

TEXAS REGIONAL OUTLOOK

The Southeast Texas Region

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

MAY 2002

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May 2002

Fellow Texans:

I am pleased to share with you the *Texas Regional Outlook* for the Southeast Texas Region. This report presents my latest economic forecast for the state as a whole and the outlook for this unique 15-county area stretching from the Beaumont-Port Arthur metropolitan area northward to Nacogdoches.

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:

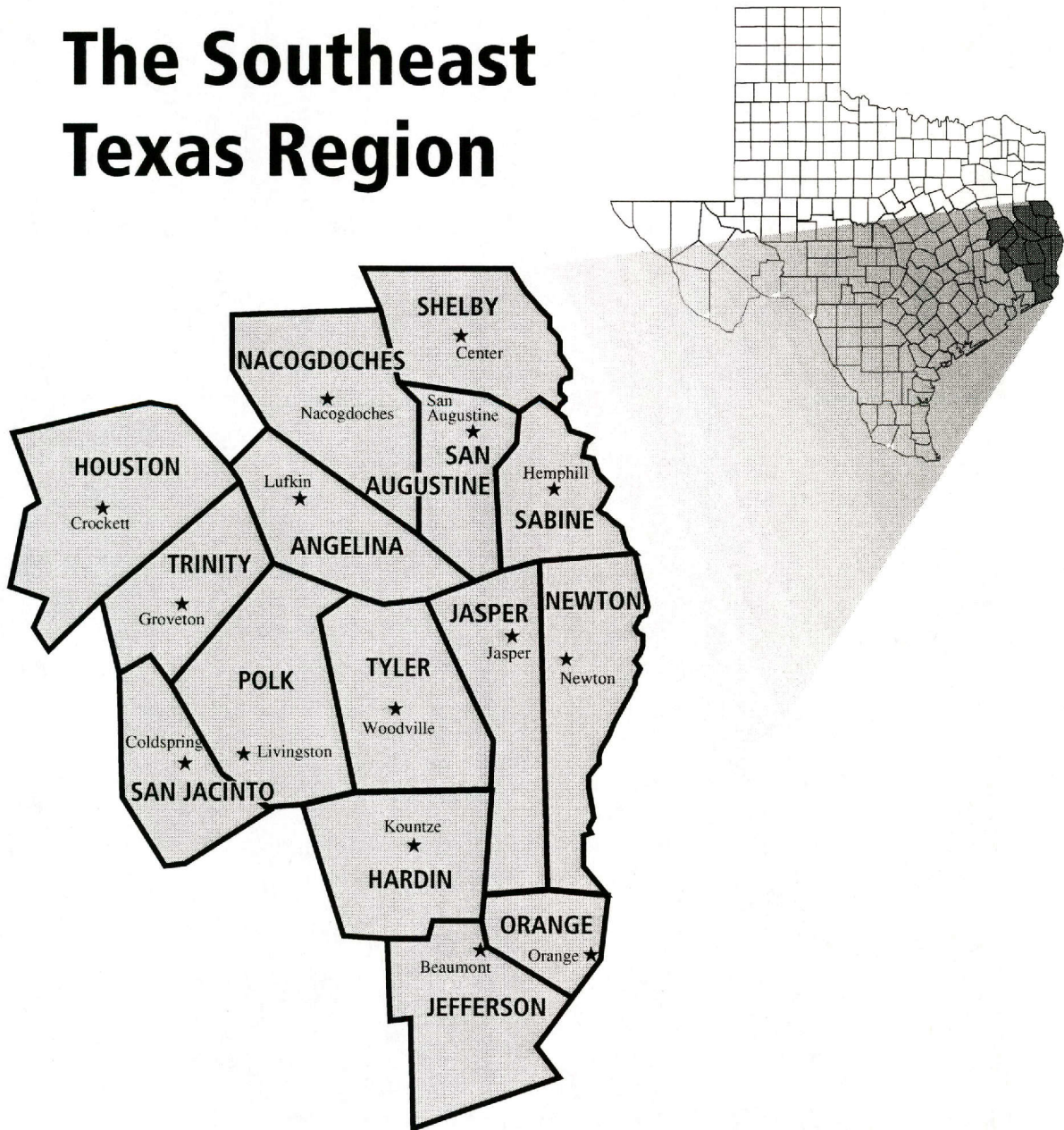
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I look forward to hearing from you. Thanks for all that you do for Texas.

Sincerely,

Carole Keeton Rylander
Texas Comptroller

The Southeast Texas Region



★ = County Seat



Texas Regional Outlook

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National Recession Slows Texas Economic Growth

The economy in Texas has been adversely affected by the national recession. From March 2001 to March 2002, overall nonfarm employment in the state fell by 98,000, or 1 percent, compared with 2 percent growth 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 identical job loss rates of 1 percent in Texas and the U.S. from March 2001 to March 2002. The breadth of the national downturn was such that 40 states lost jobs. Although relatively high energy prices allowed the oil and gas industry to benefit during most of 2001, other sectors of the Texas economy directly affected by the national economy—especially manufacturing and, to a lesser extent, consumer spending—suffered.

Unlike the U.S., however, the Texas economy did not fall into recession. This is largely attributable to strong productivity growth and is enhanced by a central Sunbelt location, relatively low business and housing costs, and the continued flood of new residents into the state.

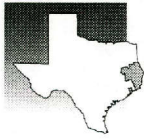
Wary of the threat of a national recession, the Federal Reserve Board reduced short-term interest rates 11 times in 2001. Despite lower

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 moderate growth during the first half of 2001. During the year, real (inflation-adjusted) gross state product increased an estimated 3.4 percent, personal income increased more than 3 percent faster than the inflation rate, and almost 150,000 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 in 2002 and 2003 is mixed (see Table 1). On average, real gross state product growth will be lower in 2002 than in 2001, slipping from 3.4 percent to a projected 2.8 percent. In 2003, however, following a strong national economic recovery fueled by low interest rates, federal tax cuts, and stimulative federal spending in response to Sep-

This discussion presents the results of the Comptroller's fall 2001 state economic forecast. After this forecast was completed, the Texas Workforce Commission (TWC) released its regular annual revision of state and metropolitan area monthly nonagricultural wage and salary employment estimates for the past two years. In general, these new figures indicate that in 2001 Texas' economic performance was weaker than previous estimates indicated. TWC's revised employment estimates will be incorporated into the spring 2002 state economic forecast, which will be presented in the summer 2002 *Texas Economic Update*.



tember 11, Texas' economic growth will rebound at a relatively robust 4.4 percent rate. Nonfarm employment and personal income growth should follow a similar trend.

Still, 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 4.6 percent in 2001 to 5.5 percent in 2002—the highest rate in six years. As the national and state economies rebound, however, the state job-

less rate will drop slightly to 5.2 percent in 2003, falling below 5 percent again by the middle of 2004.

Manufacturing Hits the Wall

2001 was a year that most Texas manufacturers will want to forget. Faced with weighty inventories and faltering personal computer sales worldwide, Dell Computer Corporation and Compaq Computer Corporation both announced extensive job layoffs during the year.

TABLE 1
Fall 2001 State Economic Forecast
Texas Economic Outlook, for Calendar Years: 2002 to 2008

	2002	2003	2004	2005	2006	2007	2008
TEXAS ECONOMY							
Gross State Product (Billion 1996 Dollars)	755.4	788.7	825.3	858.6	890.4	925.8	970.5
<i>Annual % Change</i>	2.8	4.4	4.6	4.0	3.7	4.0	4.8
Personal Income (Billion Dollars)	652.2	699.7	747.1	796.3	848.2	893.8	944.7
<i>Annual % Change</i>	5.4	7.3	6.8	6.6	6.5	5.4	5.7
Nonfarm Employment (Thousands)	9,813.9	10,042.1	10,330.1	10,599.6	10,825.5	11,044.8	11,277.9
<i>Annual % Change</i>	1.6	2.3	2.9	2.6	2.1	2.0	2.1
Resident Population (Thousands)	21,685.9	22,056.4	22,409.4	22,756.1	23,093.0	23,414.1	23,739.7
<i>Annual % Change</i>	1.8	1.7	1.6	1.5	1.5	1.4	1.4
Unemployment Rate (%)	5.5	5.2	5.0	4.8	4.7	4.6	4.8
Oil Price, Taxable (Dollars per Barrel)	\$23.52	\$22.73	\$23.24	\$23.74	\$24.28	\$24.67	\$24.91
Natural Gas Price (Dollars per MCF)	\$2.65	\$2.55	\$2.61	\$2.66	\$2.72	\$2.77	\$2.79
U. S. ECONOMY							
Gross Domestic Product (Billion 1996 Dollars)	9,473.0	9,854.5	10,132.0	10,459.7	10,780.9	11,420.5	11,819.9
<i>Annual % Change</i>	1.6	4.0	2.8	3.2	3.1	5.9	3.5
Consumer Price Index (1982-84=100)	181.7	186.1	190.7	195.5	200.5	205.6	210.7
<i>Annual % Change</i>	2.3	2.4	2.5	2.5	2.6	2.5	2.5
Prime Interest Rate (%)	6.0	7.4	8.0	8.0	8.0	7.9	7.8

SOURCES: Carole Keeton Rylander, Texas State Comptroller of Public Accounts; and DRI-WEFA.



Largely because of the weak personal computer market, the state's semiconductor and electronic component producers also fared poorly.

Outside of high-tech, the news was not much happier. Apparel manufacturers, largely concentrated along the Texas-Mexico border, continued to be hit hard by international competition, and they significantly 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 March 2001 to March 2002, statewide manufacturing employment declined by 6.3 percent, or 68,400, which was still relatively better than the 7.1 percent loss in manufacturing employment nationwide.

Productivity was hurt 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, strong drivers of productivity growth have kept the productivity of American workers rising at a 2 percent annual rate.¹ If the recovery follows historical patterns, productivity will shoot up even more with renewed demand for services and goods.

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. In 2002, manufacturing employment will increase by only 0.6 percent because manufacturers will be hesitant to hire new employees until they are sure that the increased demand for their products will last. But in 2003, the Comptroller's forecast expects 1.8 percent job growth, which would be Texas' best manufacturing growth for a year since 1998.

Oil and Gas Counter the Trend

In 2001, the resurgence of the state's long-suffering 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 declined, 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 2001, however, the slowing world economy and excess supplies began to push energy prices downward, slowing drilling activity in Texas. By November 2001, the drilling rig count of 407 had fallen to the November 2000 level; by March 2002, the rig count of 316 was down nearly 32 percent from its March 2001 level. Nevertheless, because of the lag between drilling activity and hiring plans, March 2002 mining employment was still up by 2,100, or 1.3 percent, over March 2001.

Over the next two years, the outlook for the state's oil and gas sector is not favorable. As worldwide energy prices flatten again over the next two to three years, Texas mining employment will fall 5.7 percent in 2002 and another 0.7 percent in 2003.

Construction Points Downward

From an historical perspective, Texas' construction sector benefited in past years more 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 slowing over the past few years, culminating in



small job losses in the early months of 2002. Construction growth continued through most of 2001 because of the backlog of active projects, but ended with year-to-year job losses. 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 1.8 percent, or 10,400 jobs, from March 2001 to March 2002.

Even considering relatively low mortgage rates and the revival of residential construction activity, the state's weaker economy 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, statewide construction employment is expected to decline 2.2 percent and then stabilize, with essentially no growth in 2003.

Transportation, Communications and Public Utilities: September 11 Hits Hard

Perhaps more than any other sector, transportation, communications and public utilities (TPU) has been adversely affected by the events of September 11. After the September 11 attacks, U.S. air traffic dropped 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 4,700, or 3.9 percent, in March 2001 to a year-to-year loss of 9,600, or 7.7 percent, in March 2002. Largely because of these losses, TPU lost 24,900 jobs from March 2001 to March 2002, a 4.1 percent drop.

Although national air traffic is showing some signs of recovery, it will take a long time for it to recover to pre-September 11 levels. After peaking at 695 million U.S. passenger enplanements in fiscal 2000, enplanements are expected to reach only 600 million in 2002.

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 stumbling, trade with Mexico remained fairly resilient through much of the year. But the U.S. recession eventually started taking a toll out of this trade as well, and employment in trucking and warehousing was down 2.7 percent by March 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 weakened economy and national recession took hold and intensified here as well, so that by March 2002, employment in this sector had fallen by 7,300 jobs statewide, or 4.7 percent, largely because of layoffs at the state's major telephone providers.

Finally, utilities employment—until the collapse 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 lost the 4,000 jobs it had gained the previous year. Even with job gains in electric utilities, by March 2002 the utilities sector overall closed a roller-coaster year with 1,100 fewer employees than it had in March 2001, a loss of 1.4 percent.

Over the next two years, Texas TPU employment will gain strength as the air transportation sector shows renewed vigor and the U.S. and Mexican economies improve. Overall in 2002, net TPU job growth of 2.6 percent is expected. As the share of the TPU industry represented by sectors such as Internet communications, air transportation and trucking has increased, the industry has become more sensitive to economic upturns than in previous decades. Industry growth will accelerate to 4 percent in 2003.



Finance, Insurance and Real Estate Eke Out a Gain

Finance, insurance and real estate (FIRE) turned in a relatively flat year, with a relatively small 0.4 percent loss of 2,100 jobs from March 2001 to March 2002. Although employment in banks and other financial institutions increased by 1.3 percent, in keeping with the state's growing population and moderate demand for new home financing, jobs fell by 0.5 percent among the state's insurance providers. Finally, real estate and investment industries, which were boosted by increasing home sales but hurt by weaknesses in the U.S. stock market and Texas nonresidential construction, experienced a job loss of 1.3 percent from March 2001 to March 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 2.1 percent in 2002, followed by a more modest 0.9 percent drop in 2003.

Trade Softens

Despite a rocky manufacturing sector, relatively strong consumer expenditures have managed, until recently, to keep the U.S. and Texas economies afloat. Throughout most of 2001, however, a steady stream of major job layoff announcements eroded consumer confidence and took a bite out of incomes, eventually causing consumer spending to falter. Consumer confidence and spending plunged further following the September 11 attacks, but U.S. and Texas confidence started to rebound at the end of the year.

During the first six months of fiscal 2002 (September through February), state sales tax receipts—of which just more than 50 percent come from household expenditures—fell by 0.4 percent, compared with a 5.6 percent gain during the same period in fiscal 2001. Spurred by dealer incentives, motor vehicle sales tax collections increased 6.1 percent during the same period. This trend, however, is not expected to last through the remainder of fiscal 2002.

Even though Texas consumer confidence has returned to pre-attack levels, flagging expenditures have reduced the wholesale and retail trade job count by 1 percent from March 2001 to March 2002, compared with annual average gains of more than 3 percent in fiscal 1999 to 2001. About 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 11,500 over the past year, a 2.1 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 11,000 jobs, a 0.6 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, employment is expected to rise 1.5 percent, as the national economic recovery gains strength in the second half of the year. In 2003, a more robust 2.4 percent job gain is likely.

Services Also Suffer

Because of the breadth of the national recession, in 2001 the Texas service sector lost jobs for the first time in more than 30 years. From March 2001 to March 2002, services lost 12,600 jobs, a decrease of 0.5 percent.

Not all service sector industries lost jobs. Most notably, health services employment rose by 24,600 jobs, a 3.5 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 3.6 percent and accounted for 7,200 new jobs. Private educational services added 2,400 jobs, a 2 percent increase, and agricultural services took advan-



tage of a particularly strong demand for veterinary and landscape/horticultural services to add 1,700 jobs, a 3 percent increase.

Most of the state's service sectors added jobs, or at least remained even, over the past year—with two notable exceptions. First, amusements and recreation lost 3,100 jobs, an 2.5 percent decrease, due entirely to job losses in the motion picture sector as terrorism concerns and economic weakness cut into discretionary consumer expenditures. Second, and much more significant, business services, owing mostly to a disturbingly large 10.6 percent loss in the once-booming personnel supply sector, lost 46,100 jobs over the year, a 6.4 percent cut in its work force and almost half of all jobs lost statewide from March 2001 to March 2002. The silver lining in this otherwise bleak 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 3.7 percent, and in 2003, 4 percent growth is expected.

Local Public Schools Propel Government Sector Job Growth

Federal, state and local government employment growth continues at a moderate and steady rate. Overall, from March 2001 to March 2002, public sector employment was up 2.6 per-

cent, or 40,800 jobs, with most of these gains coming from increased hiring at public schools and other local governments.

Texas' civilian federal government employment rose 1.3 percent in this period. The number of jobs in state government increased by 8,000, or 2.4 percent. Federal and state jobs are typically added faster than other industries when the economy is weak and grow more slowly when the economy is strong. When the economy slows, there is increased demand for government services, such as public assistance, health care and other economic support programs. Local government employment, about half of which is fueled by public schools, increased by 30,500 jobs, or 2.9 percent, over the past year. The rest of the growth was 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 1.8 percent rate, but in 2003, growth will slow to 0.9 percent as tight budgets prevail and as school hiring needs at local public schools become, at least temporarily, satisfied.

Even With the Economic Slowdown, People Keep Moving to Texas

Despite the economic doldrums, new residents continue to move to Texas. Because the Texas economy slowed less quickly than the U.S. economy, net migration to Texas has increased. Migration in general responds to the economic opportunities in one region relative to the opportunities in other parts of the U.S. and the world. In 2000, an estimated 134,000 more people moved into the state than moved out. The number will likely increase to 175,000 in 2002 before falling back to 168,000 in 2003. With natural increase—Texas births minus deaths—aver-



Endnote

aging a little more than 200,000 per year, the state's population is expected to increase at an average of 1.7 percent annually, from 21 million in July 2000 to 22.1 million in July 2003. Because population growth helps support the demand for retail trade, services and government output, Texas' continued population gains will help stabilize the state economy over the next two years.

- ¹ According to Economy.com, Inc., a provider of economic, financial and industry research, the productivity drivers are: 1) better information flows; 2) closer real estate industry ties to capital markets, limiting overbuilding; 3) improved technology providing better information on lending risks; and 4) the rapid growth of securitization and computerization of trading technology, which makes for more efficient stock and commodity trading.



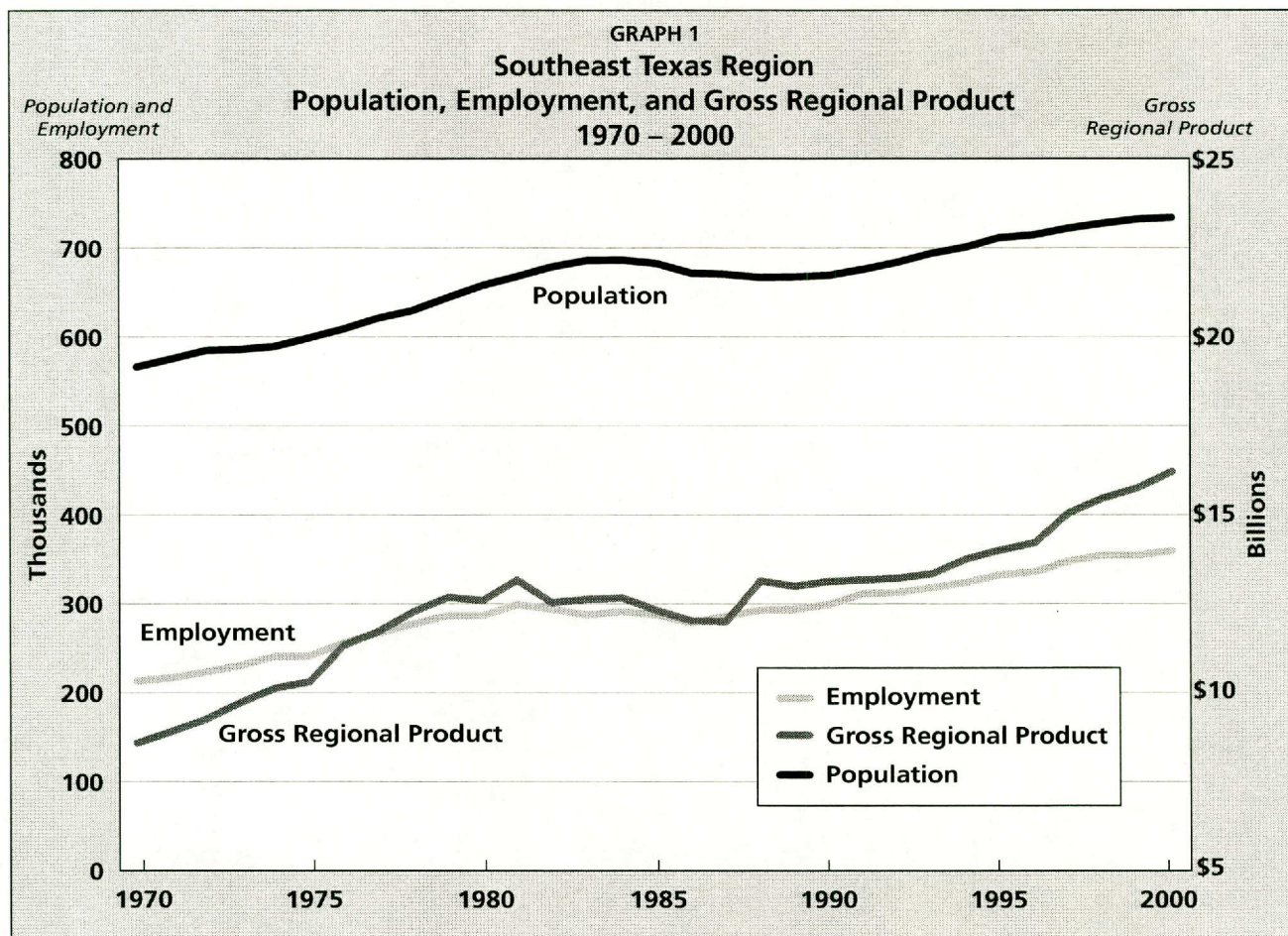


Southeast Texas Region Economic Trends and Outlook

Based on the Comptroller's new 13-region economic model of Texas, employment in the Southeast Texas region (covering a 15-county area stretching from the Beaumont-Port Arthur metropolitan area northward to Nacogdoches) is projected to grow at a 1.5 percent annual rate, about the same rate rate seen from 1995 to 2000, but slightly slower than the 1.9 percent growth rate expected for the state as a whole. By 2005, total employment in the Southeast Texas region should reach more than 385,600, up from 358,700 in 2000.

Based on historical data since 1970, the Comptroller projects stable economic growth for the region. Although Southeast Texas has generally underperformed Texas as a whole, the next five years should see growth similar to the late 1990s. The primary challenge for this region is providing the educational skills needed to train the work force to meet the changing needs of business in an Internet economy.

This report details recent economic changes in the Southeast Texas region, presents "base-line" economic forecasts for key indicators



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



through 2005, discusses the structural changes that have lead 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 may wish to use this report to guide development of the region's economy in upcoming years.

The Last 30 Years

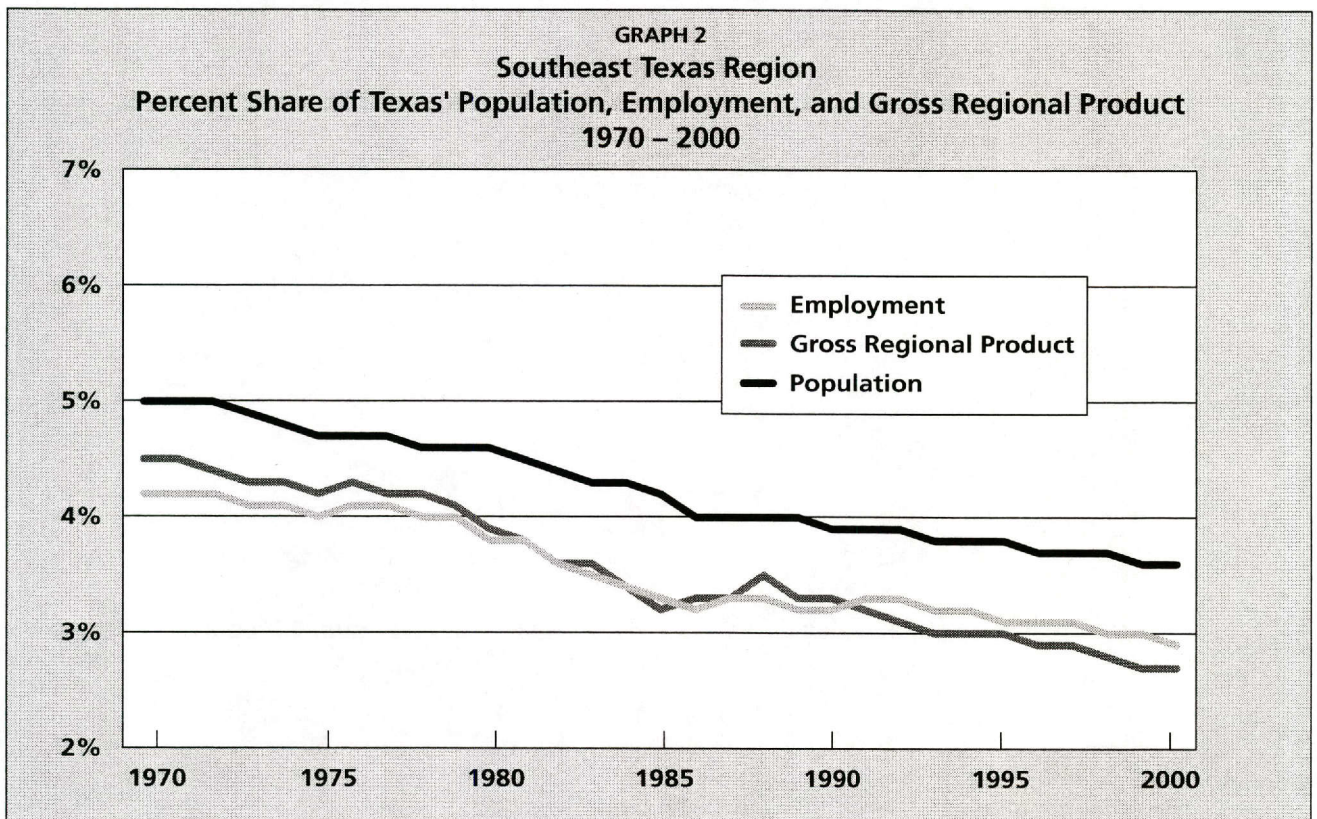
The Southeast Texas region saw significant growth during the last 30 years of the 20th century. In real terms (1992 dollars), gross regional product in this region—the total of all value added within the region—nearly doubled from \$8.7 billion in 1970 to \$16.1 billion in 2000 (Graph 1). This is an average annual growth rate of 3.2 percent.

During this time, the population of the Southeast Texas region increased only 29.6 percent, from 564,400 to 731,600. 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 of the 20th century. For example, in real terms (1992 dollars) disposable personal income—income not used to pay federal taxes—rose from \$10,800 in 1970 to \$19,000 in 2000. This means that the average person or household in the region had 75 percent more real purchasing power in 2000 than they did in 1970.

Job growth in this region was good during much of the 1970s and early 1980s. From about 1981 to 1990, the region was buffeted with many of the same economic storms that hit much of Texas—oil boom and bust, real estate ups and downs, and a national recession in the early 1990s. Starting in 1986, employment growth in the region resumed an upward trend and since that time has grown at a 1.9 percent annual rate, compared with the 30-year annual growth rate of 1.8 percent.

These growth rates determine if the region is playing a larger role in the Texas economy. In terms of population, employment and regional



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



product, the Southeast Texas region has declined compared with the rest of Texas since 1970. In 1970, the region accounted for 5 percent of the state's population, 4.2 percent of the state's employment and 4.5 percent of the gross regional product (Graph 2). By the turn of the century, the region accounted for 3.6 percent of the state's population, 2.9 percent of the state's employment base and 2.7 percent of the value of production.

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 Southeast 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

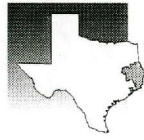
Industrial Classification (SIC) codes usually used to examine the economic structure of a region. The sectors in this table are ranked according to the average annual growth rate in employment over the last 20 years.

Business services top this list. This is largely the result of a long-term reorganization of many existing businesses that rely increasingly on outsourcing. The post-World War II model of industrial organization continues to break down 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 towards 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 who may replace full-time employees, called direct outsourcing, drives the growth of business services employment because some of these contract workers are provided through temporary help agencies.

TABLE 2
Southeast Texas Region Employment and Growth
1980-2000

	Employment in Region			Average Annual Growth Rate
	1980	1990	2000	
Services to Business	9,007	14,622	19,506	3.9%
Healthcare	17,681	27,975	36,111	3.6%
Personal Services	7,349	9,839	13,618	3.1%
Tourism and Entertainment	15,815	20,470	26,628	2.6%
Federal Government	2,495	2,629	4,102	2.5%
Other Services	12,556	14,674	17,891	1.8%
State Government	8,300	8,124	11,792	1.8%
Local Government	25,819	29,243	35,131	1.6%
Construction, Building Materials	26,203	25,206	35,278	1.5%
Finance, Insurance and Real Estate	16,407	15,131	19,777	0.9%
Wholesale and Retail Trade	46,949	47,313	55,155	0.8%
High Tech, Communications, Aviation And Electronics	7,106	7,075	8,249	0.7%
Agriculture, Agr-Related, Ag Processing	26,638	26,339	28,291	0.3%
Other Transportation and Public Utilities	12,570	11,811	11,664	(0.4)%
Other Non-Durable Goods Manufacturing	13,219	11,892	11,031	(0.9)%
Other Durable Goods Manufacturing	15,791	11,228	12,953	(1.0)%
Other	2,805	1,767	1,994	(1.7)%
Oil and Gas Production, Refinign and Petrochemicals	16,937	10,387	7,453	(4.0)%

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



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 sector in the Southeast Texas region during the last 20 years has been health care. Here, national trends are dominating regional growth. As incomes grow and population ages, 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 by-product 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- and fourth-fastest growing sectors both reflect the same influence—increasing wealth. With rising incomes consumers can spend more on personal services and 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 the entertainment, tourism and personal services industries.

Federal, state and local government appear high on this list due to the construction of prison facilities in the region in the late 1980s and early 1990s.

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. But the appearance of some industries nearer the bottom of this list, such as high tech, communication, aviation and elec-

tronics, may seem puzzling in light of the focus on the growth of these technologically-based industries. In part, these industries have been recovering in the region in the later 1990s after absorbing some job losses in the manufacture of instrumentation during the early 1990s. Some parts of this sector, such as computer programming and communications, have been strong employment growth sectors throughout the last 20 years and will likely continue to be strong sources of growth.

Identifying Regional Comparative Advantage

One key to understanding how a region's economy grows and evolves is by appreciating 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, because of measurement issues, the percentage of an industry in the region's employment base must usually greatly exceed the national percentage for the industry to be truly considered unique to the region.

The industries with location quotients greater than 1.5 in 2000 in the Southeast 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 Southeast Texas region.



Prominent in this list, of course, are various components of the oil and gas industry—refining, plastics, pipelines and chemicals. Seven of the 30 industries listed in Table 3 are somehow related to the oil and gas industry. Unfortunately, the employment growth of these industries in the nation over the last decade has not been good; only one of the seven oil and gas-related industries listed in the table has seen employment growth from 1990 to 2000.

Also prominent in this list are industries related to Southeast Texas’ other natural resource—timber. Logging, pulp, paper products and the manufacture of wood products are iden-

tified in six industries on this list. Only the processing end of timber products has displayed some growth in the U.S. during the 1990s.

Other agricultural products such as rice are reflected in both farm employment and in grain milling employment. National employment trends in these industries have been downward. Processing industries, however, such as for meat products, have been the source of some agriculture-related growth.

One growth industry appearing on Table 3 indicates that the region is demonstrating some strength in activities related to white-collar employment: health care. The Southwest Texas

TABLE 3
Location Quotients for Key Industries
in the Southeast Texas Region

	Location Quotient	National Employment Average Annual Growth Rate 1990-2000
Petroleum Refining	21.8	(3.0)%
Plastics Materials and Synthetics	15.7	(1.7)%
Logging	7.3	(0.4)%
Pulp, Paper, and Paperboard Mills	6.5	(1.8)%
Pipelines, except Natural Gas	5.6	(2.8)%
Millwork, Plywood and Structural Members	5.0	1.5%
Industrial Chemicals	4.6	(1.7)%
Iron and Steel Foundries	4.4	0.1%
Wood Containers and Misc. Wood Products	4.3	1.1%
Sawmills and Planning Mills	4.0	(1.1)%
Meat Products	3.8	1.8%
Forestry, Fishing, Hunting and Trapping	3.8	(1.5)%
Electric Distribution Equipment	3.4	(2.1)%
Oil and Gas Field Services	3.3	(0.8)%
Agricultural Chemicals	3.1	(0.9)%
Ship and Boat Building and Repairing	3.0	(1.3)%
Health Services	2.8	5.8%
Water Transportation	2.8	1.1%
General Industrial Machinery and Equipment	2.6	0.2%
Miscellaneous Fabricated Metal Products	2.5	1.6%
Miscellaneous Equipment Rental and Leasing	2.3	2.4%
Miscellaneous Petroleum and Coal Products	2.2	0.7%
Fabricated Structural Metal Products	2.1	1.3%
Funeral Service and Crematories	2.0	2.3%
Water and Sanitation	1.9	3.3%
Miscellaneous Repair Services	1.8	1.7%
Farm	1.7	(0.1)%
Nursing and Personal Care Facilities	1.6	2.4%
Construction	1.5	2.9%
Grain Mill Products and Fats and Oils	1.5	(0.2)%

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



region is home to a significant concentration of activities related to health care and nursing care—two industries displaying some national employment growth in the past decade.

As seen in Table 3, many of the industries in the Southeast Texas region that have grown there due to the region's unique attributes are unlikely to be able to carry the region further into the next millennium. In particular, both the oil and gas industry and some components of the timber and agricultural industries 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 to the growth that might have been expected had they 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 for assessing 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 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 Southeast 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 Southeast Texas 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 Southeast Texas region and by this growth 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.

Industries relating to agriculture appear in both tables, but one reason they appear on Table 4 is the reorganization of some agricultural functions into services and, in the case of general farm employment, the fact that Southeast Texas held its own while farm employment declined in the rest of the nation. This shows that even a more dynamic measure of regional comparative advantage will include industries that are in decline. In the case of farm employment, nationwide employment declined significantly from 1980 to 2000. But because farm employment basically stayed level during this time in Southeast Texas, the region demonstrated some attractiveness for farming during the last two decades. Overall, there do seem to be some significant trends toward diversification of the industrial base of the Southeast Texas region including industries that require more highly skilled work-



ers. In particular, the growth of management and public relations fit this pattern as does growth in educational services, legal services, and engineering and architectural services.

Table 4 confirms some of the comparative advantages identified in the location quotient and helps identify others. The important point is that measures such as the location quotient or the industry growth differential identify industries for which the Southeast 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, the Southeast Texas region is expected to grow at about the same rate as seen in recent years, but slightly slower than in the state as a whole. Through 2005, real gross regional product in the region—the total value added through production within the region—should expand at a 2.1 annual rate, from \$16.2 billion in 1992 dollars in 2000 to \$17.9 billion in 2005. During the 1990s, this region saw its real gross regional product expand at slightly more than a 2.1 percent annual rate, so this forecast is

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

Industry	Regional Industry Growth Differential	Average Annual Employment Growth 1980-2000
Agricultural Services	3.89	6.3%
Management and Public Relations	2.93	7.8%
Rubber Products and Plastic Hose and Footwear	2.70	4.1%
Miscellaneous Plastics Products	2.69	6.7%
Pulp, Paper and Paperboard Mills	2.44	2.4%
Converted Paper Products Except Containers	2.43	4.1%
Toys and Sporting Goods	2.34	3.1%
Residential Care	2.32	8.1%
Local and Interurban Passenger Transit	2.29	6.8%
Electric Distribution Equipment	2.12	0.8%
Ship and Boat Building and Repairing	1.83	0.8%
Educational Services	1.77	6.5%
Individual and Miscellaneous Social Services	1.75	5.6%
Air Transportation	1.70	7.2%
Farm	1.47	(0.0)%
Depository Institutions	1.40	2.0%
Household Furniture	1.34	0.8%
Job Training and Related Services	1.32	4.8%
Legal Services	1.32	3.8%
Engineering and Architectural Services	1.32	3.6%
Motor Vehicles and Equipment	1.32	1.7%
Stone, Clay and Misc. Mineral Products	1.29	(0.6)%
Concrete, Gypsum and Plaster Products	1.29	1.0%
Trucking and Warehousing	1.29	2.6%
Forestry, Fishing, Hunting and Trapping	1.26	1.7%
Blast Furnaces and Basic Steel Products	1.26	(3.9)%
Iron and Steel Foundries	1.26	(2.1)%

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



for about the same growth rate seen during the 1990s despite overall growth below the 3.2 percent real growth expected for the state as a whole.

This pattern is likely to be repeated in terms of employment. Through 2005, employment growth in the Southeast Texas region should average 1.5 percent annually, down from a 1.9 percent rate posted from 1990 to 2000 in the region, and below the 1.9 percent expected for the state from 2000 to 2005. The Southeast Texas region should add nearly 27,000 new jobs from 2000 to 2005, rising from 358,700 in 2000 to 385,600 in 2005. As expected across the state, this rate of growth will be slowest during 2002 and 2003 but will accelerate into 2004 and 2005.

This level of economic growth will accompany only modest population gains. Population

in the region is expected to rise from 731,600 in 2000 to 754,800 in 2005.

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. The top three industries in terms of jobs added to 2005 are also the largest three industries.

Many of the industries generating large numbers of new jobs in Southeast Texas 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

TABLE 5
Southeast Texas Industries Adding the Most Jobs
Between 2000 and 2005
(Projected)

	Regional Employment		Jobs Added	Average Annual Growth Rate
	2000	2005		
1 Local Government	35,131	37,975	2,844	1.6%
2 Construction	31,068	33,845	2,777	1.7%
3 Retail Trade, Excluding Eating and Drinking Places	45,287	47,828	2,541	1.1%
4 Health Services	8,809	11,186	2,377	4.9%
5 Eating and Drinking Places	19,463	20,776	1,313	1.3%
6 Management and Public Relations	3,376	4,387	1,011	5.4%
7 Trucking and Warehousing	5,997	6,990	993	3.1%
8 State Government	11,792	12,747	955	1.6%
9 Personnel Supply Services	5,783	6,730	947	3.1%
10 Offices of Health Practitioners	8,701	9,618	917	2.0%
11 Agricultural Services	4,338	5,174	836	3.6%
12 Communications	2,934	3,752	818	5.0%
13 Fabricated Structural Metal Products	2,240	2,918	678	5.4%
14 Farm	11,263	11,906	643	1.1%
15 Automobile Parking, Repair and Services	4,178	4,802	624	2.8%
16 Legal Services	3,272	3,893	621	3.5%
17 Miscellaneous Business Services	3,606	4,204	598	3.1%
18 Engineering and Architectural Services	3,292	3,768	476	2.7%
19 Nursing and Personal Care Facilities	6,730	7,182	452	1.3%
20 Miscellaneous Fabricated Metal Products	1,483	1,850	367	4.5%
21 Depository Institutions	7,217	7,569	352	1.0%
22 Private Households	3,406	3,752	346	2.0%
23 Accounting, Auditing and Other Services	1,660	1,967	307	3.5%
24 Millwork, Plywood and Structural Members	3,566	3,871	305	1.7%
25 Water Transportation	1,420	1,720	300	3.9%

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



continued shift toward expenditures on consumer services such as restaurants, health services, amusement expenditures and direct personal services such as laundry. Many of the industries supplying these services employ a large number of people, so even modest growth in the demand for these industries can result in some sizeable employment growth. As a result, the single largest job gain in the region over the next five years is likely to be in retail trade employment.

In other cases, employment of school teachers, police, sanitation workers and most other local government employees will increase as population grows. Even modest population and employment growth, plus the fact that local government is a significant employer in the region already, will likely generate more than 2,800

new jobs over the next few years. Construction could also add more jobs, but the forecasted growth rate of 1.7 percent annually pales in comparison to the 4.8 percent annual rate of employment growth in construction posted from 1995 to 2000 in Southeast Texas.

As has been seen since 1980, health care will prove a strong job generator in the Southeast Texas region through 2005. This should include a broad range of health care professions and nursing services.

Also fueling strong growth will be services provided to businesses, including personnel supply services, legal services, management and public relations, and miscellaneous business services. This will aid businesses involved in the growth of trade with Mexico and will also encourage existing firms to continue to out-

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

	Regional Employment		Jobs Gained	Percentage Growth
	2000	2005		
1 Computer and Data Processing Services	458	676	218	8.1%
2 Miscellaneous Transportation Services	573	792	219	6.7%
3 Research and Testing Services	409	542	133	5.8%
4 Fabricated Structural Metal Products	2,240	2,918	678	5.4%
5 Management and Public Relations	3,376	4,387	1,011	5.4%
6 Communications	2,934	3,752	818	5.0%
7 Health Services	8,809	11,186	2,377	4.9%
8 Water and Sanitation	846	1,074	228	4.9%
9 Miscellaneous Fabricated Metal Products	1,483	1,850	367	4.5%
10 Concrete, Gypsum and Plaster Products	439	539	100	4.2%
11 Metal Coating, Engraving and Allied Services	417	511	94	4.1%
12 Water Transportation	1,420	1,720	300	3.9%
13 Metal Forgings and Stampings	436	524	88	3.7%
14 Agricultural Services	4,338	5,174	836	3.6%
15 Legal Services	3,272	3,893	621	3.5%
16 Accounting, Auditing and Other Services	1,660	1,967	307	3.5%
17 Residential Care	909	1,077	168	3.4%
18 Converted Paper Products Except Containers	247	291	44	3.3%
19 Miscellaneous Business Services	3,606	4,204	598	3.1%
20 Trucking and Warehousing	5,997	6,990	993	3.1%
21 Personnel Supply Services	5,783	6,730	947	3.1%
22 Miscellaneous Equipment Rental and Leasing	1,892	2,182	290	2.9%
23 Automobile Parking, Repair and Services	4,178	4,802	624	2.8%
24 Engineering and Architectural Services	3,292	3,768	476	2.7%
25 Miscellaneous Chemical Products	263	294	31	2.3%

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



source jobs, a strong trend seen in the business community over the past 20 years.

A ranking of industries by their likely growth rate from 2000 to 2005, detailed in Table 6, is more revealing of some of the developing forces driving changes in the Southeast Texas region. More technical, higher-skilled workers are needed in these jobs. Topping this list of high-growth industries are computer and data processing services, followed closely by research and testing services, management and public relations, communications, health care, legal services, and engineering services—all industries relying on a well-trained, highly educated work force.

The importance of education and the need for work force training is probably best seen

when looking at how this 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 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 Southeast Texas region, this would mean each occupational category would contain an average of about 3,800 people. 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 occupation-

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

	Occupations		Occupation Job Gain	Average Annual % Growth
	2000	2005		
1 Managerial and Administrative	23,510	25,361	1,851	1.5%
2 Other Clerical and Administrative Support Workers	20,738	22,258	1,520	1.4%
3 Construction Trades	17,292	18,795	1,503	1.7%
4 Protective Service	10,052	11,304	1,252	2.4%
5 Computer Programmers, Mathematicians and Operations Researchers	3,519	4,735	1,216	6.1%
6 Motor Vehicle Operators	10,314	11,483	1,169	2.2%
7 Helper, Labors and Material Movers And Handlers	15,893	16,977	1,084	1.3%
8 Food Preparation and Service	20,999	21,937	938	0.9%
9 Health Service	7,381	8,248	867	2.2%
10 Management Support	11,316	12,164	848	1.5%
11 Salespersons, Retail	11,807	12,634	827	1.4%
12 Health Assessment and Treating	8,664	9,461	797	1.8%
13 Health Technicians and Technologists	7,672	8,468	796	2.0%
14 Gardeners, Nurserymen, Greenhouse, Lawn Service	5,299	6,056	757	2.7%
15 Cashiers	9,412	10,131	719	1.5%
16 Teachers, Librarians, Counselors	9,367	10,025	658	1.4%
17 All Other Sales and Related Workers	7,299	7,949	650	1.7%
18 Personal Service	6,302	6,936	634	1.9%
19 Social, Recreational and Religious Workers	4,982	5,541	559	2.1%
20 Hand Workers, Including Assemblers and Fabricators	6,306	6,805	499	1.5%
21 Blue Collar Worker Supervisors	6,416	6,912	496	1.5%
22 Information Clerks	4,952	5,434	482	1.9%
23 Other Mechanics, Installers and Repairers	4,118	4,546	428	2.0%
24 Marketing and Sales Worker Supervisors	4,736	5,153	417	1.7%
25 Other Machine Setters, Operators and Tenders	6,936	7,327	391	1.1%

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



al categories will see moderate growth rates over the next few years, but because of their size generate a large number of new positions. But in some 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, communication equipment personnel, lawyers,

life scientists, health care diagnosticians, general technicians, information clerks, engineers and other professional workers. Of the top 10 occupations expected to grow the fastest from 2000 to 2005, seven 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

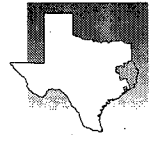
¹ State and Local government sectors were not defined separately until 1979.

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

	Occupations		Occupational Gain	Average Annual Percent Gain
	2000	2005		
1 Computer Programmers, Mathematicians and Operations Researchers	3,519	4,735	1,216	6.1%
2 Communication Equipment Mechanics, Installers and Repairmen	266	314	48	3.4%
3 Metal Fabrication Machine Operators	389	459	70	3.4%
4 Animal Boarders and Trainers, Caretakers, Except Farm	544	630	86	3.0%
5 Lawyers	1,334	1,544	210	3.0%
6 Life Scientists	564	650	86	2.9%
7 Gardeners, Nurserymen, Greenhouse, Lawn Service	5,299	6,056	757	2.7%
8 Health Diagnosing	2,205	2,510	305	2.6%
9 Metal and Plastics Process Machine Operators	850	963	113	2.5%
10 Protective Service	10,052	11,304	1,252	2.4%
11 Technicians, Except Health, Engineering and Science	2,414	2,701	287	2.3%
12 Health Service	7,381	8,248	867	2.2%
13 Architects and Surveyors	397	443	46	2.2%
14 Adjusters, Investigators and Collectors	2,820	3,142	322	2.2%
15 Motor Vehicle Operators	10,314	11,483	1,169	2.2%
16 Social, Recreational and Religious Workers	4,982	5,541	559	2.1%
17 Private Household Workers	3,008	3,337	329	2.1%
18 Other Mechanics, Installers and Repairers	4,118	4,546	428	2.0%
19 Health Technicians and Technologists	7,672	8,468	796	2.0%
20 Writers, Artists and Entertainers	2,542	2,799	257	1.9%
21 Personal Service	6,302	6,936	634	1.9%
22 Information Clerks	4,952	5,434	482	1.9%
23 Engineers	3,281	3,600	319	1.9%
24 Health Assessment and Treating	8,664	9,461	797	1.8%
25 All Other Transportation and Materials Moving Equipment Operators	463	506	43	1.8%

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





Directions for Growth in the Southeast 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 Southeast Texas region for the next few years. Second, although the region will experience a continuation of the level of growth seen in the last decade, future growth will focus in areas requiring a highly trained work force.

To help guide what is hoped to be a brighter economic future both in the number of wage earners and the amount of wages earned, this section examines both the traditional approach to seeking industries that have a *comparative* advantage in the region and the newer approach to 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 presence 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 noted 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 development targets based 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, 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 industries capitalizing 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 is more efficient and faster. And competitive advantage based on continual innovation many times outweighs comparative advantage based on production costs.

This has not led to the death of geography as a factor in business success, but it has certainly changed the way 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 com-

petition 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 held 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 the balancing of both competitive and cooperative factors in 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 concentra-



tions, 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 production 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 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

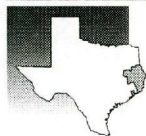
TABLE 9
Top 25 Potential Employment Growth Targets for the Southeast Texas Region
2000-2005
(Projected)

	Average Regional Applicability Rank (1)	Average Employment Growth Potential Rank During 2000 to 2005	Total Rank
1 Health Services	108	165	273
2 Offices of Health Practitioners	100	153	252
3 Residential Care	90	163	252
4 Nursing and Personal Care Facilities	105	139	243
5 Meat Products	132	111	243
6 Automobile Parking, Repair and Services	85	155	240
7 Agricultural Services	99	140	239
8 Communications	91	147	238
9 Oil and Gas Field Services	148	89	237
10 Museums, Botanical, Zoological Gardens	79	157	236
11 Toys and Sporting Goods	116	120	236
12 Miscellaneous Transportation Equipment	103	133	235
13 Individual and Miscellaneous Social Services	84	149	233
14 Management and Public Relations	73	160	233
15 Trucking and Warehousing	117	115	232
16 Local and Interurban Passenger Transit	81	150	231
17 Soap, Cleaners and Toilet Goods	101	129	230
18 Miscellaneous Transportation Services	73	156	229
19 Nonmetallic Minerals, Except Fuels	138	91	229
20 Security and Commodity Brokers	79	149	228
21 Watches, Clocks and Parts	61	166	227
22 Miscellaneous Petroleum and Coal Products	130	95	225
23 Drugs	100	124	224
24 Jewelry, Silverware and Plated Ware	91	129	220
25 Educational Services	83	135	218

(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.



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 from 2000 to 2005.

The first column of Table 9 is regional advantage index in which 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 the regional advantage and the growth potential rankings.

Using this methodology, Table 9 presents the top 25 ranked industries for the Southeast 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.

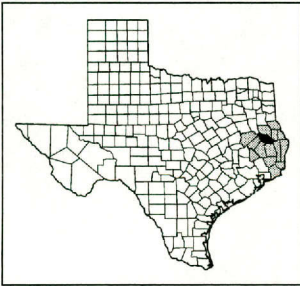
Health care occupies the first four spots on this list, underscoring that the Southeast Texas region is well-suited for this industry and that it will likely be a national and statewide growth industry in the next few years. These sectors have been good job generators for the region in the recent past, 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), residential care, general health practitioners and nursing and personal care facilities. Business services include management and public relations and several transportation components.

High-technology and evolving technology industries such as communications appear high on this list. Also included are tourism and recreation industries such as museums, botanical gardens and other attractions.

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 Amherst, 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.

Angelina County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	80,130	14.7	
Under age 5	6,131	15.9	7.7
Under 18	22,156	10.7	27.7
65 and over	10,100	11.2	12.6
85 and over	1,319	44.9	1.6
Male	39,329	16.1	49.1
Female	40,801	13.3	50.9
White	60,174	9.9	75.1
Black	11,792	9.9	14.7
Asian	538	82.4	0.7
Hispanic	11,496	89.3	14.4

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	35,737	0.6	1.5		1,724
Agricultural Services, Forestry, Fishing	360	(2.4)	1.6	1.0	35
Mining	33	(10.8)	(4.2)	0.1	4
Construction	1,470	(1.8)	4.3	4.1	161
Manufacturing	6,882	(3.0)	(2.5)	19.3	123
Transportation/Public Utilities/Communications	1,659	2.5	3.7	4.6	113
Wholesale Trade	1,039	(6.6)	(4.9)	2.9	100
Retail Trade	7,921	4.3	3.6	22.2	355
Services	8,938	1.4	4.0	25.0	591
Financial, Insurance, Real Estate	1,027	(1.3)	1.5	2.9	152
Government	6,386	0.8	1.0	17.9	84

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	5.8 %	0.7	0.5	48 th

Income	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$1,784,901	6.1	5.3	42 nd
Average Per Capita Income	\$22,236	5.2	4.1	98 th

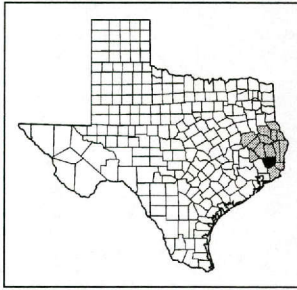
Poverty	1998	Change 1997-1998	Change 1993-1998	1998 State Ranking
Poverty Rate	16.7 %	(0.6)	(1.8)	148 th
Ages 0-17	24.1 %	0.0	(1.3)	134 th
Ages 5-17 in Families	22.1 %	(0.3)	(0.6)	167 th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$3,019,189,608	3.5	5.7	47 th
Property Value Per Capita	\$37,679	0.3	4.2	216 th

Sales Activity	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000
Taxable Sales	\$690,956,202	(3.3)	2.5
Sales Tax Outlets	1,982	1.4	1.2

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	6	33	15,973	0.7
Higher Education Fall 2001		1	4,659	6.5

Hardin County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	48,073	16.3	
Under age 5	3,337	12.1	6.9
Under 18	13,358	10.3	27.8
65 and over	5,864	20.7	12.2
85 and over	598	43.1	1.2
Male	23,630	16.5	49.2
Female	24,443	16.2	50.8
White	43,677	16.5	90.9
Black	3,324	(4.6)	6.9
Asian	112	93.1	0.2
Hispanic	1,223	80.1	2.5

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	10,808	2.0	2.0		672
Agricultural Services, Forestry, Fishing	113	(7.4)	1.7	1.0	21
Mining	241	25.5	2.0	2.2	29
Construction	1,895	19.6	13.2	17.5	94
Manufacturing	1,175	(4.9)	0.3	10.9	47
Transportation/Public Utilities/Communications	303	9.0	(4.5)	2.8	43
Wholesale Trade	288	13.4	7.1	2.7	37
Retail Trade	2,502	(0.2)	2.3	23.1	164
Services	1,698	(5.9)	(2.4)	15.7	163
Financial, Insurance, Real Estate	234	1.3	(4.1)	2.2	34
Government	2,349	(1.5)	0.8	21.7	36

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	6.8 %	0.2	(1.4)	28th

Income	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$1,072,513	4.8	6.1	57th
Average Per Capita Income	\$22,264	4.2	5.1	95th

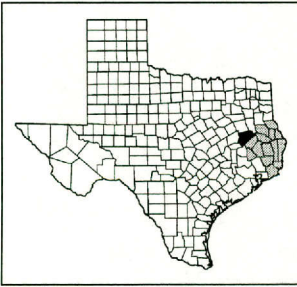
Poverty	1998	Change 1997-1998	Change 1993-1998	1998 State Ranking
Poverty Rate	12.3 %	(1.3)	(1.9)	216th
Ages 0-17	17.5 %	(1.5)	(2.0)	215th
Ages 5-17 in Families	16.3 %	(1.8)	(0.7)	223rd

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$1,756,214,330	8.9	5.1	80th
Property Value Per Capita	\$36,532	12.6	4.4	221st

Sales Activity	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000
Taxable Sales	\$184,296,582	4.6	3.9
Sales Tax Outlets	1,086	2.5	(1.3)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	5	21	10,561	(1.1)
Higher Education Fall 2001				

Houston County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	23,185	8.5	
Under age 5	1,214	(11.9)	5.2
Under 18	5,378	(0.1)	23.2
65 and over	4,167	1.5	18.0
85 and over	641	41.2	2.8
Male	12,355	13.9	53.3
Female	10,830	2.8	46.7
White	15,899	10.6	68.6
Black	6,476	2.4	27.9
Asian	57	16.3	0.2
Hispanic	1,739	80.2	7.5

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	7,997	4.8	4.9		796
Agricultural Services, Forestry, Fishing	71	12.7	1.2	0.9	20
Mining	76	(8.4)	22.1	1.0	10
Construction	207	30.2	0.2	2.6	48
Manufacturing	874	(2.8)	(0.9)	10.9	30
Transportation/Public Utilities/Communications	383	1.3	10.3	4.8	48
Wholesale Trade	564	(1.6)	3.2	7.1	124
Retail Trade	1,017	(5.7)	2.3	12.7	103
Services	2,305	24.1	13.0	28.8	273
Financial, Insurance, Real Estate	320	10.3	11.7	4.0	70
Government	2,140	(2.4)	1.3	26.8	40

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	3.7 %	(0.1)	0.1	151 st

Income	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$526,950	10.5	7.4	100 th
Average Per Capita Income	\$22,724	10.0	6.6	83 rd

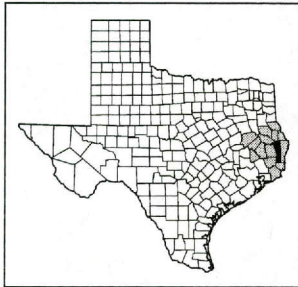
Poverty	1998	Change 1997-1998	Change 1993-1998	1998 State Ranking
Poverty Rate	22.4 %	(1.7)	(2.8)	59 th
Ages 0-17	30.7 %	(1.9)	(2.4)	56 th
Ages 5-17 in Families	30.9 %	(0.1)	0.6	62 nd

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$1,082,999,970	1.6	1.3	122 nd
Property Value Per Capita	\$46,711	(2.6)	0.2	161 st

Sales Activity	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000
Taxable Sales	\$93,637,653	(5.9)	0.9
Sales Tax Outlets	429	(0.9)	(1.6)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	5	15	3,678	(2.4)
Higher Education Fall 2001				

Jasper County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	35,604	14.5	
Under age 5	2,416	15.5	6.8
Under 18	9,439	7.2	26.5
65 and over	5,462	8.4	15.3
85 and over	613	25.6	1.7
Male	17,308	16.4	48.6
Female	18,296	12.7	51.4
White	27,855	12.5	78.2
Black	6,341	8.1	17.8
Asian	113	197.4	0.3
Hispanic	1,384	133.0	3.9

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	10,512	(0.2)	(0.2)		684
Agricultural Services, Forestry, Fishing	234	9.3	7.8	2.2	28
Mining	95	23.4	1.1	0.9	6
Construction	356	(9.6)	(7.6)	3.4	57
Manufacturing	2,163	(1.4)	(3.7)	20.6	54
Transportation/Public Utilities/Communications	454	1.8	4.2	4.3	39
Wholesale Trade	295	(4.8)	(1.1)	2.8	48
Retail Trade	2,304	(0.7)	0.9	21.9	164
Services	2,133	7.3	3.7	20.3	180
Financial, Insurance, Real Estate	367	(12.0)	3.3	3.5	44
Government	2,108	(2.8)	(1.3)	20.1	61

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	11.4 %	1.6	(1.7)	8th

Income	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$745,059	4.3	5.0	74th
Average Per Capita Income	\$20,914	3.4	3.7	129th

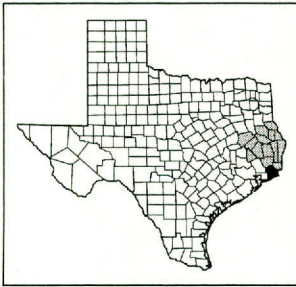
Poverty	1998	Change 1997-1998	Change 1993-1998	1998 State Ranking
Poverty Rate	18.5 %	(0.7)	(1.5)	108th
Ages 0-17	27.3 %	(0.3)	0.4	91st
Ages 5-17 in Families	24.6 %	0.1	0.9	130th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$1,973,628,445	4.5	5.5	70th
Property Value Per Capita	\$55,433	(1.7)	3.6	122nd

Sales Activity	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000
Taxable Sales	\$191,760,602	(1.0)	(4.8)
Sales Tax Outlets	861	(1.1)	(1.9)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	5	15	7,108	(1.1)
Higher Education Fall 2001				

Jefferson County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	252,051	5.3	
Under age 5	16,925	(4.0)	6.7
Under 18	65,324	1.0	25.9
65 and over	34,269	1.9	13.6
85 and over	4,083	25.6	1.6
Male	126,689	10.3	50.3
Female	125,362	0.7	49.7
White	144,274	(6.5)	57.2
Black	85,046	14.3	33.7
Asian	7,274	41.4	2.9
Hispanic	26,536	110.1	10.5

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	119,112	(1.3)	1.0		5,293
Agricultural Services, Forestry, Fishing	716	4.5	6.9	0.6	112
Mining	418	16.1	5.3	0.4	26
Construction	13,271	(6.3)	6.3	11.1	418
Manufacturing	15,858	(1.0)	(1.2)	13.3	261
Transportation/Public Utilities/Communications	6,487	3.9	0.2	5.4	252
Wholesale Trade	4,086	(6.9)	(2.2)	3.4	363
Retail Trade	23,174	(2.5)	0.3	19.5	1,004
Services	31,624	0.9	0.9	26.5	2,217
Financial, Insurance, Real Estate	4,026	(3.2)	2.3	3.4	442
Government	19,401	(0.5)	1.6	16.3	170

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	7.9 %	0.2	(0.8)	18 th

Income	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$6,153,311	3.7	4.1	15 th
Average Per Capita Income	\$24,441	3.9	4.1	59 th

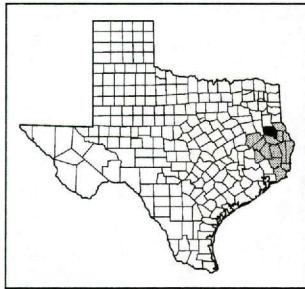
Poverty	1998	Change 1997-1998	Change 1993-1998	1998 State Ranking
Poverty Rate	17.6 %	(1.5)	(2.0)	125 th
Ages 0-17	26.7 %	(0.6)	(2.7)	98 th
Ages 5-17 in Families	22.8 %	(1.3)	(4.0)	156 th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$13,978,005,478	4.9	2.0	13 th
Property Value Per Capita	\$55,457	0.4	1.4	121 st

Sales Activity	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000
Taxable Sales	\$2,280,900,591	0.7	3.2
Sales Tax Outlets	6,184	0.5	(1.7)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	6	71	43,654	(0.6)
Higher Education Fall 2001		3	13,913	3.6

Nacogdoches County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	59,203	8.1	
Under age 5	3,872	10.2	6.5
Under 18	14,208	12.0	24.0
65 and over	7,167	10.8	12.1
85 and over	952	23.6	1.6
Male	28,522	7.6	48.2
Female	30,681	8.6	51.8
White	44,405	1.4	75.0
Black	9,908	9.8	16.7
Asian	412	32.5	0.7
Hispanic	6,660	138.9	11.3

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	22,091	1.5	1.2		1,243
Agricultural Services, Forestry, Fishing	499	0.6	(1.7)	2.3	47
Mining	21	(25.0)	0.0	0.1	6
Construction	889	0.6	5.9	4.0	97
Manufacturing	4,303	0.4	(1.3)	19.5	92
Transportation/Public Utilities/Communications	428	0.2	0.6	1.9	54
Wholesale Trade	762	(1.9)	2.8	3.4	68
Retail Trade	5,200	5.1	2.3	23.5	276
Services	4,481	0.6	2.2	20.3	437
Financial, Insurance, Real Estate	665	(5.3)	1.5	3.0	91
Government	4,833	1.8	0.6	21.9	69

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	3.5 %	0.1	(1.8)	163rd

Income	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$1,210,561	4.4	5.5	52nd
Average Per Capita Income	\$20,445	4.0	4.8	146th

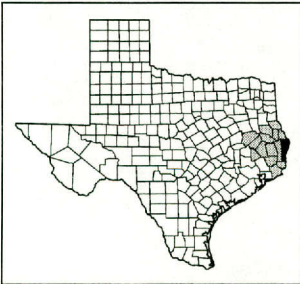
Poverty	1998	Change 1997-1998	Change 1993-1998	1998 State Ranking
Poverty Rate	19.6 %	(0.9)	(2.2)	87th
Ages 0-17	27.5 %	(0.4)	0.7	87th
Ages 5-17 in Families	26.4 %	0.6	1.7	105th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$2,260,997,001	10.2	4.5	59th
Property Value Per Capita	\$38,191	4.5	3.3	214th

Sales Activity	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000
Taxable Sales	\$358,862,131	1.6	0.1
Sales Tax Outlets	1,437	(0.1)	(0.4)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	9	25	10,096	0.6
Higher Education Fall 2001		1	11,525	0.6

Newton County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	15,072	11.1	
Under age 5	983	3.0	6.5
Under 18	3,945	(1.6)	26.2
65 and over	2,134	16.7	14.2
85 and over	207	31.0	1.4
Male	7,688	16.2	51.0
Female	7,384	6.2	49.0
White	11,431	9.9	75.8
Black	3,118	2.6	20.7
Asian	40	263.6	0.3
Hispanic	571	273.2	3.8

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	2,014	(10.1)	(2.7)		152
Agricultural Services, Forestry, Fishing	4	(20.0)	(7.8)	0.2	3
Mining	26	(23.5)	(19.1)	1.3	2
Construction	38	5.6	(5.0)	1.9	13
Manufacturing	488	(26.6)	(8.4)	24.2	31
Transportation/Public Utilities/Communications	30	(16.7)	2.9	1.5	10
Wholesale Trade	20	(4.8)	12.7	1.0	4
Retail Trade	209	(14.3)	(4.2)	10.4	31
Services	385	1.3	2.4	19.1	23
Financial, Insurance, Real Estate	91	3.4	1.9	4.5	6
Government	724	(0.7)	0.8	35.9	28

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	12.6 %	1.7	1.1	7th

Income	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$223,501	3.5	3.5	158th
Average Per Capita Income	\$14,854	3.4	3.2	243rd

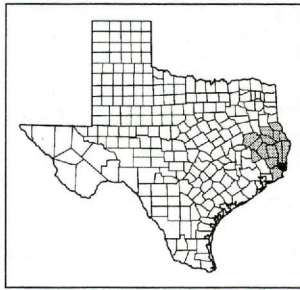
Poverty	1998	Change 1997-1998	Change 1993-1998	1998 State Ranking
Poverty Rate	20.3 %	(2.5)	(3.3)	80th
Ages 0-17	25.1 %	(4.4)	(6.5)	119th
Ages 5-17 in Families	29.5 %	(0.9)	1.1	74th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$777,503,885	2.1	2.2	141st
Property Value Per Capita	\$51,586	(2.8)	1.3	140th

Sales Activity	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000
Taxable Sales	\$19,685,837	7.3	0.9
Sales Tax Outlets	204	0.0	(1.9)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	3	9	2,560	(0.3)
Higher Education Fall 2001				

Orange County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	84,966	5.5	
Under age 5	5,712	(1.4)	6.7
Under 18	23,183	0.8	27.3
65 and over	10,776	23.3	12.7
85 and over	1,004	65.7	1.2
Male	41,696	5.9	49.1
Female	43,270	5.2	50.9
White	74,749	3.0	88.0
Black	7,124	5.3	8.4
Asian	664	37.2	0.8
Hispanic	3,073	59.0	3.6

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	24,798	(2.5)	1.0		1,328
Agricultural Services, Forestry, Fishing	142	14.5	0.1	0.6	26
Mining	96	(75.8)	(3.9)	0.4	14
Construction	1,933	(0.1)	5.1	7.8	131
Manufacturing	5,694	(5.2)	(2.1)	23.0	98
Transportation/Public Utilities/Communications	1,040	7.4	3.4	4.2	65
Wholesale Trade	438	(20.5)	3.1	1.8	75
Retail Trade	5,147	0.0	0.1	20.8	299
Services	5,110	1.2	4.1	20.6	438
Financial, Insurance, Real Estate	726	3.1	1.0	2.9	112
Government	4,449	(1.9)	0.8	17.9	63

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	9.8 %	0.8	(1.0)	12 th

Income	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$1,919,699	4.4	4.7	41 st
Average Per Capita Income	\$22,574	4.2	4.4	86 th

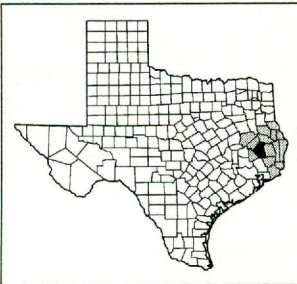
Poverty	1998	Change 1997-1998	Change 1993-1998	1998 State Ranking
Poverty Rate	14.5 %	(0.7)	(1.1)	187 th
Ages 0-17	22.2 %	0.3	0.2	164 th
Ages 5-17 in Families	19.7 %	(0.3)	0.7	197 th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$3,980,442,220	1.3	1.4	38 th
Property Value Per Capita	\$46,847	1.6	1.2	159 th

Sales Activity	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000
Taxable Sales	\$391,784,914	0.6	2.1
Sales Tax Outlets	1,883	1.6	(1.4)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	5	27	16,631	(1.4)
Higher Education Fall 2001		1	2,020	4.2

Polk County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	41,133	34.0	
Under age 5	2,429	23.5	5.9
Under 18	9,435	24.1	22.9
65 and over	7,386	17.6	18.0
85 and over	720	41.7	1.8
Male	21,426	43.2	52.1
Female	19,707	25.3	47.9
White	32,760	30.5	79.6
Black	5,416	39.0	13.2
Asian	156	100.0	0.4
Hispanic	3,861	139.8	9.4

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	9,932	(1.7)	0.9		674
Agricultural Services, Forestry, Fishing	45	4.7	5.2	0.5	12
Mining	175	4.8	(3.5)	1.8	10
Construction	251	(2.0)	2.1	2.5	54
Manufacturing	1,485	(10.9)	(5.1)	15.0	54
Transportation/Public Utilities/Communications	564	19.7	6.3	5.7	66
Wholesale Trade	230	1.3	1.0	2.3	36
Retail Trade	2,265	(0.0)	1.0	22.8	146
Services	1,608	(16.6)	(0.1)	16.2	180
Financial, Insurance, Real Estate	336	0.6	2.7	3.4	59
Government	2,964	8.1	4.4	29.8	52

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	5.1 %	(0.1)	(0.5)	69th

Income	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$1,011,269	6.3	9.0	60th
Average Per Capita Income	\$24,304	3.9	6.3	61st

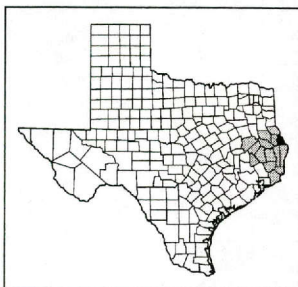
Poverty	1998	Change 1997-1998	Change 1993-1998	1998 State Ranking
Poverty Rate	15.5 %	(1.5)	(4.5)	175th
Ages 0-17	22.7 %	(5.3)	(7.0)	159th
Ages 5-17 in Families	25.2 %	(1.5)	(1.4)	123rd

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$1,960,430,103	0.5	4.5	72nd
Property Value Per Capita	\$47,661	28.3	5.2	151st

Sales Activity	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000
Taxable Sales	\$205,979,462	3.5	4.5
Sales Tax Outlets	986	0.8	0.4

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	6	16	6,840	1.5
Higher Education Fall 2001				

Sabine County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	10,469	9.2	
Under age 5	543	3.6	5.2
Under 18	2,211	9.8	21.1
65 and over	2,610	7.0	24.9
85 and over	282	59.3	2.7
Male	5,055	9.4	48.3
Female	5,414	9.0	51.7
White	9,197	9.6	87.8
Black	1,039	(7.0)	9.9
Asian	9	(25.0)	0.1
Hispanic	189	70.3	1.8

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	2,462	(2.2)	1.2		183
Agricultural Services, Forestry, Fishing	44	2.3	0.9	1.8	7
Mining	69	68.3	2.8	2.8	3
Construction	167	(19.3)	9.7	6.8	13
Manufacturing	713	(5.9)	3.3	29.0	13
Transportation/Public Utilities/Communications	108	(0.9)	2.8	4.4	17
Wholesale Trade	6	0.0	(42.6)	0.2	2
Retail Trade	384	5.8	3.0	15.6	46
Services	352	(1.9)	(0.6)	14.3	44
Financial, Insurance, Real Estate	72	(4.0)	(0.3)	2.9	7
Government	545	(1.1)	0.0	22.1	30

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	9.9 %	2.0	0.8	11 th

Income	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$231,551	6.8	6.2	156 th
Average Per Capita Income	\$22,158	7.4	6.1	101 st

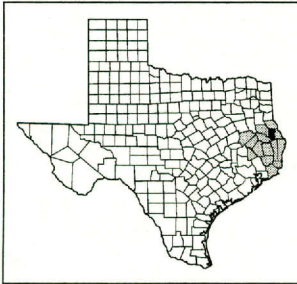
Poverty	1998	Change 1997-1998	Change 1993-1998	1998 State Ranking
Poverty Rate	17.3 %	(1.2)	(0.7)	133 rd
Ages 0-17	29.8 %	(1.1)	3.7	65 th
Ages 5-17 in Families	30.0 %	0.2	5.6	71 st

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$452,285,221	1.4	1.7	192 nd
Property Value Per Capita	\$43,202	2.2	1.5	179 th

Sales Activity	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000
Taxable Sales	\$36,855,179	7.7	6.9
Sales Tax Outlets	262	(6.1)	(2.1)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	2	5	1,579	(2.4)
Higher Education Fall 2001				

San Augustine County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	8,946	11.8	
Under age 5	513	(1.2)	5.7
Under 18	2,124	8.8	23.7
65 and over	1,913	7.1	21.4
85 and over	279	40.2	3.1
Male	4,288	13.6	47.9
Female	4,658	10.2	52.1
White	6,196	9.4	69.3
Black	2,500	11.4	27.9
Asian	18	200.0	0.2
Hispanic	320	131.9	3.6

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	1,859	(1.3)	(0.6)		162
Agricultural Services, Forestry, Fishing	26	30.0	14.9	1.4	8
Mining	54	0.0	2.8	2.9	4
Construction	103	1.0	4.7	5.5	7
Manufacturing	170	(6.6)	(2.1)	9.1	14
Transportation/Public Utilities/Communications	191	3.8	1.6	10.3	21
Wholesale Trade	20	0.0	(9.5)	1.1	7
Retail Trade	314	(11.8)	(2.6)	16.9	36
Services	447	5.2	2.5	24.0	35
Financial, Insurance, Real Estate	52	2.0	(3.8)	2.8	7
Government	479	(1.6)	(2.9)	25.8	21

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	5.5 %	0.3	(1.3)	59th

Income	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$167,417	5.3	6.3	181st
Average Per Capita Income	\$18,729	4.5	5.2	189th

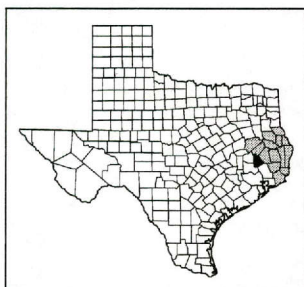
Poverty	1998	Change 1997-1998	Change 1993-1998	1998 State Ranking
Poverty Rate	23.9 %	0.2	1.1	43rd
Ages 0-17	35.8 %	2.2	5.1	24th
Ages 5-17 in Families	34.8 %	2.6	6.7	39th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$344,441,412	0.6	0.5	215th
Property Value Per Capita	\$38,502	(9.1)	(1.7)	212th

Sales Activity	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000
Taxable Sales	\$23,105,257	0.4	(0.6)
Sales Tax Outlets	168	2.4	(1.3)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	2	5	1,451	0.3
Higher Education Fall 2001				

San Jacinto County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	22,246	35.9	
Under age 5	1,341	30.3	6.0
Under 18	5,599	30.3	25.2
65 and over	3,546	38.5	15.9
85 and over	307	66.8	1.4
Male	11,150	35.8	50.1
Female	11,096	35.9	49.9
White	18,606	37.6	83.6
Black	2,813	10.6	12.6
Asian	63	350.0	0.3
Hispanic	1,084	151.5	4.9

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	2,176	1.6	4.7		202
Agricultural Services, Forestry, Fishing	15	(6.3)	0.0	0.7	6
Mining	1	0.0	(40.1)	0.0	1
Construction	145	0.7	1.0	6.7	24
Manufacturing	152	(4.4)	4.3	7.0	17
Transportation/Public Utilities/Communications	97	(15.7)	5.8	4.5	22
Wholesale Trade	59	22.9	20.7	2.7	9
Retail Trade	372	(2.6)	7.5	17.1	38
Services	395	2.9	5.3	18.2	42
Financial, Insurance, Real Estate	67	6.3	0.9	3.1	11
Government	872	5.4	4.0	40.1	30

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	4.0 %	0.2	(0.4)	132nd

Income	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$444,881	7.4	9.2	112th
Average Per Capita Income	\$19,819	3.7	5.4	166th

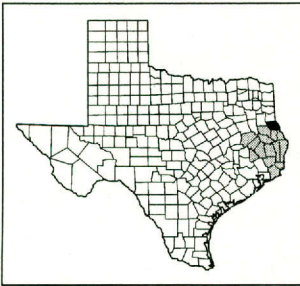
Poverty	1998	Change 1997-1998	Change 1993-1998	1998 State Ranking
Poverty Rate	17.5 %	(2.2)	(5.3)	126th
Ages 0-17	23.1 %	(5.3)	(9.6)	153rd
Ages 5-17 in Families	26.1 %	(2.1)	(3.5)	109th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$944,276,269	2.5	3.3	133rd
Property Value Per Capita	\$42,447	3.9	0.4	187th

Sales Activity	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000
Taxable Sales	\$27,015,743	2.0	(1.0)
Sales Tax Outlets	320	(2.1)	(0.8)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	2	8	3,561	(2.3)
Higher Education Fall 2001				

Shelby County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	25,224	14.5	
Under age 5	1,762	12.8	7.0
Under 18	6,706	16.3	26.6
65 and over	4,181	(1.7)	16.6
85 and over	560	17.9	2.2
Male	12,113	15.8	48.0
Female	13,111	13.3	52.0
White	18,324	7.5	72.6
Black	4,903	3.7	19.4
Asian	57	83.9	0.2
Hispanic	2,489	361.8	9.9

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	7,315	1.0	0.4		497
Agricultural Services, Forestry, Fishing	282	2.2	(3.2)	3.9	43
Mining	9	(52.6)		0.1	1
Construction	257	(14.3)	12.6	3.5	36
Manufacturing	2,535	19.9	1.3	34.7	62
Transportation/Public Utilities/Communications	206	(28.0)	(13.0)	2.8	50
Wholesale Trade	274	8.7	3.4	3.7	25
Retail Trade	1,145	2.8	(0.1)	15.7	94
Services	1,045	(20.8)	(0.0)	14.3	107
Financial, Insurance, Real Estate	268	1.9	1.4	3.7	36
Government	1,291	(0.2)	0.7	17.6	40

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	6.0 %	0.1	(1.1)	44 th

Income	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$531,379	2.2	6.3	99 th
Average Per Capita Income	\$21,032	1.0	5.0	126 th

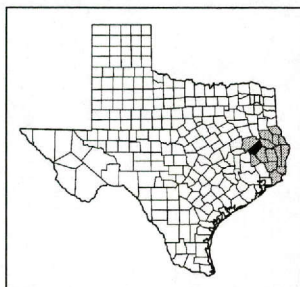
Poverty	1998	Change 1997-1998	Change 1993-1998	1998 State Ranking
Poverty Rate	21.2 %	(0.4)	(2.1)	67 th
Ages 0-17	30.7 %	0.7	(0.7)	57 th
Ages 5-17 in Families	29.8 %	1.0	0.6	72 nd

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$846,955,023	7.5	3.5	136 th
Property Value Per Capita	\$33,577	(3.3)	1.1	235 th

Sales Activity	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000
Taxable Sales	\$99,829,008	(0.7)	3.5
Sales Tax Outlets	558	(1.1)	(0.6)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	6	16	4,801	(0.1)
Higher Education Fall 2001				

Trinity County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	13,779	20.4	
Under age 5	815	14.8	5.9
Under 18	3,154	17.7	22.9
65 and over	3,032	21.2	22.0
85 and over	291	31.7	2.1
Male	6,661	20.4	48.3
Female	7,118	20.4	51.7
White	11,540	20.0	83.8
Black	1,642	(0.2)	11.9
Asian	32	52.4	0.2
Hispanic	668	145.6	4.9

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	2,279	(6.1)	0.3		229
Agricultural Services, Forestry, Fishing	13	(7.1)	13.2	0.6	4
Mining	0			0.0	0
Construction	77	(41.7)	3.1	3.4	15
Manufacturing	248	(8.8)	1.3	10.9	17
Transportation/Public Utilities/Communications	84	(4.5)	(0.9)	3.7	23
Wholesale Trade	106	(40.4)	0.2	4.7	11
Retail Trade	415	10.4	(1.3)	18.2	47
Services	547	(4.2)	4.8	24.0	64
Financial, Insurance, Real Estate	97	(1.0)	(2.8)	4.3	13
Government	691	(0.9)	(1.7)	30.3	33

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	5.0 %	0.5	(0.2)	72 nd

Income	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$248,604	3.7	5.0	151 st
Average Per Capita Income	\$17,998	2.0	3.3	200 th

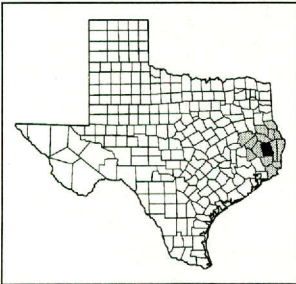
Poverty	1998	Change 1997-1998	Change 1993-1998	1998 State Ranking
Poverty Rate	20.2 %	(1.3)	(1.6)	82 nd
Ages 0-17	32.2 %	(1.4)	0.6	43 rd
Ages 5-17 in Families	33.6 %	0.3	3.7	46 th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$619,565,581	2.0	1.0	164 th
Property Value Per Capita	\$44,964	(5.9)	(1.3)	172 nd

Sales Activity	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000
Taxable Sales	\$40,123,661	8.4	4.3
Sales Tax Outlets	307	(4.1)	(3.1)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	4	9	2,305	(3.8)
Higher Education Fall 2001				

Tyler County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	20,871	25.4	
Under age 5	1,215	24.4	5.8
Under 18	4,837	16.5	23.2
65 and over	3,722	10.7	17.8
85 and over	385	31.0	1.8
Male	10,785	33.3	51.7
Female	10,086	17.9	48.3
White	17,487	20.2	83.8
Black	2,497	25.2	12.0
Asian	41	241.7	0.2
Hispanic	742	319.2	3.6

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	3,834	2.2	0.7		319
Agricultural Services, Forestry, Fishing	95	2.2	6.0	2.5	12
Mining	14	133.3		0.4	3
Construction	134	24.1	25.5	3.5	23
Manufacturing	335	2.8	(7.5)	8.7	34
Transportation/Public Utilities/Communications	133	2.3	(0.1)	3.5	28
Wholesale Trade	70	(10.3)	(6.5)	1.8	12
Retail Trade	676	5.1	(2.6)	17.6	69
Services	451	(1.3)	(2.7)	11.8	66
Financial, Insurance, Real Estate	141	4.4	3.8	3.7	22
Government	1,780	1.0	4.2	46.4	46

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	8.3 %	0.5	(4.3)	15 th

Income	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$355,862	2.3	4.1	124 th
Average Per Capita Income	\$17,068	1.9	2.9	212 th

Poverty	1998	Change 1997-1998	Change 1993-1998	1998 State Ranking
Poverty Rate	18.3 %	(2.0)	(1.4)	110 th
Ages 0-17	26.0 %	(2.2)	0.9	105 th
Ages 5-17 in Families	25.5 %	(0.2)	3.3	119 th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$852,627,250	0.8	1.9	135 th
Property Value Per Capita	\$40,852	(1.0)	1.0	196 th

Sales Activity	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000
Taxable Sales	\$48,010,860	(6.1)	2.2
Sales Tax Outlets	380	(0.5)	(1.1)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	5	15	3,732	0.4
Higher Education Fall 2001				

Texas Comptroller of Public Accounts
Publication #96-905-6. Printed May 2002.

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