



# East Texas Economic Development District

**Comprehensive Economic Development Strategy**

**2019-2023**

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## Executive Summary:

*This document presents the 2019-2023 Comprehensive Economic Development Strategy (CEDS) for the East Texas Economic Development District (ETEDD) & East Texas Council of Governments (ETCOG), a fourteen-county region in East Texas. The purpose of a District CEDS document is to encourage and support coordinated economic growth throughout the region. This CEDS document was developed with input and collaboration by key public and private sector stakeholders, economic development specialists, and elected officials representing local and special purpose governments throughout the region.*

Not only does the CEDS encourage regional cooperation, it is a required component of any application for funding assistance from the Economic Development Administration (EDA). Organizations and entities interested in applying for project grants under EDA's Public Works and Economic Adjustment Programs must demonstrate how the investment fits into the regional CEDS. As a designated Economic Development District, the East Texas Economic Development District (ETEDD) is responsible for preparing and adopting a CEDS document at least every five years. The East Texas Council of Governments (ETCOG) provides the organizational structure for the formulation of the CEDS and serves as a regional coordinating body to bring players together to assure implementation of the recommendations contained herein.

Unless otherwise noted, East Texas refers to the 14-county ETCOG region when used in the document.



## Summary Background:

### Regional Background and Overview:

The East Texas region is characterized by small pine forests and agricultural lands with small towns and cities scattered across the fourteen counties. An improving economy as well as the physical beauty of the region has led many to see East Texas as an attractive place to live, work and retire. East Texas is sometimes considered to be in the Dallas, TX Economic Area and large portion of the region's population falls along the I-20 corridor connecting Shreveport to Dallas. The counties that make up ETCOG and the ETEDD are:

- Anderson County
- Camp County
- Cherokee County
- Gregg County
- Harrison County
- Henderson County
- Marion County
- Panola County
- Rains County
- Rusk County
- Smith County
- Upshur County
- Van Zandt County
- Wood County

East Texas was once a hub for the oil and gas industry. In 1930, the first successful well was drilled in Rusk County, Texas, marking the start of the oil boom. The region grew to include several oil refineries. In addition to oil and gas, the local economy had significant timber and agriculture investment and resources. In the 1930s, the Eastman Chemical Company built the first of several cellulose plants. The oil boom lasted into the 1980s before a sudden decline. The economy has mostly recovered from that and the economic recession of the late 2000's.

East Texas saw significant population growth of 14.2% between 1990 and 2000. While growth has continued, it has also slowed. From 2000 to 2010 the population grew by 9.5%. The population is projected to grow between 5-6% between 2010 and 2020.

Population Growth:		
1990-2000:	2000-2010:	2010-2020*:
14.2%	9.5%	5.5%

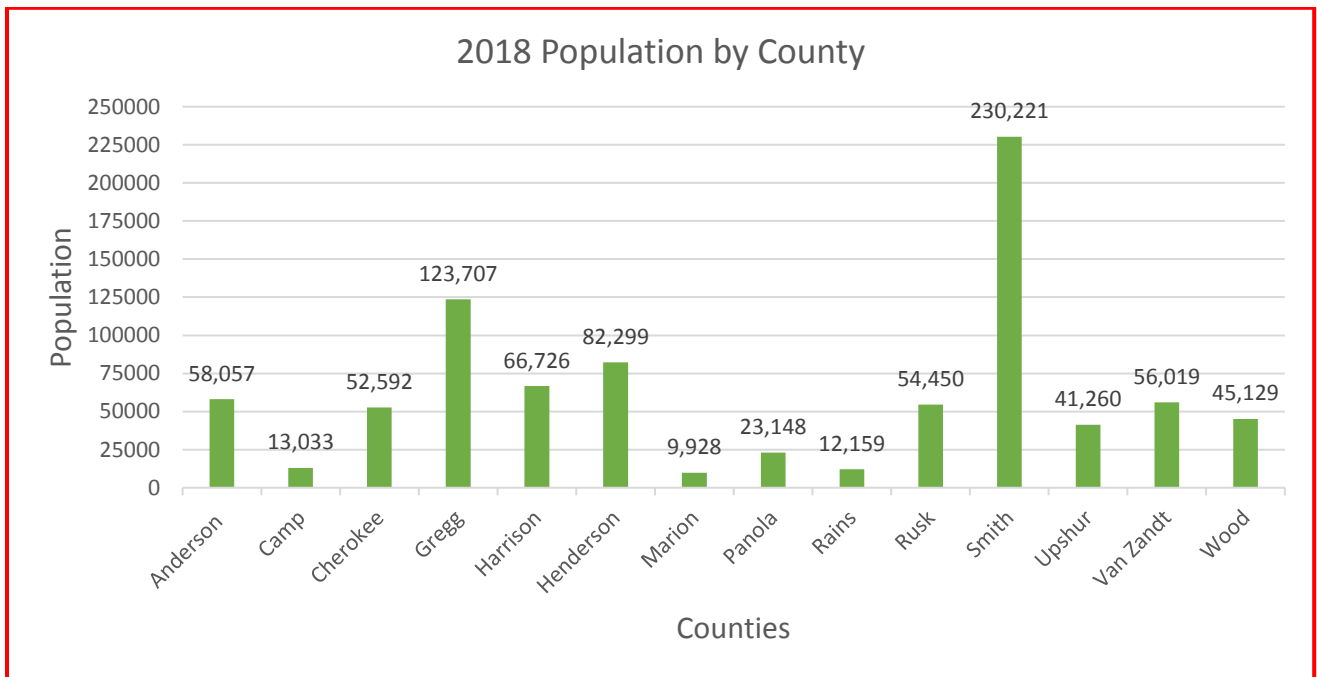
Source: U.S. Census Bureau – 1990, 2000, 2010 Decennial Census & Texas Demographic Center, Population Projections

\* Projection

Population Size:

The total estimated population of the East Texas region in 2018 is 868,728. Since 2000 the population has grown by just over 120,000 people. County by County there are relatively large differences in population size. Marion County is the smallest with an estimated population of 9,928 people in 2018, while Smith County, the largest, has an estimated population of 230,221 people. Seven of fourteen counties fall in the range of 41,000-67,000 people, with three larger and four smaller.

Marion and Camp, the two newest inclusions to the East Texas Economic Development District were previously in the Ark-Tex Economic Development District, but have been a part of ETCOG since its inception in 1970. The inclusion of two additional rural counties to the district increases the need for a CEDS that addresses the needs of all member counties.



Source: U.S. Census Bureau, Population Division, Annual Estimates of the Resident Population: April 1, 2010 to July 1, 2018 (PEPANRES)

Population Growth:

**Percent Growth Rates 2000-2018:**

Anderson	Camp	Cherokee	Gregg	Harrison	Henderson	Marion
5.3%	12.8%	12.7%	11.1%	7.4%	12.3%	-9.3%

Panola	Rains	Rusk	Smith	Upshur	Van Zandt	Wood
1.7%	33.0%	14.9%	31.8%	16.9%	16.4%	22.8%

Source: U.S. Census Bureau – 2000 Decennial Census & U.S. Census Bureau, Population Division, Annual Estimates of the Resident Population: April 1, 2010 to July 1, 2018 (PEPANRES)

It is important to consider the growth rates of each county and not just as a whole. Rains and Smith County (encompassing Tyler, TX) have seen the largest growth, 33.0% and 31.8% since 2000. While the population of Marion County has actually decreased 9.3% since 2000. Additionally, since 2010, Anderson and Panola have joined Marion with negative growth.

The two largest components of population change are Natural Increase and Domestic Migration (the other being international migration) and these are displayed in the tables.

**2010-2018 Population Change by County**

County	Total Change (# of people)
Anderson	-402
Camp	632
Cherokee	1,758
Gregg	1,962
Harrison	1,082
Henderson	3,765
Marion	-608
Panola	-648
Rains	1,243
Rusk	1,143
Smith	20,496
Upshur	1,945
Van Zandt	3,459
Wood	3,170
<b>ETCOG:</b>	<b>38,997</b>

**2010-2018 Natural Increase by County**

County	Natural Increase
Anderson	-451
Camp	350
Cherokee	1,883
Gregg	4,785
Harrison	1,681
Henderson	-1,111
Marion	-589
Panola	92
Rains	-313
Rusk	697
Smith	8,637
Upshur	235
Van Zandt	-423
Wood	-1,676
<b>ETCOG:</b>	<b>13,797</b>

**2010-2018 Domestic Migration by County**

County	Domestic Migration
Anderson	-209
Camp	-69
Cherokee	-311
Gregg	-4,308
Harrison	-1,105
Henderson	4,477
Marion	-3
Panola	-897
Rains	1,455
Rusk	244
Smith	9,244
Upshur	1,529
Van Zandt	3,483
Wood	4,820
<b>ETCOG:</b>	<b>18,350</b>

U.S. Census Bureau, Population Division, Estimates of the Components of Resident Population Change: April 1, 2010 to July 1, 2018 (PEPTCOMP)

**Natural Increase** is the number of births minus deaths over a certain period. A negative natural increase indicates that there were more deaths than births. Negative natural increase can also be indicative of an aging population. Overall, while the ETCOG natural increase is **13,797**, six of fourteen counties saw fewer births than deaths.

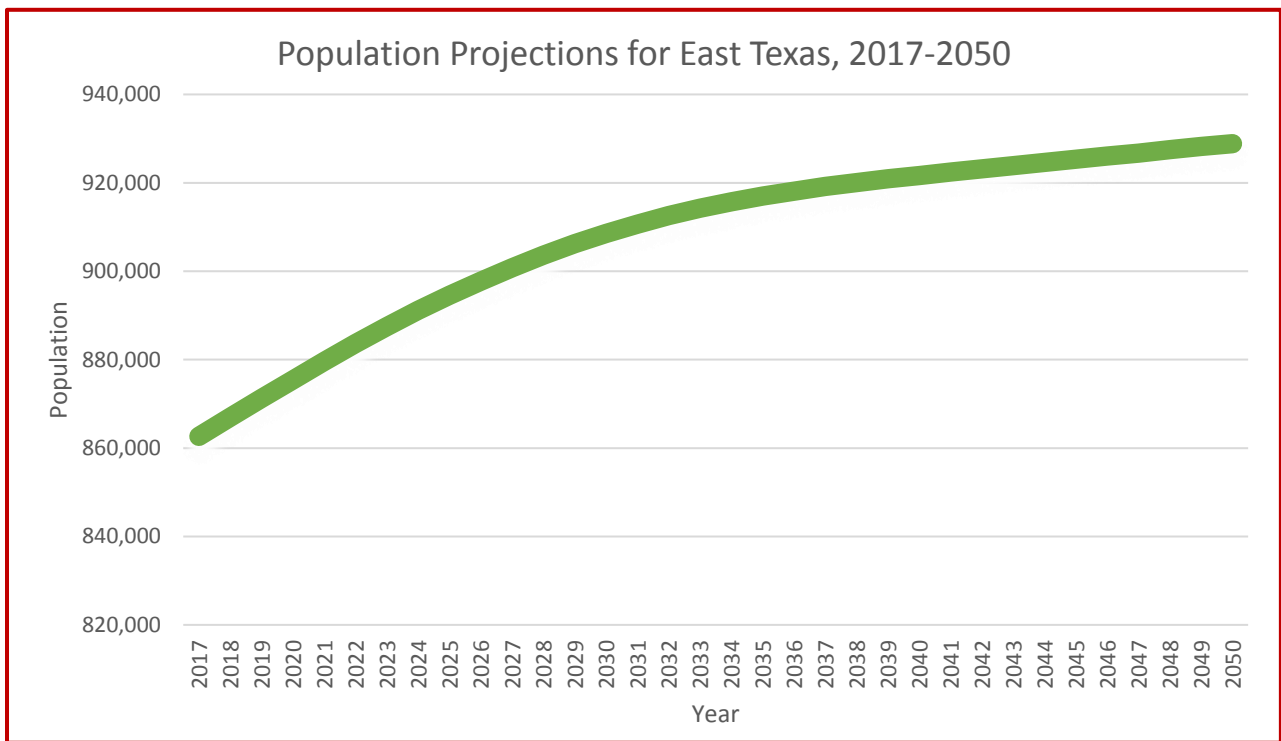
**Domestic Migration** is the number of people moving into the county minus moving out. Overall, while the ETCOG total is **18,350**, seven of fourteen counties experienced losses by Domestic Migration.

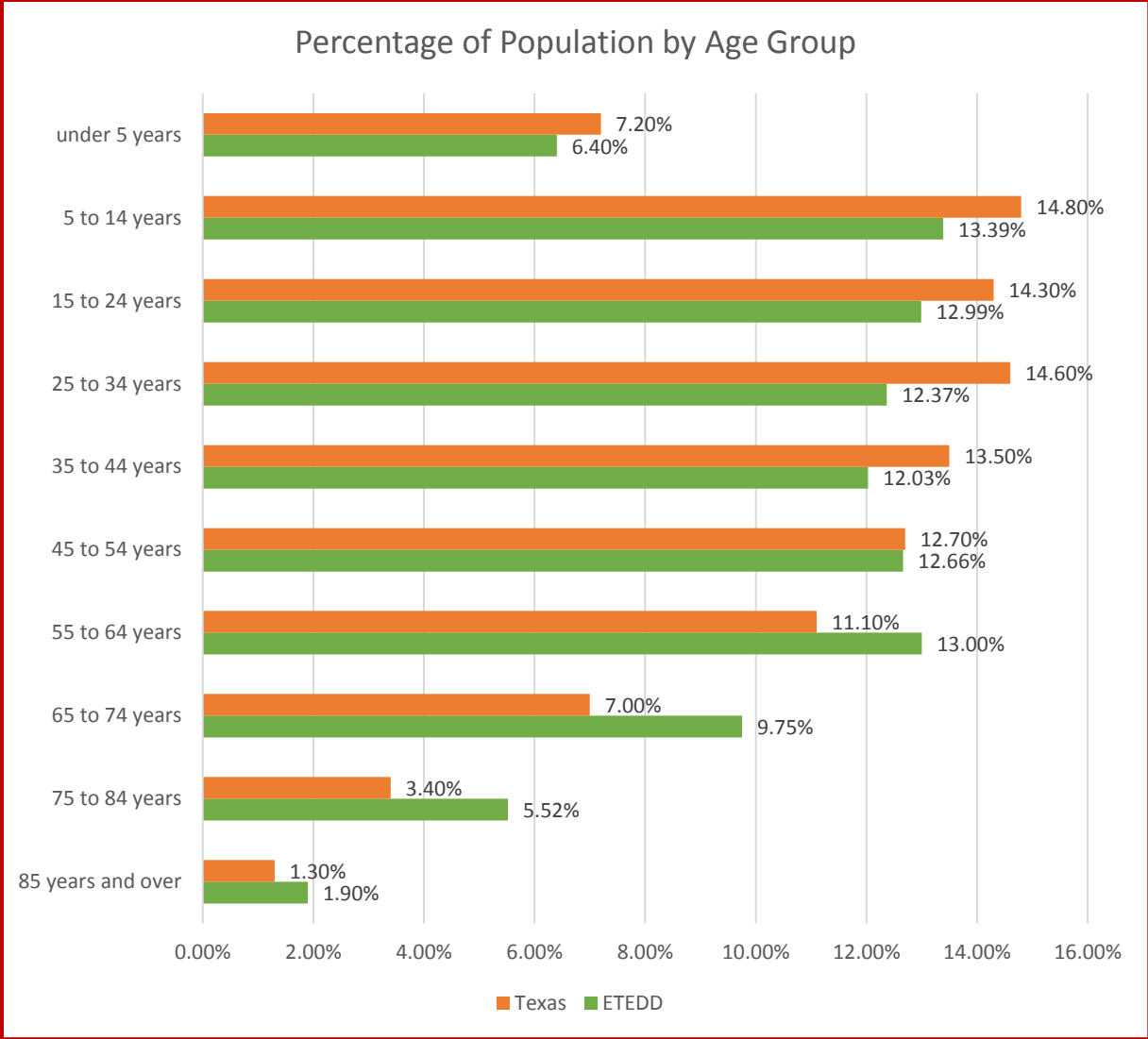
Overall, Natural Increase and Domestic Migration are a mixed bag, but there are troubling signs. The concern being that Natural Increase will decline as the population ages and younger, educated citizens of child-bearing age move out of the region, and that Domestic Migration will

decrease as the rate of people moving out of the region increases relative to those moving into the region.

Efforts should be made to explore and implement what mix of services and amenities will retain and attract educated young adults. Also, the region needs higher paying jobs if it wants to maintain an educated workforce.

According to projections from the Texas Demographic Center, the rate of growth for the East Texas region is expected to increase at a decreasing rate. By 2050, the region as a whole will grow by fewer than 700 people a year, whether by Natural Increase, Domestic Migration, or International Migration. This equates to the yearly growth rate dropping from 0.51% in 2018, to 0.07% by 2050. As a comparison, the State of Texas projects to continue growing at yearly rates between 1.52% - 1.66% until 2050.





Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates (S0101: Age and Sex)

As with most of the country, the age of the population is quickly increasing. As seen from the chart, East Texas has a significantly older population than the rest of Texas. 17.2% (East Texas) vs. 11.7% (Texas) of the population is of retirement age (65+). The aging of the population has a definite impact on the economy that presents both opportunities and challenges. Older citizens tend to place more need on the region in the area of health care, representing a significant source of jobs for East Texans now and in the future.

Statistically, the 25-44 age range contains the greatest share of the labor force. A population rate equal or higher than the average in this age group would suggest a healthy economic situation, while the current makeup of East Texas, with a higher than average percent of the population aged 45 years and over, instead suggests a stable and mature population comprised of mainly “empty-nesters” and retirees.

Decreases over time in the 25-44 age group, especially when similar changes are not occurring statewide, can be an indication that people are moving out of an area they consider to be a poor labor market. From 2010 to 2017, the population of the age group 25-44 grew 3.4%, or just below overall population growth in East Texas. The population growth of this age group should be watched closely along with overall population growth rate.

**Median Age** varies county to county, from 35.4 in Gregg County to 49.8 in Marion County. Overall, Gregg County and Smith County have the lowest median ages. This makes sense as younger people tend to prefer larger population centers with more amenities, jobs, and post-secondary educational opportunities. Alternatively, Marion and Rains counties, the two smallest in the region by population size, have the highest and third highest Median Ages.

Population by Race:

The East Texas region contains a greater percentage of Black or African American residents (15%) than the state of Texas (11.7%) and the United States (12.3%). However, all other minorities, including Hispanic are below that of Texas and the U.S. Alternatively, the % White (non-Hispanic) population of East Texas is 23.9 percentage points higher than the state.

The remaining population that is not White, Black, or Hispanic, accounts for about 2.6% of the population and is made up of Asian (.9%), American Indian and Alaska Native (.4%), Native Hawaiian and Other Pacific (.1%), some other race (.1%), and two or more races (1.3%).

County	Total Population	% White (non-Hispanic)	% Black	% Hispanic
Anderson	57,747	59.7%	20.9%	17.3%
Camp	12,670	56.6%	16.9%	23.9%
Cherokee	51,594	61.3%	13.6%	22.5%
Gregg	123,402	58.3%	20.1%	18.2%
Harrison	66,606	63.8%	21.3%	12.7%
Henderson	79,687	78.9%	6.6%	12.1%
Marion	10,140	70.9%	23.7%	3.9%
Panola	23,574	73.4%	16.3%	8.6%
Rains	11,246	85.8%	1.5%	8.7%
Rusk	53,026	64.7%	17.0%	16.1%
Smith	222,277	60.3%	17.4%	19.0%
Upshur	40,506	80.7%	8.9%	8.1%
Van Zandt	53,607	84.3%	2.6%	10.3%
Wood	43,315	83.2%	5.5%	9.6%
<b>East Texas:</b>	<b>849,397</b>	<b>66.8%</b>	<b>15.0%</b>	<b>15.6%</b>
<b>Texas</b>	<b>27,419,612</b>	<b>42.9%</b>	<b>11.7%</b>	<b>38.9%</b>

<b>Population Increase by Race 2010-2017</b>	East Texas	Texas
<b>Not Hispanic or Latino</b>	<b>1.0%</b>	<b>8.8%</b>
White	0.1%	4.2%
Black or African American	1.4%	13.8%
American Indian and Alaska Native	11.3%	-2.7%
Asian	37.6%	37.0%
Mixed	25.4%	60.4%
<b>Hispanic or Latino</b>	<b>24.8%</b>	<b>19.7%</b>

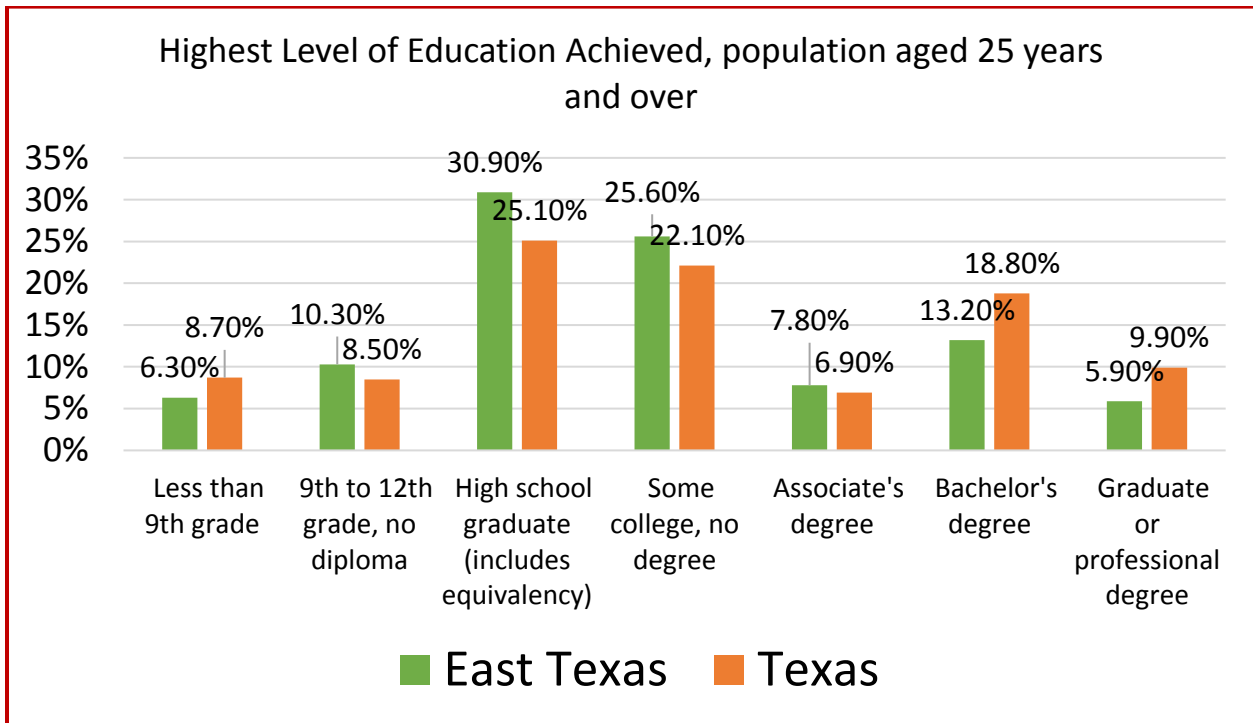
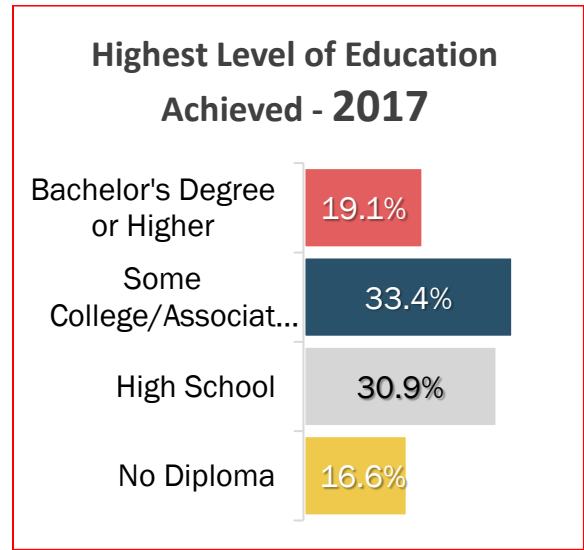
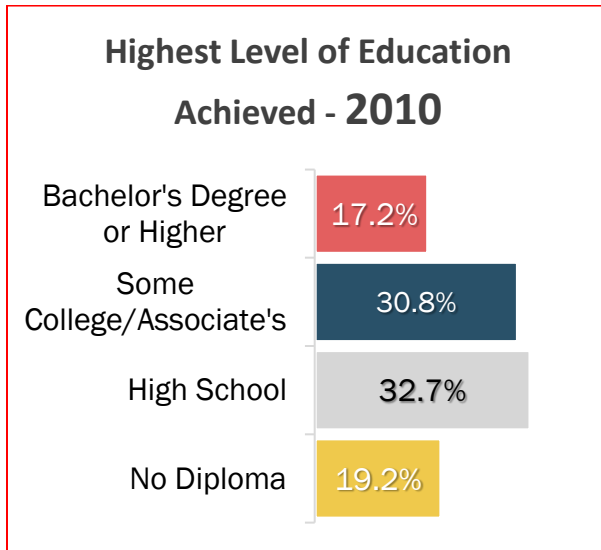
Source: U.S. Census Bureau, 2006-2010, 2013-2017 American Community Survey 5-Year Estimates (B03002: Hispanic or Latino Origin by Race)

In both East Texas and state-wide, Hispanics, Black or African Americans, Asians, and Mixed races, are growing at a faster rate than White (non-Hispanic). The relatively homogenous makeup of East Texas will likely cap future population growth potential compared to the rest of the state.

#### Other Variables:

- 8.9% of the East Texas civilian population 18 years and over has **veteran status**, compared with a statewide rate of 7.4% and a U.S. rate of 7.7%.
- 15.2% of the population is classified as **disabled**, compared with a statewide rate of 11.6% and a U.S. rate of 12.6%.
- 16.5% of the population lives below the **poverty** line, compared with a statewide rate of 16.0% and a U.S. rate of 14.6%.
  - Nearly a quarter (23.8%) of the population in East Texas under 18 years old is below the poverty line
  - Among households in poverty, 45% are categorized as Female householder, no husband present

Educational Attainment & Workforce:



Source: U.S. Census Bureau, American Community Survey 5-Year Estimates (S1501: Educational Attainment)

Educational attainment has increased across the region. Not only has the portion of the population without a high school diploma decreased between 2010 and 2017, the percent of the population with college degrees increased over the same time period. People with less than a High School Diploma or GED decreased by about 3% while those with Some College or Associates Degree increased by about 3% and those with a Bachelor's Degree or higher increased by about 2%. It is important that we continue to see growth in these areas.

In total, about 83% of the East Texas population 18 and over have at least a high school diploma or equivalent. This is roughly the same as the state of Texas but 4% below the U.S. average. However, where East Texas really pales in comparison is the percent of the population with a Bachelor's degree or greater. 17.5% of the East Texas population has at least a Bachelor's degree. This is 8.5% less than the State of Texas and almost 11% less than the United States. One positive sign going forward is that the state of Texas (school year 2015-16) has one of the highest Public High School Graduation Rates<sup>1</sup> in the country (89.1%) and has continued to increase its graduation rate over the last 20 years and most of our ISDs have posted comparable rates.<sup>2</sup>

It is widely accepted that more education leads to higher annual lifetime earnings in the aggregate, and additionally some research shows that completing more education is associated with being more likely to exercise, less likely to smoke, and improved overall health.<sup>3</sup>

Efforts need to be made to encourage students to continue their education after high school. The numbers may indicate that some students go on to a large school and get their undergraduate degree or even graduate degree but choose not to return to East Texas to work. Several reasons for this may exist. Larger cities are viewed as more interesting with more entertainment and cultural activities available. There is little to attract this demographic group back to East Texas unless it can offer them career opportunities which will offset the desire for this lifestyle. A "catch 22" emerges when trying to stop this trend. Companies seeking degreed employees do not want to locate in an area unless it can find those individuals. On the other hand degreed employees do not want to come back or migrate to an area unless they can find employment.

East Texas has a mix of higher education options. Four-year higher education institutions in the region include the University of Texas – Tyler, LeTourneau University, East Texas Baptist University, Wiley College, and Jarvis Christian College. However, the latter four are private institutions with limited enrollment. The University of Texas – Tyler is a public institution, with a total enrollment of 10,400 and undergraduate enrollment of 7,440 in 2018-19.<sup>4</sup> The University of Texas – Tyler Health Science Center is particularly well known for having a great nursing program, an especially important occupation in our region with our aging population.

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<sup>1</sup> Source: National Center for Education Statistics ([https://nces.ed.gov/programs/coe/indicator\\_coi.asp](https://nces.ed.gov/programs/coe/indicator_coi.asp))

<sup>2</sup> Source: U.S. Department of Education (<https://www2.ed.gov/about/inits/ed/edfacts/data-files/index.html>)

<sup>3</sup> Source: County Health Rankings (<http://www.countyhealthrankings.org>)

<sup>4</sup> Source: U.S. News and World Report (<https://www.usnews.com/best-colleges/university-of-texas-tyler-11163>)

Despite the higher education options that East Texas has, there is still room for growth. There are national universities in Dallas and Houston, as well as Stephen F. Austin in Nacogdoches, all with greater national awareness and enrollment numbers. However, UT-Tyler is positioning itself for growth and is vital to the continued success of our region. Students should be encouraged to stay and attend colleges in the region.

However, a four-year university doesn't make sense for every student, and our region also includes several two-year junior and community colleges, including Tyler Junior College, Kilgore College, Texas State Technical College, Trinity Valley Community College, and Panola College. Junior and community colleges are important to the region because, among other things, there are jobs available in Health Services that don't require a 4-year degree. Dental Hygienist, Licensed Practical/Vocational Nurse, Diagnostic Medical Sonographer, Radiologic Technologists, Surgical Technologist, Occupational/Physical Therapy Assistant, and Massage Therapist are among jobs that can be had with a 2-year degree. Two year degrees are also more affordable and take less time than a standard four-year degree. This can be a better option for non-traditional (over 25), working, and low-income students.

In 2015, the Texas Higher Education Coordinating Board (THECB) adopted their 60x30TX plan. The first and primary goal of their plan is that 60 percent of 25-34 year olds will have a postsecondary degree or certificate by 2030. While the population in East Texas with post-secondary education has increased, we still have a long ways to go to meet that goal. At the same time the goal is achievable and is as or more important for East Texans as it is statewide. Additionally, it is important that our students graduate with marketable skills and that there are affordable educational opportunities that will limit student loan debt. Additionally, the board identified K-12 post-secondary readiness as an ongoing concern and wants to put an emphasis on alternative educational opportunities.

On August 28<sup>th</sup>, 2018 the East Texas Advanced Manufacturing Academy was opened in Longview. Programs offered are available to high school juniors and seniors. This is a partnership between Longview, Hallsville, Spring Hill, and Pine Tree ISDs along with LeTourneau University, University of Texas at Tyler Longview University Center, Kilgore College, and Texas State Technical College in Marshall. Manufacturers including Eastman Chemical, Komatsu, and Nucor Steel are signed on as industry partners for the academy. The Longview Economic Development Corporation was instrumental in the formation and agreed to provide over \$1 million to help fund the academy<sup>5</sup>. It is important to continue to implement and fund alternative educational opportunities such as this.

Workforce Solutions East Texas is a service of the East Texas Council of Governments and provides assistance with job resources, youth services, veteran services, childcare services, and business resources. There are seven full service workforce centers and multiple mobile workforce centers serving the 14-county region.

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<sup>5</sup> Source: Longview News-Journal ([https://www.news-journal.com/news/local/ledco-oks-m-to-help-fund-manufacturing-academy/article\\_535ea8d0-525c-11e8-a794-ab1aefce6bdd.html](https://www.news-journal.com/news/local/ledco-oks-m-to-help-fund-manufacturing-academy/article_535ea8d0-525c-11e8-a794-ab1aefce6bdd.html))

Additionally, Workforce Solutions works with more than 240 childcare providers in East Texas. Affordable child care services affords single parents the time and resources needed to seek education or job training. Texas Rising Star is a quality rating and improvement system for Texas early childhood programs. Currently 78 of the approximately 240 childcare providers in East Texas are Texas Rising Star certified.

Occupations:

According to the census bureau, there were 350,812 people employed in 2017 living in East Texas that can be classified under one of 25 occupations<sup>6</sup>. The top occupations are Office and Administrative Support (12.5% of workforce), Sales and Related (10.6%), Management (8.4%), Construction and Extraction (8.0%), Production (7.8%), Education, Training, and Library (6.1%), and Food Preparation and Serving Related (5.8%). All other occupations are under 5%, however if we combine Health Diagnosing and Treating Practitioners, Health Technologists and Technicians, and Health Support, they equal 9.1% and are titled “Health Services” in the table.

Occupations	Employee Total	% Total	Median Earnings (\$)	% Male	% Female
Office and Admin.	43,796	12.5%	\$26,064	22.9%	77.1%
Sales and Related	37,239	10.6%	\$22,802	47.5%	52.5%
Health Services	31,904	9.1%	\$42,248*	19.8%	80.2%
Management	29,351	8.4%	\$56,778	63.2%	36.8%
Construction and Extraction	28,149	8.0%	\$37,515	98.1%	1.9%
Production	27,399	7.8%	\$32,700	75.9%	24.1%
Education, Training, and Library	21,364	6.1%	\$36,350	21.1%	78.9%
Food Preparation and Serving	20,271	5.8%	\$11,918	36.6%	63.4%

\* Number is an approximate calculation (weighted value of median[health diagnosing] + weighted value of median[health technologists] + [weighted value of median [healthcare support] / 100)

We can see from the table that Management, Construction/Extraction, and Production occupations tend to skew towards male employment, while Office and Administration, Health

<sup>6</sup> Source: American Community Survey (ACS), S2401: Occupation by Sex for the Civilian Employed Population 16 Years and Over (2017)

Services, and Education, Training, and Library employ more females. Median earnings are also provided.

An important consideration along with what industries are growing is what occupations are projected to grow in the future. Occupations that are projected to be in demand in the future include: Health and Sciences, Education, Oil and Gas, and Web-based careers.

Income Characteristics:

<u>Counties</u>	<u>Median Household Income 2017 (dollars)</u>	<u>Per Capita Income 2017 (dollars)</u>	<u>% People Below Poverty Level</u>
Anderson	42,313	17,466	18.8%
Camp	41,811	21,069	20.3%
Cherokee	44,294	21,102	17.2%
Gregg	47,970	25,144	16.5%
Harrison	48,644	25,123	17.3%
Henderson	44,888	24,315	17.2%
Marion	36,938	25,933	22.8%
Panola	49,704	26,205	15.0%
Rains	48,308	23,976	17.0%
Rusk	49,270	23,521	15.2%
Smith	50,742	26,270	15.6%
Upshur	48,796	24,088	16.4%
Van Zandt	50,061	25,394	13.1%
Wood	48,038	25,955	15.2%
<b>Texas</b>	<b>57,051</b>	<b>28,985</b>	<b>14.70%</b>

Source: U.S. Census Quick Facts (2017)

The East Texas region continues to lag behind state income benchmarks. Every county in East Texas has a lower median household income and per capita income than the state of Texas and all but one county has a higher percentage of people below the poverty level than the state of Texas.

An important consideration when looking at median and per capita income is **Cost of Living**. Cost of living varies by state, region, and city, and contains many different components, but overall the cost of living in the region is below the national average. Tyler, Texas, the largest city in the region, has a cost of living index of 88. This compares to a national average of 100<sup>7</sup>, meaning that Tyler’s cost of living is projected to be 12% less than the national average. Admittedly, cost of living is a flawed stat in that people spend their money on different things, making everyone’s equation different. If we compare specific cities, Dallas is 17.9% more expensive than Tyler. The bulk of the difference, housing costs, are 26.9% higher in Dallas. Among the other components of cost of living; Grocery, Health, Utilities, Transportation, and

<sup>7</sup> Source: [https://www.bestplaces.net/cost\\_of\\_living/city/texas/tyler](https://www.bestplaces.net/cost_of_living/city/texas/tyler)

Miscellaneous, only Health costs are higher in Tyler (by about 11%). Taking into account housing costs in particular, it is easy to see why some people choose to live in Tyler and commute to Dallas. Statistically, in Smith County, 7.4% of the employed population working primary jobs, commute to the Dallas/Fort Worth area (Dallas or Tarrant County) and 3% commute to Houston (Harris County).<sup>8</sup>

According to January 2019 data from the Bureau of Labor Statistics, **Unemployment** in East Texas ranges from 3.6% in Anderson County to 5.3% in Marion County while most counties land above the Texas Unemployment rate of 3.8%<sup>9</sup>. An easy to overlook factor in workforce availability is labor force participation. The national trend since the year 2000 has been a declining labor force participation rate. In fact, in 2015, labor force participation reached its lowest levels since 1977.<sup>10</sup>

	East Texas			Texas		
	2010	2017	% Increase	2010	2017	% Increase
Population 16 years and over	639,601	670,126	4.8%	18,380,464	20,998,008	14.2%
Labor Force	375,221	374,025	-0.3%	12,065,652	13,565,038	12.4%
% of Working Age (16+) in Labor Force	58.7%	55.8%		65.6%	64.6%	

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates (DP03: Selected Economic Characteristics)

The **Labor Force** only includes people who are either looking for employment or are employed, and are at or above the working age of 16. The remainder of the population 16 and over not in the labor force includes people who can't work (ex. disability), discouraged workers, students, homemakers, incarcerated people, retirees, and sometimes includes the armed forces.

#### State of the Economy:

**Total Employer Establishments** in East Texas has grown from 17,604 in 2010 to 18,060 in 2016. An increase of 2.6%. Comparatively, total employer establishments in the state of Texas over the same period increased by 10.9%

**Total Employment** in East Texas has increased from 245,623 in 2010 to 255,191 in 2016. An increase of 3.9%. Comparatively, total employment in the state of Texas over the same period increased by 18.7%

From 2010 to 2016, **Total Annual Payroll** increased from 8.75 Billion to nearly 10.1 Billion. An increase of 14.9%. Total annual payroll in Texas over the same period increased 36.2%.

<sup>8</sup> Source: U.S. Census Bureau, OnTheMap Application. (<https://onthemap.ces.census.gov>)

<sup>9</sup> Source: Bureau of Labor Statistics ([www.bls.gov](http://www.bls.gov))

<sup>10</sup> U.S. Bureau of Labor Statistics, LNS11300000, Labor Force Participation Rate (<https://data.bls.gov/pdq/SurveyOutputServlet>)

<b>% Increase 2010-2016</b>		
	<b>East Texas:</b>	<b>Texas:</b>
Employer Establishments:	2.6%	10.9%
Employment:	3.9%	18.7%
Annual Payroll:	14.9%	36.2%

Source: U.S. Census Bureau, County Business Patterns (CB1600A11: Geography Area Series)

Employer establishments, Employment, Annual payroll combine to show us a macroeconomic outlook for the region. The region grew modestly in those benchmarks relative to the state of Texas.

### Growing Industry Sectors:

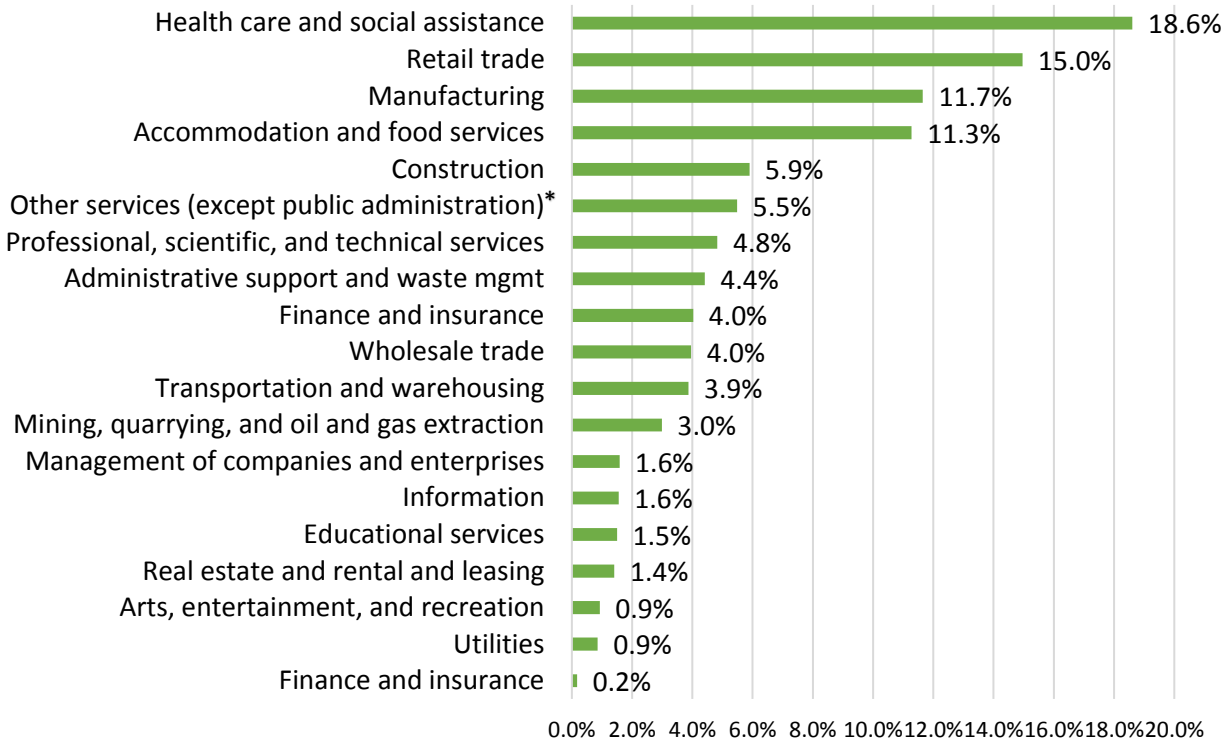
<b>Industry Sector</b>	<b>2010 Establishments</b>	<b>2016 Establishments</b>	<b>% Change in # of Establishments</b>
Educational Services	104	129	24.0%
Management of Companies and Enterprises	88	100	13.6%
Accommodation and Food Services	1,383	1,552	12.2%
Real Estate and Rental and Leasing	760	821	8.0%
Professional, Scientific, and Technical Services	1,560	1,661	6.5%
Construction	1,466	1,543	5.3%

### Declining Industry Sectors:

<b>Industry Sector</b>	<b>2010 Establishments</b>	<b>2016 Establishments</b>	<b>% Change in # of Establishments</b>
Mining, Quarrying, and Oil and Gas Extraction	619	527	-14.9%
Manufacturing	768	725	-5.6%

Source: U.S. Census Bureau, County Business Patterns (CB1600A11: Geography Area Series)

### Employment by Industry Share (2016)



Source: U.S. Census Bureau, County Business Patterns (CB1600A11: Geography Area Series). Excludes most government employees, railroad employees, and self-employed persons. \*[Editor Note: based on other data, namely U.S. Census Bureau, 2012-2016 American Community Survey (S2405: Industry by Occupation for the Civilian Employed Population 16 Years and Over) **public administration** makes up about 4% of employment share]

When Economic Development Corporations (EDCs) and City Council members were asked “What economic sectors are particularly vital to the strength and economic growth of your community?” the most replied answer was Manufacturing. Other common responses were Health Services and Hospitality & Tourism.

**Manufacturing** has long been an important industry not just for East Texas, but to blue collar workers nationwide. Manufacturing establishments employ a large share of the workforce. The manufacturing sector was #3 in employment numbers in East Texas in 2016 according to the above graph. Rural areas have been hit particularly hard by declines in American manufacturing. While manufacturing remains an important industry, it is important to decrease a regional reliance on it by building up other industry sectors. Overall, between 2010 and 2016, the number of manufacturing establishments in the region decreased by 5.6%. On the plus side, the number of paid employees actually increased by between 6.8% and 10.1% (full 2010 employment data was not released for all counties). Additionally, there are signs that the manufacturing industry has rebounded since 2016, due to a more favorable political and economic environment.

Similarly, **Mining, Quarrying, and Oil and Gas Extraction** is an industry that has been on the decline, but may be back on the rise. Overall, between 2010 and 2016, the number of mining,

quarrying, and oil and gas extraction establishments in the region decreased a hefty 14.9% (619 to 527).

**Health Services**, continues to be an important industry sector for East Texas. The # of establishments grew by 3.5% from 2010-2016, while the # of paid employees decreased 1.4%. Overall, growth was minimal but the sector still has a larger workforce than any other sector and generally well-paying jobs. Annual Payroll increased by 14.0% despite the small decrease in paid employees. This works out to average annual wages/salary of \$45,525 per employee. Generally, occupations associated with health services tend to employ a greater percentage of women than men.

**Hospitality & Tourism** was identified by EDC’s and city council members as important to their community’s strength and growth. Furthermore, in the 2012-2017 CEDS, Hospitality & Tourism was selected as an economic development focus area with goals to:

- Promote the ETCOG Region for what it has now
- Create destination routes of culture, arts, and tourism

While Hospitality and Tourism isn’t its own industry sector according to the census bureau, it certainly has a great effect on Accommodation and Food Services as well as Arts, Entertainment, and Recreation. Both of these sectors saw growth between 2010 and 2016. Accommodation and Food Services establishments increased 12.2% while Arts, Entertainment and Recreation establishments increased 5.1% across the region. Probably the greatest benefit that Hospitality & Tourism can have on a region is the added tax dollars generated by the money that tourists spend. Hospitality & Tourism is an important sector of any regional economy.

The Great Texas Balloon Race, celebrating its 42<sup>nd</sup> year in 2019, is perhaps East Texas’s biggest event. East Texas is of course also known for being part of the Piney Woods, a temperate coniferous forest terrestrial ecoregion covering parts of East Texas, southern Arkansas, western Louisiana and southeastern Oklahoma. State parks in the region include, Tyler State Park, Caddo Lake State Park, Martin Creek Lake State Park, and Purtils Creek State Park. There is also Jim Hogg Memorial Park and the Texas State Railroad between Palestine and Rusk. However there are three National Forests directly south of our region that may attract a greater percentage of visitors seeking outdoor recreation and tourism. A study published by Texas A&M University in 2014, surveyed and measured the economic contributions of 29 State Parks, including Tyler State Park, while estimating economic contributions for the remaining 60 parks in Texas, including Caddo Lake, Martin Creek, and Purtils Creek state parks.

**The Economic Contributions of State Parks\*:**

Park	Labor Income	Value Added	Output	Jobs	Sales Tax
Caddo Lake State Park	\$271,451	\$616,789	\$1,065,354	12.3	\$23,567

Martin Creek Lake State Park	\$307,237	\$551,160	\$1,027,113	10.2	\$22,017
Purtis Creek State Park	\$316,233	\$569,213	\$1,065,017	10.7	\$23,445
Tyler State Park	\$1,421,310	\$2,532,327	\$3,993,279	47.0	\$112,151

Source: Texas Parks and Wildlife (Report: The Economic Contributions of Texas State Parks, Ji Youn Jeong and John L. Crompton, Texas A&M University, Department of Recreation, Park and Tourism Sciences)  
 \*Fiscal Year 2014

The data presented in the table is a summary total of the economic impact of expenditures within the parks' respective counties of non-local day and overnight visitors, plus park budget. It is unclear how many of the non-locals are outside of the greater East Texas region, but as far as location, Caddo and Tyler in particular seem positioned to attract visitors from outside the region. Caddo Lake should be able to attract visitors from Texarkana and Shreveport, while Tyler State Park is primed to attract visitors from Dallas with proper marketing.

An interesting detail not noted in the table, is that Tyler State Park was one of the few state parks with a positive State Operating Surplus/Loss. In fiscal year 2014, park revenues were \$1,104,833 while expenses were \$1,045,173, a surplus of \$59,660.

Infrastructure:

Counties:	% of Population w/ Access to Fixed Broadband Service at 25/3 mbps or Higher
Anderson	37.3%
Camp	49.2%
Cherokee	39.7%
Gregg	88.1%
Harrison	74.9%
Henderson	59.0%
Marion	49.1%
Panola	42.0%
Rains	4.6%
Rusk	54.1%
Smith	85.4%
Upshur	81.8%
Van Zandt	7.0%
Wood	42.4%
<b>Texas:</b>	<b>89.2%</b>

Source: FCC Connect2Health (2017)

East Texas is presented with challenges to Economic Development due to the region's primarily rural nature. Currently, there are many small businesses and entrepreneurs requiring Internet access yet struggle because of inadequate or no affordable coverage at all. The result is a lack of

economic growth to spur the region because these businesses and individuals cannot gain access to the marketplace outside of their own rural area. Additionally, it is very difficult to recruit new businesses into the area because of the limited or lack of broadband coverage. This makes it harder on EDCs because competition is fierce and many times our communities are taken out of the running very early because of lack of service.

There are only two cities in the entire fourteen county region that currently have access to fixed high speed Internet while the remainder of the population is relegated to no or substandard dial-up or satellite connections. Additionally, every single one of the fourteen member counties have a lower than the state percentage of the population with access to fixed broadband service at 25/3 mbps or higher advertised speeds.

In November 2018, ETCOG successfully submitted a broadband proposal to the Economic Development Administration (EDA) under their Public Works and Economic Adjustment Assistance program. The new broadband approach seeks to identify rural business broadband needs and convert those into broadband development projects complete with detailed blueprints and budgets. It will be a demonstration project for other rural areas throughout Texas and the United States. Federal funds provided from the grant total \$375,000 while matching funds will be \$161,000 (70/30 Match). It is ETCOG’S belief that government entities should take a more active role in helping to speed up broadband project development and help businesses and consumers to make more economically effective use of broadband. A modern broadband infrastructure will create more rural entrepreneurs and businesses, which in turn, will aid the economic growth of our region.

The region has no shortage of infrastructure needs outside of broadband as well. The state of our roads and highways, rail and air access, and infrastructure necessary for development at business parks are additional needs or concerns.

Transportation:

Public transportation in the region is slim with an estimated less than 600 people in 2017 who commuted to work regularly using public transportation. In East Texas not having a vehicle is a barrier to employment. By comparison, in the state of Texas 1.5% of workers use public transportation which is still low compared to 5.1% in the United States.

<b>Modes of Commuting to Work</b>	
<b>Car, Truck, or Van</b>	<b>93.6%</b>
<i>Drove Alone</i>	<i>89.6%</i>
<i>Carpooled</i>	<i>10.4%</i>
<b>Public Transportation (excluding taxicab)</b>	<b>0.2%</b>
<b>Walked</b>	<b>1.2%</b>
<b>Bicycle</b>	<b>0.1%</b>
<b>Taxicab, Motorcycle, or other means</b>	<b>1.3%</b>
<b>Worked at Home</b>	<b>3.6%</b>

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates (S0801: Commuting Characteristics by Sex)

## Housing:

Housing Occupancy	United States		Texas		East Texas	
	Estimate	Percent	Estimate	Percent	Estimate	Percent
Total housing units	135,393,564	100%	10,611,386	100%	362,470	100%
Occupied housing units	118,825,921	87.8%	9,430,419	88.9%	301,761	83.3%
Vacant housing units	16,567,643	12.2%	1,180,967	11.1%	60,709	16.7%

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates (DP04: Selected Housing Characteristics)

Finding affordable housing is an issue that exists for rural communities. Homeownership is the preferred option of those who live in rural communities.

Supply vs. demand as always is an important consideration. In East Texas, the percentage of total housing units that are occupied (83.3%) is 5.6% less than Texas and 4.5% less than the United States. Unsurprisingly, Smith and Gregg County, the two most populous in our region, have the highest rate of occupied housing units (87.2%, 88.5%). In other counties up to 30% of housing units are vacant.

Another concern is the age of houses. In 2017 there was an estimated 362,470 housing units in East Texas. On average, housing in East Texas is older than in the state of Texas but newer than in the U.S. Lead paint can be a concern for housing built prior to 1978, when lead paint was officially banned. Overall, 46% of housing in East Texas was built prior to 1980 and 27.6% prior to 1970.

Outside of any concerns over the affordability or age of houses, it is clear that there is housing available and the market could support population growth.

## Disaster Preparedness & Economic Resiliency:

Generally, East Texas is in a good spot to avoid significant natural disasters. The region has been hit with some hurricanes but is far enough inland to avoid the worst hurricane winds. However, flooding is a concern and the “piney woods” receives fairly significant yearly rain totals and it is important that small businesses are prepared and maintain some form of flood insurance.

Van Zandt, Rains, and Henderson counties were affected by tornadoes in April 2017. FEMA did a damage assessment and ruled that damages were \$2 million below their threshold and they would not provide any funds. In response, ETCOG contracted directly with the Texas Department of Housing and Community Affairs (TDHCA) HOME Disaster Relief Program, a long-term housing program designed to serve income eligible households impacted by disasters. Unfortunately, between the initial application as well as having to write a Standard Operating Procedure (S.O.P.), and other steps, it was a year and a half before ETCOG was able to accept applications and provide assistance.

We learned the lesson from this experience that it necessary to have plans in place before the next disaster hits our region. Towards that end, all fourteen counties are now a part of the HOME program meaning we will be able to offer quicker assistance if something happens again.

Going further back, in 2008 Hurricane Ike left large parts of East Texas without power for about a week, and damaged homes and infrastructure. About \$8.8 million was provided by HUD for infrastructure repairs, and \$450,000 for home repairs. Some of the recipients used their funds to buy generators. The region should be better prepared and able to respond to events like this in the future.

A major concern is the effect that disasters have on small businesses. Data from FEMA and the U.S. Department of Labor indicate that 40% of small businesses won't reopen after being impacted by natural disasters, and one year later 25% more small businesses will close.

Economic resiliency extends to more than just natural disasters and it is important to identify persistent economic challenges or deficiencies.

### Conclusion:

Despite the growth that the East Texas region has experienced, it still lags behind the rest of the state in most benchmarks. The region is expected to continue growing but at rates below the state average. Furthermore, some of the more rural areas are already seeing a decrease in population and faster population growth in urban areas poses a risk of increasing the economic disparity in the region.

The East Texas region has an old and not very diversified population. Black or African American is the only minority group with a percentage higher than the state rate. Additionally, the white (non-Hispanic) percentage of the population is significantly higher than the rest of the state and Hispanic and Asian populations are lower than the rest of the state.

East Texas is not seeing the same growth in establishments, employment, and payroll that the state is. It also continues to lag behind in key income characteristics such as median household income, per capita income, and poverty level.

East Texas has increased Educational Attainment. That needs to continue as does building up the number of jobs requiring college degrees, because otherwise there is little motivation for those wishing to stay in the East Texas area and/or not commute outside the region, to get a college degree. Those who get 4-year College degrees may choose to not come back and/or stay in the East Texas region.

East Texas should look at positioning itself behind industry sectors positioned for growth or that would diversify the regional economy. Manufacturing and oil and gas look primed for growth in the immediate future, health services remains an important sector, and hospitality and tourism could be a way to further diversify the regional economy.

Demographics, the economy, and technology are changing at a fast pace and as a region we need to decide how we want to align with changing trends as we enter the next decade.

## SWOT Analysis:

<p><b>Strengths:</b></p> <ul style="list-style-type: none"> <li># of Educational institutions in the area</li> <li>Interstate access (I-20) &amp; location between Dallas and Houston</li> <li>Natural resources (access to water)</li> <li>Cost of housing</li> <li>Cost of utilities (electric, water, gas)</li> <li>Healthcare services economic sector</li> <li>College health programs (nursing programs, physical therapy, etc.)</li> <li>Diverse economic sectors (separate towns have their own strengths)</li> <li>Low risk of natural disasters</li> <li>Airports for commercial business, (Tyler, Longview) with land and infrastructure available for growth.</li> </ul>	<p><b>Weaknesses:</b></p> <ul style="list-style-type: none"> <li>Shrinking labor force</li> <li>Undereducated workforce</li> <li>Lack of racial diversity</li> <li>Low average wages</li> <li>Infrastructure (broadband, roads, water)</li> <li>Income characteristics (poverty, median income, per capita)</li> <li>Limited general aviation travel</li> <li>Lack of direct flights to Houston and Austin</li> <li>Rail access</li> <li>Public transportation</li> </ul>
<p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>Addition of Camp and Marion county to the ETEDD</li> <li>Nationally recognized need for infrastructure improvement</li> <li>Educate senior citizens in how to use internet technology and online services</li> <li>I-69 trade route</li> <li>Pro-business environment (manufacturing, oil and gas)</li> <li>Create a regional economic resiliency program</li> <li>Re-train unemployed workers for deployment in other work and support skills development and other workforce initiatives.</li> <li>Favorable state business and tax laws</li> </ul>	<p><b>Threats:</b></p> <ul style="list-style-type: none"> <li>Aging population</li> <li>Natural disasters</li> <li>Human capital flight (“Brain drain”)</li> <li>Natural Decrease</li> <li>Domestic out-Migration</li> </ul>

## Strategic Direction/Action Plan:

### Vision Statement:

Support the economic growth of the region by focusing on key fundamentals; Education, Infrastructure, and Quality of Life. In order to compete globally in the business marketplace better infrastructure needs to be in place. Businesses need wide access to broadband, water, electricity and natural gas. Being able to attract and keep diverse businesses that offer high paying employment will require significant workforce improvement. It is important to promote healthy lifestyles, while providing amenities and services that will engage youth, retain young adults, and support our retirees, veterans, disabled, minorities, and other at-risk classes.

### Goals/Objectives:

1. Utilize the varied educational institutions in the region to improve the educational level of the workforce.
2. Use job training, apprenticeships, and other alternative educational opportunities/resources to support industry, and improve wages and employment.
3. Foster a discussion between public and private players in education, business, and workforce.
4. Take advantage of the additional workforce opportunity presented by the addition of Marion and Camp County, who have higher unemployment rates, to fill gaps and add to the total available regional workforce.
5. Use the lower risk of natural disasters as an asset in recruiting business to East Texas.
6. Seek out grants for infrastructure development.
7. Work with wireless providers in the region to spur broadband development.

## 4. Evaluation Framework:

Statistical Metric	Present Value	Source
<b>Education</b>		
Increase the share of population aged 25+ w/ a post-secondary degree	As of 2017, 27% of East Texas residents aged 25+ have a post-secondary degree	U.S. Census Bureau, American Community Survey
Increase the number of vocational certificates awarded by the region's post-secondary institutions	In the 2016-2017 school year, 2,199 vocational certificates were awarded by East Texas post-secondary institutions	National Center for Education Statistics, College Navigator
Increase the number of Texas Rising Star childcare providers	On February 1, 2019 there were 78 Texas Rising Star certified childcare providers in East Texas.	Texas Workforce Commission/Workforce Solutions East Texas
<b>Infrastructure</b>		
Increase the percent of population with access to fixed broadband service at 25/3 mbps or higher advertised speeds	As of 2017, the Median percentage of 14 counties is 49.2%, with a range of 4.6%-88.1% percent of population with access to fixed broadband service at 25/3 mbps or higher	Federal Communications Commission, Connect2Health
Increase in public transportation usage for commuters	In 2017, 0.16% of workers in East Texas used public transportation (excluding taxicab) to get to work.	U.S. Census Bureau, American Community Survey, S0801: Commuting Characteristics by Sex
<b>Quality of Life</b>		
Increase regional investment	In 2018, there was \$220,586,000 in combined Private/Local/State/Federal/Sales Tax/Bonds/Incentives/Grant investment.	Annual East Texas Economic Development District CEDS Survey
Increase # & total \$ value of grants awarded	<i>Question will be added to survey going forward.</i>	Annual East Texas Economic Development District CEDS Survey & ETCOG records