

# A PLAYBOOK FOR RESILIENCY:

Creating Opportunity  
for All Texans



**STEVEN PEDIGO**

Lyndon B. Johnson School of Public Affairs  
The University of Texas at Austin

**KIRK WATSON**

Hobby School of Public Affairs  
The University of Houston



**TEXASLBJ School**

The University of Texas at Austin  
Lyndon B. Johnson School of Public Affairs

**HOBBY**

SCHOOL OF PUBLIC AFFAIRS  
UNIVERSITY of HOUSTON

## EXECUTIVE SUMMARY

How we approach the challenge of recovery from the COVID-19 pandemic will define the Texas that we live in going forward. We have a unique opportunity to take advantage of this moment in time and create a stronger Texas.

***A Playbook for Resiliency: Creating Opportunity for All Texans*** outlines nine principles and associated actions for an inclusive and more resilient Texas.

- 1. Build Partnerships Instead of Rivalries.** Collaboration is essential if Texas is to achieve lasting resiliency. Local leaders have an invaluable view on what is happening on the ground, while the state government offers a broader picture of Texas's overall needs. Local governments can cooperate across regions, pooling their resources and sharing governance.
- 2. Foster Resilience Through Economic Inclusion and Diversification.** Texas's business climate has made it an ideal place for investment. Let's be innovative in how we grow our export sectors when we begin to reopen the state, while supporting the small and local businesses that bring character, creativity, and authenticity to Texas communities.
- 3. Increase Healthcare Investments for Economic Development.** Texas's hospitals are not just providers of healthcare and centers of advanced research—they are job creators and have the potential to become important community catalysts, powering our communities forward with innovations, job opportunities, and increased security stabilization. There is no doubt: we can strengthen Texas's public health capabilities while fully leveraging their economic benefits.
- 4. Lead the Energy Future.** The demand for alternative energy across the U.S. and in Texas is growing. As the world's leading knowledge and production center for energy, Texas must seize the opportunity to innovate and develop an ecosystem for the future.
- 5. Protect Essential Workers to Protect Texas's Resiliency and Future.** The COVID-19 pandemic brought home the fact that frontline services workers are essential workers for Texas. They need access to affordable childcare, guaranteed healthcare, and family-supporting wages. Texas should lead with legislation to honor their service while addressing the longstanding inequalities in our communities.
- 6. Promote the Growth of Rural Communities with State-Supported Investments.** With a renewed focus, Texas's rural communities can emerge as centers of entrepreneurship, improving the well-being of all Texans. The health of Texas's overarching economy depends on the success of even its smallest rural communities, but they need focused investment.
- 7. Invest in the Skills of Texans.** Having experienced a shock as enormous as the COVID-19 pandemic, now is not the time to retreat on workforce development. It's time to double down on our investments in the skills and pathways that expand economic opportunities for Texans, improving well-being across the board.
- 8. Leverage Texas Universities as Community Hubs and Accelerators for Talent and Thought Leadership.** Working in the broadest capacity as beacons of community innovation, Texas universities can leverage local purchasing and procurement, accelerate cluster development, improve workforce readiness, and serve as laboratories for the development of practical solutions to intractable problems.
- 9. Advance an Infrastructure that Supports the Orderly Growth of Metropolitan Texas.** Transportation investments and increased broadband access are needed across Texas. As expensive as they are, digital and physical infrastructure projects can help to jumpstart the recovery by putting people to work, while laying the groundwork for a Texas that is not only more sustainable, but has a higher ceiling for growth.

## INTRODUCTION

On May 1, Governor Greg Abbott partially reopened Texas for business, removing shelter-in-place orders across the state and allowing retail establishments and restaurants to begin serving customers at 25 percent capacity.

“Overcoming challenges is part of who we are as Texans,” the Governor [proclaimed](#).<sup>1</sup> “We can get Texans back to work, practice safe standards that will prevent the spread of COVID-19, and we can overcome this pandemic.”<sup>2</sup>

As the state’s economy emerges from its forced time out, state and local leaders and their respective task forces are giving thought to how to restart the economy. The [Governor’s Strike Force to Open Texas](#), an advisory panel of medical experts, elected officials, and business and philanthropic leaders, will provide expert advice on how to safely reopen work, school, and entertainment across the state.<sup>3</sup> Recently on May 6, Lieutenant Governor Dan Patrick and his [Texans Back to Work Task Force](#) issued a [guide](#) for how businesses and specific industries across the state can reopen their operations.<sup>4</sup> Local and regional groups across the state have also created plans to respond to businesses’ and communities’ needs.

While all of these efforts are critically important to restarting the state’s economy, we are taking a longer view and thinking about the state’s ultimate recovery and rebuilding. “Just as we united as one state to slow COVID-19, we must also come together to begin rebuilding the lives and livelihoods of our fellow Texans,” [explained](#) Abbott.<sup>5</sup> We agree: recovery is not just about who can open their doors and when; it is about applying what we have learned from the pandemic to ensure that, going forward, our state is more resilient than it’s ever been.

As business activity resumes, we will need a new playbook for our new normal. We should begin by acknowledging where the old playbook did not work as well as it should have and look for new ways to improve our performance. The pandemic has revealed needs that can no longer be deferred. We will never have a better opportunity than now to rewrite the plays of our future.

For too long, the word “resiliency” has been used solely in the context of environmental disasters—as in the capacity to handle a flood, earthquake, windstorm, wildfire, or drought—or an unnatural catastrophe, like terrorism or a toxic spill. We want to challenge Texas to think about resiliency more broadly, as a place’s capacity to weather shocks to its economy and residents’ health, and even more specifically, “as the [capacity](#) of residents, communities, institutions, businesses, and systems to survive, adapt, and grow,” no matter what kinds of chronic stresses and acute shocks they experience. This cannot be achieved without evaluating the system flaws that are exposed in times of crisis and that should be repaired as part of reopening to assure better, more-equitable, longer-term benefits.<sup>6</sup> The more resiliency a community has, the less likely it is to break under pressure—and the faster it is to rebound.

### Texas’s Unequal Boom

When Texas’s economy was booming, we assumed that we could simply grow our way out of any problems or address them in strictly political terms. In some ways, it was a luxury of affluence. Powered by the oil boom, technology, and life science, Texas’s [\\$1.7 trillion economy](#) was the 10<sup>th</sup>-largest in the world (comparable to Australia’s).<sup>7</sup> As recently as December 2019, our statewide unemployment rate was at an all-time low of [3.4 percent](#).<sup>8</sup> But the crisis has shone a blinding light on our state’s geographic, economic, and social systems, revealing their vulnerabilities so clearly that their existence can no longer be debated or denied. Our task now is to ask the right questions so that we can begin to craft the right solutions.

Questions like:

- How can we forge better partnerships between our public, private, and non-profit sectors?
- What types of economic development investments should we be making?

- As fossil fuel-dependent as Texas's economy is, how do we respond to the collapse of oil prices?
- How can we do a better job of protecting and empowering our most vulnerable populations?
- What new transportation infrastructure should Texas metros be investing in?
- How can we act to redress the systemic weaknesses in our rural and urban health systems?
- How do we build more-robust rural economies overall?

While the [Texas Triangle](#)—the great region bounded by San Antonio/Austin in the southwest, Houston in the southeast, and Dallas/Fort Worth in the north—accounts for 77 percent of Texas's GDP and houses 48 Fortune 500 headquarters, much of the rest of the state, particularly its rural areas, have been in decline.<sup>9</sup> The [statistics](#) tell the story:<sup>10</sup>

- Only 27 percent of adult Texans are college graduates.
- 17 percent of Texans 25 and older do not have high school diplomas—and graduation rates are 10 percent lower in rural areas than the statewide average.
- Annual wages are 26 percent lower in rural areas than they are in metros.
- Nearly 15 percent of Texans live in poverty.
- Nearly 2 in 10 Texans—more people than in any other state—have no health insurance.

It is a tale of two Texases: one, an urban powerhouse with a rising knowledge economy that craves more educated talent; and the other, smaller towns and open ranges whose legacy agriculture, manufacturing, and oil extraction businesses are contracting.

### **Building a Resilient Future Now**

Texas will continue to grow, but if we want its cities and towns to be more shock-resistant, its economy will have to become more inclusive and equitable. How we approach the challenge of recovery will define the Texas that we live in going forward.

Building a more sustainable and resilient Texas requires us to discard the zero-sum approach that pits jurisdictions, regions, and economic sectors against each other. Not every choice is either/or; not every trade-off that we are used to making is desirable or necessary or can be decided by partisan politics. Local versus State, Rural versus Urban, Big Business versus Small Business, Oil versus Alternative Energy, Transit versus More Roads, Profits versus Safety, Access versus Choice, Regulations versus Business Growth, and Tier 1 Research versus Community Engagement are all false dichotomies. The choices we should be making are between alternatives that do serve Texas's long-term prosperity and quality of life and those that don't.

Below is a playbook, comprised of nine key principles and associated actions, for a more-inclusive and ultimately more-resilient Texas—one whose growth will be far more sustainable than it has been.

#### **1. BUILD PARTNERSHIPS INSTEAD OF RIVALRIES**

Collaboration, not competition, between local and state government is essential if Texas is to achieve a lasting resiliency. Texas's state-level lawmakers need to understand that they cannot support all of their constituents if they refuse to work with cities, and local leaders need to forge partnerships with their statewide counterparts. When cities are hamstrung by legislation that limits their ability to raise and spend money on the infrastructure, housing, transit, and crisis prevention and mitigation that they need, the economy of the whole state suffers as a result. Texas's cities shouldn't have to compete with the state for the resources they need, and they should not be competing with each other for employers and tourists. Successful and sustainable economic development requires cooperation at every level.

### ***What's Needed***

Local leaders have an invaluable view of what is happening on the ground, while the state government offers a broader picture of the Texas's overall needs. Local governments can cooperate across regions, pooling their resources and sharing governance. We propose:

- A commitment of shared governance among local and state officials to guide the reopening and recovery of the Texas economy. Decision-making should be informed by a real-time health and economic dashboard. A simple approach would be for the state, in collaboration and agreement with local jurisdictions (through regional planning groups modeled after Councils of Government, Water Planning Districts, or Metropolitan Planning Organizations), to set goals and standards. Once established, local jurisdictions would have the authority to achieve the desired outcomes based on their individual assets, cultures, and needs. This would avoid a one-size-fits-all approach, while freeing up resources, playing to community strengths, identifying best practices, and improving how recovery grants and loans are deployed. When individual communities succeed, the whole state benefits.
- Creation of incentives and other tools by the Texas Legislature to encourage regionalism and cooperation among communities, including shared finances, governance, and planning approaches. This is already happening for infrastructure development, but the approach has been too ad hoc for other economic development efforts.
- Learn from our experience with prior disasters, such as wildfires, hurricanes, and floods. Texas has already shown that when we come together with a laser focus on recovery and outcomes—setting aside disputes and conflicts—we can set new standards for results-driven coalitions, achieve successes, and avoid perpetuating pre-disaster inefficiencies.

## **2. FOSTER RESILIENCE THROUGH ECONOMIC INCLUSION AND DIVERSIFICATION**

Texas's pro-business climate has made it an ideal place for investment; it's no wonder *Chief Executive* magazine [ranked](#) Texas as the "Best State for Business" for 13 years running.<sup>11</sup> Getting local businesses back up and running is crucial; they are the souls of our communities and provide them with much of their character. This will require not only financial assistance in the form of small business loans and grants for underserved businesses, but also technical guidance on how local businesses can implement health, safety, and social-distancing protocols while sustaining suitable revenues.

It is not enough just to reopen the economy with guidelines; we must guide our small businesses through the reopening and recovery process. This will likely require new revenue, as will other aspects of recovery. Texas, a state of immense wealth even in a downturn, cannot afford to turn away from investment at this crucial time. It will require some sacrifice to do things right.

At the same time, we cannot forget about the state's export and innovation economies—the real drivers of our economic competitiveness. Texas shouldn't be making trade-offs between the interests of its large and small businesses: all are needed. But given the need to support both sides of our economic portfolio, we must be responsible in our decision-making around economic development. To do this, all incentive packages and tax breaks for business attraction and expansion must come with clear requirements for quality job creation and workforce development—pillars of more-inclusive development. In short order, incentive dollars may be prioritized for those who bring value to our industry supply chains and for Texas-based firms looking to expand their operations. As a state, we need to be more effective at ensuring milestones are achieved, rescinding support when they are not.

Texas has always invested in business; but going forward, we also need to be a state that invests in partnerships between businesses and communities. State and local governments can work with companies that serve as compelling foundational businesses, utilizing their investments to drive the growth of regional economies while solving local issues. We can better utilize our universities too, jumpstarting local economies by forging stronger connections among faculty and students and companies. This applies not just to big research universities, like UT Austin or Texas A&M, but to smaller regional and rural colleges, too.

Finally, we must tackle the challenge of ensuring all workers have access to affordable, quality childcare options. Without a doubt, this is an obstacle to more inclusive and equitable economic development in Texas. As our economy restarts, workers with children from all sectors – knowledge, production, and especially, service – will need childcare they can trust and afford; now is the time to explore new partnership models and financing options.

### ***What's Needed***

Let's be innovative in how we grow our export sectors when we begin to reopen the state, while supporting the small and local businesses that bring character, creativity, and authenticity to our communities. We propose:

- The formation of a statewide taskforce comprised of government officials, economic development practitioners, and academic economists to study the use of incentives across the state and offer recommendations on how they can be deployed more effectively to ensure inclusive development, economic diversification, and investment in everyday Texans.
- A short-term redirect of incentive dollars for Texas-based companies looking to expand within the state, those outside the state who bring value to industry supply chains, companies making needed investment in the up-skilling of workers, and businesses that bring value by leading us into the future with new technologies and new industries.
- An evaluation of statewide industry supply chains for potential areas of investment. As the crisis resolves, we need to rebuild our broken supply chains domestically.
- A plan to support Texas entrepreneurs by investing in the technical support and training they need to scale their enterprises and potentially reach global markets, especially those tied to growth sectors.
- A recommitment among universities to play an active role in economic development across the state and its regional centers through improved technology transfer and local purchasing and employment.
- Appointment of a blue-ribbon committee to create a statewide action plan for increasing quality childcare options in Texas, including an assessment of best practices and new delivery and financing models.

### **3. INCREASE HEALTHCARE INVESTMENTS FOR ECONOMIC DEVELOPMENT**

The pandemic has shown us the importance of public health infrastructure, and Texas's is stretched thinner than it might appear at first glance, given its world-class hospitals and medical schools. There are at [least 5 million uninsured](#) people in Texas—that's 2 out every 10 Texans.<sup>12</sup> When they go to ERs for treatment, taxpayers pick up only part of the tab; hospitals are forced to absorb their losses. And that's not even considering the opportunity costs of all of that money and lost labor that could have been more productively invested.

Texas has invested millions of dollars in medical research, medical centers, and innovative startups in the life science sector, but it has neglected the rest of the continuum, which includes the basics of healthcare and medicine. Beyond that, it needs to think of healthcare as an economic development driver. Hospitals are not just centers for health

and wellness; they're also job creators that provide pathways to opportunity for thousands of middle-class professionals, like nurses, physician assistants, physical therapists, and the like. Texas has made some smart gestures to support them, such as making it easier for community colleges to advance holders of ADN (Associate Degree in Nursing) to BSN (Bachelor of Science in Nursing), a four-year degree.

Texas needs to rebuild its healthcare capacity in rural areas, which are dramatically underserved (26 rural hospitals have closed since 2010, 19 percent of all rural hospital closings in the U.S.), and ensure that it is able to provide healthcare in non-traditional settings as well—in clinics, via telemedicine, and even on smart phone apps.<sup>13</sup> When Peter Diamandis, co-founder of the X-Prize, was asked about the future of healthcare, he predicted that “Apple and Amazon and Google and all the data-driven companies that are in our homes right now become our healthcare providers.”<sup>14</sup> In the not-distant future, smart phones and speakers will collect and correlate enough information about their users that they can make predictions and recommendations about their health. Texas needs to play a proactive role in this transformation.

### ***What's Needed***

Texas's hospitals are job creators and have the potential to become important community anchors. To strengthen Texas's public health capabilities while fully leveraging their economic benefits, we propose:

- Investments in a better health ecosystem across the state, starting by accepting the federal dollars (i.e. the Medicaid expansion) that Texas has rejected for reasons that are arguably purely partisan. These dollars should be treated as economic development incentive dollars. For every dollar sent by Texas to the Federal Government, Texas gets back \$1.62. This is determined by the federal medical assistance percentage, for which Texas's multiplier for federal fiscal year 2021 is 1.62.<sup>15</sup> That money will be spent on businesses (hospitals, clinics), jobs (for doctors, nurses, other healthcare professionals), and economic productivity (keeping people healthy or getting them well so they can work).
- Complete the continuum of care by building and retrofitting the healthcare assets—hospitals, tele- and digital health infrastructure, and modern long-term care facilities—so they can keep up with the state's growing population.
- Expand the healthcare workforce pipeline and training programs to provide opportunities for Texans and increased capacity for its system, especially its ever-growing demand for nurses, technicians, and therapists. The new Dell Medical School at the University of Texas at Austin is pioneering this more expansive approach to healthcare, with a curriculum that focuses on clinical practice, career development, and community wellness.
- Invest in nontraditional healthcare solutions and providers (technology companies), utilizing the socioeconomic determinants of health as a driver of future investments.

## **4. LEAD THE ENERGY FUTURE**

While Texas's economy (and especially Houston's, Midland's, and Odessa's) is highly dependent on fossil fuels and will continue to be for some time, the state is well-positioned to become a leader in alternative and renewable energy as well. Developing these futuristic capacities is much more than virtue signaling, as the worldwide crash in the demand for oil and gas has made clear. It is also good business.

On April 20, oil was selling for negative \$37 a barrel—down from a 2020 high of \$63 and a 20-year high of \$145.<sup>16</sup> Though April 20 was likely an outlier event, having a state economy that is dependent on something as volatile as the price of oil is not economically sustainable. There are a host of excellent reasons to seize the benefits—both

economic and environmental—of being the world’s leader in alternative and renewable energy. Texas is already the [fifth-largest producer](#) of wind energy in the world; between 16 and 20 percent of the state’s power comes from wind, and Texas companies produce about a quarter of all the wind energy in the U.S.<sup>17</sup> Texas is a growing force in solar energy, too. There are [683 solar companies](#) in the state, accounting for more than 10,000 jobs, and the sector is poised for growth. Clearly, the state would benefit by utilizing its expertise to shift even more of its capacity to green energy.<sup>18</sup>

Texas’s interest in green energy goes beyond its energy sector. The sprawling building patterns of its cities and suburbs are more carbon-intensive and more vulnerable to natural disasters than they should be. Denser development, a greater capacity for mass transit, and less reliance on cars would all help Texas to become more resilient and sustainable.

### ***What’s Needed***

The demand for alternative energy in Texas and across the U.S. is growing. As the world’s leading knowledge and production center for energy, we must seize the opportunity to develop an ecosystem for the future. We propose:

- Statewide cluster initiatives to support the development and maturation of the state’s capabilities in the production of wind and solar energy, including appropriate incentive use, policies, regulation, and workforce initiatives.
- Encourage and incentivize Texas energy businesses to shift research and expertise to the development of competitive clean energy technologies. This doesn’t mean that they should abandon oil—rather, that they should use their established expertise to expand their market share into this relatively virgin territory.
- Adopt ambitious statewide energy efficiency goals and incentives to achieve them. Beyond reducing the carbon footprint of cities, committing to energy efficiency fosters technological innovation and creates opportunities to export more energy. As it is said, efficiency is the cheapest energy source; Texas can also be a leader in this growing segment of the global energy industry.
- Incentivize the residential adoption of modern and efficient energy products to catalyze the creation of new companies/enterprises and workforce opportunities.
- Create appropriate workforce training programs and onramps across the industry, from the production of solar panels and wind turbines to their installation and maintenance. If the state’s shale patch feels prolonged pain, displaced oil industry workers may also need focused assistance and attention so they can integrate into new, growing sectors.
- Treat the alternative energy industry with the same respect provided to other Texas industries—as a source of jobs, revenue, and prosperity—and avoid the old debates or forced trade-offs of environment versus business.

## **5. PROTECT ESSENTIAL WORKERS TO ENSURE TEXAS’S RESILIENCY**

In the past, “essential workers” referred to first responders, doctors and nurses, and skilled people in the trades, such as electricians, plumbers, and mechanics. The pandemic has brought home the fact that the “frontline workers” in the service sector—grocery store stockers and cashiers, delivery personnel, home health aides, and food handlers—also match this description. They have kept our state moving, eating, and well during a time of dire need.



Six million Texans, fully 46 percent of the state’s workforce (as much as 56 percent of the workforce in the Borderland region, comprised of Brownsville, Laredo, and El Paso) are employed in low-wage service work—a 10 percent increase over 2013.<sup>19</sup> On average, these workers make about \$35,000 per year, less than half of what professionals average.<sup>20</sup> They are key infrastructure; without them, the state’s basic needs would go unmet. All of them run real risks in carrying out their duties. They need access to affordable childcare, guaranteed healthcare, and family-supporting wages.

More broadly, Texas’s business community needs to rethink its relationships with its workers, recognizing the extent to which they depend upon them and the reciprocities that are required. Not all of the burdens should be borne by companies; the state can help with incentives and direct subsidies. For example, the crisis has revealed how important paid sick leave is; going forward, perhaps it should be treated like infrastructure—an infrastructure of well-being—and supported by tax dollars, much as roads are.

### ***What’s Needed***

Some supermarket chains like H-E-B—big employers—are voluntarily stepping up to invest in their essential service workers. The state should follow their lead with legislation to address the inequalities in our communities and honor their service.<sup>21</sup> We propose:

- A commitment to evaluate the impact and implementation of a geographically indexed living wage across the state.
- Adoption of statewide legislation that provides all workers with appropriate safety nets, including paid sick leave.
- Continuation of state-subsidized childcare for essential service workers during statewide emergencies.
- A mechanism for triggering “hazard pay” benefits during statewide emergencies that pose public health risks.

## **6. PROMOTE THE GROWTH OF RURAL COMMUNITIES WITH STATE-SUPPORTED INVESTMENTS**

Texas is rightly proud of its frontier heritage, but its rural regions are facing significant economic headwinds. According to the Texas Rural Collaborative, the net migration rate into Texas’s urban areas is 25 times greater than into its rural areas.<sup>22</sup> The high school graduation rate in rural areas is 10 percent lower than the statewide average, and rural workers receive wages that are 26 percent lower.<sup>23</sup> A 2018 poll of more than 800 rural Texans found that only 9 percent rated the economy in the area where they live as “excellent.”<sup>24</sup> Most rated the availability of jobs—particularly those for young people just entering the job market—as either “poor” or “terrible.” It’s no wonder that they are flocking to Texas’s urban centers.

Tourism, hospitality, and specialty retail (local crafts and arts) have helped to revive a few fortunate rural communities that have beautiful scenery and a unique culture to share. But depending too much on one sector leaves economies vulnerable to downturns and disasters, and the coronavirus has brought both. For sustainable job growth, export sectors must be developed. And for rural Texas to do that, according to the IC<sup>2</sup> Institute at UT Austin, communities have to learn to think and act regionally, pooling their resources to support scalable businesses.<sup>25</sup> Rural communities are too small to make effective economic development investments on their own; neighboring jurisdictions need to combine their forces, as metro areas do.

Tying their efforts to regional universities or anchor employers can also help them build export capabilities—and there will be more opportunities for this going forward as American manufacturers begin the work of rebuilding

and, in many cases, repatriating their supply chains. Working together, they can determine what kinds of businesses can grow, and tap into their networks to develop and scale them.

And while broadband is not a cure-all, it is a sine qua non for rural economic development. According to M-Lab, as of March 2020, 62 percent of counties across the U.S. cannot meet the government’s minimum download speed for broadband internet, and one-third of Texans don’t have it in their homes.<sup>26&27</sup> The Brookings Institution notes that “rural residents are at risk of being marginalized in an information-rich economy where digital transactions and commercial sharing services are becoming more relevant.”<sup>28</sup> Texas is making some progress on installing broadband in its rural communities with the passage of Senate Bill 14 in 2019 and a recent \$19 million commitment from the U.S. Department of Agriculture, but more investment is needed.<sup>29&30</sup> Quality broadband is critical for both quality of life and economic development and should be invested in as a public good. It is a requirement for remote education and telemedicine, as well as for remote working.

### ***What’s Needed***

With a renewed focus, Texas’s rural communities can emerge as centers of entrepreneurship. Urban and rural areas are inextricably linked; the health of Texas’s overarching economy depends on the success of even its smallest communities. We propose:

- A suite of rural-targeted incentives, funding mechanisms, and planning tools to encourage greater regionalism among smaller Texas communities.
- A statewide cluster initiative to understand the viable export sectors (outside of hospitality and tourism), supply chains, and ecosystems in rural communities across Texas and to develop an appropriate action plan to achieve growth. Activate regional colleges and universities to support these efforts.
- Develop and expand talent initiatives that incentivize and encourage young Texans to return to smaller communities after receiving an associate or bachelor’s degree.
- Garner a philanthropic commitment to training and capacity building in the practice of municipal policy, economic development, and planning for local government and policy leaders, using Texas universities as the delivery mechanism.
- Continue investment in digital infrastructure in rural communities to provide access to essential services (health, wellness) and to enable them to promote themselves as livable communities for remote workers.

## **7. INVEST IN THE SKILLS OF TEXANS**

For a long time, Texas has invested its economic development dollars in companies (many of them multinationals, headquartered out of state) by granting them tax incentives when they site facilities in-state. Resiliency now calls for an investment in people and innovation: in safety nets, like paid sick leave, as well as skills. Twenty-first century economic development is about talent, not cheap labor.<sup>31</sup> Texas supports a number of outstanding universities, but it needs to develop its skill ecosystem by investing in workforce development. This begins by guaranteeing all Texas children, especially those living in economically distressed communities, access to world-class teaching, enrichment activities, counseling, and learning environments.

More than 1.5 million Texans (and more every day) have filed for unemployment since the COVID-19 crisis began.<sup>32</sup> Fortunately, Texas already has a robust ecosystem of workforce development boards that coordinates workforce efforts in every county. Through partnerships and collaborations with organizations like Goodwill, the Urban League, and local community colleges, workers gain the skills, support (namely childcare for underserved

residents), and access they need to get and keep new jobs. They also help employers downsize responsibly when they must, and match them with workers when they are hiring. When managed well, workforce boards serve as the “air traffic control tower” of the massive labor exchange system in the state, coming and going. However, during times of economic uncertainty, they are often underfunded and strained. As a state, we must ensure workforce boards have the resources they need to develop community-adopted and tailored talent pipeline plans so they can continue the upskilling of Texans.

Policymakers can also focus additional funding on tuition assistance, onsite training, and apprenticeships to help under- and unemployed Texans learn new skills. Universities can play a key role here by reimagining skill and training programs (including non-credit and non-degree programs) to ensure that they are meeting their region’s needs. They should also examine whether programs can be delivered online, in short form, or on-the-job. Businesses can be further incentivized to invest in workforce programs that improve their own workers’ skills. Public and private sector actors should be partnering to provide quick-to-market adaptive training—a necessary requirement for a resilient future.

***What’s Needed***

Resilient economic development requires an ongoing investment in workforce and talent pipelines. In this time of crisis, Texas must double down on its investments in the skills and pathways that offer the greatest possibility for economic opportunity and improved well-being. We propose:

- Continued funding to ensure that students in economically distressed communities have access to best-in-class instructional and educational resources. The passage of [Texas House Bill 3 in 2019](#) provided more funding for economically disadvantaged children and children living in pockets of poverty.<sup>33</sup> It was just a start.
- The creation of a statewide task force to develop a vision for the Texas workforce of the future, using data and business insights. Its recommendations should be delivered to the state and the Tri-Agencies (Texas Education Agency, Texas Higher Education Coordinating Board, and Texas Workforce Commission).
- Increased investment in workforce boards across the state to ensure an increase in training partners and wraparound services for displaced workers.
- Deployment of technology to triage, safely deliver, and scale workforce support services during the age of COVID-19. This will help reserve in-person services for those who are least able to self-serve.
- Improved alignment between economic development and workforce priorities for metropolitan areas and smaller communities.
- A fresh approach to community college and university training programs, both credit and non-credit, especially those serving emerging and transitioning sectors.
- Development and execution of a statewide campaign to promote non-traditional career pathways in trades, manufacturing, and health sciences. Provide incentives for companies that support and create these programs for their workforces.

## 8. LEVERAGE TEXAS UNIVERSITIES AS COMMUNITY HUBS AND ACCELERATORS FOR TALENT AND THOUGHT LEADERSHIP

Texas A&M University at College Station, the University of Texas MD Anderson Cancer Center, and the University of Texas at Austin are [among the 50 top universities](#) for R&D funding, per the National Science Foundation, with more than \$2.4 billion in combined R&D investments.<sup>34</sup> They are real hubs of innovation and growth in our state. But beyond their scholarship, teaching, and R&D missions, they have the ability to play an even greater role in community and economic development.

Urban universities like Columbia in New York and University of Pennsylvania in Philadelphia have [made deep investments](#) in community development, housing, infrastructure, public health, and workforce development.<sup>35</sup> Arizona State University has [demonstrated](#) how this model can and should work in less urban environments, too. Texas's universities should follow suit, building a unique model, tailored to the state, that serves both urban and rural communities and draws on the strengths and skills of both Tier 1 research universities and regional colleges. Programs like [Planet Texas 2050](#) and [IC<sup>2</sup> Institute](#) at UT Austin, [Texas Rural and Health Community Health Institute](#) at Texas A&M, [Center for Carbon Management in Energy](#) at University of Houston, and the [Kinder Institute for Urban Research](#) at Rice University are steps in the right direction, but there's much more work that can be done.

### *What's Needed*

Working in their broadest capacity as anchors, Texas universities can exploit the power of local purchasing and procurement, accelerate cluster development, improve workforce readiness, and serve as laboratories for the development of practical solutions to intractable problems. We propose:

- Establishment of a blue-ribbon committee, appointed by the Governor, to study ways to develop and sustain a university presence in public problem solving.
- Explore the power of local purchasing and procurement by universities—setting goals to procure goods/services from underserved businesses and measuring the results. MD Anderson has deployed one of the most effective local purchasing programs in the country, [procuring](#) nearly 9 percent of its needs (\$93.1 million) from Historically Underutilized Business and Federal Small Businesses (HFSB).<sup>36</sup>
- Formation of joint labs and studios to tackle pressing public policy and resiliency issues for clients ranging from economic development agencies and municipal governments to service-delivery non-profits.
- A commitment from colleges and universities to play a significant role in continuing education, beyond traditional workforce development, for local businesses, ensuring that enterprises and their employees are prepared for the future.

## 9. ADVANCE AN INFRASTRUCTURE THAT SUPPORTS THE ORDERLY GROWTH OF METROPOLITAN TEXAS

While Texas's cities and metros have urban scale, they are lacking in the efficiencies that come with urban density. Texas has [three of the top 15 metro areas](#) in the U.S. in terms of hours wasted per person in commuting: Houston (9<sup>th</sup>), Dallas-Fort Worth (13<sup>th</sup>), and Austin (14<sup>th</sup>).<sup>37</sup> As Governor Abbott [noted](#) in a widely reported speech last year, the state has built enough highways: "The way people get around, the way people live is going to change."<sup>38</sup>

Even so, transportation and infrastructure investments across the state are needed. The Texas Department of Transportation's (TxDOT's) most recent long-range plan [estimated](#) that to simply keep Texas's various transportation modes "in a good state of repair" through 2040 would require \$547 billion in state and federal funding.<sup>39</sup> That

equates to about \$21 billion annually, more than twice as much funding as the state currently anticipates being available.<sup>40</sup>

And then there are needed regional transit investments: Austin’s Project Connect, a plan to expand MetroRapid, could range from \$4.7 to \$9.8 billion; upgrading sections of I-35 through the capital’s downtown is expected to cost \$8 billion.<sup>41&42</sup> The planned widening of I-45 in Houston has a price tag of \$8 billion.<sup>43</sup> The long-proposed bullet train between Houston and Dallas is slated to cost between \$12 and \$15 billion.<sup>44</sup>

It’s time to end the contest between roads and rail/transit, while also supporting improvements to our digital infrastructure that closes the accessibility gap for online learning, telehealth, and remote work. A growing metropolitan Texas needs infrastructure investments across the board. This requires investments from the state, the private sector, and the federal government, and a multimodal approach. Our future jobs, sustainability, and resiliency all require that we fix our crumbling interstates and fund public transportation (trains, buses, and biking networks).

Broadband is vital infrastructure, too. Every Texan should have the digital access they need to fully participate in our tech-driven world. Each of these investments will help us reduce congestion and pollution, better connect disadvantaged urban neighborhoods to areas of greater economic opportunity, and provide rural people with easier access to urban jobs.

### ***What’s Needed***

As expensive as they are, infrastructure projects, both physical and digital, can help to jumpstart the recovery by putting people to work, while laying the groundwork for a Texas that is not only more sustainable, but one that has a higher ceiling for growth. We propose:

- A commitment from state leaders to support, advocate, and lobby for federal investments in metropolitan infrastructure development, including public transit, commuter rail, and fiber/ broadband. President Donald Trump has signaled his support for an infrastructure package, which is likely to include critical bonding programs. As a point of reference, the Build America Bond program as part of the American Recovery and Reinvestment Act of 2009, resulted in \$181 billion in bonds sold to fund infrastructure in 15 months by state and local governments across the country.<sup>45</sup>
- Allow for more private capital to be utilized to build infrastructure through comprehensive development agreements (CDAs).
- Make greater use of the federal loan programs, such as the Transportation Infrastructure Finance and Innovation Act (TIFIA), that were created to help finance large regional infrastructure projects.<sup>46</sup>
- Activation of ready-planned and funded infrastructure projects to create employment opportunities for underemployed Texans with skills in construction and trades.
- Connect major regions with “non-congestible” means of transportation such as highspeed rail to allow for greater movement of people and goods. This could potentially allow students to attend more than one college in a region at the same time (for example, Alamo Community College in San Antonio and Austin Community College in Austin) so they can earn a degree more quickly.

**OUR RESILIENT FUTURE NOW**

The coronavirus crisis has exposed the cracks in our system. Issues that had been up for debate are no longer debatable: the evidence is too clear. As important and urgent as it is to get Texas up and running again, our ultimate challenge is to make our state stronger, more resilient, and more equitable than it has been—to ensure that it becomes a place that puts Texans first and that has the systems it needs to support them.

This is a time to go all in on investing in economic development. Given the depth and breadth of the crisis, communities across the state will be under pressure to slash their budgets. But Texas can't cut its way to prosperity. Certainly, we should invest more strategically, and some belt-tightening will be called for. But now is not the time to be stingy on economic development and workforce development. We cannot recover fully without both. And both are crucial for our future success.

The time to start building a better Texas and creating opportunity for all Texans is now. Let's seize this opportunity.

**ABOUT THE AUTHORS**

[Steven Pedigo](#) is a Professor of Practice at the Lyndon B. Johnson School of Public Affairs at The University of Texas at Austin and the inaugural director of the LBJ Urban Lab. A native Texan, Pedigo has advised more than 50 cities and regions across the world on how to build more creative, innovative, and inclusive communities.

[Kirk Watson](#) is the Founding Dean of the Hobby School of Public Affairs at The University of Houston. He has been immersed in public policy in Texas for the past three decades, serving first as an appointee of Governor Ann Richards before being elected mayor of Austin in 1997 and serving as the chair of the Greater Austin Chamber of Commerce. First elected to the Texas Senate in 2006, Watson represented the Austin-area for 13 years.

- 1 ["Governor Abbot Issues Executive Order Establishing Strike Force to Open Texas,"](#) Office of Texas Governor, April 17, 2020.
- 2 Ibid.
- 3 Ibid.
- 4 ["Texans Back to Work Taskforce,"](#) Office of Lieutenant Governor Dan Patrick, May 6, 2020.
- 5 Patrick Svitek, ["Gov. Greg Abbott to Let Restaurants, Movie Theaters, and Malls Open with Limited Capacity Friday,"](#) *The Texas Tribune*, April 27, 2020.
- 6 Michael Berkowitz, ["A Closing Note from Michael Borowitz, President of 100 Resilient Cities,"](#) 100 Resilient Cities, July 31, 2019.
- 7 Samuel Stebbins and Grant Suneson, ["Does Texas or Russia Have the Larger GDP? Here's How U.S. States Compare to Other Countries,"](#) *USA Today*, April 17, 2019.
- 8 ["Texas Unemployment Rate at 3.5 Percent,"](#) Texas Workforce Commission, July 24, 2020.
- 9 Henry Cisneros and William Fulton, ["State Will Boom Again If Leaders Address Transportation, Housing in the Texas Triangle,"](#) *Houston Chronicle*, April 3, 2020.
- 10 Steven Pedigo, ["Texas' Rapid Economic Growth is Reaching Its Limits. Here's What We Should Do,"](#) *Dallas Morning News*, December 8, 2019.
- 11 ["Chief Executive Magazine Names Texas Best State for Business for 13<sup>th</sup> Straight Year,"](#) Office of Texas Governor, May 9, 2017.
- 12 Stacy Fernandez, ["Texas has the Most People Without Health Insurance in the Nation—Again,"](#) *The Texas Tribune*, September 10, 2019.
- 13 Jane Bolin, Bree Watzak, and Nancy Dickey, ["Rural Hospital Closings Reach Crisis State, Leaving Millions Without Nearby Health Care,"](#) *Texas A&M Today*, September 30, 2019.
- 14 Ruth Reader, ["Amazon and Apple Will Be Our Doctors in the Future, Says Tech Guru Peter Diamandis,"](#) *Fast Company*, December 11, 2019.
- 15 ["Federal Medical Assistance Percentage \(FMAP\) for Medicaid and Multiplier,"](#) Kaiser Family Foundation, FY2021.
- 16 Eustance Huang and Pippa Stevens, ["An Oil Futures Contract Expiring Tuesday Went Negative in Bizarre Move Showing a Demand Collapse,"](#) *CNBC*, April 19, 2020.
- 17 ["Wind Energy in Texas,"](#) American Wind Association, April 2020.
- 18 ["Texas Solar,"](#) Solar Energy Industries Association, 2019.
- 19 ["Occupational Employment Statistics,"](#) Bureau of Labor Statistics, March 2019.
- 20 Ibid.



- 21 Kelsey Bradshaw, "[H-E-B Raising Pay By \\$2 an Hour as Coronavirus Crisis Continues](#)," *Austin American Statesman*, March 20, 2020.
- 22 Boston Consulting Group, "[Rural Texas Development Report](#)," Texas Rural Funders Collaborative, March 2018.
- 23 Ibid.
- 24 Strategic Research Associates, "[The 2018 Future of Rural Texas Poll](#)," Texas Rural Funders Collaborative, April 2018.
- 25 Art Markman, "[Collaboration in Rural Communities](#)," IC2 Institute, October 15, 2019.
- 26 Amanda Holpuch, "[U.S. Digital Divide 'Is Going to Kill People' as COVID-19 Exposes Inequalities](#)," *The Guardian*, April 13, 2020.
- 27 Ross Ramsey, "[Analysis: A Digital Divide with Dire Consequences for Texas](#)," *The Texas Tribune*, April 1, 2020.
- 28 Nicol Turner Lee, "[Closing the Digital and Economic Divides in America](#)," The Brookings Institution, 2019.
- 29 Paul Flahive, "[Texas Legislature Poised for Biggest Broadband Push in State History but Still Catching Up](#)," *Texas Public Radio*, May 17, 2019.
- 30 "[USDA Invests \\$19 Million in Broadband for Rural Texas](#)," U.S. Department of Agriculture, February 28, 2020.
- 31 Joseph Parilla and Sifan Liu, "[Talent-Driven Economic Development: A New Vision and Agenda for Regional State Economies](#)," The Brookings Institution, October 2019.
- 32 Clare Proctor, "[As Unemployment Roils the State, Some Texans have Given Up on Trying to Get Help](#)," *Texas Tribune*, April 30, 2020.
- 33 "[House Bill 3](#)," Texas Education Agency, 2019.
- 34 "[Rankings by Total R&D Expenditures](#)," National Science Foundation, 2017.
- 35 Victor Rubin and Kalima Rose, "[Strategies for Strengthening Anchor Institutions' Community Impact](#)," PolicyLink, 2015
- 36 "[What Works: Hospital Procurement Strategies that Support Small Businesses](#)," ICIC, 2020.
- 37 "[Texas Drivers Face Longest Delays on Houston, Austin Freeways](#)," Texas A&M Transportation Institute, December 10, 2019.
- 38 Peter Simek, "[Governor Abbott Says Texas Is Finished Building Highways](#)," *D Magazine*, January 10, 2020.
- 39 Kevin McPherson, Jessica Donald, and Bruce Wright, "[Transportation Infrastructure: Keep Texas Moving](#)," *Texas Comptroller Fiscal Notes*, May 2018.
- 40 Ibid.
- 41 Ben Wear, "[Capital Metro Vision Could Cost More than \\$10 Billion, Study Shows](#)," *Austin American Statesman*, March 31, 2018.
- 42 Philip Jankowski, "[I-35 Changes Dramatically in TxDOT Proposed \\$8 Billion Expansion](#)," *Austin American Statesman*, May 7, 2019.

<sup>43</sup> Dug Begley, "[Houston Seeks More Transit, Fewer Cars as Centerpiece of TxDOT's \\$7B I-45 Rebuild](#)," April 24, 2020.

<sup>44</sup> Ray Leszcynski, "[Here's What Is Ahead for the Proposed Houston-to-Dallas High-Speed Rail, Including Potentially Traumatized Butterflies](#)," August 31, 2018.

<sup>45</sup> "[Treasury Analysis of Build America Bonds Issuance and Savings](#)," U.S. Department of Treasury, May 16, 2011.

<sup>46</sup> "[Transportation Infrastructure Finance and Innovation Act](#)," U.S. Department of Transportation: Build America Bureau," April 20, 2020.



**TEXAS LBJ School**

The University of Texas at Austin  
Lyndon B. Johnson School of Public Affairs

**HOBBY**  
SCHOOL OF PUBLIC AFFAIRS  
UNIVERSITY of **HOUSTON**