

# TEXAS REGIONAL OUTLOOK

*The Central Texas Region*

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Fellow Texans:

I am pleased to share with you the *Texas Regional Outlook* for the Central Texas Region. This report presents my latest economic forecast for the state as a whole and the outlook for this unique 20-county area including the Waco, Temple-Killeen and Bryan-College Station metropolitan areas.

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

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

For information regarding our regional meetings, please call Ann Quirk at 1-800-531-5441, extension 6-4159, or visit my Web site at [www.window.state.tx.us/ecodata/regional/forums/](http://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](mailto:regional.forums@cpa.state.tx.us), or write to:

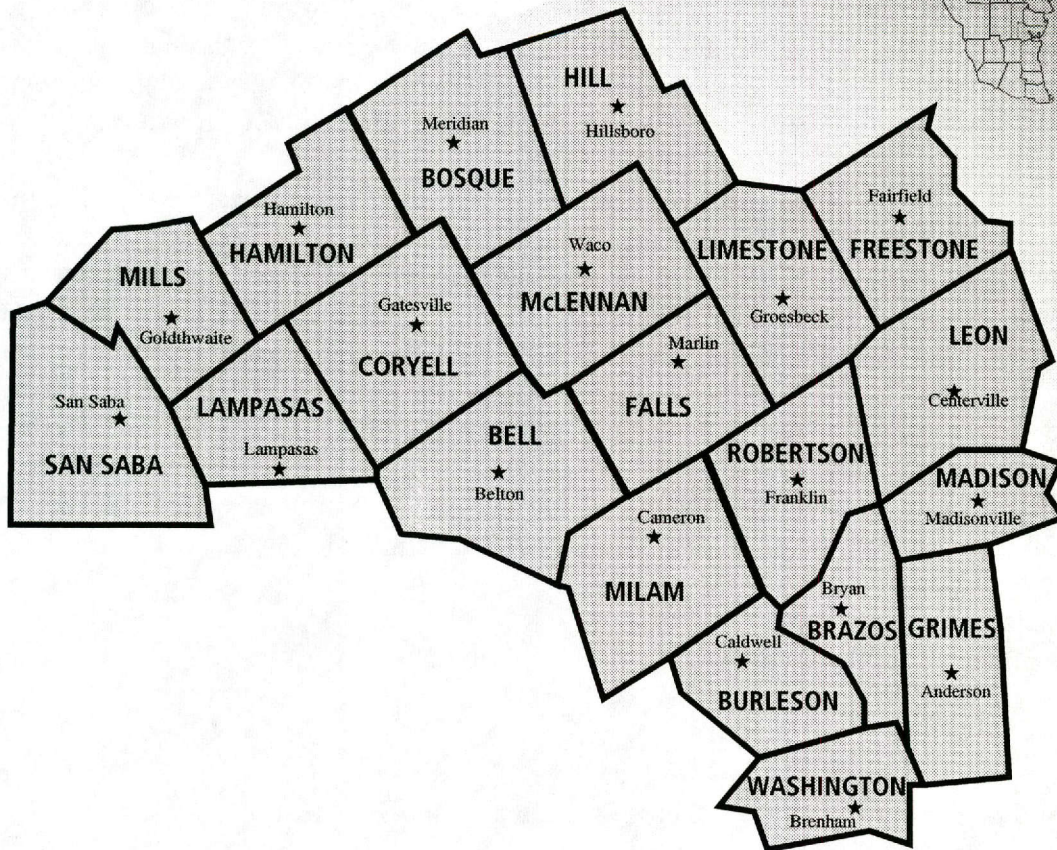
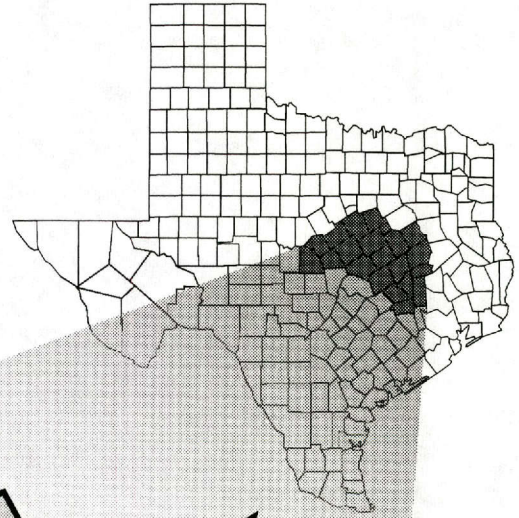
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I look forward to hearing from you. Thanks for all that you do for Texas.

Sincerely,

Carole Keeton Rylander  
Texas Comptroller

# The Central Texas Region



★ = County Seat



# Texas Regional Outlook

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# Texas Economy Poised for Rebound

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

Even with this resilience, like practically every other part of the country, the Texas economy has been affected by the national downturn. From July 2001 to July 2002, overall nonfarm employment in the state fell by 107,300 jobs, or 1.1 percent, compared with 0.7 percent growth during the same period a year earlier and an average annual growth rate of 4 percent during the economic boom of 1997 and 1998.

More than ever, the economy of Texas has become tied to the health of the national economy. This is evidenced by job loss rates of about 1 percent in both Texas and the U.S. over the past year. The breadth of the national downturn was such that 35 states lost jobs during this period, including all but one of the 10 largest states. Although relatively high energy prices allowed the oil and gas industry to benefit during most of 2001, other sectors of the Texas economy, such as manufacturing and, to a lesser extent, consumer spending, were affected by the national economy.

Wary of the threat of a national downturn, the Federal Reserve Board reduced short-term interest rates 11 times in 2001, dropping the federal funds rate from 6.5 percent to 1.75 percent.

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 2001 terrorist attacks. There are signs that the national economy has bottomed out and has begun a slow upswing.

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

The state has gained jobs in five of the first seven months of 2002, although statewide nonfarm employment dropped to its lowest level since April 2000. From December 2001 to July 2002, Texas has lost an additional 26,300 jobs. During the first seven months of this year, three of the state's eight major sectors added jobs, with construction (up 800 jobs), wholesale and retail trade (up 6,700) and government (up 3,200 jobs) all showing gains. Transportation, communications, and utilities (down 0.2 percent) and health, business and other services (also down 0.2 percent) were mostly flat, but the job count in mining (oil and gas), manufacturing, and finance, insurance and real estate, however, continued to fall.

The outlook for the Texas economy for the remainder of 2002 and 2003 is looking up. Real gross state product growth is projected to be



moderate 2.1 percent in 2002 (see Table 1). In 2003, however, following a strong national economic recovery fueled by low interest rates and federal tax cuts, Texas' economic growth will rebound at a relatively robust 4.6 percent rate. Nonfarm employment and personal income growth should follow a similar trend.

With continued population and labor force growth accompanied by fewer job opportunities than in recent years, the statewide unemployment rate will rise from an average of 4.9 percent in 2001 to 5.7 percent in 2002. As the

national and state economies rebound, however, the state jobless rate will drop slightly to 5.4 percent in 2003.

Looking toward the future, the outlook for 2004 and 2005 is even more favorable, as the U.S. and Texas economies return to normal growth. During those two years, real gross state product growth will average 4.3 percent, nonfarm employment will rise by 2.9 percent annually, and personal income will increase by 6.8 percent per year. Texas' statewide unemployment rate is expected to reach 4.6 percent by the end of the

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

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

\* Projected

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





two years. Overall, despite the slowdown in 2002, from 2001 through 2005, Texas economic growth will outpace U.S. growth by approximately 0.75 percent per year, while the state's population increases by 1.7 percent annually, reaching almost 23 million.

## Manufacturing

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

Outside of high-tech, the news was not much happier. Apparel manufacturers, largely concentrated along the Texas-Mexico border, continued to be affected by international competition, and they reduced their work forces in response. Even so, the news could have been much worse had consumers not remained willing to spend, often in response to promotional offers. From July 2001 to July 2002, statewide manufacturing employment declined by 4.7 percent, or 49,200 jobs—slightly better than the 5.1 percent loss in manufacturing employment nationwide.

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

ing the first half of 2002, U.S. productivity growth rose to nearly 5 percent.

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

## Oil and Gas

In 2001, the resurgence of the state's oil and gas sector partially countered the losses borne by the state's battered manufacturers. Because of tight worldwide markets, Texas wellhead oil prices moved above \$30 per barrel in the fall of 2000, and a cold winter in the Northeast and Midwest pushed the taxable price of natural gas to a record \$8 per thousand cubic feet in January 2001. Although oil and gas prices subsequently abated later in the year, they remained relatively high, spurring statewide and national drilling activity. In spring 2001, the Texas rotary rig count surged past 500, its highest level in 15 years.

By summer, however, the slowing world economy and excess supplies began to push energy prices downward, affecting drilling activity in Texas. By November 2001, the drilling rig count of 407 had fallen to its November 2000 level; by July 2002, the rig count of 329 was down 35 percent from its July 2001 level. Nevertheless, because of the lag between drilling activity and hiring plans, year-over-year mining employment was up as recently as March of this year. But by July, sector jobs were down by 7,000, or 4.3 percent, from the July 2001 level.

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



## **Construction**

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

Compared to the gains in 1997 and 1998, statewide construction growth clearly has been plateauing over the past couple of years. Sector employment continued to grow through the first quarter of 2001 because of the backlog of active projects, but ended the year with slightly lower employment, down 1.1 percent. Growth had slowed from a 9.2 percent annual rate at the end of 1998, to 5.2 percent at the end of 1999 and to 3.8 percent at the end of 2000. From July 2001 to July 2002, Texas construction has seen a job loss of 0.7 percent, or 4,000 jobs. In recent months, these losses could have been worse without a temporary bounce in special trades construction and unusually robust single-family housing construction.

Due to relatively low mortgage rates, both statewide home sales and housing permits are running at about their 1998 level, their respective post-1990 record highs. But even with the revival of residential construction, the state's economic cycle and higher office vacancy rates point to a further deceleration in statewide construction employment growth over the short term, thereby dampening the demand for new construction projects. In 2002, construction employment is expected to finish the year with a decline of 1 percent, followed by another drop of 1.7 percent in 2003, before rebounding in 2004.

## **Transportation, Communications and Public Utilities**

Perhaps more than any other sector, transportation, communications and public utilities (TPU) has been affected by the terrorist events of a year ago. After last September's attacks,

U.S. air traffic abated and layoffs were announced at most major U.S. air carriers, including Texas-based American and Continental Airlines. Consequently, job growth in the state's air transportation industry fell from a year-to-year gain of 3,300 in July 2001 to a year-to-year loss of 8,400 in July 2002. Largely because of these losses, TPU lost 23,800 jobs from July 2001 to July 2002, a 4 percent drop.

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

In recent years, Texas' trucking, warehousing and a number of other transportation services have benefited from the expanding national and state economies, as well as from increasing trade with Mexico. Through much of 2001, while the U.S. and Texas economies were retrenching, trade with Mexico remained fairly resilient. But the U.S. recession eventually affected this industry as well, such that trucking and warehousing employment was down by 1.6 percent, or 2,300 jobs, from July 2001 to July 2002.

With the rapidly growing popularity of the Internet and cellular communications, Texas communications employment boomed at a 7 percent average annual rate from 1999 to 2001. The national downturn took hold and intensified here as well, so that by July 2002, employment in the sector had fallen by 8,500 jobs statewide, or 5.6 percent, mostly because of job reductions at the state's major telecommunications providers.

Finally, utilities employment—until the folding of Enron—had enjoyed a trend-bucking year, growing by 4,000 jobs, or 5.4 percent, from October 2000 to October 2001, largely because of the deregulation of the state's electric utility sector. The construction of gas-fired electricity generation facilities in Texas has boomed in recent years, as the prospect of selling power at a reasonable return to the state's rapidly growing residential, industrial and commercial sectors



emerged. However, with Enron's bankruptcy and ensuing layoffs, the utilities sector quickly gave back the 4,000 jobs it had gained the previous year. Even with job gains in electric utilities, by July 2002 the utilities sector overall had 2,600 fewer employees than in July 2001, a loss of 3.4 percent.

Texas TPU employment will gain strength as the air transportation sector rebounds and the U.S. and Mexican economies improve. Even with a recovery beginning in the latter part of this year, overall TPU employment is expected to fall by 1.5 percent in 2002, as a result of losses already experienced, and then rebound at a strong 4.6 percent rate in 2003.

### Finance, Insurance and Real Estate

Finance, insurance and real estate (FIRE) turned in a relatively weak 12 months, with a 1.1 percent loss of 5,700 jobs from July 2001 to July 2002. During this period, all sectors of the FIRE industry lost jobs. Employment in banks and other financial institutions suffered only mild losses, being supported by the state's growing population and healthy demand for new home financing. Likewise, jobs among the state's insurance providers also fell slightly, down 0.6 percent. Thus, real estate, holding companies, and securities and investment industries, which were boosted by increasing home sales but hurt by weaknesses in the U.S. stock market and Texas nonresidential construction, accounted for over 60 percent of FIRE's net employment decline during this period (down 3,500 jobs, or 2 percent).

As business loan demand remains weak and real estate demand remains fragmented, the outlook for the state's FIRE sector is less than promising. Statewide FIRE employment will fall 0.7 percent in 2002, followed by a somewhat larger 1.1 percent drop in 2003, before turning upwards in 2004.

### Trade

Consumer confidence and spending faltered as job layoffs mounted in 2001, and then fell further following the September 11th attacks. By the end of the year, however, both U.S. and Texas confidence began showing signs of recovery, as the U.S. economy began seeing renewed life.

During the first 11 months of fiscal 2002 (September through July), state sales tax receipts—of which just more than 50 percent come from household expenditures—fell by 1 percent, compared with a gain of almost 5 percent in all of fiscal 2001. Partially spurred by dealer incentives at the beginning of the fiscal year, motor vehicle sales tax collections increased 3.5 percent during the same period.

Even though Texas' consumer confidence has recovered somewhat, it remains 17.3 percent below its August 2001, pre-attack level. Consequently, flagging consumer expenditures have reduced the wholesale and retail trade job count by 1.2 percent from July 2001 to July 2002, compared with annual average gains of more than 3 percent in fiscal 1999 through 2001. About one-third 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 8,700 over the past year, a 1.6 percent loss. Retail trade—including building materials, restaurants, automobile dealers and service stations, food, furniture, clothing, general merchandise stores, and other miscellaneous retailers—cut 19,200 jobs, a 1.1 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. For all of 2002, sector employment is expected to rise by only 0.1 percent, as the national economic recovery gains strength in the second half of the year. In 2003, a more robust 1.8 percent job gain is likely.



## **Services**

Because of the breadth of the national downturn, in 2001 the Texas service sector lost jobs for the first time in more than 30 years. As of July of this year, total services employment remains down another 11,600 jobs, for a relatively small 0.4 percent drop from its July 2001 level.

Within this sector, employment in health services is up by 18,500 jobs, or 2.6 percent, due to 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 2.9 percent and accounted for 5,800 new jobs. Private educational services added 4,300 jobs, a 3.5 percent increase, and agricultural services took advantage of a particularly strong demand for veterinary and landscape/horticultural services to add 1,900 jobs, a 3 percent increase.

Most of the state's service industries, in fact, added or lost a relatively small portion of their employment over the past year—with two notable exceptions. First, motion pictures lost 2,000 jobs, a 6.3 percent decrease, as terrorism concerns and economic weakness cut into discretionary consumer expenditures. Second, and much more significantly, business services, owing mostly to adjustments in the once-booming temporary help and personnel supply sector, lost 37,900 jobs over the year, a 5.4 percent decline and more than one-third of all the jobs lost statewide from July 2001 to July 2002. The silver lining in this otherwise troubling statistic is that these were largely part-time jobs, so the state's loss of full-time jobs was a smaller share of the losses than the bottom-line number might indicate.

Service jobs are sometimes mischaracterized as requiring relatively low skills, being poorly paid and contributing little to overall economic growth. Many jobs in business, health, engineering and other professional services require advanced education and generate signif-

icant 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 2003, service sector employment will increase by an estimated 3.8 percent.

## **Local Public Schools Propel Government Sector Job Growth**

Federal, state and local government employment growth continues at a moderate and steady rate. Overall, from July 2001 to July 2002, public sector employment was up 1.4 percent, or 21,900 jobs, with nearly half of these gains coming from increased hiring at public schools and other local governments.

Texas' civilian federal government employment rose 0.8 percent, or by 1,400, during this period. The number of jobs in state government increased by a strong 3 percent, or by 10,100, with the increased demand for government services that typically accompanies a downturn in the economy and higher unemployment rates. Local government employment, almost two-thirds of which is fueled by public schools, increased by 10,400 jobs, or 1 percent, over the past year. The remaining local government job gains were in various other programs at the city, county and special district level. A relatively high birth rate and influx of new students from other states and countries continues to keep the state's school-age population growing.

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



## **People Keep Moving to Texas**

New residents continue to move to Texas. 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 increases—Texas births minus deaths— averaging 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.



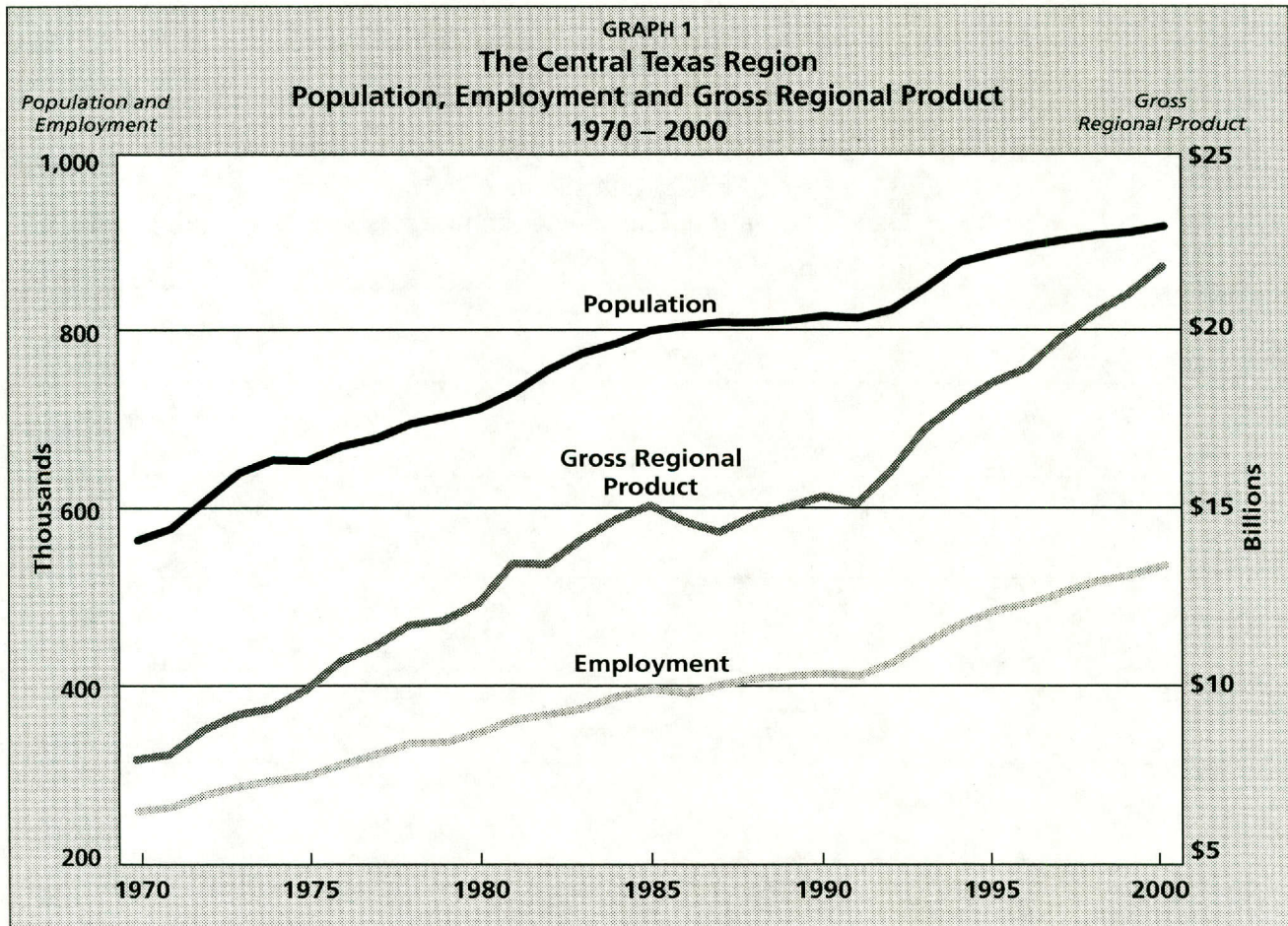


# Central Texas Region Economic Trends and Outlook

Based on the Comptroller's new 13-region economic model of Texas, employment in the Central Texas region (covering a 20-county area including the Waco, Killeen-Temple and Bryan-College Station metropolitan areas) is projected to grow at a 1.3 percent annual rate, a growth rate slightly slower than that expected for the state as a whole. Growth should be slower in the early part of this time frame and accelerate later, but overall it will be below the 1.6 percent

growth rate expected for the state as a whole. By 2005, total employment in the Central Texas region should reach more than 572,100, and the region should average adding 9,900 new jobs each year from 2002 to 2005.

The Comptroller projects accelerating economic growth for the region after 2002. Although the Central Texas region has generally out-performed Texas as a whole, the next five years should see more subdued growth. The pri-



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



mary challenge for this region will be providing the educational skills needed to train the work force to meet the changing needs of business in an Internet economy and using this period of slower growth to alleviate strains felt within the region as the result of rapid growth.

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

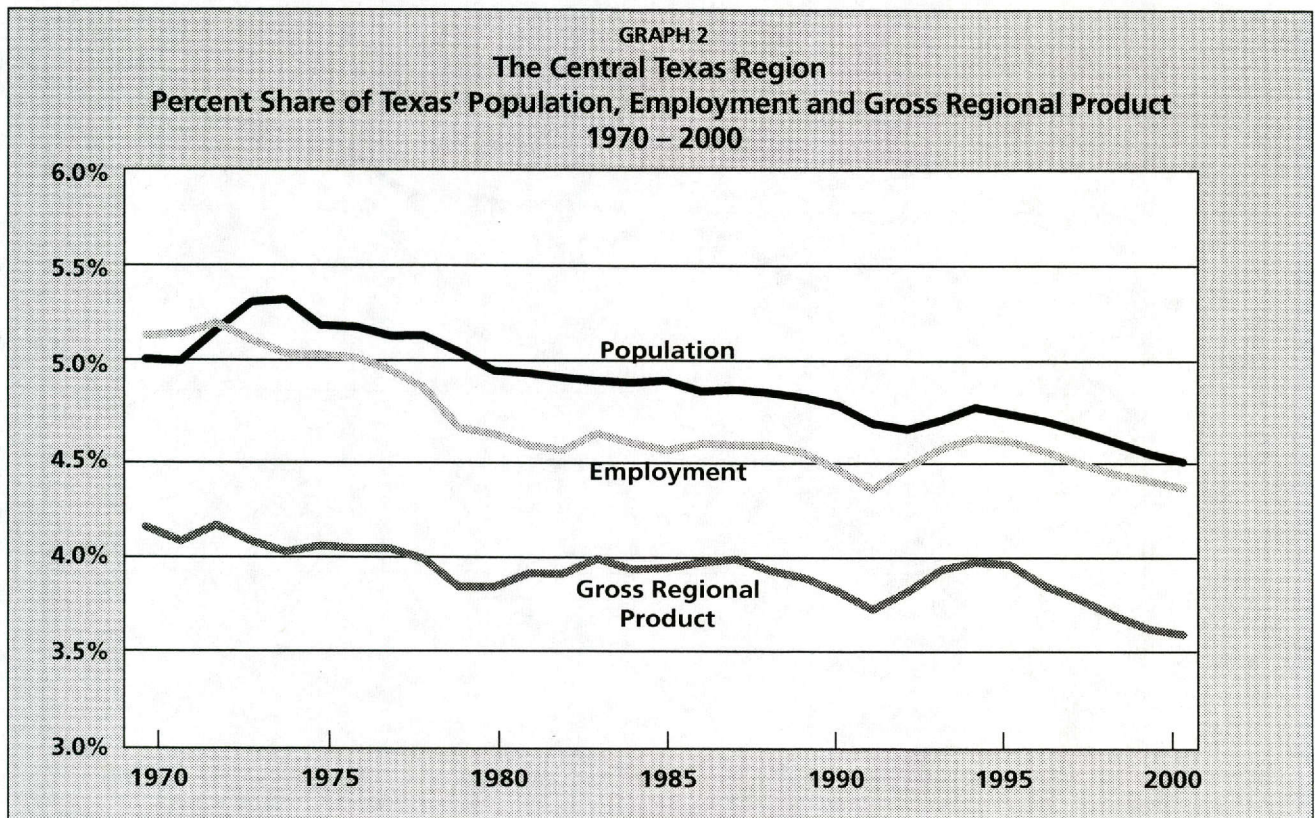
**The Last 30 Years**

The Central Texas region of Texas saw astounding growth during the last 30 years of the 20th century. In real terms (1992 dollars), gross

regional product in this region—the sum total of all value added within the region—increased nearly three-fold, rising from \$7.9 billion in 1970 to \$21.8 billion in 2000 (Graph 1). This is an average annual growth rate of 3.4 percent.

During this time, the population of the Central Texas region increased more than 62 percent, rising from 564,300 to 916,300. As a result of strong growth in the value of production in the region and somewhat slower population growth, per capita real incomes rose dramatically over the last 30 years. For example, in real terms (1992 dollars) disposable personal income— income not used to pay federal taxes—rose from \$11,050 in 1970 to \$19,400 in 2000. This means that the average person or household in the region has 76 percent more real purchasing power in 2000 than they did in 1970.

In terms of jobs, growth in this region was very strong during much of the 1970s and 1980s. Moreover, employment growth surged with the national recovery in the early 1990s. Unlike much of the rest of the state, this region was



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





largely unaffected by the economic storms of the 1980s precipitated by oil price declines, the devaluation of the Peso and real estate busts. Starting in 1993, employment growth in the region began increasing at a rate of 3 to 5 percent each year, with these gains only recently slowing down to more reasonable levels.

These growth rates determine if the region is playing a larger role in the Texas economy. In terms of population, employment and regional product, the Central Texas region has declined slightly compared to the rest of Texas since 1970. In 1970, the region accounted for 5.1 percent of the state's employment, 5.0 percent of the state's population and 4.1 percent of the gross regional product (Graph 2). By the turn of the century, the Central Texas region accounted for 4.4 percent of the state's employment, 4.5 percent of the state's population and 3.6 percent of Texas' value of production. While all of these measures indicate the Central Texas region has declined in economic size relative to other parts of the state, a more appropriate interpretation is

that this region has about held its own with most parts of the state, but fell behind some of the truly fast growing parts of Texas.

### Shifting Growth Patterns

Within 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 Central Texas region for 18 broad industries in 1980, 1990 and 2000.<sup>1</sup> 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.

**TABLE 2**  
**Central Texas Region Employment and Growth**  
**1980-2000**

	Employment in Region			Average Annual Growth Rate
	1980	1990	2000	
Services to Business	6,474	14,406	29,234	7.8%
Tourism and Entertainment	18,326	27,605	39,162	3.9%
Personal Services	12,157	17,165	23,736	3.4%
Healthcare	20,336	29,413	38,233	3.2%
Local Government	26,308	35,958	47,811	3.0%
High Tech, Communications, Aviation and Electronics	8,154	12,067	14,203	2.8%
Finance, Insurance and Real Estate	19,772	23,824	34,379	2.8%
State Government	19,409	28,204	33,552	2.8%
Other Services	12,775	15,261	19,608	2.2%
Wholesale and Retail Trade	47,173	54,793	71,035	2.1%
Construction, Building Materials	25,405	21,942	37,589	2.0%
Agriculture, Agr-Related, Ag Processing	35,813	39,353	44,981	1.1%
Other Durable Goods Manufacturing	12,470	12,466	15,107	1.0%
Other Transportation and Public Utilities	9,217	7,826	10,784	0.8%
Other	3,396	4,183	3,961	0.8%
Oil and Gas Production, Refining and Petrochemicals	2,981	2,876	3,356	0.6%
Federal Government	12,363	14,086	13,020	0.3%
Other Non-Durable Goods Manufacturing	11,636	12,426	11,423	(0.1)%

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



Perhaps somewhat surprisingly, topping this list is business services. This growth is largely the result of a long-term reorganization of many existing businesses that increasingly rely on outsourcing. The post-World War II model of industrial organization continues to divide as more and more responsibilities that were previously held within the structure of the parent firm are now outsourced to other companies. In the case of responsibilities such as janitorial services, this is a trend toward specialization. In the case of copy machine repair, or training personnel to use new computer programs, outsourcing is driven by increasing technological sophistication as specially trained workers are needed to operate equipment. Increased use of contract workers that may replace full-time employees is direct outsourcing and drives the growth of business services employment because some of these contract workers are provided through temporary help agencies.

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

Even the computer industry has seen shifts like these. In the 1970s, this industry was dominated by names like IBM and Wang that built hardware, software and marketed both using their own employees. Now computers are marketed in a wide variety of ways, and few computer manufacturers also are heavily invested in software, or the two functions are separate corporate entities.

The second and third fastest growing sectors both reflect the impact of the "wealth effect" of rising per capita personal income. With rising incomes consumers can spend more on a broad spectrum of goods and services, but more and more of these expenditure get spent on services rather than things. Rising wealth drives

increased expenditures on personal services and allows 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 and tourism and personal services industries.

The next fastest growing sector in the Central Texas region during the last 20 years has been health care. Rising health care employment reflects national trends that are dominating regional growth patterns. As incomes grow and as populations age, more and more is spent on health care. The increasing technological sophistication of health care, while improving the effectiveness of health care, also drives up costs. Unfortunately, because health care is a service that most often must be administered by trained professionals on a one-on-one basis, the ability of technological innovations to lower personnel requirements—a 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 fifth fastest growing sector in this region since 1980 has been local government. This growth reflects a growing population, the effects of decreased public school class sizes requiring the hiring of additional teachers and new prison facilities.

The next fastest growing sector is high tech, communications, aviation and electronics. The Central Texas region has seen growth in nearly all facets of this sector at different times during this period. Throughout this time, the region saw strong growth in aviation and very strong growth in computer programming and data processing, although other industries started from relatively low levels. This growth has been nurtured and fed by the skill sets imparted by local higher educational institutions and an educated workforce.

At the other end of the growth spectrum are the areas in which the region saw slow growth. In some cases, such as oil and gas, this is part of a much wider trend brought on by the distribu-



tion of natural resources and industry consolidation. It should be noted that most of the slow job growth industries, or those actually posting job losses, are also industries which tend to see good productivity gains. Although the job picture for these industries in the region has been less positive, the value of production from these industries has been much stronger.

### 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

**TABLE 3**  
**Location Quotients for Key Industries**  
**in the Central Texas Region**

	Location Quotient	National Employment Average Annual Growth Rate 1990-2000
Wood Buildings and Mobile Homes	13.0	5.7%
Primary Nonferrous Smelting and Refining	12.6	(3.0)%
Coal Mining	6.2	(4.5)%
Pipelines, Except Natural Gas	4.2	(2.8)%
Farming	3.9	(0.1)%
Hydraulic Cement	3.8	(1.0)%
Office and Miscellaneous Furniture and Fixtures	3.6	1.1%
Sugar and Confectionery Products	3.2	(0.4)%
Plumbing and Nonelectric Heating Equipment	2.7	0.1%
Dairy Products	2.3	(1.3)%
Converted Paper Products Except Containers	2.2	0.0%
Nonmetallic Minerals, Except Fuels	2.2	(1.3)%
Nonferrous Foundries	2.1	1.3%
Construction and Related Machinery	2.0	0.8%
Concrete, Gypsum and Plaster Products	1.9	0.9%
Meat Products	1.8	1.8%
Paperboard Containers and Boxes	1.8	0.4%
Fabricated Structural Metal Products	1.8	1.3%
Stone, Clay and Misc. Mineral Products	1.7	(0.8)%
Blankbooks and Bookbinding	1.6	(1.2)%
Miscellaneous Fabricated Metal Products	1.6	1.6%
Video Tape Rental	1.5	2.1%
Funeral Service and Crematories	1.5	2.3%
Miscellaneous Plastics Products	1.5	1.7%
Nondepository Holding and Investment Offices	1.5	5.5%
Job Training and Related Services	1.5	4.8%

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



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 Central 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 Central Texas region.

Agricultural production along with oil and gas are prominent industries in this table. Topping this list are large producers of mobile homes, aluminum refining activities and coal mining—all rather small industries nationwide, but disproportionately concentrated in the Central Texas region. In many cases, the industries that are heavily concentrated in this region have actually seen nationwide employment declines during the 1990s, indicating that these industries are unlikely to be strong growth prospects in the future.

But while the location quotient is a useful measure to summarize which industries the region tends to have 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 through which to assess if the currently observed level of industry concentration in a region is higher than expected, about what should be expected, or less than expected. If local employment is greater than might otherwise be expected, then the region has demonstrated some strength in attracting the growth of that industry. In practice, the yardstick usually employed is changes in each industry in the national economy, modified somewhat for local conditions.

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

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

Industry	Regional Industry Growth Differential	Average Annual Employment Growth 1980-2000
Communications	2.92	6.0%
Weaving, Finishing, Yarn and Thread Mills	2.18	(0.9)%
Luggage, Handbags and Leather Products	2.17	(3.3)%
Railroad Transportation	1.61	(1.7)%
Office and Miscellaneous Furniture and Fixtures	1.33	2.4%
Household Furniture	1.33	0.4%
Partitions and Fixtures	1.32	2.6%
Concrete, Gypsum and Plaster Products	1.27	2.9%
Forestry, Fishing, Hunting and Trapping	1.27	2.8%
Glass and Glass Products	1.27	1.2%
Stone, Clay and Miscellaneous Mineral Products	1.27	1.3%
Hydraulic Cement	1.26	(0.7)%
Agricultural Services	1.26	7.4%
Trucking and Warehousing	1.25	3.8%

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



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 Central Texas region that have a regional industry growth differential greater than 1.25 and employed at least 200 workers in 2000. The average annual rate of employment growth in the industry from 1980 to 2000 in the Central Texas region is also shown. The 1.25 cut-off point indicates that industry employment in 2000 in the region was 25 percent larger than would have been expected based on the industry's employment in 1980 and the growth of the region and industry nationwide from 1980 to 2000. In the same sense as with the static location quotient, these industries have demonstrated a significant level of concentration over time in the Central 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. The strong growth of the communications industry in Central Texas attests to this region having a good workforce for this industry and is nearby much of the telecom activity concentrated in the Metroplex region.

Other industries on this list, most notably those related to textiles, leather goods and railroad equipment appear because employment in those industries in the region has declined at a slower pace than the same region nationally. By comparison, the Central Texas region is showing some dominance in the growth of these indus-

tries over time, but this involves achieving a larger part of a shrinking pie.

Overall, there are some significant trends toward diversification of the industrial base of the Central Texas region including some industries that require highly skilled workers.

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 Central 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 allows the estimation of baseline forecasts of growth for each region in Texas. Overall, the Central Texas region is expected to grow somewhat slower than the very rapid rate seen in the 1990s, and somewhat slower than 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 1.7 percent annual rate, from \$21.8 billion in 1992 dollars in 2000 to \$23.6 billion in 2005. During the 1990s, this region saw its real gross regional product expand at slightly more than a 3.6 percent annual rate.

This pattern is likely to be repeated in terms of employment. Through 2005, employment growth in the Central Texas region should average 1.3 percent annually, down from a 2.6 percent posted from 1990 to 2000 in the region, and slightly below the 1.6 percent expected for the state over the next five years. Nonetheless, the Central Texas region should add nearly 9,900 new jobs annually from 2002 to 2005. During the first five years of the millennium, Central



Texas employment should rise from 536,100 in 2000 to 572,100 in 2005. As expected across the state, this rate of growth will be slowest during the next couple of years but will accelerate into 2004 and 2005.

This level of economic growth will accompany only moderate population gains. Population in the Central Texas region is expected to rise from 916,300 in 2000 to 940,200 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 employ-

ment base generate large numbers of new jobs. Four of the top five industries in Table 5 are also among the largest industries.

Many of the industries generating large numbers of new jobs in the Central Texas region through 2005 will be driven by changes in consumer expenditure patterns that have been seen over the past few years. For example, there is a continued shift towards expenditures on consumer services such as restaurants, health services and retail trade. Many of the industries supplying these services employ a large number of people, so that even moderate growth in the demand for these industries can result in some sizeable employment growth.

In other cases, employment of school teachers, police, sanitation workers and most other

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

	Regional Employment		Jobs Added	Average Annual Growth Rate
	2000	2005		
1 State Government	33,552	38,351	4,799	2.7%
2 Local Government	47,811	52,143	4,332	1.7%
3 Eating and Drinking Places	27,843	31,004	3,161	2.2%
4 Health Services	5,505	7,575	2,070	6.6%
5 Retail Trade, Exc. Eating and Drinking Places	55,685	57,418	1,733	0.6%
6 Educational Services	7,897	9,445	1,548	3.6%
7 Offices of Health Practitioners	6,644	7,958	1,314	3.7%
8 Computer and Data Processing Services	2,800	4,070	1,270	7.8%
9 Hospitals	17,041	18,267	1,226	1.4%
10 Personnel Supply Services	8,249	9,448	1,199	2.8%
11 Nursing and Personal Care Facilities	7,493	8,665	1,172	2.9%
12 Agricultural Services	6,042	7,144	1,102	3.4%
13 Construction	29,571	30,508	937	0.6%
14 Miscellaneous Business Services	6,213	7,128	915	2.8%
15 Automobile Parking, Repair and Services	4,619	5,525	906	3.6%
16 Miscellaneous Plastics Products	3,116	3,865	749	4.4%
17 Amusement and Recreation Services	3,582	4,312	730	3.8%
18 Wholesale Trade	15,350	16,060	710	0.9%
19 Trucking and Warehousing	5,941	6,482	541	1.8%
20 Child Day Care Services	3,330	3,870	540	3.1%
21 Residential Care	1,548	2,065	517	5.9%
22 Management and Public Relations	5,405	5,921	516	1.8%
23 Communications	3,646	4,140	494	2.6%
24 Membership Organizations	7,001	7,463	462	1.3%
25 Real Estate	10,505	10,919	414	0.8%

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



local government employees will increase as population grows. As a result of even slight population and employment growth and the fact that state and local government is a significant employer in the region already, government will likely generate more than 9,000 new jobs over the next few years.

As has been seen in the recent past, health care and computer services will prove a strong job generator in the Central Texas region during the next few years. This should include a broad range of health care professions and nursing services.

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 Central Texas region.

More technical, higher skilled workers are needed in these jobs. Topping this list of high-growth industries are jobs in computer and data processing services followed closely by health services, medical equipment manufacturers, other health practitioners and educational services.

The importance of education and the need for work force training is most apparent 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.

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

	Regional Employment		Jobs Gained	Growth
	2000	2005		
1 Computer and Data Processing Services	2,800	4,070	1,270	7.8%
2 Water and Sanitation	661	946	285	7.4%
3 Health Services	5,505	7,575	2,070	6.6%
4 Residential Care	1,548	2,065	517	5.9%
5 Electronic Components and Accessories	204	269	65	5.7%
6 Miscellaneous Electrical Equipment	251	326	75	5.4%
7 Nonferrous Foundries	547	682	135	4.5%
8 Miscellaneous Plastics Products	3,116	3,865	749	4.4%
9 Medical Equipment, Instruments and Supplies	412	506	94	4.2%
10 Amusement and Recreation Services	3,582	4,312	730	3.8%
11 Miscellaneous Transportation Services	493	593	100	3.8%
12 Air Transportation	1,755	2,109	354	3.7%
13 Individual and Miscellaneous Social Services	1,883	2,261	378	3.7%
14 Toys and Sporting Goods	311	373	62	3.7%
15 Offices of Health Practitioners	6,644	7,958	1,314	3.7%
16 Automobile Parking, Repair and Services	4,619	5,525	906	3.6%
17 Educational Services	7,897	9,445	1,548	3.6%
18 Iron and Steel Foundries	392	468	76	3.6%
19 Household Furniture	714	851	137	3.6%
20 Video Tape Rental	877	1,043	166	3.5%
21 Commercial Sports	406	481	75	3.4%
22 Agricultural Services	6,042	7,144	1,102	3.4%
23 Passenger Transportation Arrangement	471	554	83	3.3%
24 Child Day Care Services	3,330	3,870	540	3.1%
25 Rubber Products and Plastic Hose and Footwear	433	503	70	3.0%

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



For example, the 13-region model breaks regional employment into 94 occupations. In the case of the Central Texas region, this would mean each occupational category would contain an average of about 5,200 people. Since only one of the top 25 occupational categories generating the most jobs in the region through 2005 has fewer than this average, and most have at least twice that number of jobs, Table 7 identifies primarily those occupations that are growing and employ a large number of workers. Most of

these large occupational categories will see moderate growth rates over the next few years, but because of their size generate a large number of new positions. 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 through 2005. In this list, the importance of future training and education is evident. It is led

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

	Occupations		Occupation Job Gain	Average Annual Growth
	2000	2005		
1 Food Preparation and Service	29,545	32,125	2,580	1.7%
2 Teachers, Librarians, Counselors	18,252	20,645	2,393	2.5%
3 Protective Service	16,904	19,230	2,326	2.6%
4 Managerial and Administrative	31,319	33,499	2,180	1.4%
5 Other Clerical and Administrative Support Workers	30,433	32,548	2,115	1.4%
6 Computer Scientists, Mathematicians and Operations Researchers	5,408	7,165	1,757	5.8%
7 Health Service	8,476	9,834	1,358	3.0%
8 Health Assessment and Treating	9,968	11,319	1,351	2.6%
9 Personal Service	8,265	9,573	1,308	3.0%
10 Social, Recreational and Religious Workers	7,277	8,576	1,299	3.3%
11 Health Technicians and Technologists	9,340	10,551	1,211	2.5%
12 Motor Vehicle Operators	13,278	14,477	1,199	1.7%
13 Helpers, Laborers and Material Movers, Hand	18,889	19,898	1,009	1.0%
14 Management Support	17,112	18,017	905	1.0%
15 Cashiers	11,996	12,824	828	1.3%
16 Construction Trades	18,048	18,851	803	0.9%
17 All Other Sales and Related Workers	9,773	10,522	749	1.5%
18 Salespersons, Retail	14,681	15,368	687	0.9%
19 Information Clerks	6,755	7,376	621	1.8%
20 Hand Workers, Including Assembly and Fabrication	7,959	8,576	617	1.5%
21 Garden, Nursery, Greenhouse, Lawn Service Workers	10,296	10,886	590	1.1%
22 Blue Collar Worker Supervisors	7,258	7,783	525	1.4%
23 Cleaning and Building Services, Excluding Private Households	11,022	11,496	474	0.8%
24 Other Machine Setters and Operators and Tenders	6,249	6,690	441	1.4%
25 All Other Service Workers	4,428	4,857	429	1.9%

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





by the need for additional computer scientists, followed closely by health service workers, health care diagnosticians, numerical control machine operators, health assessment and treating workers, teachers, librarians and counselors, health technicians, life scientists, information clerks and social scientists. Of the top 25 occupations expected to grow the fastest during the next five years, 12 will require some advanced training beyond high school, and most of these will require either an associate's degree, a bach-

elor's degree or other advanced degrees. Nearly 49 percent of the jobs gained in the top 25 fastest growing occupations from 2000 to 2005 will require similar advanced training and education.

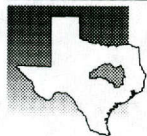
### Endnote

<sup>1</sup> State and Local government sectors were not defined separately until 1979.

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

	Occupations		Occupational Gain	Average Annual Gain
	2000	2005		
1 Computer Scientists, Mathematicians and Operations Researchers	5,408	7,165	1,757	5.8%
2 Social, Recreational and Religious Workers	7,277	8,576	1,299	3.3%
3 Metal and Plastic Process Machine Operators	1,435	1,684	249	3.3%
4 Health Service	8,476	9,834	1,358	3.0%
5 Personal Service	8,265	9,573	1,308	3.0%
6 Health Diagnosing	2,876	3,302	426	2.8%
7 Numerical Control Machine Tool Operators, Metal and Plastic	184	211	27	2.8%
8 Protective Service	16,904	19,230	2,326	2.6%
9 Health Assessment and Treating	9,968	11,319	1,351	2.6%
10 Teachers, Librarians, Counselors	18,252	20,645	2,393	2.5%
11 Health Technicians and Technologists	9,340	10,551	1,211	2.5%
12 Combination Machine Tool Setters and Operators and Tenders	251	283	32	2.4%
13 Electric Power Generating Plant Operators and Distributors and Dispatchers	182	203	21	2.2%
14 Writers, Artists and Entertainers	3,623	4,016	393	2.1%
15 All Other Transportation and Material Moving Equipment Operators	669	741	72	2.1%
16 Counter and Rental Clerks	1,794	1,986	192	2.1%
17 Life Scientists	811	896	85	2.0%
18 Water and Liquid Waste Treatment Plant and Systems Operators	719	794	75	2.0%
19 All Other Service Workers	4,428	4,857	429	1.9%
20 Post Clerks and Mail Carriers	2,014	2,203	189	1.8%
21 Information Clerks	6,755	7,376	621	1.8%
22 Motor Vehicle Operators	13,278	14,477	1,199	1.7%
23 Social Scientists	995	1,083	88	1.7%
24 Metal Fabricating Machine Operators	454	494	40	1.7%
25 Food Preparation and Service	29,545	32,125	2,580	1.7%

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





# Directions for Growth in the Central 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 Central Texas region for the next few years. Second, although the region will experience a slowdown from the very rapid growth of the 1990s, much of this future growth will focus in areas requiring a highly trained work force.

To help promote a brighter economic future both in the number of wage earners and the amount of wages earned, this section of the report will examine likely growth prospects for various industries in the Central Texas region. In particular, 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 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 come to note another trend in the location of jobs.

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

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

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, 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 industry 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 modes are more efficient and faster. And competitive advantage based on making more productive use of inputs through continual innovation many times outweighs comparative advantage based on costs of production.

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

### **Competitive and Comparative Advantage**

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The idea that economic clusters support economic growth and development is best presented by Porter in his book, *The Competitive Advantage of Nations*.<sup>3</sup> 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 econo-

my" firms in which input costs are a small component of total costs. Instead, he notes that other conditions affecting a firm's ability to compete in the international marketplace are related in the degree to which it has successfully faced competition locally, and the degree to which the local economic environment supports the firm.

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

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

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

### **Measuring Comparative and Competitive Advantage**

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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 concentrations, but also what industries are found in all other regions, in what concentrations, and how these concentrations interact.

One of the best tools available is the framework offered by Regional Economic Modules Inc. (REMI) in constructing their composite cost indexes for industries across the nation.<sup>4</sup> 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

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

	Average Regional Applicability Rank (1)	Average Employment Growth Potential Rank During 2000 to 2005	Total Rank
1 Health Services	103	165	268
2 Communications	110	147	257
3 Agricultural Services	106	140	245
4 Security and Commodity Brokers	95	149	244
5 Nursing and Personal Care Facilities	104	139	243
6 Trucking and Warehousing	126	115	240
7 Offices of Health Practitioners	88	153	240
8 Funeral Service and Crematories	105	130	235
9 Research and Testing Services	71	163	234
10 Residential Care	71	163	234
11 Local and Interurban Passenger Transit	83	150	233
12 Management and Public Relations	71	160	231
13 Educational Services	97	135	231
14 Automobile Parking, Repair and Services	76	155	231
15 Personal Services	102	127	229
16 Museums, Botanical, Zoological Gardens	71	157	228
17 Meat Products	116	111	227
18 Watches, Clocks and Parts	60	166	226
19 Water and Sanitation	138	86	224
20 Miscellaneous Plastics Products	113	111	224
21 Electric Utilities	136	86	222
22 Beauty and Barber Shops	96	126	222
23 Gas Utilities	136	86	222
24 Concrete, Gypsum and Plaster Products	124	97	221
25 Luggage, Handbags and Leather Products	98	123	221

(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.



rating of how the region compares to a national norm based on labor costs.

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

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

The first column of Table 9 is 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.<sup>5</sup> 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.<sup>6</sup> The third column is the overall ranking of the industries for future development potential based on adding together the regional advantage ranking and the growth potential ranking.

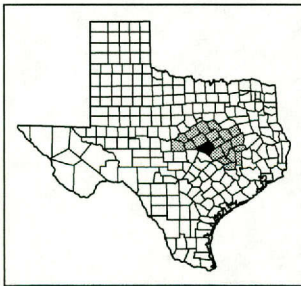
Using this methodology, Table 9 presents the top 25 ranked industries for the Central Texas region based on both their display of some advantage within the region relative to the rest of the country and the likely growth potential of the industry.

On this list are several industries that are well recognized sources of economic strength in the Central Texas region. Top on the list is health services along with communications—both industries Central Texas tends to specialize in and also industries likely to grow over the next few years. Moreover, the presence of a number of health-related industries on this list underscores Central Texas’ importance as a center for medical services. The region’s geographic positioning also serves to identify this area as having a prime potential for increased transportation services.

## Endnotes

- <sup>1</sup> Massachusetts Technology Collaborative, “The New Economy—What’s a Cluster?” (<http://www.mtpc.org/cluster/clustermore.htm>).
- <sup>2</sup> Michael E. Porter, “Clusters and the New Economics of Competition.” *Harvard Business Review* (November-December 1998), p. 77.
- <sup>3</sup> Michael Porter, *The Competitive Advantage of Nations* (New York: Free Press, 1990).
- <sup>4</sup> 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](mailto:info@remi.com)>.
- <sup>5</sup> The industries with a higher rank indicated a better fit for the region.
- <sup>6</sup> 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.

# Bell County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	237,974	24.5	
Under age 5	21,100	15.5	8.9
Under 18	68,738	24.9	28.9
65 and over	20,865	24.6	8.8
85 and over	2,577	50.7	1.1
Male	119,467	22.7	50.2
Female	118,507	26.4	49.8
White	150,900	10.9	63.4
Black	48,624	34.7	20.4
Asian	6,097	10.2	2.6
Hispanic	39,701	58.8	16.7

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	87,803	(0.0)	2.0		3,544
Agricultural Services, Forestry, Fishing	440	(2.7)	1.9	0.5	73
Mining	102	1.0	6.1	0.1	7
Construction	3,880	2.2	4.1	4.4	346
Manufacturing	8,592	(5.0)	(0.7)	9.8	128
Transportation/Public Utilities/Communications	3,241	6.9	3.1	3.7	164
Wholesale Trade	3,999	(3.7)	2.8	4.6	178
Retail Trade	18,517	1.6	1.5	21.1	839
Services	24,124	(2.6)	4.5	27.5	1,269
Financial, Insurance, Real Estate	3,720	1.7	1.5	4.2	367
Government	21,152	2.8	0.4	24.1	151

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	4.2 %	1.0	(0.7)	119th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$5,882,781	5.6	6.0	18th
Average Per Capita Income	\$24,612	3.3	4.6	55th

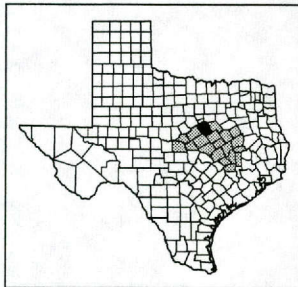
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	12.1 %	(2.4)	(3.7)	209th
Ages 0-17	16.6 %	(5.4)	(6.0)	191st
Ages 5-17 in Families	15.6 %	(4.3)	(5.3)	190th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$6,982,554,870	4.7	4.6	20th
Property Value Per Capita	\$29,342	(2.0)	2.8	243rd

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$1,674,330,050	6.8	5.1
Sales Tax Outlets	4,690	(1.9)	0.3

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	9	87	50,760	2.0
Higher Education Fall 2001		3	13,434	6.4

## Bosque County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	17,204	13.7	
Under age 5	988	7.3	5.7
Under 18	4,201	17.9	24.4
65 and over	3,535	(4.9)	20.5
85 and over	581	37.4	3.4
Male	8,420	15.3	48.9
Female	8,784	12.3	51.1
White	15,613	10.2	90.8
Black	330	3.4	1.9
Asian	19	(53.7)	0.1
Hispanic	2,104	47.1	12.2

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	3,712	(1.7)	1.9		339
Agricultural Services, Forestry, Fishing	161	20.1	(0.4)	4.3	25
Mining	4			0.1	2
Construction	208	0.0	13.8	5.6	36
Manufacturing	590	(7.1)	(0.5)	15.9	22
Transportation/Public Utilities/Communications	129	(7.2)	(0.6)	3.5	19
Wholesale Trade	237	(12.9)	(2.1)	6.4	24
Retail Trade	514	(4.8)	3.2	13.8	68
Services	747	0.1	2.2	20.1	72
Financial, Insurance, Real Estate	138	3.0	2.3	3.7	23
Government	977	0.9	2.2	26.3	48

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	4.4 %	0.8	0.2	104th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$359,613	5.5	6.0	123rd
Average Per Capita Income	\$20,840	4.1	5.2	132nd

Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	12.7 %	(2.2)	(4.5)	205th
Ages 0-17	17.1 %	(6.1)	(6.3)	188th
Ages 5-17 in Families	15.2 %	(7.2)	(5.9)	195th

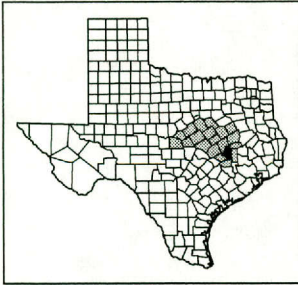
Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$1,151,748,827	12.7	7.5	117th
Property Value Per Capita	\$66,947	9.4	6.5	93rd

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$46,238,646	0.5	4.8
Sales Tax Outlets	407	(10.0)	(3.2)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	8	14	3,196	(0.1)
Higher Education Fall 2001				



# Brazos County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	152,415	25.1	
Under age 5	9,488	15.0	6.2
Under 18	32,735	25.1	21.5
65 and over	10,223	26.0	6.7
85 and over	1,424	71.2	0.9
Male	76,983	22.8	50.5
Female	75,432	27.5	49.5
White	113,479	19.6	74.5
Black	16,333	19.5	10.7
Asian	6,110	41.7	4.0
Hispanic	27,253	63.1	17.9

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	74,998	0.5	2.8		3,032
Agricultural Services, Forestry, Fishing	815	3.6	3.3	1.1	105
Mining	754	8.6	1.1	1.0	42
Construction	3,360	(3.3)	4.9	4.5	318
Manufacturing	5,525	(3.5)	8.2	7.4	113
Transportation/Public Utilities/Communications	1,353	(18.2)	1.8	1.8	104
Wholesale Trade	1,517	(2.0)	0.3	2.0	154
Retail Trade	14,259	2.0	1.9	19.0	602
Services	15,935	1.3	5.6	21.2	1,194
Financial, Insurance, Real Estate	2,718	2.5	4.5	3.6	265
Government	28,709	1.4	0.9	38.3	120

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	1.6 %	0.1	(0.9)	245 th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$3,058,121	7.1	7.1	25 th
Average Per Capita Income	\$20,033	5.4	5.2	160 th

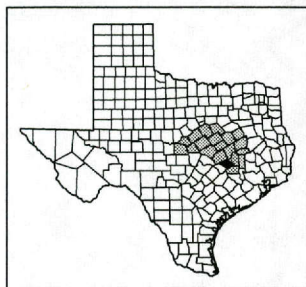
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	26.9 %	10.6	7.0	20 th
Ages 0-17	22.1 %	0.7	(1.3)	127 th
Ages 5-17 in Families	20.1 %	(0.4)	(1.5)	131 st

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$5,621,371,089	9.0	6.4	24 th
Property Value Per Capita	\$36,882	(4.0)	3.2	218 th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$1,343,302,664	3.3	5.2
Sales Tax Outlets	3,158	(3.2)	(1.3)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	2	32	20,982	0.8
Higher Education Fall 2001		2	45,638	1.3

# Burleson County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	16,470	20.9	
Under age 5	1,101	11.8	6.7
Under 18	4,423	19.1	26.9
65 and over	2,652	11.4	16.1
85 and over	298	14.6	1.8
Male	8,011	20.6	48.6
Female	8,459	21.2	51.4
White	12,199	19.9	74.1
Black	2,481	2.1	15.1
Asian	28	55.6	0.2
Hispanic	2,411	48.5	14.6

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	3,441	5.0	0.5		331
Agricultural Services, Forestry, Fishing	102	12.1	1.0	3.0	21
Mining	233	4.0	(9.8)	6.8	19
Construction	207	24.7	9.1	6.0	26
Manufacturing	294	4.3	(2.0)	8.5	19
Transportation/Public Utilities/Communications	148	41.0	(7.4)	4.3	20
Wholesale Trade	167	0.0	1.8	4.9	28
Retail Trade	782	(3.6)	5.1	22.7	70
Services	481	18.8	0.5	14.0	64
Financial, Insurance, Real Estate	147	6.5	1.0	4.3	25
Government	876	(1.4)	1.1	25.5	38

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	2.9 %	(0.9)	(1.1)	195 th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$299,635	5.2	4.8	138 th
Average Per Capita Income	\$18,112	2.7	3.2	199 th

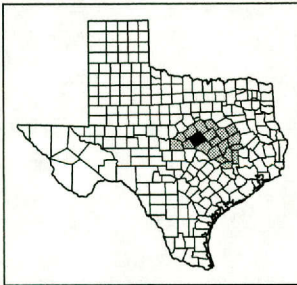
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	17.2 %	1.0	(1.4)	116 th
Ages 0-17	23.1 %	(0.4)	(1.2)	113 th
Ages 5-17 in Families	21.9 %	(0.4)	0.5	104 th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$997,927,120	10.6	1.6	130 th
Property Value Per Capita	\$60,591	4.9	(0.3)	107 th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$56,453,470	3.5	1.9
Sales Tax Outlets	377	(5.3)	(2.2)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	3	10	3,198	(0.5)
Higher Education Fall 2001				

# Coryell County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	74,978	16.8	
Under age 5	5,871	8.5	7.8
Under 18	19,673	16.1	26.2
65 and over	4,271	19.1	5.7
85 and over	504	22.0	0.7
Male	38,449	6.1	51.3
Female	36,529	30.5	48.7
White	48,946	8.6	65.3
Black	16,344	20.2	21.8
Asian	1,313	(21.4)	1.8
Hispanic	9,424	51.0	12.6

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	12,265	(1.4)	1.0		695
Agricultural Services, Forestry, Fishing	112	13.1	(0.2)	0.9	15
Mining	19	5.6		0.2	2
Construction	614	(3.6)	(1.1)	5.0	95
Manufacturing	433	(21.1)	(7.5)	3.5	29
Transportation/Public Utilities/Communications	184	(24.0)	0.6	1.5	34
Wholesale Trade	109	5.8	3.2	0.9	22
Retail Trade	2,471	(1.6)	3.1	20.1	157
Services	1,830	5.5	5.1	14.9	208
Financial, Insurance, Real Estate	592	(3.0)	9.7	4.8	66
Government	5,891	(0.5)	(0.5)	48.0	60

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	4.9 %	1.1	0.1	80 th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$1,249,575	5.4	3.6	50 th
Average Per Capita Income	\$16,610	4.1	2.9	223 rd

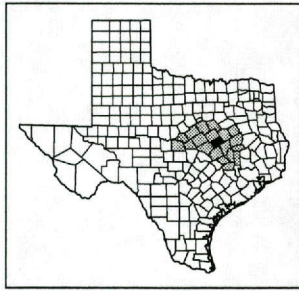
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	9.5 %	(4.5)	(4.4)	235 th
Ages 0-17	12.8 %	(3.9)	(3.3)	231 st
Ages 5-17 in Families	10.5 %	(6.2)	(3.9)	233 rd

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$1,346,277,568	5.1	4.9	100 th
Property Value Per Capita	\$17,956	3.3	4.4	254 th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$199,656,470	2.6	1.2
Sales Tax Outlets	788	(5.9)	(3.4)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	5	21	10,632	1.2
Higher Education Fall 2001				

## Falls County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	18,576	4.9	
Under age 5	1,111	(12.3)	6.0
Under 18	5,136	13.5	27.6
65 and over	3,133	(10.4)	16.9
85 and over	459	3.8	2.5
Male	8,577	(3.2)	46.2
Female	9,999	13.0	53.8
White	11,424	0.3	61.5
Black	5,100	6.0	27.5
Asian	20	(4.8)	0.1
Hispanic	2,941	41.9	15.8

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	3,871	0.3	(1.1)		289
Agricultural Services, Forestry, Fishing	100	0.0	1.7	2.6	24
Mining	25	(10.7)	25.6	0.6	1
Construction	119	75.0	4.6	3.1	19
Manufacturing	316	(3.4)	(5.9)	8.2	12
Transportation/Public Utilities/Communications	176	(10.7)	(2.7)	4.5	18
Wholesale Trade	170	(0.6)	(3.6)	4.4	17
Retail Trade	487	(7.2)	1.8	12.6	61
Services	634	7.3	0.2	16.4	63
Financial, Insurance, Real Estate	139	(7.3)	9.1	3.6	34
Government	1,704	0.3	(2.2)	44.0	42

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	3.9 %	(0.3)	0.5	141 st

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$322,015	4.1	3.5	132 nd
Average Per Capita Income	\$17,374	4.3	3.4	208 th

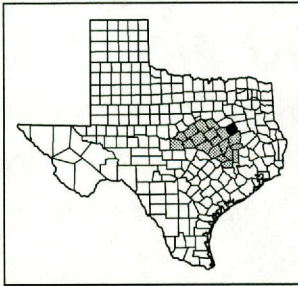
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	22.6 %	(0.2)	(5.4)	38 th
Ages 0-17	29.1 %	(2.3)	(6.3)	50 th
Ages 5-17 in Families	28.5 %	(3.4)	(5.0)	40 th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$574,692,060	1.4	2.7	170 th
Property Value Per Capita	\$30,937	(5.8)	1.8	241 st

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$44,792,711	(2.5)	(0.4)
Sales Tax Outlets	323	(5.0)	(2.0)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	4	10	3,093	(2.6)
Higher Education Fall 2001				

# Freestone County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	17,867	13.0	
Under age 5	995	(4.1)	5.6
Under 18	4,222	(1.5)	23.6
65 and over	2,932	(4.0)	16.4
85 and over	459	21.1	2.6
Male	9,380	23.0	52.5
Female	8,487	3.6	47.5
White	13,501	9.0	75.6
Black	3,378	12.1	18.9
Asian	48	29.7	0.3
Hispanic	1,465	136.7	8.2

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	4,940	17.7	3.4		343
Agricultural Services, Forestry, Fishing	51	(17.7)	(1.1)	1.0	17
Mining	479	16.5	3.0	9.7	13
Construction	709	348.7	32.1	14.4	30
Manufacturing	233	29.4	(0.6)	4.7	13
Transportation/Public Utilities/Communications	297	2.1	(6.7)	6.0	27
Wholesale Trade	74	17.5	17.5	1.5	11
Retail Trade	1,059	9.2	5.4	21.4	81
Services	719	3.6	1.3	14.6	88
Financial, Insurance, Real Estate	153	7.7	3.3	3.1	24
Government	1,163	(4.8)	(0.9)	23.5	41

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	3.6 %	(1.4)	(1.7)	159 th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$329,466	5.9	5.4	129 th
Average Per Capita Income	\$18,400	5.0	4.7	195 th

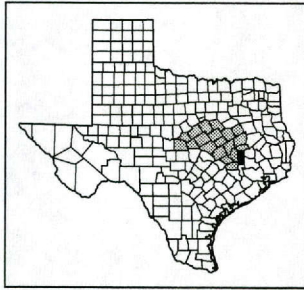
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	14.2 %	(3.2)	(4.4)	173 rd
Ages 0-17	17.3 %	(5.4)	(5.2)	186 th
Ages 5-17 in Families	17.3 %	(5.4)	(2.5)	168 th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$1,712,353,450	32.9	7.8	83 rd
Property Value Per Capita	\$95,839	31.2	7.1	45 th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$75,145,063	19.3	5.7
Sales Tax Outlets	395	(7.1)	(1.0)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	4	12	3,172	(0.4)
Higher Education Fall 2001				

# Grimes County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	23,552	25.1	
Under age 5	1,448	12.3	6.1
Under 18	5,837	18.2	24.8
65 and over	3,238	25.4	13.7
85 and over	434	58.4	1.8
Male	12,722	23.8	54.0
Female	10,830	26.7	46.0
White	16,909	31.3	71.8
Black	4,700	1.9	20.0
Asian	71	136.7	0.3
Hispanic	3,787	42.5	16.1

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	6,275	(1.6)	0.9		383
Agricultural Services, Forestry, Fishing	228	(7.3)	(0.5)	3.6	38
Mining	98	28.9	4.7	1.6	4
Construction	289	(42.3)	(3.6)	4.6	46
Manufacturing	1,800	7.1	(0.8)	28.7	20
Transportation/Public Utilities/Communications	212	2.9	3.8	3.4	24
Wholesale Trade	176	(0.6)	(3.9)	2.8	21
Retail Trade	744	(3.8)	(0.8)	11.9	75
Services	702	7.3	4.6	11.2	97
Financial, Insurance, Real Estate	185	3.9	5.3	2.9	25
Government	1,832	(2.5)	2.6	29.2	30

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	5.3 %	(0.4)	(1.0)	62 nd

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$407,394	6.8	6.0	119 th
Average Per Capita Income	\$17,233	5.5	3.7	211 th

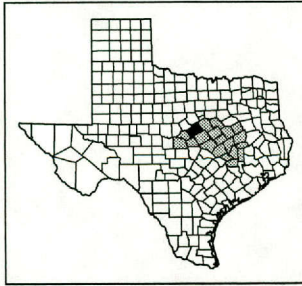
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	16.6 %	(1.2)	(6.4)	124 th
Ages 0-17	20.8 %	0.1	(6.8)	149 th
Ages 5-17 in Families	19.8 %	(3.1)	(5.4)	135 th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$1,472,400,915	16.1	7.4	91 st
Property Value Per Capita	\$62,517	18.4	5.5	100 th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$102,305,890	6.2	3.8
Sales Tax Outlets	524	(4.9)	(0.1)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	4	12	4,237	(1.4)
Higher Education Fall 2001				

# Hamilton County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	8,229	6.4	
Under age 5	463	1.3	5.6
Under 18	1,959	13.5	23.8
65 and over	1,940	(7.8)	23.6
85 and over	374	24.7	4.5
Male	3,977	8.1	48.3
Female	4,252	4.9	51.7
White	7,720	4.5	93.8
Black	12	500.0	0.1
Asian	12	(50.0)	0.1
Hispanic	610	51.4	7.4

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	2,581	3.9	2.8		249
Agricultural Services, Forestry, Fishing	162	3.8	(0.4)	6.3	25
Mining	2	100.0	0.0	0.1	1
Construction	223	9.3	8.3	8.6	27
Manufacturing	226	8.7	(3.1)	8.8	17
Transportation/Public Utilities/Communications	86	(2.3)	(0.9)	3.3	7
Wholesale Trade	140	(2.8)	1.8	5.4	14
Retail Trade	560	(3.8)	5.5	21.7	56
Services	494	8.6	(0.1)	19.1	57
Financial, Insurance, Real Estate	67	4.7	0.0	2.6	12
Government	619	6.5	6.3	24.0	32

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	2.4 %	0.0	(1.0)	219th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$185,357	3.9	5.2	177th
Average Per Capita Income	\$22,533	2.6	4.1	88th

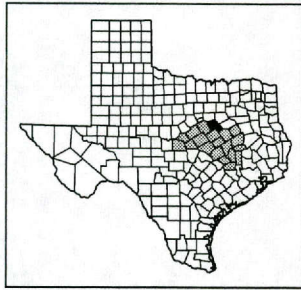
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	14.2 %	(4.3)	(4.2)	174th
Ages 0-17	21.6 %	(2.7)	(1.7)	136th
Ages 5-17 in Families	22.0 %	(5.6)	0.8	103rd

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$553,070,149	2.5	5.1	175th
Property Value Per Capita	\$67,210	(5.2)	3.1	92nd

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$33,835,735	0.5	3.5
Sales Tax Outlets	259	(6.8)	(1.8)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	2	6	1,577	(0.3)
Higher Education Fall 2001				

# Hill County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	32,321	19.1	
Under age 5	2,221	23.8	6.9
Under 18	8,360	22.0	25.9
65 and over	5,584	(1.8)	17.3
85 and over	781	21.3	2.4
Male	15,887	22.2	49.2
Female	16,434	16.2	50.8
White	27,200	14.9	84.2
Black	2,391	(5.1)	7.4
Asian	82	115.8	0.3
Hispanic	4,360	95.5	13.5

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	8,925	(3.1)	2.7		673
Agricultural Services, Forestry, Fishing	148	(46.6)	(10.7)	1.7	38
Mining	11	0.0	(3.3)	0.1	3
Construction	492	(3.3)	10.1	5.5	41
Manufacturing	1,297	(7.4)	0.7	14.5	36
Transportation/Public Utilities/Communications	201	(1.0)	0.7	2.3	32
Wholesale Trade	306	3.4	3.4	3.4	46
Retail Trade	2,513	(3.1)	3.6	28.2	205
Services	1,399	(0.9)	2.9	15.7	142
Financial, Insurance, Real Estate	414	(1.4)	2.0	4.6	59
Government	2,138	2.7	2.9	24.0	62

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	5.1 %	1.3	0.9	66th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$641,495	4.5	6.5	88th
Average Per Capita Income	\$19,686	1.2	4.3	167th

Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	15.7 %	(1.6)	(6.2)	150th
Ages 0-17	20.2 %	(5.1)	(9.8)	159th
Ages 5-17 in Families	18.3 %	(6.8)	(9.6)	154th

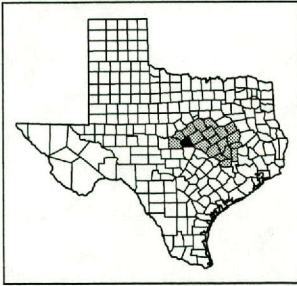
Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$1,296,677,552	5.1	4.4	109th
Property Value Per Capita	\$40,119	1.0	2.1	203rd

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$208,678,087	(3.1)	2.8
Sales Tax Outlets	842	(7.9)	(2.0)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	12	24	6,109	0.6
Higher Education Fall 2001		1	2,694	7.5



# Lampasas County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	17,762	31.4	
Under age 5	1,204	14.4	6.8
Under 18	4,898	30.7	27.6
65 and over	2,579	21.4	14.5
85 and over	395	59.9	2.2
Male	8,714	32.9	49.1
Female	9,048	30.0	50.9
White	15,409	26.7	86.8
Black	550	105.2	3.1
Asian	134	(1.5)	0.8
Hispanic	2,677	52.7	15.1

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	4,628	6.9	5.9		396
Agricultural Services, Forestry, Fishing	72	26.3	7.1	1.6	25
Mining	0			0.0	0
Construction	582	2.6	7.6	12.6	76
Manufacturing	571	20.2	3.7	12.3	19
Transportation/Public Utilities/Communications	93	3.3	5.0	2.0	20
Wholesale Trade	168	3.1	1.2	3.6	23
Retail Trade	959	1.7	5.7	20.7	76
Services	1,098	13.0	10.4	23.7	94
Financial, Insurance, Real Estate	105	(3.7)	1.8	2.3	25
Government	974	2.7	3.5	21.0	43

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	3.1 %	0.2	(1.9)	185th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$330,603	5.8	7.2	128th
Average Per Capita Income	\$18,446	2.3	5.2	194th

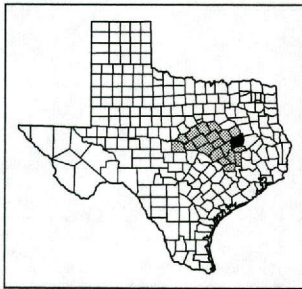
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	14.1 %	(1.7)	(3.6)	178th
Ages 0-17	20.1 %	(1.0)	(4.4)	162nd
Ages 5-17 in Families	17.9 %	(5.8)	(4.3)	163rd

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$831,294,199	13.8	8.3	139th
Property Value Per Capita	\$46,802	13.4	6.6	160th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$63,144,046	4.3	6.2
Sales Tax Outlets	405	(5.2)	(2.9)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	2	5	3,478	(0.8)
Higher Education Fall 2001				

# Leon County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	15,335	21.1	
Under age 5	863	(0.9)	5.6
Under 18	3,725	13.7	24.3
65 and over	3,070	22.4	20.0
85 and over	330	42.9	2.2
Male	7,525	22.5	49.1
Female	7,810	19.7	50.9
White	12,809	19.4	83.5
Black	1,593	(1.4)	10.4
Asian	27	237.5	0.2
Hispanic	1,213	138.3	7.9

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	4,802	1.9	6.1		324
Agricultural Services, Forestry, Fishing	100	9.9	(4.2)	2.1	23
Mining	634	20.5	4.4	13.2	13
Construction	1,012	(7.7)	23.8	21.1	38
Manufacturing	497	(22.2)	(1.4)	10.3	19
Transportation/Public Utilities/Communications	279	46.1	51.5	5.8	14
Wholesale Trade	185	9.5	(2.1)	3.9	30
Retail Trade	823	8.1	3.8	17.1	73
Services	374	3.9	2.9	7.8	59
Financial, Insurance, Real Estate	108	(0.9)	(2.2)	2.2	18
Government	789	3.0	2.8	16.4	37

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	4.7 %	(0.5)	(2.1)	90th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$320,226	7.5	7.1	134th
Average Per Capita Income	\$20,729	4.6	4.9	134th

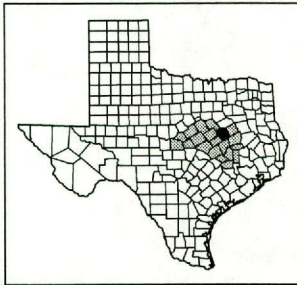
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	15.6 %	(0.7)	(3.0)	153rd
Ages 0-17	21.6 %	(0.9)	(2.5)	135th
Ages 5-17 in Families	21.3 %	(1.7)	(0.6)	116th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$1,314,251,720	9.0	1.4	105th
Property Value Per Capita	\$85,703	5.7	(0.6)	57th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$94,913,325	16.4	9.6
Sales Tax Outlets	426	(2.3)	0.4

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	5	12	2,971	(0.3)
Higher Education Fall 2001				

# Limestone County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	22,051	5.3	
Under age 5	1,422	(5.1)	6.4
Under 18	5,600	1.7	25.4
65 and over	3,614	(9.2)	16.4
85 and over	521	9.7	2.4
Male	11,198	13.3	50.8
Female	10,853	(1.9)	49.2
White	15,602	(0.6)	70.8
Black	4,205	1.2	19.1
Asian	26	(48.0)	0.1
Hispanic	2,859	96.0	13.0

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	7,633	2.5	0.9		368
Agricultural Services, Forestry, Fishing	74	13.8	0.5	1.0	15
Mining	201	16.9	5.3	2.6	12
Construction	115	(5.0)	3.7	1.5	23
Manufacturing	728	(0.8)	3.2	9.5	14
Transportation/Public Utilities/Communications	472	4.7	(2.5)	6.2	32
Wholesale Trade	242	8.0	1.8	3.2	23
Retail Trade	1,257	12.2	2.2	16.5	85
Services	1,507	(0.9)	3.6	19.7	99
Financial, Insurance, Real Estate	183	5.2	3.6	2.4	25
Government	2,847	(0.5)	(1.4)	37.3	40

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	3.5 %	(0.6)	(2.0)	161 st

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$442,455	5.0	4.5	113 th
Average Per Capita Income	\$20,051	4.1	3.9	159 th

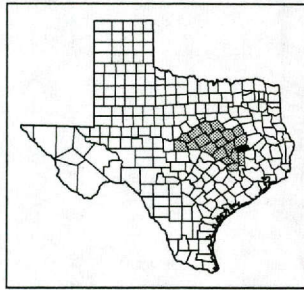
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	17.8 %	(2.7)	(4.5)	100 th
Ages 0-17	23.5 %	(5.3)	(5.8)	108 th
Ages 5-17 in Families	22.3 %	(6.6)	(4.5)	97 th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$1,332,212,365	(13.6)	(3.4)	103 rd
Property Value Per Capita	\$60,415	(19.2)	(4.6)	109 th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$116,435,057	16.2	8.2
Sales Tax Outlets	517	(4.1)	(1.3)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	3	10	4,167	0.1
Higher Education Fall 2001				

# Madison County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	12,940	18.4	
Under age 5	699	12.0	5.4
Under 18	2,733	16.2	21.1
65 and over	1,806	3.5	14.0
85 and over	301	27.5	2.3
Male	7,606	19.5	58.8
Female	5,334	16.9	41.2
White	8,642	8.2	66.8
Black	2,959	14.9	22.9
Asian	50	284.6	0.4
Hispanic	2,042	73.3	15.8

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	3,878	2.6	2.3		240
Agricultural Services, Forestry, Fishing	717	10.0	6.4	18.5	18
Mining	34	36.0	1.2	0.9	7
Construction	43	10.3	(0.5)	1.1	15
Manufacturing	46	31.4	2.8	1.2	9
Transportation/Public Utilities/Communications	142	(6.0)	(4.3)	3.7	16
Wholesale Trade	100	(20.6)	(5.7)	2.6	13
Retail Trade	776	3.3	3.9	20.0	50
Services	733	2.1	1.8	18.9	68
Financial, Insurance, Real Estate	94	9.3	4.6	2.4	19
Government	1,191	(0.3)	1.2	30.7	25

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	2.7 %	(0.1)	(1.1)	208 th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$249,818	6.1	7.1	150 th
Average Per Capita Income	\$19,242	4.2	5.5	177 th

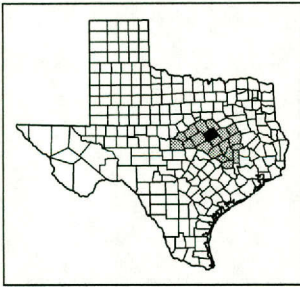
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	15.8 %	(7.6)	(12.3)	147 th
Ages 0-17	20.3 %	(10.5)	(12.6)	157 th
Ages 5-17 in Families	18.5 %	(12.3)	(13.0)	151 st

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$539,867,544	1.9	1.9	178 th
Property Value Per Capita	\$41,721	(6.4)	(0.1)	191 st

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$40,224,920	4.5	4.0
Sales Tax Outlets	221	(8.7)	(3.0)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	2	6	2,376	1.0
Higher Education Fall 2001				

# McLennan County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	213,517	12.9	
Under age 5	15,231	7.2	7.1
Under 18	56,830	15.4	26.6
65 and over	27,449	7.1	12.9
85 and over	3,733	34.0	1.7
Male	103,526	12.8	48.5
Female	109,991	13.0	51.5
White	154,087	5.5	72.2
Black	32,428	9.9	15.2
Asian	2,284	65.0	1.1
Hispanic	38,233	61.7	17.9

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	97,660	(0.3)	1.8		4,242
Agricultural Services, Forestry, Fishing	846	0.0	(1.2)	0.9	113
Mining	88	4.8	8.0	0.1	7
Construction	5,626	5.9	6.9	5.8	447
Manufacturing	14,596	(8.7)	(2.8)	14.9	271
Transportation/Public Utilities/Communications	4,429	1.4	3.2	4.5	184
Wholesale Trade	4,528	(2.9)	(1.1)	4.6	334
Retail Trade	18,046	1.3	1.9	18.5	840
Services	26,549	4.1	3.6	27.2	1,507
Financial, Insurance, Real Estate	5,154	(17.5)	(1.3)	5.3	393
Government	17,758	3.9	3.8	18.2	132

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	3.9 %	0.7	(0.6)	136 th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$4,896,872	4.1	5.1	20 th
Average Per Capita Income	\$22,878	2.9	4.0	80 th

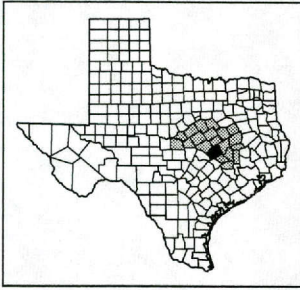
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	17.6 %	0.6	(3.7)	105 th
Ages 0-17	21.1 %	(3.9)	(8.7)	144 th
Ages 5-17 in Families	18.9 %	(3.8)	(8.2)	148 th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$6,889,188,625	6.8	5.0	21 st
Property Value Per Capita	\$32,265	2.1	3.5	238 th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$1,781,216,543	2.8	4.8
Sales Tax Outlets	5,339	(4.4)	(1.6)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	18	95	39,054	0.6
Higher Education Fall 2001		3	24,399	4.4

# Milam County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	24,238	5.6	
Under age 5	1,654	1.3	6.8
Under 18	6,656	2.8	27.5
65 and over	4,173	(2.9)	17.2
85 and over	611	13.8	2.5
Male	11,881	6.8	49.0
Female	12,357	4.5	51.0
White	19,121	2.8	78.9
Black	2,678	(8.9)	11.0
Asian	53	43.2	0.2
Hispanic	4,516	30.7	18.6

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	6,817	0.0	1.8		443
Agricultural Services, Forestry, Fishing	204	17.2	5.4	3.0	37
Mining	67	31.4	1.6	1.0	8
Construction	639	5.3	7.6	9.4	48
Manufacturing	1,819	(1.6)	0.6	26.7	18
Transportation/Public Utilities/Communications	184	(2.1)	(2.7)	2.7	22
Wholesale Trade	199	(13.9)	3.7	2.9	24
Retail Trade	1,098	(3.9)	0.3	16.1	93
Services	1,036	4.8	3.6	15.2	118
Financial, Insurance, Real Estate	256	0.4	(0.5)	3.8	30
Government	1,308	(1.4)	1.5	19.2	43

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	4.4 %	1.0	(1.0)	106 th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$523,046	6.3	7.0	102 nd
Average Per Capita Income	\$21,536	5.6	6.2	113 th

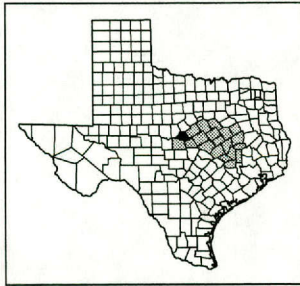
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	15.9 %	(2.5)	(5.8)	142 nd
Ages 0-17	22.0 %	(2.7)	(7.4)	130 th
Ages 5-17 in Families	22.3 %	(3.3)	(4.3)	98 th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$1,352,923,952	6.5	2.6	99 th
Property Value Per Capita	\$55,818	6.7	2.0	120 th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$76,007,408	0.2	3.5
Sales Tax Outlets	523	(4.2)	(3.8)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	6	14	4,750	(2.0)
Higher Education Fall 2001				

# Mills County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	5,151	13.7	
Under age 5	277	7.8	5.4
Under 18	1,316	21.5	25.5
65 and over	1,190	(1.6)	23.1
85 and over	223	53.8	4.3
Male	2,606	18.3	50.6
Female	2,545	9.3	49.4
White	4,597	8.5	89.2
Black	65	550.0	1.3
Asian	4	300.0	0.1
Hispanic	671	38.6	13.0

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	1,513	0.4	1.8		166
Agricultural Services, Forestry, Fishing	188	8.0	1.2	12.4	19
Mining	0			0.0	0
Construction	16	(11.1)	(7.8)	1.1	7
Manufacturing	83	(15.3)	(7.6)	5.5	9
Transportation/Public Utilities/Communications	95	3.3	5.4	6.3	8
Wholesale Trade	61	(20.8)	(3.3)	4.0	10
Retail Trade	230	(2.1)	4.1	15.2	34
Services	351	7.0	3.0	23.2	45
Financial, Insurance, Real Estate	89	4.7	0.0	5.9	10
Government	399	0.8	4.2	26.4	23

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	1.4 %	(0.5)	(2.3)	248 th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$105,558	2.9	4.9	202 nd
Average Per Capita Income	\$20,509	2.3	3.9	143 rd

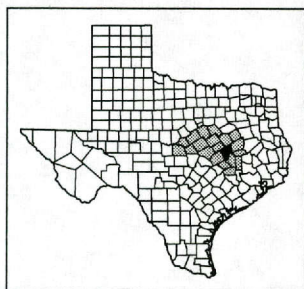
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	18.4 %	0.7	(1.2)	86 th
Ages 0-17	25.3 %	0.6	(0.8)	80 th
Ages 5-17 in Families	21.9 %	(5.7)	(3.1)	108 th

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$409,739,252	(1.3)	6.8	207 th
Property Value Per Capita	\$79,546	(9.5)	4.9	67 th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$18,199,343	17.9	4.6
Sales Tax Outlets	142	(7.2)	(1.6)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	4	6	978	(4.6)
Higher Education Fall 2001				

## Robertson County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	16,000	3.2	
Under age 5	1,150	(8.7)	7.2
Under 18	4,515	1.8	28.2
65 and over	2,715	(4.8)	17.0
85 and over	406	19.1	2.5
Male	7,624	2.8	47.7
Female	8,376	3.5	52.4
White	10,592	5.4	66.2
Black	3,871	(9.1)	24.2
Asian	26	73.3	0.2
Hispanic	2,359	23.9	14.7

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	3,608	2.0	0.8		289
Agricultural Services, Forestry, Fishing	210	(9.9)	(5.7)	5.8	45
Mining	161	59.4	9.8	4.5	6
Construction	229	(4.2)	5.8	6.3	21
Manufacturing	470	(11.8)	(5.1)	13.0	13
Transportation/Public Utilities/Communications	182	6.4	(2.3)	5.0	14
Wholesale Trade	87	8.8	2.7	2.4	14
Retail Trade	587	2.8	1.8	16.3	62
Services	523	6.3	4.0	14.5	53
Financial, Insurance, Real Estate	109	(2.7)	(0.9)	3.0	20
Government	1,048	4.4	2.3	29.0	41

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	5.0 %	0.4	(0.9)	75 th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$280,539	4.0	4.4	141 st
Average Per Capita Income	\$17,525	3.7	4.1	203 rd

Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	20.6 %	(2.1)	(5.3)	54 th
Ages 0-17	28.6 %	(3.2)	(5.6)	55 th
Ages 5-17 in Families	27.0 %	(5.5)	(6.2)	49 th

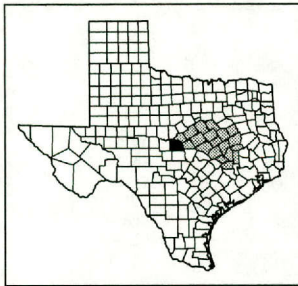
Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$1,246,533,990	3.7	(2.1)	113 th
Property Value Per Capita	\$77,908	2.2	(2.7)	69 th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$36,573,001	(10.6)	3.7
Sales Tax Outlets	325	(4.4)	(1.6)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	5	14	3,325	1.1
Higher Education Fall 2001				



# San Saba County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	6,186	14.5	
Under age 5	330	(7.8)	5.3
Under 18	1,726	23.3	27.9
65 and over	1,256	0.5	20.3
85 and over	217	32.3	3.5
Male	3,204	21.5	51.8
Female	2,982	7.9	48.2
White	5,227	5.7	84.5
Black	169	1,107.1	2.7
Asian	7	600.0	0.1
Hispanic	1,333	33.6	21.6

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	2,011	0.6	3.4		207
Agricultural Services, Forestry, Fishing	91	11.0	1.4	4.5	28
Mining	30	(23.1)	(6.5)	1.5	2
Construction	59	1.7	3.0	2.9	15
Manufacturing	47	(2.1)	(23.1)	2.3	7
Transportation/Public Utilities/Communications	22	15.8	11.1	1.1	6
Wholesale Trade	170	2.4	0.4	8.5	12
Retail Trade	450	0.9	12.6	22.4	47
Services	330	(1.2)	(0.1)	16.4	45
Financial, Insurance, Real Estate	42	7.7	1.5	2.1	9
Government	767	(0.1)	6.9	38.1	37

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	2.9 %	(0.1)	(2.9)	194th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$118,127	9.6	5.4	199th
Average Per Capita Income	\$19,062	8.8	5.7	181st

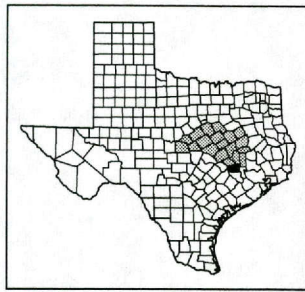
Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	16.6 %	(6.2)	(9.6)	125th
Ages 0-17	26.4 %	(6.6)	(8.9)	67th
Ages 5-17 in Families	22.5 %	(16.9)	(11.5)	93rd

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$694,112,360	28.1	7.0	151st
Property Value Per Capita	\$112,207	20.3	6.5	35th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$14,869,181	(1.7)	1.7
Sales Tax Outlets	151	(10.7)	(2.6)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	3	7	1,115	(2.4)
Higher Education Fall 2001				

# Washington County



Population	Census 2000	Percent Change 1990-2000	Percent of County Population
Total	30,373	16.1	
Under age 5	1,826	0.8	6.0
Under 18	7,505	12.8	24.7
65 and over	5,121	13.1	16.9
85 and over	826	34.1	2.7
Male	14,776	16.6	48.6
Female	15,597	15.7	51.4
White	22,682	14.7	74.7
Black	5,669	3.8	18.7
Asian	367	97.3	1.2
Hispanic	2,647	128.6	8.7

Employment	2001	Percent Change 2000-2001	Average Annual Growth 1996-2001	Percent of County Employment	Firms in 2001
Total	13,429	(0.1)	1.6		819
Agricultural Services, Forestry, Fishing	258	11.2	1.5	1.9	43
Mining	135	32.4	0.5	1.0	15
Construction	582	1.9	5.0	4.3	93
Manufacturing	3,017	5.1	1.2	22.5	55
Transportation/Public Utilities/Communications	320	(2.1)	5.2	2.4	33
Wholesale Trade	984	(12.1)	1.2	7.3	54
Retail Trade	2,397	(4.8)	0.4	17.8	172
Services	2,177	1.2	3.3	16.2	225
Financial, Insurance, Real Estate	667	(3.6)	1.2	5.0	73
Government	2,889	1.4	1.0	21.5	55

Unemployment	2001	Change 2000-2001	Change 1996-2001	2001 State Ranking
Unemployment Rate	2.0 %	(0.3)	(0.7)	234 th

Income	2000	Percent Change 2000-2001	Avg. Annual Percent Change 1995-2000	2000 State Ranking
Personal Income (Thousands)	\$832,200	4.9	6.5	67 th
Average Per Capita Income	\$27,330	3.8	5.2	28 th

Poverty	1999	Change 1998-1999	Change 1993-1999	1999 State Ranking
Poverty Rate	12.9 %	(1.5)	(3.3)	202 nd
Ages 0-17	15.1 %	(6.1)	(5.6)	207 th
Ages 5-17 in Families	14.7 %	(6.0)	(4.4)	203 rd

Property Values	2000	Percent Change 1999-2000	Avg. Annual Percent Change 1995-2000	2000 State Ranking
January 1st Total Property Value	\$2,108,951,147	10.9	7.0	64 th
Property Value Per Capita	\$69,435	6.3	5.3	87 th

Sales Activity	2001	Percent Change 2000-2001	Avg. Annual Percent Change 1996-2001
Taxable Sales	\$234,915,452	4.1	5.1
Sales Tax Outlets	988	(2.4)	(1.3)

Education	Number of Districts	Number of Schools	Enrollment	Percent Enrollment Growth from Prior Year
Public Education 2001-02	2	9	5,163	(0.0)
Higher Education Fall 2001		1	12,686	5.5



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