



# PRIORITIES BRIEFING

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## ECONOMIC DEVELOPMENT & INFRASTRUCTURE

Texas’ strong business climate, pro-growth policies, and strategic location have made us the national leader in economic development. The Dallas region, in particular, has experienced rapid expansion, attracting corporate relocations, fostering innovation, and driving job creation across multiple industries. However, as the region continues to grow, ensuring the sustainability of this economic success requires continued investment in infrastructure, business incentives, and critical resources that support long-term competitiveness. Therefore, the DRC advocates for policies that enhance Texas’ ability to attract new businesses, expand critical infrastructure, and maintain a strong foundation for future growth.

### Issue Area #1: Dedicated Funding for Texas’ Water Infrastructure

*DRC agenda language: Support additional investment in long-term planning for water availability to meet the state’s future needs.*

#### Talking Points

- As of January, 2025, 42% of the state is experiencing a “Moderate” or worse drought
- In 2023, the State of Texas made a historic \$1B commitment to funding our water infrastructure needs, and Texas voters overwhelmingly approved the creation of the Texas Water Fund
- Over the next 50 years, over \$154B in water infrastructure needs have been identified, with the majority of those needs needing to be addressed within the next 20 years to avoid economic losses to the state far in excess of recent crises such as the Great Recession (\$73.9B GDP losses) or COVID (\$62.7B GDP losses)

### **Why it matters for business**

- Companies require certainty when deciding whether and where to make investments, and water is one of the most basic and important requirements for companies across all industries.

### **Request**

- The DRC supports significant new funding of state investment into water infrastructure on an ongoing, dedicated basis, similar to the state highway fund's Oil and Gas Severance Tax dedication.

### **Issue Area #2: Enhance State Electric Grid Resiliency and Reliability**

*DRC agenda language: Protect Texas' reliable, affordable, competitive, and diverse energy market and pursue opportunities to enhance grid resiliency and reliability.*

### **Talking Points**

- Unstable electricity supply can lead to widespread outages, causing businesses to lose revenue, halt production, and experience supply chain disruptions. Events like Winter Storm Uri in 2021 (\$130B in state GDP loss) result in billions in losses due to grid failures.
- Companies are more likely to invest in Texas if they can count on a stable energy supply. A reliable grid attracts new businesses and encourages expansion of existing businesses.
- Sectors like manufacturing, tech, healthcare, and energy production require constant and predictable power. Grid instability threatens critical operations, increases costs, and forces companies to consider alternative locations.
- Grid instability can lead to supply shortages and skyrocketing electricity prices. A well-maintained, resilient grid keeps energy costs predictable and affordable for businesses, preventing sudden spikes in expenses.
- With the growth of data centers, cloud computing, and AI-driven industries, electricity demand is increasing. A robust grid can help ensure Texas remains a leader in digital infrastructure and innovation.

### **Why it matters for business**

- Businesses in Texas rely on a resilient and reliable electric grid to maintain operations, especially in critical industries such as manufacturing, technology, biosciences, and healthcare.

### **Request**

- The DRC supports state investment into grid modernization to enhance resiliency and reliability, incentivizing an “all of the above” approach to energy generation and smart use of emerging technologies to match dispatchable energy to market needs.

### **Issue Area #3: Economic Development Incentives**

*DRC agenda language: Work to preserve Texas' business-friendly climate by supporting policies and robust incentive programs that promote investment and job creation for Texans.*

### **Talking Points**

- North Texas is one of the fastest-growing economic regions in the country, attracting businesses from across the U.S. and globally due to its favorable tax environment, skilled workforce, and strategic location.
- Competitive economic development incentives are critical to maintaining Texas' leadership in job creation and attracting high-value industries, such as technology, manufacturing, life sciences, and corporate headquarters relocations.
- Other states are aggressively offering incentive packages to lure companies away from Texas. Without strong economic development tools, we risk losing job opportunities and investments to competing states.

### **Why it matters for business**

- Economic development incentives attract new businesses and support existing businesses looking to expand, fostering long-term economic stability. A strong incentive framework allows Texas to remain competitive in emerging industries, ensuring that we continue to lead the nation in economic growth.

### **Request**

- The DRC supports state economic development incentive programs that attract new businesses, encourage corporate relocations, and drive job creation while ensuring local governments have the necessary tools and flexibility to offer incentive programs that meet the needs of their communities.

### **Issue Area #4: Transportation**

*DRC Agenda Language: Support continued funding for all modes of transportation for our rapidly growing state.*

### **Talking Points**

- North Texas is one of the fastest-growing regions in the country. Its expanding population and economy rely on a well-funded, multimodal transportation network.
- Efficient transportation infrastructure is critical for businesses to move goods, employees, and customers reliably and affordably.
- Traffic congestion costs businesses millions in lost productivity and delays, making investments in roads, highways, and public transit essential.
- Texas must continue investing in highways, public transit, rail, and air travel infrastructure to sustain economic growth and attract businesses.

**Why It Matters for Business**

- Businesses depend on reliable transportation networks for supply chain efficiency, employee commuting, and customer access. Inadequate infrastructure leads to congestion, higher shipping costs, and logistical inefficiencies that make Texas less competitive, while a well-connected region improves workforce accessibility, allowing businesses to attract and retain talent by reducing long commutes and improving quality of life.

**Request**

- Ensure continued investment in state transportation infrastructure, including roads, highways, bridges, and transit systems, to support business and population growth. Use state investments to promote multimodal transportation options, including transit, high-speed rail, and pedestrian-friendly infrastructure.

## EDUCATION & WORKFORCE

A highly skilled and educated workforce is essential to sustaining Texas' economic growth and maintaining its position as a top destination for businesses and innovation. North Texas is home to leading educational institutions, workforce training programs, and a diverse talent pipeline that supports industries ranging from technology to healthcare to advanced manufacturing. However, as workforce demands evolve, Texas must invest in education, workforce development, and talent attraction initiatives to meet the needs of a rapidly changing economy. Therefore, the DRC supports policies that strengthen K-12 education, expand higher education opportunities, and enhance workforce training programs to ensure Texas remains competitive in the global marketplace.

### **Issue Area #1: PK-12 Education (School Finance; Assessments & Accountability)**

*DRC agenda language: Help ensure a rigorous PK-12 education system through enhanced per-student funding, investment in evidence-based strategies, and a sustained commitment to academic assessments and accountability.*

#### **Talking Points**

##### *School Finance*

- In 2019, the Texas legislature made a historic investment in public education, investing more than \$6 billion in per student spending and a series of strategic allotments, including funds to support early education, effective educators, and college, career and military readiness.
- This investment came at a critical time, helping school districts statewide weather and rebound from learning loss associated with the COVID-19 pandemic.
- Still, just 47% of Texas students today meet grade-level standards, necessitating further strategic investments in our state's public schools and future workforce.
- In a poll of Texas residents, 87% of respondents indicated support for targeted investments in public school funding to improve student outcomes.

##### *Assessments & Accountability*

- Student assessments and public-school accountability are critical to developing a talented workforce.
- Texas invests more than \$160K per student over the course of their PK-12 career. The state's assessment and accountability framework is the primary way in which lawmakers and stakeholders can determine the return on that investment.
- The A-F Accountability System helps to ensure that schools are making progress and provides a transparent and objective measurement for stakeholders, including employers. Yet since being introduced in 2017, only one set of full A-F ratings have been assessed on Texas public schools and school districts.

- Texas' accountability system works: students attending "A" or "B" rated campuses are 2.7x more likely to be college ready upon high school graduation than students on campuses rated "D" or "F."
- In a poll of Texas residents, 81% of respondents indicated support for administering A-F grades to schools and campuses.

#### **Why it matters for business:**

- Texas invests more than \$160K per student over the course of their PK-12 career, yet only 27% are considered college ready upon graduation.
- Providing additional, strategic investments is necessary to improve student outcomes across the workforce pipeline. A comprehensive and reliable assessment and accountability system is crucial in both determining the return on these funds and targeting future, evidence-based investments.

#### **Request**

- The DRC supports significant new funding for Texas' public school finance system, including investment in strategic allotments (such as the Early Education Allotment, the Teacher Incentive Allotment, the Compensatory Education Allotment, and High Impact Tutoring), as well as an increase to the basic allotment.
- The DRC supports legislative action to ensure the continuity of Texas' A-F Accountability System.

#### **Issue Area #2: Child Care**

*DRC agenda language: Improve access to quality child care through incentives for employer child care benefits and systemic support for Texas' child care infrastructure to reduce barriers to workforce participation.*

#### **Talking Points**

- Access to affordable, quality child care is a critical enabler of workforce participation. In Dallas County alone, 62% of the 178,000 children under age 6 have all available parents in the workforce.
- Lack of child care access costs Texas more than \$9 billion annually in foregone tax revenue as a result of child care disruptions, largely due to lost wages and work productivity.
- More than a third of Texas workers surveyed by the U.S. Chamber of Commerce who quit or planned to quit their jobs cited child care as a primary reason for their decision.
- Employer-supported child care benefits create significant return-on-investment for companies, ranging from 90% to as much as 425%. In some cases, retaining just 1% of eligible employees covers the cost of employer-supported child care benefits.
- Increasingly, states – including North Carolina, Kentucky, and Michigan – have introduced programs, often referred to as "Tri Share," to leverage state funding and employer investment to reduce child care costs for working parents.

### **Why it matters for business:**

- Access to quality and affordable child care enables many parents of young children to participate in the workforce. The high cost of child care comes at employer's expense: when working parents leave, employers foot the bill through recruiting costs, training time, and lost productivity.

### **Request**

- The DRC supports the establishment of a Texas Employer Child Care Matching Program to provide state matching funds for employers investing in child care supports for working parent employees.
- The DRC supports the establishment of franchise tax credits for eligible employers that provide child care benefits, such as on-site child care, for working parent employees.
- The DRC supports additional investments in the state's child care infrastructure, including additional funding to reduce the waiting list for state child care subsidies.

### **Issue Area #3: Higher Education (Four-Year Investments; Community College Finance)**

*DRC agenda language: Maintain the competitiveness of Texas' higher education institutions through state investment in capital construction projects, research initiatives, and workforce development programs.*

### **Talking Points**

#### *Four-Year Universities*

- DFW is the #1 region in Texas for higher education:
  - DFW leads the state in postsecondary enrollment and degree completion;
  - DFW is home to the largest concentration of Carnegie-designated research institutions in the state
- DFW colleges and universities add more than \$13 billion annually to the regional economy as a result of operations, student and visitor spending, and tourism.
- At DFW colleges and universities, recent and planned construction activity has resulted in \$17.8 billion in gross product and more than 164,000 jobs.
- Research activity at DFW universities over the last five years, driven in large part by investments from the state legislature, has resulted in \$5.8 billion in gross product, including revenue from commercialization, and more than 33,000 jobs.

#### *Community Colleges*

- By 2030, 62% of jobs in Texas will require some sort of postsecondary credential or degree. However, just 47.9% of working Texans today meet this requirement. As a result, more than 1.4 million "middle-skills" jobs remain unfilled throughout the state today.
- Last session, the Texas legislature took a significant step toward addressing this gap by investing in and overhauling the state's community college finance system through House Bill 8 (88<sup>th</sup> Regular Session, 2023).

- Community colleges enroll 43% of all postsecondary students in Texas – more than any other type of institution – and provide training pathways across a wide variety of credentials, certificates, and degrees, often in partnership with regional employers.
- As a result of H.B. 8, Texas community colleges are now rewarded for their outcomes, such as students earning a degree or transferring to a four-year university, with additional funding provided for students earning “credentials of value” associated with high-demand, high-wage occupations.
- Additionally, H.B. 8 provided significant new funding to support dual credit opportunities and financial aid for community college students, expanding access to a postsecondary degree throughout the state.
- In a poll of Texas residents, 92% of respondents indicated support for continuing new investments in community colleges as student outcomes improve.

**Why it matters for business:**

- DFW’s higher education ecosystem, from prestigious medical institutions to rising research universities to community colleges, power our local economy by fostering innovation and preparing the next generation of workers.
- Investments in university research and construction drive economic growth several times over the cost to the state, while new funding for community colleges tied to student outcomes incentivizes development of degree and credential pathways responsive to urgent industry needs.

**Request**

- The DRC supports a one-time investment to fully or partially clear the backlog of Texas Research Incentive Program (TRIP) state matching grants. North Texas institutions (UT Arlington, UT Dallas, University of North Texas) have more than \$150 million (as of August 2024) in outstanding matches for approved research projects.
- The DRC supports legislative investment in higher education facilities, including through approval of new Capital Construction Assistance Projects (CCAPs) to fund new construction and through adjustments to the Higher Education Fund (HEF) to support maintenance and repair of existing facilities.
- The DRC supports fully funding H.B. 8 (88<sup>th</sup> Regular Session, 2023), which overhauled the state’s community college finance system. Additionally, the DRC supports revisions to certain outcomes-based funding allotments to award credit to institutions to students who transfer to private or out-of-state four-year institutions.

## HEALTH CARE

We collaborate with business and community partners to improve health care access and foster innovation in the Dallas Region. Key policies support increased health care access, biotech and life sciences growth, and business flexibility in providing employee health care.

### **Issue Area #1: Increasing Accessibility of Health Care and Mitigating Workforce Barriers**

*DRC agenda language: Support efforts to increase adequate, accessible, and affordable health care coverage to promote Texas businesses' and their employees' health and well-being. Support initiatives to mitigate workforce barriers and encourage high retention rates.*

#### **Talking Points**

- We must have a healthy talent pool to have a robust workforce. Increasing access to health care would mean timely, equitable, efficient, and effective care that improves overall health outcomes.
- Expanding accessible and affordable health care coverage is the pathway for individuals to receive necessary care routinely.
- The COVID-19 pandemic showed significant burnout in frontline workers; employers are constantly searching for new and innovative ways to incentivize the healthcare workforce.
- Legislative initiatives such as lessening workplace violence and investing in training and leadership development for the health care workforce are ways to build this pipeline.

#### **Why it matters for business**

- A healthy talent pool is essential to a business's recruiting and retaining talent. A healthy community leads to consistent and predictable outcomes for employees and employers and boosts productivity and retention rates.
- Maintaining a sustainable pipeline of health care workers is vital to creating a healthy community from which businesses can recruit.

#### **Request**

- Increase adequate, accessible, and affordable health care coverage to promote the health and well-being of Texas businesses and their employees. *Support initiatives to mitigate workforce barriers and encourage high retention rates.*

### **Issue Area #2: Improve mental and behavioral health outcomes.**

*DRC agenda language: Support improvement of the mental and behavioral health care processes to ensure timely access to services*

- Promoting timely and adequate mental and behavioral health is essential for a successful and thriving workforce. Improving mental and behavioral health has long-term impacts, including a more productive workforce with reduced absenteeism, lower turnover rates, and better employee engagement.
- Prioritizing improvements in health care processes for mental and behavioral health services would include enhancing accessibility, reducing financial barriers, and expanding workforce capacity. Texans receive the necessary support and care to improve their overall well-being by addressing these challenges.

#### **Why it matters for business**

- Improving mental and behavioral health care processes ensures employees have timely access to essential services, reducing workplace stress, enhancing business productivity, and lowering health care costs for businesses.

#### **Request**

- Support policies and funding for that improve mental and behavioral health care access, streamline care delivery, and expand resources to ensure timely and effective services for individuals and employers.

#### **Issue Area #3: Biotech and Life Sciences Expansion and Supporting Providers, Employers, and Innovators**

*DRC Agenda Language: Support adequate, predictable, and stable investments in health care providers, employers, and innovators to nurture the growing population, and establish a state incentive program tailored to biotech and life sciences companies.*

#### **Talking Points**

- Over recent years Texas has continued to outpace other states in population growth. However, industries like health care are struggling to keep up with this rapid expansion. In 2023, over 60% of hospitals in Texas reported operating with limited hospital beds and reduced services due to staff shortages.
- Supporting the development of sustainable investment for a robust network of qualified health care providers, employers, innovators would help prevent workforce shortages, reduce gaps in care, and ensure timely access to health services.
- North Texas is emerging as a national leader in biotech and life sciences, with world-class research institutions, top-tier healthcare facilities, and a growing ecosystem of innovative companies.
- Texas has the opportunity to compete with established biotech hubs like Boston, San Diego, and the Bay Area by offering targeted incentives that attract companies and investment.
- Biotech and life sciences companies require significant capital investment for research, development, and manufacturing—state incentives will help drive expansion and job creation.

- Supporting this sector will accelerate breakthroughs in healthcare, pharmaceuticals, medical devices, and personalized medicine, improving health outcomes for Texans and Americans, while simultaneously strengthening the economy.

**Why It Matters for Business:**

- Adequate, predictable, and stable investments in Texans’ health care ecosystem helps ensure a healthy workforce, reduces absenteeism, and enhances productivity, ultimately strengthening the business environment and allowing continued economic growth.
- A thriving biotech and life sciences sector creates high-paying jobs and attracts top talent in science, engineering, and healthcare to Texas, while investment in biotech fosters collaboration between businesses, universities, and medical institutions, driving innovation and commercialization of new treatments.
- State incentives will help biotech companies scale operations, bringing advanced manufacturing and research facilities to Texas, while at the same time diversifying the Texas economy and reducing reliance on traditional industry sectors for our state’s long-term economic resilience

**Request**

- Create a state-funded incentive program specifically designed to attract and retain biotech and life sciences companies in Texas to compete with states like North Carolina and Massachusetts, while expanding research and development (R&D) tax credits to encourage biotech innovation and investment.
- Continue to support adequate, predictable, and stable investments in health care providers, employers, and innovators to nurture the growing population

**Issue Area #4: Potential restrictions on employee benefit health care plans**

*DRC agenda language: Preserve employer flexibility for employee benefit health care plans*

**Talking Points**

- Employers should maintain flexibility to tailor health care plans that work best for the diverse needs of their business and employees.
- One of the largest deciding factors for job seekers is the health benefits future employers offer. To remain competitive, providing attractive and customized benefit packages would be a flexible approach for employers to recruit and retain top talent.

**Why it matters for business**

- Businesses can control costs while still offering comprehensive and competitive health care plans, creating another recruitment strategy to build the health care workforce.

**Request**

- Preserve employer flexibility for employee benefit health care plans

## **TECH POLICY**

The tech sector is a key driver of economic growth in our state, contributing approximately 5% of the state's GDP is represented by high-tech industries and over 9% of total employment. During the COVID-19 pandemic, the industry experienced significant expansion to meet the rising demand for technology and services in households and businesses. Since then, Texas has seen steady growth in research, development, innovation, infrastructure, relocations, and job creation within this sector. However, with this continued expansion, Texas must be well-positioned to sustain this growth. The DRC supports key legislation regarding regulatory frameworks and infrastructure for emerging technologies.

### **Issue #1: Regulation of Emerging Technologies**

*DRC Agenda Language: Pursue a measured approach to regulating AI that promotes interoperability and responsible development and deployment while narrowly targeting high-risk applications.*

#### **Talking Points**

- Reasonable regulation of artificial intelligence would provide a framework for business to innovate and improve emerging technologies in a way that does not lead to unintended consequences or harm to users.
- Regulatory AI can foster innovation by mitigating any interoperability barriers, encouraging partnerships between businesses and startups.
- Defining regulations remove uncertainty and risks, giving businesses the confidence to invest in new technologies. This could spark the growth of new industries in Texas, leading to a significant increase in job opportunities.

#### **Why It Matters for Business**

- Overly restrictive or inconsistent regulations on AI and emerging technologies could stifle innovation, limit competitiveness, and drive businesses to relocate to states with more business-friendly policies.

#### **Request**

- Promote reasonable regulatory frameworks for emerging technologies that drive innovation, investment, and job growth

### **Issue #2: Absence of a clear strategy for AI regulation**

*DRC Agenda Language: Pursue a measured approach to regulating AI that promotes interoperability and responsible development and deployment while narrowly targeting high-risk applications.*

### **Talking Points**

- As technologies like artificial intelligence and virtual realities become part of our daily lives, it's crucial to engage in discussions on policies that safeguard consumers. <sup>1</sup> Specifically, regulations should be established for high-risk applications, such as systems used in infrastructure, healthcare, law enforcement, and similar critical sectors.
- A measurable regulatory could look like benchmarks or assessments to ensure the development and deployment of AI are ethical, safe, and transparent to users. Additionally, regulations would ensure seamless communication and integration of AI systems across different platforms.

### **Why It Matters for Business**

- The absence of clear AI regulations creates uncertainty for businesses, making it difficult to develop, adopt, or invest in emerging technologies, either putting them at a competitive disadvantage or exposing themselves to future legal or compliance risks.

### **Request**

- Pursue a measured approach to regulating AI that promotes interoperability and responsible development and deployment with narrowly targeting high-risk applications

### **Issue #3: A strong tech sector needs the infrastructure to support it**

*DRC Agenda Language: Help ensure the tech industry's growth is supported by the necessary infrastructure.*

### **Talking Points**

- By investing in the right infrastructure, we ensure a stable foundation for tech companies to innovate and scale. IT Infrastructure such as internet access, strong networks, data centers, and cloud computing services are necessary for growing tech industries in Texas.
- A well-developed infrastructure not only attracts businesses but also draws talent. Tech professionals seek locations with reliable infrastructure to sustain a growing workforce and ensure efficient productivity.

### **Why It Matters for Business**

- Without sufficient infrastructure, tech companies may face operational challenges, increased costs, and reduced competitiveness, potentially driving businesses to relocate to states with more robust digital and physical infrastructure.

### **Request**

- Help ensure the growth of the tech industry supported by the necessary infrastructure

## QUALITY OF LIFE

The strength of Texas' economy depends on the strength of its communities, and strong communities require a fair, transparent, and trusted public safety system.

Unlike many other cities across the country, Dallas has seen significant drops in violent crime and fewer arrests since 2020. However, further action is needed to solidify a public safety system that works for all Texans, allowing their entrepreneurial spirit to thrive.

### **Issue Area #1: Supporting Pathways to Re-entry**

*DRC Agenda Language: Continue to support the establishment and expansion of data-driven re-entry programs and funding initiatives for public safety technology investments that foster inclusive communities where everyone has the opportunity to contribute and thrive.*

#### **Talking Points**

- **Formerly incarcerated people have a 27% unemployment rate**, hindering their ability to gain economic stability and companies' ability to meet **growing workforce needs**.
- **Data-driven policies** that create and support **meaningful employment opportunities** for these individuals will promote sustainable, equitable economic growth and increased public safety.

#### **Why it matters for business**

- Improved public safety reflects positively on Dallas' quality of life, strengthening its reputation as a city where businesses and communities can prosper

#### **Request**

- Supporting data-driven re-entry programs helps individuals reintegrate successfully into society, reducing recidivism rates and expanding the talent pool for Texas businesses, ultimately contributing to a more productive and inclusive workforce.

### **Issue Area #2: Accessible Housing Options**

*DRC Agenda Language: We advocate for policies and initiatives that help ensure safe communities, offer accessible housing options, and provide a vibrant and welcoming region for residents and companies.*

#### **Talking Points**

- With the rapid growth of both the state and the Dallas Region, accessible housing options are critical to maintaining our growth, and satisfying the needs of all people
- With 1,300 people being added to the state every day, we must make sure we are prioritizing them being able to have a place to live.

#### **Why it matters for business**

- A lack of accessible and affordable housing can make it difficult for business to attract and retain talent, as employees struggle to find housing near their workplaces. High housing costs can lead to longer commutes and reduced productivity, which impact business efficiency and workforce retention rates.

**Request**

- Support policies and incentives that encourage the development of diverse and affordable housing options to accommodate the state's rapidly growing population.
-