Texas Borderlands 2009

The Border Workforce - Issues, Challenges, and Opportunities

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CHAPTER 2: The Border Workforce - Issues, Challenges, and Opportunities

Introduction

The 43 counties in the Texas Border Region have a lower average per capita income than anywhere else in the state. The Border's fast growing labor force, coupled with limited job opportunities, creates high unemployment and lower wages.

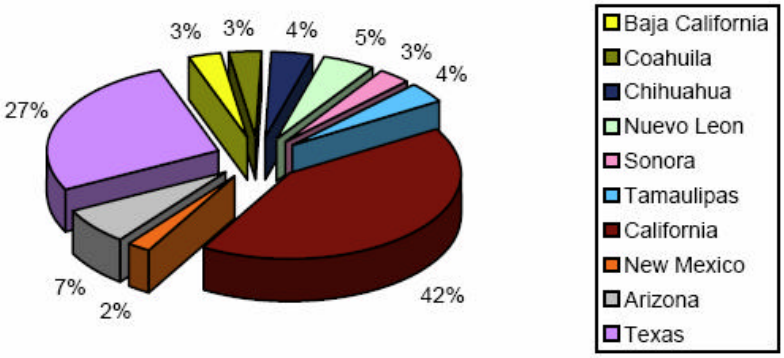
Workers living in the Border Region face great challenges in finding and retaining stable employment. Without the opportunity to develop skills through training, many Border Texans enter the workforce at a disadvantage. In today's knowledge-based economy, not having access to technology training is a major barrier. Additionally, with a large number of Border Texans speaking Spanish as their primary language, there is a great need for bilingual skills development curriculum and training.

Unfortunately, workforce training along the Border has not been funded at a level that allows such programs to be developed and maintained. In addition to this barrier, limited access to child care and transportation poses another impediment to the achievement of a thriving workforce. This chapter highlights the current issues in the Border's workforce and discusses some of the most immediate challenges and opportunities in moving human capital and families to prosperity.

Population, GDP, and Per Capita income of the "Border Region"

The Science and Technology Committee of the Border Governors Conference defines the Border Region to include California, New Mexico, Arizona, and Texas and the Mexican states of Baja California, Coahuila, Chihuahua, Nuevo Leon, Sonora, and Tamaulipas. Population is an important component in measuring an area's potential economic growth. The population of the Border Region is estimated 86 million people. The distribution of the general population is shown below:[1]

Figure 1 – Distribution of the Border Region Population



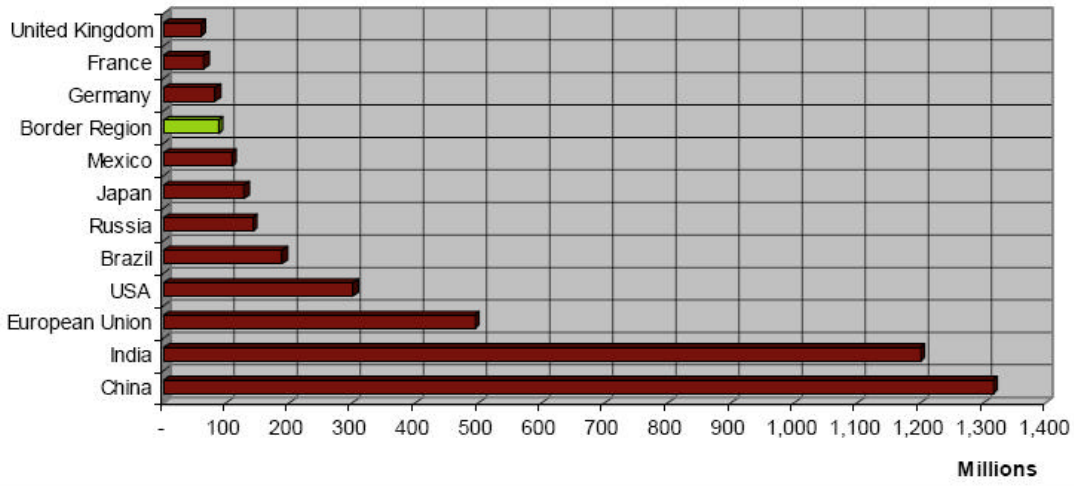
A significant share of the population of the Border Region is in the workforce, meaning that they are employed or are actively seeking work. The distribution of this workforce among the 10 states is shown below:

Table 1 – Distribution of Total Workforce in the Border Region

State	Workforce	%
California	17,000,000	42.4%
Texas	11,900,000	29.7%
Arizona	2,953,249	7.4%
Nuevo Leon	1,800,000	4.5%
Tamaulipas	1,481,000	3.7%
Baja California	1,235,598	3.1%
New Mexico	1,034,000	2.6%
Sonora	990,000	2.5%
Coahuila	958,000	2.4%
Chihuahua	707,000	1.8%
Total	40,058,847	100%

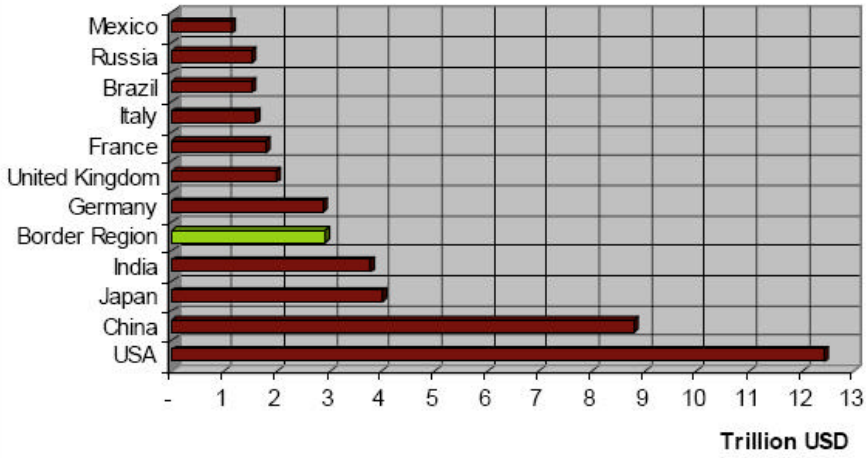
The Border Region's population is almost as large at the population of Mexico and comparable in size to that of a Western European nation, as is shown in the graph below:

Figure 2 – Population in Some Countries and in the Border Region



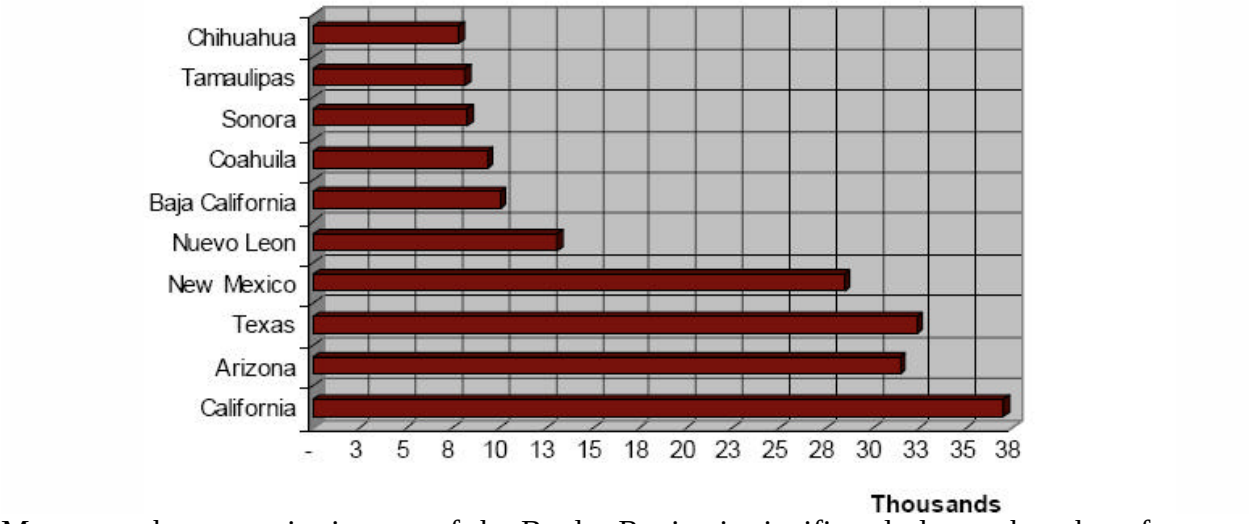
If the Border Region were its own country, its Gross Domestic Product (GDP) would be greater than many of the top industrialized nations of the world:

Figure 3 – GDP in the World



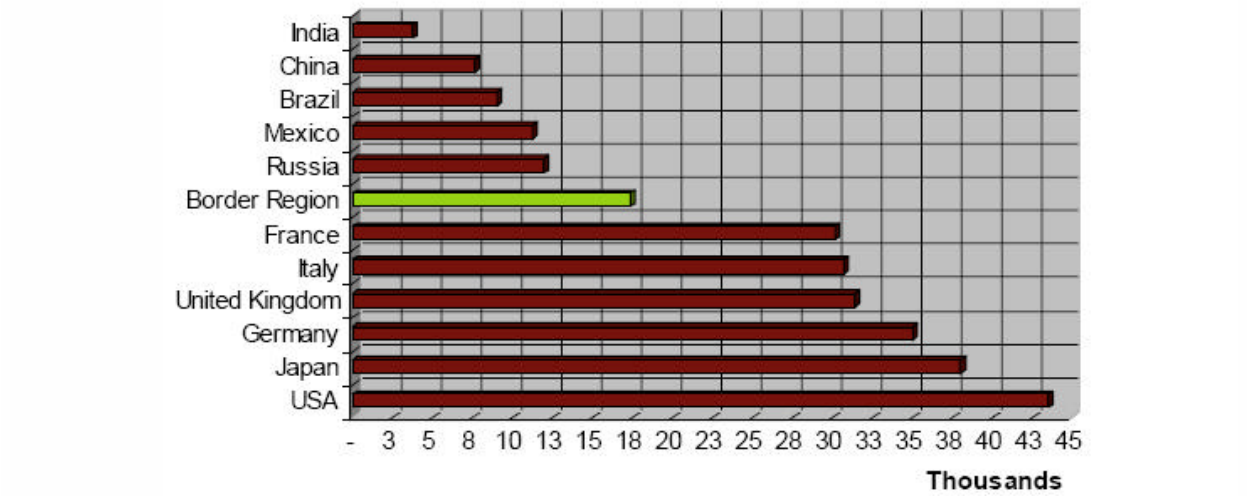
However, the GDP of the Border Region does not reflect the great disparities of wealth that exists in the region. Below is a breakdown of per capita income within the Border Region:

Figure 4 – Income Per Capita in Each State of the Border Region



Moreover, the per capita income of the Border Region is significantly lower than that of the United States and other industrialized nations:

Figure 5 – Income Per Capita



SOURCE: All of the figures in this session are from the *Border Region's Growing Role in Global Economy*, Border Governors Conference of 2007, Science and Technology Committee presentation, slides 38-43.

Wages in the Border Region

In addressing the workforce and poverty crisis, communities in the Texas-Mexico Border Region face unique and complex challenges. First, workers along the Border experience a great wage disparity. The Border has lower average wages than the rest of the state. A comparison of the per capita income between Border and Non-Border counties are listed in the table below:

Border Region	2005 Per Capita Personal Income	2006 Per Capita Personal Income
Actual Border	$19,585	$20,376
Border	$24,859	$26,125
Non-Border	$35,297	$37,357
Sub-border	$19,586	$20,434
Texas	$33,253	$35,166

Source: Bureau of Economic Analysis, compiled by Comptroller of Public Accounts

Moreover, the Border does not fare well when compared with wages around the country. According to the Texas Health and Human Services Commission, the average salary for workers in El Paso in 2002 was $ 26,812. The national average for the same time period was $36,167, a difference of $9,355 a year.[2] As the chart below shows, salaries for employees in Border counties are not only less than the statewide average, but far less than the salaries of workers in other parts of the State.

Comparison of Average Salaries

2002 Texas statewide average salary: $35,658
2002 U.S. average salary: $36,167

Border County	**Average Salary 2002**	***LESS* Than Average State Salary by:**
Hudspeth	$ 24,781	$ 10,877
El Paso	$ 26,812	$ 8,846
Webb	$ 24,469	$ 10,189
Starr	$ 18,012	$ 17,646
Hidalgo	$ 22,911	$ 12,747
Cameron	$ 22,565	$ 13,093
Non-Border County		***MORE* Than Average State Salary by:**
Tarrant	$ 37,844	$ 2,186
Travis	$ 40,734	$ 5,076
Harris	$ 43,222	$ 7,564
Dallas	$ 45,031	$ 9,373
Williamson	$ 37,519	$ 1,861

(source: http://www.hhsc.state.tx.us/research/dssi/ESI/Avgwage.html. Accessed May 16, 2008)

Low wages translate into low per capita incomes for Border Texans, which results in poor communities. In the Texas Border Region, per capita income is among the lowest in the nation, ranging from 38 percent of the U.S. per capita income in Eagle Pass to 60 percent in El Paso, compared with a state average of 94 percent.[3] Income along the Border hovers below or near poverty. Just four years ago, the state per capita income average was $19,617; however, only three of the 43 Border counties had higher averages.[4] In fact, seven Border counties had an average per capita income that was less than 50 percent of the state average.[5]

Equalizing wage differences is more complex than just equalizing wages, as the cost of living differs across communities. However, as the chart *Relative Price Levels Compared to National Average* indicates, the average costs of living do not differ enough to justify the great wage disparities found in the Border Region. Specifically, the chart outlines the cost of living by comparing how much different expenditures cost in different cities. The composite index includes the costs for groceries, housing, utilities, transportation, health care, and miscellaneous goods and services, which includes everything from toothpaste to a night of bowling. Combined, the categories produce a composite index that can be used to measure the overall relative cost of living in a given city. A given city's index, for example, is listed as a percentage of the composite average for all participating cities. In the chart, 100 percent is the average composite index for the nation and each city's index indicates the relative price level for consumers in that community.

The difference in cost of living index points between El Paso and Dallas is only 3.7, yet the wage difference is significantly larger, suggesting that El Pasoans must sacrifice a greater proportion of their income for a given amount of goods compared to those living in Dallas who purchase the same goods. Similarly, the cost of living in San Antonio is lower than that of El Paso, yet the average wages in San Antonio are higher than those in El Paso.

Cost of Living in Selected Cities Compared to National Average

	Composite Index	Grocery	Housing	Utilities	Transportation	Health Care	Misc. Goods and Services
Dallas, Tex.	95.2	93.6	84.4	97.1	102.5	102.3	101.5
El Paso, Tex.	91.5	105.6	80.3	98.7	95.0	100.0	91.7
San Antonio, Tex.	94.2	83.5	97.2	80.4	89.1	97.3	100.5

Source: "Cost of Living Index for Selected US Cities." www.infoplease.com. Accessed: February 4, 2008.

Though the cost-of-living in El Paso is lower than in cities like Dallas or Austin, many families in El Paso still have difficultly getting by without public assistance. The Center for Public Policy Priorities conducted a comparative study of the cost-of-living for different family types in the 25 metropolitan statistical areas (MSAs) of the state. The study found that families in the El Paso MSA must earn over twice the federal poverty level in order to meet their basic needs. The table below shows the cost-of-living in the El Paso MSA for families who have *no* employer-sponsored health coverage.

	One Adult No Children	Two Adults No Children	Single Parent, One Child	Single Parent, Two Children	Single Parent, Three Children	Two Parents, One Child	Two Parents, Two Children	Two Parents, Three Children
Expenses[1]								
Housing[2]	$492.00	$492.00	$587.00	$587.00	$842.00	$587.00	$587.00	$842.00
Food[3]	$173.69	$318.43	$248.92	$355.70	$418.97	$397.38	$490.93	$542.58
Child Care[4]	$0.00	$0.00	$402.55	$713.38	$1,141.39	$402.55	$713.38	$1,141.39
Medical Insurance[5]	$360.54	$772.60	$636.44	$636.44	$636.44	$1,048.50	$1,048.50	$1,048.50
Medical out-of-pocket[6]	$44.37	$88.75	$55.30	$73.57	$87.58	$99.67	$117.94	$131.95
Transportation[7]	$285.00	$396.00	$285.00	$285.00	$285.00	$396.00	$396.00	$396.00
Other Necessities[8]	$166.05	$230.50	$230.50	$356.29	$359.04	$356.29	$359.04	$383.78
Total Monthly Expenses	$1,521.65	$2,298.28	$2,445.71	$3,007.38	$3,770.42	$3,287.39	$3,712.79	$4,486.20
Federal Taxes								
Payroll Tax	$136.94	$200.44	$205.26	$243.59	$308.19	$280.26	$353.48	$369.71
Income Tax	$131.33	$121.50	$180.50	$214.92	$299.92	$234.25	$336.43	$327.01
Earned Income Tax Credit	($0.00)	($0.00)	($0.00)	($0.00)	($0.00)	($0.00)	($0.00)	($0.00)
Child Tax Credit	($0.00)	($0.00)	($83.33)	($166.67)	($250.00)	($83.33)	($166.67)	($250.00)
Child and Dependent Care Credit	($0.00)	($0.00)	($65.00)	($115.00)	($100.00)	($55.00)	($100.00)	($100.00)
Monthly Tax Payments and Credits	$268.27	$321.94	$237.43	$176.84	$258.11	$376.18	$423.24	$346.72
Necessary Monthly Income	$1,790	$2,620	$2,683	$3,184	$4,029	$3,664	$4,136	$4,833
Household Hourly Wage[11]	$11	$16	$16	$19	$24	$22	$25	$29
Necessary Annual Income	**$21,479**	**$31,443**	**$32,198**	**$38,211**	**$48,342**	**$43,963**	**$49,632**	**$57,995**
Poverty Guidelines[12]	$10,210	$13,690	$13,690	$17,170	$20,650	$17,170	$20,650	$24,130
Income as percent of Poverty Guidelines	210%	230%	235%	223%	234%	256%	240%	240%

1. Where appropriate, monthly expenses were adjusted to 2007 dollars.
2. Source: 2007 Fair Market Rents, U.S. Department of Housing and Urban Development
3. Source: June 2006 Thrifty Food Plan, U.S. Department of Agriculture
4. Source: 2005 Texas Child Care Market Rate Survey, Texas Workforce Commission
5. Source: 2007 Full-time Employees Premium Rates, Texas Employees Retirement System
6. Source: 2004 Medical Expenditure Survey, Agency for Healthcare Research and Quality, U.S. Department of Health and Human Services

7. Source: 2001-2002 National Household Travel Survey, U.S. Bureau of Transportation Statistics; 2007 Internal Revenue Service Mileage Reimbursement
8. Source: 2004-2005 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics
9. Credits are represented in parentheses.
10. When eligible, tax credits are only received on an annual basis when filing a federal tax return. For illustrative purposes, we calculated tax credits as part of the monthly expenses.
11. Represents the necessary combined hourly wages of all workers in household
12. 2007 Poverty Guidelines, U.S. Department of Health and Human Services

(The Family Budget Estimator can be found at: http://www.cppp.org/fbe/insurance.php?ss=2)

Additionally, there has been some evidence of the State itself participating in a low-wage cycle. Just a few years ago, employees hired by state government contractors could earn different amounts of money for identical services depending on the region where the work was performed. For instance, a construction worker in a Strategic Investment Area earned less money than he would for the same work performed in a more affluent area. Before the 2001 passage of S.B. 464, by Senator Shapleigh, to determine the prevailing per diem wage rate to be paid for the construction of a public work, the State either conducted a survey of the wages received by workers employed on similar projects in the same political subdivision of the State, or used the prevailing wage rate as determined by the United States Department of Labor in accordance with the Davis-Beacon Act. The State could apply either of these two wage rates in deciding what to pay contract workers.

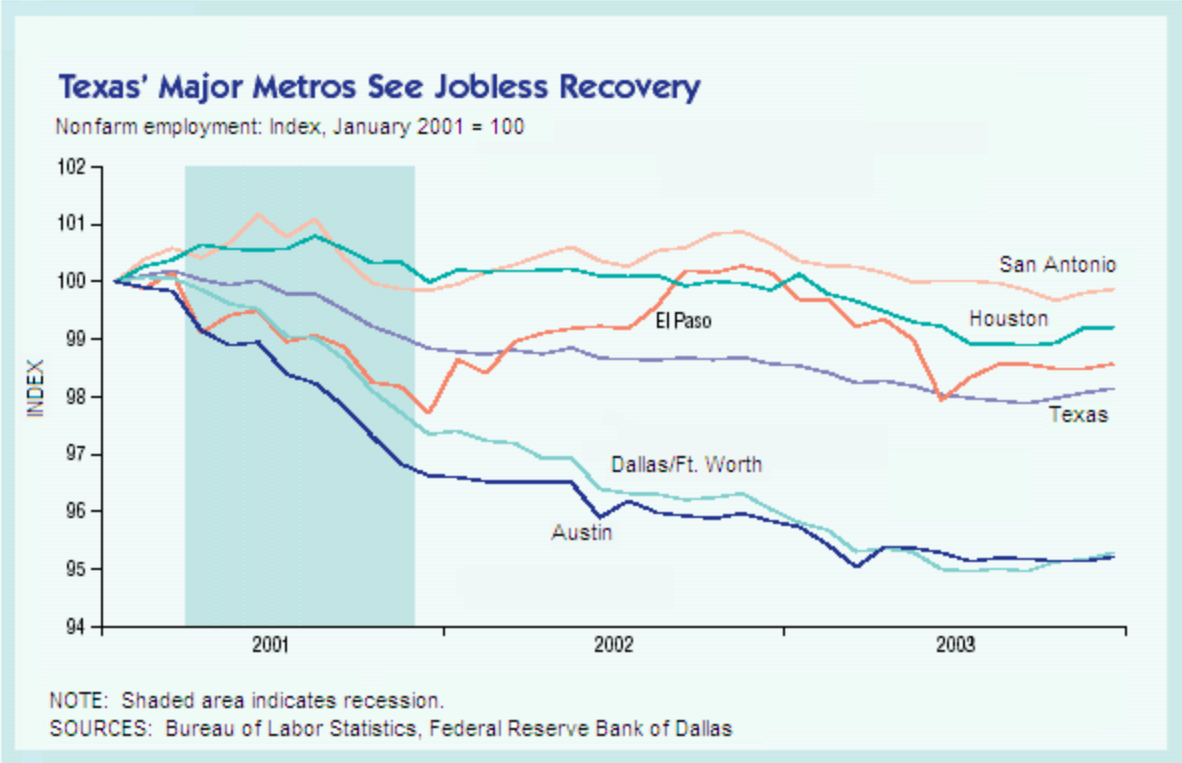
Senate Bill 464 closed the gap in pay for similar work performed in different parts of the State. The bill directed the State to use the higher figure of the following prevailing wage rates:

1. the wages paid to workers employed on similar projects in the same political subdivision of the state where the work is to be performed;
2. the average of the local wage rate and the statewide rate; or
3. the average of the local wage rate and the federal wage rate.

Unemployment Trends in the Border Region

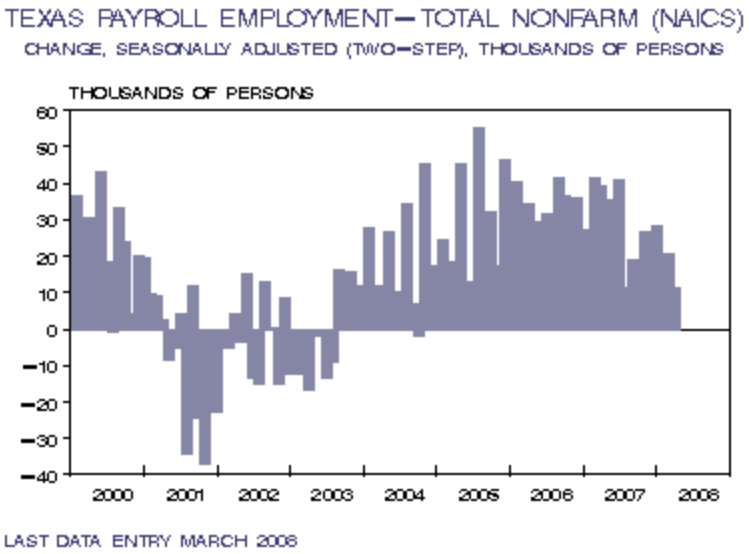
To create a stable and prosperous society, people must have access to jobs. In the Border Region, an unstable economy and high jobless rate, coupled with a young, undereducated workforce contributes to some of the highest unemployment rates in the country. In 2002, the 211 non-Border counties had an unemployment rate of six percent, compared with a rate of 7.9 percent for the 43 counties in the Border Region and over 10 percent unemployment for the 14 immediate Border counties.[6] Texas' Border Region also lags behind the nation's employment rate. In 2002, the national unemployment rate was 5.8 percent, almost half of the Border's unemployment rate.

Although the United States economic recovery officially began in December 2001, it has largely been a jobless recovery, both in Texas and across the nation. While Texas indicators suggest that the overall economy began improving in early 2003, job growth has remained meager across the State. The graph *Texas' Major Metros See Jobless Recovery,* on the following page, illustrates that the economic recovery in Texas has been largely jobless to date. The movement in the employment rates is recorded as a comparison to the employment levels of the base month, January 2001. The graph clearly shows that job rates have not increased across the State.

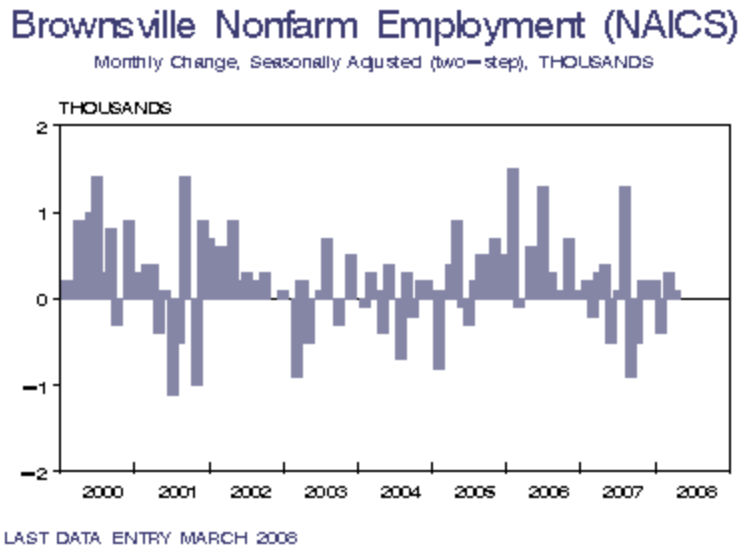


Source: Southwest Economy: Issue Two. Federal Reserve Bank of Dallas. March/April 2004. http://www.dallasfed.org/research/swe/2004/swe0402a.pdf

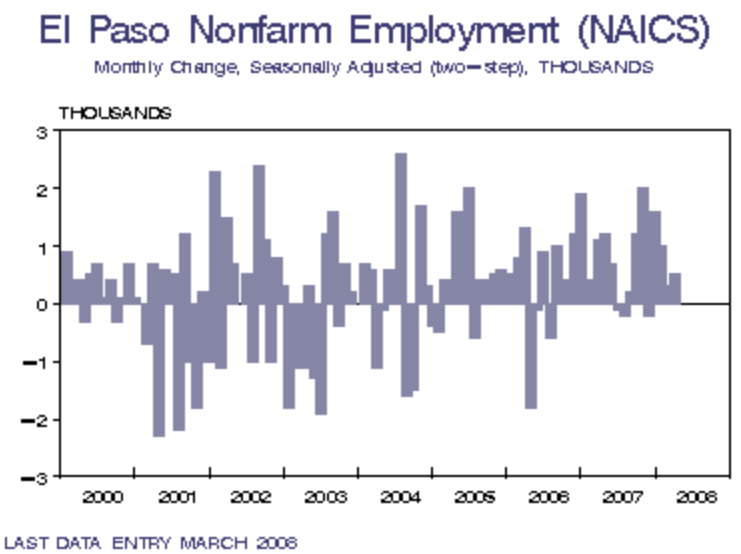
More recent employment figures from the Federal Reserve of Dallas are provided below:



(http://www.dallasfed.org/data/data/tae000000.htm)



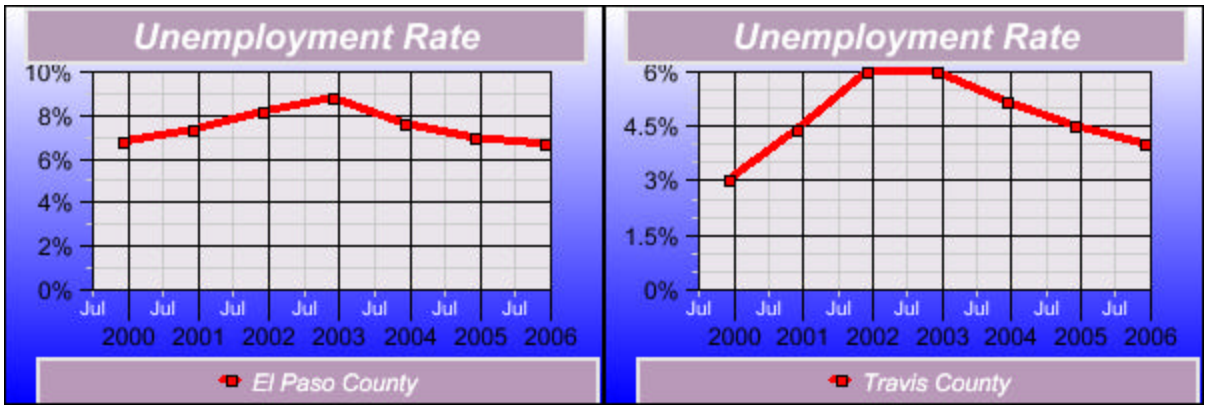
http://www.dallasfed.org/data/data/brosa.htm



(http://www.dallasfed.org/data/data/elpsa.htm)

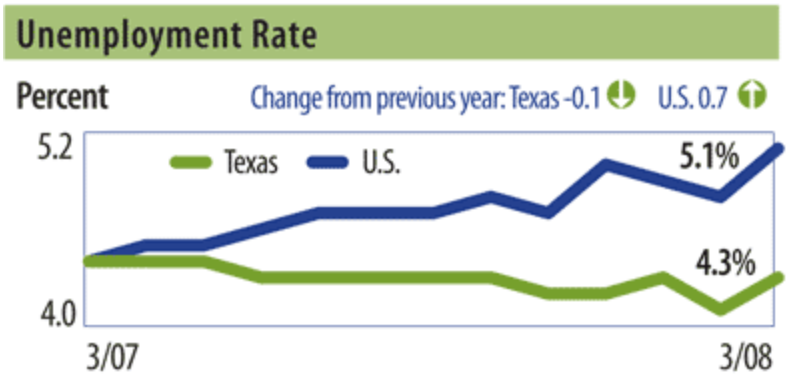
Nevertheless, Border unemployment rates have avoided the volatility that other areas of the State have experienced. In the mid- to late 1990s, when the U.S. economy prospered, Texas performed better than the nation, in part because a large share of the booming high-tech industry was in the State. Communities that saw great growth in the late 1990's also saw great job loss several years later. However, a small share of high tech sector jobs sheltered the Border Region from the job loss. El Paso has a higher unemployment rate than the rest of the state, but the rate has actually fallen slightly, while Texas' overall rate has risen. The graph *Unemployment Rates*, on the following page, compares employment statistics for Travis County and El Paso County.

Unemployment Rates



Source: Texas Workforce Commission, Labor Market Information
http://www.tracer2.com/cgi/dataanalysis/labForceReport.asp?menuchoice=LABFORCE.
Accessed: February 4, 2008.

Recently, Texas has been able to keep unemployment below the U.S. level:



Sources: Texas Workforce Commission, U.S. Bureau of Labor Statistics

High unemployment rates are exacerbated by the makeup of the population in the Border Region. Generally, the Border has a young, poor and fast growing population – all elements that present challenges in the workforce. Over 21 percent of the Border population is school aged. Of those school children, almost 29 percent are living in poverty.[7] For a child living in poverty, succeeding in school and working to break the cycle of poverty is difficult, as indicated by the low high school graduation rates in the Border Region.

Only 18.6% of the unemployed in Texas collected Unemployment Insurance (UI) benefits in 2006; the second-lowest rate in the United States. Though Texas has a well-funded UI Trust Fund, the method that calculates UI eligibility prevents many from collecting benefits. Texas used the Standard Base Period, which disregards an applicant's past 3-6 months of earnings and work history. Many labor advocates are pressing Texas to adapt the Alternative Base Period, which considers an applicant's recent work history and earnings.[8] The Alternative Base Period has already been adopted by 20 states, and if adopted by Texas, could enable an estimated 30,000 workers to apply for $38 million in UI benefits.[9]

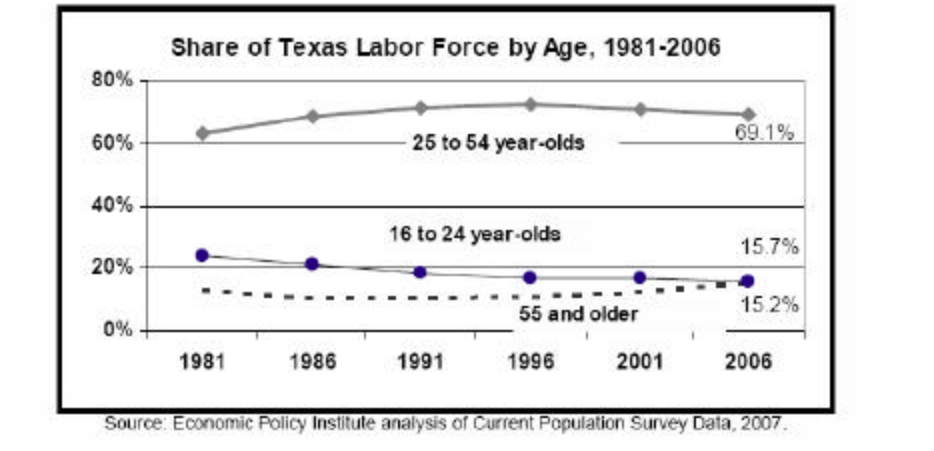
Moreover, the Border's high population growth rate indicates that the labor market is becoming more and more saturated with people trying to enter the workforce. The Border's overall population, projected to be 6.3 million by 2020, is growing at a faster rate than the rest of the State. The region experienced a 2.2 percent growth rate from 1990-1999, compared to the two percent statewide rate. With the struggling economy, economic growth will not keep pace with the needs of this young, under-educated workforce.

Traditionally, the economic environment along the Border has been focused on manufacturing, trade and transportation. Because of this focus, the economy is largely affected by economic fluctuations in Mexico, which in turn is driven by industrial production in the United States. Thus, when U.S. production drops, the economic ripples greatly impact Border communities. Economic development programs have attempted to diversify industry in the Region. However, the labor force must have the skills and training to attract new industry to the Border.

Texas Workforce Composition: Age, Gender, Race, and Ethnicity

Age

Texas workers are slightly older than the national average, with 69.1% of the workforce between the ages of 25 and 54.

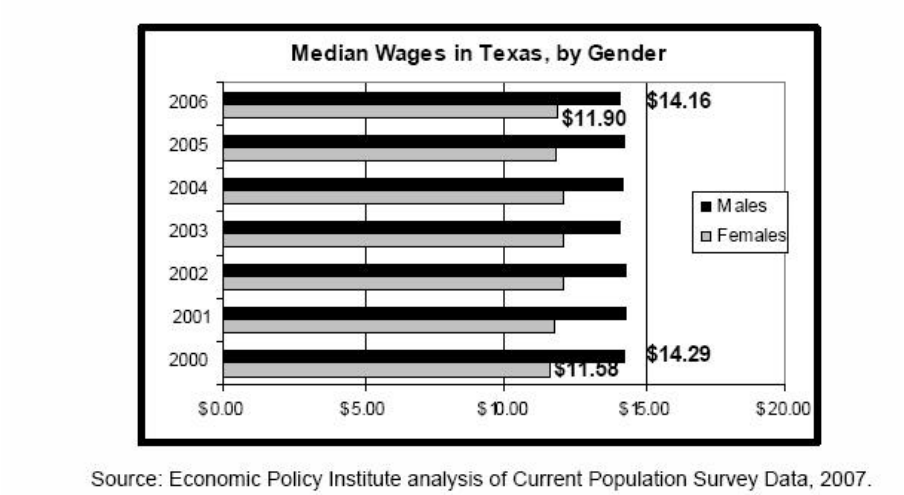


Source: Economic Policy Institute analysis of Current Population Survey Data, 2007.

Due to this large share of older workers, Texas must prepare for a wave of retirement in the near future that is unlikely to be offset by an increase in younger worker participation.

Gender

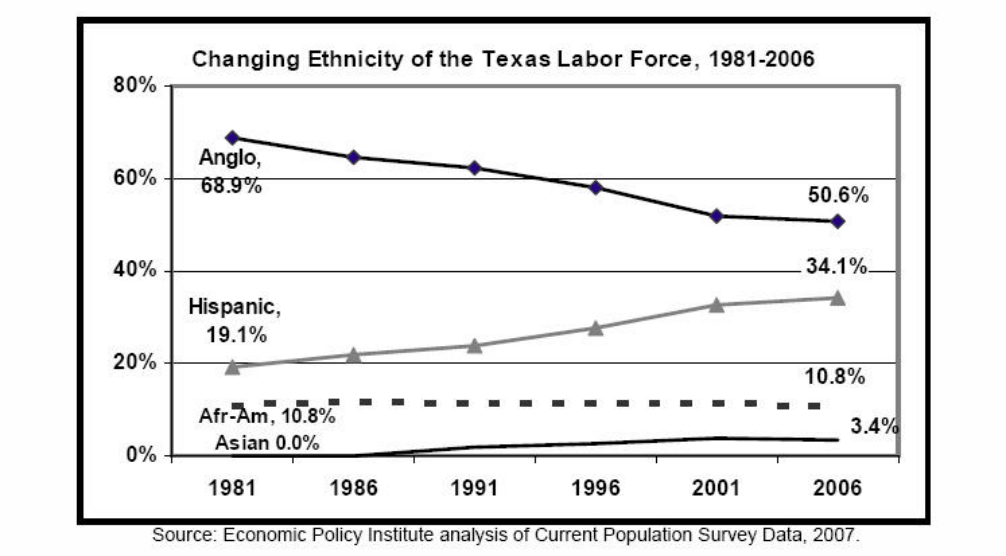
Women in Texas have lower wages and experience higher levels of unemployment than men. In 2006, the unemployment rate for women in Texas is 5.2%, while it is 4.5% for men. However, women have a lower long-term unemployment share of 12.6%, while men experience a 18.1% rate. Women have also made steady wage gains on men since 2000:



Source: Economic Policy Institute analysis of Current Population Survey Data, 2007.

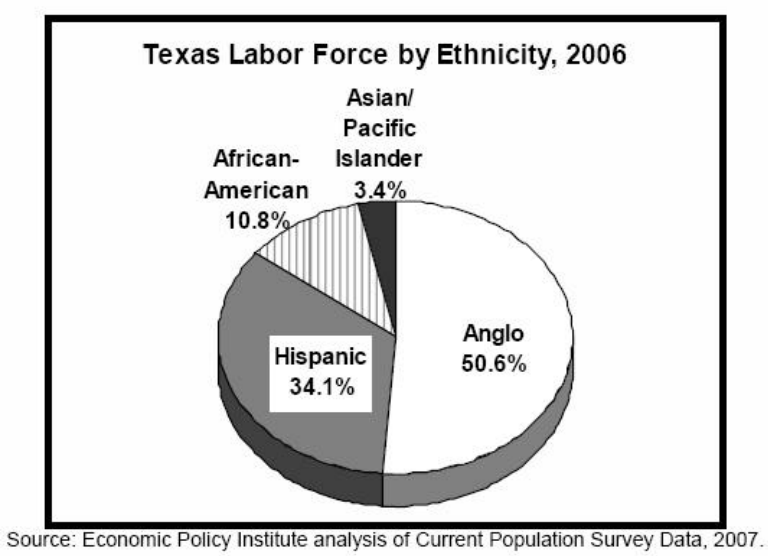
Race and Ethnicity

Since 1980, the ethnic composition of the Texas labor force has changed dramatically. The share of Hispanic and Asian workers has been steadily increasing, while the share of Anglo (non-Hispanic whites) has been decreasing. The share of African-American workers has remained relatively constant.



Source: Economic Policy Institute analysis of Current Population Survey Data, 2007.

The share of Hispanics in the Texas labor force is 34%, which is more than double the share of Hispanics in the US labor force, which stands at 14%.



Source: Economic Policy Institute analysis of Current Population Survey Data, 2007.

The labor force in Texas has undergone dramatic changes over the past two decades. Experts expect trends in gender, age, and ethnic composition to continue well into the 21st century.[10]

Educational Attainment: The Key to Increasing Prosperity in the Border Region

The key to increasing earnings in the Border Region is to attract and foster knowledge-based industries that pay family-supporting wages. To attract these jobs, Texas must increase educational attainment among the Border workforce. However, according to the Texas

Comptroller, as many as 43 percent of people aged 25 or older living in the 14 counties adjacent to the Border do not have high school diplomas. The chart, *Educational Attainment in Texas*, shows the disparity between the Border counties and the rest of Texas.

Educational Attainment Levels in the Borderlands for 2000

POPULATION (25 YRS. AND OLDER)	14-COUNTY IMMEDIATE BORDER REGION	32-COUNTY SUB-BORDER (LA PAZ) REGION	43-COUNTY TEXAS BORDER REGION	TEXAS	211-COUNTY NON-BORDER REGION
WITHOUT A HIGH SCHOOL DIPLOMA	43.2%	43.2%	33.6%	24.3%	22.2%
WITH SOME COLLEGE BUT NO DEGREE	17.6%	17.5%	20.7%	22.4%	22.7%
WITH AN ASSOCIATE'S DEGREE	4.1%	4.0%	4.9%	5.2%	5.3%
WITH A BACHELOR'S DEGREE	9.3%	9.1%	11.2%	15.6%	16.6%
WITH A POST GRADUATE DEGREE	5.0%	4.9%	6.3%	7.6%	7.9%

SOURCE: Texas Comptroller of Public Accounts, The Border: Snapshot, November 2003, using data from the 2000 U.S. Census.

There are limited opportunities for traditional educational attainment along the Border. Border universities and professional schools lack the programs and the capacity to accommodate the population on the Border, and the state does not allocate adequate resources for infrastructure growth. Post-graduate opportunities for allied health and nursing, medical, and legal education, as well as financial assistance, are severely lacking along the Border as well.

Doctoral and Professional Programs, 2007

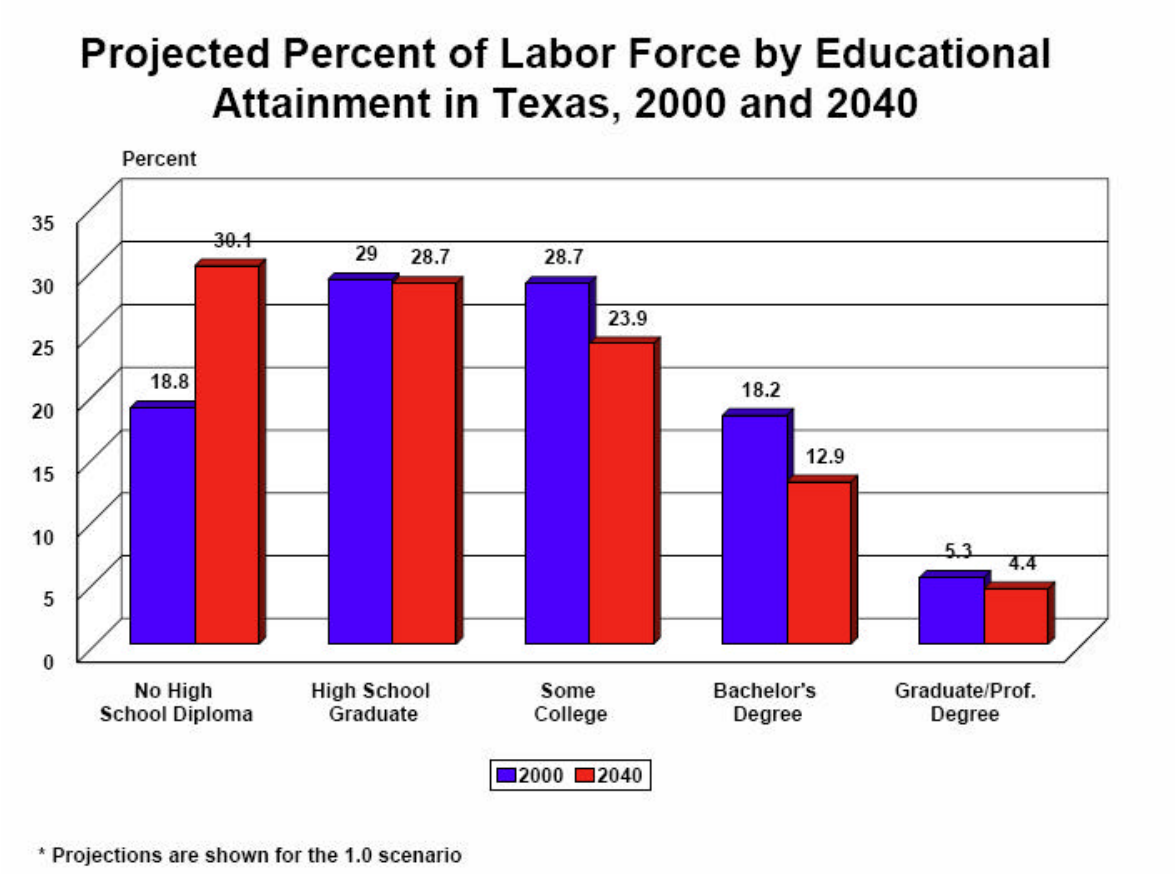
PROGRAM	UT-BROWNS-VILLE	UT-PAN AMERICAN	UT-SAN ANTONIO	UT-EL PASO	TEXAS A&M-INTERNA-TIONAL	UT-AUSTIN
BUSINESS	0	1	5	1	1	5
EDUCATION	1	1	3	1	2	11
ENGINEERING	0	0	3	5	0	19
LIBERAL ARTS	0	0	3	3	1	24
HEALTH SCIENCES	0	0	0	2	0	2
SCIENCE	0	0	5	5	0	15
ARCHITECTURE	0	0	0	0	0	4
MEDICAL	0	0	0	0	0	0

LAW	0	0	0	0	0	1
TOTAL	**1**	**2**	**19**	**17**	**4**	**81**

SOURCE: Texas Higher Education Coordinating Board, *Program Inventory.* Online. Available at: http://www.thecb.state.tx.us/InteractiveTools/ProgramInventory/DegInv.cfm. Last accessed: January 23, 2008.

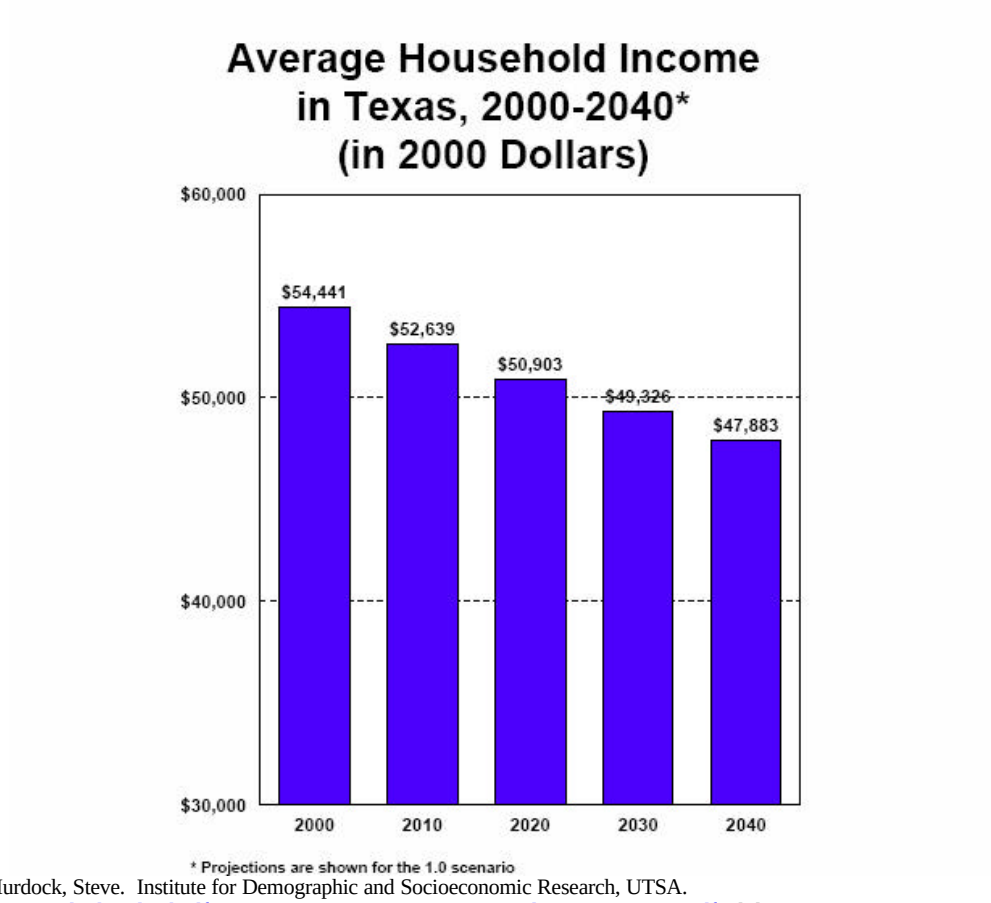
In addition to a lack of higher education opportunities, skills development training is not readily available in the Border region.

If educational attainment is not vastly improved, workers in Texas can expect to see wages and economic growth stagnate. In a 2007 report entitled, *Population in Texas: Implications for Human and Socioeconomic Resources in the 21st Century,* The Institute for Demographic and Socioeconomic Research at the University of Texas at San Antonio has calculated the effects of lower educational attainment in Texas, and has made projections for the next 3 decades. Below, a graph from this report illustrates the projected decline in educational attainment among the workforce in Texas:



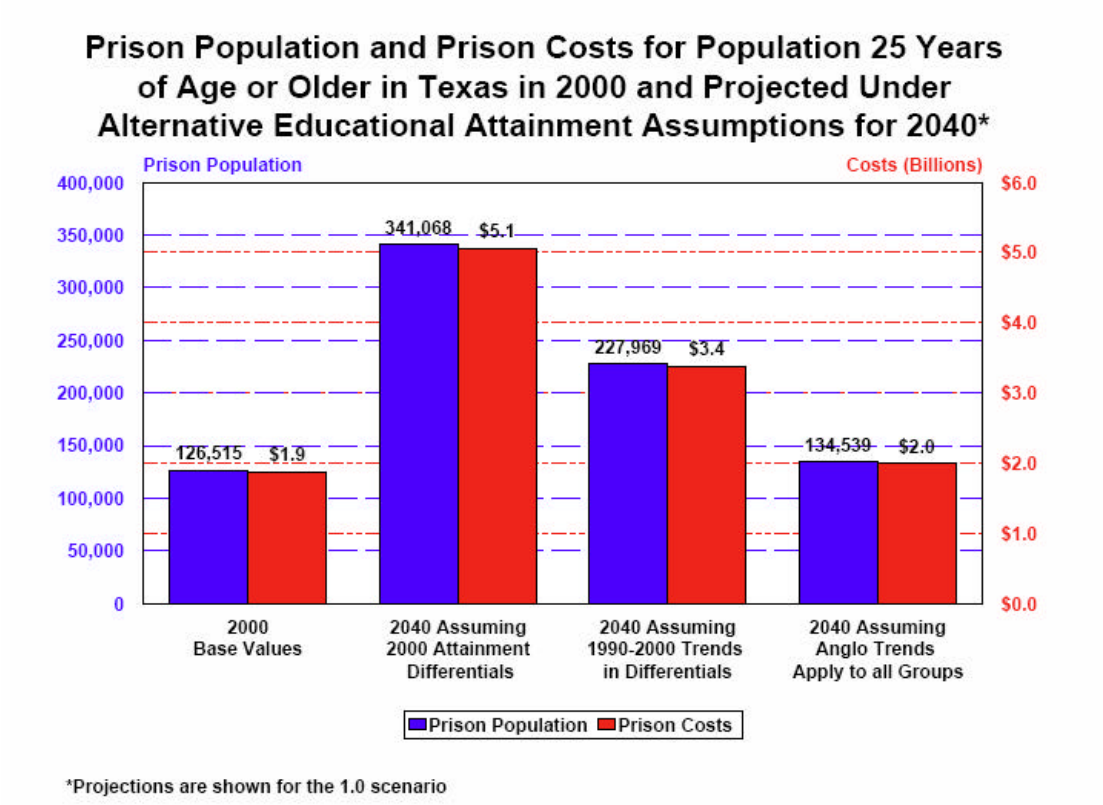
Source: Murdock, Steve. Institute for Demographic and Socioeconomic Research, UTSA. http://txsdc.utsa.edu/download/pdf/presentations/2007_08_20_Ernst_and_Young_Bastrop.pdf , slide 52.

Not surprisingly, this decrease in educational attainment will cause average household income to fall:



Source: Murdock, Steve. Institute for Demographic and Socioeconomic Research, UTSA.
http://txsdc.utsa.edu/download/pdf/presentations/2007_08_20_Ernst_and_Young_Bastrop.pdf, slide 53.

This projected decline in household income will have serious implications for the state. First, the downturn in household income will decrease revenue sources that fund state and local governments. Second, in the wake of revenue shortages, policymakers will face considerable difficulty finding government services that can be eliminated or scaled back. State prisons are a telling example. The same UTSA report that projects a substantial decrease in household income in Texas over the next 30 years also projects that prison costs in the year 2040 could hit $5.1 billion, up from $1.9 billion in 2000.



Source: Murdock, Steve. Institute for Demographic and Socioeconomic Research, UTSA. http://txsdc.utsa.edu/download/pdf/presentations/2007_08_20_Ernst_and_Young_Bastrop.pdf, slide 63.

These projections underscore the urgent need to increase educational attainment in Texas. Most experts agree that high-tech industry will continue to fuel the global economy, placing low-skill workers at a tremendous disadvantage against workers trained in the hard sciences. As a result, policymakers must recognize how Texas' low educational attainment will eventually prevent the state from gaining an edge in a high-tech, 21st century economy.[11]

First, Texas must invest more in public education. Texans can earn more if they learn more. Currently, of the four largest states in the nation, Texas spends the least amount of money per child in education:

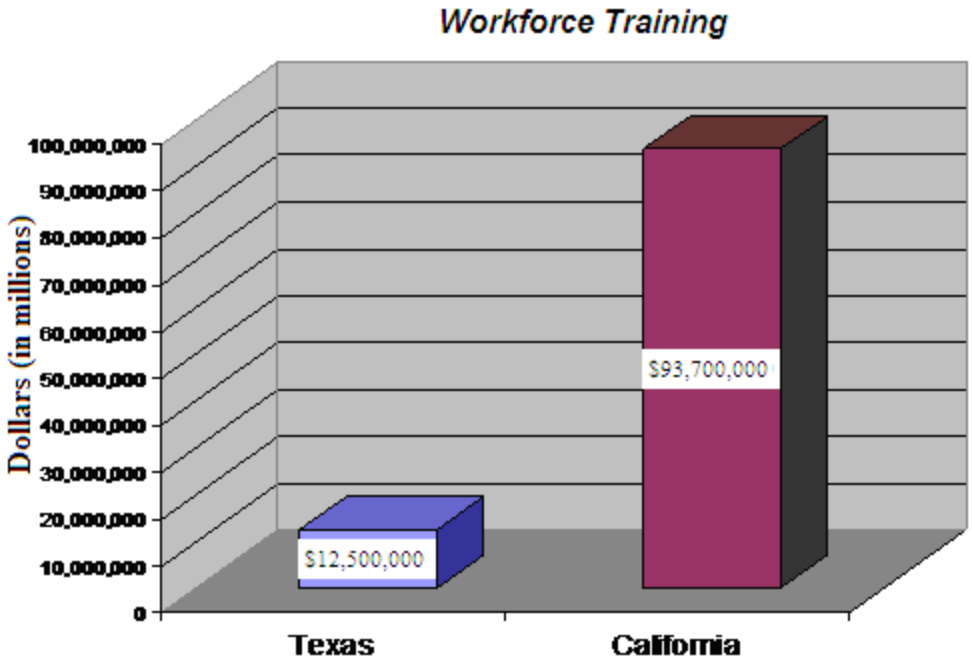
	California	**Florida**	**New York**	**Texas**
Enrollment	591,574	370,986	165,618	122,773
Total Spent (million)	$644	$299	$77	$15
Cost Per Student	$1,223	$896	$719	$484

Source: Texas Border Infrastructure Coalition 80th Legislature Proposed Texas Workforce and Economic Development Legislative Strategies "Texas' Competitive Edge is a Skilled Workforce".

The state also must increase its commitment to community colleges and ensure that higher education remains affordable.

Finally, the state needs to assist families for whom formal education is not an immediate answer, with policies that help low-wage workers move into jobs with family-supporting wages. Texas can do this by expanding the focus of its workforce programs from just finding people jobs, to targeting jobs with wages that provide basic economic security to workers and their families.

Currently, Texas' commitment to workforce development and training programs pales in comparison to other large states. For example, California invests $7.50 for every $1.00 that Texas spends to train the workforce. The graph below illustrates this disparity.



Source: Texas Workforce Commission, Government Relations. Provided: March, 2004.

To meet the specific needs of the Border Region, Texas must invest in targeted and proven programs. This approach must be coupled with effective employer-driven skills development. A more effecient use of state and local funds would be to focus on preparing workers for higher-skilled, better paying jobs.

One such workforce program is the Skills Development Fund (SDF), administered by the Texas Workforce Commission. The SDF is a customized, employer-driven program that engages providers, community colleges, and employer consortia in training new and incumbent workers for specific jobs with in-demand skills. From 2002-2004, the SDF served over 44,000 trainees. In 2005, the average SDF trainee earned $17.01 per hour, up 37% from its 2000 level.

The Texas Workforce Commission also administers the Self-Sufficiency Fund, a training program geared toward current and former recipients of Temporary Assistance for Needy

Families (TANF) cash assistance. From 2002-2004, the Self-Sufficiency Fund served about 2,500 trainees per year and placed them in upgraded and new jobs.[12]

The Role of the Maquiladora Industry in the Border Economy

Maquiladora industries make the Border Plex the third largest manufacturing center in North America measured by the number of workers. The nature of the maquiladora industry is such that goods and people move across the border frequently and in large quantities. The interconnected economies and cultures of the Border Plex allow the maquiladora industry to capitalize on the competitive advantages of both the United States and Mexico.

In the early 1990s, Reform Party presidential candidate Ross Perot famously warned that the North American Free Trade Agreement would produce a "giant sucking sound"—the noise made by a large number of high-wage jobs leaving the US for low-wage Mexico.[13] The debate over whether the U.S. and Mexican economies compete with or complement each other still rages on today. Despite this debate, the symbiotic relationship between the sister cities on the Texas-Mexico border is well documented by the U.S. Bureau of Labor Statistics and the U.S. Bureau of Economic Analysis. Research done by the Mexican government is less conclusive, in part because of the manner in which the government collects data. Mexico stopped publishing data on the maquiladora industry in March 2007, and has scrapped previous data collection methods in favor of a new, more comprehensive system. Beginning in March 2008, maquiladora data will be included in Mexican manufacturing reports, officially titled the Maquila Manufacturing Industry and Export Services, or IMMEX. IMMEX data will allow researchers to quantify with greater precision the degree to which the Mexican and U.S. border economies are complementary.[14]

Studies conducted by U.S. government agencies provide insight into the interconnected and complementary nature of border economies. A 2005 report by the Federal Reserve of Dallas, *Border Cities: Economic Competitors or Complements?* explores the similarities between four Texas border city-pairs, El Paso-Juarez, McAllen-Reynosa, Laredo-Nuevo Laredo, and Brownsville-Matamoros. Almost one-third (32 percent) of all maquiladora jobs in Mexico exist in these four Mexican cities, leading the U.S. border economies to establish industries supporting the maquiladoras and their workforce. For instance, the economies of El Paso, Laredo, and Brownsville all support high concentrations of transportation-related industries, which facilitate the movement of goods produced by maquiladoras into the United States and Canada. In addition, all four of these U.S. border cities have high concentrations of retail trade. Many Mexican nationals with disposable income who work in the maquiladora industry prefer to shop for clothing in the United States, flocking to the outlet malls of these Texas cities. As wages and employment rise in Mexico, U.S. retailers can expect to see the volume of customers increase. Lastly, the report shows that real estate in these four U.S. cities is also a large component of the border economy. Many Mexican nationals invest in real estate on the U.S. side of the border as a way to hedge against the peso. In addition, the Mexican government often hires U.S.-based real estate companies to help locate an appropriate industrial park for a startup maquiladora. The economies of these city-pairs are not only complementary; they are interdependent. U.S. firms

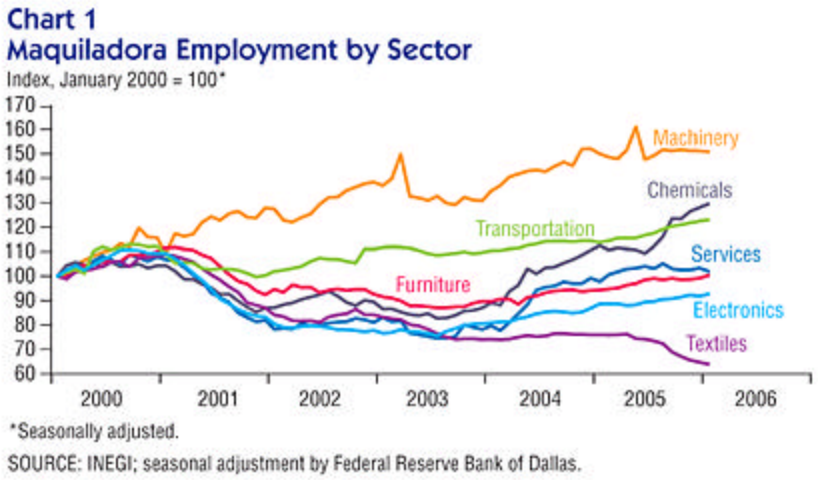
rely on Mexico to produce cheap goods, while Mexico relies on U.S. firms to transport these goods. The performance of the maquiladora industry has a serious impact on both the United States and Mexico, as thousands of workers in the region are directly affected by fluctuations in the industry.[15]

These four U.S.-border cities experienced high levels of employment growth in the 1990s. Yet, this growth was not accompanied by increases in wage rates. The average per capita income for these four cities in 2002 was $17,222, almost half of the national average of $30, 906.[16] On the Mexican side of the border, the same period wielded large increases in employment, growth, and income levels.[17] Policymakers have struggled to explain the stagnation of wages along the border. One study by the Dallas Federal Reserve examined the breakdown of jobs and industries in El Paso to help determine why border towns have not achieved parity with peer U.S. cities. The report, *Low-Wage Occupations Remain a Hallmark of El Paso Economy,* shows that El Paso exceeds the national average in wages for only a small number of industries, including construction and extraction, installation and repair, and health care support. None of these industries attract workers with knowledge-based skills who fill the kind of jobs that drive the globally competitive, high-tech economy. Some cities in the Southwest have been able to transform into high-tech economies, and have seen large growth in employment and wages as a result. During the 1990s, Albuquerque was able to establish a high-technology industry by encouraging scientists from nearby government research facilities to launch private businesses in the area. Albuquerque now produces semiconductors, aircraft, aircraft avionics and engines, electronics, and medical equipment. El Paso, by contrast, transformed itself in the 1990s from a low-wage manufacturing economy to a low-wage service economy.[18]

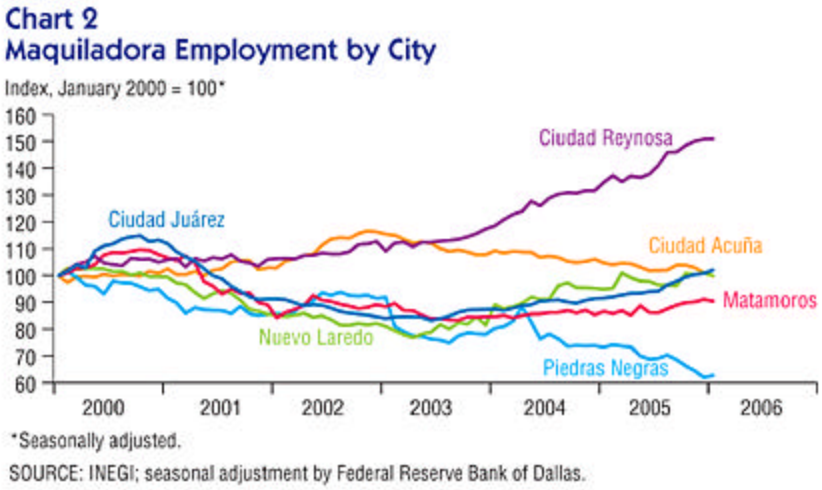
Recent research authored by Gordon Hanson of the *Journal of Urban Economics* has shown that a 10 percent increase in maquiladora output in a Mexican border city would cause a 1.1 to 2 percent employment increase in the corresponding U.S. border city. This same 10 percent increase in maquiladora output would also increase wholesale trade employment in the U.S. border city by 2.1-2.7 percent, transportation services by 1.7-2.7 percent, manufacturing by 1.2 to 2.1 percent, and retail trade by 1 to 1.8 percent.[19] Clearly, the maquiladora industry is a substantial contributor to the local economies of El Paso and other cities in the Border Region.

After a period of outsourcing low-skilled, manufacturing jobs to take advantage of low-wage production plants, the maquiladora industry has rebounded and continues to expand. Analysts attribute much of this growth to proximity to just-in-time US markets. Following growth of 2.8 percent in 2005, maquiladora employment increased at a 4.3 percent annualized rate in January 2006, a gain of about 4,100 new jobs.[20]

Looking at job growth by sector, as the following chart indicates, electronics added the most jobs in January 2006 (3,590), expanding by 0.9 percent. The transportation sector was second, adding 1,326 jobs (0.5 percent growth). The service and furniture sectors both recorded employment growth of 1.2 percent. Textiles continued its downward trend (–1.3 percent) as the industry continues to shrink by loosing jobs to Asia, mainly China. Machinery employment remained flat.[21]



Looking at job growth in the maquiladora industry by city, Ciudad Juárez added the most jobs (3,000), and additional gains were recorded in Ciudad Reynosa and Piedras Negras. The increases outpaced employment declines in Matamoros, Ciudad Acuña and Nuevo Laredo (*Chart 2*).[22]

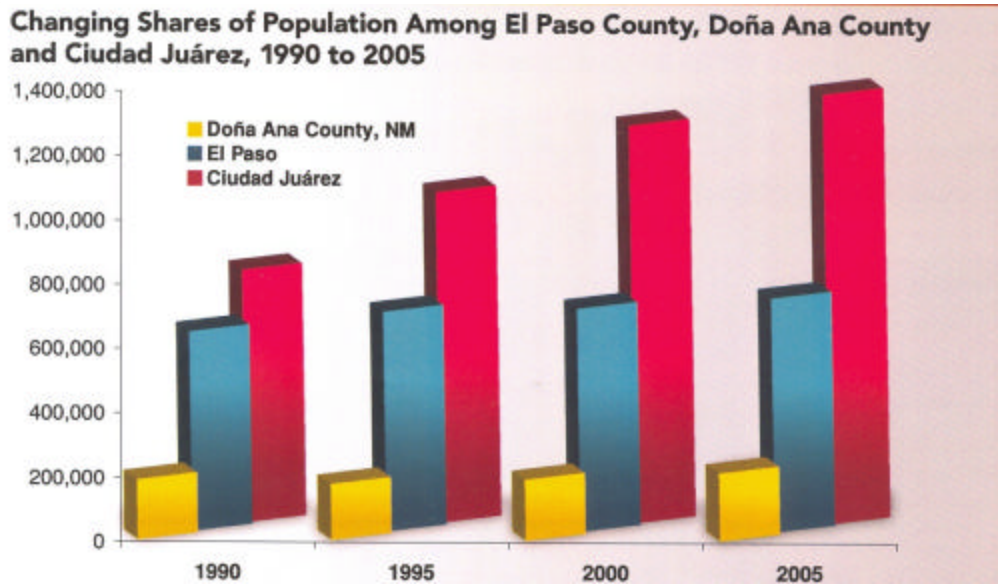


Overall, as the April issue of the Federal Reserve Bank of Dallas illustrates, the outlook for the maquiladora industry remains positive. U.S. industrial production—a driver of maquiladora employment—bounced back in February 2006 at a 7.9 percent annualized rate.

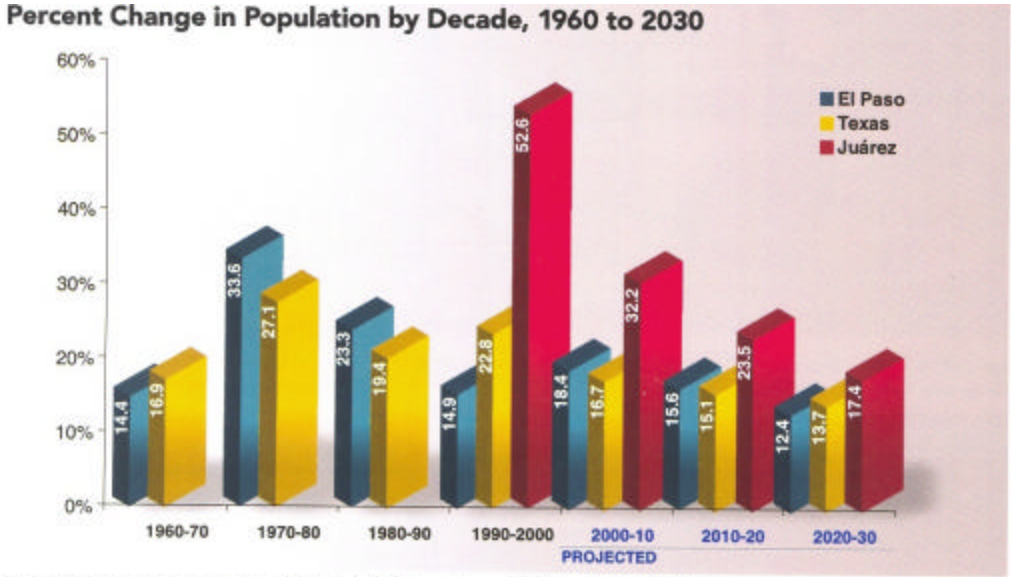
Focus on El Paso

Population Trends

From 1990 to 1995, the population of El Paso grew 15.8 percent. Ciudad Juárez saw its population grow even more over the same period, increasing 26.7 percent. Population growth slowed in El Paso from 1995 to 2000, increasing only 1.6 percent. Many experts believe that this slowdown in population growth was a direct result of the implementation of NAFTA and the peso devaluation.



It is projected that El Paso will grow at the same rate as Texas from 2005 to 2030, while Ciudad Juárez will continue to outpace El Paso in population growth.[23]



Source: U.S. Census Bureau, Texas State Data Center; Consejo Nacional de Población, Población total de los municipios a mitad de año, 2000-2030

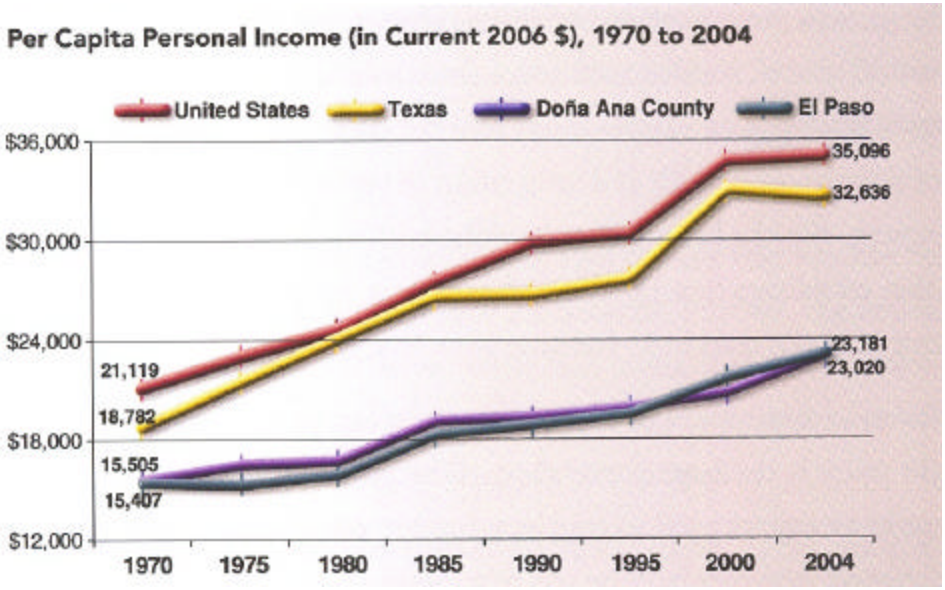
(Source: *Higher Education and the Economic Future of El Paso, Prepared for the Paso del Norte Group.* December 2007 By the National Center for Higher Education Management Systems, p.21.)

El Paso's Low-Wage Economy

El Paso's historic dependence on industries that employ low-skilled workers has depressed wages across all industries, resulting in a lower-than-average wage scale in every major area of employment. Currently, El Paso is struggling to develop a strategy to attract high-skilled workers to a city where all of the wages have been severely depressed and per capita income lags behind state and the U.S. levels.

El Paso's current concentration of low-wage, low-skilled service sectors such as installation and repair, health care support, and construction and extraction are not likely to keep the El Paso economy competitive in the long-run. Further, these industries are not likely to raise per capita income in El Paso or the Border region.

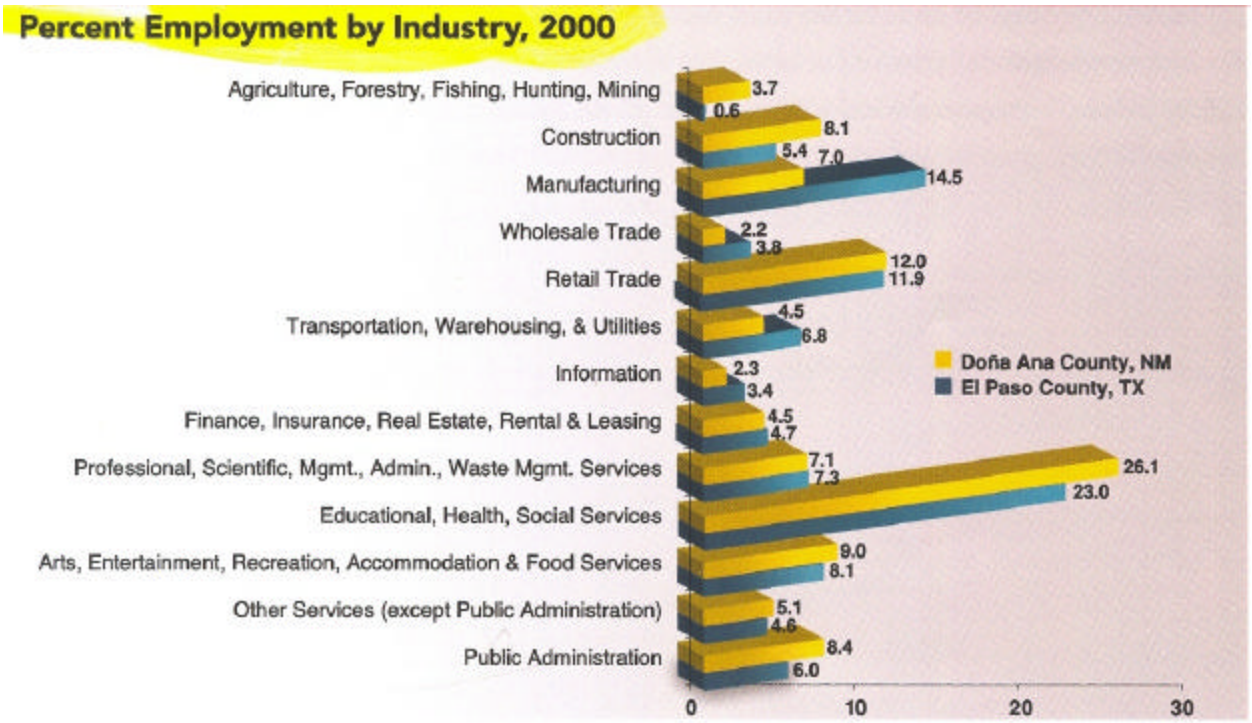
Per capita income in El Paso has lagged behind Texas and U.S. levels for decades:



(Source: *Higher Education and the Economic Future of El Paso, Prepared for the Paso del Norte Group.* December 2007 By the National Center for Higher Education Management Systems)

Workforce Characteristics and Employment Trends in El Paso

In El Paso, the "educational, health, and social services" industry employs 23 percent of the workforce, the highest of all the city's various industries. Manufacturing, no longer the dominant industry of El Paso, nonetheless remains a major employment sector. Below is the breakdown of employment by industry in El Paso County:



Source: U.S. Census Bureau, 2000 Decennial Census

(*Higher Education and the Economic Future of El Paso, Prepared for the Paso del Norte Group.* December 2007 By the National Center for Higher Education Management Systems)

In 2006, the most recently collected demographic labor force data showed that El Paso labor market was at a disadvantage compared to other parts of Texas. As the chart below shows, the portion of the population working in El Paso was far less than the portion working in Austin.

Labor Force Statistics for 2006, Austin vs. El Paso

Year 2006	**Austin**	**El Paso**	**US**
Percent of Population in the Labor Force	73.6%	54.4%	65.0%
Population 25 years and over: High School Grad or Higher	83.7%	70.7%	84.1%
Population 25 years and over: Bachelor's degree or higher	42.9%	19.9%	27.0%
Per Capita Income (In 2006 Inflation adjusted dollars)	$28,250	$15,756	$25,267

Source: U.S. Census Bureau, Fact Sheet for El Paso City and Austin. Online: http://factfinder.census.gov/

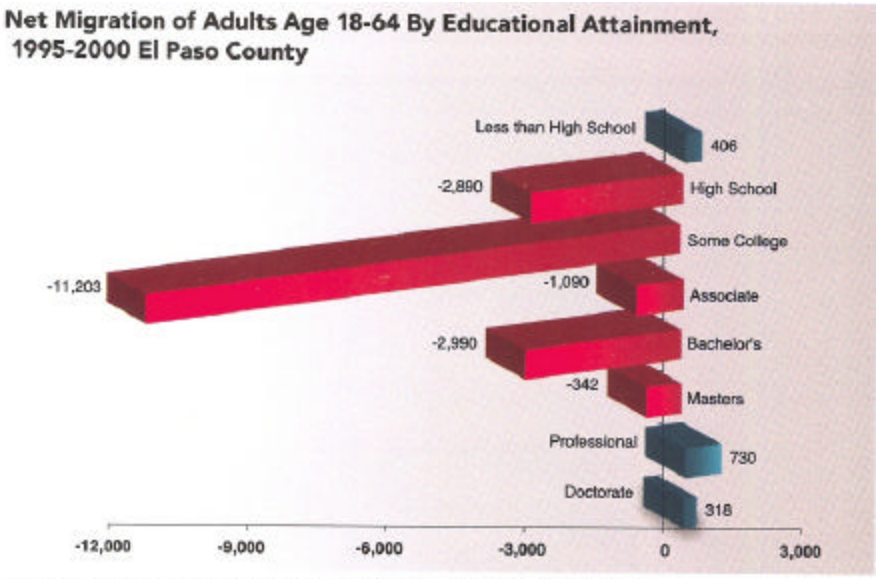
Since 1800, El Paso has experienced an ebb and flow in certain industries. Mining, farming, copper refining, and plastic-injection molding plants have all, at one point, been the top industry in El Paso. Though these industries are notably diverse, they all ultimately closed down and relocated to other cities and countries. Thousands of El Pasoans were left unemployed. The apparel industry is a good example the rise and fall of industry in El Paso. In the 1990s, the apparel industry employed 21,000 people in El Paso, and the city was widely regarded as being the "slacks capital of the world." However, increased competition from abroad forced the apparel industry to shut down its El Paso operations in the late 1990s and relocate to Asia, where labor costs were significantly cheaper[24]. The inability to sustain a particular industry over a long period of time partly explains why El Paso has lower wages and higher unemployment than similar cities in the Southwest.

Though the constant turnover of industry presents clear challenges for El Paso, unemployment has been falling steadily since 1997, where it peaked at 12.1 percent. In 2007, the unemployment rate fluctuated between 5 and 6 percent.[25] This was achieved in part by the creation of 3,000 new jobs in 2007, which were distributed evenly between the service, construction, and mining sectors. Though this is an improvement for El Paso, the city still lags behind Texas' unemployment rate of roughly 4.5 percent in 2007.[26] It is clear that attracting sustainable industries, much like the semi-conductor plants in Austin and Phoenix, is the key to achieving stable economic growth and low rates of unemployment. It is also the key to raising area wages. Currently, more than 200,000 El Pasoans live in poverty, despite the fact that most are employed.[27] Bringing sustainable, globally competitive industries to El Paso should be a top priority for the city and for Texas.

The "Brain Drain"

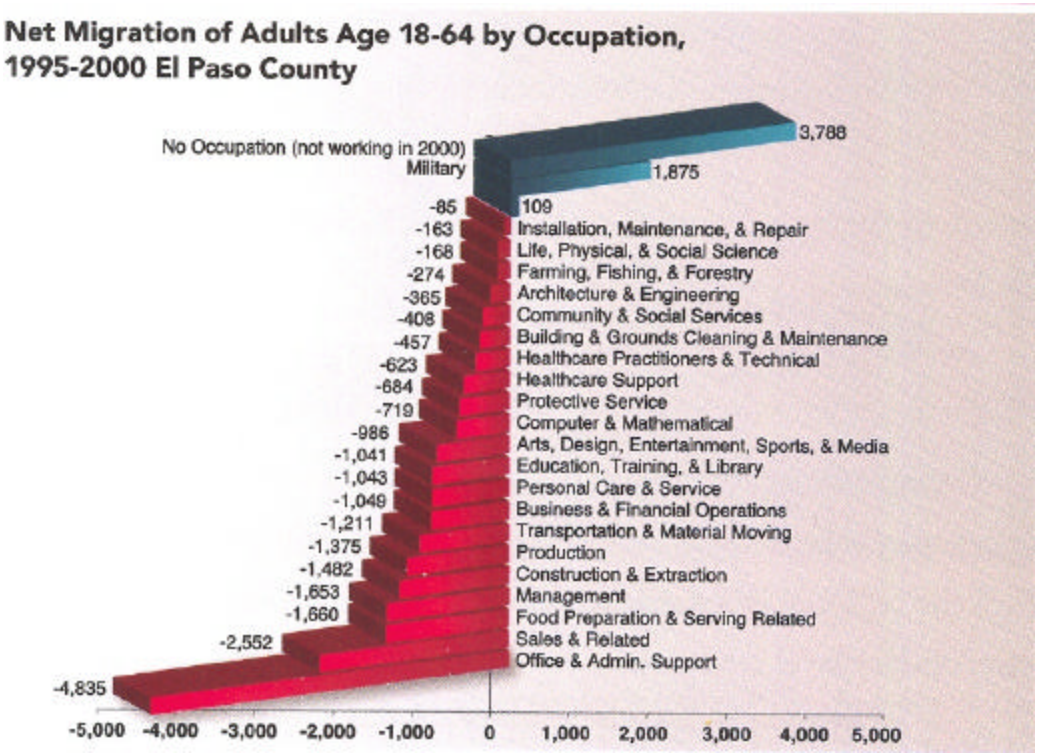
El Paso suffers from an inability to attract and retain educated workers; in fact, the city exports more of its college-educated residents that it retains. Between 1995 and 2000, El Paso had a net migration of 18,565 adults with a high school education or above, including 11,203 with some college education and 2,990 with a Bachelor's degree. El Paso's "brain drain" trend must be reversed if the city is to break out of its low-wage, low-skilled economic paradigm.[28]

The region is a net exporter of educated people



Source: U.S. Census Bureau, 2000 Public Use MicrodataSamples (based on 2000 Census)

Most of these migrants work in office and administrative support occupations:

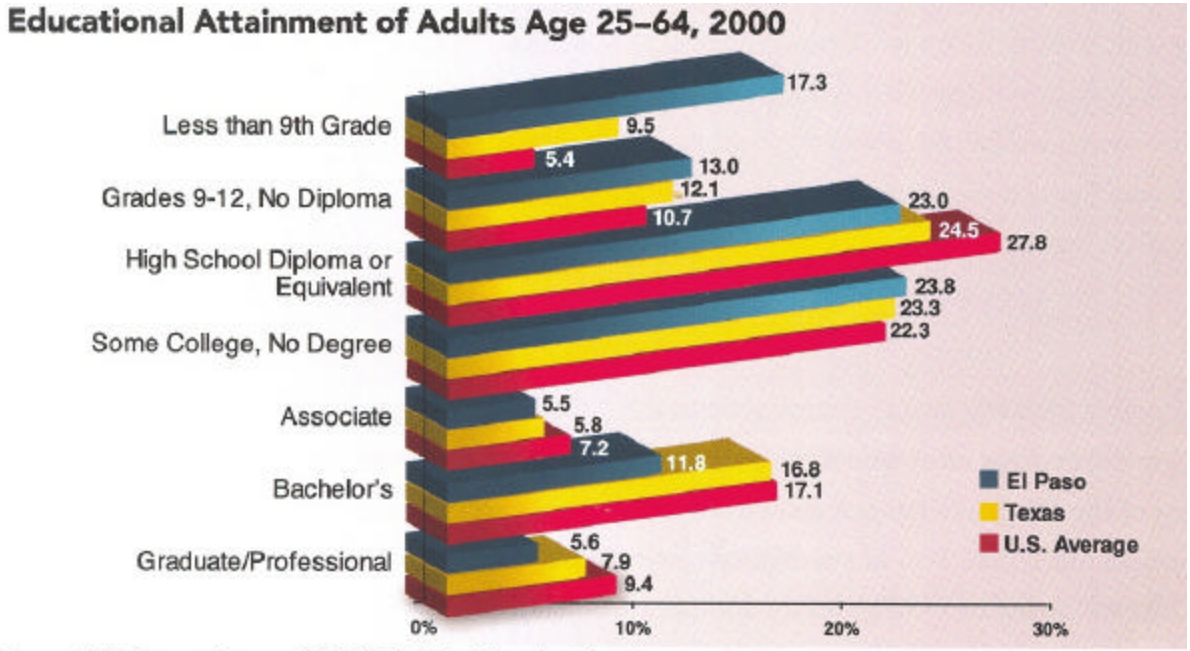


(Source: U.S. Census Bureau, 2000 Public Use Microdata Samples (based on 2000 Census); *Higher Education and the Economic Future of El Paso, Prepared for the Paso del Norte Group.* December 2007 By the National Center for Higher Education Management Systems, p.11, 41.)

Despite the net migration of El Paso's workforce, there is evidence that the city has a "hidden labor reserve" of 94,990 people. Among this group, 67,470 are under-employed, 18,320 are unemployed but willing to work, and 9,200 are recent college graduates. Of those who are under-employed, 7.8 percent had graduate or professional degrees, 21.2 percent had Bachelor's degrees, 8.9 percent had Associate degrees, and 39.4 percent had some college. These figures suggest that many people from El Paso would like to stay in El Paso (or in the case of migrants, would return to El Paso) if jobs with more competitive wages and more appropriate to their educational backgrounds were available.[29]

Educational Attainment in El Paso

The educational attainment of adults in El Paso ages 25-64 lags far behind state and national levels. Only 7.2 percent of El Paso adult residents have a bachelor's degree, compared to 11.8 percent statewide and 17.1 percent for the nation. In contrast, the share of the adult population with less than a ninth-grade education (17.3 percent) is triple that of the nation (5.4 percent).

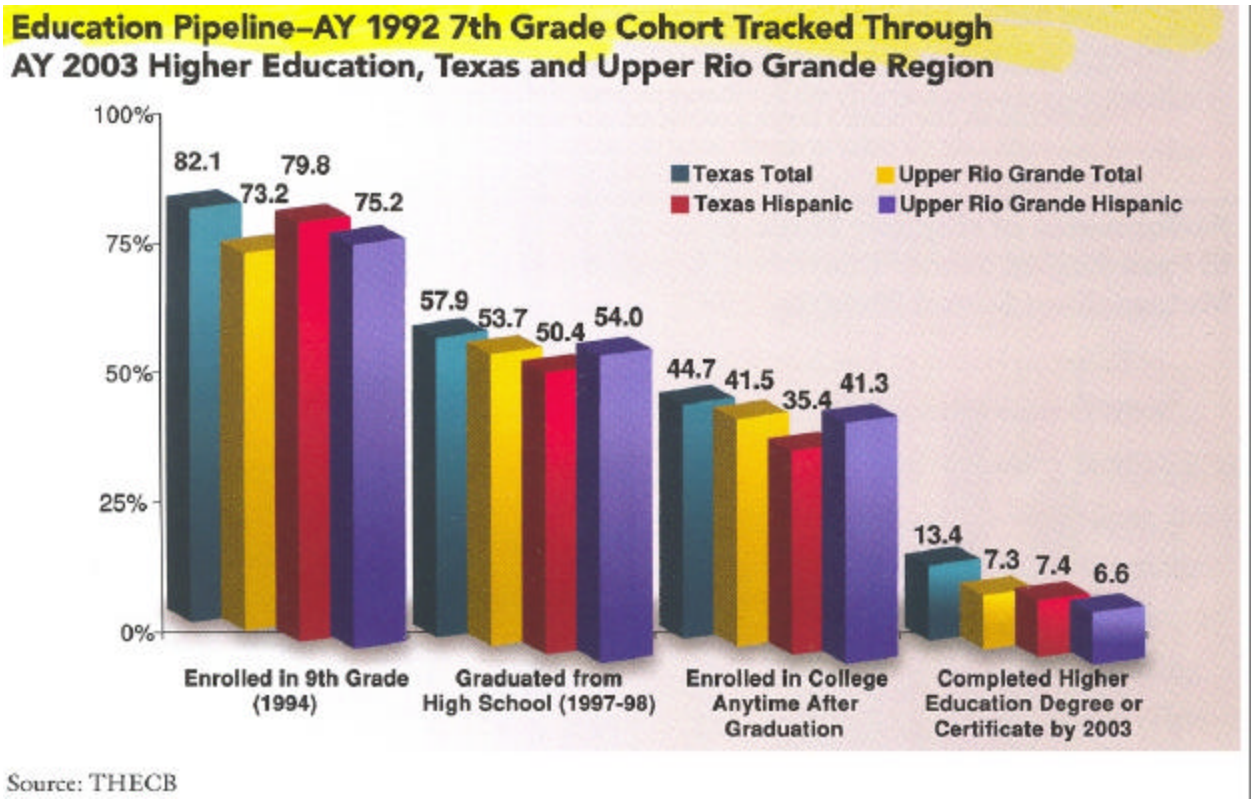


(Source: *Higher Education and the Economic Future of El Paso*, p. 26. Prepared for the Paso del Norte Group by the National Center for Higher Education Management Systems, December 2007.)

The high dropout rate in El Paso and the Upper Rio Grande Region presents a major challenge to increasing educational attainment. In 1993, out of every 100 7th graders in the Rio Grande Region:

- Only 73 (compared to 82 in Texas) made the transition to 9th grade,

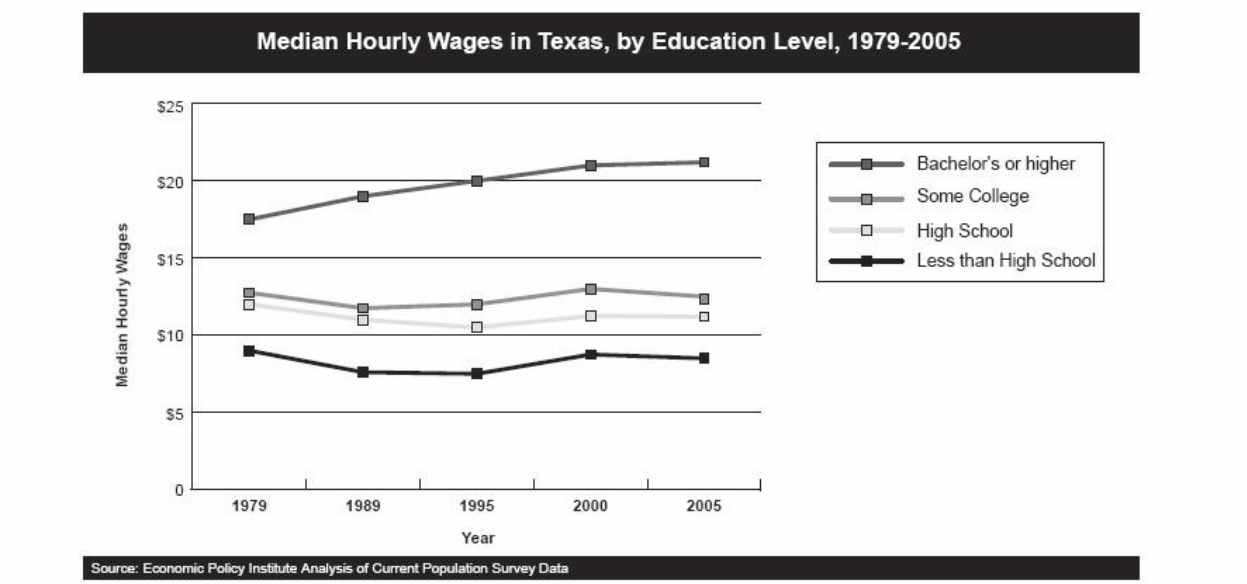
- Only 54 (compared to 58 in Texas) graduated from high school in four years, and
- Only 7 (compared to 13 in Texas) completed a higher education degree of certificate by 2003



(Source: *Higher Education and the Economic Future of El Paso*, p. 46, Prepared for the Paso del Norte Group by the National Center for Higher Education Management Systems, December 2007.)

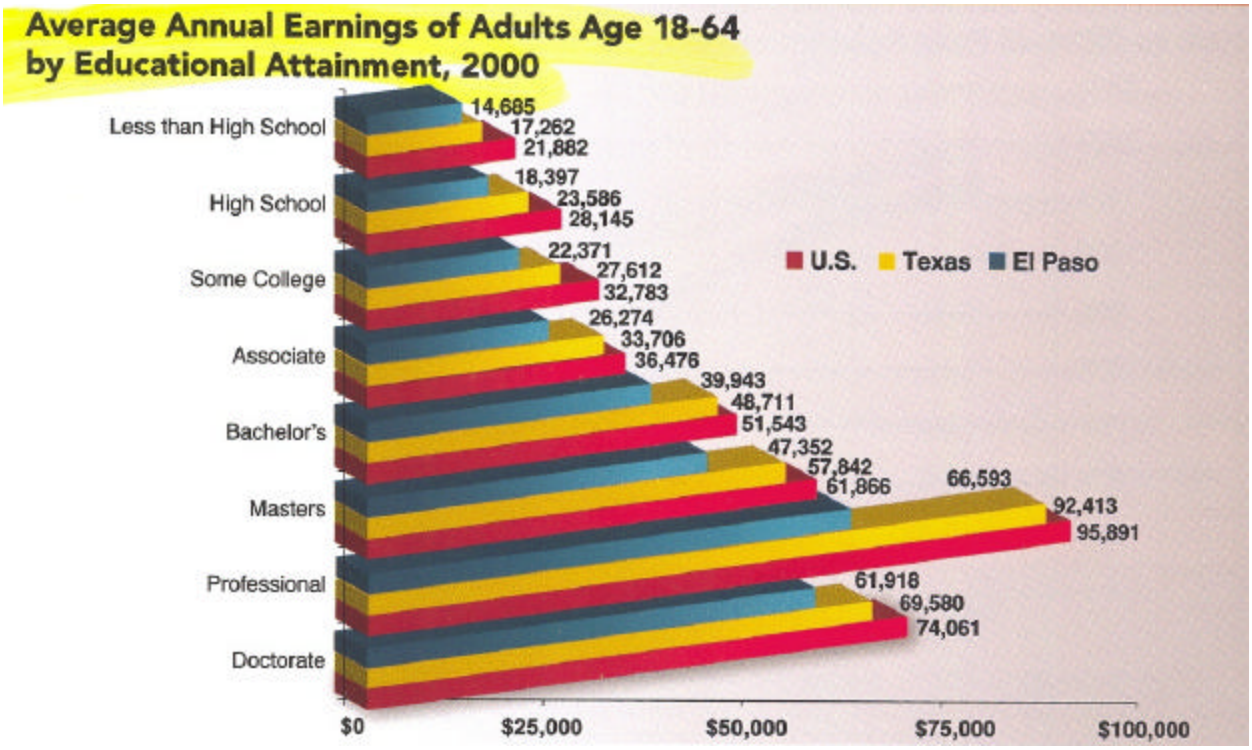
High school dropouts are very costly to Texas. Dropouts are significantly more likely to be unemployed, and therefore collect benefits more frequently and in larger volumes than graduates. About 4 in 10 dropouts are on government assistance (year 2001, ages 16-24). Dropouts are also 8 times more likely than graduates to be incarcerated. One study, entitled *Texas Survey Project: A Summary of Findings*, calculated that the dropouts from the class of 1986 cost Texas a sum of $16.89 billion dollars.[30]

Dropouts are also less likely to see their wages increase over time. Over the past 25-30 years, wages in Texas have only grown .5%, adjusted for inflation. In contrast, wages nationwide grew 9% over the same period. The only workers in Texas to experience long-term wage growth were those with a bachelor's degree or higher, as the graph below indicates:



(http://www.cppp.org/files/2/workingtexas269.pdf Accessed May 29, 2008)

The relationship between educational attainment and wage growth has never been stronger, yet the dropout rate continues to soar in Texas. Decreasing the dropout rate will not only increase wages and household income; it will also save the state government tens of billions of dollars in the long-run.



Though still far behind the state and the nation, almost one-quarter of El Paso adults have "some college," which is promising. If demand for high-skilled labor increases in the near future, this could serve as an incentive for members of this group to complete their degrees. However, because the current economy of El Paso does not provide the same returns on education as other cities, El Pasoans who complete their degrees may choose to leave El Paso to find better jobs elsewhere. Thus, efforts to increase educational attainment must attack both the demand-side as well as the supply side of the employment equation.

The projected rise in the population of Ciudad Juárez over the next 30 years also underscores the urgent need to increase educational attainment among El Paso's workforce. If El Paso's workforce does not have a sharp educational edge over workers from Ciudad Juárez, jobs will continue to flow out of El Paso and into Mexico where employers can pay lower wages.

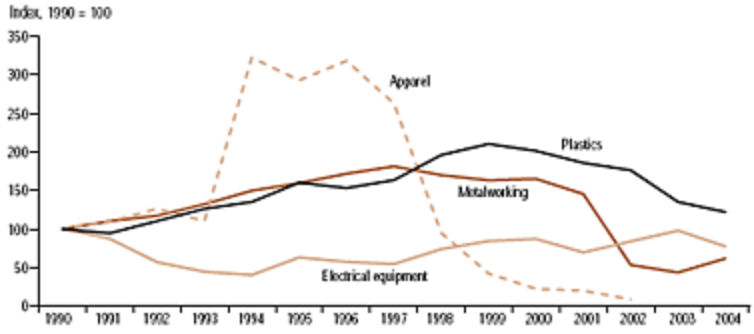
El Paso depends heavily on local institutions to provide its educational services. To increase educational attainment, the city will have to strengthen its collaboration with regional higher education institutions such as UTEP, EPCC, and NMSU.

The Impact of Maquiladoras on El Paso's Economy

El Paso is the second largest port of entry on the Texas-Mexico Border. Many workers in El Paso commute from Mexico daily, and many of the managers of maquiladoras work in Mexico but live in El Paso.

The performance of the maquiladora industry has a direct impact on the El Paso economy. Though maquiladoras typically manufacture inputs for U.S. firms, the role is sometimes reversed, as is the case in El Paso. Starting in the late 1990s, factories in El Paso have increasingly been manufacturing rubber, plastics, electronics, and electrical equipment for sale as inputs for maquiladoras across the border.

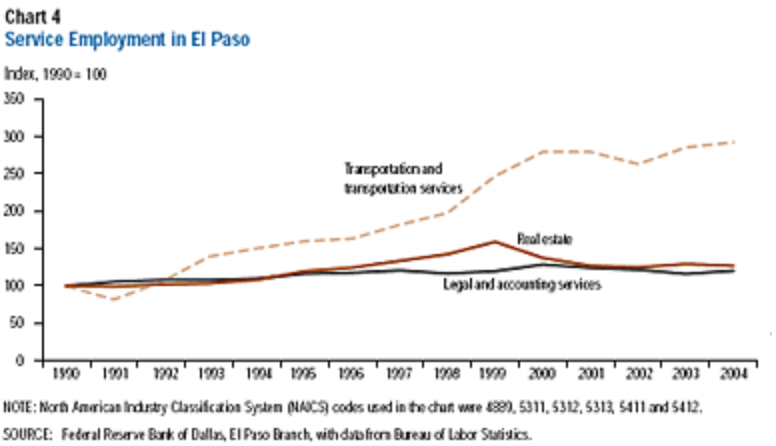
Chart 3
Maquiladora Suppliers in El Paso



NOTE: North American Industry Classification System (NAICS) codes used in the chart were 3327, 3329, 3328, 3332, 3335, 3159, 3261 and 3344.
SOURCE: Federal Reserve Bank of Dallas, El Paso Branch, with data from Bureau of Labor Statistics.

http://dallasfed.org/research/pubs/fotexas/fotexas_canas.html Accessed: February 8, 2008.

The El Paso service sector also has a strong interest in fostering a robust maquiladora industry in Mexico. Typically, maquiladora managers in Mexico use U.S.-based engineers, lawyers, and banks during the initial stages of development.[31] The following graph illustrates the boom to the service sector in El Paso during the large resurgence of the maquiladora industry in the 1990s:



http://dallasfed.org/research/pubs/fotexas/fotexas_canas.html Accessed: February 8, 2008

Removing the Barriers to Entering the Workforce

There are many challenges to improving the state of the workforce along the Border, including a lack of training and limited access to technology, affordable and reliable child care, and transportation. State and local governments can and should address these obstacles so that Border families can work, earn more money, and live the American dream.

Language Barriers

Over the last year, the downturn in our economy, combined with resulting changes in adjacent economies, has resulted in increased competition for available jobs. In some areas, additional pressures, such as continued labor reductions due to trade dislocations, have added to labor market competition. These pressures have largely impacted lower skilled workers. Yet, as competition for jobs tightens, the skills demands required by employers have continued to increase, especially for strong English literacy.

The specific needs of the Border Region can be illustrated with an example from El Paso. According to the United States Census Bureau, El Paso's population is 78.2 percent Hispanic. Moreover, many people in the El Paso community have limited English or no English communication skills. Data on language use suggests that many in the Border Region lack the

basic English language skills necessary to effectively compete in the labor force and to access services. Thirty-eight of the region's counties show higher proportions speaking non-English languages at home in 2000 than the State as a whole, and in 18 counties the percentage speaking a language other than English at home exceeded 70 percent. More importantly, as the chart *Percentage of Residents Who Speak Primarily Spanish at Home, and Proficiency in English* illustrates, in nearly a third of the counties, more than 20 percent of those speaking Spanish at home either do not speak English at all or do not speak the language well.

Percentage of Residents who Speak Primarily Spanish at Home, and Proficiency in English

		Ability to speak English			
Border County	**Percent that Speak primarily Spanish at Home**	**Very Well**	**Well**	**Not Well**	**Not at All**
Atascosa	45%	64%	24%	11%	2%
Bandera	14%	73%	16%	9%	3%
Bexar	43%	66%	20%	10%	4%
Brewster	43%	70%	18%	10%	2%
Brooks	78%	64%	23%	9%	3%
Cameron	79%	55%	20%	14%	11%
Crockett	48%	60%	26%	10%	4%
Culberson	73%	63%	20%	9%	8%
Dimmit	77%	62%	24%	10%	5%
Duval	78%	66%	23%	9%	2%
Edwards	47%	62%	21%	12%	5%
El Paso	76%	55%	21%	14%	10%
Frio	61%	63%	24%	10%	3%
Hidalgo	83%	54%	21%	12%	13%
Hudspeth	74%	46%	16%	19%	19%
Jeff Davis	37%	59%	18%	18%	6%
Jim Hogg	82%	66%	22%	10%	3%
Jim Wells	63%	65%	24%	10%	2%
Kenedy	85%	57%	19%	15%	8%
Kerr	18%	59%	25%	12%	4%
Kimble	18%	63%	13%	18%	7%
Kinney	47%	58%	24%	13%	5%
Kleberg	55%	69%	21%	8%	2%
La Salle	70%	60%	27%	9%	4%
Live Oak	30%	71%	18%	9%	2%
McMullen	27%	68%	17%	14%	1%
Maverick	92%	49%	23%	14%	14%
Medina	37%	68%	22%	8%	3%
Nueces	43%	68%	20%	9%	3%

Pecos	56%	62%	22%	12%	5%
Presidio	84%	46%	20%	13%	21%
Real	20%	70%	17%	9%	4%
Reeves	68%	56%	23%	12%	8%
San Patricio	39%	67%	20%	10%	3%
Starr	91%	43%	27%	13%	17%
Sutton	48%	62%	21%	9%	9%
Terrell	53%	69%	15%	13%	3%
Uvalde	60%	60%	22%	11%	6%
Val Verde	70%	57%	21%	13%	9%
Webb	92%	52%	24%	14%	11%
Willacy	78%	59%	24%	11%	6%
Zapata	79%	54%	24%	10%	12%
Zavala	85%	51%	30%	12%	7%
TEXAS	**31%**	**54%**	**20%**	**16%**	**10%**

Source: U.S. Bureau, Census 2000 Summary File 3

Despite the need, there are few standards for the development of an effective adult-level English as a Second Language (ESL) or bilingual curricula. Research has shown that displaced workers should be able to find employment after a three-month intensive bilingual training program, provided that the course includes both a language acquisition component as well as job training that is specific to the skills needed by area employers. In El Paso's case, the manufacturing jobs require specialization in the assembly of complex automotive and electronic products. Despite this fact, Border workers typically spend up to 18 months in English classes that do not teach the skills needed to succeed in the area workforce. This approach depletes scarce workforce training resources and impedes the acquisition of skills necessary for success. Programs must teach career-specific English as a second language. Further, the outcomes and measures for success of these programs must be whether or not the trainee gains employment, not whether or not he or she learned English.

A successful English literacy workforce skills development plan must:

1. identify industry sectors that are most likely to benefit from the development of basic skills curricula;
2. include a curriculum development process that starts with the skills demands of employers; and,
3. have a companion credential development process that will provide both employers and workers with meaningful tools to describe the abilities and competencies required for entry level work.

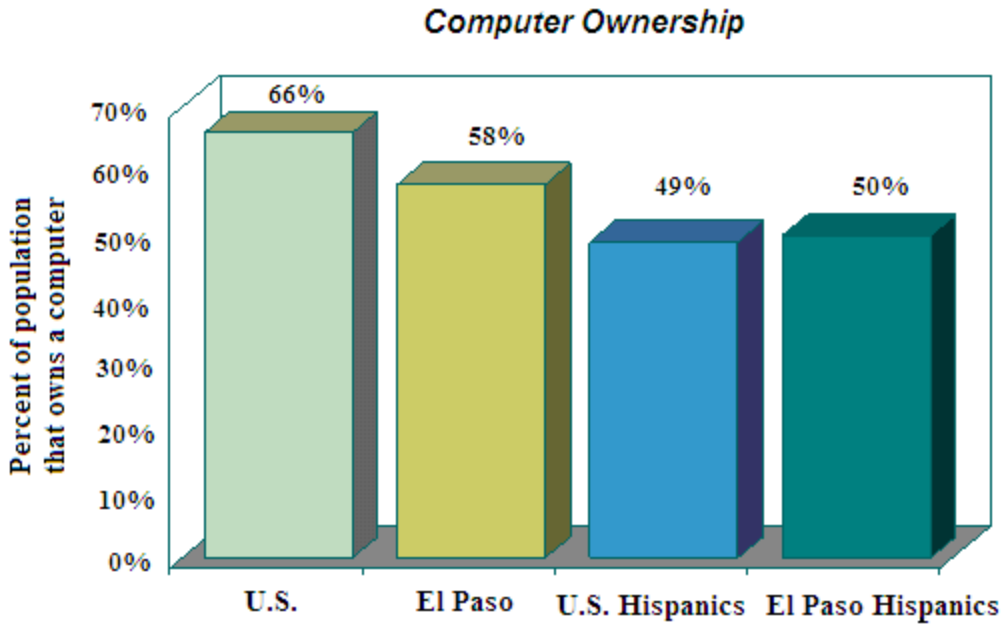
Positive steps have been taken in this direction with the enactment of Rider 82 by Senator Eliot Shapleigh in the 79th legislature. Working with the Texas Education Agency (TEA), Rider 82 directed TEA to use up to $800,000 in federal funds to develop a demand-driven workplace literacy and basic skills curriculum. The Texas LEARNS acting on behalf of (TEA) is

developing the curriculum. Texas LEARNS has in turn contracted with El Paso Community College (EPCC) to host a Workplace Literacy Resource Center (WLRC). In addition to developing the demand-driven workplace curriculum, TEA contacted the Texas Workforce Commission (TWC) in order to identify current "demand-driven" industries. The industries sectors that were identified are: health care, sales and services, construction, and manufacturing.

To date, EPCC has begun to identify "partner" employers, and the curriculum development process. The next steps include: identifying pilot sites for participation, student lessons, and development of a "blue-print for success" draft. In addition, Texas LEARNS has asked TWC to identify Local Workforce Development Boards willing to volunteer and support a pilot site. With local support services and additional resources from partners, adult learners will make successful transitions into employment training and education programs for which Adult Education funds cannot be used.

Limited Access to Technology

With the dramatic rise of the Information Technology (IT) industry and increased utilization of e-commerce, residents of the Border Region cannot afford to overlook the opportunities that lie within this sector of the labor market. A recent Information Technology Association of America study indicated that minorities represent only 15.4 percent of the IT workforce. More specifically, American Indians represent 0.2 percent, African Americans represent 6 percent and Hispanic Americans represent 3.4 percent of the IT workforce.[32] These low rates suggest that these communities are virtually an untapped resource in the area of technology. The chart *Computer Ownership*, below, illustrates that Hispanic computer ownership and El Paso's computer ownership lags behind the rest of the country.

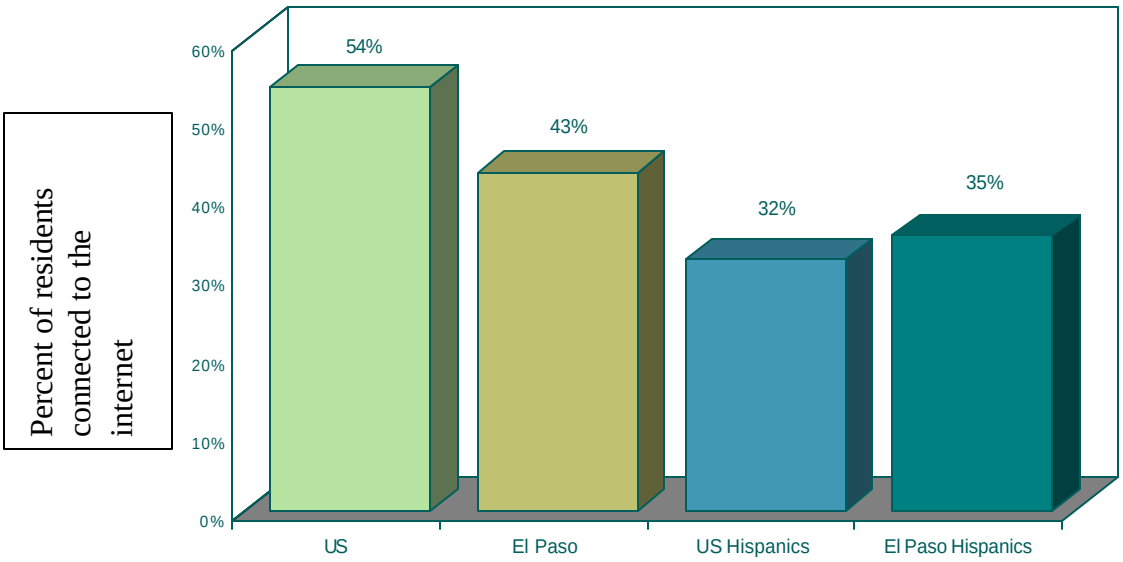


Source: University of Texas El Paso, Institute for Policy and Economic Development *Technical Report* , 2003.

A major reason for the substantial lack of participation among minority groups is the digital divide. If communities are already experiencing high unemployment and low wages, limited access to technology only exacerbates the situation. As more young people are eligible to enter the workforce, they must be offered ample opportunities to develop sufficient skills that can be put to use in the ever-growing world of technology.

The first step to bridging the digital divide involves Internet access. Without connectivity, residents have no chance to develop familiarity with technology and are unable to apply their skills in future work opportunities. As the graph *Internet Connectivity*, below, shows, El Paso's connectivity is below the national level of Internet access. Moreover, the disparity between the national average and the average for the Hispanic population reiterates the concern that the digital divide greatly affects minorities and the primary Border population.

Internet Connectivity



Source: University of Texas El Paso Institute for Policy and Economic Development, *Technology report*, 2003

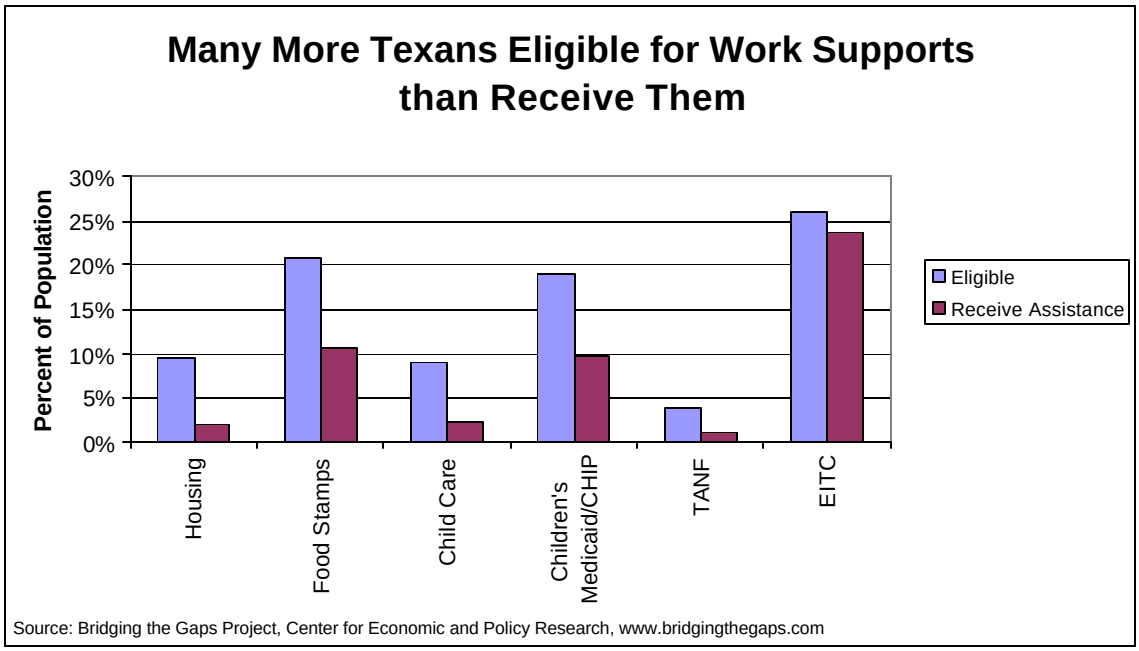
Concentrated efforts in improving Internet access, coupled with an emphasis on workforce training development will equip individuals with the knowledge base to excel in IT professions. Through community-based programs that target underserved communities and offer mentoring in the IT field, individuals can become aware of their potential and gain valuable experience.[33] Ultimately, economic opportunities will emerge as individuals gain skills, and barriers are removed. Otherwise, communities face the prospect of falling further behind as the nation's demand for high-tech workers continues to rise rapidly.

Access to Child Care

Along the Border, where an average of nearly 23 percent of school-aged children are living in poverty, the issue of child care is particularly pressing. Since child care costs take up a large portion of a low-income family's resources, parents are often forced to utilize unlicensed care or substandard care for their children. Moreover, many low-wage employees work odd hours or have rotating shifts, exacerbating their child care dilemma. Families along the Border with low incomes often face these challenges on a daily basis.

States operate child care programs that are funded through the federal Child Care and Development Fund (CCDF), the Child Care and Development Block Grant (CCDBG) and the Temporary Assistance for Needy Families (TANF) block grant. The states set the guidelines and thus, subsidized child care varies among the states. In 2000, 2.3 million children received subsidized child care, a mere 14 percent of the estimated 15.7 million eligible.[34]

While some government aid is available to help low-income families afford child care, the funding is inadequate to meet the need. Texas subsidized or fully financed child care for only 114,834 children between September 2007 and March 2008. In March of 2008, about 23,775 children were on wait lists for child care subsidies. The projected number for children on the waitlist in the year 2009 is estimated at 29,089. The Center for Economic and Policy Research estimates that fewer than one-third of Texas families eligible for a child care subsidy receive one.



Across the country, the high cost of child care is forcing many families to find alternative means for caring for children. According to a 2002 United States Census Bureau report, among the nation's 19.6 million preschoolers in 1997:

- grandparents took care of 21 percent;
- 17 percent were cared for by their father (while their mother was employed or in school);
- 12 percent were in day-care centers;
- 9 percent were cared for by other relatives;
- 7 percent were cared for by a family day-care provider in their home;
- 6 percent received care in nursery schools or preschools; and
- More than one-third of preschoolers (7.2 million) had no regular child-care arrangement and presumably were under maternal care.[35]

In the context of creating a stronger workforce, the limited access to child care makes maintaining a steady career difficult. According to the Texas Early Childhood Education Coalition, employers pay up to $3 billion each year due to parent absenteeism directly related to child care. When a child is sick, the parent often cannot attend work and can risk losing a job; further, the employer suffers a loss as well. Some parents miss work because they simply do not have a facility where they can take their child.

The State must act to provide better and more affordable child care services for our working families, as the current level of funding is leaving many families without employment or child care. During the 78th Regular Legislative Session, major cuts were made in the funding available to Texas families. For example, Temporary Assistance to Needy Families (TANF) was cut by $52 million; the budget for child care licensing was cut by almost $10 million; and Prevention and Early Intervention (PEI) Programs were cut by $29.4 million.[36] Moreover, the Legislature cut all funding for the Texas Rising Star Program, the Statewide Child Care

Resource and Referral Network and Employer Dependent-Care Collaborative grants. These programs were once used to provide training to child care providers and offered parents assistance when choosing quality child care for their children.

Perhaps most troubling is the role that TANF funding has, and has not, played in the child care picture in Texas. With caseloads declining precipitously between 1995 and 2001, Texas found itself with large surpluses in TANF funds—$400 million in 1997 and $600 million in 1999. Unfortunately, only a fraction of these funds were transferred to CCDF to expand child care assistance. By 2001 Texas was transferring about $33.5 million from TANF to CCDF. But with the Appropriations Act for 2002 and 2003, all TANF-to-CCDF transfers were eliminated and offset by increases in federal CCDF funds. This shortsighted budget decision marks a lost opportunity to expand child care assistance in a time of accelerating demand.[37]

While only children and families in poverty can qualify for state child care funds, about $227 million is allocated based on the total number of children living in an area, regardless of poverty. The chart *Texas Workforce Commission's (TWC) Child care Funding Formula* provides a description of how child care funding works in Texas.

The Texas Workforce Commission's (TWC) Child Care Funding Formula

Matching funds: **None of this funding is tied to poverty.** One hundred percent of these funds are allocated based on the number of children under the age of 13 living within the workforce area, in relative proportion to the total number of children under the age of 13 years old in the state. ($152.7 million in Fiscal Year 2001)

Mandatory funds: Half of the funds are not tied to poverty. Fifty percent of these funds ($62.8 million) are allocated based on the number of children under the age of five living in the workforce area, in relative proportion to the number of such children statewide. The remaining 50 percent is allocated based on the number of people living in the workforce area whose income does not exceed 100 percent of the poverty level, in relative proportion to the number of such people statewide. ($125.6 million in Fiscal Year 2001)

Discretionary funds: **All of this funding is tied to poverty.** One hundred percent of these funds are allocated based on the relative proportion of the total number of children under the age of 13 years old in families whose income does not exceed 150 percent of the poverty level. ($115.3 million in Fiscal Year 2001)

The funding formula should be need-based, not population-based. Since TWC was created, the Texas child care system has been decentralized, leaving local workforce development boards facing many challenges. In addition to their administrative responsibilities, these boards are responsible for finding local money to draw down available federal funds. This shifts the responsibility of drawing down funds from the state and directs it to local communities. Rural and Border areas have limited capacities to generate the maximum funds, and benefit less from increased child care allocations. Basing the formula on the need of the area will ensure that families living along the Border will have access to affordable child care.

Limited Access to Transportation

A critical barrier that prevents people with low-income from finding and keeping a job is the lack of available modes of transportation. Too often, people with low-incomes are unable to get to their jobs, drop off their children at child care, or perform other tasks that many who already have available transportation take for granted.[38]

While many Americans take a job and decide how to get to work afterward, many low-income people find their choice of jobs limited by lack of transportation options. Public transportation may get some people to work, but it is not an option for others, particularly in more rural areas like the Texas Border Region. Moreover, many low income people have shifts outside of regular business hours when available public transportation may not run regularly. Historically, governments, nonprofits and businesses have assumed that low-income workers who do not own cars will turn to public transportation to meet their mobility needs, but in the Border Region, public transportation is not an option for many.

Moreover, the cost of transportation can be burdensome for low-wage workers. Available public transportation, automobile ownership and insurance are particularly costly. According to the Bureau of Labor Statistics (2005), the share of families with after-tax incomes below $24,102 spent 7.9 percent of their income on gasoline in 2004. Families with after-tax incomes between $24,103 and $41,613 spent 4.7 percent of it on gasoline.[39] As of May 16, 2008, the price of oil had reached a record level of $128 a barrel. Coupled with the State's new mission to develop toll roads, the skyrocketing price of oil could significantly increase the percentage of income that low-income workers must devote to transportation costs. If transportation leaders do not craft toll policies wisely, they could prove to be a non-sustainable strategy on the Border.

Texas needs to follow the lead of states like Arizona, Florida, and Georgia and develop innovative solutions to transportation and mobility barriers. These states have all supported and invested in car ownership programs - unique programs that recognize that an individual's mobility needs cannot always be met through public transportation options. A car ownership program makes a used car with a value ranging from $2,000 to $5,000 available to low-income workers at a reduced cost. Early results from established programs show that car ownership leads to higher wages and more stable employment.[40]

Recommendations

Capitalize on the Expansion of Fort Bliss

In 2006, it was announced that Fort Bliss would undergo a $2.6 billion expansion to accommodate 23,000 additional troops. The expansion of Fort Bliss will greatly benefit the El Paso area economy, and many local business owners and contractors are hoping to capitalize on the anticipated demographic boom.[41] The Institute for Policy and Economic Development at the University of Texas at El Paso estimates that 34,735 new jobs will be created in El Paso as a result of the expansion of Fort Bliss. The Institute also projects future employment opportunities

to be 9.4 percent higher than normal, overall job growth to reach 14.4 percent, and a job market growth of 23.8 percent in the El Paso area, excluding military personnel.[42] Though the surge in troops will place some strain on the city's infrastructure, the Fort Bliss expansion holds plenty of promise for the El Paso area economy.

Invest in Workforce Training

The changing dynamics of the economy demand that more training be available to the Border Region labor force. As workers compete in an increasingly globalized economy, jobs in the United States are becoming more and more specialized and require at least some form of higher education. Recent employment statistics illustrate this growing trend, as the jobless rate of high-school graduates and dropouts is nearly three times higher than that of workers with a four-year college degree.[43]

The Frontier of the Americas Program

Innovative workforce training programs should be developed and implemented to meet the Border's unique needs. One example of such a program is El Paso's Frontier of the Americas (FOA) technology training program. The Frontier of the Americas Program's main goal is to bridge the digital divide along the Texas-Mexico Border Region of El Paso by creating laptop lending libraries configured with Internet access and online training for disadvantaged communities. The term "digital divide" refers to the gap between those individuals who can effectively use new information and communication tools, such as the Internet, and those who cannot.[44] By improving computer literacy in the El Paso region, the gap between the "information rich," those with higher-than-average incomes and levels of education, and the "information poor," those who are younger and have lower incomes and education levels, can be significantly reduced.

La Mujer Obrera

Another innovative Border-specific workforce program is the Mujer Obrera initiative in El Paso. In the past decade, as maquiladoras in El Paso were shutting their doors and many low-wage garment workers were finding themselves out of work and without alternative labor opportunities, a group of innovative women, determined to improve their lot, developed a plan for increasing employment and business opportunities. By pooling their entrepreneurial skills and their unique understanding of the El Paso population, and by tapping into the expertise of seasoned small business owners, Mujer Obrera created a strong organization for supporting El Pasoans. The organization does everything from offering low-interest loans and skills development training, to providing a support network for other small business entrepreneurs.

Project ARRIBA

Project ARRIBA is a not-for-profit economic and workforce development program based in El Paso. Project ARRIBA's mission is to provide long term, high-skilled occupational training to El Paso County residents in an effort to boost wages, decrease unemployment, and

provide sustainable career paths. Because the apparel industry no longer drives the El Paso economy, it has become increasingly difficult for workers with limited skills to find jobs with a living wage. Project ARRIBA's vigorous effort to train workers plays an integral role in the restructuring of El Paso's economy, particularly since the city's demand for highly skilled workers is quickly outpacing supply.[45]

Project ARRIBA promotes a partnership between private corporations, civil organizations, and training institutions. By developing specific training strategies for El Paso's hard-to-fill occupations, Project ARRIBA typically finds immediate placement for its graduates. Because of its clear ability to meet public and private needs, the program has received funding from the state and local government, along with a long list of private corporations in the El Paso area. The total investment in Project ARRIBA since its creation has been $11.515 million.

Project ARRIBA has produced substantial results since its creation in 1998. At the end of 2006, there were a total of 427 graduates of Project ARRIBA. The average graduate of the program was 34 years old, and earned $33,100 a year. This is a substantial increase from the average recipient's pre-Project ARRIBA earnings, which were only $7,100 a year. This $26,000 increase in annual earnings is proof of the benefits incurred by offering specialized training to low-skilled workers. Ninety percent of Project Arriba participants are Hispanic, and 84 percent are women. Almost two-thirds (64 percent) of participants had children while enrolled in the program, and 74 percent in training were at or below the poverty level. These statistics show that Project ARRIBA has empowered minority women in particular, to overcome poverty and achieve self-sufficiency.[46]

The Institute for Policy and Economic Development at the University of Texas at El Paso calculated the overall economic impact of Project ARRIBA in a report released in 2007. The institute estimated that the 427 graduates of Project ARRIBA have contributed $185.3 million to El Paso's economy. This represents a $16.09 return on every dollar invested in the program, which cost only $11.5 million. Furthermore, the study estimated that these 427 graduates will pay a total of $87.3 million in taxes over their working years, with 27 percent of this amount going to state and local governments. These statistics point to Project ARRIBA's ability to raise wages and strengthen El Paso's current and future economic health. Project ARRIBA is playing a positive and proactive role in El Paso's transformation towards a skill-based economy, and many other economically strapped Border communities would benefit greatly from enacting similar workforce training programs.[47]

In their study, *Higher Education and the Economic Future of El Paso,* the National Center for Higher Education Management Systems recommended that Project ARRIBA be targeted to the segment of the population who has "some college." Unlike those who have just completed high school, this population is typically older, has practical needs and objectives, and therefore has more motivation to improve their knowledge and skills to get higher-paying jobs. Recent high school graduates, in contrast, usually do not have clearly defined goals and are less motivated to acquire practical, work-specific skills. The National Center for Higher Education Management Systems praises Project ARRIBA's positive contribution on El Paso's economy,

and believes that refocusing its services on the "some college" population will only increase the retraining program's success rate.

Invest in Secure and Smart Manufacturing Technology

One way to meet the needs of the population and diversify the economy is for communities along the Texas-Mexico Border to take greater advantage of their strategic location. Political leaders on both sides of the Border have formed the Border Legislative Conference (BLC), a group that aims to develop strategies and proposals within their respective federal and state legislatures to promote the development of a "Secure and Smart Manufacturing Zone" along the Border.

Texas' close proximity to Mexican states with strong maquila industries implies that these states now form Texas' largest trading partners. The most recent figures from the United States Department of Commerce declare that Texas leads all states in cross-border commerce with $108.6 billion in goods from Mexico, which constitute 68 percent of its total imports. The maquiladora industry contributes $105 billion of that total. The North American Free Trade Agreement (NAFTA) has also encouraged further expansion of trade and economic integration in the Western Hemisphere.

Unfortunately, the terrorist attacks on September 11, 2001, significantly and adversely affected Texas trade corridors due to the increased security along the Border Region. As a result, the time and costs associated with transporting goods across the Border have amplified, causing a strain on companies' abilities to operate at full potential. The expansion of the Pacific Rim, with countries such as Malaysia, Thailand, India, and China possessing the capability to manufacture goods at costs lower than Mexico, coupled with the increased security constraints, have presented the border region with an economic hurdle to remain competitive in both the domestic and global market. A "Secure, Fast, and Smart" manufacturing zone would shorten this supply chain, which would stabilize the supply lines to companies and boost economic growth. Additionally, the zone would promote considerable infrastructure investment in areas such as transportation, energy, and technology. The high technology available through New Mexico and Texas research laboratories coupled with lower-cost production capabilities along the Border would bring a significant influx of capital and investment to the Border economy. Furthermore, increased broadband deployment along the Border would improve communication and monitoring processes, therefore enhancing the productivity and security between businesses.[48]

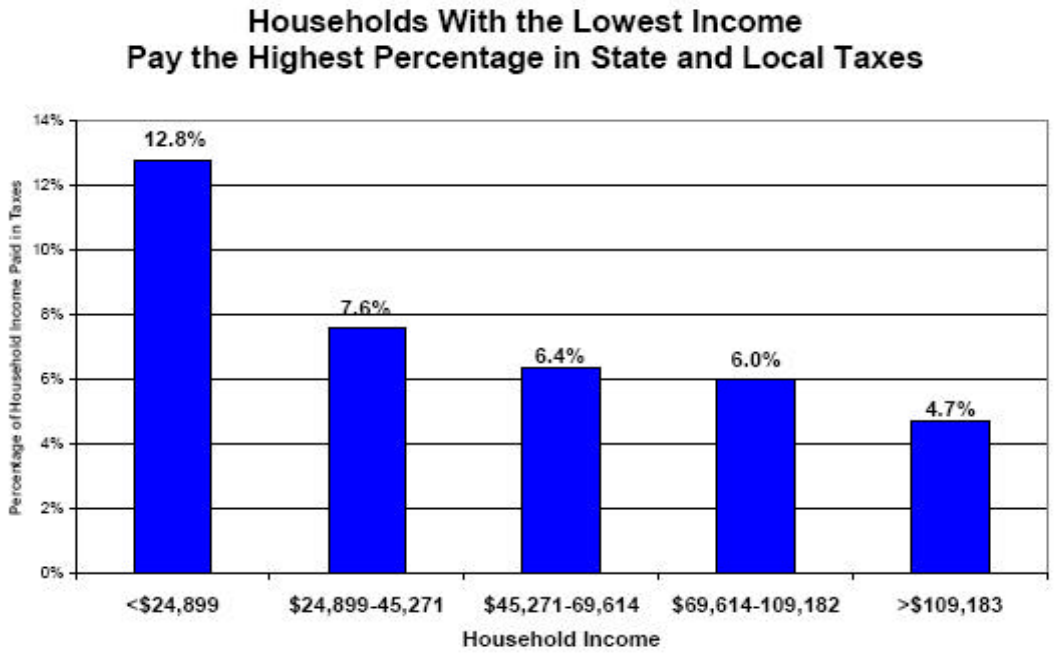
The members of the BLC also aspire to work with the North American Development Bank and Border Environment Cooperation Commission to develop and help finance binational projects that will enhance economic opportunities in the Border Region. The BLC also intends to support the efforts of the U.S. Congress to increase the mandate of the North American Development Bank to expand its low interest lending facility. In turn, this will help the Bank issue grants and non-market rate loans to qualified projects and also help extend the zone in Mexico the bank serves from 100 to 300 kilometers. With various state and federal entities throughout the Border working together to gain prosperity, the entire Region will benefit collectively.

Any solution to the development of a more efficient border trading system would have to be conducted systematically. A successful result can only occur if the fundamental steps to address the border manufacturing and transportation issues are implemented simultaneously. A collaborative effort is also necessary. Individual citizens, businesses, and government officials all have various interests that must be assembled into a uniform vision. Citizens who have an essential interest in crossing the border on a daily basis should have those needs met and incorporated with the many concerns that business and government officials have. To achieve this feat, a collaborative effort must include all parties working together to ensure that the development of a comprehensive border trade system is realized.

Pertaining to the matter of security, the most important aspect of the border trading system, there must be a consensus on the definition of security. There are five key elements that are of critical importance when evaluating security: protection from man-made or natural threats, allowance for economic growth, consistency and predictability, low energy consumption, and environmental and physical safety.

Reduce the Tax Burden on Low-Wage Earners

In Texas, the greatest tax burden is heaped upon those citizens with the lowest incomes. Because Texas' tax system relies heavily on a consumption tax, lower income Texans are paying more of their yearly income in taxes than Texans who earn more. Both sales and excise taxes are considered "consumption taxes," since the amount an individual pays is linked to the amount that individual consumes. Consumption taxes account for more than 80 percent of all state taxes.[49] The chart, *Taxes Paid as a Percentage of Income,* on the next page, illustrates the stark regressivity of the Texas tax system.



Source: Comptroller of Public Accounts, *Tax Exemptions & Tax Incidence*, Feb. 2007. (http://www.window.state.tx.us/taxinfo/incidence07

The following table shows how the progressive tax system translates into government revenue:

State Revenue by Major Tax — October 2007
(Amounts in millions of dollars)

	Monthly	Year-To-Date	Percent change from previous year
Sales Tax	$1,660.9	$3,288.6	5.0%
Oil Production Tax	$89.6	$167.3	-11.2%
Natural Gas Production Tax	$161.1	$342.1	8.6%
Motor Fuel Taxes (Gasoline, Diesel, LPG)	$251.2	$527.6	3.2%
Motor Vehicle Sales/Rental and Manufactured Housing Taxes	$311.9	$595.0	5.7%
Franchise Tax	$25.2	$53.2	-14.3%
Cigarette & Tobacco Taxes	$141.5	$187.1	91.3%
Alcoholic Beverages Taxes	$61.2	$123.6	6.1%
Insurance Taxes	$13.0	$28.3	0.1%
Utility Taxes	$128.6	$129.0	-2.4%

	Monthly	Year-To-Date	Percent change from previous year
Inheritance Tax	$2.2	$2.2	128.1%
Hotel and Motel Tax	$31.3	$60.8	10.9%
Other Taxes	$132.4	$139.1	-19.5%
Total Tax Collections	$3,010.1	$5,643.7	5.7%

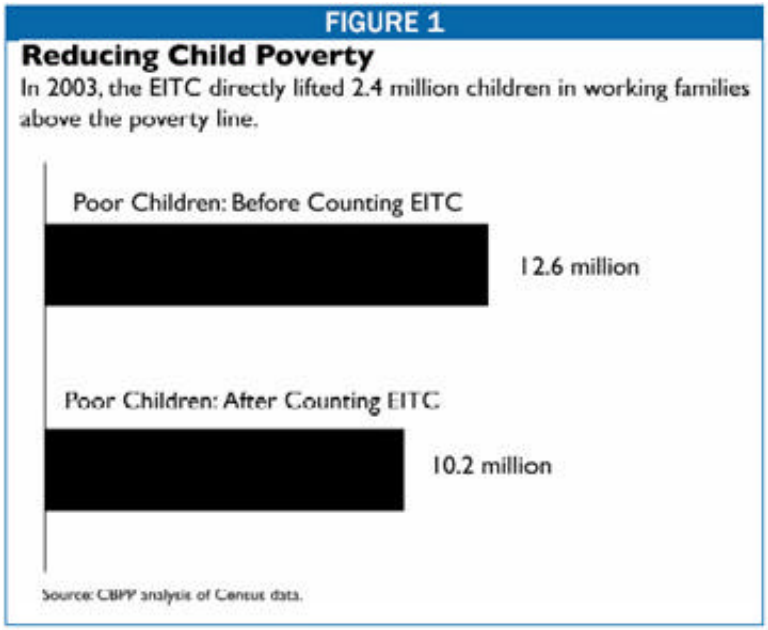
Source: Texas Comptroller of Public Accounts http://www.window.state.tx.us/comptrol/fnotes/fntxstat.html Accessed February 8, 2008.

Use the Earned Income Tax Credit to Boost Earnings and Reduce Poverty

The Earned Income Tax Credit (EITC) is the largest single source of federal support for low-income families. It has provided important relief to low-income workers, a growing segment of the U.S. population, and has been successful in alleviating the loss of real wage increases for the working poor. For the 2003 tax year, the credit could reduce the tax burden for qualifying families with two or more children by as much as $4,204 per year, while families with one child can earn a credit of up to $2,547. In 2002, the credit provided an estimated $30 billion in tax relief to low-income working families in the United States. And in 2001, 1.9 million Texans claimed almost $3.6 billion through the EITC.[50]

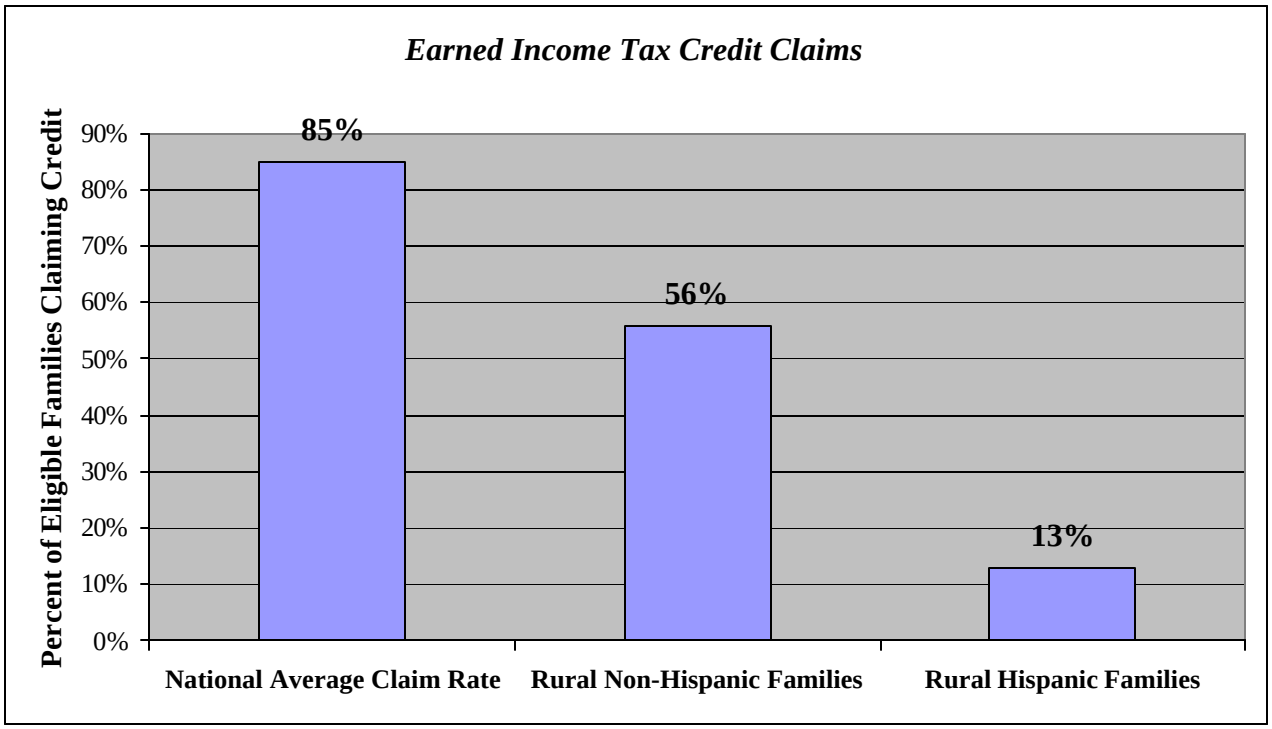
According to a recent study, Texas, along with seven other states, is designated a "high working poverty state."[51] These states are characterized by significant concentrations of working poor families in every geographical area: large cities, large suburbs, small metropolitan areas, and rural areas. Seven of the states are located in the South, showing that families in the rural South are more likely to have low incomes than those in other parts of the country. The percentage of EITC recipients in these eight states is generally similar among four geographical areas, but Texas in particular seems to have a higher percentage of EITC recipients along the Mexican border, with particularly large concentrations around the El Paso, Laredo, McAllen, and Brownsville areas.[52]

The EITC has been labeled "the nation's most successful anti-poverty program" because it lifts an estimated 500,000 working Texans out of poverty each year. The EITC replaces the traditional welfare system by providing a financial incentive to work, thereby laying the foundation for a self-sufficient and stable middle class. The EITC benefits not only the recipient, but the community at large.[53] Because the EITC puts money in the pockets of lower-income workers who are likely to spend rather than save their earnings, the EITC stimulates the local economy by increasing consumer spending.[54] The EITC has also proved effective in decreasing child poverty rates. In 2003, the EITC lifted 2.4 million children out of poverty:



http://www.childrensdefense.org/site/DocServer/RAL_report_TX.pdf?docID=3941 Accessed January 11, 2008.

Though the benefits of the EITC are widely documented, the program fails to reach all eligible workers. One in four tax filers in Texas is eligible for the EITC, yet it is estimated that $1 billion dollars in EITC payments are unclaimed every year. Due to a combination of high workforce participation, low educational attainment, and a large number of children per household, Hispanics represent the largest potential for EITC eligibility compared to Blacks and Whites. However, Hispanics are the least likely among these groups to be aware of and claim the EITC. The number of eligible rural families who receive the EITC is particularly troubling. Fifty-six percent of eligible non-Hispanic rural families obtain the credit, compared to 13 percent of eligible Hispanic rural families.[55] This number also stands in stark contrast with the national average claim rate of approximately 80 to 85 percent of eligible families. The chart, *Earned Income Tax Credit Claims*, below, clearly illustrates this troubling disparity.



Source: Robles, Barbara J. *Low-Income Families and Asset Building on the US-Mexico Border*. Session Report: LBJ School of Public Affairs, The University of Texas at Austin. June 6-7, 2003. http://www.utexas.edu/lbj/faculty/robles/research/pdf/Asset_Building.pdf.

(Note: In previous editions, estimated unclaimed EITC dollars were given, as were the estimated percentage of people who don't claim the EITC. Because of methodological issues, The IRS no longer computes the unclaimed dollars or percent of individuals that don't claim. Consequently, these figures have been taken out of this section. However, it is safe to say that the vast majority of people who don't claim the EITC don't file at all with the IRS, according to Don Baylor at the Center for Public Policy Priorities).[56]

Even among those who are familiar with the EITC, there are many who file their tax returns with commercial tax preparers instead of using free tax preparation services provided by the Volunteer Income Tax Assistance (VITA) program. Moreover, not everyone who claims the EITC receives the full benefit. This is because thousands turn to Refund Anticipation Loans (RALs) to secure their expected refunds in advance. The catch is that these loans come with hefty fees. A RAL offered by commercial tax preparers costs the filer an average of $100 to $250 in fees and tax preparation. Nearly 36 percent of EITC filers in Texas (about 1.2 million filers) used a Refund Anticipation Loan to claim their EITC in Tax Year 2004.

The following table illustrates the effect that tax preparation and RAL fees have on Texas cities:

Figure 2: Total Dollars Lost to Tax Preparation and the Purchase of RALs in Cities with the Highest Total Number of Returns Filed, Tax Year 2004

City	Total Returns	EITC Returns	% of EITC Filers who used Paid Preparers	% of EITC Returns with a RAL*	% of Non-EITC Returns with a RAL*	Dollars Lost to Tax Prep and RALs**	Child Poverty Rate
Houston	1,075,839	282,217	75.4%	30.9%	7.6%	$40,231,770	26.4%
San Antonio	598,819	158,611	67.0%	32.0%	5.7%	$20,889,120	24.6%
Dallas	499,983	123,858	75.9%	41.2%	9.1%	$19,021,470	25.5%
Austin	359,067	51,656	60.6%	30.5%	4.2%	$6,191,370	17.0%
Fort Worth	297,112	71,537	74.9%	39.6%	8.1%	$10,795,830	21.8%
El Paso	266,845	102,320	73.9%	24.9%	6.6%	$13,831,440	30.1%
Arlington	150,288	29,195	69.4%	34.8%	7.6%	$4,012,620	12.7%
Corpus Christi	119,779	33,020	65.2%	37.9%	7.4%	$4,451,580	23.3%
Plano	111,032	9,712	61.0%	22.0%	3.0%	$1,087,680	4.9%
Spring	109,355	10,476	58.5%	21.6%	3.4%	$1,133,130	5.2%
Rio Grande Cities							
Harlingen	28,869	10,781	73.5%	31.8%	7.1%	$1,523,820	35.0%
Brownsville	63,357	33,323	84.4%	22.9%	6.7%	$4,962,930	45.3%
Pharr	19,850	11,397	83.6%	21.6%	7.8%	$1,669,320	46.6%
McAllen	45,476	17,276	77.8%	19.9%	5.7%	$2,348,010	30.6%
Texas Totals	9,145,683	2,170,290	72.2%	33.5%	7.0%	$305,145,180	20.5%
US Totals	128,599,631	21,721,218	70.6%	28.8%	4.5%	$2,896,229,700	16.6%

Source: Internal Revenue Service SPEC Information Database, Tax Year 2004 (December 2006). Poverty figures from US Census Bureau 2000 Census. CDF calculations.
*Of those who received a refund
**Calculated based on a $150 average tax preparation fee and a $100 average RAL fee.

http://www.childrensdefense.org/site/DocServer/RAL_report_TX.pdf?docID=3941 Accessed January 11, 2008.

In an effort to boost use of the EITC, Governor Rick Perry declared January 31, 2008, "Earned Income Tax Credit Awareness Day."[57] The Border Region and Texas as a whole, would benefit greatly from a comprehensive EITC awareness campaign. The EITC's proven effectiveness in reducing welfare payments, reducing child poverty rates, and stimulating local economies are all important reasons to promote EITC among the working poor in Texas.

Invest in a New Economic Direction for El Paso

There is an emerging consensus among El Paso's civic leaders that the city must focus on attracting high-paying, highly-specialized, long-term jobs to the border region. There is less of a consensus, however, on which direction the city should take to achieve these goals. In its report, *Higher Education and the Economic Future of El Paso*, the National Center for Higher Education Management Systems laid out specific recommendations for civic leaders in El Paso. The report recommended establishing regional investment funds, such as an Emerging Technology Program fund, which would assist economic development in industries that have high potential for the future of El Paso. The report made the following recommendations on which industries should be targeted and how the city should best oversee such projects:

Health Care: The expansion of Fort Bliss offers a unique opportunity for the health care industry to expand in El Paso, particularly in providing care to military personnel and their families. A concentration on Hispanic health and border health issues could also provide opportunities for the industry. Some see the Texas Tech Medical School addition as an opportunity to develop a much more substantial scientific R&D capacity. Others see opportunities for more applied research based on the clinical medical trials of universities and health care facilities in El Paso. This is an area where a joint proposal from UTEP and TTU regarding future initiatives in this arena, building on the strengths of each in a collaborative endeavor (rather than a merged enterprise), is a recommended first step.

Future Combat Systems: The expansion and evolution of Fort Bliss holds the potential to create many high-skilled, high-wage jobs. The major obstacle, however, is that Department of Defense contractors and employers are able to meet their needs elsewhere, and have not indicated a willingness to form partnerships with the El Paso business community or El Paso educational institutions. El Paso needs to develop strategies on for leveraging high-skilled, high-wage jobs out of the Fort Bliss expansion. These strategies would require a strong relationship between UTEP's engineering school and the defense employers at Fort Bliss. UTEP's newly-created Center for Defense Systems Research would be a critical component of such a strategy. A systems engineering and simulation department at UTEP would also provide an opportunity for El Pasoans to receive training on cutting-edge future combat systems technology. The National Center for Higher Education Management Systems recommends a dialogue among UTEP, the military, and military contractors to identify which academic and research programs are needed and would be most beneficial to the city.

Border Security: The increasing importance of border security as a national security issue holds plenty of promise for El Paso, as the geographical layout of the city lends itself to various Department of Defense and Border Patrol initiatives. Given the Border region's dependence on manufacturing, it is particularly important that ways be found to screen incoming goods for hazardous materials. Researchers on security issues at UTEP and community leaders from both sides of the border must come together to develop methods that ensure quick and secure passage of people and materials across the border, which is a natural area for development in El Paso. The uncertain future of U.S. immigration policy, however, complicates short-term planning for a "border security" economy in El Paso.

Water Resources: Water will always be a scare resource in this arid part of the country. The need to maintain and enhance the water supply is an area of consensus in the region. One of the major opportunities is development of cost-effective approaches to inland water desalinization. The National Center for Higher Education Management Systems recommends forming a working group of university, business, and community leaders charged with developing a plan for an initiative in the area.

Business Services: This economic direction would place special emphasis on English/Spanish bilingual capabilities. As the population of Hispanics rapidly expands throughout the entire U.S., El Paso could capitalize on its long tradition of bilingualism and biculturalism to enhance business opportunities.

All of these directions put El Paso on the path to a high-skilled, 21st-century economy. The only way to end the cycle of low educational attainment, low wages, and low per capita income is to attract cutting-edge industries to El Paso and invest in programs that give El Paso's workers the specialized skills they need to succeed in these jobs. Research and practice has demonstrated that such an approach would yield a high return on investment. The recommendations put forth by the National Center for Higher Education Management Systems offer many ways in which El Paso can make this important economic transformation. [58]

Conclusion

The Border Region plays an essential role in the State's economy as the neighbor of our largest trading partner- Mexico. The opportunity for Texas to thrive by strengthening the economy of the Border Region is limitless. The workforce of the Border must be educated, skilled and able to carry Texas' economy forward. As Robert Reich, former United States Secretary of Labor under President Clinton said,

> *…a skilled, flexible, involved work force can create value in ways that matter in the marketplace and offer an enduring competitive advantage. Key to a new model of corporate citizenship is treating workers as assets to be developed, not costs to be cut. Valuing workers means investing in their training…* [59]

This statement rings true in the Texas Border Region, where investment is imperative. Investing in human capital means investing in training, which will increase prosperity for the region and its residents. A bi-cultural, bilingual, and bi-literate population equals potential. If we strive to help the Border workforce reach its full potential, our State's economy will thrive, and all will prosper.

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[10] Center for Public Policy Priorities http://www.cppp.org/files/2/POP300%20State%20of%20Working%20Texas%202007.pdf All graphs, facts, and figures were extrapolated from this study.

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[21] Ibid.

[22] Federal Reserve Bank of Dallas, *Hot Stats-Maquiladora Employment* (Dallas Texas, April 2006)), p. 2

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