fully funding HB 8's community college reforms** this session and ensuring it is optimized to meet local job market needs, especially in rural Texas, will help students graduate with credentials of value that boost economic mobility.
- Expansion of **workforce programming and career training**, especially through initiatives like Pathways in Technology Early College High Schools (P-TECH) and Rural Postsecondary Education Program (R-PEP)



Workforce Connectivity in High School and Community Colleges

There are already many programs that span the gaps between House Bill 3 and House Bill 8.

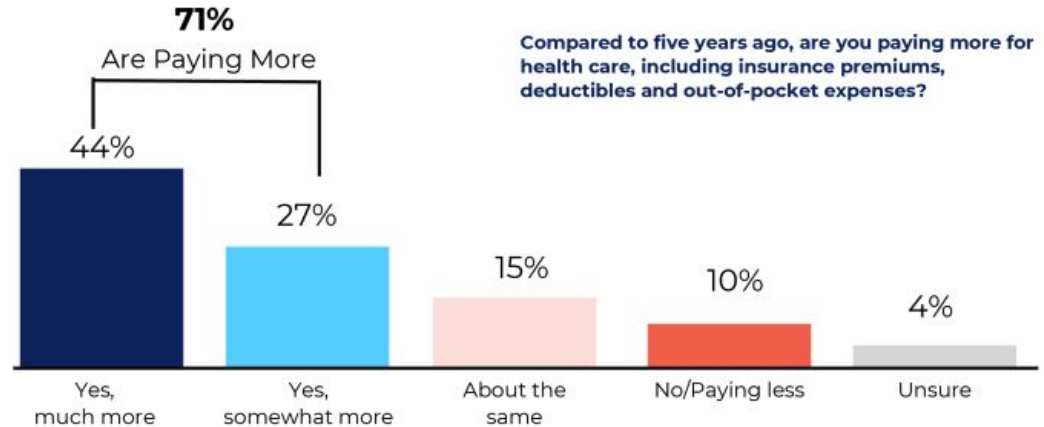
But, these programs need to be **scaled, synchronized to workforce need, and improve more students' outcomes** in order to make lasting change.



Health Insurance Coverage and Health Care Affordability

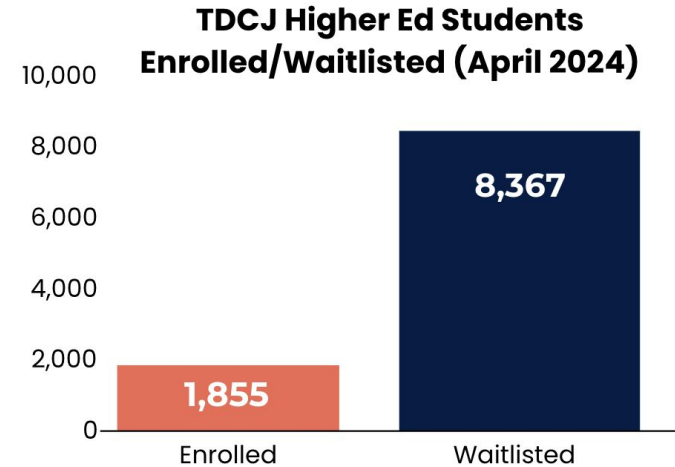
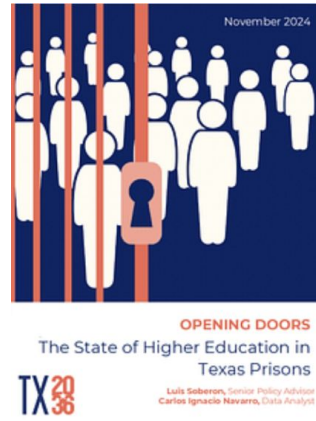
- **Coverage:** Focus on the eligible-but-unenrolled
- **Affordability:** Focus on translating transparency into ability to act

Pocketbook issues have been front-and-center this year, making health care affordability a key issue.



Correctional Education and Workforce Readiness

- Expand access to **workforce aligned credentials** to help incarcerated adults find jobs post release.
- Improve **state data integration** between TDCJ, THECB, and TWC to better evaluate outcomes and improve programmatic offerings.



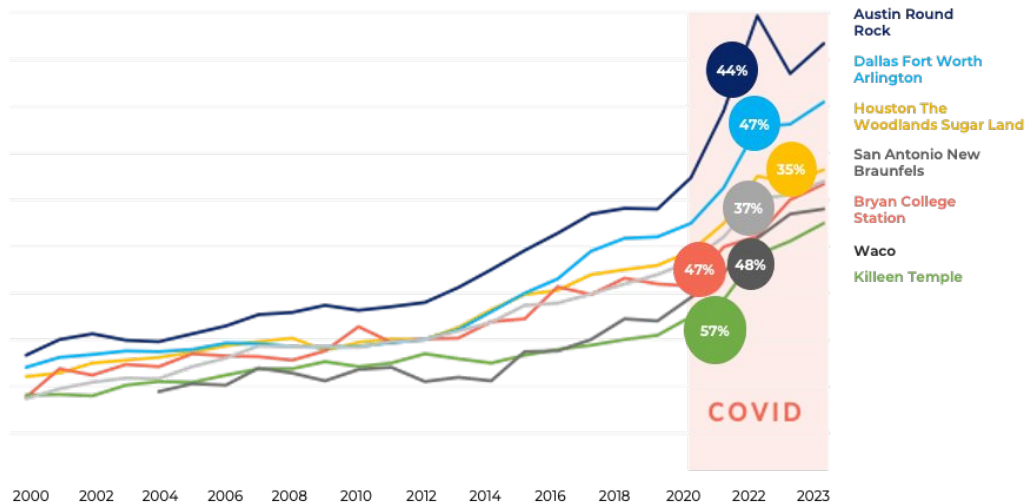
Source: Texas Dept. of Criminal Justice via public Information request

Housing

To increase housing supply & affordability

- reform outdated petition processes
- reduce regulatory barriers
- embrace innovation in building design and materials

Texas Home Prices Are Unaffordable for the Median Household



Other Areas of Engagement

- **Childcare:** Improve governmental data systems with a focus on timeliness, interoperability, and regional needs
- **Energy Expansion:** Pursue an “all of the above” energy strategy as part of its energy expansion.
- **Emerging Industries:** Lead in the responsible adoption and growth of emerging technologies in industries such as AI, aerospace, and energy

Thank you.

TEXAS²⁰₃₆