

TEXAS STATE DOCUMENT
UNIVERSITY OF TEXAS PAN AMERICAN
EDINBURG, TEXAS 78539-2999

TEXAS REGIONAL OUTLOOK

The Upper East Texas Region

U.S. GOVERNMENT DOCUMENT
DEPOSITORY LIBRARY NO. 610

JAN 30 2003

UNIVERSITY OF TEXAS PAN AMERICAN
EDINBURG, TEXAS 78539-2999

JULY 2002

CAROLE KEETON RYLANDER
TEXAS COMPTROLLER

THE UNIVERSITY OF TEXAS - PAN AMERICAN



0 1161 0494 4313



Carole Keeton Rylander
Texas Comptroller of Public Accounts

512/465-4000

FAX: 512/465-4965

P.O. Box 13528

AUSTIN, TEXAS 78711-3528

July 2002

Fellow Texans:

I am pleased to share with you the *Texas Regional Outlook* for the Upper East Texas region. This report presents my latest economic forecast for the state as a whole and the outlook for this unique 23-county region surrounding the Tyler, Longview, Marshall and Texarkana metropolitan areas.

This report is one in a series of regional outlooks that I have asked my staff economists to prepare for all 13 regions of Texas. In addition to these reports, I will be traveling throughout the state to listen to what you and other fellow Texans have to say about the challenges facing your region and to get ideas on what the state can do to bring more jobs and economic growth to your area.

After these open forums, I plan to take your ideas and consult with the finest minds I can find—a blue-ribbon panel of experts who will work with me to produce a list of recommendations that I can present to the 78th Texas Legislature. With your help, we can identify opportunities for growth in your region and recommend changes to remove any obstacles that may stand in the way of building local economies and to provide for sound economic policies in the years to come.

For information regarding our regional meetings, please call Ann Quirk at 1-800-531-5441, extension 6-4159, or visit my Web site at www.window.state.tx.us/ecodata/regional/forums/. If you are unable to attend one of our meetings, you may still submit your comments and suggestions by e-mail to regional.forums@cpa.state.tx.us, or write to:

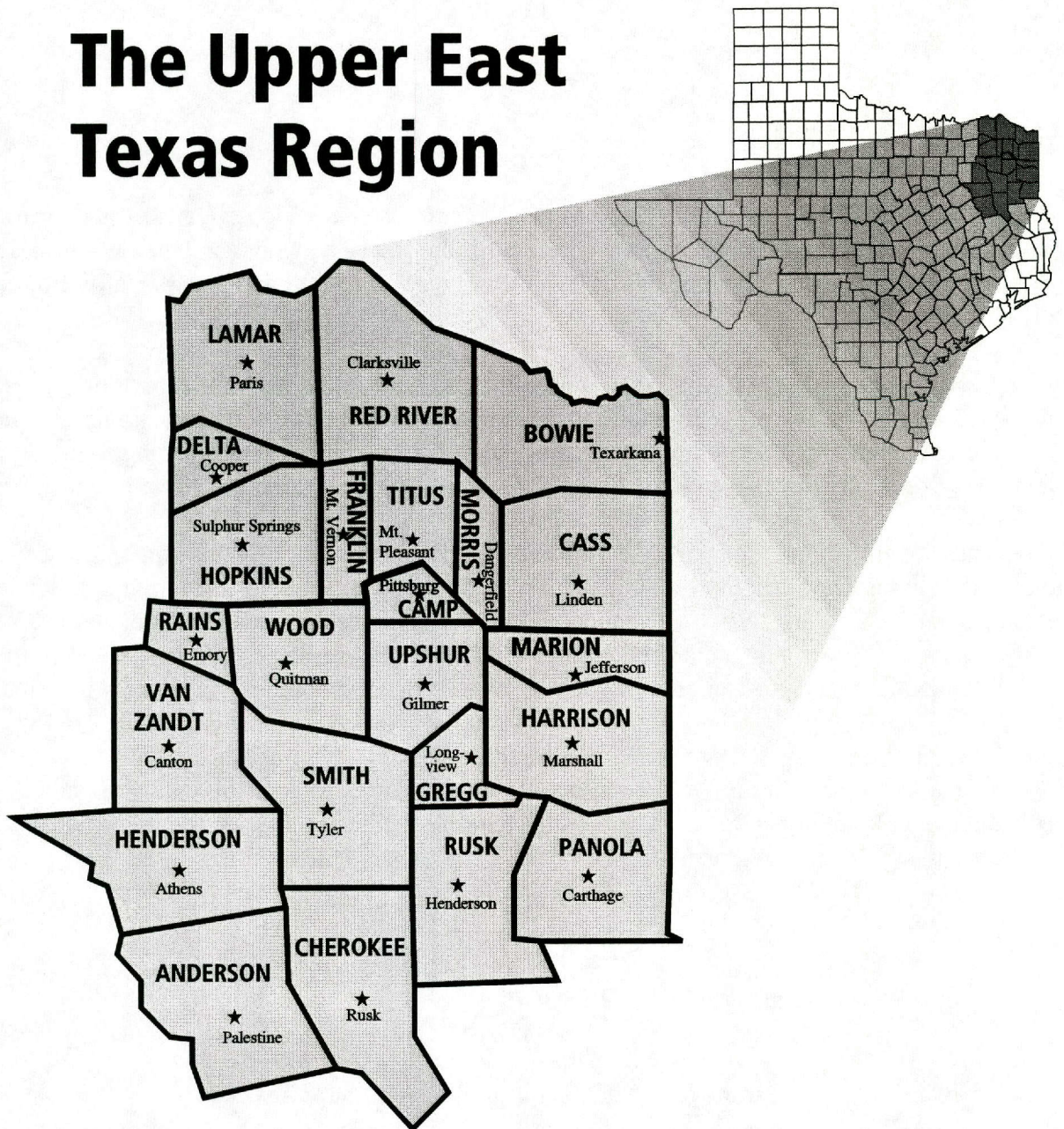
Strategic Research Division
Texas Comptroller of Public Accounts
Post Office Box 13528
Austin, Texas 78711-3528

I look forward to hearing from you. Thanks for all that you do for Texas.

Sincerely,

Carole Keeton Rylander
Texas Comptroller

The Upper East Texas Region



★ = County Seat



Texas Regional Outlook

Table of Contents

Texas Economy Poised for Rebound	1
Upper East Texas Region Economic Trends and Outlook	7
Directions for Growth in the Upper East Texas Region	19
Counties of the Upper East Texas Region	23





Texas Economy Poised for Rebound

Texas continues to outpace national economic growth. Despite the slump in the national economy, Texas fared relatively well and is poised for a rebound. This is largely attributable to strong productivity growth, enhanced by the state's central Sunbelt location, relatively low business and housing costs, and the continued flood of new residents into the state.

Despite this resilience, however, like practically every other part of the country, the Texas economy has been affected by the national downturn. From May 2001 to May 2002, overall nonfarm employment in the state fell by 91,800, or 1 percent, compared with 1.3 percent growth during the same period a year earlier and an average annual growth rate of 4 percent during the economic boom of 1997 and 1998.

More than ever, the economy of Texas has become tied to the health of the national economy. This is evidenced by the nearly identical job loss rates of approximately 1 percent in Texas and the U.S. over the past year. The breadth of the national downturn was such that 36 states lost jobs during this period. Although relatively high energy prices allowed the oil and gas industry to benefit during most of 2001, other sectors of the Texas economy, such as manufacturing and, to a lesser extent, consumer spending, were affected by the national economy

Wary of the threat of a national downturn, the Federal Reserve Board reduced short-term interest rates 11 times in 2001. Despite lower borrowing costs, the National Bureau of Economic Research declared that the national economy had fallen into recession in March. The downturn accelerated after the September 11 terrorist attacks. The national economy now

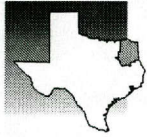
appears to have bottomed out and has begun a slow upswing.

The Texas economy continued to display growth during the first half of 2001. During the year, real (inflation-adjusted) gross state product increased an estimated 3.2 percent and 167,000 more residents moved into the state than left. Even with slowing employment growth, the statewide unemployment rate averaged less than 5 percent for the fourth straight year, for its lowest rates since the late 1970s. Perhaps most importantly, Texas continued to outpace national economic growth.

The outlook for the Texas economy for the remainder of 2002 and 2003 is looking up. Real gross state product growth is projected to be 2.1 percent in 2002 (see Table 1). In 2003, however, following a strong national economic recovery fueled by low interest rates, federal tax cuts and stimulative federal spending in response to September 11, Texas' economic growth will rebound at a relatively robust 4.6 percent rate. Nonfarm employment and personal income growth should follow a similar trend.

With continued population and labor force growth accompanied by fewer job opportunities than in recent years, the statewide unemployment rate will rise from an average of 4.9 percent in 2001 to 5.7 percent in 2002. As the national and state economies rebound, however, the state jobless rate will drop slightly to 5.4 percent in 2003.

Looking toward the future, the outlook for 2004 and 2005 is even more favorable, as the U.S. and Texas economies return to normal growth. During the two years, real gross state product growth will average 4.3 percent, non-



farm employment will rise by 2.9 percent annually, personal income will increase by 6.8 per year, and the statewide unemployment will plunge to 4.6 percent by the end of the two years. Overall, despite the slowdown in 2002, from 2001 through 2005, Texas economic growth will outpace U.S. growth by approximately 0.75 percent per year, while the state's population increases by 1.7 percent annually, reaching almost 23 million.

Manufacturing

Both 2001 and 2002 were years that most Texas manufacturers will not want to remember. Faced with weighty inventories and faltering personal computer sales worldwide, Dell Computer Corporation and Compaq Computer Corporation both announced job layoffs during this period. Largely because of the personal computer market, the state's semiconductor and electronic component producers also felt the effects.

**TABLE 1
Texas Economic History and Outlook for Calendar Years, 1999-2005
Spring 2002 Forecast**

	1999	2000	2001	2002*	2003*	2004*	2005*
TEXAS ECONOMY							
Gross State Product (Billion 1996 Dollars)	670.1	711.5	734.4	749.8	784.4	822.0	853.0
<i>Annual % Change</i>	5.1	6.2	3.2	2.1	4.6	4.8	3.8
Personal Income (Billion Dollars)	539.1	581.3	607.5	633.1	674.5	723.6	770.1
<i>Annual % Change</i>	5.3	7.8	4.5	4.2	6.5	7.3	6.4
Nonfarm Employment (Thousands)	9,158.9	9,432.2	9,515.9	9,517.5	9,709.4	10,013.1	10,270.9
<i>Annual % Change</i>	2.4	3.0	0.9	0.0	2.0	3.1	2.6
Resident Population (Thousands)	20,590.5	20,991.9	21,371.3	21,754.3	22,116.1	22,490.8	22,889.4
<i>Annual % Change</i>	2.5	1.9	1.8	1.8	1.7	1.7	1.8
Unemployment Rate (%)	4.6	4.2	4.9	5.7	5.4	4.7	4.6
Oil Price (Dollars per Barrel)	\$17.29	\$28.82	\$23.77	\$22.69	\$22.73	\$23.24	\$23.74
Natural Gas Price (Dollars per MCF)	\$2.01	\$3.50	\$3.78	\$2.65	\$2.55	\$2.61	\$2.66
U.S. ECONOMY							
Gross Domestic Product (Billion 1996 Dollars)	8,856.5	9,224.0	9,332.3	9,484.0	9,848.5	10,218.9	10,524.4
<i>Annual % Change</i>	4.1	4.1	1.2	1.6	3.8	3.8	3.0
Consumer Price Index (1982-84=100)	166.6	172.2	177.1	180.2	184.9	189.8	194.8
<i>Annual % Change</i>	2.2	3.4	2.8	1.8	2.6	2.6	2.6
Prime Interest Rate (%)	8.0	9.2	6.9	5.0	7.0	8.0	8.0

* Projected

SOURCES: Carole Keeton Rylander, Texas Comptroller of Public Accounts and WEFA Group.



Outside of high-tech, the news was not much happier. Apparel manufacturers, largely concentrated along the Texas-Mexico border, continued to be affected by international competition, and they reduced their work forces in response. Even so, the news could have been much worse had consumers not remained willing to spend, often in response to promotional offers. From May 2001 to May 2002, statewide manufacturing employment declined by 5.6 percent, or 60,300, which was still slightly better than the 6.1 percent loss in manufacturing employment nationwide.

Productivity was affected temporarily by the terrorist attacks, partly because of increased security at airports and border checkpoints. The increased travel and waiting times and the unpredictability of delays have hindered trade at the border and increased transportation costs. Productivity growth typically slows in a national recession in any event, because output falls faster than companies' ability to adjust their work forces. In 2001, however, the productivity of American workers rose at almost a 2 percent annual rate. If the recovery follows historical patterns, productivity will shoot up even more with renewed demand for goods and services when the economy improves.

Over the next two years, the state's manufacturing sector should improve as national and worldwide demand for computers, semiconductors and other high-tech products rebuilds, and excess inventories diminish. Overall, manufacturing employment will decline by 4.1 percent in 2002 as the high tech downturn and national recession play out. But in 2003, the Comptroller's forecast expects 2.4 percent job growth, which would be Texas' best manufacturing growth year since 1997.

Oil and Gas Counter the Trend

In 2001, the resurgence of the state's oil and gas sector partially countered the losses borne by the state's battered manufacturers. Because of tight worldwide markets, Texas wellhead oil prices moved above \$30 per barrel in fall 2000,

and a cold winter in the Northeast and Midwest pushed the taxable price of natural gas to a record \$8 per thousand cubic feet in January 2001. Although oil and gas prices subsequently abated, they remained relatively high, spurring statewide and national drilling activity. By spring 2001, the Texas rotary rig count surged past 500, its highest level in 15 years.

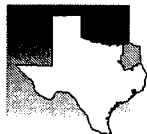
By summer, however, the slowing world economy and excess supplies began to push energy prices downward, affecting drilling activity in Texas. By November 2001, the drilling rig count of 407 had fallen to the November 2000 level; by May 2002, the rig count of 325 was down 35 percent from its May 2001 level. Nevertheless, because of the lag between drilling activity and hiring plans, year-over-year mining employment was up as recently as March of this year, but by May, sector jobs were down by 2,400, or 1.5 percent, from the May 2001 level.

Over the next two years, the outlook for the state's oil and gas sector is challenging. As worldwide energy prices flatten again over the next two to three years, Texas mining employment will fall 2.2 percent in 2002 and another 3.5 percent in 2003 before these trends begin slowing in 2004.

Construction Points Downward

From an historical perspective, Texas' construction sector benefited in more in past years than most industries from the national and state economic boom. Rapid job and income growth, combined with the influx of new residents, kept home sales and new housing construction brisk, while strong industrial and commercial growth spurred nonresidential construction activity.

Compared to the gains in 1997 and 1998, statewide construction growth clearly has been plateauing over the past few years. Sector employment continued to grow through most of 2001 because of the backlog of active projects, but ended the year with reduced year-over-year employment. Growth slowed from a 9.2 percent annual rate at the end of 1998, to 5.2 percent at the end of 1999, to 3.8 percent at the end of 2000



and to a loss of 1.9 percent, or 10,500 jobs, from May 2001 to May 2002.

Due to relatively low mortgage rates, both statewide home sales and housing permits are running close to their respective post-1990 record highs. But even with the revival of residential construction, the state's economic cycle and higher office vacancy rates point to a further deceleration in statewide construction employment growth over the short term, thereby dampening the demand for new construction projects. In 2002, construction employment is expected to decline by an average of 1 percent, another 1.7 percent in 2003, and then rebound in 2004.

Transportation, Communications and Public Utilities: September 11 Hits Hard

Perhaps more than any other sector, transportation, communications and public utilities (TPU) has been affected by the events of September 11. After the September 11 attacks, U.S. air traffic abated and layoffs were announced at most major U.S. air carriers, including Texas-based American and Continental Airlines. Consequently, job growth in the states air transportation industry fell from a year-to-year gain of 3,800 in May 2001 to a year-to-year loss of 8,500 in May 2002. Largely because of these losses, TPU lost 23,300 jobs from May 2001 to May 2002, a 3.9 percent drop.

Although national air traffic is recovering, it will take some time for it to move past its pre-September 11 levels. According to the Federal Aviation Administration, nationwide passenger enplanements in both 2001 and 2002 will be well below the year 2000 record level.

In recent years, Texas' trucking, warehousing and a number of other transportation services have benefited from the expanding national and state economies, as well as from increasing trade with Mexico. In 2001, while the U.S. and Texas economies were retrenching, trade with Mexico remained fairly resilient through much of the year. But the U.S. recession eventually affected this industry as well, with trucking and

warehousing employment down by 2.2 percent, or 3,100 jobs, by May 2002.

With the rapidly growing popularity of the Internet and cellular communications, Texas communications employment boomed at a 7 percent average annual rate from 1999 to 2001. The national downturn took hold and intensified here as well, so that by May 2002, employment in this sector had fallen by 7,800 jobs statewide, or 5.1 percent, largely because of job reductions at the state's major telephone providers.

Finally, utilities employment—until the folding of Enron—had enjoyed a trend-bucking year, growing by 4,000 jobs, or 5.4 percent, from October 2000 to October 2001, largely because of the deregulation of the state's electric utility sector. The construction of gas-fired electricity generation facilities in Texas has boomed in recent years, as the prospect of selling power at a reasonable return to the state's rapidly growing residential, industrial and commercial sectors emerged. However, with Enron's bankruptcy and ensuing layoffs, the utilities sector quickly gave back the 4,000 jobs it had gained the previous year. Even with job gains in electric utilities, by May 2002 the utilities sector overall had 1,700 fewer employees than in May 2001, a loss of 2.2 percent.

Over the next two years, Texas TPU employment will gain strength as the air transportation sector rebounds and the U.S. and Mexican economies improve. With the recovery beginning in the second half of the year, overall TPU employment is expected to fall by 1.5 percent in 2002 and then rebound at a strong 4.6 percent rate in 2003.

Finance, Insurance and Real Estate Drifts Downward

Finance, insurance and real estate (FIRE) turned in a relatively flat year, with a 0.7 percent loss of 3,700 jobs from May 2001 to May 2002. During this period, employment in banks and other financial institutions was up by 0.2 percent, supported by the state's growing population and moderate demand for new home financ-



ing. Jobs among the state's insurance providers registered no change, at 166,200 in both May 2001 and May 2002. Real estate, securities and investment industries, which were boosted by increasing home sales but hurt by weaknesses in the U.S. stock market and Texas nonresidential construction, accounted for essentially all of FIRE's net employment decline, experiencing a job loss of 2 percent from May 2001 to May 2002.

As business loan demand remains weak and real estate demand remains fragmented, the outlook for the state's FIRE sector does not appear promising. Statewide FIRE employment will fall 0.7 percent in 2002, followed by a somewhat larger 1.1 percent drop in 2003, before turning upwards in 2004.

Trade Softens

Consumer confidence and spending faltered as job layoffs mounted in 2001 and then fell further following the September 11 attacks. By the end of the year, however, both U.S. and Texas confidence began to rebound as the U.S. economy apparently reached bottom.

During the first nine months of fiscal 2002 (September through May), state sales tax receipts—of which just more than 50 percent come from household expenditures—fell by 1.2 percent, compared with a gain of almost 5 percent in all of fiscal 2001. Partially spurred by dealer incentives at the beginning of the fiscal year, motor vehicle sales tax collections increased 5 percent during the same period.

Even though Texas consumer confidence began recovering at the end of 2001, it remains 13 percent below its August 2001, pre-attack level. Consequently, flagging consumer expenditures have reduced the wholesale and retail trade job count by 1.1 percent from May 2001 to May 2002, compared with annual average gains of more than 3 percent in fiscal 1999 to 2001. Just under half of this loss was in wholesale trade, which has been hurt by a decreased demand for manufactured products. Net job losses in wholesale trade totaled 11,800 over the

past year, a 2.2 percent loss. Retail trade—including building materials, restaurants, automobile dealers and service stations, food, furniture, clothing, general merchandise stores and other miscellaneous retailers—cut back 12,000 jobs, a 0.7 percent decline. Bucking the trend, a few sectors—sellers of building materials, automobile dealers/service stations, and eating and drinking places—added jobs.

Over the next two years, statewide trade employment growth should slowly improve as consumer confidence and spending is buoyed by renewed state and national economic growth. In 2002, sector employment is expected to rise by only 0.1 percent as the national economic recovery gains strength in the second half of the year. In 2003, a more robust 1.8 percent job gain is likely.

Services Also Suffer

Because of the breadth of the national downturn, in 2001 the Texas service sector lost jobs for the first time in more than 30 years. From May 2001 to May 2002, services lost 6,600 jobs, a decrease of 0.2 percent.

Not all service sector industries lost jobs. Most notably, health services employment rose by 20,900 jobs, a 2.9 percent increase. This growth was influenced by the aging of the population, the availability and use of new medical procedures and rapidly increasing spending on prescription drugs and other medical services. Jobs at establishments providing social and rehabilitation services increased 3.1 percent and accounted for 6,300 new jobs. Private educational services added 4,500 jobs, a 3.7 percent increase, and agricultural services took advantage of a particularly strong demand for veterinary and landscape/horticultural services to add 2,100 jobs, a 3.4 percent increase.

Most of the state's service sectors added or lost a relatively small portion of their employment, over the past year—with two notable exceptions. First, motion pictures lost 2,700 jobs, an 8.4 percent decrease, as terrorism concerns and economic weakness cut into discre-



tionary consumer expenditures. Second, and much more significant, business services, owing mostly to adjustments in the once-booming personnel supply sector, lost 38,600 jobs over the year, a 5.4 percent decline and over 40 percent of all the jobs lost statewide from May 2001 to May 2002. The silver lining in this otherwise troubling statistic is that these were largely part-time jobs, so the state's loss of full-time jobs was a smaller share of the losses than the bottom-line number might indicate.

Service jobs are sometimes mischaracterized as requiring relatively low skills, being poorly paid and contributing little to overall economic growth. Many jobs in business, health, engineering and other professional services require extensive advanced education and training, and generate significant economic returns to the community and the state. Some of these high-wage sectors are the ones faring the best; over the long term, much of the growth of the Texas economy will continue to be generated by this sector.

Over the next two years, the outlook for the state's service sector should improve greatly as the demand for business-related services returns with the improving overall economy. In 2002, service sector employment will increase by 1.4 percent and then rise another 3.8 percent in 2003.

Local Public Schools Propel Government Sector Job Growth

Federal, state and local government employment growth continues at a moderate and steady rate. Overall, from May 2001 to May 2002, public sector employment was up 2.5 percent, or 38,800 jobs, with most of these gains coming from increased hiring at public schools and other local governments.

Texas' civilian federal government employment rose 2 percent, or by 3,500, during this period. The number of jobs in state government increased by 2.4 percent, or by 8,000. Local government employment, about half of which is

fueled by public schools, increased by a whopping 27,300 jobs, or 2.6 percent, over the past year. The remaining local government job gains were in various other programs at the city, county and special district level. A relatively high birth rate and influx of new students from other states and countries continues to keep the state's school-age population growing.

As the economy picks up, the outlook calls for a gradual slowdown of Texas' public sector job growth over the next two years. In 2002, government employment growth is expected to continue to increase at a moderate 1.6 percent rate, but in 2003, growth will slow to 1 percent as tight budgets prevail and as school hiring needs at local public schools become, at least temporarily, satisfied.

People Keep Moving to Texas

New residents continue to move to Texas. Migration in general responds to the economic opportunities in one region relative to the opportunities in other parts of the country and the world. At the height of the state economic boom in 1998, 225,000 more people moved into Texas than moved out. As the gap between Texas and U.S. job growth closed, however, migration declined to an estimated 167,000 in 2001. Over the next two years, the flood of new residents is expected to slip further, reaching a low point of 149,000 in 2003, before turning sharply upwards as job opportunities once again become plentiful in Texas than the nation as a whole.

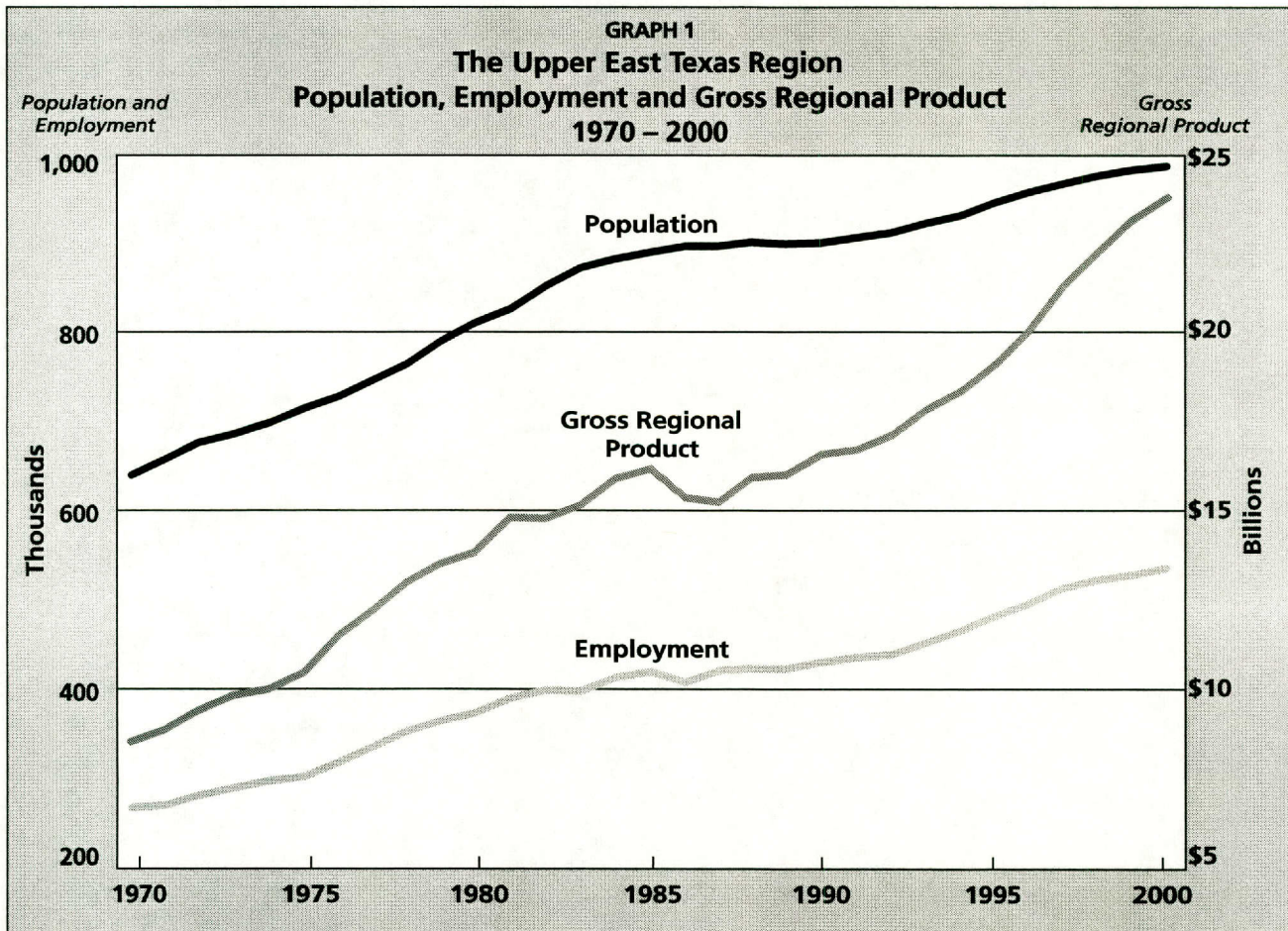
With natural increase (births minus deaths) averaging a little more than 210,000 per year, the state's population is expected to increase at an average of 1.7 percent annually, from 21.3 million in July 2001 to 22.1 million in July 2003. And by 2005, Texas will have nearly 23 million residents. Because a growing population helps support the demand for retail trade, services and government output, in the coming years Texas' continued population gains will help stabilize the state economy.



Upper East Texas Region Economic Trends and Outlook

Based on the Comptroller's new 13-region economic model of Texas, employment in the Upper East Texas region (covering a 23-county area surrounding the Tyler, Longview, Marshall and Texarkana metropolitan areas) is projected to grow at a 1.3 percent annual rate, just slightly slower than the state as a whole. By 2005, total employment in the Upper East Texas region should reach more than 573,300 and should add an average of more than 11,400 jobs each year from 2002 to 2005.

Based on historical data since 1970, the Comptroller projects stable economic growth for the region. The Upper East Texas region should see solid growth in the key economic indicators of real gross regional product, employment and per capita income in the upcoming years. The primary challenge for this region is providing the educational skills needed to train its work force to meet the changing needs of business in an internet economy.



SOURCES: Carole Keeton Rylander, Texas State Comptroller of Public Accounts; and REMI.



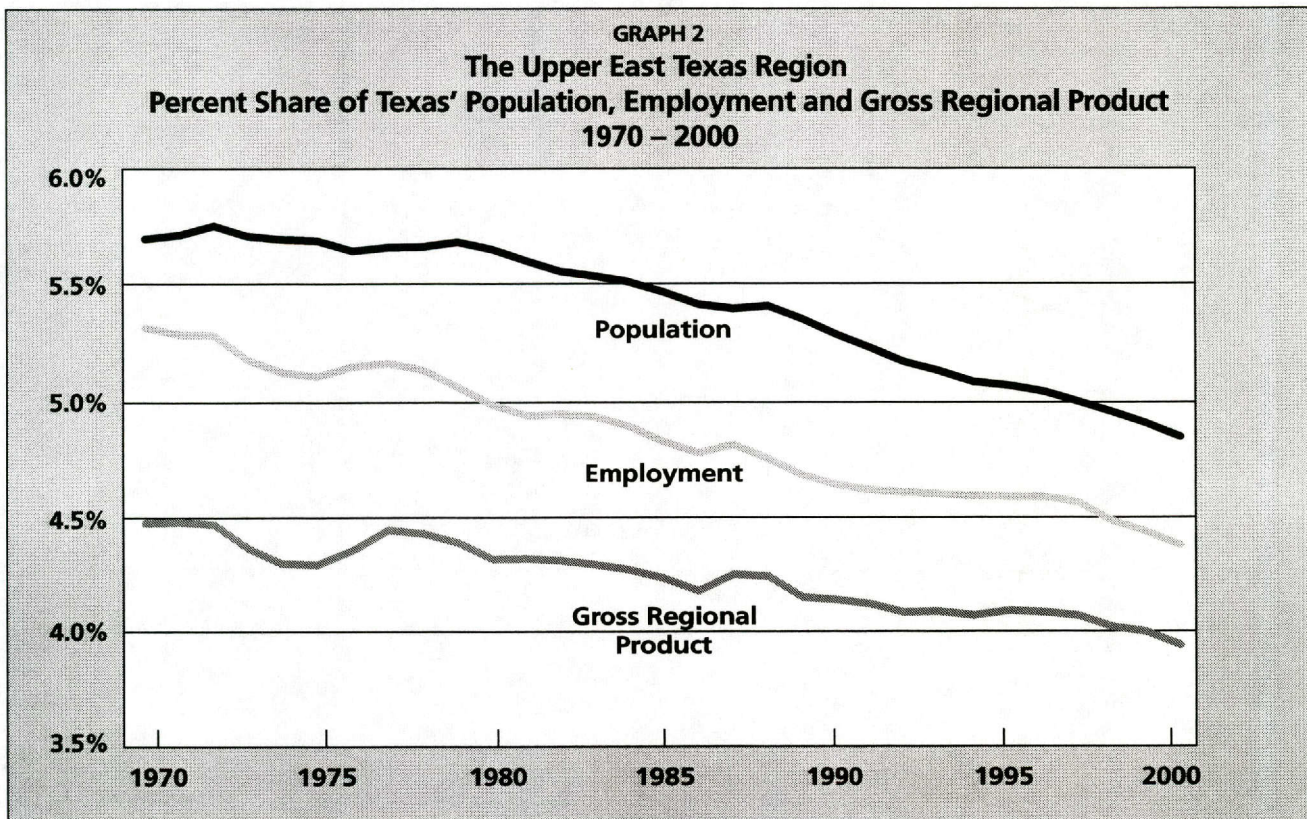
This report details recent economic changes in the Upper East Texas region, presents “base-line” economic forecasts for key indicators through 2005, discusses the structural changes that have led and will lead to economic growth in the region, presents a forecast for occupational changes likely in the region over the next five years and identifies possible target industries for future development. Economic development leaders within the region should use this report to guide development of the region’s economy in upcoming years.

The Last 30 Years

The Upper East Texas region, surrounding Longview, Marshall, Texarkana and Tyler, saw significant growth during the last 30 years of the 20th century. In real terms (1992 dollars), gross regional product in this region—the sum total of all value added within the region—nearly tripled growing from \$8.6 billion in 1970 to \$23.8 billion in 2000 (Graph 1). This is an average annual growth rate of 3.5 percent.

During this time, the population of the Upper East Texas region also grew, rising from 640,900 to 987,200. As a result of growth in the value of production in the region and somewhat slower population growth, per capita real incomes rose dramatically over the last 30 years. For example, in real terms (1992 dollars), disposable personal income—income not used to pay federal taxes—rose from \$11,000 in 1970 to \$20,100 in 2000. This means that the average person or household in the region has 83 percent more real purchasing power in 2000 than they did in 1970.

In terms of jobs, growth in this region was good during much of the 1970s and very early 1980s. Following the collapse in world oil prices in the early 1980s, the Upper East Texas region’s economy slowed noticeably during much of the 1980s before resuming growth again in the 1990s. In addition to severe economic shocks in the oil and gas economy which saw a halving of oil services employment between 1982 and 1992, falling from 11,700 jobs to 5,600, the



SOURCES: Carole Keeton Rylander, Texas State Comptroller of Public Accounts; and REMI.



region also suffered some job losses in the apparel industry throughout the 1980s. Since 1992, the region has seen some good job growth with employment rising at a 2.5 percent rate through 2000 despite some sizeable job losses in federal defense-related industries.

These growth rates determine if the region is playing a larger role in the Texas economy. Largely because of exceptionally rapid economic growth in some parts of the state, the size of the Upper East Texas region, in terms of population employment and gross regional product, has declined in comparison to the state. In 1970, this region accounted for 5.3 percent of the state's employment, 4.5 percent of the gross regional product and 5.7 percent of the state's population. By 2000, the Upper East Texas region accounted for 4.4 percent of employment, 3.9 percent of gross regional product and 4.8 percent of population (Graph 2).

Shifting Growth Patterns

Even within slowly growing economies, important structural shifts occur over time. These shifts often result from regional and even

nationwide changes in production, consumption and technology. Understanding these shifts can help identify prospects for future growth within the region.

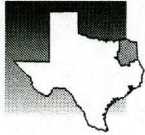
Table 2 presents the historical employment figures for the Upper East Texas region for 18 broad industries in 1980, 1990 and 2000.¹ These industries correspond to a functional classification of activities within the region rather than one more traditionally defined through Standard Industrial Classification (SIC) codes usually used to examine the economic structure of a region. The sectors in this table are ranked according to the average annual growth rate in employment over the last 20 years.

Topping this list is business services. This growth is largely the result of a long-term reorganization of many existing businesses that increasingly rely on outsourcing. The post-World War II model of industrial organization continues to divide as more and more responsibilities that were previously held within the structure of the parent firm are now outsourced to other companies. In the case of responsibilities such as janitorial services, this is a trend

TABLE 2
Upper East Texas Region Employment and Growth
1980-2000

	Employment in Region			Average Annual Growth Rate
	1980	1990	2000	
Services to Business	8,729	13,793	22,830	4.9%
Healthcare	22,959	40,226	58,677	4.8%
Tourism and Entertainment	19,367	25,556	38,825	3.5%
State Government	6,861	11,170	13,444	3.4%
High Tech, Communications, Aviation and Electronics	7,220	9,621	12,185	2.7%
Personal Services	12,704	16,264	20,768	2.5%
Local Government	30,408	38,500	47,548	2.3%
Finance, Insurance and Real Estate	21,686	22,907	33,670	2.2%
Other Services	16,665	19,820	24,810	2.0%
Wholesale and Retail Trade	59,769	69,392	88,861	2.0%
Construction, Building Materials	27,559	26,440	38,587	1.7%
Agriculture, Agr-Related, Ag Processing	42,498	46,342	51,206	0.9%
Other Transportation and Public Utilities	14,959	14,350	16,055	0.4%
Other Durable Goods Manufacturing	30,394	25,984	28,216	(0.4)%
Oil and Gas Production, Refining and Petrochemicals	16,543	15,632	13,735	(0.9)%
Other Non-Durable Goods Manufacturing	15,069	14,258	12,085	(1.1)%
Federal Government	8,806	9,635	6,523	(1.5)%
Other	9,352	8,378	6,705	(1.6)%

SOURCES: Carole Keeton Rylander, Texas State Comptroller of Public Accounts; and REMI.



toward specialization. In the case of copy machine repair or training personnel to use new computer programs, outsourcing is driven by increasing technological sophistication as specially trained workers are needed to operate equipment. Increased use of contract workers that may replace full-time employees is direct outsourcing and drives the growth of business services employment because some of these contract workers are provided through temporary help agencies.

To a large extent the increasing use of contract labor is merely a reshuffling of employment opportunities from other sectors (manufacturing in particular) to this sector. As such, this shift represents a positive change in the productivity and competitiveness of these businesses rather than degradation of manufacturing capacity.

The second fastest growing industry is health care. Here, national trends are dominating regional growth. As incomes grow and as populations age, more and more is spent on health care. The increasing technological sophistication of health care, while improving the effectiveness of health care, also drives up costs. Unfortunately, because health care is a service that most often must be administered by trained professionals on a one-on-one basis, the ability of technological innovations to lower personnel requirements—a byproduct of technology seen in many other industries—has not been as broadly felt in health care. As a result, the demand for health care services has risen rapidly over the past 20 years.

The third fastest growing sector is tourism and entertainment reflecting increasing wealth. With rising incomes consumers often have more leisure time—or at least more money to spend on leisure and entertainment. Rising real incomes are behind many of the gains in this sector, and tourism as local residents spend more in the region on entertainment, and tourists from other regions visit the area.

State government is the next fastest growing sector in the region. This largely stems from

increased prison employment and some growth at area higher educational institutions.

Upper East Texas has shown some growth in a variety of high tech industries ranging from engineering and architectural services to research and testing to communications to computer programming and data processing to the manufacture of medical equipment. Many of these industries have been expanding across the state and the nation.

Apart from local government, most of the other above-average growth sectors involve sectors highly affected by the growth in per capita income in the region. These sectors include personal services, finance, insurance, real estate, other services and wholesale and retail trade. Growth in local government is driven by local population growth and administrative changes. Important in this regard is shrinking elementary and secondary class sizes, which serve to drive job growth beyond that merited by simple population growth.

At the other end of the growth spectrum are the areas in which the region has lost ground. In some cases, such as in the oil and gas industry, this is part of a much wider trend brought on by the distribution of natural resources and industry consolidation. Declines in non-durable goods manufacturing reflect the movement of the apparel industry out of this region and, indeed, out of the country during the last 20 years. Declines in federal government employment occurred due to downsizing of defense-related activity in the region.

Identifying Regional Comparative Advantage

One key to understanding how a region's economy grows and evolves is to examine what unique advantages the region provides to certain industries and how those industries have fared over time.

One device for identifying and summarizing the industries in which a region specializes is through a "location quotient." This descriptive statistic identifies which industries are unique to



a region by comparing the percentage of employment in each industry in the region to the percentage of employment that the same industry accounts for in the nation as a whole. If an industry accounts for more of the region's total employment than it does of the nation's, the region is seen as specializing in that industry. Moreover, because the industry has flourished in the region, the region is said to have demonstrated a comparative advantage for that industry. In practice, the percentage of an industry in the region's employment base must usually greatly

exceed the national percentage for the industry to be considered truly unique to the region.

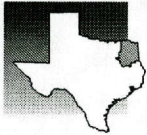
The industries with location quotients greater than 1.5 in 2000 in the Upper East Texas region are identified in Table 3 along with the national employment growth rates from 1990 to 2000 of these industries. This list contains industries that are typically found in any list of industries unique to Texas as well as many industries that are unique to the Upper East Texas region.

Prominent in this list are industries in oil and gas drilling. These activities, along with

TABLE 3
Location Quotients for Key Industries
in the Upper East Texas Region

	Location Quotient	National Employment Average Annual Growth Rate 1990-2000
Railroad Equipment	10.5	1.4%
Coal Mining	9.6	(4.5)%
Tires and Inner Tubes	7.8	(0.9)%
Oil and Gas Field Services	7.2	(0.8)%
Refrigeration and Service Industry Machinery	6.6	0.8%
Crude Petroleum, Natural Gas and Gas Liquids	6.2	(4.9)%
Iron and Steel Foundries	4.5	0.1%
Wood Containers and Misc. Wood Products	4.2	1.1%
Miscellaneous Transportation Equipment	4.2	2.8%
Construction and Related Machinery	3.6	0.8%
Stone, Clay, and Misc. Mineral Products	3.6	(0.8)%
Meat Products	3.5	1.8%
Farm	3.1	(0.1)%
Ordnance and Ammunition	3.0	(5.7)%
Metal Cans and Shipping Containers	2.6	(3.3)%
Forestry, Fishing, Hunting, and Trapping	2.6	(1.5)%
Blast Furnaces and Basic Steel Products	2.6	(2.1)%
Miscellaneous Petroleum and Coal Products	2.5	0.7%
Logging	2.4	(0.4)%
Health Services	2.2	5.8%
Fabricated Structural Metal Products	2.2	1.3%
Sawmills and Planing Mills	2.2	(1.1)%
Pulp, Paper, and Paperboard Mills	2.2	(1.8)%
Nursing and Personal Care Facilities	2.1	2.4%
Funeral Service and Crematories	2.0	2.3%
Water and Sanitation	1.9	3.3%
Converted Paper Products Except Containers	1.9	0.0%
Grain Mill Products and Fats and Oils	1.7	(0.2)%
Manufactured Products	1.6	1.3%
Pipelines, Except Natural Gas	1.6	(2.8)%
Gas Utilities	1.6	(2.2)%
Toys and Sporting Goods	1.5	1.2%
Wood Buildings and Mobile Homes	1.5	5.7%
Electric Utilities	1.5	(2.4)%

SOURCES: Carole Keeton Rylander, Texas State Comptroller of Public Accounts; and REMI.



those related to forest products, have been mainstays of the Upper East Texas economy for some time. But, as indicated by the negative growth rate in employment in many of these industries in the U.S. from 1990 to 2000, employment in these industries has been in decline for some time, going back into the early 1980s.

The region is an important center of several industries unique to the Texas economic land-

scape. The manufacture of railroad equipment in this region accounts for a little more than 3 percent of the national employment in this industry, a sector that enjoyed some growth in the 1990s. Six of Texas' 17 lignite mines are in the Upper East Texas region as is a major part of the state's tire production capacity.

Overall, the profile of industries that the Upper East Texas region tends to specialize in is

TABLE 4
Industry Growth Differentials in the Upper East Texas Region
for Industries with at least 200 Employees in 2000

Industry	Regional Industry Growth Differential	Average Annual Employment Growth 1980-2000
Medical Equipment, Instruments and Supplies	4.48	9.9%
Local and Interurban Passenger Transit	3.93	10.6%
Ship and Boat Building and Repairing	2.48	3.1%
Railroad Equipment	2.47	1.3%
Miscellaneous Transportation Equipment	2.47	6.2%
Air Transportation	1.86	8.5%
Converted Paper Products Except Containers	1.84	3.5%
Pulp, Paper, and Paperboard Mills	1.84	1.7%
Paperboard Containers and Boxes	1.84	3.3%
Tires and Inner Tubes	1.72	0.7%
Miscellaneous Plastics Products	1.72	5.2%
Rubber Products and Plastic Hose and Footwear	1.72	2.6%
Miscellaneous Electrical Equipment	1.64	2.0%
Electric Lighting and Wiring Equipment	1.64	1.3%
Communications Equipment	1.63	2.9%
State Government	1.52	3.4%
Metalworking Machinery and Equipment	1.47	1.0%
General Industrial Machinery and Equipment	1.47	1.0%
Refrigeration and Service Industry Machinery	1.47	2.3%
Farm and Garden Machinery and Equipment	1.47	(0.5)%
Construction and Related Machinery	1.47	(0.4)%
Industrial Machinery	1.47	2.3%
Special Industry Machinery	1.47	1.2%
Forestry, Fishing, Hunting, and Trapping	1.41	1.8%
Agricultural Services	1.41	6.5%
Toys and Sporting Goods	1.39	1.3%
Manufactured Products	1.39	1.6%
Real Estate	1.34	3.6%
Coal Mining	1.33	(2.8)%
Oil and Gas Field Services	1.33	(0.8)%
Crude Petroleum, Natural Gas and Gas Liquids	1.33	(1.0)%
Nonmetallic Minerals, Except Fuels	1.33	0.7%
Farm	1.30	0.2%
Nursing and Personal Care Facilities	1.29	4.4%
Offices of Health Practitioners	1.29	5.4%
Hospitals	1.29	3.3%
Health Services	1.29	8.8%
Motor Vehicles and Equipment	1.27	2.3%

SOURCES: Carole Keeton Rylander, Texas State Comptroller of Public Accounts; and REMI.



varied, displaying a certain level of diversification in the local economy. In some cases the recent national growth history for these industries has been good, such as in the case of health services, nursing care, meat products, wood containers and manufactured housing.

Unfortunately, some of the industries in the Upper East Texas region that have grown there due to the region's unique attributes in the past are unlikely to be able to carry the region further into the next millennium. In particular, the oil and gas industry, lignite mining and defense-related activities have not created many new jobs over the past decade.

But while the location quotient is a useful measure to summarize the industries in which the region specialized in the past, it is a static measure. A more dynamic approach looks at the growth of industries in the region and compares that growth to what might have been expected had the industries followed the same growth pattern of these industries in other parts of the nation. This dynamic approach to looking at the region's economic structure is known as shift-share analysis.

Like the location quotient, the approach in shift-share analysis is to develop a standard through which to assess if the currently observed level of industry concentration in a region is higher than expected, about what should be expected, or less than expected. If local employment is greater than might otherwise be expected, then the region has demonstrated some strength in attracting the growth of that industry. In practice, the yardstick usually employed is changes in each industry in the national economy, modified somewhat for local conditions.

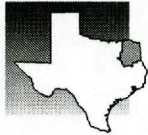
One result of shift-share analysis is the "regional industry growth differential." This measure is the ratio of what employment in an industry in the region actually was in the most recent period divided by what industry employment would have been if it had historically grown at the same rate as the industry did across the nation. The interpretation of this measure of dynamic growth potential is that it represents the

number of times larger (or smaller) actual employment is in the most recent time period compared to what it would have been if the industry had grown at the same rate as the industry did across the nation. In practice, industries identified as unique in the region through the location quotient measure tend to be those that have demonstrated a sustained period of economic strength in the region, whereas those identified by the growth differential measure can be those starting to show some emerging strength.

Table 4 presents the industries in the Upper East Texas region that have a regional industry growth differential greater than 1.25 and employed at least 200 workers in 2000. The average annual rate of employment growth in the industry from 1980 to 2000 in the Upper East Texas region is also shown. The 1.25 cut-off point indicates that industry employment in 2000 in the region was 25 percent larger than would have been expected based on the industry's employment in 1980 and the growth of the region and industry nationwide from 1980 to 2000. In the same sense as with the static location quotient, these industries have demonstrated a significant level of concentration over time in the Upper East Texas region and show that this region has some comparative advantage in their development.

There is some overlap between this list and Table 3, but it is far from complete. The region has shown some strength in attracting parts of the medical equipment industry as well as various components of the transportation sector ranging from interurban passenger transit to boat building to railroad equipment and air transportation. In several cases, the region displays some attractiveness to industries that have declined both within the region and nationally, but because the decline has been much less severe within Upper East Texas, these industries appear as possible sources of economic strength on the growth-oriented shift-share approach.

Overall, there does appear to be some significant trends toward diversification of the industrial base of the Upper East Texas region including



industries involved in transportation, paper products and many industries that require more highly skilled workers such as those in healthcare.

Table 4 confirms some of the comparative advantages identified in the location quotient and helps identify others. Measures such as the location quotient or the industry growth differential identify industries for which the Upper East Texas region has demonstrated a comparative advantage. These industries define the competitive character of the region, and these measures will be used in the last section of this report to help identify industries with strong potential to help the region grow in the future.

Growth Forecasts Through 2005

Forecasted changes in the statewide economy and the strong theoretical framework of the

13-region Texas model allow the estimation of baseline forecasts of growth for each region in Texas. Overall, depending on the measure used, the Upper East Texas region during the first five years of the new millenium is expected to grow at nearly the same rate as the state as a whole. Through 2005, employment in the region should grow at a 1.3 percent annual rate, only slightly below the 1.6 percent rate expected for the state.

Real gross regional product in the region—the total value added through production within the region—should expand at a 2.3 percent annual rate, from \$23.8 billion in 1992 dollars in 2000 to \$25.9 billion in 2005. The region should add about 36,200 additional jobs from 2000 to 2005, rising from 537,100 in 2000 to 573,300 in 2005. As expected across the state, this rate of

**TABLE 5
Upper East Texas Industries Adding the Most Jobs
Between 2000 and 2005
(Projected)**

	Regional Employment		Jobs	Average
	2000	2005	Added	Annual Growth Rate
1 Eating and Drinking Places	27,440	30,665	3,225	2.2%
2 Health Services	10,606	13,829	3,223	5.5%
3 Retail Trade, Exc. Eating and Drinking Places	70,518	73,171	2,653	0.7%
4 Local Government	47,548	50,167	2,619	1.1%
5 Offices of Health Practitioners	13,543	15,374	1,831	2.6%
6 Personnel Supply Services	8,317	9,621	1,304	3.0%
7 Nursing and Personal Care Facilities	13,542	14,841	1,299	1.8%
8 Amusement and Recreation Services	4,635	5,915	1,280	5.0%
9 Membership Organizations	9,084	10,208	1,124	2.4%
10 Wholesale Trade	18,343	19,345	1,002	1.1%
11 Child Day Care Services	4,184	5,127	943	4.1%
12 Educational Services	4,636	5,559	923	3.7%
13 Hotels and Other Lodging Places	3,595	4,469	874	4.4%
14 Automobile Parking, Repair, and Services	5,386	6,227	841	2.9%
15 Agricultural Services	6,384	7,161	777	2.3%
16 Trucking and Warehousing	9,072	9,838	766	1.6%
17 Meat Products	5,752	6,500	748	2.5%
18 State Government	13,444	14,184	740	1.1%
19 Miscellaneous Business Services	4,545	5,267	722	3.0%
20 Fabricated Structural Metal Products	3,518	4,199	681	3.6%
21 Communications	5,046	5,672	626	2.4%
22 Residential Care	1,323	1,861	538	7.1%
23 Computer and Data Processing Services	1,069	1,569	500	8.0%
24 Miscellaneous Plastics Products	2,145	2,642	497	4.3%
25 Insurance Agents, Brokers, and Services	4,659	5,132	473	2.0%

SOURCES: Carole Keeton Rylander, Texas State Comptroller of Public Accounts; and REMI.



growth will be slowest during the next couple of years but will accelerate into 2004 and 2005. From 2002 to 2005, region should add an average of 11,400 jobs annually.

The employment growth seen in the region will not fall evenly across all industries, but there are two ways to look at the distribution of this growth. Table 5 presents the 25 top growth industries in the region in terms of the number of new jobs they will generate between 2000 and 2005. Large industries dominate this list because even low growth rates applied to a large employment base generate large numbers of new jobs. In fact, two of the top four industries listed in Table 5 are actually projected to grow slower than the overall regionwide average from 2000 to 2005. But, because these two industries (retail trade and local government) are large employers,

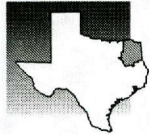
they will generate a large number of jobs, even at modest growth rates.

Many of the industries generating large numbers of new jobs in the Upper East Texas region through 2005 will be driven by changes in consumer expenditure patterns that have been seen over the past few years. For example, there is a continued shift toward expenditures on consumer services such as restaurants, health services and retail trade. Many of the industries supplying these services employ a large number of people, so that even modest growth in the demand for these industries can result in some sizeable employment growth. But in the case of health services, an expected 5.5 percent annual growth applied to a sizeable employment base will generate a substantial number of new jobs.

TABLE 6
25 Fastest Growing Industries in the Upper East Texas Region
2000 to 2005
(Projected)

	Regional Employment		Jobs	Percentage
	2000	2005	Gained	Growth
1 Computer and Data Processing Services	1,069	1,569	500	8.0%
2 Residential Care	1,323	1,861	538	7.1%
3 Miscellaneous Transportation Services	655	920	265	7.0%
4 Water and Sanitation	1,301	1,747	446	6.1%
5 Toys and Sporting Goods	658	866	208	5.6%
6 Health Services	10,606	13,829	3,223	5.5%
7 Amusement and Recreation Services	4,635	5,915	1,280	5.0%
8 Individual and Miscellaneous Social Services	1,483	1,877	394	4.8%
9 Hotels and Other Lodging Places	3,595	4,469	874	4.4%
10 Manufactured Products	1,523	1,892	369	4.4%
11 Miscellaneous Plastics Products	2,145	2,642	497	4.3%
12 Local and Interurban Passenger Transit	1,284	1,577	293	4.2%
13 Child Day Care Services	4,184	5,127	943	4.1%
14 Research and Testing Services	827	1,005	178	4.0%
15 Miscellaneous Petroleum and Coal Products	345	416	71	3.8%
16 Job Training and Related Services	466	561	95	3.8%
17 Air Transportation	1,033	1,243	210	3.8%
18 Educational Services	4,636	5,559	923	3.7%
19 Fabricated Structural Metal Products	3,518	4,199	681	3.6%
20 Management and Public Relations	2,095	2,497	402	3.6%
21 Periodicals	479	562	83	3.2%
22 Converted Paper Products Except Containers	1,460	1,709	249	3.2%
23 Concrete, Gypsum, and Plaster Products	768	896	128	3.1%
24 Miscellaneous Business Services	4,545	5,267	722	3.0%
25 Personnel Supply Services	8,317	9,621	1,304	3.0%

SOURCES: Carole Keeton Rylander, Texas State Comptroller of Public Accounts; and REMI.



Also fueling strong growth will be services provided to business, including personnel supply services, trucking and warehousing, and miscellaneous business services. This will help existing firms continue to improve productivity through outsourcing jobs, a strong trend seen in the business community over the past 20 years. Increased trade with Mexico will also likely play a part in fueling growth in trucking and warehousing activity.

A ranking of industries by their likely growth rate from 2000 to 2005, detailed in Table 6, reveals some of the forces driving changes in the Upper East Texas region. More technical, higher skilled workers are needed in these indus-

tries. Topping this list of high-growth industries is computer and data processing services, followed by health practitioners, research and testing services and management and public relations—all industries relying on a well-trained, highly educated work force.

The importance of education and the need for work force training is most apparent when looking at how projected industrial growth translates into occupational change. Table 7 presents the forecast for the 25 occupations expected to add the most positions over the next five years. As in the case of the 25 industries adding the most jobs, this list tends to be dominated by occupations that employ a lot of people at the

TABLE 7
Occupations in the Upper East Texas Region Adding the Most Positions
2000-2005
(Projected)

	Occupations		Occupation Job Gain	Average Annual % Growth
	2000	2005		
1 Food Preparation and Service	30,342	33,182	2,840	1.8%
2 Managerial and Administrative	34,210	36,664	2,454	1.4%
3 Other Clerical and Administrative Support Workers	30,757	32,789	2,032	1.3%
4 Teachers, Librarians, Counselors	14,077	15,721	1,644	2.2%
5 Personal Service	9,065	10,689	1,624	3.4%
6 Computer Scientists, Mathematicians and Operations Researchers	5,154	6,777	1,623	5.6%
7 Health Service	11,660	13,224	1,564	2.5%
8 Motor Vehicle Operators	15,829	17,390	1,561	1.9%
9 Health Assessment and Treating	13,801	15,237	1,436	2.0%
10 Protective Service	13,348	14,748	1,400	2.0%
11 Health Technicians and Technologists	12,239	13,590	1,351	2.1%
12 Social, Recreational and Religious Workers	7,017	8,311	1,294	3.4%
13 Helpers, Laborers and Material Movers, Hand	21,786	22,957	1,171	1.1%
14 Cashiers	14,405	15,448	1,043	1.4%
15 Management Support	16,409	17,436	1,027	1.2%
16 Hand Workers, Including Assembly and Fabrication	10,745	11,754	1,009	1.8%
17 Salespersons, Retail	18,450	19,438	988	1.0%
18 All Other Sales and Related Workers	11,143	12,019	876	1.5%
19 Other Machine Setters and Operators and Tenders	8,451	9,213	762	1.7%
20 Information Clerks	7,548	8,278	730	1.9%
21 Gardeners, Nursery, Greenhouse, Lawn Services	10,217	10,906	689	1.3%
22 Blue Collar Worker Supervisors	9,072	9,708	636	1.4%
23 Marketing and Sales Worker Supervisors	7,365	7,938	573	1.5%
24 Construction Trades	20,253	20,809	556	0.5%
25 Adjustors, Investigators and Collectors	4,479	4,983	504	2.2%

SOURCES: Carole Keeton Rylander, Texas State Comptroller of Public Accounts; and REMI.



start of the forecast period, and grow moderately thereafter.

For example, the 13-region model breaks regional employment into 94 occupations. In the case of the Upper East Texas region, this would mean each occupational category would contain an average of about 5,700 people in 2000. The 25 categories generating the most jobs in the region through 2005 typically have at least twice that number of jobs. Most of these large occupational categories will see moderate growth rates over the next few years, but because of their size generate a large number of new positions. Indeed, the three occupations expected to add the most jobs through 2005 are the three largest

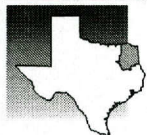
occupations. In a few cases, expected rapid growth rates in smaller occupational categories will drive large occupational growth, as is the case with computer scientists.

Table 8 presents the 25 occupational categories expected to grow at the fastest rates though 2005. In this list the importance of future training and education is evident. It is led by the need for additional computer scientists, followed by health service workers, skilled machine operators, health diagnosing workers, teachers, librarians, counselors, health technicians and technologists, health assessment and treating workers, information clerks, and life scientists. At least ten of the top 25 occupations expected

TABLE 8
25 Fastest Growing Occupations in the Upper East Texas Region
2000-2005
(Projected)

	Occupations		Occupational Gain	Average Annual Percent Gain
	2000	2005		
1 Computer Scientists, Mathematicians and Operations Researchers	5,154	6,777	1,623	5.6%
2 Social, Recreational and Religious Workers	7,017	8,311	1,294	3.4%
3 Personal Service	9,065	10,689	1,624	3.4%
4 Health Service	11,660	13,224	1,564	2.5%
5 Metal and Plastic Process Machine Operators	2,045	2,316	271	2.5%
6 Health Diagnosing	3,764	4,261	497	2.5%
7 Combination Machine Tool Setters and Operators and Tenders	388	436	48	2.4%
8 Numerical Control Machine Tool Operators, Metal and Plastic	369	414	45	2.3%
9 Writers, Artists and Entertainers	3,835	4,302	467	2.3%
10 Teachers, Librarians, Counselors	14,077	15,721	1,644	2.2%
11 Adjustors, Investigators and Collectors	4,479	4,983	504	2.2%
12 All Other Extraction and Related Workers	1,233	1,371	138	2.1%
13 Health Technicians and Technologists	12,239	13,590	1,351	2.1%
14 Counter and Rental Clerks	1,917	2,124	207	2.1%
15 Protective Service	13,348	14,748	1,400	2.0%
16 Health Assessment and Treating	13,801	15,237	1,436	2.0%
17 All Other Service Workers	4,289	4,715	426	1.9%
18 Motor Vehicle Operators	15,829	17,390	1,561	1.9%
19 Information Clerks	7,548	8,278	730	1.9%
20 Metal Fabricating Machine Operators	646	707	61	1.8%
21 Life Scientists	647	708	61	1.8%
22 Hand Workers, Including Assembly and Fabrication	10,745	11,754	1,009	1.8%
23 Food Preparation and Service	30,342	33,182	2,840	1.8%
24 Printing, Binding and Related Workers	973	1,064	91	1.8%
25 Other Machine Setters and Operators and Tenders	8,451	9,213	762	1.7%

SOURCES: Carole Keeton Rylander, Texas State Comptroller of Public Accounts; and REMI.



to growth the fastest during the next five years will require some advanced training beyond high school, and most of these will require either an associate's degree, a bachelor's degree or other advanced degrees.

Endnote

- ¹ State and Local government sectors were not defined separately until 1979.



Directions for Growth in the Upper East Texas Region

The preceding analysis of statewide and regional economic trends attests to a couple of concerns about the future direction of the region and the state. First, growth seems likely to slow in Texas and in the Upper East Texas region for the next few years. Second, although the region will grow only slightly slower than the state, future growth will focus in areas requiring a highly trained work force.

To help promote a brighter economic future, both in the number of wage earners and the amount of wages earned, this section of the report will examine likely growth prospects for various industries in the Upper East Texas region. In particular, this section examines both the traditional approach of seeking industries that have a comparative advantage in the region and the newer approach of identifying industry clusters as the driving force of economic development—industries that display a competitive advantage. Using both approaches and the advanced geographical concepts embedded in the Comptroller's new 13-region economic model, this section identifies industries likely to be the cornerstones of future economic development in the region.

Comparative Advantage, Industry Clusters and Competitive Advantage

The traditional model of industrial development held that a region would tend to specialize in industries for which it held a comparative advantage. The source of this comparative advantage was usually access to some key raw material, transportation mode or a labor supply with particularly scarce skills. Because the pres-

ence of this advantage allowed producers in the region to underbid other producers, the industry flourished.

More recently, in a much more interconnected world in which transportation costs are a much smaller component of production and workers and their skills are more mobile, industrial development experts have come to note another trend in the location of jobs.

The economic growth of regions now involves "clusters" of interrelated industries that reinforce each other and foster the development of competitive advantage rather than basing development targets on the older and less dynamic theory of comparative advantage.

Economic clusters are geographic concentrations of interconnected companies, specialized suppliers, service providers, firms in related industries and associated institutions such as universities and trade associations, that compete but also cooperate.¹

Today's economic landscape is littered with industry clusters, some with household names such as Silicon Valley, Hollywood or Wall Street. Other clusters may be more anonymous or more geographically diffuse—mutual-fund companies in Boston, the California wine industry, textile companies in North Carolina, fashion in northern Italy, insurance companies in Hartford and recreation in Florida.

Oddly, clusters are becoming more prevalent just when geographical location seems to be less of a business determinant because of worldwide outsourcing, just-in-time inventory and commerce over the Internet. In some important ways, however, things have changed.



In the old economy, in which production costs were heavily based on input costs, locations with some key attribute or endowment—a raw material, a natural harbor, cheap labor—often enjoyed a comparative advantage over other sites. This advantage persisted for long periods of time and encouraged the growth of industry that could capitalize on the particular attribute.

For example, the development of the steel industry along the Great Lakes was the result of cheap transportation bringing together iron ore from the upper Great Lakes with the coal of Western Pennsylvania, Ohio and New York. Later, the low cost of labor led to the migration of New England’s textile industry to the South and, ultimately, overseas.

In the modern economy, competition is global, not local or regional. Transportation modes are more efficient and faster. And competitive advantage based on making more productive use of inputs through continual innovation many times outweighs comparative advantage based on costs of production.

This has not led to the death of geography as a factor in business success, but it has certainly changed how geography affects profitability. Harvard Business School professor Michael Porter notes, “The enduring competitive advantages in a global economy lie increasingly in local things, such as knowledge, relationships, motivation—things that distant rivals cannot match.”²

Competitive and Comparative Advantage

The idea that economic clusters support economic growth and development is best presented by Porter in his book, *The Competitive Advantage of Nations*.³ Porter argues what has long been appreciated by economists, that a region’s economic vitality is a direct product of the competitiveness of local industries. Porter’s contribution is to document that conditions affecting competitiveness are not always simply cost-related or attributable to the availability of

natural resources, particularly in “new economy” firms in which input costs are a small component of total costs. Instead, he notes that other conditions affecting a firm’s ability to compete in the international marketplace are related in the degree to which it has successfully faced competition locally, and the degree to which the local economic environment supports the firm.

Porter says that any intense competition a firm faces in its local market is desirable because companies that survive a tough local market become stronger international competitors. This is contrary to older, conventional wisdom that geographic isolation shields a producer from the unhealthy competition of a major rival, thus allowing the company to survive.

Porter sees the geographic concentration of competitors as a positive for long-term economic growth and innovation in the region instead of ruinous, cutthroat and ultimately destructive competition between major employers that undermines the region’s economy.

Porter’s second contribution—that local linkages between suppliers, purchasers and other organizations supporting an industry’s competitiveness can also be a source of increasing competitive strength—is largely a recasting of an older economic concept of agglomerative economies of scale or the reductions in costs enjoyed by firms that locate near suppliers, purchasers or labor markets. Clusters of competing and cooperative firms together strengthen the competitive abilities of the affected industries. And in strengthening the competitive advantage of local firms, these same forces strengthen the local economy.

Measuring Comparative and Competitive Advantage

This concept of balancing both competitive and cooperative factors when defining a healthy local business environment has greatly complicated efforts to use simplistic tools to identify industry clusters. Tools such as the location quotient or shift-share analysis discussed in the previous chapter help identify industries that have



flourished in the region in the past or at least are showing signs of relative strength. But such measures, while useful, are incomplete. Instead, a more unified approach is needed, taking into account not only what industries are found in the local area and in what concentrations, but also what industries are found in all other regions, in what concentrations, and how these concentrations interact.

One of the best tools available is the framework offered by Regional Economic Modules Inc. (REMI) in constructing their composite cost indexes for industries across the nation.⁴ These indexes summarize the relative cost of produc-

tion for an industry located in a region based on access to material inputs, labor market conditions, labor productivity and other important cost components such as the local cost of construction, electricity and other fuels. If a region contains an abundant supply of materials critical to production or occupational types used by the industry, then the industry's composite cost index in the region should be low.

In addition, REMI has an index that rates the various industries in the region relative to the national average based solely on labor costs. This index incorporates the agglomerative effects of having a readily available labor supply

TABLE 9
Top 25 Potential Employment Growth Targets for the Upper East Texas Region
2000-2005
(Projected)

	Average Regional Applicability Rank (1)	Average Employment Growth Potential Rank During 2000 to 2005	Total Rank
1 Health Services	122	165	287
2 Offices of Health Practitioners	115	153	267
3 Nursing and Personal Care Facilities	122	139	260
4 Security and Commodity Brokers	102	149	251
5 Toys and Sporting Goods	128	120	248
6 Residential Care	79	163	241
7 Amusement and Recreation Services	104	135	239
8 Miscellaneous Transportation Equipment	106	133	238
9 Refrigeration and Service Industry Machinery	128	108	236
10 Watches, Clocks, and Parts	68	166	234
11 Real Estate	130	102	232
12 Research and Testing Services	69	163	231
13 Automobile Parking, Repair, and Services	75	155	230
14 Jewelry, Silverware, and Plated Ware	101	129	230
15 Museums, Botanical, Zoological Gardens	73	157	230
16 Computer and Data Processing Services	63	166	229
17 Management and Public Relations	69	160	229
18 Communications	82	147	228
19 Medical Equipment, Instruments and Supplies	137	89	226
20 Individual and Miscellaneous Social Services	77	149	226
21 Agricultural Services	86	140	226
22 Periodicals	101	123	224
23 Child Day Care Services	89	135	223
24 Manufactured Products	129	93	221
25 Hotels and Other Lodging Places	109	111	220

(1) Based on rankings on location quotient, regional industry growth differential, composite total production costs and composite labor costs.
 Note: Ranks may not add exactly due to rounding.

SOURCES: Carole Keeton Rylander, Texas State Comptroller of Public Accounts; and REMI.



of key occupational needs. As such, it is a crucial rating of how the region compares to a national norm based on labor costs.

Unfortunately, neither a low composite cost index, a high location quotient or a strong upward trend in shift-share measures can assure that an industry is a good growth prospect for the future. Some industries, because of international pressures, shifting consumer tastes or technological change simply are not in a growth mode. While it is possible for a region to gain an increasing share of a declining industry, as good public policy, pursuing such “hospice” industries is probably not an effective tool for economic development.

Accordingly, any list of industries purporting to rate prospects for future development must combine both comparative and competitive strength in a region with likely growth prospects for the industry as a whole either in the nation or in an area much larger than the region. Table 9 brings these considerations together to define a ranking for each industry in the region based on its location quotient, regional industry growth differential, composite price index, labor cost index and likely national and state growth potential over the next five years.

The first column of Table 9 is a regional advantage index, which shows the industry’s average ranking in the region among all industries based on the location quotient in the region, shift-share competitive trends, the composite price index and the labor cost index.⁵ The second column is a growth potential ranking based on the projected national growth trends for the industry and the state growth trends for the industry.⁶ The third column is the overall ranking of the industries for future development potential based on adding together the regional advantage ranking and the growth potential ranking.

Using this methodology, Table 9 presents the top 25 ranked industries for the Upper East Texas region based on both their display of some

advantage within the region relative to the rest of the country and the likely growth potential.

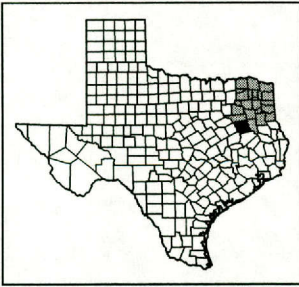
The top three ranked industries involve some aspect of health care. This underscores that the Upper East Texas region is well-suited for these industries and that these will likely be national and statewide growth industries in the next few years. These sectors have been good job generators for the region in the recent past, have shown some affinity for the region and will likely continue to be good growth targets. These include miscellaneous health services (such as audiologists, nurses, paramedics, physician assistants, psychologists), general health practitioners, nursing and personal care facilities and, somewhat further down the list, residential care and hospitals.

High-technology and evolving technology industries such as research and testing services, computer programming and communications also appear on this list. In addition, this list includes a number of industries linked to the tourism and travel sector including amusement and recreation services, museums, botanical and zoological gardens, and hotels and other lodging places.

Endnotes

- ¹ Massachusetts Technology Collaborative, “The New Economy—What’s a Cluster?” (<http://www.mtpc.org/cluster/clustermore.htm>).
- ² Michael E. Porter, “Clusters and the New Economics of Competition,” *Harvard Business Review* (November-December 1998), p. 77.
- ³ Michael Porter, *The Competitive Advantage of Nations* (New York: Free Press, 1990).
- ⁴ The composite price indexes in REMI’s modules which reflect new economic geography concepts of agglomeration have just been released in a new beta version of REMI. For further information contact REMI in Amhearst, Mass. At 413-549-1169 or <info@remi.com>.
- ⁵ The industries with a higher rank indicated a better fit for the region.
- ⁶ As in the regional advantage index, this growth index was scaled so that the industry with the best growth prospects was given a higher ranking.

Anderson County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	55,109	14.8	
Under age 5	3,036	1.4	5.5
Under 18	11,431	1.3	20.7
65 and over	6,432	5.5	11.7
85 and over	924	24.9	1.7
Male	33,562	20.6	60.9
Female	21,547	6.7	39.1
White	36,617	9.8	66.4
Black	12,941	16.1	23.5
Asian	246	96.8	0.4
Hispanic	6,705	69.6	12.2

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	17,054	0.6	0.5		1,190
Agricultural Services, Forestry, Fishing	124	(6.8)	1.5	0.7	28
Mining	612	51.5	4.0	3.6	33
Construction	346	(32.2)	2.5	2.0	78
Manufacturing	629	1.0	(14.8)	3.7	47
Transportation/Public Utilities/Communications	552	8.2	4.6	3.2	74
Wholesale Trade	539	2.9	(3.8)	3.2	116
Retail Trade	4,532	(1.9)	1.7	26.6	220
Services	3,518	4.8	3.1	20.6	425
Financial, Insurance, Real Estate	562	4.1	7.5	3.3	89
Government	5,628	(1.4)	0.0	33.0	66

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	4.0 %	(0.7)	(1.8)	131st

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$961,600	4.1	4.9	63rd
Average Per Capita Income	\$17,446	3.6	4.1	207th

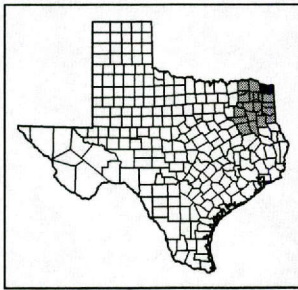
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	16.5 %	(2.1)	(4.3)	128th
Ages 0-17	22.0 %	(1.5)	(2.8)	129th
Ages 5-17 in Families	21.6 %	(0.8)	(0.3)	113th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$1,987,400,864	4.4		68th
Property Value Per Capita	\$36,063	(1.1)		224th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$263,787,374	5.0	4.6
Sales Tax Outlets	944	(5.3)	(2.8)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	7	24	8,440	(0.6)
Higher Education Fall 2001				

Bowie County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	89,306	9.4	
Under age 5	5,726	(0.1)	6.4
Under 18	22,171	(0.1)	24.8
65 and over	12,319	4.9	13.8
85 and over	1,626	36.6	1.8
Male	45,043	14.1	50.4
Female	44,263	4.9	49.6
White	65,424	4.0	73.3
Black	20,913	17.5	23.4
Asian	384	46.6	0.4
Hispanic	3,992	199.3	4.5

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	38,431	0.2	1.8		1,979
Agricultural Services, Forestry, Fishing	271	(0.7)	2.5	0.7	44
Mining	11	83.3	6.6	0.0	3
Construction	1,802	7.0	5.9	4.7	184
Manufacturing	2,952	(6.3)	(1.7)	7.7	93
Transportation/Public Utilities/Communications	1,666	9.4	4.6	4.3	112
Wholesale Trade	2,100	(7.2)	2.7	5.5	161
Retail Trade	8,592	1.3	2.4	22.4	436
Services	10,878	1.9	2.2	28.3	680
Financial, Insurance, Real Estate	1,351	2.7	2.2	3.5	156
Government	8,801	(1.8)	0.6	22.9	105

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	4.6 %	(0.5)	(3.2)	95 th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$1,999,685	4.6	4.3	40 th
Average Per Capita Income	\$22,392	4.4	3.7	91 st

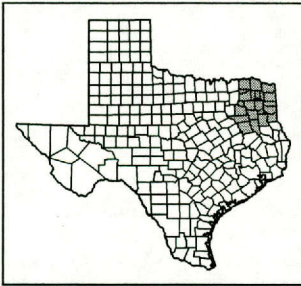
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	17.7 %	1.0	(0.0)	102 nd
Ages 0-17	25.5 %	(0.3)	0.2	77 th
Ages 5-17 in Families	22.5 %	(0.5)	0.8	94 th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$3,174,748,783	2.0	5.1	44 th
Property Value Per Capita	\$35,549	(4.7)	3.7	225 th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$795,787,366	13.6	5.5
Sales Tax Outlets	2,046	(6.2)	(1.4)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	13	39	16,150	(0.4)
Higher Education Fall 2001		2	4,745	3.4

Camp County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	11,549	16.6	
Under age 5	848	28.3	7.3
Under 18	3,102	19.0	26.9
65 and over	1,880	6.8	16.3
85 and over	238	28.6	2.1
Male	5,663	19.1	49.0
Female	5,886	14.3	51.0
White	8,030	12.6	69.5
Black	2,217	(6.1)	19.2
Asian	20	300.0	0.2
Hispanic	1,707	240.7	14.8

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	4,208	0.5	3.2		243
Agricultural Services, Forestry, Fishing	1,033	5.6	4.3	24.5	16
Mining	19	5.6	(13.8)	0.5	4
Construction	217	(4.8)	5.3	5.2	32
Manufacturing	649	4.8	3.4	15.4	11
Transportation/Public Utilities/Communications	184	(6.1)	(1.8)	4.4	13
Wholesale Trade	214	7.0	8.5	5.1	13
Retail Trade	590	0.5	1.8	14.0	55
Services	548	(7.9)	2.5	13.0	64
Financial, Insurance, Real Estate	229	0.4	8.8	5.4	17
Government	526	(1.7)	1.8	12.5	18

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	5.2 %	(0.2)	(2.7)	64th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$305,735	4.8	8.9	137th
Average Per Capita Income	\$26,370	2.8	7.2	37th

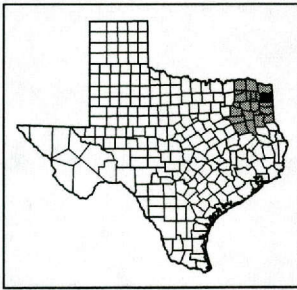
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	20.9 %	1.8	(0.4)	51st
Ages 0-17	30.2 %	(2.2)	1.1	40th
Ages 5-17 in Families	28.7 %	1.3	1.7	38th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$447,362,862	4.2	3.9	196th
Property Value Per Capita	\$38,736	(1.3)	2.0	209th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$67,785,040	(6.6)	10.8
Sales Tax Outlets	244	(1.6)	(3.5)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	1	4	2,195	(1.8)
Higher Education Fall 2001				

Cass County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	30,438	1.5	
Under age 5	1,829	(8.0)	6.0
Under 18	7,569	(7.7)	24.9
65 and over	5,348	4.2	17.6
85 and over	747	37.1	2.5
Male	14,604	1.5	48.0
Female	15,834	1.5	52.0
White	23,801	0.6	78.2
Black	5,927	(2.1)	19.5
Asian	44	76.0	0.1
Hispanic	526	41.0	1.7

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	8,595	(2.7)	0.0		552
Agricultural Services, Forestry, Fishing	107	(11.6)	26.5	1.2	17
Mining	61	(12.9)	(6.9)	0.7	12
Construction	442	(30.2)	(6.7)	5.1	46
Manufacturing	1,930	4.6	0.1	22.5	51
Transportation/Public Utilities/Communications	324	4.5	(0.4)	3.8	42
Wholesale Trade	164	(38.6)	(8.7)	1.9	29
Retail Trade	1,604	(0.2)	(0.6)	18.7	124
Services	1,633	(2.6)	2.2	19.0	131
Financial, Insurance, Real Estate	242	(2.8)	(1.0)	2.8	41
Government	2,085	1.6	1.2	24.3	57

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	6.0 %	0.2	(2.6)	45 th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$676,160	4.8	5.4	83 rd
Average Per Capita Income	\$22,208	4.7	5.4	99 th

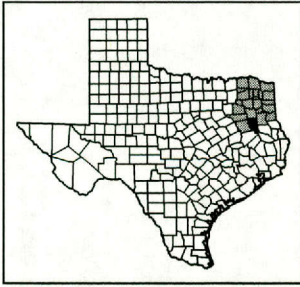
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	17.7 %	(1.3)	(2.8)	101 st
Ages 0-17	22.6 %	(5.6)	(5.7)	123 rd
Ages 5-17 in Families	21.1 %	(4.1)	(4.3)	118 th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$1,311,138,450	0.8	1.2	106 th
Property Value Per Capita	\$43,076	1.4	1.2	181 st

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$99,757,481	3.5	3.8
Sales Tax Outlets	588	(4.5)	(3.9)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	8	22	6,029	0.5
Higher Education Fall 2001				

Cherokee County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	46,659	13.7	
Under age 5	3,278	12.9	7.0
Under 18	12,276	14.1	26.3
65 and over	7,029	(2.0)	15.1
85 and over	998	15.4	2.1
Male	23,449	16.2	50.3
Female	23,210	11.2	49.7
White	34,685	8.3	74.3
Black	7,446	7.4	16.0
Asian	188	(4.1)	0.4
Hispanic	6,178	129.1	13.2

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	16,362	(2.0)	0.2		816
Agricultural Services, Forestry, Fishing	1,281	3.7	0.5	7.8	61
Mining	21	5.0	(15.6)	0.1	5
Construction	415	0.5	3.9	2.5	50
Manufacturing	3,563	0.6	0.0	21.8	93
Transportation/Public Utilities/Communications	430	(7.9)	(4.3)	2.6	56
Wholesale Trade	406	(18.5)	3.0	2.5	44
Retail Trade	2,885	(6.2)	2.7	17.6	149
Services	2,812	(4.0)	(4.1)	17.2	225
Financial, Insurance, Real Estate	489	4.3	5.1	3.0	61
Government	4,053	0.2	1.7	24.8	69

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	4.3 %	0.3	(0.4)	109th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$1,032,421	3.0	6.4	59th
Average Per Capita Income	\$22,116	2.2	4.9	102nd

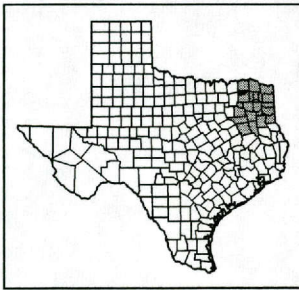
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	17.9 %	(2.1)	(4.9)	96th
Ages 0-17	23.5 %	(5.7)	(6.6)	107th
Ages 5-17 in Families	21.6 %	(5.1)	(6.2)	114th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$1,582,630,779	9.7	4.2	85th
Property Value Per Capita	\$33,919	2.6	2.1	233rd

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$170,910,356	0.4	1.1
Sales Tax Outlets	962	(4.8)	(2.0)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	5	17	7,972	1.2
Higher Education Fall 2001		2	664	4.7

Delta County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	5,327	9.7	
Under age 5	300	(1.6)	5.6
Under 18	1,363	15.8	25.6
65 and over	941	(17.9)	17.7
85 and over	169	13.4	3.2
Male	2,588	12.2	48.6
Female	2,739	7.4	51.4
White	4,684	6.7	87.9
Black	441	9.2	8.3
Asian	6	(14.3)	0.1
Hispanic	165	146.3	3.1

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	1,190	(14.0)	1.2		97
Agricultural Services, Forestry, Fishing	14	7.7	4.9	1.2	6
Mining	0			0.0	0
Construction	30	(3.2)	(18.2)	2.5	6
Manufacturing	295	(41.6)	(0.9)	24.8	6
Transportation/Public Utilities/Communications	12	0.0	14.9	1.0	4
Wholesale Trade	33	(29.8)	15.6	2.8	8
Retail Trade	98	4.3	1.1	8.2	15
Services	320	4.6	5.5	26.9	21
Financial, Insurance, Real Estate	37	(2.6)	3.6	3.1	7
Government	351	4.5	1.4	29.5	24

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	4.7 %	0.9	0.6	91st

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$110,478	1.1	5.8	201st
Average Per Capita Income	\$20,666	(0.7)	4.4	137th

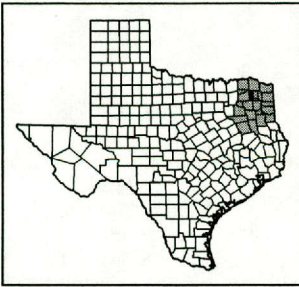
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	17.6 %	(2.0)	(3.8)	106th
Ages 0-17	21.7 %	(6.3)	(6.4)	134th
Ages 5-17 in Families	19.4 %	(9.7)	(6.2)	138th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$172,588,107	3.3	4.1	245th
Property Value Per Capita	\$32,399	(3.6)	2.1	237th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$6,531,527	(3.2)	2.5
Sales Tax Outlets	91	(13.3)	(4.4)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	2	5	1,224	2.1
Higher Education Fall 2001				

Franklin County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	9,458	21.2	
Under age 5	537	1.1	5.7
Under 18	2,299	15.7	24.3
65 and over	1,753	19.6	18.5
85 and over	217	48.6	2.3
Male	4,590	21.4	48.5
Female	4,868	21.1	51.5
White	8,436	18.2	89.2
Black	373	6.9	3.9
Asian	20	11.1	0.2
Hispanic	842	135.9	8.9

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	2,524	5.4	4.7		220
Agricultural Services, Forestry, Fishing	75	8.7	15.2	3.0	12
Mining	94	91.8	31.4	3.7	6
Construction	116	2.7	9.1	4.6	26
Manufacturing	152	(12.6)	0.5	6.0	6
Transportation/Public Utilities/Communications	65	1.6	20.1	2.6	14
Wholesale Trade	35	(28.6)	(7.6)	1.4	8
Retail Trade	929	11.3	8.7	36.8	34
Services	512	(2.8)	(2.0)	20.3	67
Financial, Insurance, Real Estate	129	(1.5)	1.5	5.1	22
Government	417	8.3	3.8	16.5	25

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	2.8 %	(0.7)	(3.5)	202nd

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$209,190	2.2	8.8	165th
Average Per Capita Income	\$22,029	1.3	7.0	104th

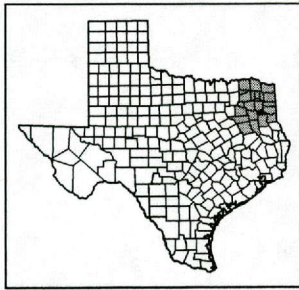
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	15.6 %	1.1	(0.6)	152nd
Ages 0-17	21.9 %	(0.6)	1.2	131st
Ages 5-17 in Families	18.3 %	(2.0)	(0.0)	153rd

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$673,454,334	12.4	10.0	154th
Property Value Per Capita	\$71,205	18.2	8.8	82nd

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$27,754,654	0.5	4.3
Sales Tax Outlets	216	(6.1)	0.3

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	1	4	1,474	1.4
Higher Education Fall 2001				

Gregg County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	111,379	6.1	
Under age 5	7,835	(2.1)	7.0
Under 18	29,791	3.7	26.7
65 and over	14,757	6.0	13.2
85 and over	1,838	23.1	1.7
Male	53,908	7.1	48.4
Female	57,471	5.2	51.6
White	81,184	(0.9)	72.9
Black	22,115	10.9	19.9
Asian	752	53.2	0.7
Hispanic	10,183	169.7	9.1

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	64,683	1.4	1.9		3,505
Agricultural Services, Forestry, Fishing	416	0.2	1.9	0.6	56
Mining	2,822	11.4	4.3	4.4	143
Construction	3,520	7.1	3.6	5.4	304
Manufacturing	9,682	(2.3)	(1.6)	15.0	226
Transportation/Public Utilities/Communications	3,433	1.1	0.6	5.3	156
Wholesale Trade	3,235	(4.7)	(0.1)	5.0	285
Retail Trade	14,796	0.9	2.1	22.9	710
Services	17,203	3.9	4.7	26.6	1,247
Financial, Insurance, Real Estate	2,298	1.2	2.3	3.6	283
Government	7,266	(0.9)	0.6	11.2	86

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	5.4 %	(0.4)	(1.8)	61st

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$3,012,594	5.3	4.7	26th
Average Per Capita Income	\$27,065	5.8	4.4	29th

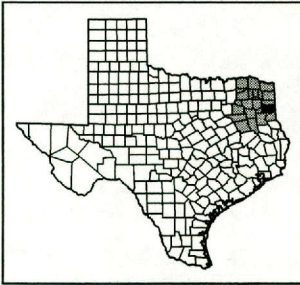
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	15.1 %	(0.4)	(2.4)	157th
Ages 0-17	21.0 %	(3.7)	(3.3)	145th
Ages 5-17 in Families	19.2 %	(1.4)	(2.3)	139th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$5,322,102,809	2.0	1.7	25th
Property Value Per Capita	\$47,784	3.6	1.5	149th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$1,595,497,269	6.2	3.8
Sales Tax Outlets	3,969	(4.2)	(2.1)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	7	47	23,233	0.3
Higher Education Fall 2001		2	7,120	4.0

Harrison County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	62,110	8.0	
Under age 5	4,009	(2.1)	6.5
Under 18	16,669	0.7	26.8
65 and over	8,134	4.5	13.1
85 and over	996	11.2	1.6
Male	30,115	9.0	48.5
Female	31,995	7.2	51.5
White	44,313	9.7	71.3
Black	14,926	(6.9)	24.0
Asian	192	33.3	0.3
Hispanic	3,316	159.5	5.3

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	21,321	(1.8)	0.9		1,138
Agricultural Services, Forestry, Fishing	179	15.5	5.6	0.8	30
Mining	984	14.3	(0.3)	4.6	38
Construction	908	(27.0)	5.1	4.3	97
Manufacturing	6,287	(7.1)	(1.6)	29.5	98
Transportation/Public Utilities/Communications	638	(2.7)	(0.5)	3.0	60
Wholesale Trade	734	(3.9)	(3.3)	3.4	91
Retail Trade	3,520	4.2	3.0	16.5	223
Services	3,921	6.1	2.0	18.4	354
Financial, Insurance, Real Estate	932	3.0	5.8	4.4	83
Government	3,210	(1.9)	2.0	15.1	60

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	5.6 %	(0.1)	(4.0)	57 th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$1,283,307	4.5	5.1	49 th
Average Per Capita Income	\$20,666	4.3	4.4	136 th

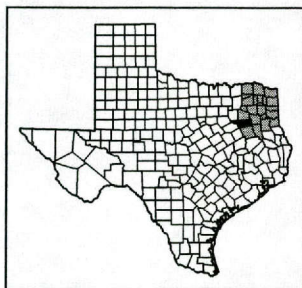
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	16.7 %	(0.4)	(3.8)	123 rd
Ages 0-17	22.2 %	(0.8)	(5.9)	126 th
Ages 5-17 in Families	19.7 %	(2.9)	(5.3)	137 th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$3,384,480,504	3.6	2.3	43 rd
Property Value Per Capita	\$54,492	(0.3)	1.1	129 th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$319,151,528	2.1	3.8
Sales Tax Outlets	1,259	(5.3)	(2.2)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	6	29	12,529	(1.0)
Higher Education Fall 2001		7	2,688	9.0

Henderson County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	73,277	25.2	
Under age 5	4,720	28.3	6.4
Under 18	17,851	26.9	24.4
65 and over	13,358	18.8	18.2
85 and over	1,310	69.3	1.8
Male	35,929	26.6	49.0
Female	37,348	23.8	51.0
White	64,850	24.2	88.5
Black	4,842	1.8	6.6
Asian	221	56.7	0.3
Hispanic	5,071	114.1	6.9

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	15,752	(0.1)	2.9		1,145
Agricultural Services, Forestry, Fishing	287	2.1	5.1	1.8	49
Mining	148	13.8	(7.4)	0.9	15
Construction	838	(5.2)	3.2	5.3	122
Manufacturing	2,162	(2.4)	4.3	13.7	53
Transportation/Public Utilities/Communications	611	4.8	2.4	3.9	62
Wholesale Trade	452	5.1	3.5	2.9	79
Retail Trade	4,095	(1.4)	2.4	26.0	250
Services	3,524	0.3	3.4	22.4	344
Financial, Insurance, Real Estate	644	7.9	4.3	4.1	91
Government	2,979	0.7	2.0	18.9	75

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	3.8 %	0.3	(1.4)	145 th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$1,575,458	6.9	7.6	45 th
Average Per Capita Income	\$21,400	4.7	4.9	115 th

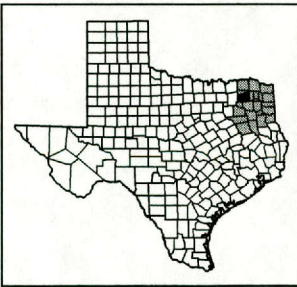
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	15.1 %	(0.7)	(3.6)	158 th
Ages 0-17	19.4 %	(5.6)	(7.9)	165 th
Ages 5-17 in Families	18.0 %	(4.2)	(6.0)	161 st

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$3,173,606,944	17.9	5.4	45 th
Property Value Per Capita	\$43,310	13.7	2.5	178 th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$445,435,070	8.0	7.9
Sales Tax Outlets	1,593	(5.1)	(2.6)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	8	26	10,101	0.2
Higher Education Fall 2001		1	4,604	0.3

Hopkins County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	31,960	10.8	
Under age 5	2,085	0.1	6.5
Under 18	8,355	9.1	26.1
65 and over	4,855	3.5	15.2
85 and over	701	36.9	2.2
Male	15,659	10.8	49.0
Female	16,301	10.9	51.0
White	27,200	7.2	85.1
Black	2,554	3.2	8.0
Asian	79	12.9	0.2
Hispanic	2,967	110.9	9.3

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	10,590	(3.0)	(0.4)		743
Agricultural Services, Forestry, Fishing	313	(0.6)	(0.3)	3.0	66
Mining	123	10.8	(2.4)	1.2	4
Construction	482	(2.4)	(5.9)	4.6	49
Manufacturing	1,418	(9.7)	(0.7)	13.4	42
Transportation/Public Utilities/Communications	663	0.5	4.7	6.3	60
Wholesale Trade	1,002	(6.5)	(6.2)	9.5	56
Retail Trade	2,400	(4.6)	0.2	22.7	168
Services	1,640	(0.3)	0.7	15.5	187
Financial, Insurance, Real Estate	424	(1.6)	(1.8)	4.0	51
Government	2,121	1.4	2.6	20.0	57

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	4.2 %	0.4	(1.3)	118 th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$679,763	1.0	5.6	82 nd
Average Per Capita Income	\$21,224	(0.3)	4.4	120 th

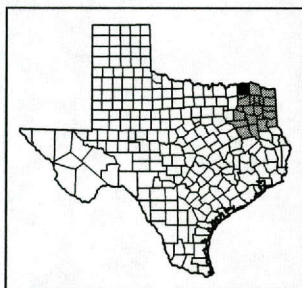
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	14.6 %	(0.4)	(2.7)	166 th
Ages 0-17	18.4 %	(3.2)	(4.2)	173 rd
Ages 5-17 in Families	16.2 %	(3.9)	(4.0)	183 rd

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$1,430,820,993	5.2	4.0	95 th
Property Value Per Capita	\$44,769	0.7	2.5	173 rd

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$205,349,617	0.5	2.4
Sales Tax Outlets	784	(6.8)	(2.6)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	7	16	6,258	2.2
Higher Education Fall 2001				

Lamar County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	48,499	10.4	
Under age 5	3,422	9.0	7.1
Under 18	12,668	10.7	26.1
65 and over	7,573	(1.1)	15.6
85 and over	1,141	25.8	2.4
Male	23,147	11.2	47.7
Female	25,352	9.6	52.3
White	39,990	8.6	82.5
Black	6,534	2.1	13.5
Asian	192	25.5	0.4
Hispanic	1,614	239.8	3.3

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	19,839	(1.3)	0.7		1,105
Agricultural Services, Forestry, Fishing	120	(10.4)	(0.7)	0.6	35
Mining	3	50.0		0.0	1
Construction	684	(8.9)	0.1	3.4	102
Manufacturing	4,943	0.5	(0.7)	24.9	67
Transportation/Public Utilities/Communications	574	(4.7)	0.7	2.9	70
Wholesale Trade	627	(8.7)	(3.5)	3.2	72
Retail Trade	3,734	(0.3)	1.7	18.8	250
Services	5,293	(3.7)	1.4	26.7	352
Financial, Insurance, Real Estate	708	(1.0)	1.2	3.6	84
Government	3,140	3.1	1.7	15.8	66

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	6.6 %	1.4	0.4	33 rd

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$1,093,283	3.6	5.6	56 th
Average Per Capita Income	\$22,484	2.3	4.5	90 th

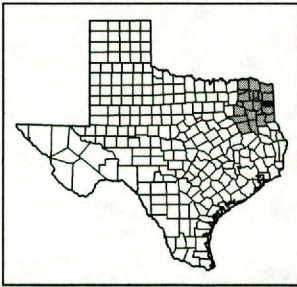
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	16.4 %	(2.5)	(3.5)	133 rd
Ages 0-17	23.0 %	(5.1)	(4.3)	115 th
Ages 5-17 in Families	20.8 %	(5.4)	(3.8)	122 nd

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$2,152,487,531	13.0	4.4	63 rd
Property Value Per Capita	\$44,382	7.3	2.8	174 th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$338,972,873	2.0	3.8
Sales Tax Outlets	1,183	(5.1)	(1.5)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	5	22	8,992	(0.1)
Higher Education Fall 2001		1	3,278	11.6

Marion County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	10,941	9.6	
Under age 5	612	(4.1)	5.6
Under 18	2,445	(1.1)	22.3
65 and over	2,101	7.1	19.2
85 and over	227	39.3	2.1
Male	5,343	8.7	48.8
Female	5,598	10.4	51.2
White	7,958	17.2	72.7
Black	2,616	(15.6)	23.9
Asian	24	242.9	0.2
Hispanic	263	78.9	2.4

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	1,755	(2.3)	(2.7)		184
Agricultural Services, Forestry, Fishing	16	(20.0)	(1.2)	0.9	4
Mining	21	10.5	(17.2)	1.2	2
Construction	69	109.1	6.2	3.9	11
Manufacturing	284	(14.2)	(14.2)	16.2	18
Transportation/Public Utilities/Communications	94	9.3	14.9	5.4	16
Wholesale Trade	25	(16.7)	(1.5)	1.4	6
Retail Trade	377	5.9	5.2	21.5	52
Services	370	(10.8)	(1.7)	21.1	48
Financial, Insurance, Real Estate	38	(7.3)	(7.5)	2.2	9
Government	458	(1.9)	0.5	26.1	17

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	7.9 %	(0.5)	(3.8)	17th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$178,671	3.7	4.0	178th
Average Per Capita Income	\$16,315	3.1	2.4	225th

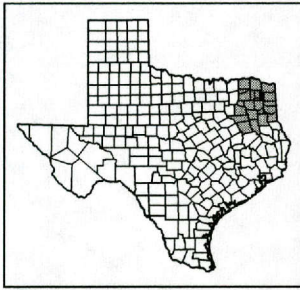
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	22.4 %	(0.2)	(4.7)	40th
Ages 0-17	29.9 %	1.4	(10.2)	43rd
Ages 5-17 in Families	29.7 %	(7.9)	(7.7)	35th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$560,332,560	2.6	7.9	172nd
Property Value Per Capita	\$51,214	3.2	6.4	141st

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$29,414,968	(1.8)	2.1
Sales Tax Outlets	267	(7.6)	(3.6)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	1	4	1,437	(5.2)
Higher Education Fall 2001				

Morris County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	13,048	(1.2)	
Under age 5	776	(12.8)	5.9
Under 18	3,289	(9.2)	25.2
65 and over	2,386	6.9	18.3
85 and over	271	14.8	2.1
Male	6,277	(1.4)	48.1
Female	6,771	(1.0)	51.9
White	9,357	(4.2)	71.7
Black	3,148	(2.4)	24.1
Asian	23	27.8	0.2
Hispanic	477	99.6	3.7

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	4,723	(1.9)	(1.3)		240
Agricultural Services, Forestry, Fishing	33	0.0	(1.7)	0.7	9
Mining	49	(7.5)	(1.6)	1.0	3
Construction	136	(32.3)	0.4	2.9	15
Manufacturing	2,098	4.7	(0.9)	44.4	20
Transportation/Public Utilities/Communications	322	(8.8)	(6.6)	6.8	22
Wholesale Trade	155	(5.5)	(3.4)	3.3	14
Retail Trade	465	(5.9)	0.8	9.8	54
Services	614	(6.4)	(2.4)	13.0	58
Financial, Insurance, Real Estate	136	(3.5)	1.1	2.9	20
Government	716	0.4	(0.3)	15.2	25

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	6.8 %	0.0	(1.2)	29 th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$279,029	5.9	4.9	142 nd
Average Per Capita Income	\$21,368	5.6	5.0	117 th

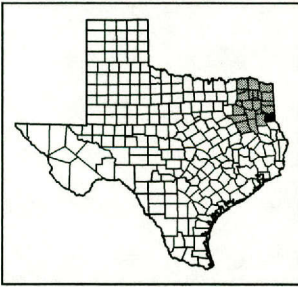
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	18.3 %	(0.3)	(2.3)	87 th
Ages 0-17	25.8 %	(2.5)	(1.7)	74 th
Ages 5-17 in Families	21.9 %	(4.3)	(3.2)	106 th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$645,766,762	(0.5)	3.4	158 th
Property Value Per Capita	\$49,492	0.2	3.6	147 th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$61,689,541	(0.4)	(0.6)
Sales Tax Outlets	251	(10.7)	(4.9)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	2	8	2,494	(4.9)
Higher Education Fall 2001				

Panola County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	22,756	3.3	
Under age 5	1,409	(7.7)	6.2
Under 18	5,741	(6.5)	25.2
65 and over	3,598	3.3	15.8
85 and over	495	36.0	2.2
Male	10,920	3.6	48.0
Female	11,836	2.9	52.0
White	17,927	1.3	78.8
Black	4,021	(0.9)	17.7
Asian	55	139.1	0.2
Hispanic	798	67.3	3.5

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	6,567	2.5	1.2		504
Agricultural Services, Forestry, Fishing	81	11.0	(7.2)	1.2	19
Mining	631	20.7	1.5	9.6	32
Construction	479	28.4	5.6	7.3	43
Manufacturing	1,183	0.3	1.6	18.0	17
Transportation/Public Utilities/Communications	455	4.4	4.3	6.9	45
Wholesale Trade	156	(5.5)	(1.0)	2.4	34
Retail Trade	1,011	(0.4)	0.8	15.4	101
Services	1,069	5.4	6.2	16.3	140
Financial, Insurance, Real Estate	199	(1.0)	0.4	3.0	29
Government	1,304	(8.6)	(3.2)	19.9	43

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	6.8 %	(1.0)	(3.7)	30th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$475,317	4.4	6.1	108th
Average Per Capita Income	\$20,886	4.4	5.8	130th

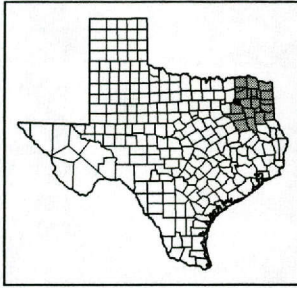
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	14.1 %	(1.8)	(4.1)	176th
Ages 0-17	16.5 %	(5.3)	(7.9)	194th
Ages 5-17 in Families	16.4 %	(5.4)	(5.8)	181st

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$2,428,469,181	0.2	3.4	57th
Property Value Per Capita	\$106,718	1.1	3.3	38th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$102,390,347	17.5	6.9
Sales Tax Outlets	494	(3.7)	(1.8)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	3	8	3,691	(1.9)
Higher Education Fall 2001		1	1,492	4.9

Rains County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	9,139	36.1	
Under age 5	508	28.9	5.6
Under 18	2,171	28.9	23.8
65 and over	1,471	21.2	16.1
85 and over	148	49.5	1.6
Male	4,564	38.3	49.9
Female	4,575	34.0	50.1
White	8,400	33.1	91.9
Black	267	(6.6)	2.9
Asian	31	287.5	0.3
Hispanic	505	219.6	5.5

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	1,421	(0.4)	3.4		171
Agricultural Services, Forestry, Fishing	24	(7.7)	8.4	1.7	6
Mining	7	16.7	47.6	0.5	2
Construction	165	(4.6)	7.3	11.6	23
Manufacturing	130	7.4	(7.3)	9.1	11
Transportation/Public Utilities/Communications	32	(5.9)	6.8	2.3	9
Wholesale Trade	69	3.0	3.9	4.9	8
Retail Trade	324	(4.4)	6.4	22.8	37
Services	204	10.9	0.6	14.4	38
Financial, Insurance, Real Estate	81	0.0	6.5	5.7	10
Government	375	(2.6)	4.1	26.4	25

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	4.4 %	1.3	(0.1)	108 th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$159,052	4.7	7.0	183 rd
Average Per Capita Income	\$17,240	1.3	3.1	210 th

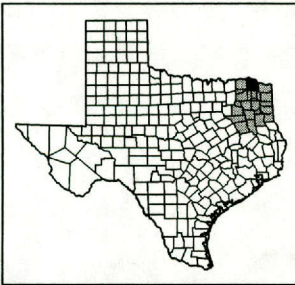
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	14.9 %	0.5	0.9	162 nd
Ages 0-17	17.7 %	(3.8)	(0.3)	182 nd
Ages 5-17 in Families	16.7 %	(4.3)	1.2	176 th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$359,272,986	16.0	5.0	211 th
Property Value Per Capita	\$39,312	13.7	1.4	207 th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$37,058,464	11.9	10.0
Sales Tax Outlets	200	(6.1)	(1.8)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	1	3	1,440	(8.4)
Higher Education Fall 2001				

Red River County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	14,314	(0.0)	
Under age 5	833	(0.4)	5.8
Under 18	3,414	(0.8)	23.9
65 and over	2,814	(10.0)	19.7
85 and over	430	0.5	3.0
Male	6,895	2.4	48.2
Female	7,419	(2.2)	51.8
White	11,170	(0.3)	78.0
Black	2,548	(11.3)	17.8
Asian	17	21.4	0.1
Hispanic	669	145.1	4.7

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	3,404	(7.2)	(1.4)		248
Agricultural Services, Forestry, Fishing	105	7.1	6.7	3.1	22
Mining	7	0.0	47.6	0.2	2
Construction	88	(29.6)	9.9	2.6	15
Manufacturing	914	(17.7)	(6.7)	26.9	25
Transportation/Public Utilities/Communications	92	7.0	5.3	2.7	14
Wholesale Trade	46	(6.1)	(3.5)	1.4	8
Retail Trade	523	(6.1)	0.0	15.4	56
Services	749	1.4	2.4	22.0	56
Financial, Insurance, Real Estate	71	(4.1)	7.7	2.1	20
Government	808	(2.1)	(1.5)	23.7	30

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	10.4 %	5.7	3.4	10th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$264,674	2.1	4.8	147th
Average Per Capita Income	\$18,537	2.5	4.8	191st

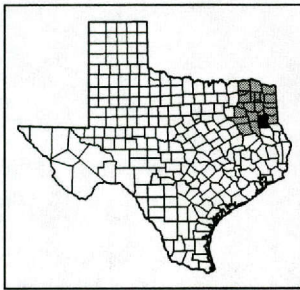
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	17.3 %	(5.8)	(6.2)	113th
Ages 0-17	25.8 %	(8.3)	(5.2)	73rd
Ages 5-17 in Families	23.2 %	(9.6)	(5.6)	84th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$584,091,020	6.6	3.8	168th
Property Value Per Capita	\$40,806	1.9	3.1	198th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$30,318,437	0.7	1.5
Sales Tax Outlets	248	(6.1)	(3.3)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	4	12	2,699	(2.4)
Higher Education Fall 2001				

Rusk County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	47,372	8.3	
Under age 5	2,906	(4.5)	6.1
Under 18	11,791	(3.1)	24.9
65 and over	7,412	(1.6)	15.6
85 and over	1,077	20.1	2.3
Male	24,155	15.4	51.0
Female	23,217	1.8	49.0
White	35,477	5.2	74.9
Black	9,102	1.3	19.2
Asian	113	121.6	0.2
Hispanic	3,998	130.3	8.4

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	13,293	1.9	2.2		810
Agricultural Services, Forestry, Fishing	287	12.1	10.5	2.2	26
Mining	1,058	9.1	(2.9)	8.0	26
Construction	1,471	(10.1)	10.8	11.1	84
Manufacturing	2,006	0.0	2.8	15.1	54
Transportation/Public Utilities/Communications	841	(3.1)	(3.2)	6.3	66
Wholesale Trade	271	5.0	(2.3)	2.0	39
Retail Trade	2,064	6.6	2.9	15.5	157
Services	2,566	3.1	1.5	19.3	225
Financial, Insurance, Real Estate	454	3.7	4.0	3.4	59
Government	2,272	4.6	2.0	17.1	72

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	4.4 %	(0.2)	(2.0)	105 th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$976,643	4.8	5.0	62 nd
Average Per Capita Income	\$20,626	4.6	4.3	142 nd

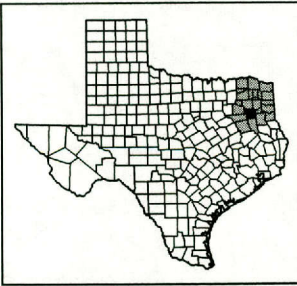
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	14.6 %	(1.2)	(4.9)	165 th
Ages 0-17	21.0 %	(0.4)	(6.3)	146 th
Ages 5-17 in Families	19.9 %	(1.9)	(4.5)	133 rd

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$2,583,101,790	15.8	5.5	54 th
Property Value Per Capita	\$54,528	12.0	4.5	128 th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$192,333,469	1.8	4.1
Sales Tax Outlets	874	(7.0)	(3.5)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	8	23	7,464	(0.6)
Higher Education Fall 2001				

Smith County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	174,706	15.5	
Under age 5	12,402	11.4	7.1
Under 18	46,498	15.4	26.6
65 and over	24,602	18.1	14.1
85 and over	3,157	50.2	1.8
Male	83,758	15.1	47.9
Female	90,948	15.8	52.1
White	126,853	11.6	72.6
Black	33,298	5.5	19.1
Asian	1,218	90.9	0.7
Hispanic	19,521	117.2	11.2

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	83,381	0.0	2.4		4,395
Agricultural Services, Forestry, Fishing	1,631	8.1	3.2	2.0	133
Mining	1,248	2.2	(0.9)	1.5	109
Construction	3,390	(3.1)	4.9	4.1	401
Manufacturing	11,076	0.2	(0.8)	13.3	211
Transportation/Public Utilities/Communications	3,516	(0.2)	1.2	4.2	208
Wholesale Trade	3,933	(3.9)	1.4	4.7	311
Retail Trade	18,762	(0.5)	4.1	22.5	793
Services	23,792	2.5	3.5	28.5	1,694
Financial, Insurance, Real Estate	4,180	(0.9)	2.6	5.0	411
Government	11,839	(2.5)	1.3	14.2	109

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	4.1 %	0.2	(2.3)	127 th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$4,810,054	6.5	6.5	21 st
Average Per Capita Income	\$27,421	4.9	5.0	27 th

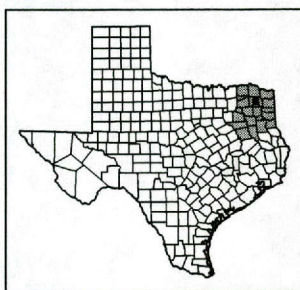
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	13.8 %	(0.5)	(3.8)	183 rd
Ages 0-17	18.8 %	(2.9)	(6.4)	168 th
Ages 5-17 in Families	18.2 %	(1.0)	(4.4)	156 th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$8,198,245,931	8.1	5.7	19 th
Property Value Per Capita	\$46,926	5.0	4.0	158 th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$1,828,012,097	4.6	4.8
Sales Tax Outlets	5,075	(4.3)	(2.3)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	8	60	30,854	0.9
Higher Education Fall 2001		2	12,183	0.6

Titus County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	28,118	17.1	
Under age 5	2,425	20.6	8.6
Under 18	8,518	24.3	30.3
65 and over	3,519	(5.8)	12.5
85 and over	518	25.4	1.8
Male	13,900	19.0	49.4
Female	14,218	15.4	50.6
White	19,724	5.7	70.1
Black	3,008	(6.8)	10.7
Asian	122	351.9	0.4
Hispanic	7,960	211.4	28.3

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	15,824	3.6	3.2		664
Agricultural Services, Forestry, Fishing	137	(14.4)	0.0	0.9	27
Mining	461	(4.2)	(3.4)	2.9	8
Construction	405	(8.0)	(0.4)	2.6	60
Manufacturing	6,613	4.7	5.8	41.8	47
Transportation/Public Utilities/Communications	472	(6.3)	(4.7)	3.0	28
Wholesale Trade	380	3.8	(2.7)	2.4	49
Retail Trade	2,128	2.5	1.0	13.4	147
Services	2,023	7.7	3.9	12.8	198
Financial, Insurance, Real Estate	297	2.8	1.7	1.9	42
Government	2,901	5.2	3.7	18.3	57

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	4.1 %	(0.3)	(3.1)	123 rd

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$589,727	5.3	5.6	91 st
Average Per Capita Income	\$20,995	4.7	4.1	127 th

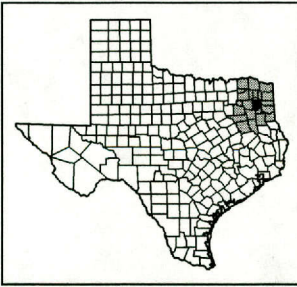
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	18.5 %	1.9	(1.6)	83 rd
Ages 0-17	25.4 %	1.2	(0.4)	79 th
Ages 5-17 in Families	23.7 %	0.2	(0.4)	73 rd

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$1,907,629,025	22.1	0.1	75 th
Property Value Per Capita	\$67,844	10.1	(2.5)	90 th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$248,598,923	25.8	6.5
Sales Tax Outlets	693	(4.4)	(2.5)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	4	13	6,110	2.2
Higher Education Fall 2001		1	2,203	10.7

Upshur County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	35,291	12.5	
Under age 5	2,330	3.9	6.6
Under 18	9,520	9.9	27.0
65 and over	5,045	10.1	14.3
85 and over	596	23.9	1.7
Male	17,241	13.2	48.9
Female	18,050	11.8	51.1
White	30,246	11.7	85.7
Black	3,582	(7.7)	10.1
Asian	65	124.1	0.2
Hispanic	1,394	117.5	4.0

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	6,160	1.8	2.8		467
Agricultural Services, Forestry, Fishing	117	7.3	15.1	1.9	22
Mining	70	14.8	(1.1)	1.1	8
Construction	319	4.2	6.9	5.2	57
Manufacturing	875	0.0	7.7	14.2	37
Transportation/Public Utilities/Communications	399	1.3	6.8	6.5	27
Wholesale Trade	113	17.7	(2.3)	1.8	28
Retail Trade	1,481	4.7	2.5	24.0	112
Services	891	(0.1)	(2.3)	14.5	98
Financial, Insurance, Real Estate	260	(15.6)	3.9	4.2	31
Government	1,634	2.4	2.4	26.5	46

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	4.9 %	(0.1)	(1.3)	81st

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$713,562	5.5	5.8	77th
Average Per Capita Income	\$20,162	4.8	4.7	154th

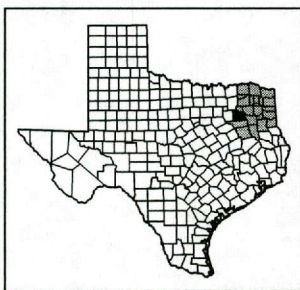
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	14.9 %	(0.7)	(4.2)	161st
Ages 0-17	19.3 %	(1.6)	(5.9)	166th
Ages 5-17 in Families	18.1 %	(3.6)	(4.0)	159th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$1,336,319,460	3.7	4.9	101st
Property Value Per Capita	\$37,866	7.4	4.3	215th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$105,978,806	4.2	4.1
Sales Tax Outlets	692	(1.8)	(2.4)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	7	22	6,664	0.3
Higher Education Fall 2001				

Van Zandt County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	48,140	26.9	
Under age 5	3,048	25.1	6.3
Under 18	12,299	26.5	25.5
65 and over	8,206	21.1	17.0
85 and over	1,038	63.0	2.2
Male	23,698	28.1	49.2
Female	24,442	25.7	50.8
White	44,268	25.2	92.0
Black	1,416	(2.4)	2.9
Asian	88	87.2	0.2
Hispanic	3,201	111.3	6.7

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	9,016	1.6	2.8		714
Agricultural Services, Forestry, Fishing	744	1.4	5.6	8.3	61
Mining	383	4.1	(1.8)	4.2	10
Construction	711	0.6	10.7	7.9	94
Manufacturing	335	1.5	(0.4)	3.7	40
Transportation/Public Utilities/Communications	405	(0.2)	4.1	4.5	46
Wholesale Trade	228	(18.9)	(4.4)	2.5	44
Retail Trade	2,051	3.9	4.0	22.7	158
Services	1,733	3.7	0.4	19.2	167
Financial, Insurance, Real Estate	267	1.1	(0.3)	3.0	40
Government	2,152	0.8	3.5	23.9	48

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	3.7 %	0.7	(0.1)	155 th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$991,939	6.8	7.5	61 st
Average Per Capita Income	\$20,501	4.2	4.8	144 th

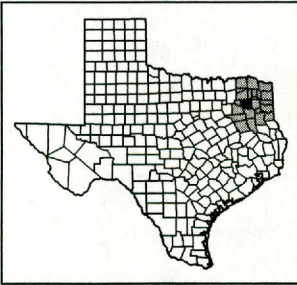
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	13.3 %	(1.0)	(4.2)	190 th
Ages 0-17	16.5 %	(3.6)	(6.5)	195 th
Ages 5-17 in Families	15.8 %	(3.8)	(4.3)	186 th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$1,958,746,920	12.1	5.4	73 rd
Property Value Per Capita	\$40,689	4.6	2.3	199 th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$164,127,370	4.2	4.2
Sales Tax Outlets	1,371	(8.8)	(4.2)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	7	27	9,399	1.9
Higher Education Fall 2001				

Wood County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	36,752	25.1	
Under age 5	1,925	12.5	5.2
Under 18	8,027	13.6	21.8
65 and over	7,670	24.2	20.9
85 and over	856	34.4	2.3
Male	18,106	28.2	49.3
Female	18,646	22.2	50.7
White	32,749	24.2	89.1
Black	2,250	(6.3)	6.1
Asian	73	82.5	0.2
Hispanic	2,102	166.8	5.7

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	8,335	0.0	1.3		734
Agricultural Services, Forestry, Fishing	180	(3.2)	0.9	2.2	45
Mining	175	15.9	(9.0)	2.1	10
Construction	405	(12.0)	12.0	4.9	80
Manufacturing	787	(1.3)	(4.0)	9.4	44
Transportation/Public Utilities/Communications	379	(3.1)	3.3	4.5	42
Wholesale Trade	219	(20.9)	(1.4)	2.6	47
Retail Trade	1,864	3.1	2.7	22.4	165
Services	2,152	6.8	3.2	25.8	199
Financial, Insurance, Real Estate	377	(9.2)	0.9	4.5	54
Government	1,790	(1.9)	0.2	21.5	46

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	4.9 %	0.1	(1.0)	79 th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$702,074	4.1	5.2	80 th
Average Per Capita Income	\$19,032	2.1	3.1	182 nd

Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	14.3 %	(1.3)	(3.5)	170 th
Ages 0-17	20.9 %	(0.4)	(4.0)	148 th
Ages 5-17 in Families	19.0 %	(4.5)	(2.8)	145 th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$1,844,205,962	13.4	5.0	77 th
Property Value Per Capita	\$50,180	6.3	2.4	145 th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$171,286,827	2.3	4.5
Sales Tax Outlets	1,085	(5.1)	(1.8)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	6	16	5,940	0.7
Higher Education Fall 2001		1	563	4.8



Texas Comptroller of Public Accounts
Publication #96-905-5. Printed July 2002.

To request additional copies, call
1-800-531-5441, ext. 3-4900 or write:
Texas Comptroller of Public Accounts
Research and Policy Development Division
P.O. Box 13528
Austin, Texas 78711-3528