

Potential Regional Economic Boundaries in Texas: An Analysis in Light of Current Patterns and Linkages in Business Activity



Fueled by strong population growth and a shift from a rural agricultural and oil-based economy, today Texas is predominately urban and characterized by a highly diversified export base. The State's population is nearing 25 million and Texas is home to three of the nation's ten largest cities. If Texas were a nation its economy would rank as the 11th largest in the world by Gross Domestic Product. As the intensity of competition in the global economy has continued to increase in recent decades, it is driving the need for regional cooperation as a key business strategy for both the public and private sectors. This is particularly important in a state the size of Texas, characterized by multiple, distinct economic centers. In addition, constraints on federal, state, and local funding for workforce, education and human services have challenged those administering programs to find ways to meet demand and leverage limited resources through cooperation, coordination and collaboration.

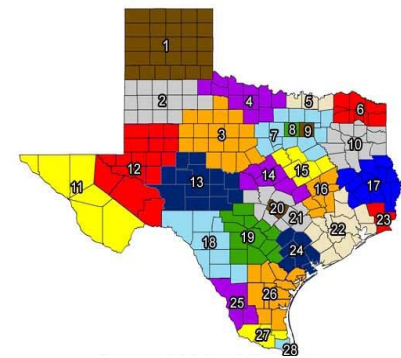
In 2007, the Texas Workforce Investment Council (Council) commissioned Dr. Ray Perryman to examine regional economies in Texas and determine how those might change in the future based on demographic and economic trends. Dr. Perryman is Founder and President of The Perryman Group (TPG), an economic and financial analysis firm headquartered in Waco, Texas. In his December 2007 report to the Council, *Potential Regional Economic Boundaries in Texas: An Analysis in Light of Current Patterns and Linkages in Business Activity*, Dr. Perryman provided an overview of the three primary regional configurations and an analysis of how economic regions have changed as the Texas economy and population has grown and diversified.

Regional Configurations

The Council asked Dr. Perryman to include in his research an examination of three Texas regional designations to determine the degree to which they align with current and projected economic activity. These regional designations are used for a variety of economic analysis and planning purposes and each type is named in state law, federal law, or both. The earliest of these configurations, the Governor's substate planning regions, was originally defined in the mid-1960s and subsequently served as the starting point for designation of local workforce development areas.



Comptroller's Uniform Service Regions
State law requires the Comptroller to divide the state into service regions in order to provide regional analysis and planning. Some state agencies are required to use these regions as they perform regulatory functions and deliver services. First defined in 1991, the number of uniform service regions has changed to stay current with evolving regional interactions. For example, when the TPG report was issued there were 13 such regions, however the Comptroller subsequently redrew them into 12.



Local Workforce Development Areas

- | | |
|-----------------------|------------------------|
| 1 - Panhandle | 15 - Heart of Texas |
| 2 - South Plains | 16 - Brazos Valley |
| 3 - West Central | 17 - Deep East Texas |
| 4 - North Texas | 18 - Middle Rio Grande |
| 5 - Texoma | 19 - Alamo |
| 6 - North East | 20 - Capital |
| 7 - North Central | 21 - Rural Capital |
| 8 - Tarrant County | 22 - Gulf Coast |
| 9 - Dallas County | 23 - South East Texas |
| 10 - East Texas | 24 - Golden Crescent |
| 11 - Upper Rio Grande | 25 - South Texas |
| 12 - Permian Basin | 26 - Coastal Bend |
| 13 - Concho Valley | 27 - Lower Rio Grande |
| 14 - Central Texas | 28 - Cameron County |

Local Workforce Development Areas

The designation of local workforce development areas (LWDAs) is mandated in both state and federal law. The state's 28 LWDAs are the geographic areas in which local workforce boards plan and administer federal programs such as the Workforce Investment Act (WIA), employment services for recipients of public assistance, child care, and other workforce and support services. These services are offered at workforce centers located throughout each LWDA.

Sub-state Planning Regions

Texas has 24 planning regions, often referred to as the Council of Governments (COG) regions or the Governor’s sub-state planning regions. These regions were established to serve as a framework within which effective regional developmental planning, programming and service delivery of federal, state and local governments can be accomplished, and more efficiently managed and coordinated. The sub-state planning regions are either coterminous with the Comptroller’s uniform service regions or one of the Comptroller’s regions is the aggregate of two or more COG regions.

Updated Groupings

TPG conducted an input/output (IO) analysis and identified 17 updated economic regions that reflect the current manner in which the state’s 254 counties are economically linked. Several of the updated regions are identical to the COG regions. Some have merged as their economies have become increasingly interdependent. In still others, the economic activity in one county has become more connected to another region than the COG region within which it currently resides.

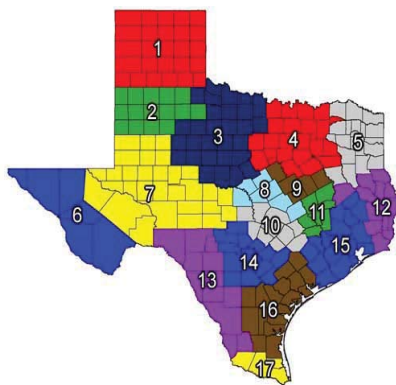
While some assumptions inherent to the IO model of TPG resulted in the definitions of these regions, a strong effort was made to reflect current and likely future linkages based on actual and follow-on economic activity. The most readily identifiable trend is the geographic dominance of the large urban

centers and the degree to which these centers are affecting the surrounding regions. This is particularly the case in the Dallas-Fort Worth area, as it continues to expand in all directions. Similarly, the population in the Houston area is expanding along the Gulf Coast and into southeast Texas. Global business integration is leading to greater interaction among the coastal ports and the petroleum-related industries are also consolidating. The rising importance of the biotechnology industry is further driving this region’s expansion.

Current and future trends indicate the populations centered around Austin and San Antonio will continue to grow rapidly and these two centers will become more closely integrated. In particular, the high-tech industries are driving this greater linkage though increased manufacturing activity has also led to growth in the counties just south of San Antonio.

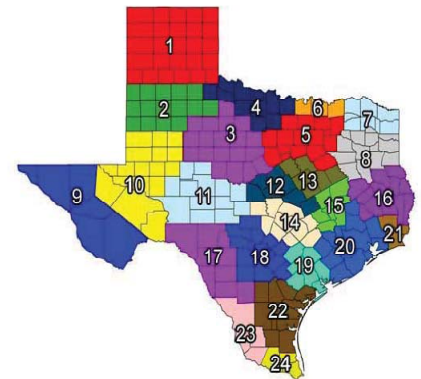
The Corpus Christi and Victoria areas are merging, with the agricultural counties in the region relying on Corpus Christi for many basic retail and service needs. In another significant trend, the areas around Midland/Odessa and San Angelo are becoming more closely linked as the economic activity of the Permian Basin area expands beyond its traditional boundaries. For example, increased mineral activity in the Concho Valley region is supported by firms in Midland and Odessa, and both of these Permian Basin cities are becoming the dominant retail and service providers for some counties in the Concho Valley.

Updated Economic Regions



- | | |
|-------------------------|-----------------------|
| 1 - Panhandle | 10 - Capital |
| 2 - South Plains | 11 - Brazos Valley |
| 3 - North West Texas | 12 - South East Texas |
| 4 - North Central Texas | 13 - South Texas |
| 5 - North East Texas | 14 - Alamo |
| 6 - Upper Rio Grande | 15 - Gulf Coast |
| 7 - West Texas | 16 - Coastal Bend |
| 8 - Central Texas | 17 - Lower Rio Grande |
| 9 - Heart of Texas | |

Current Sub-state Regions



- | | |
|-------------------------|------------------------|
| 1 - Panhandle | 13 - Heart of Texas |
| 2 - South Plains | 14 - Capital |
| 3 - West Central Texas | 15 - Brazos Valley |
| 4 - North Texas | 16 - Deep East Texas |
| 5 - North Central Texas | 17 - Middle Rio Grande |
| 6 - Texoma | 18 - Alamo |
| 7 - North East Texas | 19 - Golden Crescent |
| 8 - East Texas | 20 - Gulf Coast |
| 9 - Rio Grande | 21 - South East Texas |
| 10 - Permian Basin | 22 - Coastal Bend |
| 11 - Concho Valley | 23 - South Texas |
| 12 - Central Texas | 24 - Lower Rio Grande |

This summary of TPG’s report contains only high level descriptions and outcomes. For greater detail, please see the full report available on the Council’s website at:

http://governor.state.tx.us/files/twic/Potential_Regional_Economic_Boundaries_in_Texas.pdf.