Technology & the Texas Economy
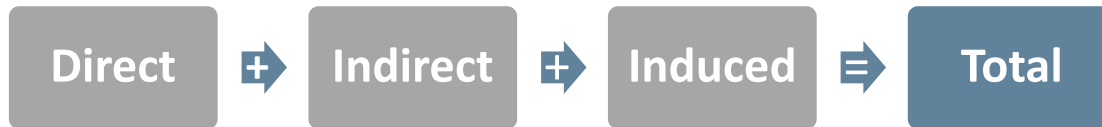
Winter 2023

TXP Technology Impact Analysis

A Production Focus

- As mentioned, technology an increasing presence in every element of modern life
- To measure impact, use a "production" orientation – products and services that enable other activity – consistent with CompTIA
  - Software
  - Data processing, etc.
  - Some elements of
    - Mfg
    - Services
    - Education
    - Wholesale trade
- QCEW employment data on employment and wages by industry used as the basis – integrated with state/national ratios on output/value-added by worker/wage levels. Texas statewide RIMS model used to estimate the secondary (ripple) effects.

TXP Technology Impact Analysis

Results

Flow of Economic Impacts

| Direct | ➡ | Indirect | ➡ | Induced | ⇒ | Total |

Total 2022 Economic Impact

- Value-added (equivalent of GDP) $469.75b (19.6%)
- Wages: $185.62b (23.1%)
- Employment   1,996,639 (17.6%)

Distribution of Impact

| Mfg. 17.5% | Services 45.1% | Data, etc 19.4% | Other 18.1% |

The Technology & Economic Future

TXP View

- Texas' economy clearly continues to move toward being based in applying knowledge/information – either directly through services, indirectly through technology, or oftentimes in some combination.
- A range of factors influence near-term direction, specifically related to demand – overall economic trends, inflation/interest rates, global political events/conflict, consumer confidence, weather/climate, etc.
  - Texas is relatively well-positioned, but competition is fierce – ranked 3rd in $ value of incentives, 13th in # of transactions, and 10th in jobs created on economic development deals in 2022
- Over more extended period, supply assumes a more dominant role, as well as the capacity for innovation. These factor will be crucial to success.
  - Industry clusters
  - Labor force/education
  - Business/regulatory environment
  - Infrastructure
  - Digital backbone (compute, data, electricity, focused talent, security)