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Gone to Texas: Migration Vital to Growth in the Lone Star State

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ABSTRACT: Texas has relied on a large and sustained influx of workers from other states and other countries. These transplants—making up nearly half of the state's workforce—account for an even larger share of Texas' growth than their relative numbers. Significantly, this inflow brought the types of workers most in demand.

With nearly half of its workers born outside the state, Texas depends on—and is shaped by—migration. For most of its history, Texas has relied on migration to populate its expansive landmass and power its economy.

It wasn't always easy to attract people. In the beginning, land grants and other enticements were used to lure settlers. Admittedly, the spirit of enticements has lived on; the state continues working hard to be welcoming—it can be argued that maintaining low taxes, less regulation and an accommodating business climate helps attract people and firms.

In addition to bringing in outsized numbers of migrants, the state also retains its existing residents. Texas is by far the "stickiest" state in the nation with over 82 percent of those born in the state remaining here.

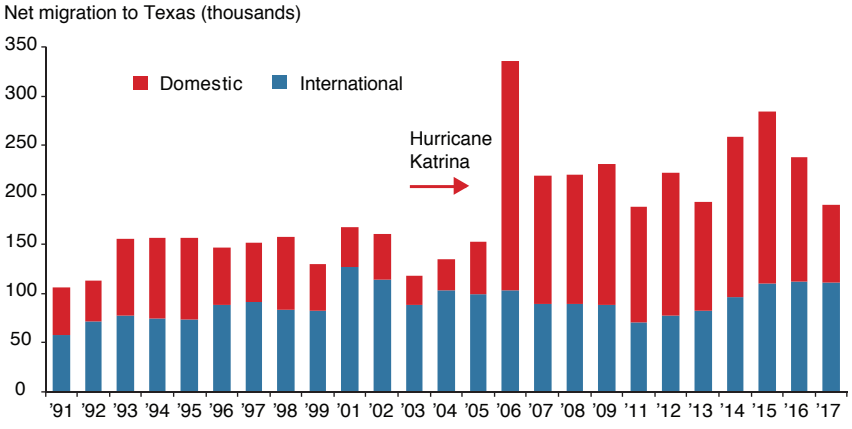
Since 2000, natural increase and net migration have contributed roughly equal parts to the state's population growth—about 210,000 on average per year for natural increase, another 200,000 for net migration (*Chart 1*). The state's 1.8 percent average annual population growth is about double the nation's 0.9 percent.

Although the state grows faster and is currently slightly younger than the rest of the nation, the trajectory of aging in Texas resembles that of the U.S. By 2050, about 20 percent of the population will be 65 or older, the highest share in the state's history.[1]

Population growth and aging are important because they largely determine the growth of the workforce, which helps set the speed limit of economic growth. An economy can grow by adding workers and/or by workers becoming more productive. Migration plays an important role in productivity; by channeling the right workers to the right jobs, migration makes labor markets more efficient.[2]

States typically don't differ much from one another in terms of produc-

CHART 1 Migration to Texas Reaches Record Highs After 2005



NOTES: Census Bureau population estimates approximate the population on July 1 of the year indicated and, thus, capture changes from the previous year. Data are not available for decennial census years, 2000 and 2010.
SOURCE: Census Bureau.

tivity growth, but they tend to differ greatly with respect to population growth, especially migration. These patterns can also reverse themselves quickly. For most of the 20th century, international and domestic migrants streamed into California in a seemingly endless flow. International immigrants still do, but in every year since 1991, net domestic migration to California has been negative, with a significant share of Golden State residents leaving for Texas.

Rapid economic growth for most of the last four decades has been the key factor attracting people to Texas.[3] Diversification of the state's economy in the 1990s, following the mid-1980s oil bust, provided a powerful and steady jobs magnet, creating sustained economic opportunity for millions. Employment in the state grew from 7.2 million jobs in 1990 to 12.4 million at year-end 2017. Gone are the drastic oil-led swings that used to throw the state economy alternately into booms and busts.[4] The energy sector remains key, but consistent and robust service sector growth has muted its fluctuations.

Texas was the nation's ninth-fastest-growing economy in 2017, behind most western states. The state's diversified economic base and resurgent oil and gas sector portend a bright economic outlook. That said, with the unemployment rate already at a historic low, the economic challenge may not be creating jobs, but filling jobs.

Domestic Migration

Migration between the 50 states (and the District of Columbia) is typically referred to as domestic migration.[5] States can be net recipients or net senders of domestic migrants. In the postrecession period—2010 to 2017—Texas was the recipient of 920,000 net domestic migrants, equal to 3.6 percent of the state's 2010 population *(Map 1)*.[6]

Texas was the second-largest net recipient of domestic migrants after Florida; North Carolina was third and Arizona fourth. Many of Florida's arrivals have historically been retirees. As a percentage of population, Texas was the 12th largest net recipient destination after North Dakota, South Carolina, Nevada, Florida, Colorado, District of Columbia and other less-populous states in the Mountain West and Northwest.

The patterns in the map reflect longstanding regional population growth trends, with little or no growth in the Midwest and Northeast states but substantial expansion in the South, Mountain West and Northwest.

Domestic migrants to Texas tend to come from two types of states—large and populous states, such as California and Florida, and neighboring states, principally Louisiana and Oklahoma.

In the postrecession period, 12 percent of domestic migrants to Texas came from California, followed by Florida (6 percent) and Oklahoma and Louisiana (both 5 percent) (*Chart 2*). Unlike the map's depiction, these are gross (not net) measures of migration. Migration from populous states in part reflects their larger populations; California is 12 percent of the U.S. population, so it's not surprising that 12 percent of migrants to Texas come from there.

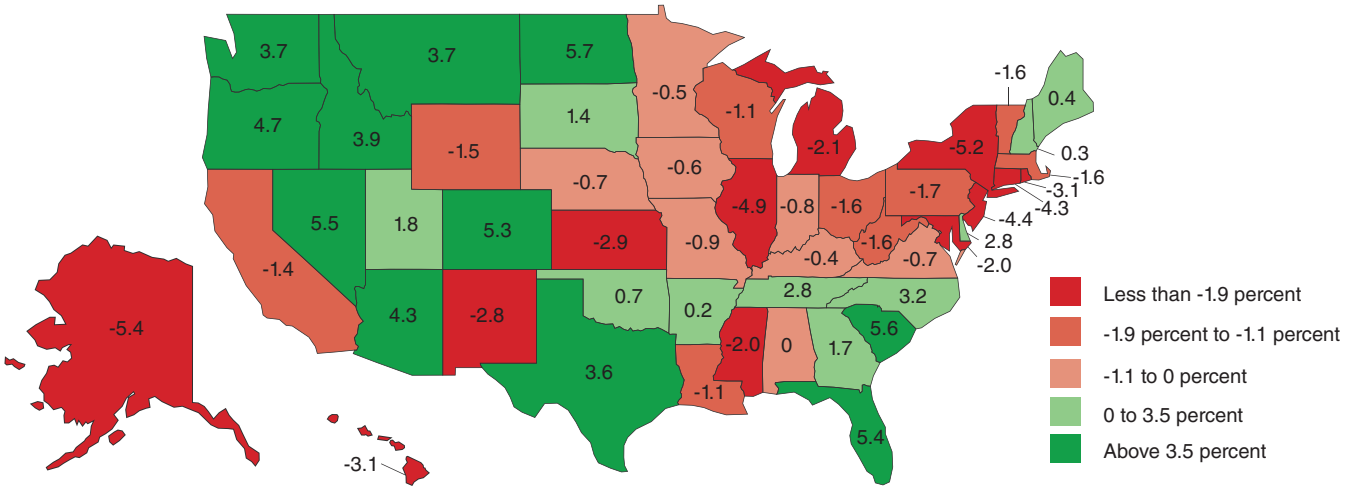
Gross migration from neighboring states, meanwhile, is likely overstated because it captures significant cross-border activity.

What motivates domestic migration? Surveys such as the Current Population Survey ask people who moved why they did so. Just over half of cross-state movers to Texas relocated for a job (53.1 percent), another 24 percent for family reasons and 20 percent for cheaper housing or other amenities such as a shorter commute.[7]

Among domestic migrants who chose a state other than Texas, 43 percent said

MAP 1 Among Most-Populous States, Domestic Migration Additive in Only Texas, Florida

Cumulative Net Domestic Migration by State as Percent of 2010 Population



NOTE: Chart labels show accumulated net domestic migration from July 2010 to July 2017 as a percent of population in 2010.
SOURCE: Census Bureau.

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