

Texas Post-pandemic Recovery and Economic Headwinds

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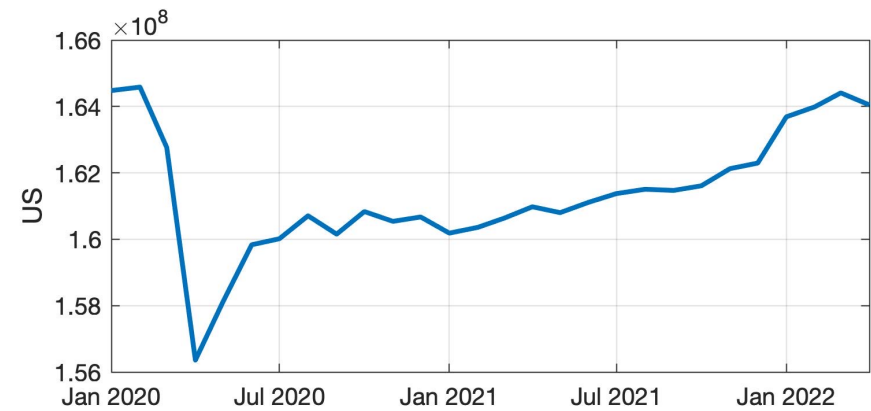
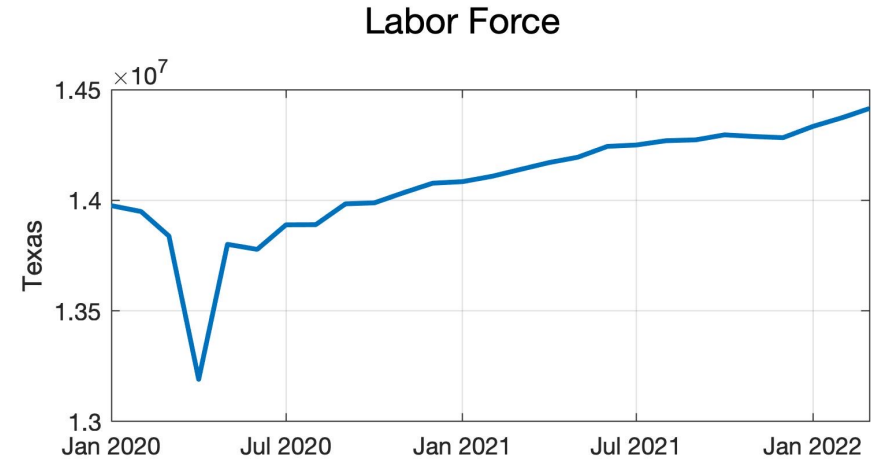
center for
PUBLIC FINANCE

Rice University's Baker Institute for Public Policy

Overview

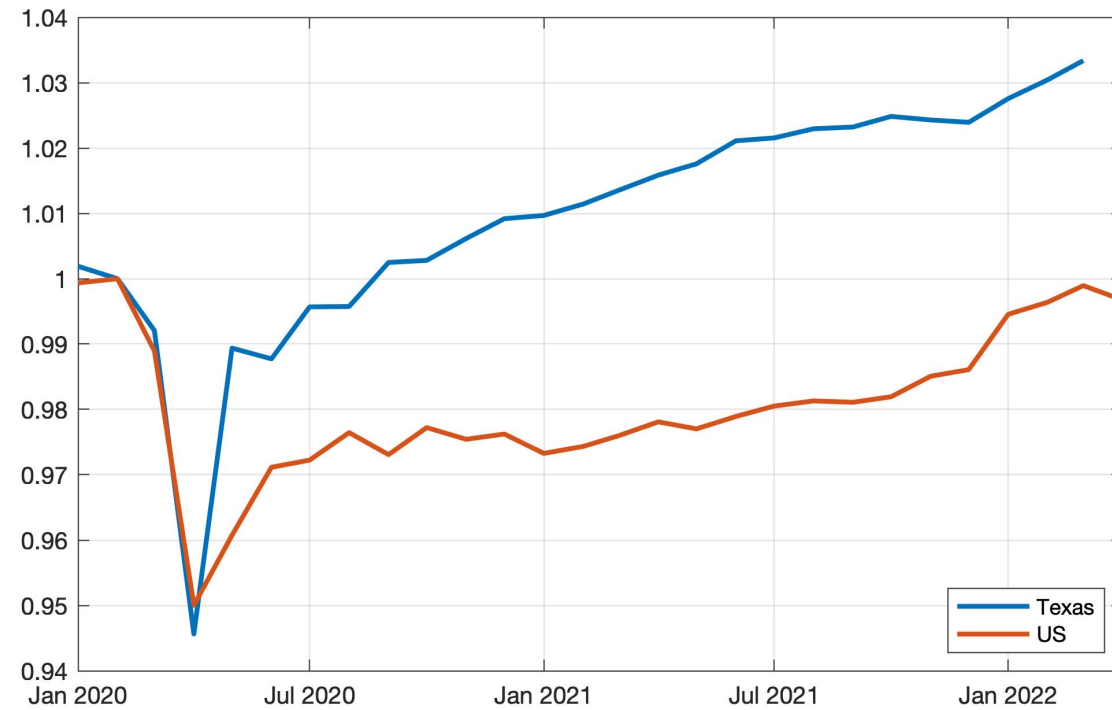
- Texas Labor Market
- Headwinds to the Texas Economic Recovery

Texas Labor Market: Labor Force

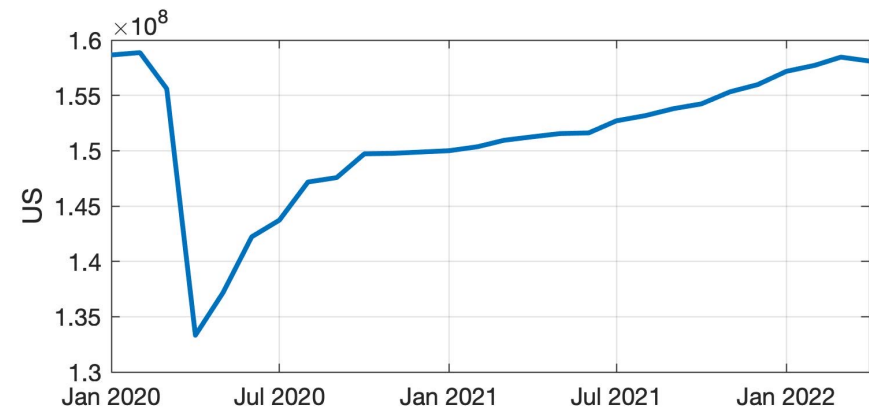
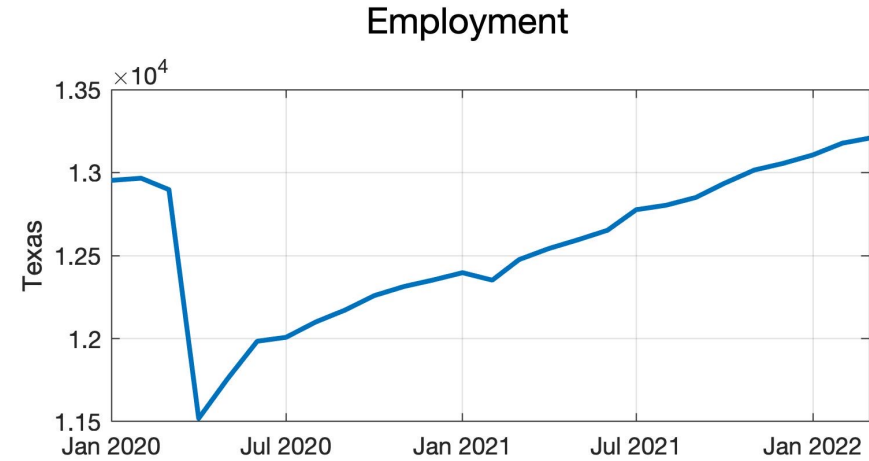


Texas Labor Market: Labor Force

Labor Force (normalized)

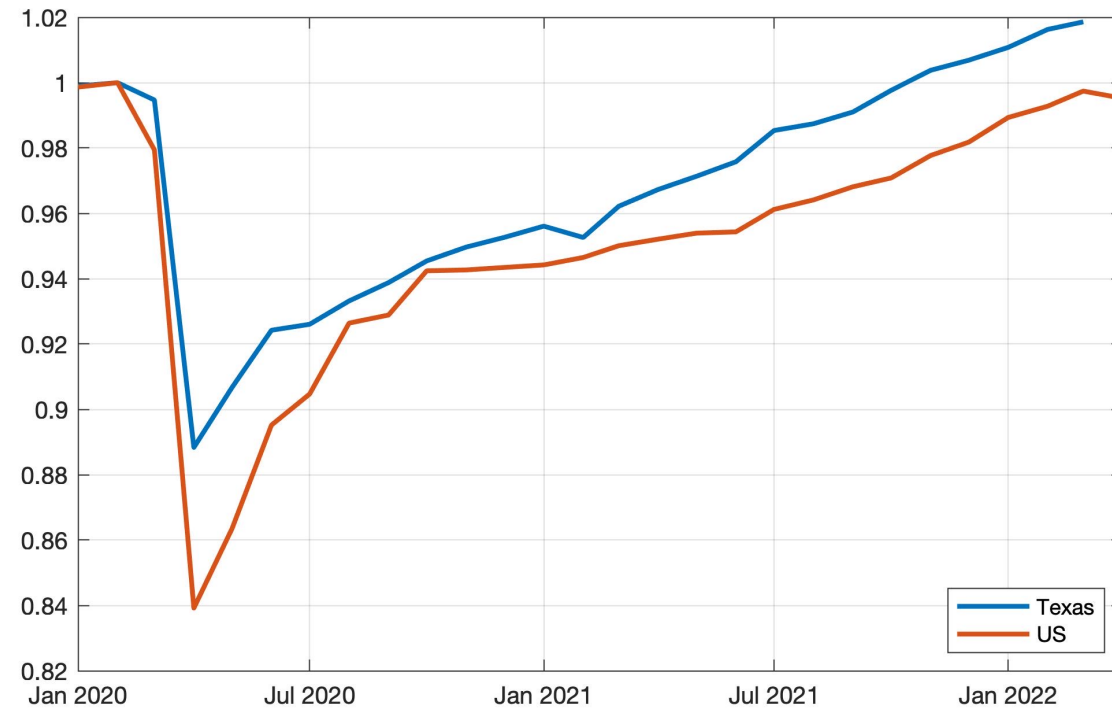


Texas Labor Market: Employment



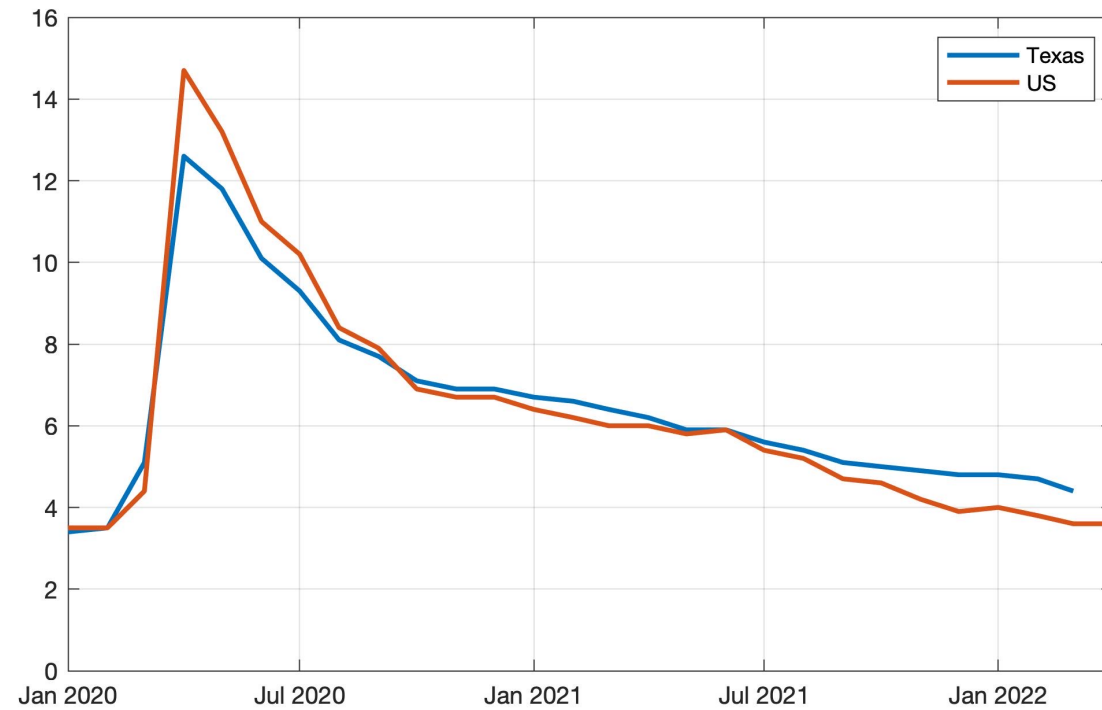
Texas Labor Market: Employment

Employment (normalized)



Texas Labor Market: Unemployment Rate

Unemployment Rate



Elevated Relative Unemployment

- Likely higher labor force growth than employment growth
- Texas labor market lagging US labor market
- Technical issues—seasonal adjustments

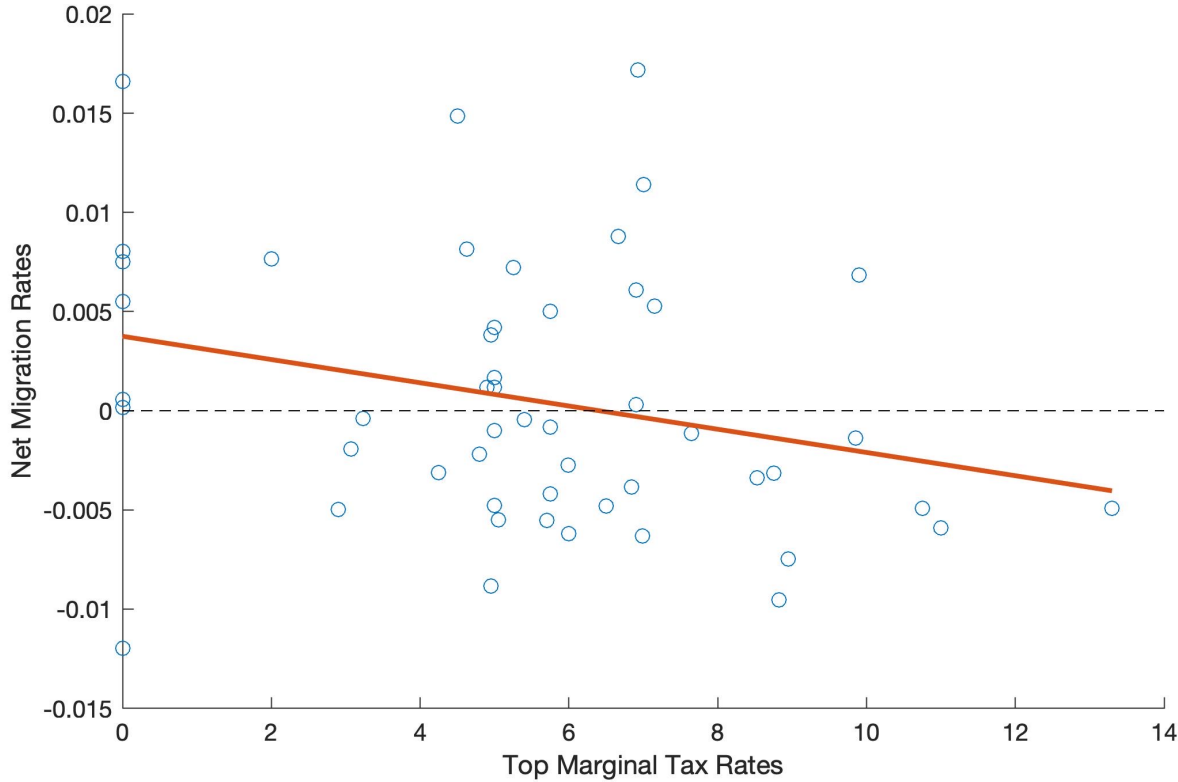
Shortages and Inflation

- “Many firms reported significant turnover as workers left for higher wages and more flexible jobs.” ([Fed Beige Book, April 20, 2022](#))
- Likely impacted by inflation, contracts
- Affecting certain industries, including childcare

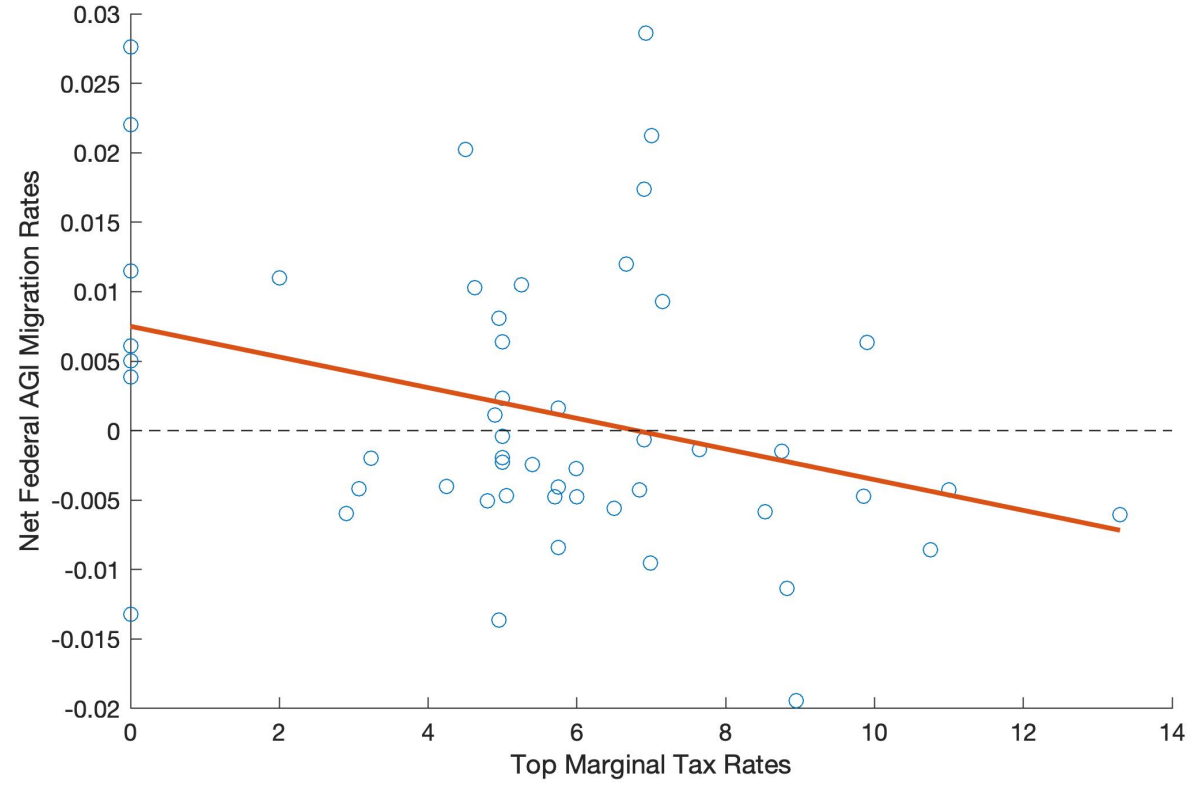
Texas Employment Growth Factors

- Domestic and international migration
- Federal tax policy + Competitive fiscal environment
- Transition to remote work

Migration Flows and Income Taxation



AGI Flows and Income Taxation



Post-pandemic Headwinds

- Increased fiscal competition from other states ([Tax Foundation](#))
- Federal tax policy (reinstating the SALT deduction)
- Rising interest rates to combat inflation
- Rural broadband availability

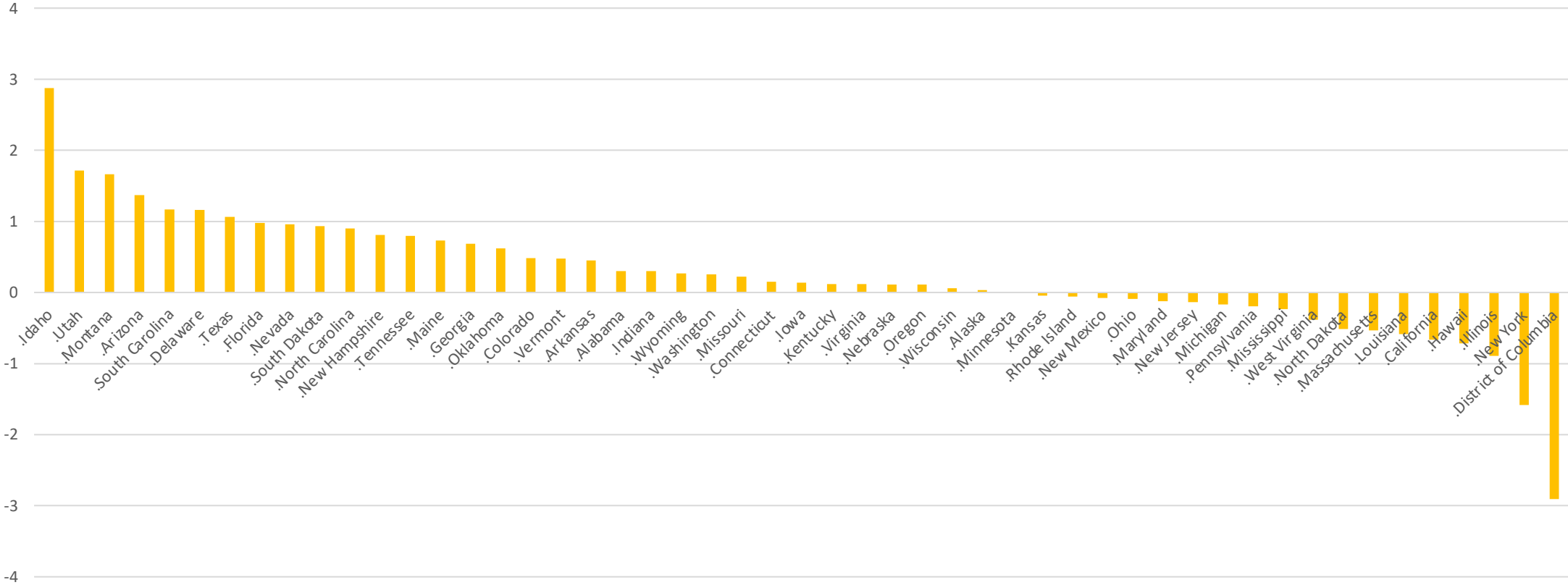
Conclusion

- Maintain a competitive fiscal environment
- Encourage federal policymakers to eliminate SALT deduction
- Expand rural broadband availability

Thank you!

Population Growth Rates by State

2020-2021 Population Growth Rates (US Census)



Texas Broadband Map (Connected Nation)

