







Building the Next Texas Century

2027 Policy Playbook

TEXAS 2036

OUR VISION

Texas is the best place to live, work and raise a family.

OUR MISSION

Texas 2036 identifies and advances data-driven policies that will improve lives and expand opportunities for all Texans.

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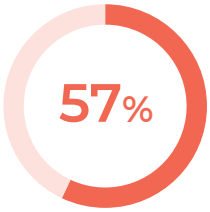
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Texas is Growing: Can The State Keep Up?

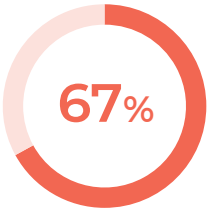
As Texas approaches its bicentennial, **the state stands in a position few others ever reach: large, growing and globally impactful** — yet still full of endless possibility. Over the past quarter century, **Texas has grown into the nation's second-largest state economy,** expanded its share of the national economy and demonstrated a capacity for growth that continues to draw people, businesses and investment from across the country and around the world.[1] On the global scale, the Texas economy would now rank eighth among nations.[2] For millions of families and employers, Texas remains a place where ambition can become opportunity.



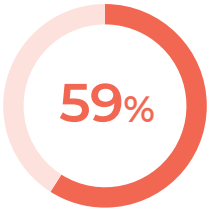
The same growth that has powered the state's success is placing new demands on the systems that make prosperity possible. A larger population requires stronger schools, a deeper talent pipeline, more reliable infrastructure, affordable foundations for family life, and a state government capable of managing public resources efficiently and measuring whether programs are delivering results. **The Texas Miracle is real, but its continuation is not guaranteed.**



believe Texas will have a stronger economy than the rest of the United States over the next four years.[3]



are extremely or very concerned about the future of Texas.[3]



confident there will be good opportunities to use their skills, earn a living, and get ahead.[3]

Texans understand this tension. A majority believe Texas will have a stronger economy than the rest of the United States over the next four years. Most remain confident that there will be good opportunities to use their skills, earn a living, and get ahead. Yet that optimism is paired with real concern: two-thirds of Texas voters say they are extremely or very concerned about the future of the state.

That is the central challenge of this playbook:

To help Texas convert confidence in its economy into confidence in its future.

Building the next Texas century will require more than a single legislative session, a single budget cycle, or a single policy victory. The state's most important challenges are connected across systems and unfold over time. A student's path from early learning to a good-paying job depends on K-12 preparation, postsecondary alignment, workforce data and employer demand. A family's ability to thrive depends not only on income but also on the affordability of healthcare, the availability of childcare, and the strength of local opportunity. A growing economy depends on water, energy, resilience, and the public systems that plan for the long term. And none of these priorities can succeed without a government that connects information and coordinates action across agencies, measures results, directs resources toward what works, and follows through on reforms from adoption through implementation.

1. The Texas Economic Miracle report (2026) describes Texas' growth from 2000 to 2025 as exceptional in magnitude and velocity, including Texas becoming the second-largest state economy and expanding its share of U.S. GDP. | 2. Office of the Texas Governor, "Top Texas Touts: Economy," accessed July 6, 2026. The page reports Texas' economy at an estimated $2.9 trillion, ranking eighth globally when compared with national economies | 3. 10th Texas Voter Poll, conducted Aug. 22–26, 2026, by Baselice & Associates for Texas 2036; 1,369 completed interviews; effective sample size after weighting: 1,001 (margin of sampling error: ±3.1 percentage points).

Our 2027 Playbook identifies the conditions Texas must strengthen to improve lives, expand opportunities and sustain prosperity through the bicentennial and beyond. This is a pragmatic framework for defining challenges with credible data, translating evidence into practical solutions, building understanding among stakeholders, supporting state action, measuring whether implementation is delivering results, and using those results to improve policy over time.

The work is organized across four areas:

Education and Workforce for the Future

Focuses on whether Texans can develop the knowledge, skills and credentials needed to succeed in an evolving economy.



Foundations for Prosperity

Concentrates on the economic mobility conditions, including healthcare and childcare, that allow families to thrive.



Infrastructure for Growth

Centers on the physical systems and natural resources that make sustaining Texas' success possible.



Government Performance and Accountability

Ensures state government can manage resources efficiently, connect data across agencies, measure results and address long-term challenges with fiscal discipline and accountability.



Texas has every reason to be optimistic. The state has the people, resources, institutions and economic momentum to make its third century its strongest yet. But optimism must be matched with focus. Growth must be matched with preparation. Ambition must be matched with execution.

The next Texas century will not be built by assuming the future will take care of itself. It will be built by making deliberate choices now — choices that strengthen opportunity for Texans in every region, preserve the foundations of economic growth, and ensure state government can meet the demands of a larger, more complex, and more dynamic Texas.

This playbook is offered in that spirit: **grounded in data, actionable today, and built around the belief that Texas' greatest days are still ahead.**



Education and Workforce for the Future

Texas' future prosperity depends on whether every Texan can see a path to a good life in the state — one that offers purpose, stability, economic mobility, and the ability to support a family. A strong education and workforce system must do more than move students through institutions; it must help every Texan prepare for the opportunities that will define the next century. That means delivering a system where students can succeed with strong academic outcomes, preparing young people for college, career or military service, and ensuring that postsecondary credentials lead to real opportunity. The state must also be able to measure whether its investments are producing those results using timely connected data across K-12, higher education, workforce programs and the labor market to give Texans greater transparency into outcomes. At the same time, these systems must respond to a changing economy without losing sight of the people those systems are meant to serve. The promise of making it in Texas is not simply that employers can find the talent they need, but that Texans in every community can build the skills and credentials to pursue the futures they want. Building the next Texas century will require an education and workforce system that is rigorous, flexible, accountable for results, and connected to the opportunities Texas students, workers and families are working toward.



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Reinforcing K-12 Academic Foundations

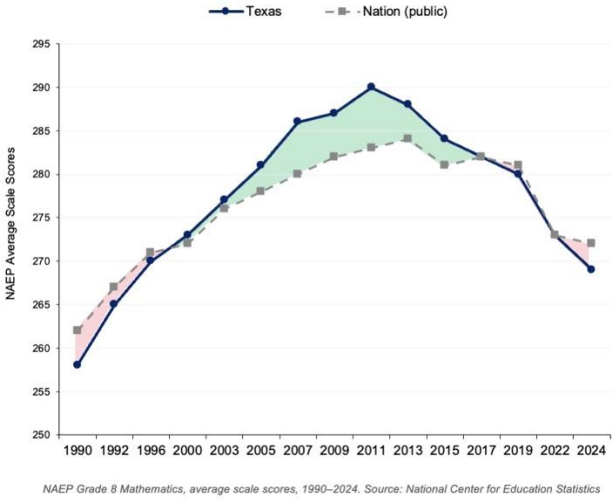
WHAT THE DATA SHOWS

Despite steady growth on the 2026 State of Texas Assessment of Academic Readiness (STAAR) exam for grades 3-8, **roughly half of Texas students are meeting grade-level expectations across all subjects** — including 55% in reading and 43% in math.[1]

Further, in 2024, Texas eighth graders received their lowest score on the National Assessment of Educational Progress (NAEP) math exam since 1996. From their peak score in 2011, Texas eighth graders have since fallen 21 points — roughly two grade levels of learning — and now trail the national average. Ensuring Texas becomes the best state in the nation for public education requires data-driven strategies to increase academic proficiency, so all students have the skills needed to be successful.

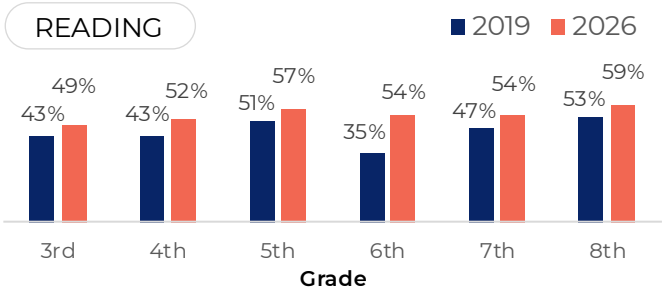
Texas vs. National Average: NAEP Grade 8 Math Scores

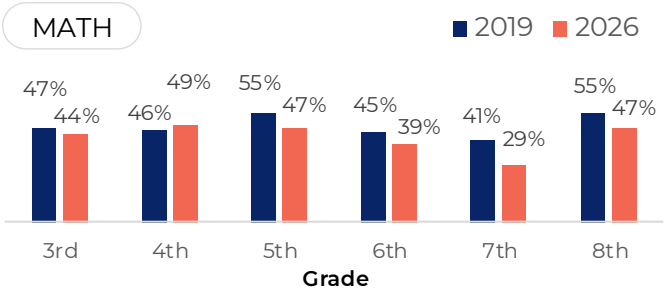
Texas outpaced the national average for most of the 2000s and 2010s but has trailed in recent years.



NAEP Grade 8 Mathematics, average scale scores, 1990–2024. Source: National Center for Education Statistics

Percent of Students on Grade Level on the STAAR Test





WHAT TEXANS THINK

79%

of Texas voters favor schools being required to provide parents with notice about whether their child is learning at grade level beginning in kindergarten.[2]

71%

of Texas voters support clear, consistent A–F accountability ratings for school districts and campuses, with just 12% opposed.[3]

Texas has built a stronger foundation for improving student outcomes through investments and reforms focused on high-quality instruction, effective teachers and targeted academic support. The task now is to stay focused on what improves student learning, use evidence to refine those efforts and expand proven approaches. Sustaining that focus can turn recent reforms into lasting progress in reading, math and preparation for success after high school.

1. Texas Education Agency, "2026 STAAR Results," accessed at: tea.texas.gov/data-reports/student-assessment-results/2026-all-combined-staar-results.pdf. | 2. 8th Texas Voter Poll, conducted Nov. 16-20, 2024, by Baselice & Associates for Texas 2036; reported survey base: 1,001 (margin of sampling error: ±3.1 percentage points) | 3. 9th Texas Voter Poll, conducted Sept. 25–Oct. 1, 2025, by Baselice & Associates for Texas 2036; 1,001 registered Texas voters (margin of sampling error: ±3.1 percentage points)

RECOMMENDATIONS

Ensure Rigorous Assessments and Accountability

- Provide parents, educators and policymakers with timely, comparable information about student learning through rigorous statewide assessments and clear A–F ratings that accurately measure and report meaningful student success.
- Strengthen parent-facing transparency on school finance and student outcomes to foster better parent and community engagement, including through plain language notices of their student's grade-level standing.
- Strengthen local school board governance and its accountability to student achievement by providing necessary tools, training and student performance data.
- Preserve and improve the rigor of the state's assessment and accountability system for school systems and student achievement, with the goal of meeting the state's responsibility to ensure all students in Texas have access to a high-quality public education.

Advance Sustainable and Transparent Funding

- Build on the innovative and outcomes-focused elements of the school finance formulas to better align state dollars toward improving student outcomes.
- Evaluate shifts in school system enrollment and promote options that prioritize the needs of students and families.
- Ensure all education systems that receive taxpayer money are held accountable for student outcomes to both parents and taxpayers.

Build Academic Foundations and Strengthen Leaders

- Identify reading and math needs in the earliest grades and connect students to evidence-based supports funded by the state.
- Preserve and grow incentive funding for additional instructional days and summer learning. Remove barriers to district implementation.
- Sustain and advance a comprehensive educator preparation pipeline, including increasing the Teacher Incentive Allotment and teacher pay. Address uncertified-teacher growth through high-quality certification and apprenticeship routes.

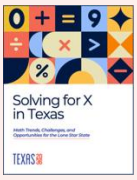
Expand Access to High-Quality Options and Supports

- Advance high-quality instructional materials (HQIM) and support their sustained funding, with a focus on successful district implementation.
- Sustain evidence-based tutoring and keep funding flexible, including high-quality virtual and family-directed options.
- Provide students with viable paths to attend a high-quality public school, including through expanded enrollment options for students outside of their attendance area boundaries.

Strengthen Math Proficiency and Standards

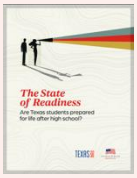
- Extend Math Academies to teachers of 4th–8th grade, including a dedicated concentration for accelerated math.
- Establish a Texas Math Coaching Corps to train teachers in evidence-based math instruction, starting where the need is greatest.

TEXAS 2036 PUBLICATIONS & OTHER RELEVANT RESEARCH



Solving for X in Texas (2024)

Highlights the urgent need to address declining math proficiency in Texas and provides a menu of policy options.



The State of Readiness (2023)

Explores how prepared Texas students are for college, career or military after high school and what the state must do to ensure future success.



Future-Proofing Texas School Funding (2022)

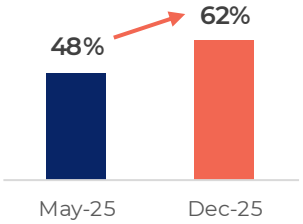
Examines Texas public school funding's exposure to declining oil and gas revenue and recommends reforms to protect and diversify that funding.

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AI in Classrooms: Safe Students, Trusted Tools

WHAT THE DATA SHOWS

The rapid growth of AI in schools brings both potential and real questions about its effect on learning. Already, 62% of students report using Artificial Intelligence (AI) for help with their homework in December 2025, up from 48% in May 2025, while 67% of students believe that increased AI use for schoolwork presents increasing harms to their critical thinking skills.[1]



Only 45% of surveyed principals nationally reported that their school or district had provided any policy or guidance on the use of AI products and tools.[2]

Texas is among eight states that have not yet moved to adopt a statewide model policy on the responsible use of AI in education, while 42 states and Puerto Rico already have such policies of varying degrees.[3]

WHAT TEXANS THINK

84%

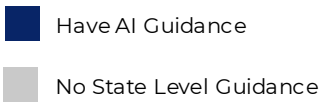
of Texas voters believe **protecting students' personal data and privacy is extremely or very important** if Texas public schools use AI.[4]

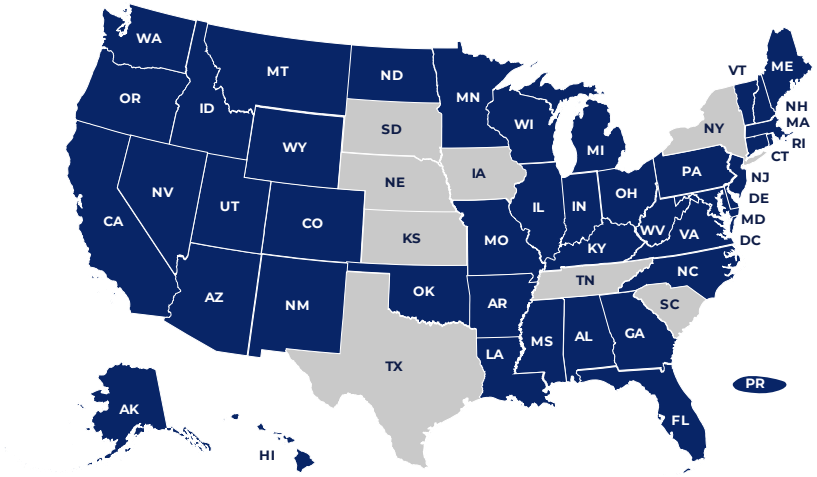
71%

of Texas voters believe teaching students to use **AI responsibly and ethically is extremely or very important** if Texas public schools use AI.[4]

Many states have taken early action on the use of AI in education

States with AI Guidance for K-12 Schools[3]





Texas schools need a clear framework for navigating these questions. Getting AI in education right starts with safety and efficacy. That means clear, student-centered guardrails that protect kids and ensure the tools used in Texas classrooms support learning. Texas has set expectations for the safe and responsible use of AI in state and local government, but it has not yet defined comparable expectations for education. The next step is to give school districts consistent guidance for safe and effective practice across the state.

1. RAND, March 2026 | 2. RAND, September 2025 | 3. Texas 2036 analysis of publicly-available state education agency documents on the use of AI in education | 4. 10th Texas Voter Poll, conducted Aug. 22–26, 2026, by Baselice & Associates for Texas 2036; 1,369 completed interviews; effective sample size after weighting: 1,001 (margin of sampling error: ±3.1 percentage points)

RECOMMENDATIONS

Establish Statewide Guidance for the Responsible Use of AI

- Direct the Texas Education Agency (TEA) to develop a statewide model policy for AI use in K–12, giving every district a reliable, evidence-based starting point to keep students safe.
- Build the model policy around safety-first principles: human oversight of AI, transparent and effective tool design, strong academic integrity, and continuous review of impact.

Assure the Quality and Effectiveness of AI Tools

- Direct TEA to establish a permanent quality-assurance and vetting process so the state can determine which AI-enabled tools meet learning, safety and privacy standards for Texas classrooms. Identify and enforce state mechanisms to direct district procurement of AI toward vetted AI tools.
- Build dedicated AI capacity and expertise at TEA to assess best practices and protect students from edtech that fails to advance learning or keep students safe.

Equip Teachers to Navigate AI Responsibly

- Direct TEA to coordinate with the Department of Information Resources on education-specific AI training under HB 3512 (2025), focused first on preventing harm, and on safe, effective classroom use.
- Establish a Texas AI in Education Task Force to identify classroom realities, help inform state model policy, and keep statewide guidance and tool-vetting current rather than letting standards go stale.

Build Student AI Literacy

- Embed age-appropriate safety and responsible-use education into curricula, directing a review of how it should vary by grade level. Engage parents, who should be informed of the AI tools deployed in classrooms and how to support safe, responsible use at home.
- Direct a comprehensive review of the Texas Essential Knowledge and Skills to identify, subject by subject, where AI literacy standards may be appropriate.

Protecting Teacher Pay from Rising Health Costs

WHAT THE DATA SHOWS

33-54%

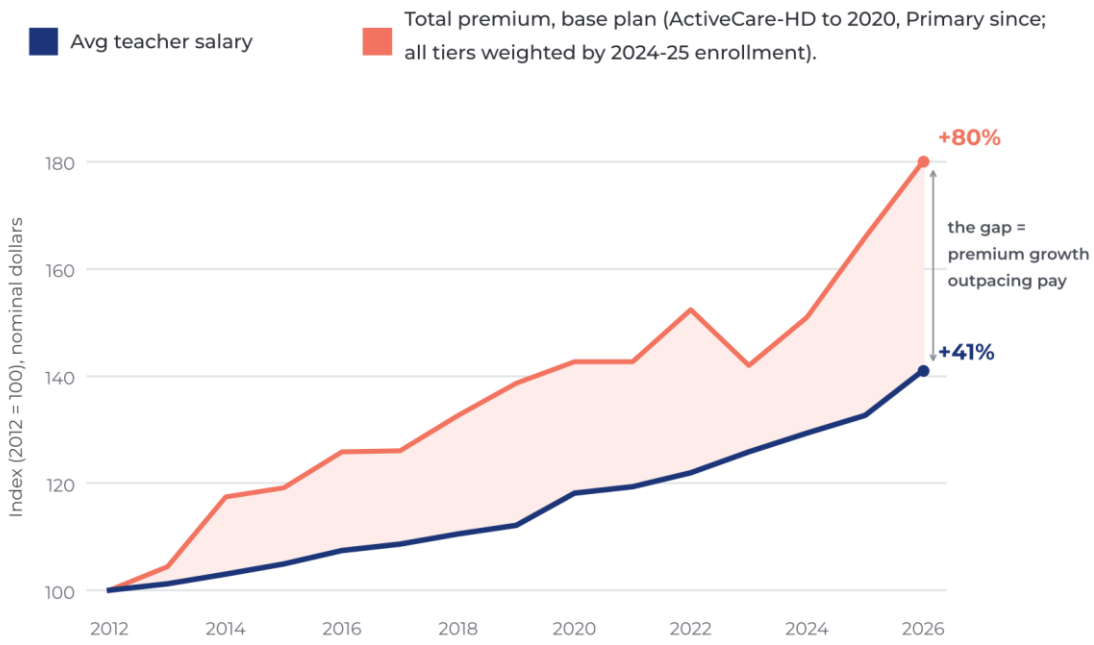
How much average out-of-pocket costs per covered person rose from 2018 to 2025 in every coverage tier of the two TRS-ActiveCare plans open to enrollment throughout that period.

Since 2012, the price of **teacher health insurance has increased at a faster rate than teacher pay** — despite the state's efforts to increase teacher pay. Between the 2011-12 and 2025-26 school years, the average teacher salary rose 41%, while the total premium for TRS-ActiveCare's base plan rose between 75% (employee-only) and 92% (employee + spouse), depending on coverage tier — about 80% when averaged across tiers by enrollment, as shown in the chart below. For a newer teacher with family coverage whose district pays only the $225 state-and-district minimum, the teacher's share of the premium alone equals 30% of salary — before any healthcare is received. What teachers pay at the doctor's office rose too: in the two plans open to enrollment throughout 2018 to 2025, average out-of-pocket costs per covered person grew between 33% and 54% in every coverage tier.[1]

This comes as the total expenditures for TRS-ActiveCare have hit a record high of $2.3 billion in 2025.[2]

Diverging Premium and Salary Growth

TRS-ActiveCare Premium vs. Teacher Salary Index, Nominal Dollars (school years 2011-2012 to 2025-26)



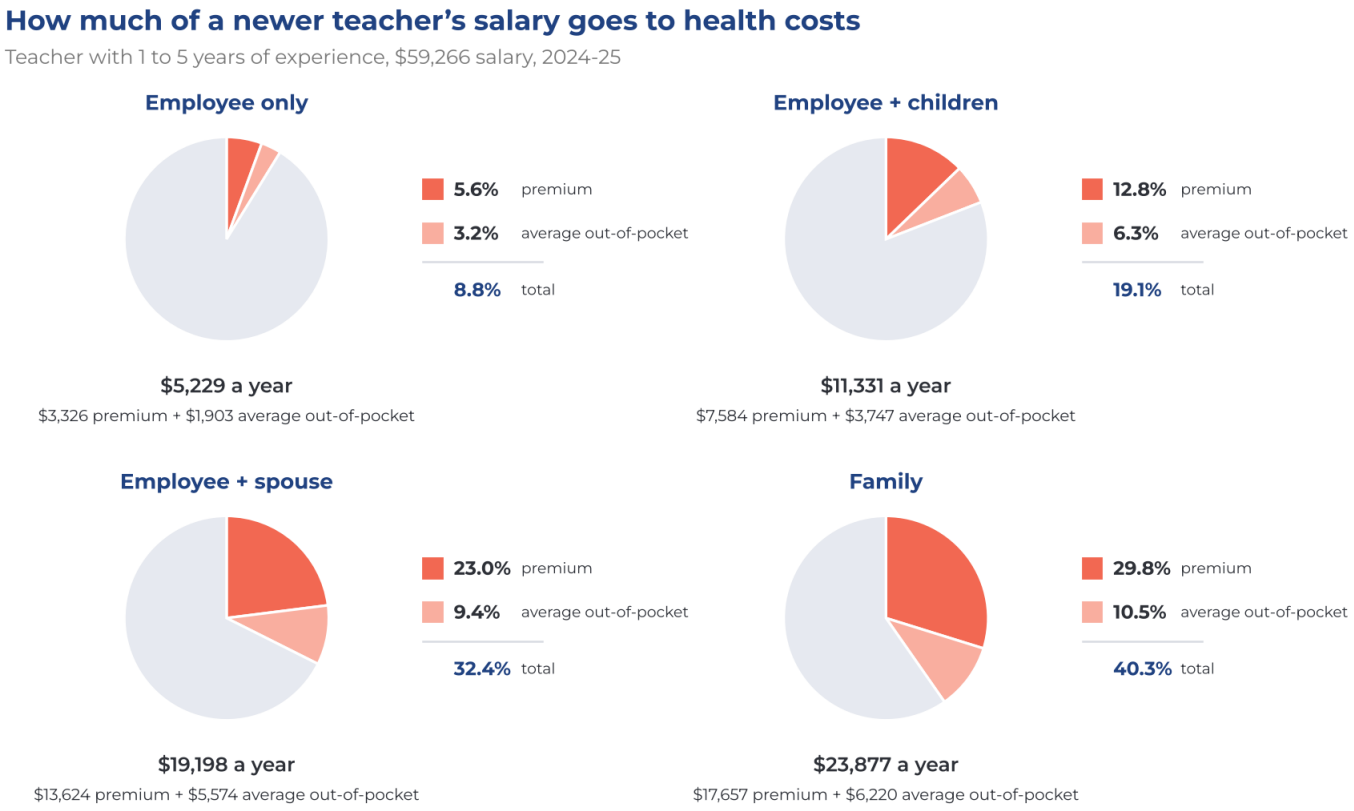
WHAT TEXANS THINK

69% of Texas voters support the **state negotiating lower hospital prices for the health plan covering Texas teachers to lower the premiums teachers pay and save taxpayers' money,** even if hospitals would earn less.[3]

1. Texas 2036 analysis of TRS-ActiveCare data, provided by the Teacher Retirement System of Texas, and TEA PEIMS average teacher salary | 2. 2025 TRS Health Benefits Report | 3. 10th Texas Voter Poll, conducted Aug. 22–26, 2026, by Baselice & Associates for Texas 2036; 1,369 completed interviews; effective sample size after weighting: 1,001 (margin of sampling error: ±3.1 percentage points)

Rising health premiums reduce the share of compensation increases that reaches teachers' paychecks. The result is creating a teacher retention issue as real teacher take-home pay has declined, despite increased state investment in compensation. HB 2 (2025) created the Teacher Retention Allotment to keep experienced teachers in the classroom. Rising TRS-ActiveCare premiums, however, are widening the gap between what was allocated and what teachers take home. Premiums climbed 10% on average for the 2025-26 school year, and another 10% increase took place for the 2026-27 school year.[2]

The burden falls hardest on newer teachers. For a teacher with one to five years of experience earning the average $59,266 salary, premiums and average out-of-pocket costs take 8.8% of salary for employee-only coverage. Covering their children, the second most common choice in TRS-ActiveCare at 22% of enrollees, takes 19.1%, nearly $1 of every $5 they earn. Adding a spouse raises the share to 32.4%, and family coverage takes 40.3%.[1]



Note: Premiums shown are net of the $225-a-month minimum state and district contribution ($75 state, $150 district). Districts that contribute more reduce these shares.

This is not an issue with TRS, the state, or school districts. The primary driver of rising health insurance premiums is the rising price of healthcare services, which continues to outpace inflation. The state, however, is one of the largest purchasers of healthcare in Texas, covering 420,000 enrollees in TRS-ActiveCare alone. That purchasing power gives the state a real lever to rein in those prices, because raising teacher compensation alone cannot fix the underlying problem of rising healthcare prices.

RECOMMENDATIONS

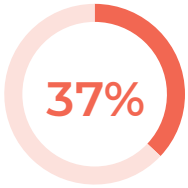
Reform the TRS-ActiveCare Health Benefit Plan

- Adopt value-based and market-competitive payment models within TRS-ActiveCare to lower prices and reward high-quality care, protecting both the plan's solvency and teachers' take-home pay.
- Enable the state's ability to set, negotiate and maintain plan prices over time.
- Utilize the Texas All-Payor Claims Database to build out models of benefit plan reforms to gauge fiscal savings for TRS and the state.

Aligning High School CTE to a Credential of Value

WHAT THE DATA SHOWS

While 91% of Texas students graduate from high school, only 37% earn a postsecondary credential within six years of graduation.[1] Career and Technical Education (CTE) can help close this gap. Yet of more than two million students who graduated Texas high schools between 2017 and 2022, only 36% were CTE completers, defined as three or more courses completed in a single program area.[2]

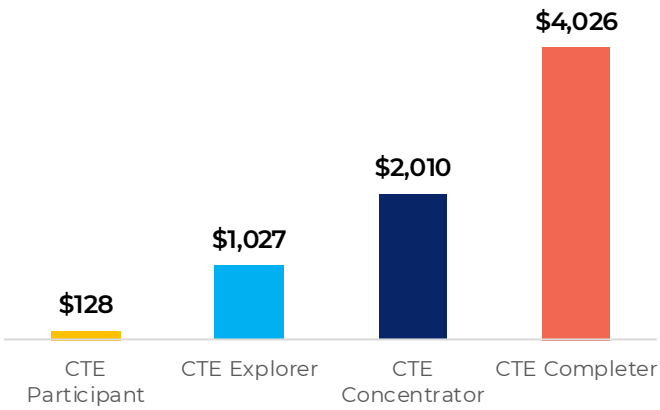


Although 91% of Texas students graduate from high school, only 37% go on to earn a postsecondary credential within six years.[1]

Middle-skill demand is strong: jobs requiring more than a high school diploma but less than a bachelor's degree made up 42.9% of all live job postings in Texas as of July 2026.[3] Students who complete a CTE program see the payoff. Six years after graduation, CTE completers earn an estimated $4,026 more per year than students who took no CTE courses. Meanwhile, CTE participants — students with fewer than two CTE credits — earn just $128 more.[4]

CTE Engagement and Annual Earnings Increase

Estimated difference in real annual salary six years after high school graduation (all graduates), relative to students who took no CTE courses.



Source: Independent academic research conducted by J. Jacob Kirksey and colleagues at Texas Tech University, the University of North Texas, Texas A&M University and UT San Antonio.

CTE Participant: Students who completed either one CTE course of any credit value, or multiple courses totaling less than two credits.

CTE Explorer: Students who completed two or more high school CTE courses totaling two or more credits, but who are not classified as participants, concentrators or completers.

CTE Concentrator: Students who completed two or more CTE courses totaling at least two credits within the same program of study, but did not advance to completer status.

CTE Completer: Students who completed and passed three or more CTE courses totaling at least four credits, including at least one Level 3 or Level 4 course within the same POS.

WHAT TEXANS THINK

61%

of Texas voters believe **Texas high school students are not graduating prepared for the workforce or future economy.**[5]

79%

of Texas voters believe **Texas should change its approach to senior year** of high school, making it more focused and demanding with the goal of better preparing students for college and careers.[6]

1. Texas Education Agency, 2025 Annual Report | 2. Giani et al., Weighing the Value of Industry-Based Certifications Against Their Costs, NASBE | 3. TWC's Texas Labor Market Review, August 2026 | 4. Independent academic research conducted by J. Jacob Kirksey and colleagues at Texas Tech University, the University of North Texas, Texas A&M University and UT San Antonio. | 5. 8th Texas Voter Poll, conducted Nov. 16–20, 2024, by Baselice & Associates for Texas 2036; 1,001 registered Texas voters (margin of sampling error: ±3.1 percentage points) | 6. 10th Texas Voter Poll, conducted Aug. 22–26, 2026, by Baselice & Associates for Texas 2036; 1,369 completed interviews; effective sample size after weighting: 1,001 (margin of sampling error: ±3.1 percentage points)

CTE is one of the state's most powerful tools for closing the gap between high college, career and military readiness (CCMR) rates and low credential attainment rates, yet access and program quality remain inconsistent. Between 2017-2022, the rate of students earning an industry-based certification disconnected from their own program of study was nearly three in four.[2] High-quality pathways can also require specialized instructors, equipment and partnerships that are difficult for a single district to sustain, leaving proven models like Pathways in Technology Early College High Schools (P-TECH) under-enrolled on some campuses while nearby students lack comparable options. The state has built much of the infrastructure needed. The next step is to better connect programs, institutions and employers so more students can complete rigorous CTE pathways that prepare them for what comes next — whether that's college, career or the military.

RECOMMENDATIONS

Strengthen the Pathway from Diploma to Credential of Value

- Pursue options to ensure every Texas high school graduate can obtain CCMR through a coherent sequence of college credit or through the completion of a postsecondary credential of value. Evaluate opportunities to update the current Foundation High School Program to ensure alignment with long-term student success.
- Align industry-based credentials in K-12 with the state's higher education Credential of Value framework, including support for CTE Programs of Study as dual credit pathways.
- Ensure consistent CTE program quality statewide through an HQIM-style quality-review process for CTE curricula.
- Strengthen Texas' approach to quality postsecondary advising and navigation support so students across the state have access to effective advising.

Provide High Schools with Actionable Education and Workforce Data

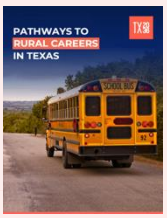
- Provide high schools with a real-time outcomes feedback loop, including information like postsecondary enrollment, employment and wages, and credentials of value earned, so high schools can improve programs over time.

Expand Access Through Shared Services and Regional Partnerships

- Remove barriers to multi-district CTE delivery, including through partnering districts, open-enrollment charters, and regional CTE centers.
- Build on the Rural Pathway Excellence Partnership (R-PEP) model and explore a complementary approach for exurban, suburban and urban districts facing the same coordination gap.
- Promote enrollment access for students wishing to attend College and Career Readiness School Model (CCRSM) campuses, including P-TECHs and Early College High Schools.
- Expand early college and career exploration opportunities for students through structured exposure to career pathways, beginning in middle school where appropriate.
- Provide students with academically rigorous, alternative pathways to high-skilled, high-wage, and in-demand careers that leverage competency-based delivery models and work-based learning opportunities.

TEXAS 2036 PUBLICATIONS & OTHER RELEVANT RESEARCH

Scan QR code to access reports



Pathways to Rural Careers in Texas (2025)

Lays out a series of policy solutions to set more rural high school students on the path to success and strengthen career and workforce efforts statewide.



The Uneven Promise of Readiness (2026)

Shows that some CCMR indicators link to meaningful postsecondary and workforce trajectories, while others provide a false signal of readiness.



Improving Funding Efficiencies for Classroom to Career Programs (2024)

Outlines how a braided funding model can support proven career programs in high schools across the state.

Closing the Postsecondary Completion Gap

WHAT THE DATA SHOWS

More than
54,000

Texans earned 60+ college credits without receiving a credential between 2012 and 2022, despite having enough credits to qualify for an associate degree. Another one in 10 earned 120 or more credits, or enough for a bachelor's degree.[1]

More than
80,000

college transfer credits were denied in fiscal 2024, and many more were not counted toward students' degree plan. Transfer students take 7.5 years on average to graduate, compared to 5.3 years for students who stay at one institution.[2]

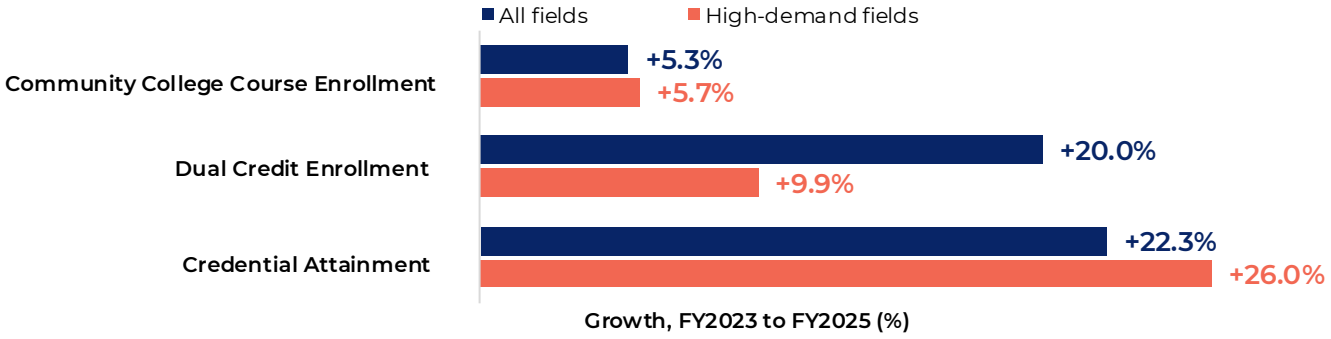
More than
33,000

Texans incarcerated in Texas Department of Criminal Justice prisons were eligible but not enrolled in a postsecondary education program in the fall 2025 semester.[3]

WHAT TEXANS THINK

74% of Texas voters are more likely to support a candidate who works to boost college affordability and outcomes.[4]

Early Results of Texas' Community College Finance Reform (HB 8 2023)[5]



Texas has set an ambitious target: **60% of Texans ages 25 to 64 holding a postsecondary credential of value by 2030**. Reaching it will require making better use of the progress students have already made. Tens of thousands of Texans have completed meaningful college coursework and are closer to a credential than traditional attainment measures suggest. More seamless transfers, recognition of prior learning and clearer pathways can help Texans turn those credits into credentials of value.

HB 8 (2023) and SB 1786 (2025) have positioned Texas as a national leader in outcomes-based funding. By building on that foundation, recognizing credits already earned and strengthening the data needed to understand what works, Texas can accelerate credential attainment and help more students successfully complete the pathways they have begun.

1. Texas 2036 analysis, Earned But Not Awarded (2025) | 2. Texas Higher Education Coordinating Board 2025 Transfer Report | 3. Texas 2036 analysis, Opening More Doors (2026) | 4. 9th Texas Voter Poll, conducted Sept. 25–Oct. 1, 2025, by Baselice & Associates for Texas 2036; 1,001 registered Texas voters (margin of sampling error: ±3.1 percentage points) | 5. Texas 2036 analysis, The Texas Model: Rewiring Community College Finance for Student Success (2026)

RECOMMENDATIONS

Recognize Credits Already Earned

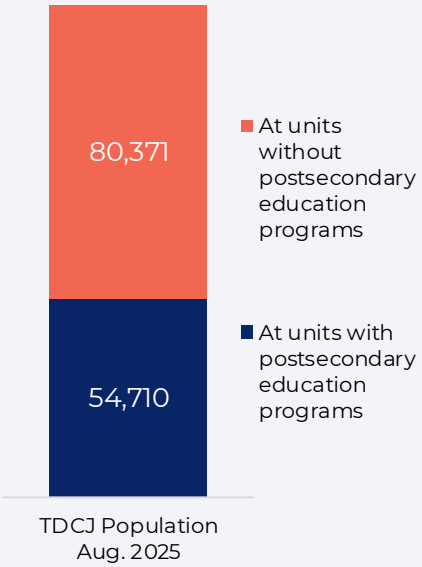
- Recognize and award credentials for learning that students have already completed, including coursework across multiple institutions, prior learning, skills, and experience.
- Strengthen pathways that allow students to build toward higher-level credentials, including stackable and embedded credentials, as well as improved transfer and applicability of credits.
- Expand flexible pathways to credential attainment through competency-based education, credit for prior learning, and more efficient program and degree structures.

Strengthen Higher Education That Delivers Value

- Preserve and strengthen outcomes-based higher education funding, ensuring state investment supports continued growth in credentials and other successful student outcomes of value.
- Expand the use of student outcomes and workforce value in how Texas funds and evaluates postsecondary institutions and programs.
- Reduce financial barriers to accessing and completing postsecondary credentials of value.

HIGHER EDUCATION IN PRISONS

Prison-based higher education is one of the state's highest-return workforce investments. College programs in prison can reduce recidivism and improve employment prospects, yet access remains the binding constraint. In fall 2025, 33,829 incarcerated Texans were eligible but not enrolled in a postsecondary program, and **about 60% of the incarcerated population were in units with no college or university program**.[3] The gap is also geographic: South Texas and the Upper Rio Grande had no institution offering a prison-based program as of fall 2025. Recent reforms are beginning to close that gap, with nine institutions newly approved to serve 11 prison units, including some previously without a program. Sustaining that momentum means expanding access to the units and regions still unserved.

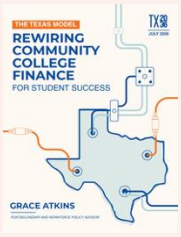


Recommendations to Support Higher Education in Prison

- Ensure that Windham School District and the Texas Department of Criminal Justice have the necessary resources to continue expanding postsecondary program offerings for incarcerated students.

TEXAS 2036 PUBLICATIONS & OTHER RELEVANT RESEARCH

Scan QR code to access reports



The Texas Model: Rewiring Community College Finance for Student Success (2026)

Examines Texas' HB 8 (2023) community college finance reform, tracing its origins, implementation, and early outcomes since the shift to outcomes-based funding in 2023.



Earned But Not Awarded (2026)

Identifies more than 54,000 Texans who earned 60 or more credit hours without receiving a credential.



Opening More Doors (2026)

Reviews enrollment data and progress made on recent reforms to higher education programs in Texas prisons.

Connecting Texans to High-Demand Careers

WHAT THE DATA SHOWS

$74,614

The statewide average annual income needed for a typical Texas family of three to be self-sufficient in 2026.[1]

2.1 Million

new jobs are projected in Texas by 2032, increasing demand for skilled workers.[2]

WHAT TEXANS THINK

57%

believe Texas will have a stronger economy than the rest of the U.S. over the next four years.[3]

66%

of Texas voters are confident they could find a good-paying job in Texas.[4]

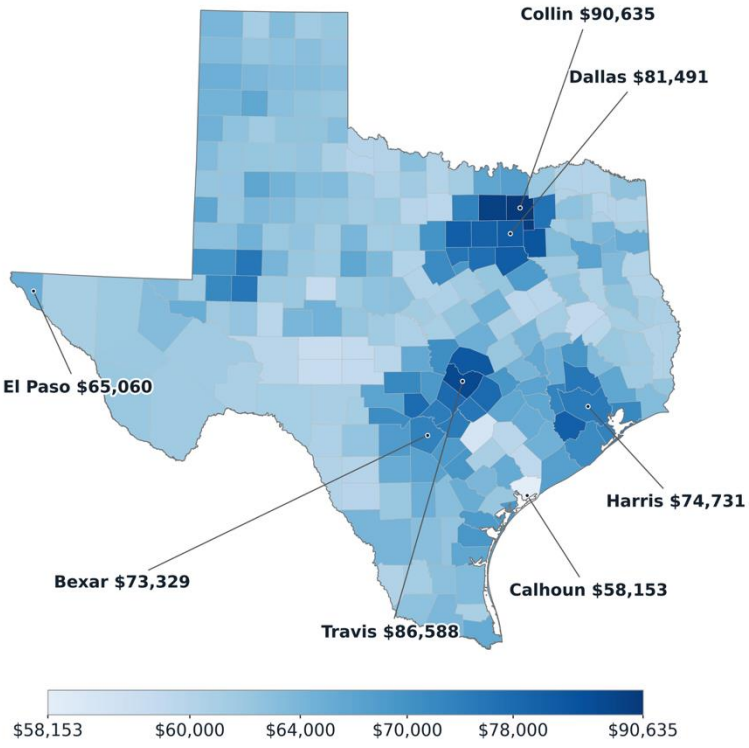
44%

believe Texas offers more opportunity for good jobs and economic advancement than other states.[4]

What It Takes to Be Self-Sufficient Varies Across Texas

Annual wage needed to cover basic costs for the average Texas household of 3.29 people (1.69 adults, 1.60 children), by county.[1]

Even in a strong economy, the income needed to support a family varies widely across Texas.[1]



1. Texas Workforce Commission, Labor Market & Career Information, 2026 Texas Self-Sufficient Wage | 2. Texas Workforce Commission, Texas Workforce Report: 2024 to 2025 (Labor Market Information, 2025) | 3. 10th Texas Voter Poll, conducted Aug. 22–26, 2026, by Baselice & Associates for Texas 2036; 1,369 completed interviews; effective sample size after weighting: 1,001 (margin of sampling error: ±3.1 percentage points) | 4. 9th Texas Voter Poll, conducted Sept. 25–Oct. 1, 2025, by Baselice & Associates for Texas 2036; 1,001 registered Texas voters (margin of sampling error: ±3.1 percentage points)

Texas has one of the nation's largest and most dynamic labor markets. But the strength of the Texas economy should be measured not only by how many jobs it creates, but by whether Texans can access careers that provide stability, support a family, and create opportunity.

For many Texans, that path increasingly requires education and training beyond high school. As skill demands change and the cost of supporting a family rises, Texas must make it easier for people at every stage of life to gain relevant skills, connect to high-demand careers, and pursue opportunities for continued advancement.

A strong workforce system should create multiple routes to opportunity while making those routes affordable, accessible and responsive to the realities of working Texans. It should also remove unnecessary barriers that prevent capable people from entering the workforce and contributing to the state's continued economic growth.

RECOMMENDATIONS

Expand Affordable and Efficient Pathways into High-Demand Careers

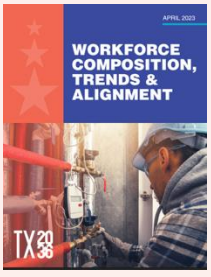
- Expand access to workforce-aligned credentials and training that lead to career advancement and improved earnings.
- Strengthen pathways that allow short-term, non-credit and workforce training to build toward longer-term credentials and continued career advancement.
- Expand employer-connected apprenticeship, work-based learning, and other earn-and-learn pathways into high-demand careers.
- Increase flexible reskilling and upskilling opportunities that help working adults gain the skills and credentials needed to advance or transition careers.
- Use timely job placement and earnings data to rapidly review and adapt education and training programs as AI and other technologies reshape workforce demand.

Reduce Structural Barriers to Workforce Participation

- Ensure occupational licensing and credentialing pathways encourage rapid and streamlined access to employment, including simplifying eligibility and administrative processes where necessary.
- Expand skills-based hiring and other approaches that recognize demonstrated skills and experience alongside traditional credentials.
- Strengthen pathways into employment for Texans facing barriers to workforce participation, including those returning from incarceration and those disconnected from work and education.

TEXAS 2036 PUBLICATIONS & OTHER RELEVANT RESEARCH

Scan QR code to access reports



Workforce Composition, Trends & Alignment (2023)

Explores trends in Texas' workforce composition and how well education and training align with the state's evolving labor market needs.



Pathways to Rural Careers in Texas (2025)

Explores how Texas can expand career pathways and workforce credentials for rural students to meet local workforce needs and support economic growth.

Modernizing the Texas Workforce Commission (TWC)

WHAT THE DATA SHOWS

$108B

How much Texas spends a year on education and workforce programs, yet better data is needed to reliably verify how those investments lead to jobs and earnings.[1]

WHAT TEXANS THINK

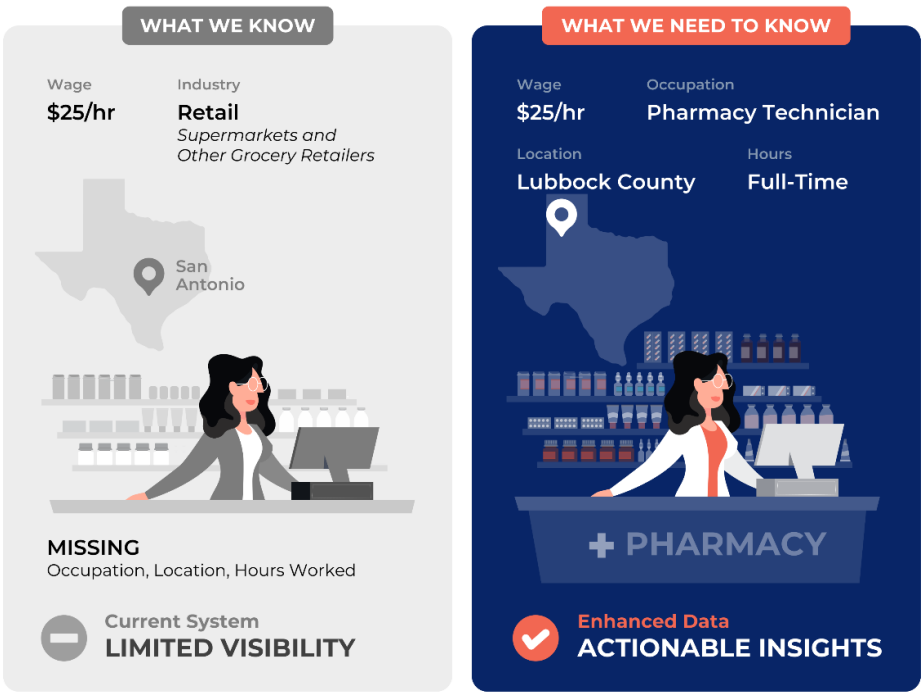
85%

of Texas voters support requiring the state to track and publicly report whether **education and job-training programs lead to good-paying jobs.**[2]

Texas has invested billions in landmark workforce and education reforms. HB 8 (2023) restructured community college finance around credentials of value; HB 2, 20 and 120 (2025) aligned high school career and technical education with labor market demand. The recent federal expansion of Workforce Pell to support short-term credential programs adds further urgency. Yet the state still faces two basic gaps: **what the state can see about workforce outcomes and who can access that information.**

SB 1786 (2025) begins to expand what Texas can know about worker outcomes, but collecting better data is only the first step. The state also needs to make that information available in a timely manner and usable across the workforce system.

Consider the example below to see how more complete data on occupation, location and hours worked can provide a clearer picture of whether education and training are leading to good jobs. This would also give regions more timely information to respond to changing workforce and economic needs.



WHO CAN ACCESS THE DATA THEY NEED?

More complete data can provide a clearer picture of workforce outcomes. Its value is limited when the agencies and institutions responsible for education and workforce programs cannot access and use that information in a timely, coordinated way.

- State-approved research (ERCs)
  Full access
- Texas Education Agency (TEA) & Texas Higher Education Coordinating Board (THECB)
  Limited, agreement-based access
- Local workforce boards, colleges & universities
  Limited, not real-time
- Employers, policymakers, high schools
  No routine access

1. Texas 2036 Estimate for FY 2024 | 2. 10th Texas Voter Poll, conducted Aug. 22–26, 2026, by Baselice & Associates for Texas 2036; 1,369 completed interviews; effective sample size after weighting: 1,001 (margin of sampling error: ±3.1 percentage points)

The 2026 Sunset staff report found that TWC's **"ineffective data governance structure . . . prevents the agency from generating accurate, cross-program insights regarding service delivery"** and "[results] in permanent data silos."[3] These limitations affect more than reporting. Without comparable information across programs, credentials and institutions, state leaders have limited ability to assess relative program performance, identify weak outcomes or determine whether programs continue to meet workforce needs.

Better workforce data should help Texas answer practical questions: Which programs lead to good jobs? Which credentials deliver value? Where are employers struggling to find workers with the skills they need? The Sunset reviews of TWC and the Texas Workforce Investment Council give lawmakers an opportunity to build a system that can answer those questions quickly and use the results to improve programs and taxpayer value.

RECOMMENDATIONS

Modernize TWC's Data Systems and Governance

- Direct TWC to complete a unified, modern data system that replaces its siloed program systems, so the state can produce accurate, comparable data across every workforce program.
- Extend secure, near-real-time access to this data to partners who rely on it, including workforce boards, education agencies, colleges and employers so education and training aligns with labor market demand.
- Ensure TWC's data systems capture and use Texas' in-progress enhancement of wage data elements (including occupation, work location, full-time vs. part-time status), so the state will know whether its training dollars lead to good jobs and economic mobility.

Strengthen Workforce Board Oversight and Accountability

- Standardize data definitions and performance metrics across all 28 local workforce boards so the state can compare regions and evaluate providers.
- Publish comparable local board performance data so the public can see what is working and what is not.
- Reestablish a standing feedback channel between TWC and the boards so the agency's data products are usable for local decision-making.

Turn Data Into Shared, Usable Insight

- Require the state to keep integrated workforce data continuously available and usable, so agencies, colleges and employers can see whether programs are working, rather than collecting it only for compliance.
- Create a durable, trusted home for cross-agency workforce analytics so shared, comparable insight reaches decision-makers who need or could use it.
- Strengthen Texas' education-to-workforce data infrastructure to provide timely, actionable information on student and graduate outcomes.
- Use outcomes data to evaluate and improve the quality and value of high school and postsecondary programs and credentials, including a recurring review of workforce outcomes across credential and institution types to ensure consistent expectations for value and quality.

3. Sunset Advisory Commission Staff Report, June 2026, Issue 4



Foundations for Prosperity

Prosperity is measured not only by the strength of the state's economy but also by whether Texas families can build stable, healthy and productive lives within it. For many households and employers, rising healthcare costs and an underperforming childcare system are no longer separate policy challenges — they are direct pressures on family budgets, workforce participation, business competitiveness, and quality of life. A Texas built for the next century must strengthen the foundations that allow people to live, work, and raise a family here. That means healthcare that families can afford, and a childcare system with clearer governance, better data, and a stronger connection to the needs of parents, children, providers and employers. It also includes managing public programs and regulation around clear outcomes: reducing fragmented oversight, connecting information across agencies, and ensuring public resources are used efficiently to improve affordability, access and quality. These issues sit at the intersection of economic growth and daily life. Addressing them will help ensure Texas remains a place where opportunity is not only created but also within reach.



Improving Healthcare Affordability 21

Connecting Texans to Healthcare Coverage 23

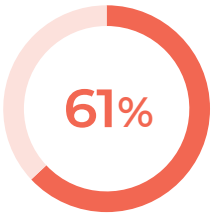
Reforming Childcare Governance 25

Improving Healthcare Affordability

WHAT THE DATA SHOWS

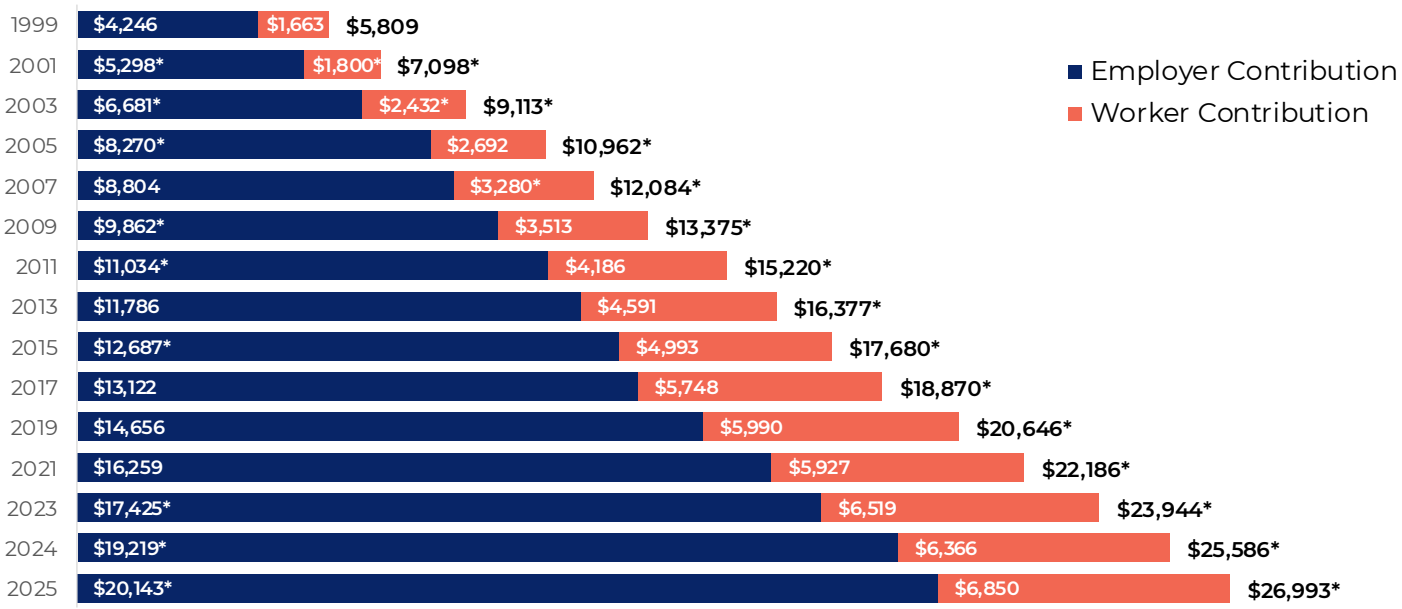
$26,993

For a family covered through an employer plan, **total annual premiums for family coverage now average roughly $27,000, a figure that is about one-third of the median household income.**[1]



of Texans say they **skipped or postponed some form of healthcare** in the past year because of expense.[2]

AVERAGE FAMILY PREMIUM (1999-2025)



*estimate is statistically different from All Plans estimate ($p < .05$)

PROBLEM

Healthcare in Texas is unaffordable for two reasons: the prices patients are charged for care, and what it actually costs to provide it.

On prices

The state's current market dynamics — fragmented and inaccessible data, consolidation within the healthcare industries, and misaligned incentives in payment and regulatory structures — are undermining affordability.

On costs

The underlying methods of delivering care remain outdated and inefficient.

By focusing on both prices and costs, Texas can use market discipline to ensure prices reflect reality and use innovation to change the reality of what care costs to deliver.

1. KFF, October 2025 | 2. Episcopal Health Foundation, 2025

WHAT TEXANS THINK

81% of Texas voters agree that the Texas state government should **more actively regulate healthcare mergers to ensure the market remains sufficiently competitive.**[3]

79% of Texas voters favor **requiring transparent and binding pricing before delivery of nonemergency care.** Just 11% opposed it, a 68-point net margin.[3]

64% **of U.S. adults expressed worries about the affordability of healthcare as their top financial concern**, on par with gasoline (64%), and ranking higher than concerns over groceries (57%), utilities (53%), or housing (50%).[4]

RECOMMENDATIONS

Address High Prices Caused by Market Failures

- Increase transparency around ownership structures, management agreements, and financial control of all entities in the healthcare industry.
- Strengthen state-level review of mergers and acquisitions in the healthcare industry.
- Enable self-funded employers to have expanded access to healthcare claims data, pricing contracts and audit capabilities.
- Prohibit all-or-nothing, vertical-tying, all-product provisions and other anti-competitive clauses in healthcare contracts.
- Improve and expand existing smart shopper laws.
- Clarify fiduciary duties for healthcare intermediaries.
- Address the rising use of facility fees through transparency and payment reforms.

Address High Prices Caused by High Costs

- Grow the supply of practicing clinicians by expanding training pipelines and accelerating entry into the workforce.
- Expand the role of lower-cost practitioners and trained non-clinicians in delivering routine, lower-acuity care.
- Evaluate the role of automation and AI to perform routine clinical and administrative tasks more efficiently and at lower cost.
- Reduce the administrative and regulatory burden that drives up the underlying cost of delivering care.

TEXAS 2036 PUBLICATIONS & OTHER RELEVANT RESEARCH



Hospital Consolidation Report (2026)

Explains hospital consolidation, its impacts on prices, access and quality, and potential policy options.



Prices vs. Utilization Report (2026)

Analyzes why health prices, instead of utilization growth (which are really price increases in disguise), are a primary driver of patient spending increases.



Facility Fee Brief (2026)

Analyzes how facility fees harm system participants and market competition and presents policy options to address this issue.



Surprise Medical Billing Report (2026)

Analyzes the increasing cost of independent dispute resolution and potential policy options.

Scan QR Code to access reports

3. 10th Texas Voter Poll, conducted Aug. 22–26, 2026, by Baselice & Associates for Texas 2036; 1,369 completed interviews; effective sample size after weighting: 1,001 (margin of sampling error: ±3.1 percentage points) | 4. KFF Health Tracking Poll: Health Care Costs and the Midterms, April 29, 2026.

Connecting Texans to Healthcare Coverage

WHAT THE DATA SHOWS

Texas has the highest uninsured rate in the country, with 16.6% of the state, or nearly 4.9 million people, lacking health insurance. That single number includes two very different problems. Up to 70.9% of the state's uninsured population is eligible for Medicaid, the Children's Health Insurance Program (CHIP), or a subsidized Affordable Care Act (ACA) plan but is not enrolled. Meanwhile, a survey of Texas businesses found that 37% of respondents do not provide health insurance to their employees at all.[1] One problem is about awareness and enrollment, while the other is about what options exist for employers to offer employees in the first place.



More than half of uninsured Texans are eligible for health insurance but are not enrolled.

A 2023 analysis found that 56% of uninsured Texans were eligible for existing coverage. Up to 70.9% may have been eligible, depending on income, immigration status, and applicable federal subsidy rules.[2] When surveyed directly, 70% of uninsured Texans said they were not sure whether they qualified for ACA coverage at all, and 23% did not know what the ACA was. Meanwhile, roughly 40% of the uninsured population qualified for a completely free plan, showing that the gap here is not price but information and awareness.[3]

2023 Estimated Eligibility for Health Insurance Programs Among Uninsured Texans

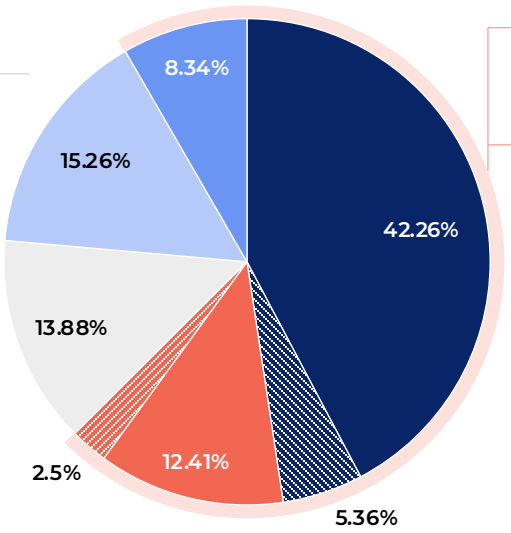
Coverage Gap
Uninsured adults with income below 100% FPL that are not eligible for Medicaid or ACA marketplace subsidies in Texas, which has not expanded Medicaid coverage.

Undocumented
Uninsured adults and children who are not legally present in the United States.

14.9%
Maybe ACA Kids/Adults

Maybe ACA Adults
Uninsured adults with income at or above 400% FPL that can purchase insurance on the ACA marketplace, but whose subsidy eligibility cannot be determined with public information.

Maybe ACA Kids
Uninsured children in families with income at or above 400% FPL that can purchase insurance on the ACA marketplace, but whose subsidy eligibility cannot be determined with public information.



56.0%
Eligible for Existing Programs
(Includes ACA Eligible Kids/Adults and Medicaid/CHIP Eligible Kids.)

Up to 70.9%
Potentially Eligible for Existing Programs

Medicaid/CHIP Eligible Kids
Uninsured children who are eligible for CHIP or Medicaid.

47.6%
ACA Eligible Kids/Adults

ACA Eligible Adults
Uninsured adults who are eligible for subsidized health insurance on the ACA marketplace but are not eligible for Medicaid.

ACA Eligible Kids
Uninsured children who are eligible for subsidized health insurance on the ACA marketplace but are not eligible for CHIP or Medicaid.

1. Texas Association of Business, 2024 | 2. U.S. Census Bureau Data, 2025 | 3. Who Are the Uninsured, Texas 2036 (2023)

For uninsured Texans with employment, no health insurance plan was offered.

Not every uninsured Texan is missing out on a program they could join. When Texas 2036 asked uninsured Texans why they lack coverage, the top answers were not confusion or cost; they were tied to employment: 17.7% said they have a job, but that job does not offer health insurance.[2]

For a meaningful share of the Texas workforce, an employer plan was never on the table. No amount of outreach or enrollment support will help this population. It requires giving employers, especially small businesses, a workable way to offer coverage, such as an Individual Coverage Health Reimbursement Arrangement (ICHRA), a tool that lets an employer fund an employee's coverage without sponsoring a group plan of its own.

What is an ICHRA?

Rather than shopping for and managing a group policy, the employer sets aside a fixed, tax-free monthly allowance for each employee, who then picks a plan that fits their own needs on the individual ACA market and pays for it with that money. Because there is no group plan to administer and no minimum number of workers required to participate, it gives small businesses and other employers that have never been able to offer coverage a realistic way to start.

WHAT TEXANS THINK

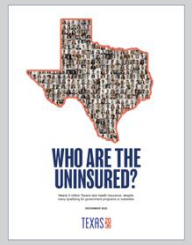
66% of Texas voters believe **employees should have more choice and responsibility in plan selection**, and employers should give each employee a set amount of money to **pick the insurance plan that best fits their family** from many options.[3]

RECOMMENDATIONS

Implementing Pathways for Sustainable Healthcare Coverage

- Strengthen the state's capacity to connect eligible Texans to coverage they already qualify for.
- Give Texas consumers access to a wider range of insurance plans.
- Make it easier for employers, including small businesses, to fund employees' coverage through workable ICHRAs.

TEXAS 2036 PUBLICATIONS & OTHER RELEVANT RESEARCH



Who Are the Uninsured? (2023)

Identifies systemic, behavioral and psychological obstacles to Texans gaining affordable coverage.

Scan QR code to access report

2. U.S. Census Bureau Data, 2025/Who Are the Uninsured, Texas 2036 | 3. 10th Texas Voter Poll, conducted Aug. 22–26, 2026, by Baselice & Associates for Texas 2036; 1,369 completed interviews; effective sample size after weighting: 1,001 (margin of sampling error: ±3.1 percentage points)

Reforming Childcare Governance

WHAT THE DATA SHOWS

2.4M

Texas has approximately **2.4 million children under age 6**. State and federal early childhood programs combined reach about **one in six**.[1]

5+1

At least five state agencies (plus federal Head Start) regulate or fund childcare, with no single entity accountable for system outcomes.[2]

Six Authorities, No Owner

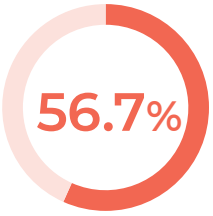
- TWC
- HHSC
- TEA
- DFPS
- Comptroller
- Head Start (federal)

Texas' childcare challenge begins with fractured governance. While individual agencies carry out their assigned roles, no one entity is responsible for making the pieces function as a coherent statewide system, limiting accountability and the state's ability to measure results.

WHAT FAMILIES AND EMPLOYERS EXPERIENCE

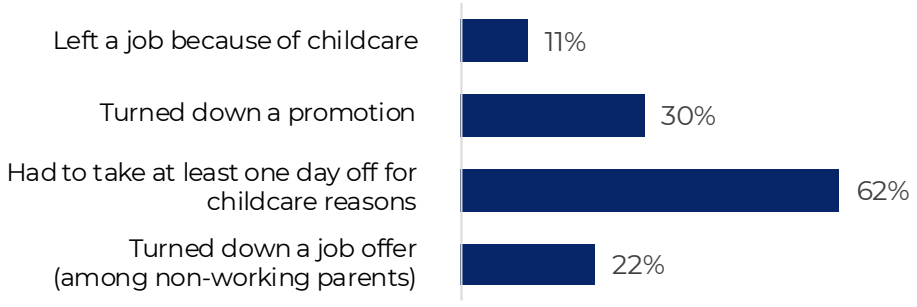
$7.9B

Childcare-related workforce disruptions cost Texas employers approximately $7.9 billion annually.[3]



of Texas parents say the cost of childcare has affected their decisions about having more children.[3]

In the past 12 months, Texas parents of children under 6 report they...[3]



WHAT TEXAS VOTERS SAY

89%

of Texas voters said publicly supported early childhood programs are important.[4]

Childcare challenges force families to make trade-offs around cost, quality and work, while employers bear the costs of absenteeism and turnover. Building a system that works better for Texas families starts with putting their needs at the center.

1. Texas 2036 report, originally ACS, Head Start, and CCS/TWC | 2.Texas 2036 analysis; echoed by the TWC Sunset staff report | 3. Texas 2036 Statewide Child Care Survey, conducted Jan. 14–March 2, 2026 by DARO for Texas 2036; 975 parents, 286 childcare providers and 138 employers | 4. Texas 2036 statewide voter poll on childcare, conducted February 2026 by Baselice & Associates for Texas 2036; 702 likely Texas voters

WHAT TEXANS THINK

Texas voters prioritize educational outcomes for public childcare investments over increasing the number of seats available for Texas families.

Despite the preferences of Texas voters, the state cannot currently determine whether subsidized childcare is leading to kindergarten readiness among participating children.[5] Clear goals, better data, and greater accountability are needed to know what is working.

45%

of Texas voters support **prioritizing higher quality education in childcare programs,** even if it may mean fewer families are served, **when the state invests tax dollars in childcare.**[6]

A PARENT-FIRST PATH FORWARD

The State's Two Roles

Texas has two distinct roles in childcare: protecting children through basic health and safety standards and investing public dollars to support stronger outcomes. Keeping those roles distinct can preserve childcare options while focusing public investments on outcomes families and voters value.

Parents at the Center

Families' childcare needs vary by a child's age, parents' work schedules, and what works best for their family. A parent-first system should preserve choice across Texas' mixed-delivery market, including centers, home-based care, Pre-K, and Head Start, rather than favoring a single model.

PRIMARY RECOMMENDATIONS

Unify Governance

- Create one accountable entity charged with telling the Legislature and the public whether the system is working — with the authority to act when it isn't.

Use Data to Measure Progress

- Build the data infrastructure needed to monitor whether Texas is meeting its childcare goals and delivering the outcomes families and taxpayers expect.

Define Success

- Set clear, shared goals for the outcomes that public early-childhood dollars should produce, so state spending can be measured against meaningful targets.

Fix Workforce Board Oversight

- Adopt the Sunset Advisory Commission's accountability recommendations, replacing the patchwork of 28 workforce board approaches with common statewide standards.

SECONDARY RECOMMENDATIONS

Separate Safety from Quality

- Separate safety regulation from quality and educational standards so parents can weigh educational approaches themselves while reducing citation-driven insurance costs.

Integrate the Data

- Implement the early-childhood data system passed by the Legislature as HB 3963 in 2025 and give it an institutional home empowered to act on what it reveals.

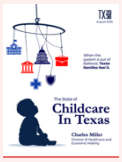
Build the Childcare Workforce

- Create paid, on-the-job training opportunities that help childcare workers earn credentials while they work.

Strengthen Employer Partnerships

- Simplify how employers connect with the childcare system so regional partnerships can help expand childcare options for working families.

TEXAS 2036 PUBLICATIONS & OTHER RELEVANT RESEARCH



The State of Childcare in Texas (2026)

Examines why Texas' childcare system isn't working for families, how oversight split across six authorities with no single owner creates structural failures in regulation, funding and accountability, and what it would take to build a parent-first system through unified governance.

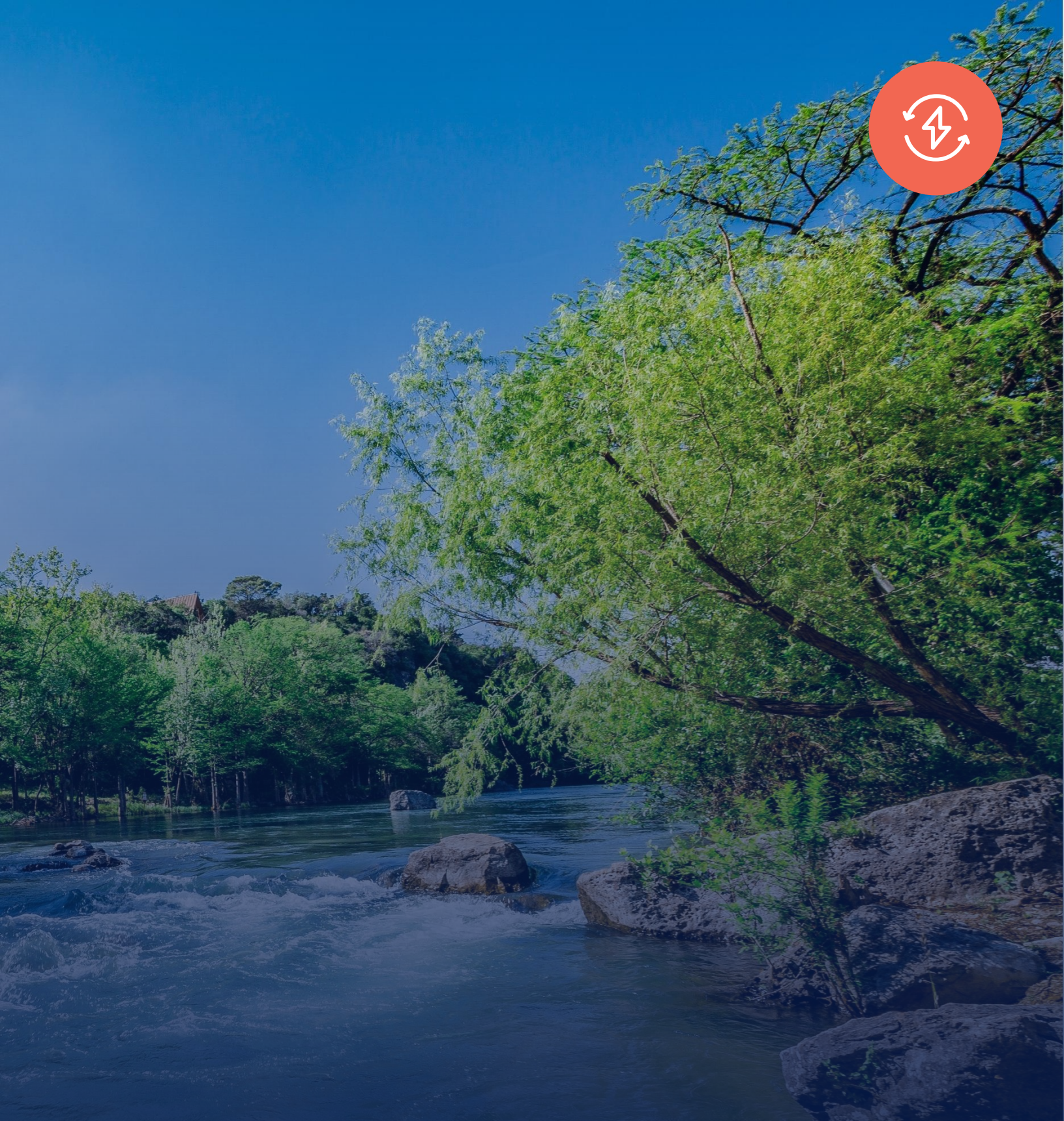
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5. Texas Public Education Information Resource (TPEIR), Kindergarten Readiness, Reporting Year 2024–25 | 6. 10th Texas Voter Poll, conducted Aug. 22–26, 2026, by Baselice & Associates for Texas 2036; 1,369 completed interviews; effective sample size after weighting: 1,001 (margin of sampling error: ±3.1 percentage points)



Infrastructure for Growth

Texas' growth has always depended on the systems that empower it: reliable water, dependable energy, resilient communities and infrastructure capable of supporting people, commerce and industry at scale. As the state grows, these foundations are facing greater pressure from population increases, industrial expansion, technological change, and extreme weather. Water supply and planning, electric reliability and affordability, flood and wildfire resilience, and rising property insurance costs are not isolated challenges. Together, they shape whether Texas can continue to attract growth while maintaining a high quality of life for residents. The next Texas century will require infrastructure that looks beyond crisis response and toward long-term capacity, coordination and resilience. At the scale of investment that Texas must make, effective management matters alongside funding: planning must be grounded in reliable data, responsibilities must be coordinated across public entities, and the state must be able to track whether investments are being delivered on time and producing the capacity and resilience Texans were promised. Texas has the advantage of scale, resources and ingenuity. The task now is to align planning, investment and governance so that the systems supporting growth are strong enough to sustain it.



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Securing Texas' Water Future

WHAT THE DATA SHOWS

According to the 2027 State Water Plan, **Texas faces a long-term water supply deficit if it does not expand and diversify its water supply portfolio** and is afflicted by a long, severe drought. Inadequate water infrastructure, including insufficient water supplies and failing water systems, will **cost the state economy billions.**

$200B+

How much the state will need to **invest over the next 50 years on water infrastructure,** including new water supplies and drinking water and wastewater system upgrades.[1]

WHAT TEXANS THINK

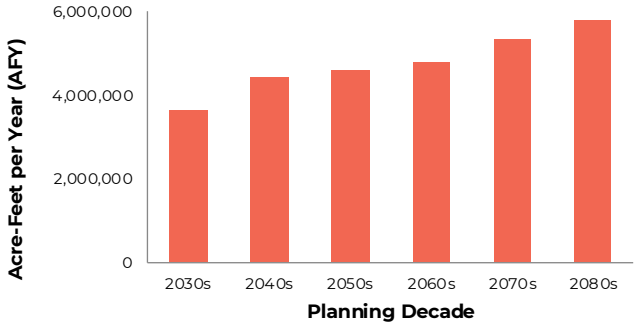
70%

of Texas voters approved Proposition 4 in 2025, dedicating $1 billion per year in state sales tax revenues to the Texas Water Fund for the next 20 years.[2]

79%

of Texas voters say prioritizing state water projects is extremely or very important — and that is identical whether the case is made on economic growth or shortage risk.[3]

Projected Water Shortages, 2027 State Water Plan



Projected Statewide Water Shortages from the 2027 State Water Plan.

Texas faces three long-term water infrastructure challenges:

- The state must **develop a broader, more diverse water supply portfolio** to meet the demands of growth and future droughts.
- The problem of **aging, deteriorating drinking water and wastewater systems** must be fixed.
- Texas must increase its **flood protection capacity** to protect communities from the devastating effects of catastrophic floods.

In recent years, the Legislature and Texas voters have taken major steps by establishing a long-term funding commitment for water infrastructure. But funding alone cannot ensure that the right projects are identified, prioritized and completed before shortages or system failures become crises. Recent experience in the Coastal Bend underscores the need for a planning process that provides communities and policymakers with clearer, more actionable signals about where water shortages are emerging and which projects are most urgent. Texas must pair investment with better data, stronger coordination and greater accountability for implementation. Doing so can help turn state and local dollars into completed projects, more reliable water supplies and stronger systems while making the most of the investments ultimately supported by Texas taxpayers and ratepayers.

1. Estimate based on Texas 2036 *Assessing Texas Water Infrastructure Challenges* (2024) and adjusted by estimates in the Texas Water Development Board, *2024 State Flood Plan*. | 2. Texas Secretary of State, Nov. 4, 2025, election results | 3. 10th Texas Voter Poll, conducted Aug. 22–26, 2026, by Baselice & Associates for Texas 2036; 1,369 completed interviews; effective sample size after weighting: 1,001 (margin of sampling error: ±3.1 percentage points)

RECOMMENDATIONS

Reform the State Water Planning Process

- Update and improve the data and models used for water plan development.
- Incorporate an actionable framework for infrastructure development.
- Track progress toward implementing recommended water projects and addressing identified water shortages.
- Align the use of existing funding programs and revenue streams with project requirements within the state water plan.

Establish Frameworks for the Development of Regional Water Markets

- Support measures that foster market development, including caps on water availability, and establishing exchanges for market transactions or regional water banks.

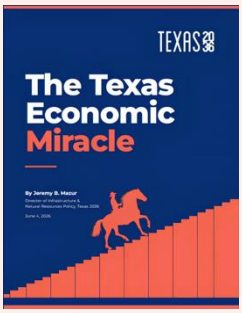
Enhance Capacity of State Financial Assistance Programs

- Support additional interim funding for water infrastructure development, including flood protection projects.
- Maximize the capacity of existing financial assistance programs to address escalating infrastructure costs.

Modernize Texas' Water Sector To Improve Efficiency and Efficacy

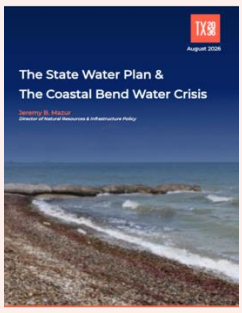
- Expand and enhance technical assistance capacity to assist small, rural and low-income communities with improving their water systems.
- Encourage greater economies of scale in service delivery by eliminating barriers to, and establishing incentives for, regional solutions.
- Support water workforce development programs.

TEXAS 2036 PUBLICATIONS & OTHER RELEVANT RESEARCH



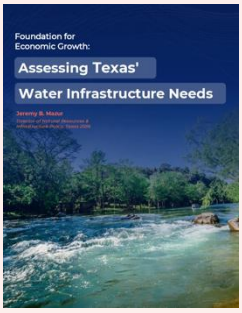
The Texas Economic Miracle (2026)

Highlights the exceptional magnitude and velocity of Texas' economic growth over the past 25 years, a phenomenon made possible by the structural foundation of reliable water infrastructure.



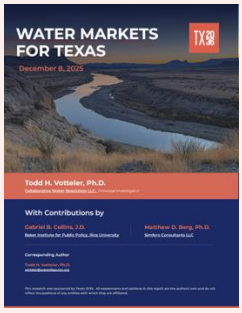
The State Water Plan & The Coastal Bend Water Crisis (2026)

Examines how the state water plan and planning process failed to prepare the Coastal Bend region for its ongoing water crisis.



Assessing Texas Water Infrastructure Challenges (2024)

Estimates that the capital costs for addressing two of Texas' water infrastructure challenges: the need to expand its supply portfolio, and the need to fix failing systems.



Water Markets of Texas (2025)

Examines how market-based frameworks contribute to the more efficient, effective use of existing water resources.

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Promoting a More Resilient Future

WHAT THE DATA SHOWS

Data from Texas 2036's work with the Office of the State Climatologist indicates that **Texas will endure a greater frequency of extreme weather events in the coming decades.** These will include worsening floods, greater wildfire risks, and, among other meteorological calamities, stronger hurricanes.

Extreme weather events such as Hurricane Harvey (2017), Winter Storm Uri (2021), and the Hill County floods (2025 and 2026) have **caused billions of dollars in damages and hundreds of deaths.**

Rising extreme weather risks contributed to a **55% increase in homeowners' insurance premiums** between 2019 and 2024.[1]

Minimum Total Damages by Extreme Weather Event Type from Highest to Lowest[2]



Severe Storms

$332.5B



Hurricane & Tropical Storms

$312.7B



Drought Losses

$297.7B



Freezes & Winter Storms

$80.4B



Flooding

$27.7B



Wildfires

$16.1B

WHAT TEXANS THINK

79%

of Texas voters reported **an increase in their property insurance** over the past five years.[3]

35%

of Texas voters indicated that they are **concerned that the impact of natural disasters will increase the cost** of their insurance.[3]

78%

of Texas voters say they would **support a candidate who prioritizes disaster response.**[3]

1. Data from S&P Global | 2. NOAA NCEI, Billion-Dollar Weather and Climate Disasters, Texas, 1980-2024 (CPI-adjusted; archived) | 3. 9th Texas Voter Poll, conducted Sept. 25–Oct. 1, 2025, by Baselice & Associates for Texas 2036; 1,001 registered Texas voters (margin of sampling error: ±3.1 percentage points)

Between droughts, wildfires, hurricanes, floods and severe storms, **extreme weather has become part of the Texas experience.** The costs are increasingly felt not only when disaster strikes, but long afterward through damaged homes and infrastructure, disrupted public services, and higher costs for homeowners.

Texas cannot prevent every disaster, but it can reduce the risks Texans face and limit the damage when events occur. Strengthening homes and public infrastructure, improving flood protection and expanding wildfire prevention and response can help protect lives and property while reducing long-term costs for households and taxpayers. Building greater adaptation and mitigation strategies into the systems and communities Texans rely on can help limit future losses and protect households from rising costs.

Between 2009 and 2024, average homeowners' insurance premiums rose 74% while median household income increased by 11%, according to a 2026 study by the Kinder Institute for Urban Research at Rice University.[4]

RECOMMENDATIONS

Address Weather-Related Drivers of Rising Homeownership Cost

- Reduce barriers and create incentives for communities to harden structures in anticipation of extreme weather risks.
- Ensure that a broad, diversified insurance market provides reasonable choices for Texans to secure affordable insurance for their homes and property.

Ensure Public Sector Resilience To Extreme Weather Events

- Enable public infrastructure development plans and planning processes to account for worsening weather extremes.
- Support further state investment in flood protection infrastructure.
- Expand state and local capacity for wildfire response and prevention.

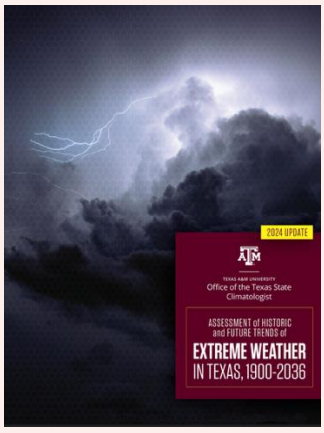
TEXAS 2036 PUBLICATIONS & OTHER RELEVANT RESEARCH

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The Insurance Squeeze (2026)

The Kinder Institute at Rice University analyzes the rise in Texas homeowners' insurance premiums since 2000 and its effects on housing affordability.



Extreme Weather in Texas Report (2024)

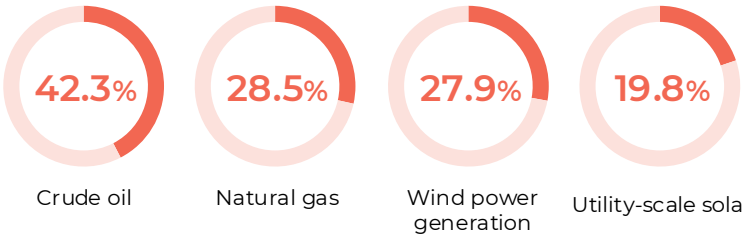
The Texas A&M Office of the State Climatologist analyzes historic observations of temperature, precipitation and extreme weather in Texas, 1900-2036.

4. The Insurance Squeeze (2026), analysis by the Kinder Institute for Urban Research

Powering the State's Economy

WHAT THE DATA SHOWS

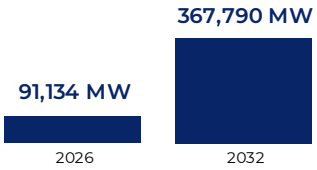
Texas punches above its weight with its contributions to U.S. energy production. In 2025, Texas produced 42.3% of the nation's crude oil, 28.5% of U.S. natural gas, 27.9% of U.S. wind power generation and 19.8% of the nation's total utility-scale solar.[1]



55.8%

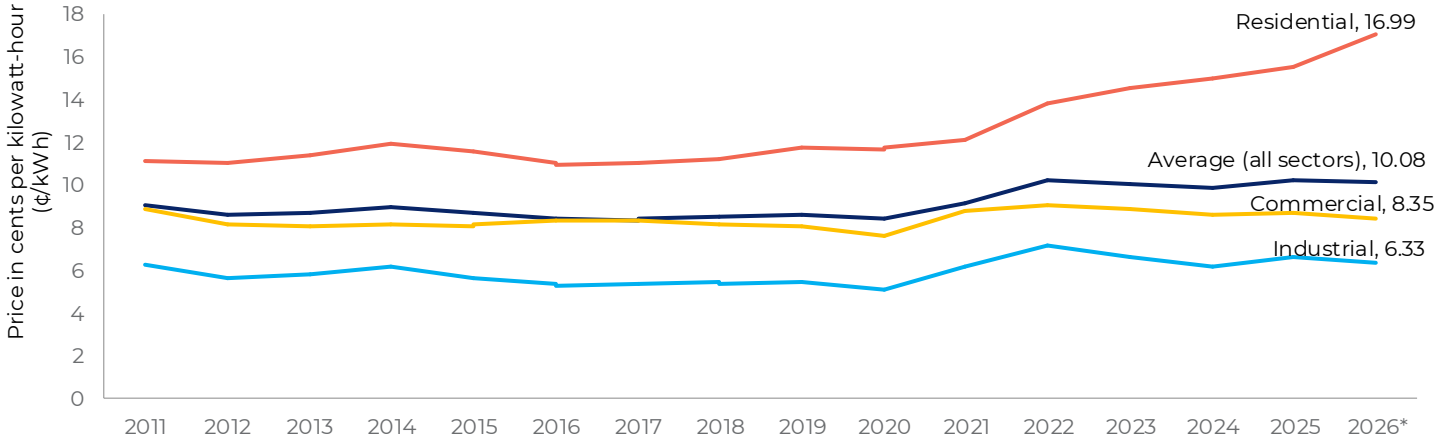
Between 2016 and 2026, Texas' base **electricity load grew by 55.8%.**[2]

The Electric Reliability Council of Texas (ERCOT) has projected **peak electricity demand could quadruple by 2032,** surging to 367,790 MW[3] from a record peak of 91,134 MW in July 2026.[4]



Texas ranks 27th in the nation for residential electricity prices, yet it **ranks third cheapest in the nation for commercial consumers and fourth for industrial users.**[1]

Texas' Average Annual Electricity Prices Per Sector (2011-2026)



Source: 2025/2026 Data – EIA Electric Power Monthly; 2011-2024 Data – EIA Electric Power Annual, Electricity Sales;
**2026 data is from monthly reporting and should be treated as early and preliminary, not final.*

WHAT TEXANS THINK

81% of Texas voters rank **improving grid reliability as the most important issue** for the Legislature to address, compared with 73% who prioritize lowering electricity costs.[5]

58% of Texans have **confidence in the cost and reliability of their electricity,** down nine points from 2022.[6]

1. EIA | 2. ERCOT Hourly Data (September 2026) | 3. ERCOT Preliminary Long-Term Load Forecast, released April 2026 | 4. ERCOT (September 2026) | 5. 10th Texas Voter Poll, conducted Aug. 22–26, 2026, by Baselice & Associates for Texas 2036; 1,369 completed interviews; effective sample size after weighting: 1,001 (margin of sampling error: ±3.1 percentage points) | 6. Texas Lyceum Poll, April 2026

Texas leads the nation in energy production and generation, yet it still **faces real challenges around electric reliability and affordability.** A growing, increasingly electrified economy will demand more capacity — and building out that **infrastructure could raise costs for Texas households and businesses.**

RECOMMENDATIONS

Protect Texas' Leadership in the Energy Expansion

- Do no harm to the state's "all of the above and below" energy portfolio. This includes providing clear, consistent regulatory frameworks for all energy development, including oil and gas, renewables, nuclear, hydrogen and geothermal energy.
- Encourage all available power generation without unreasonable regulatory hurdles to meet future electricity load projections.

Promote Energy Affordability for Texans

- Ensure that Texas electric market design allows for grid infrastructure growth while keeping costs affordable for Texas homes and businesses.
- Expand access to demand-response programs, including electricity price transparency, so households can voluntarily adjust their electricity consumption to lower costs.
- Support policies that allow and enable large loads to shoulder the cost of electric infrastructure needed to serve them.

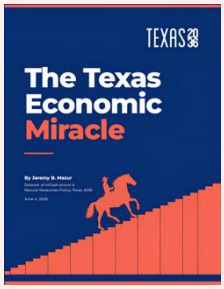
Scale Texas' Energy Grid for Growth While Improving Resilience

- Encourage innovation to improve power availability, including distributed energy resources, battery energy storage systems, co-location of generation and grid-enhancing technologies.
- Support expansion of the Texas Energy Fund's capacity to improve electric service reliability through additional generation.
- Safeguard the grid from extreme weather events and cyberattacks.

Establish and Maintain Frameworks for Unique Energy Resources

- Develop clear, consistent guidelines that encourage the beneficial use and reuse of produced water.
- Support regulatory frameworks that enable a carbon management marketplace, including carbon capture, utilization and storage and other low-carbon fuels such as hydrogen.

RELEVANT TEXAS 2036 PUBLICATIONS



The Texas Economic Miracle (2026)

Highlights the exceptional magnitude and velocity of Texas' economic growth over the past 25 years, and the foundations needed to sustain it, including a dependable electricity grid.

Scan QR code to access report



Government Performance and Accountability

The success of Texas' next century will depend not only on what the state chooses to do, but on how well it does it. Woven across each of the previous policy areas sits Government Performance and Accountability. As Texas grows larger and its public systems become more complex, state government must be managed with the same focus on performance, efficiency and results that Texans expect. Texas needs public systems that set clear goals, use timely and reliable data, coordinate across agencies, connect spending to results, and follow through from policy adoption to implementation. It also means knowing where outdated technology or fragmented information gets in the way of better service. In a state as large and dynamic as Texas, better data and stronger accountability are not technical upgrades; they are essential tools for governing well. They help policymakers understand policy impact, agencies improve performance, taxpayers see results, and communities benefit from programs that work as intended. Whether the issue is education, workforce, healthcare, childcare, water, energy, resilience, criminal justice, or the state budget, the same principle applies: Texas should use reliable data to understand results, guide investments, and improve performance over time.



Building Government Systems That Are Ready for Texas' Future

Texas has the eighth-largest economy in the world, growing faster than many peers. Maintaining that success requires a government that can plan ahead, allocate resources wisely, measure results, and adapt as Texas changes.

With more than 31 million residents[1] and a biennial budget of approximately $338 billion,[2] Texas has the opportunity to set the national standard for effective state government. Doing so depends on modern technology, strong data systems, disciplined fiscal planning and a commitment to accountability.

Those capabilities strengthen every policy area Texas 2036 works in. Better data improves health, childcare, public safety, education and workforce outcomes. Long-term fiscal planning supports investments in water, energy and infrastructure. Government performance is not a standalone issue — it is the foundation that makes every public investment more effective.

This work is embedded across our four policy areas and guided by several core principles:

Modern Tools for Modern Government

Modernize technology, data, planning, and the public workforce to improve outcomes across state government. Strengthening these core capacities makes progress across all policy areas more achievable.

Capacity to Solve Problems

Strengthen the data systems, operating practices, and workforce needed to solve complex challenges at scale. Public confidence grows when government can identify problems early, act effectively, and deliver results.

Long-Term Fiscal Discipline

Prioritize existing obligations, long-term liabilities, and future cost pressures. Make budget decisions that strengthen Texas today without compromising its long-term fiscal health.

Sustainable Budget Choices

Use strong revenue conditions to make strategic investments that grow future capacity, reduce future costs, or address one-time needs. Avoid creating unsustainable obligations that reduce the state's flexibility when conditions change.

Meaningful Performance Measures

Align spending with clear, transparent outcomes that show whether public dollars are achieving results. Measures should be accurate and useful enough to improve programs over time.

Proactive Planning for Growth and Innovation

Prepare infrastructure, funding and regulation to support growth and new technologies without straining public systems. Texas should anticipate emerging demands, so innovation strengthens, rather than outpaces, systems.

Sustained Implementation and Oversight

Follow through by monitoring implementation, data and outcomes to ensure reforms succeed. Major policy changes should have clear ownership and continued oversight so intended results are intact.

1. U.S. Census Bureau, Population Estimates, July 1, 2025 (Vintage 2025); Texas population 31,709,821. | 2. Legislative Budget Board, General Appropriations Act, 2026-27 Biennium, Funding by Article, All Funds (Senate Bill 1, 89th Legislature, Regular Session, 2025); $337.9 billion.

Making these principles real requires Texas to manage across agency and program boundaries, particularly when the state's biggest challenges span multiple public systems. Too often, the information needed to understand performance is fragmented across agencies, programs and data systems. When agencies use different systems, definitions and measures — or when data cannot be securely connected — policymakers lose the ability to see the full picture from public spending to service delivery to outcomes. Modern, interoperable systems and durable cross-agency data governance can give state leaders a shared view of performance, identify duplication and gaps, and help direct resources toward approaches that deliver better results.

Accountability also requires follow-through. Major investments and reforms should have clear goals, responsible owners, meaningful performance measures, and regular review that continues after legislation is passed. This is not about adding layers of bureaucracy; it is about managing existing responsibilities more effectively by giving agencies the information to improve, policymakers the ability to correct course, and, to taxpayers, greater confidence that public dollars are being used wisely.



RECOMMENDATIONS

Fiscal Sustainability and Accountability

- Ensure long-term priorities are funded properly, utilizing relevant, timely, accurate data and measures to assess and drive improved performance of government.
- Ensure state data systems are modernized and integrated to provide relevant insights into government performance; allow for intelligent decision-making by policymakers; and allow the public to utilize available data to help drive planning, as with education and workforce.
- Reduce the risk long-term liabilities will have on future generations and state balance sheets.

Courts, Justice and Law Enforcement

- Improve the quality, accessibility and interoperability of judicial and criminal justice data across law enforcement, prosecutors, courts, jails, prisons, and supervision to build an evidence base and promote accountability.
- Support evidence-backed initiatives that address recidivism, employment and other key outcomes for Texans affected by the justice system.
- Evaluate the impact of artificial intelligence and emerging technologies on the state's judicial systems.

Technological Innovation

- Ensure state government is prepared to responsibly use and oversee emerging technologies, including AI, through modern data systems, cybersecurity protections and adaptive oversight.
- Close data gaps on data center development to identify energy, water, fiscal, infrastructure and residential impacts.
- Empower responsible deployment of transportation innovations, including autonomous vehicles and advanced aerial mobility systems, that can improve safety, reduce commute times and benefit trade.

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TEXAS 2036

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