



# Texas Movers

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Texas now has almost 28 million people residing within its borders. The state has added 2.7 million people over the six years from 2010 to 2016. Texas had the largest increase - ahead of California's and Florida's increases of 2.0 and 1.8 million, respectively.

Population grows if migration into a state exceeds the migration out and through natural increases of births in excess of deaths. In Texas, net migration accounts for about 51% of the state's population

growth and natural increases account for 49% since 2010. Net migration to California accounts for 22% and natural increases for 78% of its population increase. In Florida, the population increase is primarily due to net migration, 89% of the total, and only 11% is attributable to natural increases.

Among these states, Texas has the most balance between migration and natural increases, California has the lowest share due to net migration, while Florida has the highest

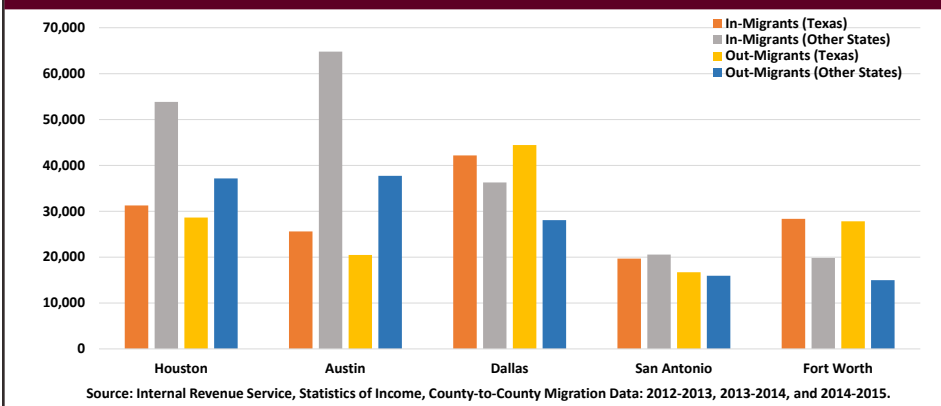
share.

Migration into Texas can be further decomposed between international and domestic migration, with the latter accounting for 63%. These population trends all come from the U.S. Census Bureau.

An alternative source of domestic migration data is the Internal Revenue Service (IRS). The IRS data allows us to track migration of families and individuals as long as they file a tax return in each of two consecutive years. County-to-county migration patterns, and importantly, adjusted gross income flows can be analyzed with the IRS data.<sup>1</sup>

Figure 1 depicts the counts of migrant tax returns in the five most populous "cities" in Texas, where commuting zones (CZs) are used to define a city. We use CZs since county-to-county migrants may not actually leave their city. CZs are identified by the Department of Agriculture as of 2000 and reflect geographic areas encompassing local and regional economies. The data are from the 2012 to 2015 tax filing

Figure 1. Average Number of Migrant Tax Returns in the Five Most Populous Commuting Zones in Texas, 2012-2014



years. The tax return counts and real income values (in 2014\$) are averaged for 2012, 2013, and 2014. Migrants are defined as families who move from one CZ to another and are divided between movers within the state and those who move across the state’s border.

The Houston CZ is the most populous in Texas with an average of 2.2 million non-migrant returns. Austin averaged 711,921 non-migrant tax filers, Dallas had an average of 1.3 million, and San Antonio and Fort Worth averaged 799,513 and 795,503, respectively.

For each CZ, we compare the in-migrants to the out-migrants both within state and between Texas and other states to determine whether a CZ is growing or declining in each exchange. For example, an average of over 31 thousand families moved to Houston from another Texas CZ each of the three years while almost 29 thousand left Houston for another location in the state, for an average net gain from intrastate migration of over two thousand families.

Also, as the figure indicates, Houston attracted on average about 54 thousand new families from out of the state and on average 37 thousand left the CZ for another state. This leaves a average net inflow to Houston of about 17 thousand families from interstate migration.

In the same period, Austin averaged net increases in families from both interstate and intrastate migration, San Antonio had the lowest migration counts and Fort Worth had the second lowest migration totals.<sup>2</sup>

Comparing the incomes of families coming into different CZs to the incomes of families leaving gives an

indication of the direction in which average income is likely to move.

In Figure 2, consider Dallas, where the average income of in-migrants from Texas was about the same as the average income of families who moved to another locale in the state. However, the families who came into Dallas from out of state had average incomes of about \$85,000, but the average incomes of those who moved to another state were about \$8,000 less.

We also see that Houston’s in-migrants had lower incomes than its out-migrants when paired within and between states. In contrast, Austin’s in-migrant families from Texas and from out of state had higher incomes than the respective out-migrants. Further, non-migrant families in Houston had the highest average income of \$90,000, followed by Austin at \$88,000, Dallas at \$84,000, Fort Worth at \$76,000, and San Antonio at \$67,000.

Combining the results presented in the first two figures produces aggregate income flows in each CZ attributable to migration. Houston’s in-migrants from out-of-state added on average each year over \$3.9 bil-

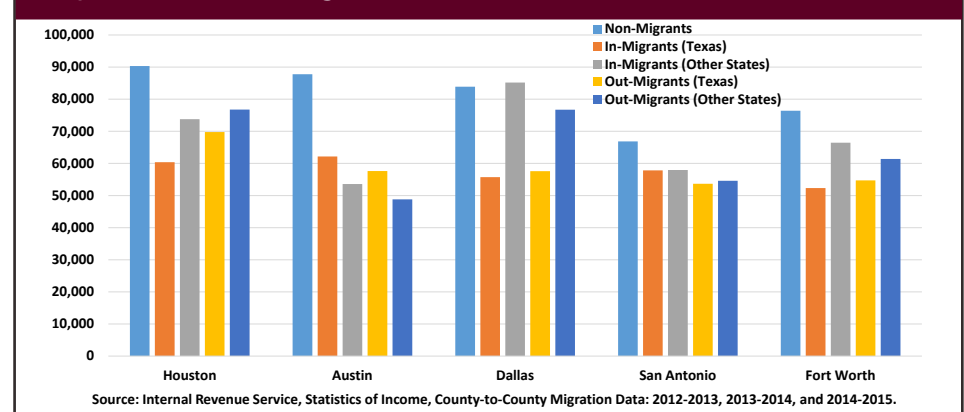
lion of income while \$2.8 billion left the city with the migrants to other states. The families who moved to Houston from other cities in Texas had total incomes of \$1.9 billion and those who moved out had total incomes of \$2.0 billion. Altogether, in-state and between state migration resulted in an average net increase in total adjusted gross income in Houston of \$1 billion.

Austin had the highest average annual net increase in adjusted gross income of over \$2 billion, the average in Dallas was about \$730 million, San Antonio’s was \$560 million, and Fort Worth’s was \$360 million. So, all of the Texas cities had average net increases in income through migration.

Figure 3 provides an additional look at migration by considering the three states that send the largest number of in-migrants into each city. The top panel of the figure depicts the number of tax returns from and to each of the states along with the net migration numbers.

Houston averaged 5,332 tax filers from California while, on average, 3,895 left Houston for California for an average net inflow of 1,437

**Figure 2. Average Income by Tax Return in the Five Most Populous Commuting Zones in Texas, 2012-2014**





families. From the bottom panel we see that the average total income from California families who moved to Houston exceeded the average total of the families who left for California by about \$130 million.

The figure also indicates that California and Florida are in the top three states for in-migrants for each major city in Texas. These are the other two states with the highest population growth this decade. In most cases, the Texas cities enjoy a net influx of tax filers and income with the exception of two relatively small net outflows of income to Florida from Dallas and Fort Worth.

The positive net migration from other states suggests that there are important factors drawing firms and workers to Texas like its vital business climate, vibrant economy, and its low taxes.

<sup>1</sup>Visit our maps page at perc.tamu.edu and the IRS website at www.irs.gov/statistics/soi-tax-stats-migration-data for more information on recent changes in the IRS migration data that have resulted in much lower migration counts in the 2014-2015 data.

<sup>2</sup>Austin's interstate migration rates in the two most recent years of the IRS data are some of the highest in the country and vary substantially from year-to-year.

## PERC is 40!

2017 marks the 40<sup>th</sup> anniversary of the Private Enterprise Research Center (PERC). PERC was founded in 1977 when some visionary Texas A&M University faculty and former students saw the opportunity to create a Center with a mission to teach the essentials of a market-based economy and to support academic economic research.

During the 1980s, the Center hosted summer teaching seminars for high school teachers and under the direction of Steve Pejovich, the Center engaged in illustrating the benefits of a market-based economies in the context of international seminars and conferences.

In 1991, Tom Saving became the Center's director, and the Center's name was changed to the Private Enterprise Research Center. From 1991 to the present, the Center has focused on national policy issues and has continued its support of academic research. Much of the policy analysis has been directed towards developing market-based

Social Security, Medicare, and health care reforms.

At the beginning of September, Tom stepped down as the Center's director and Dennis Jansen took the helm. Tom has transitioned to the role of Director Emeritus and continues his work on monetary economics and Federal Reserve policy.

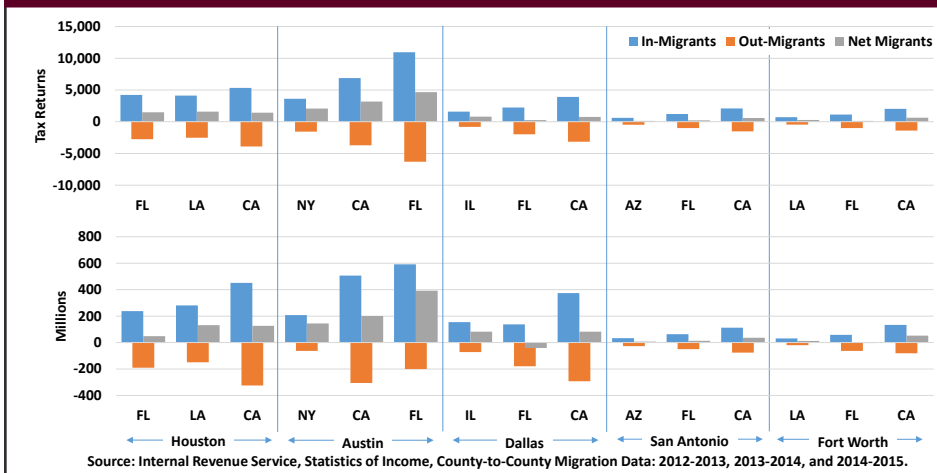
Dennis Jansen is ideal for the role of Center's next director. He's committed to the Center's work in developing market-oriented solutions to public policy issues and to enhancing Texas A&M's pursuit of academic excellence.

Dennis came to Texas A&M in 1983 after earning his PhD at the University of North Carolina. He has authored numerous academic papers, written books, and has served as the director of the undergraduate and of the graduate programs in economics. Dennis has chaired or co-chaired over 40 dissertations and has been on another 35 dissertation committees.

He was promoted to full professor in 1994, served as the department head from 1996-2001, was the editor of *Economic Inquiry* from 2002-2007, and since 2008 has held PERC's Jordan Professorship of Public Policy.

We look forward to the Center's next chapter under Dennis's leadership!

Figure 3. Average Migration and Average Total Income, 2012-2014 (three states with the largest number of in-migrants to each commuting zone)





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**Fall 2017**

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