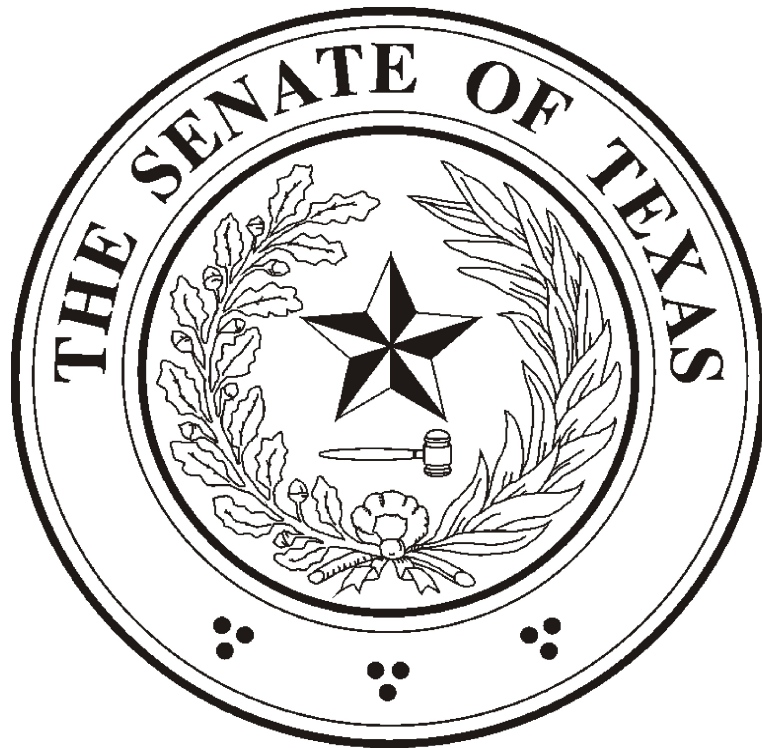


Senate Business and Commerce Subcommittee on Border Affairs



Interim Report to the 78th Legislature

November 2002

Please direct questions and comments to:

Senator Eddie Lucio, Jr., Chair
Senate Business and Commerce Subcommittee on Border Affairs
P.O. Box 12068
Austin, Texas 78711
(512) 463-0127

Acknowledgments:

This report was possible through the leadership of the Subcommittee members and the contributions of their dedicated staff:

Laura V. Garcia, Perla Cavazos, and Chris Smith, Office of State Senator Eddie Lucio, Jr.
John Krueger and Alexandra Ritchie, Office of State Senator John Carona
Lori Flores and Jason Anderson, Office of State Senator Frank Madla
Eduardo Hagert, Office of State Senator Eliot Shapleigh
Velma Cruz Silva, Office of State Senator Leticia Van de Putte

Thank you, also, to the many stakeholders who testified or contributed in some way toward the preparation of this report.

Copies of this report are available for public use through the Texas State Depository Program at the Texas State Library and other state depository libraries.

SENATE SUBCOMMITTEE ON BORDER AFFAIRS

77TH LEGISLATURE

SENATOR EDDIE LUCIO, JR.
Chair



SENATOR JOHN CARONA
SENATOR FRANK MADLA
SENATOR ELIOT SHAPLEIGH
SENATOR LETICIA VAN DE PUTTE

November 27, 2002

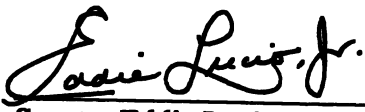
The Honorable Bill Ratliff
Lieutenant Governor
Capitol Building, 2E.13
Austin, Texas 78701

Dear Governor Ratliff:

The Senate Subcommittee on Border Affairs hereby submits this interim report regarding our charges relating to the Border region. We thank you for providing us with the opportunity to address the issues outlined in the report and to present recommendations that will ultimately benefit not only the Border region, but the entire state of Texas.

Due to the budget shortfall the Legislature is likely to face in the 78th Legislative Session, the recommendations set forth in this report are submitted with the understanding that those requiring appropriations should be pursued subject to the availability of funds for the budget cycle beginning September 1, 2003 and ending August 31, 2005.

Respectfully submitted,



Senator Eddie Lucio, Jr.,
Chair



Senator John Carona



Senator Frank Madla

Senator Eliot Shapleigh



Senator Leticia Van de Putte



TABLE OF CONTENTS

Introduction..... 2

Background Information..... 4

Challenges and Recommendations:

 Workforce Development..... 10

 Higher Education..... 25

 Business and Industry Development/Trade..... 33

 Community Development..... 43

 Tourism..... 65

 Transportation and Trade..... 71

 Water..... 76

Appendices..... 79

Addendum..... 85

INTRODUCTION--SCOPE OF STUDY

The Texas-Mexico Border region is an area rich in history and culture. It is a region that spans 1,254 miles and includes the major Border cities of Brownsville, Del Rio, Eagle Pass, El Paso, Laredo, McAllen, and San Antonio. A large portion of the state's population lives in these communities, and the numbers continue to rise. In fact, the population of the forty-three county region is expected to increase by nearly 60 percent by the year 2020 when the total population is forecasted to reach 6.3 million--an increase of 2.3 million people.

It is one of the most economically disadvantaged regions in the country and faces an array of unique needs and challenges that must be addressed in order to better the lives of those living in the region, as well as the overall prosperity of the entire state. Without an increase in targeted assistance aimed at addressing its multitude of needs, the region will likely continue to endure the economic and social hardships it presently faces.

In light of these challenges, this interim, the Senate Subcommittee on Border Affairs was given several charges geared towards improving the outlook for the Border region. Specifically, the subcommittee was issued the following charges:

- Identify unique challenges facing the Texas-Mexico Border region and determine strategic economic development initiatives to assist the region in overcoming the identified challenges.
- Recommend initiatives to improve trade and tourism that create a sound foundation for economic development and determine the amount of funding necessary to implement the initiatives.
- The subcommittee shall determine whether such investments will leverage other significant funds or if funding is unlikely from other sources.
- The subcommittee may also make recommendations to facilitate commerce and lessen congestion at ports-of-entry at the Texas-Mexico Border.

In order to thoroughly study and consider these charges, the subcommittee held five hearings during the interim. The hearings were held in Austin, Laredo, El Paso, Brownsville, and San Antonio. At the hearings, the subcommittee heard a broad array of

testimony concerning the charges as local witnesses and officials gave their own perspectives on the unique challenges facing the Border region. Those perspectives generally focused on the same issues, and this report will place its focus on the key challenges that emerged.

The majority of the testimony heard by the subcommittee centered around issues related to economic development and improving the overall quality of life for residents living along the Texas-Mexico Border. Specifically, the subcommittee heard testimony related to workforce development, higher education, business and industry development, trade, community development, tourism, and infrastructure issues. The subcommittee found that each of these issues is directly related to improving economic development in the region, and the report is organized around addressing the challenges existing in each of them.¹ While the challenges addressed here are by no means exhaustive of those issues affecting the Border region, they represent a strong sample of some of the most pressing matters.

Ultimately, the recommendations offered by this subcommittee will help to improve the state of the Border region and the quality of life of its residents. As this report will show, the Border still faces many challenges--and at levels that are beyond the realities faced by other regions of the state. While the majority of the state has been able to prosper and remain economically viable, the Border region continues to lag behind. If the needs of the Border can be effectively addressed, then the entire state stands to benefit. Thus, the recommendations issued in this report should not be viewed as solely benefitting the Border. Instead, they are steps towards improving the overall prosperity of our state.

This report will first provide some general background information regarding the Border region. It will then detail the status of the region as it relates to each of the identified issue areas and provide several recommendations and initiatives that will, in the end, help the Border region overcome some of the unique needs and challenges it endures.

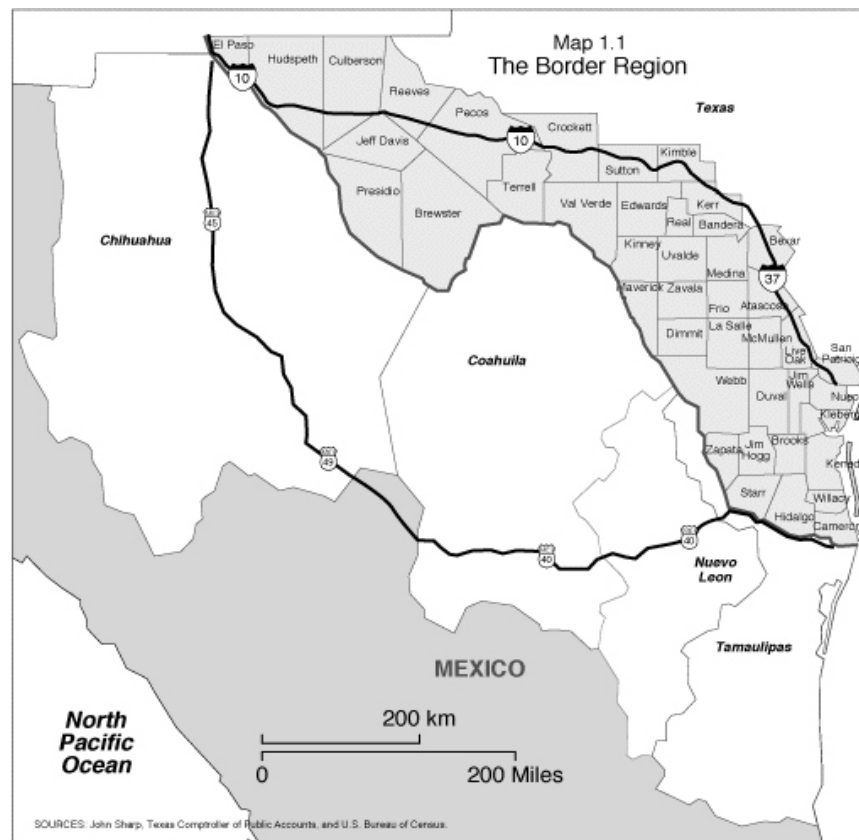
¹ Since the subcommittee's charges are somewhat interrelated, the report isn't subdivided by charge. Rather, the subcommittee felt that the charges could be comprehensively addressed through recommendations provided in several issue areas--including workforce development, higher education, business and industry development (including trade), community development, tourism, transportation/trade and water issues.

BACKGROUND INFORMATION

The Border Defined

For the purposes of this report, the Border region is defined as consisting of forty-three Texas counties located along the Texas-Mexico Border--those counties located south of Interstate 10 and west of Interstate 37.² There are also sub-Border regions that are commonly cited in Border-area research. There is the 14-county actual Border region which is composed of those counties actually touching the U.S.-Mexico Border, and there is the 32-county region which is composed of those counties either touching the U.S.-Mexico Border or touching a county on the Border.

THE 43-COUNTY BORDER REGION



² Due to availability, some statistics that are provided in this report are not necessarily reflective of the entire forty-three county Border region. However, for the most part, the data presented henceforth gives a fairly approximate estimation of the status of the Border region.

Population

The Border region is one of the fastest growing regions in the country and has a sizable population. The following table provides an overview of the population of the largest counties adjacent to the Border.

Table 1

Texas Border Cities			
City	County	County Population, 2000	Mexican Neighbor
<i>Brownsville</i>	<i>Cameron</i>	<i>335,227</i>	<i>Matamoros</i>
<i>Del Rio</i>	<i>Val Verde</i>	<i>44,856</i>	<i>Ciudad Acuna</i>
<i>Eagle Pass</i>	<i>Maverick</i>	<i>47,297</i>	<i>Piedras Negras</i>
<i>El Paso</i>	<i>El Paso</i>	<i>679,622</i>	<i>Ciudad Juarez</i>
<i>Laredo</i>	<i>Webb</i>	<i>193,117</i>	<i>Nuevo Laredo</i>
<i>McAllen</i>	<i>Hidalgo</i>	<i>569,463</i>	<i>Reynosa</i>

Source: U.S. Census Bureau, 2000

Adding to the region’s challenges is it’s high rate of population growth, which will continue to swell in the coming years. As shown below, the region’s average annual population growth during the 1990s was higher than the statewide average.

Table 2

AVERAGE ANNUAL POPULATION GROWTH DURING THE 1990s			
14-County Border Region	32-County Sub-Border Region	43-County Border Region	Texas
3.0 %	2.8 %	2.2 %	2.0 %

Source: Texas Comptroller of Public Accounts

Income and Poverty Levels

The Border region must also contend with some of the lowest per-capita income levels, highest rates of poverty, and highest rates of unemployment in the country. The following table details the percentage of U.S. per capita income of six Border cities and the state of Texas. As shown, the per capita income levels of these cities is considerably lower than the average per capita income levels of the state and the country, and has actually decreased in some areas over the last several decades.

**Table 3
Per Capita Income in Texas and Six Border Cities**

Percent of U.S. Per Capita Income				
	1969	1979	1989	1997
United States	100.0	100.0	100.0	100.0
Texas	87.7	96.7	87.9	92.6
Brownsville	51.9	56.3	49.0	51.0
Del Rio	66.6	62.7	57.9	55.3
Eagle Pass	35.1	41.6	36.2	37.7
El Paso	73.1	65.1	62.9	60.8
Laredo	51.8	51.8	46.8	52.1
McAllen	46.1	51.7	47.0	47.6

Source: Bureau of Economic Analysis, Regional Economic Information System, 1969-97

Moreover, the poverty rate for the Border region is significantly higher than that of the rest of the state (see Table 4); and unfortunately, 33.8 percent of the school-aged children in the 43-county Border region live in poverty.

Table 4

Border Region Poverty Rates, 1997			
14-County Border Region	32-County Border Region	43-County Border Region	Texas
34.0 %	33.9 %	26.8 %	16.7 %

Source: Texas Comptroller of Public Accounts

Labor

The region is also impacted by high unemployment rates, as well as higher percentages of government payments as a share of personal income. In 1999, for instance, the 14-county Border region had an unemployment rate of 11.4 percent, which was almost 7 percent higher than the statewide average of 4.6 percent (see Table 5).

Table 5

Border Region Unemployment Rates, 1999			
14-County Border Region	32-County Border Region	43-County Border Region	Texas
11.4 %	11.4 %	7.5 %	4.6 %

Source: Texas Comptroller of Public Accounts

Moreover, the region’s proportion of government payments as a share of personal income is much higher than that of the rest of the state. The following table indicates that in 1997, poverty-related government payments averaged 4.2 percent of personal income for the entire state; however, they averaged 13.2 percent of personal income for six of the major Border cities (see Table 6).

Table 6

Government Payments as a Share of Personal Income in Border City Economies, 1997

Industry	Category	Texas	Brownsville	Del Rio	Eagle Pass	El Paso	Laredo	McAllen
All Government Payments		14.3	27.7	25.5	39.2	22.2	22.7	28.3
Retirement and Disability		6.7	8.4	10.0	9.3	9.4	6.1	7.7
Military	M	.7	.5	2.1	.1	1.2	.2	.3
All Other	R	6.0	7.9	7.9	9.2	8.2	5.9	7.4
Medical		5.3	12.3	8.6	18.6	7.7	9.0	13.0
Medicare	R	3.1	5.2	3.4	8.2	4.0	4.5	5.4
Public Assistance	P	2.2	7.1	5.1	10.4	3.6	4.5	7.6
CHAMPUS	M	0	0	.1	0	.1	0	0

*Senate Subcommittee on Border Affairs
Interim Report to the 78th Legislature*

Industry	Category	Texas	Brownsville	Del Rio	Eagle Pass	El Paso	Laredo	McAllen
Income Maintenance	P	1.5	5.6	5.3	9.9	3.5	5.2	6.3
Unemployment Insurance	P	.3	.5	.5	.8	.2	.4	.6
Veteran's Benefits	M	.4	.4	.7	.4	1.1	.3	.3
Federal Education and Training	P	.2	.5	.1	.2	.5	.4	.4
Poverty Related (P)		4.2	13.7	11.0	21.3	7.8	10.5	14.9
Military and Veterans (M)		1.1	.9	2.9	.5	2.4	.5	
Retirement and Medicare (R)		9.1	13.1	11.3	17.4	12.2	10.4	12.8

Source: Bureau of Economic Analysis, Regional Economic Information System, 1969-97

Conclusion

In totality, the statistics cited above serve to provide a brief and general overview of some of the principal hardships affecting the Border region. It is a fast-growing region characterized by high poverty rates, low per capita income levels, and high unemployment rates. Additionally, as will be discussed later, the region is also impacted by low levels of educational attainment. It is clear that the region lags behind the state and the country in the core indicators of economic well-being. However, the outlook for the Border does not have to remain bleak. With targeted assistance, the region can overcome its challenges. It is the goal of this report to help outline some of those challenges and provide recommendations that will help address them.³

³ The recommendations presented in this report were formulated from testimony, input from subcommittee members, and research conducted by the subcommittee staff.

CHALLENGES AND RECOMMENDATIONS

I. WORKFORCE DEVELOPMENT

In 1998, the Texas Strategic Economic Development Planning Commission presented the Texas Strategic Economic Development Plan for 1998-2008. In its report, the Commission found that workforce development was the single most important economic development issue facing the state and that many of the state's most significant challenges--especially along the Texas-Mexico Border--could be addressed most effectively through a strong commitment to both education and training.⁴

Without a commitment to improved education and training, the Border region will not prosper. Improving the economic state of the Border region will require improving the education and skills of its population. Right now, the region is dominated by a young and fast-growing workforce with low rates of educational attainment and limited skills. A sampling of 2000 census data from a few of the major counties along the Border illustrates the extent to which the Border population is younger than the rest of the state (see Table 7).

Table 7

Percentage of Persons Under 18 Years Old, 2000						
Texas	Cameron County	El Paso County	Hidalgo County	Maverick County	Val Verde County	Webb County
28.2 %	33.8 %	32.0 %	35.3 %	36.9 %	32.1 %	36.2 %

Source: U.S. Census Bureau

Data from 1999, moreover, indicates that 22.8 percent of the population in the 43-county Border region is between the ages of 5 and 17; this is 2.4 percent higher than the statewide percentage of 20.4 percent.⁵

⁴ *Texas Strategic Economic Development Plan 1998-2008*, Report of the Texas Strategic Economic Development Planning Commission (October 1998).

⁵ *Where We Stand*, Texas Comptroller of Public Accounts (January 2001).

As previously mentioned, the Border must also contend with a population that has a much lower rate of educational attainment than the rest of the state. According to Dr. J. Michael Patrick, Professor of Economics at Texas A&M International University in Laredo, education specialists estimate that roughly 57 percent of adults 25 years of age and older in the Border region graduated from high school compared to 75 percent for the state; and, only 14 percent graduated from college compared to 22 percent for the state.⁶ The relatively low educational attainment of the Border population has several negative implications for the region, including the predominance of lower skill levels and lower income levels in the area. One study, in fact, found that the high rate of high school dropouts in the Border region results in a \$3.6 billion earnings loss for Border county economies (see Table 8).⁷ The study determined that reducing the high school dropout rate to a level commensurate with the remainder of the state would have potentially increased income per Border resident by more than \$2600 a year in 1990.⁸

Low levels of education remain the Border's biggest obstacle to permanent gains in living standards for its residents.

*-- Pia Orrenius, Senior Economist,
Federal Reserve Bank of Dallas
(Testimony from San Antonio
Hearing, August 14, 2002)*

⁶ J. Michael Patrick, Ph.D, Texas A&M International University (Testimony from Laredo Hearing, February 5, 2002).

⁷ Thomas Fullerton, Jr., *Secondary Education: Its Impact on Border Income*, in *Border Economy* (Federal Reserve Bank of Dallas, June 2001).

⁸ *Ibid.*, p. 10.

Table 8

Implied Income Losses Due to High School Non-completion		
County	Per Capita Impact	Aggregate Impact (in millions)
Brewster	Not Calculated	Not Calculated
Cameron	\$ 3,143	\$ 744.7
El Paso	1,195	643.8
Hidalgo	3,627	1,262.5
Hudspeth	3,413	9.2
Jeff Davis	370	.7
Kinney	2,261	6.6
Maverick	5,177	170.4
Presidio	4,011	24.5
Starr	5,760	210.2
Terrell	825	1.1
Val Verde	2,276	80.1
Webb	3,456	413.8
Zapata	3,129	26.3
Border Zone	\$2,620	\$3,593.9

Notes: All impacts calculated in dollars for 1990 relative to Texas state average. Border Zone estimate is a weighted average net of Brewster County. Brewster County impacts are not calculated because its high school graduation rate exceeds the Texas state average.

Source: Thomas Fullerton, *Secondary Education: Its Impact on Border Income in The Border Economy* (Federal Reserve Bank of Dallas, 2001).

As the figures indicate, the population along the Border must increase its skill and knowledge base in order to better the economic prospects of the region. Workforce development is absolutely critical to the region's future. As such, the subcommittee offers the following recommendations and initiatives that will help improve the workforce skills of the Border population.

For colonia residents over the age of 16 and not in school, unemployment runs close to 50 percent. Less than 10 percent of colonia residents have received some type of vocational training. However, more than half of those receiving training earned more than the minimum wage.

*-- Martin Aguirre, Chief Executive Officer, Upper Rio Grande Workforce Development Board
(Testimony from El Paso Hearing, March 27, 2002)*

Recommendations and Proposed Initiatives

1.1 Direct the Texas Workforce Commission to develop curricula and model training programs that will help meet the specific training needs and challenges of the Border workforce population, and appropriate sufficient funding from the Workforce Investment Act--Title II to help local workforce boards and training providers implement the curriculum and programs.

Workforce boards along the Border face unique challenges in training the local workforce population. Currently, many boards located in the Border region have difficulty providing much-needed basic literacy skills training, as well as training for workers with limited English skills. According to a national adult literacy survey, between 50 and 60 percent of those living on the Texas-Mexico Border are reading at the lowest level of English literacy.⁹ The high percentage is due in part to the large proportion of Border residents that speak Spanish as a principal language and are foreign-born. Data collected by the Texas Comptroller of Public Accounts indicates that 57.1 percent of the population

⁹ National Adult Literacy Survey (1993).

in the 43-county Border region speaks Spanish at home; this is 35 percent higher than the statewide number of 22.1 percent.¹⁰ Moreover, the data shows that 14.9 percent of the population in the 43-county Border region is foreign-born--almost 6 percent higher than the statewide figure of 9 percent.

Moreover, the Border must contend with a large dislocated worker population, which is due in large part to the closing of many garment and apparel factories in the region. Since July 2001, the El Paso area alone has lost approximately 3,400 jobs.¹¹ In Cameron County, the closing of Levi's clothing plants in Brownsville and San Benito in July 2002 resulted in the loss of close to 1,100 jobs.¹² These recent job losses compound the losses suffered by the region in the years following the implementation of the North American Free Trade Agreement (NAFTA). According to the Texas Comptroller of Public Accounts, NAFTA Trade Adjustment Assistance certified nearly 7,500 workers laid off workers in El Paso from 1994 to 1997, representing one-half of all NAFTA-TAA certified workers in Texas.¹³ The majority of the dislocated workers certified to receive benefits from the NAFTA-TAA program were Hispanic women who had worked in garment factories in El Paso and had limited education and limited English skills.¹⁴ Those workers that have lost their jobs in more recent years share these same limited skills.

What we find in trying to match job seekers with employers is that our current workforce is lacking in basic skills (i.e., literacy) and in some cases have a language barrier that must be addressed to make the individual more employable.

*-- Stella Garcia, Executive Director,
Cameron Works, Inc.
(Testimony from Brownsville
Hearing, June 21, 2002)*

In order to address the skills challenges faced by a large proportion of the Border

¹⁰ *Where We Stand*, Texas Comptroller of Public Accounts (January 2001).

¹¹ Martin Aguirre, Chief Executive Officer, Upper Rio Grande Workforce Development Board (Testimony from El Paso Hearing, March 27, 2002).

¹² Stella Garcia, Executive Director, Cameron Works, Inc. (Testimony from Brownsville Hearing, June 21, 2002).

¹³ *Bordering the Future*, Texas Comptroller of Public Accounts, p. 73 (1998).

¹⁴ *Ibid.*

workforce population, the Texas Workforce Commission should be provided sufficient funding to develop curricula and create programs that will help meet the specific training needs and challenges facing the region. One of those central challenges is the need for basic skills curricula that will meet the skill demands of area industries. As mentioned, a large number of those living in the Border region lack basic adult literacy skills that severely limit their abilities to obtain employment. There is an immediate need for these workers to have access to curricula and to programs that will help supply them with core employability skills that can be tailored to a specific industry, such as the health services field or the manufacturing/machinery industry. Where necessary, these workers should have access to curricula and training programs with bilingual components.

The Texas Workforce Commission has supported the development of several pilot projects related to addressing the needs of populations facing limited basic skills and/or limited English proficiency skills (see appendix A for a list of recent projects). Though these programs have produced examples of best practices, such as innovative bilingual approaches and strategic integration of vocational and literacy training, these projects were funded to deliver services--not develop curricula. The state should support the agency's continued development of these pilot projects, as well as the further development of best practices and model curricula that will help the Border workforce population gain the skills needed to succeed in the workplace. The curriculum and programs should be developed to meet the needs of various industry sectors.

Moreover, there should be sufficient funding and support to help local workforce boards and training providers implement the model curriculum and training programs. Training providers should have access to professional development training and technical assistance so that the programs and curriculum can be implemented in an effective manner. Furthermore, training providers should be provided with incentives to utilize and implement the curriculum and programs.

Every region of the state has seen growth in its Spanish-speaking workforce. Current Texas Workforce Commission pilot projects span the state, from Dallas to Marshall and Odessa to Tyler. Thus, the development of these programs and curricula will not only benefit the Border region, but can also be used in any area of the state that faces similar challenges. The state must commit to improving the training options available to workers in the Border region. Current programs and practices are not sufficient enough to meet the immediate training needs and challenges facing a large number of those in the Border workforce population.

1.2 Encourage the Texas Workforce Commission to apply for federal waivers that will give local workforce development boards more flexibility to transfer funds between the different funding streams they are allocated.

As previously mentioned, workforce boards located on the Border presently struggle to provide sufficient training for basic adult literacy skills, as well as training for Limited English Proficiency (LEP) workers. For some boards, so much of their funds are invested in basic skills/literacy services, that they are limited in the amount they can spend on occupation-specific training and on upgrading the skills of incumbent workers.¹⁵ The U.S. Department of Labor presently allows states to apply for waivers to transfer funds between the adult, youth, and dislocated worker programs authorized under the Workforce Investment Act (WIA).¹⁶ The Texas Workforce Commission should be encouraged to apply for the federal waivers available so that local workforce boards can be given the opportunity to transfer funds to programs where more investment is needed.¹⁷

1.3 The Legislature should increase funding at the Texas Education Agency for adult education.

As previously mentioned, the Border region has a high concentration of workers with limited basic literacy skills. In order to improve the skills and employment prospects for these workers, more funding must be invested in adult education. Presently, the state of Texas has a poor record of investing in adult education, particularly in relation to other comparable states. According to the Texas Education Agency, the state spent about \$9 million on adult education in fiscal year 2001 (including \$2 million in state TANF funds). This is a stark difference from the amount spent by other states (see Table 9). California, for instance, spent \$600 million in the same year on adult education; in other words, for every \$1 million Texas spent on adult education, California spent \$67 million. Combined with federal funds, total funding for adult education in Texas amounted to just \$70 million

¹⁵ Stella Garcia, Executive Director, Cameron Works, Inc. (Testimony from Brownsville Hearing, June 21, 2002).

¹⁶ Note: Through correspondence with subcommittee staff in October 2002, the Texas Workforce Commission indicated that the agency had recently submitted an application for this type of waiver to the U.S. Department of Labor.

in fiscal year 2001.

Table 9

Comparison of State Adult Education Funding, 2001-2003		
States	2001-2002	2002-2003
Texas	\$9 million	\$9 million
California	\$600 million	\$600 million
Florida	\$228 million	\$229 million
Michigan	\$95 million	\$95 million
New York	\$105 million	\$105 million

Source: Texas Education Agency

Statistics indicate that 111,187 individuals received adult education services in Texas in fiscal year 2001, which amounts to less than 4 percent of the estimated population eligible to receive these services. The Legislature should expand the state’s capacity to provide these services so that more workers can gain the basic skills necessary to succeed in the workplace. Without a committed effort to increase state funding for adult basic education, the workforce skills of a large proportion of those living along the Border will continue to be limited.

1.4 The Legislature should appropriate \$134 million to establish and fund workforce adult education programs to effectively implement an array of workforce adult literacy programs.

There is an urgent need in the Border region, as well as in the entire state, for the development of workforce adult education programs. Since many in the Border workforce population lack basic workplace core skills, funding for these types of programs is necessary to help these workers obtain sustainable employment. The programs would help workers develop basic skills, provide GED preparation, help improve basic computer literacy skills, help improve employability skills, provide workplace language skills, and help improve prerequisite job skills. Ultimately, by reducing labor market skill shortages,

these workforce adult education programs will help promote economic development and help improve the overall quality of life for Border residents.

1.5 In coordination with increased funding and capacity for adult education programs, including workforce adult literacy programs, the Legislature should direct the Texas Workforce Commission to undertake a statewide campaign to publicize the availability of these services and the benefits they can provide.

As previously mentioned, the vast majority of those eligible for adult education services are not receiving them. As such, the state must not only increase its capacity to provide adult education services, it must also undertake a coordinated effort to publicize the availability of such services.

With increased funding and an increased enrollment in these programs, more individuals will gain the skills they need to obtain employment and earn higher wages. This is particularly important in the Border region, where, as previously indicated, a disproportionate share of the population has limited basic education skills.

1.6 The Legislature should support the development of initiatives that will create institutionalized partnerships between adult education services, skills training providers, post-secondary education institutions, and employers that will help workers advance from adult basic education to better and more highly-skilled jobs.

The Legislature (through funding, resources, and incentives) should support institutionalized partnerships that are intended to create seamless pathways of progression from adult basic education to higher-skills training and beyond, including post-secondary education. The state can help promote these partnerships by requiring the Texas Education Agency, the Texas Higher Education Coordinating Board, and the Texas Workforce Commission to plan, fund, and oversee a comprehensive approach to adult education, skills training, and post-secondary education. The Texas Council on Workforce and Economic Competitiveness (TCWEC) should be responsible for overseeing the development of this inter-agency cooperation, and should provide assistance in the joint planning of funds for developing and promoting career paths for the state's workforce population.

More than just obtaining basic adult education, workers with limited education also need to develop skills that will transfer into the workplace. The state should support innovative partnerships that will work towards this goal. Doing so will be of immense benefit to the Border region.

1.7 The Legislature should create a task force to develop a comprehensive state plan for improving the integration of adult education and skills training.

Research that spurred adoption of the Workforce Investment Act in 1998 indicated that integrated education and training efforts were more effective than short-term employment training without basic skills development and adult education without workplace-based skills development.¹⁸ In Texas, however, adult education and training services are not sufficiently integrated to create seamless pathways of progression from adult basic education to workplace training and beyond, or to connect adult basic education to the workplace. As mentioned, the Border region must address the basic skills needs of its workforce population and work towards developing those skills so that they are applicable in the workplace. With an integrated plan for adult education and skills training, this goal can be more effectively achieved. The state plan should take into account the different needs and challenges facing various regions of the state, including urban areas, rural areas, and the Border region. Furthermore, the plan should set clear performance measures, including employment-related outcomes, that will help the state use its resources and develop its workforce in the most strategic and effective manner.

1.8 The Legislature should appropriate \$40 million to establish and fund Regional Research and Curriculum Institutes for Distressed Counties.

Regional Research and Curriculum Institutes should be established in distressed communities to develop job-based curriculum and computer courseware for adult learners. Establishing such institutes in different distressed county regions in the state will help assist distressed counties, including the large number of distressed counties in the Border region, in their unique workforce development needs.

¹⁸ Liebowitz, Marty, et. al., *Rising to the Literacy Challenge: Building Adult Education Systems in New England* (Jobs for the Future, 2002).

1.9 The Legislature should appropriate \$50 million each year of the biennium for the Skills Development Fund and adopt a rider that will set aside \$10 million for workforce occupational core skills training in distressed counties.

During the 77th Legislature, the Skills Development Fund was appropriated \$25 million for use during the 2002-2003 biennium. Statistics from the Texas Workforce Commission indicate that in fiscal year 2002, the Commission received a total of 64 Skills Development Fund proposals totaling \$39.7 million. If all of the proposals were funded, they would have provided training for 10,614 new jobs and skills upgrading for 20,381 current jobs, meaning that workers would have been trained for 30,995 jobs through the Fund. Because of funding limitations, however, the Texas Workforce Commission was only able to fund 33 proposals in FY 2002 totaling \$11.75 million. The grants have provided training for a total of 11,004 jobs--4,563 new jobs and skills upgrading for 6,441 jobs. See Table 10.

Table 10

Comparison of FY 2002 Skills Development Fund Grants--Demand vs. Funds Allocated

Funding Requests (Demand) \$39.7 million (64 proposals) == 30,995 jobs trained

Actual Funds Allocated \$11.75 million (33 proposals) == 11,004 jobs trained

Source: Texas Workforce Commission

By appropriating \$50 million for each year of the biennium, instead of the present \$12.5 million, more proposals could be funded--meaning a great deal more jobs will be created and more workers will receive requisite skills training, including skills upgrading for incumbent workers. Moreover, by setting aside \$10 million each biennium for workforce occupational skills training in distressed counties, the Legislature will be able to assist some of the neediest counties--many of which are located in the Border region--in addressing the principal challenge of providing their workforce with the core skills needed to achieve employability and better wages.

1.10 Enact legislation that allows Workforce Development Boards to qualify for Telecommunications Infrastructure Fund (TIF) grants.

Allowing local workforce development boards to become eligible for Telecommunications Infrastructure Fund (TIF) grants will provide boards with more funding opportunities to meet their workforce development needs.

1.11 The Legislature should appropriate more funding for child care services.

As local workforce boards work towards providing training for various occupational opportunities, there is an increase in the demand for child care services and a need for an increase in resources to providers. As evidenced by recent annual waiting lists for child care, there is already a large demand for the services in the Border region (see Table 11).

Table 11

Local Workforce Board Average Annual Waiting List, FY 2001 (Border Region)	
Local Board	Waiting List
Alamo	2,401
Cameron County	0
Coastal Bend	628
Lower Rio Grande	2,118
Middle Rio Grande	73
Permian Basin	978
South Texas	673
Upper Rio Grande	6,083

Source: Texas Workforce Commission

The availability of reliable and affordable child care is extremely critical to the Border region. For many in the Border workforce population (as with others in the state workforce), the ability to attend training or gain employment hinges on the availability of

adequate and affordable child care.

Given the importance that child care plays in an individual's ability to obtain and sustain employment, the state should place a high priority on allocating more funding for child care services. The future economic growth of the state and of the Border region is largely dependent on the ability of the state to foster a highly-skilled workforce. A lack of affordable and reliable child care will hinder the state's ability to develop its workforce and will hence limit its long-term economic growth.

For Cameron Works, Inc., child care is more than a social issue, it is an economic development issue. A parent cannot successfully complete training nor expect to be retained on a job without adequate and reliable child care. Employers cannot expect to meet production needs or the needs of customers if they do not have the employees' full time commitment to the job.

*-- Stella Garcia, Executive Director,
Cameron Works, Inc.
(Testimony from Brownsville
Hearing, June 21, 2002)*

1.12 The Legislature should fund and promote more innovative grant opportunities which encourage quality child care and encourage the development of additional capacity for child care services.

There is a need to promote a higher quality of child care services in the state, as well as to encourage the development of additional capacity for these services. Grant opportunities and financial incentives are effective means of promoting these goals. In particular, the state should use these grant opportunities and financial incentives to encourage the development of employer-sponsored child care, which will greatly help improve access to child care for Border residents. Presently, the state authorizes franchise tax credits for corporations that provide day-care and after-school programs for their employees. The Legislature should continue to authorize these credits and consider expanding the incentives provided to employers and corporations to include grants. These grants can serve as seed money that will help encourage employers to develop and provide child-care services--perhaps through partnerships with local community organizations.

Grants can also be provided to training providers, including community colleges, to help develop on-site child care services for those receiving training. Moreover, the grant opportunities should be used to promote informal child care and home-based services as a means of increasing the capacity for child care services.

1.13 The Texas Workforce Commission should work towards encouraging employers to consider recognizing and accepting GEDs obtained in languages other than English.

Many workers in the Border region have limited English proficiency skills. As such, many are unable to obtain a GED in the English language. Currently, some employers recognize Spanish-language GEDs; however, many do not. Some employers may not even be aware of the existence of Spanish-language GED exams.

Since many jobs require applicants to have obtained a GED, many potential employees in the Border region are not eligible for those jobs and their employment prospects become even more limited. The Texas Workforce Commission should thus work towards encouraging employers to consider recognizing and accepting GEDs obtained in languages other than English. With more employers accepting employees with Spanish-language GEDs, many Border area residents will likely be eligible for more jobs. While employed in these jobs, they can then seek further training that will help them improve their English proficiency and help them upgrade their skills.

1.14 The Legislature should target resources towards helping employment organizations (e.g., local chambers of commerce) increase their capacity to effectively and strategically contribute to local workforce development activities.

Local chambers of commerce can be effective intermediary organizations in helping local communities in the state, including communities in the Border region, develop their workforce. In targeting resources towards employment organizations, the state should consider creating matching grant funds to encourage local employment organizations to engage in workforce development activities--including the development of programs designed to provide job training and skills upgrading for targeted industries and sectors.

1.15 The Legislature, through funding, and the Texas Workforce Commission, through technical assistance, should support the development of “Regional Skills Partnerships” in local communities, particularly in the Border region.

Historically, the Border region has had difficulty attracting highly-skilled, and thus

high-wage, jobs. The quality of life along the Border cannot improve over the long-term without an increase in the wage earnings of its workforce. With higher levels of education and skills, wage earnings will increase. However, in order to improve the overall quality of life in the Border region, there must be more than just a highly-skilled workforce. There must also be a supply of high-skilled jobs.

Regional Skills Partnerships are public-private partnerships that support skills development and advancement for workers in a particular industry. They are composed of employers, educational institutions, and other community organizations, and they can help address skill shortages and career advancement issues facing low-skill workers. While the Skills Development Fund and Self-Sufficiency Fund presently finance customized training programs in partnerships with employers, there is minimal, if any, support for Regional Skills Partnerships which can be helpful in promoting industry-wide training. These types of partnerships serve to integrate the public and private sectors and provide a forum for tackling the skills barriers hindering the industry's growth. They can also be instrumental in attracting additional industry employers.

The Border region is particularly in need of these types of partnerships with respect to the technology-based and healthcare industries. Much of the testimony gathered at the hearings stressed the need to develop and promote these types of industries in the region. The need for the development of these industries stems in part from the shift towards a knowledge-based economy and the need for a more hi-tech workforce, as well as from the dire shortage of healthcare professionals in the region.

The Legislature can help support and promote Regional Skills Partnerships by providing financial resources to assist emerging partnerships, as well as resources to help develop pilot partnerships in different regions of the state. Moreover, the state can administer evaluations of the success of these partnerships and develop and disseminate model practices that can be adopted by others.

II. HIGHER EDUCATION

The Border region has some of the lowest levels of educational attainment in the country. Statistics indicate that in 1990, only 10.3 percent of the 43-county Border population had a bachelor's degree, compared to 13.9 percent for the rest of the state.¹⁹ An ever bleaker picture emerges when reviewing 2000 census data comparing the educational attainment levels of the population in six major Border counties with the rest of the state. See Table 12.

Table 12

Percent of Persons Age 25+ with Bachelor's Degree or Higher, 2000						
Texas	Cameron County	El Paso County	Hidalgo County	Maverick County	Val Verde County	Webb County
23.2 %	13.4 %	16.6 %	12.9 %	9.1 %	14.1 %	13.9 %

Source: U.S. Census Bureau, 2000

As evidenced in the table, the Border region lags significantly behind the rest of the state in its proportion of residents with higher levels of education.

The deficiency in higher educational attainment poses a major challenge to the Border region. Businesses and industry are attracted to regions where there is a steady supply of skilled and educated labor. While training programs can help the Border region population gain skilled jobs in the short-term, long-term planning for the region must incorporate a commitment to improving the education levels of the population. Higher levels of education will ultimately lead to higher income levels that can help improve the economic outlook for the region.

Included in this challenge, moreover, is the low number of health care professionals in the region. The Border region falls consistently behind the rest of the state in its ratios of population to health care professionals. The population-to-primary care physician ratio for

¹⁹ Texas Comptroller of Public Accounts.

the Border region, for instance, is 12 percent higher than that of the rest of the state.²⁰ The following table provides a brief overview of the population-to-health care professional ratios found along the Border.

Table 13

Population-to-Health Care Professional Ratios			
	Border Region	Border Region (excluding Bexar County)	Texas
Primary Care Physicians	1,752:1	2,023:1	1,562:1
General Dentists	3,831:1	5,479:1	2,748:1
Nurse Practitioners	9,790:1	11,317:1	7,903:1
Certified Nurse Midwives	105,685:1	76,702:1	98,500:1
Physician Assistants	11,170:1	12,964:1	10,563:1
Registered Nurses	187:1	236:1	168:1
Occupational Therapists	5,897:1	7,844:1	4,630:1
Physical Therapists	3,641:1	4,504:1	2,818:1

Source: Texas-Mexico Border Health Education Needs: A Report to the 77th Legislature (Prepared by THECB and TDH).

The shortage of health care professionals along the Border is an urgent issue that must be addressed in order to improve the health services provided in the region. There are simply not enough health service providers in the Border region to meet the demand, and the state must take the lead in addressing this need. Improving the quality of health services provided in the region is an important step towards improving the quality of life along the Border--which in turn will help improve the economic state of the region.

²⁰ *Texas-Mexico Border Health Education Needs: A Report to the 77th Legislature*, prepared by the Texas Higher Education Coordinating Board and the Texas Department of Health.

Given these challenges, the subcommittee offers the following recommendations to help address the higher education needs along the Border.

Recommendations and Proposed Initiatives

2.1 The Legislature should support a formula supplement for disadvantaged students.

In order to increase participation and success in higher education, the state is going to have to work towards increasing the enrollment of students from those groups who have been traditionally under-represented at the college level--namely, the economically disadvantaged. Given the high rates of poverty and low per capita income levels in the Border region, economically disadvantaged students comprise a large proportion of the youth along the Border. These students typically require more financial aid in order to attend an institution of higher learning, and a formula supplement would help address this need.

2.2 The Legislature should work towards establishing a doctoral research university in the South Texas Border area.

One of the continuing challenges facing the Border region in improving the economic condition of the area is gaining higher education parity with other regions of the state. Significant progress has been made in the last 10 years with the assistance of legislative efforts like the South Texas Border Initiative, but more needs to be done.²¹ A research institution in South Texas would help improve higher education participation rates, student success, and

An institution with a full level spectrum of degree programs and levels raises the educational bar in a region and helps to pull up educational attainment in general.

*-- Miguel Nevarez, Ph.D.,
President, University of Texas--
Pan American (Testimony from
Brownsville Hearing, June 21,
2002)*

²¹ Miguel A. Nevarez, Ph.D., President, University of Texas-Pan American (Testimony from Brownsville Hearing, June 21, 2002).

institutional excellence. A great deal of evidence exists showing that research institutions not only improve the overall quality of education in the regions they serve, but they are also important drivers of economic development.²²

2.3 The Legislature should consider revising the language of House Bill 1839, which created the Texas Excellence Fund, to foster the development of new research institutions in those areas of the state that need both the educational and economic benefits of a research institution.

House Bill 1839, which was passed during the 77th Legislature, created the Texas Excellence Fund and the University Research Fund to support and maintain educational and general activities, including research and student services, that promote increased research capacity and develop institutional excellence. The Legislature should consider revising the language of the bill to create an "emerging doctoral research university" category that will recognize the research potential of institutions like those located along the Border region--an area which needs both the educational and economic benefits of a research institution, and provide them with additional funding support to develop that potential.

2.4 The Legislature should support initiatives that will help improve the retention rates of students in higher education institutions along the Border.

Of those students that enroll in public universities along the Border, many do not graduate. In fact, the student retention rates at Border-area universities are typically much lower than the statewide average. Statistics compiled by the Texas Higher Education Coordinating Board indicate that 34.6 percent of those students who enrolled at a Texas public university in Fall 1995 did not graduate and were not enrolled in a institution in Fall 2001--six years later. In other words, in 2001, 34.6 percent of students in the state who had enrolled in a state university six years earlier had not graduated and were no longer enrolled. The figures for the Border-area universities, however, are typically much higher (see Table 14).

²² Ibid.

Table 14

Percentage of First-Time Entering Undergraduates, Fall 1995 Who Did Not Graduate and Were Not Enrolled in a Public Institution During Fall 2001	
Public Institution	Percentage of Students
Sul Ross State University	59.3 %
Texas A&M University--Corpus Christi	35.3 %
Texas A&M University--Kingsville	50.1 %
University of Texas--El Paso	47.2 %
University of Texas--Pan American	49.7 %
University of Texas--San Antonio	42.9 %
Statewide Average	34.6 %

Source: Texas Higher Education Coordinating Board

Low higher education retention rates are a statewide challenge, but the problem is particularly acute along the Border. The Legislature should thus support initiatives that will help improve the retention rates of students in higher education institutions along the Border--including initiatives that will provide students with more financial assistance and programs that are aimed at reducing the barriers to graduation. Special attention should be placed on improving the retention and graduation rates of those students enrolled in science and technology fields.

2.5 The Legislature should support increases in remedial/developmental education funding for community and technical colleges in the state so that all costs of providing this type of education are met.

Almost all of the community and technical colleges in the Border region have higher percentages of students receiving remedial/developmental education than the statewide average. From Fall 1998-Fall 2001, for example, about 48 percent of students in community and technical colleges statewide required remediation. The percentages requiring remediation in many Border-area community and technical colleges, however, were higher (see Table 15 for a statistical overview for several Border region community

and technical colleges).

Table 15

Percentage of Students Requiring Remediation in Border Region Community and Technical Colleges, Fall 1998-Fall 2001	
Community or Technical College	Percentage Requiring Remediation
Alamo Community College District--San Antonio College	65 %
Del Mar College	63 %
El Paso Community College District	77 %
Laredo Community College	66 %
South Texas Community College	52 %
Texas Southmost College	64 %
Texas State Technical College--Harlingen	55 %
All Texas Community and Technical Colleges--Statewide Average	48 %

Source: Texas Higher Education Coordinating Board

Oftentimes, community and technical colleges in the state do not receive funding to cover the full costs of providing the necessary remedial/developmental courses that the students need in order to succeed academically. The Legislature should support supplemental remedial/developmental education funding for community and technical colleges in the state so that all costs of providing this type of education are met. This will be particularly helpful to the Border-area community and technical colleges, since a large proportion of their students require remedial/developmental education.

Medical Education

2.6 The Legislature should support the creation of a four-year medical school in the Border region.

A four-year medical school should be established in the Border region. While both El Paso and the South Texas area have regional two-year medical schools that provide medical education and training for third- and fourth-year medical students, they do not have full-fledged medical schools. The Legislature should support recommendations issued by the Texas Higher Education Coordinating Board in July 2002 regarding the creation of additional medical schools in the state. In its report, *Projecting the Need for Medical Education in Texas*, the Coordinating Board recommended that if additional schools are created, they should be located where: (a) areas of high population are served by significantly fewer physicians than the state average; (b) the school location(s) could potentially address issues of geographic access, opportunity to attend medical school, and physician workforce diversity; and (c) the state could build on significant prior investments that it and other entities have made for the provision of medical education and services.²³ Moreover, the report indicated that two areas of the state that meet each of these criteria are the Upper Rio Grande and Lower Rio Grande Valley regions.

Establishing a four-year medical school in the Border region will help address the health care professional shortage that the region presently faces. Research shows that medical students recruited from minority communities and from rural areas are more likely to return to such areas and communities to practice.²⁴ With a four-year medical school in the region, more physicians will likely remain in the area. The school will also likely help increase the number of minority physicians in the state, and the residents of the region will

Matching Workforce and Population

- **32 % of Texas' population is Hispanic**
- **10 % of the physician workforce is Hispanic**

Source: TMA, TSBME, TDH

²³ *Projecting the Need for Medical Education in Texas*, Texas Higher Education Coordinating Board (July 2002).

²⁴ W. Gordan McGee, M.D., President, Border Health Institute (Testimony from El Paso Hearing, March 27, 2002).

have greater access to much-needed health care services. Investing in a medical school in the region will ultimately help the area overcome many of the health care issues it faces and will be a positive economic tool in furthering its development.

III. BUSINESS AND INDUSTRY DEVELOPMENT / TRADE

Another key challenge the Border region faces is in regard to its ability to attract and sustain businesses which will ultimately advance the economic development of the region. In order to improve the overall quality of life in the Border region, there must be a commitment to attracting more business enterprise to the region and developing those businesses already in existence.

Moreover, Border-area businesses and the entire Border community also stand to benefit from an increase in trade in the region. The most recent statistics from the second quarter of 2002 indicate that the state of Texas is the top exporting state in the United States (see Table 16).

Table 16

Top Ten Exporting States in the U.S. (YTD 2002)				
Rank	State	Q2 2001 YTD Export Dollar Value in US \$	Q2 2002 YTD Export Dollar Value in US \$	% Change 2001-2002
1	Texas	49,765,356,478	46,313,909,875	-6.94
2	California	57,339,677,843	46,119,671,534	-19.57
3	New York	23,623,997,207	18,341,178,671	-22.36
4	Michigan	17,161,323,714	17,908,461,960	4.35
5	Washington	18,818,760,698	17,621,360,314	-6.36
6	Ohio	13,887,657,871	13,608,363,488	-2.01
7	Illinois	16,020,480,252	12,696,433,681	-20.75
8	Florida	14,354,514,387	12,403,057,975	-13.59
9	Louisiana	8,035,181,035	8,693,216,999	8.19
10	New Jersey	10,057,543,009	8,404,696,255	-16.43
	Total All States	386,609,118,957	344,606,378,543	-10.86

Source: Business and Industry Data Center--Texas Exports Database

Moreover, Mexico continues to serve as Texas' largest trading partner, as it is the largest export destination for Texas goods. At present, about half (46 percent) of all Texas exports are sent to Mexico, and statistics indicate that Texas exports to Mexico grew over \$10 billion from 1999 to 2000--setting a new annual record of \$52 billion. The following table illustrates the large U.S.-Mexico trade volume that passes through the Border ports-of-entry.

Table 17

U.S.-Mexico Trade by Texas Border Port of Entry, 2000 (Millions of U.S. Dollars)			
	Exports to Mexico	Imports from Mexico	Total Trade
Laredo	39,283.6	45,536.3	84,819.9
El Paso	17,520.4	22,810.6	40,331.0
Hidalgo	6,221.9	6,888.5	13,110.4
Brownsville-Cameron	6,374.1	6,049.5	12,423.6
Eagle Pass	4,283.5	3,041.1	7,324.6
Del Rio	1,156.1	1,282.6	2,438.7
Presidio	112.8	153.0	265.8
Rio Grande City	118.8	116.6	235.4
Progreso	129.0	15.6	144.6
Roma	92.4	16.1	108.5
Fabens	.9	.0	.9
Total Border Ports	75,293	85,910	161,203

Sources: Texas Center for Border Economic and Enterprise Development, Texas A&M International University, with data from U.S. Department of Commerce.

As the table shows, the Border region is at the forefront of facilitating much of the trade and commercial activity in this state, and it should continue to capitalize on the development that trade can bring to the region.

With an increased presence of businesses and industry in the Border region, the employment opportunities of the Border's residents will improve, as will the opportunity to earn higher wages.

Moreover, an increase in trade in the region will help improve the overall economic vitality of the area. As such, the subcommittee offers the following recommendations to help attract and develop business and improve trade along the Border.

Mexico is expected to be the number one trading partner of the United States within 6 to 8 years. In this process, Laredo will be a pivotal and paramount center for trade and commercial activity now and in the future.

*-- John Adams, Executive Director,
Laredo Development Foundation
(Testimony from Laredo Hearing,
February 5, 2002)*

Recommendations and Proposed Initiatives

3.1 Direct Texas Economic Development, with the help of other relevant agencies, to conduct research and produce a study on the barriers to developing the high-tech manufacturing industry along the Border and offer suggestions on efforts the state, local communities, and private partners can undertake to overcome those barriers and attract and develop more high-tech industry to the region. In particular, the agency should conduct targeted research on efforts that can be undertaken to develop the maquiladora supplier market in the Border region.

With the trend towards a knowledge-based and technology-driven economy, there is a pressing need to develop the technology-based industry in the state--particularly in the Border region. In the report, *Assets and Challenges for Accelerated Technology-Based Growth in Hidalgo County*, the authors surmised that the South Texas Border region must find a way to participate significantly in the developing technology-based economy over the course of the coming years or its young population will face a dismal future of low value

jobs and underemployment.²⁵ This finding can be applied to the entire Border region.

As the report indicates, in the national and international economy of the past decade, high value jobs and sustainable growth have been strongly associated with the development of a technology-based economy.²⁶ Hence, the Border must work towards developing the high-tech industry in the region in order to improve its economic future, and in turn, the economic outlook for the entire state.

More than just studying the barriers to developing the high-tech industry in the region, the agency, with help from other relevant agencies such as the Texas Workforce Commission, should also perform targeted research on efforts that can be undertaken to develop the maquiladora supplier market in the Border region. Research shows that Border manufacturing is increasingly benefitting from the supply needs of maquiladoras.²⁷ Over the years, industry suppliers, such as plastic injection molding companies, have been expanding or relocating their operations to cities like El Paso in order to be closer to the maquiladoras they supply across the Border. In 1999, for example, there were 40 plastic injection molding companies located in El Paso, employing more than 4,100 employees.²⁸ The employment in this industry is highly skilled and the growth of plastic product exports through the city has been tremendous over the past decade--they totaled \$806 million in 1999, a 700 percent increase from the 1993 level.²⁹

Moreover, research has shown a strong positive correlation between U.S. Border city employment and export (maquiladora) production in the neighboring Border city in Mexico.³⁰ In fact, Brownsville and McAllen also have plastic injection molding companies that supply the maquiladora industry. Thus, it is immensely worthwhile to study the efforts that can be undertaken to develop this emerging industry in the Border region. The

²⁵ Brazier, Gerald D. and David Gibson, *Assets and Challenges for Accelerated Technology-Based Growth in Hidalgo County*, p. 11 (2001), submitted at Brownsville hearing (June 18, 2002).

²⁶ Ibid.

²⁷ Vargas, Lucinda, *Maquiladoras: Impact on Texas Border Cities*, in *The Border Economy*, p. 27 (Federal Reserve Bank of Dallas, June 2001).

²⁸ Ibid.

²⁹ Ibid.

³⁰ Ibid.

availability of skilled labor is certainly one of the factors necessary to attract more of this industry to the region. However, there should be more targeted research conducted to thoroughly analyze all of the factors and determine what steps need to be taken to increase the presence of this industry so that the region can improve its long-term economic growth.

3.2 The Legislature should encourage and foster partnerships between Texas Economic Development, the Texas Workforce Commission and/or Border-area local workforce development boards, Border-area training providers, Border region communities, and Border university research centers that will lead to targeted research and joint strategic planning in developing technology-based manufacturing industries, health care services, and other emerging industries in the region.

Strategic partnerships can be effective tools in helping Border region communities attract and develop technology-based manufacturing industries, health care services, and other emerging industries in the region. The Legislature presently provides funding for three Texas Centers for Border Economic and Enterprise Development at the University of Texas at Brownsville, the University of Texas at El Paso, and Texas A&M International University in Laredo, as well as funding for the Center for Entrepreneurship and Economic Development at the University of Texas--Pan American. These centers, with the help of the economic development and workforce state agencies, as well as local workforce boards and training providers, can help develop partnerships with local Border communities that will lead to research and strategic plans geared towards developing key emerging industries in the Border region. The Legislature should encourage and foster these types of partnerships and should consider supporting pilot projects aimed at developing them.

3.3 The Legislature should continue to preserve the §4A and §4B economic development sales tax law.

According to the Texas Comptroller of Public Accounts, the sales tax for economic development provided \$241 million in revenues in fiscal year 1999 for cities that elected to impose the tax. It is presently the state's largest local revenue source for economic development, and is relied on by many cities in the Border region to support their economic development efforts (including their efforts to attract manufacturing and industrial development). A sampling of some of the Border-area cities imposing the tax include Brownsville, Harlingen, McAllen, Edinburg, Crystal City, Marfa, and Presidio. The

Legislature should support its preservation so that Border communities, in particular, can utilize it to fund further development.

3.4 The Legislature should consider expanding the Strategic Investment Area tax incentives allowed under the franchise tax credits for economic development.

Presently, certain corporations operating in strategic investment areas (SIAs) may qualify for tax credits for research and development, jobs creation, and capital investment. A total of 81 counties are currently designated as full-purpose SIAs based on their relative unemployment rate and per-capita income; 24 of these counties are located in the 43-county Border region. Eligible corporations located in these counties may apply for job creation and capital investment credits, as well as a research credit bonus. Another group of 139 counties qualify for a limited-purpose SIA designation based on their population, and eligible corporations engaged in agricultural processing in these counties can apply for the job creation and capital investment franchise tax credits. Additionally, five sub-county zones (located in Dallas, El Paso, Harris, Bexar, and McLennan counties) are designated as full-purpose SIAs based on their status as federal urban enterprise communities, as are the four Defense Economic Readjustment Zones located in Bee, Bexar, Lubbock, and McLennan counties. Table 18 provides a summary of these credits.

Table 18

Summary of Economic Development Franchise Tax Credits			
CREDIT	RESEARCH AND DEVELOPMENT	JOBS CREATION	CAPITAL INVESTMENT
Amount of credit	4 percent of qualified expenses to be taken on a report due before January 1, 2002; Changes to 5 percent of qualified expenses to be taken on a report due after January 1, 2002	5 percent of wages paid for new qualifying jobs created in strategic investment areas during the period upon which net taxable earned surplus is based	7.5 percent of qualified investment made in strategic investment areas; credit must be claimed in equal installments over 5 years
Expenditures to which credit applies	Excess of qualified research expenses in Texas over base year, plus basic research payments in Texas; Expenses must be incurred on or after January 1, 2000	Salary and wages paid for new qualifying jobs in central administrative offices, distribution, data processing, manufacturing, research and development, or warehousing; Applies to new jobs created on or after January 1, 2000	Investments in depreciable tangible personal property in central administrative offices, distribution, data processing, manufacturing, research and development, or warehousing; Applies to qualified investments made on or after January 1, 2000
Areas of state where credit may be established	Statewide, but expenditures in strategic investment areas qualify for bonus	Strategic investment areas (special provision for agricultural processors)	Strategic investment areas (special provision for agricultural processors)
Limitations	Credit may not exceed 25 percent of franchise tax due before credits for franchise tax reports due before January 1, 2002; Credits may not exceed 50 percent of tax due for franchise tax reports due after January 1, 2002	Credit may not exceed 50 percent of franchise tax due before credits	Credit may not exceed 50 percent of franchise tax due before credits

Source: Texas Comptroller of Public Accounts

The Legislature should consider expanding these tax incentives by, for example, increasing the current amount of tax credits allowed and/or expanding the types of jobs and investments that qualify for the credits. If need be, the expansions can be targeted and limited to the areas facing the highest rates of unemployment and the lowest per capita income levels. Expanding these tax incentives will likely encourage new investment and new job creation that is critically needed in the Border region.

3.5 Direct Texas Economic Development to provide more international trade promotion services for the small business sector.

Small businesses have a strong presence in our state and in the Border region. According to Texas Economic Development, in 2002, there were over 438,000 firms in the state; of those firms, 26 percent employed 100 or fewer workers. Unfortunately, however, the small business sector has not been able to capitalize on NAFTA to the same extent that the larger business sector has.³¹ Texas Economic Development should place more focus on providing international trade assistance, including export training, to small businesses. Small businesses located in the Border region are in a strategically beneficial location to capitalize on the benefits of international trade, and the region stands to benefit a great deal from assistance aimed at promoting these businesses internationally--particularly to the Latin American markets.

3.6 The Legislature should target a larger proportion of resources spent on economic development in the state towards the promotion of international trade.

The state of Texas spends considerably less on international trade and investment than most other states in the United States. The following chart provides a comparison of international trade and investment spending in 1998 for the five most populous states.

Table 19

State International Trade and Investment Spending, 1998			
State	International Trade & Investment Spending	Total Economic Development Spending	% International Trade & Investment
California	8,983,000	80,546,000	11%
Texas	852,304	129,089,941	1%
New York	2,477,500	149,060,400	2%
Florida	4,209,000	18,805,000	22%
Illinois	3,629,300	263,272,900	1%

Source: National Association of State Development Agencies, 2001 State Economic Development Expenditure Survey

³¹ Robert McKinley, Assistant Vice President, Institute for Economic Development, University of Texas at San Antonio (Testimony from San Antonio Hearing, August 14, 2002).

Given the trend towards a more global economy, the Legislature should consider targeting more economic development spending dollars towards developing and promoting international trade in the state. According to the statistics cited above, in 1998, the state spent less than 1/10 of what California spent on international trade and investment spending.

By spending less now, the Legislature may be hindering the state's long-term competitiveness in the international trade arena. Given the state's close proximity to Mexico and Latin America, the state, and the Border region, stand to benefit immensely from increased trade. The Legislature should thus place a high priority on increasing the state's investment in promoting and developing international trade, particularly in promoting trade with Latin America. Doing so will not only help develop the Border's economy, but that of the entire state.

3.7 The Legislature should support continuing the Honorary Trade Representative Program in Texas Economic Development, which was established to create trade and investment opportunities within the Texas-Mexico Border region.

Presently, Texas Economic Development has an established pilot program (Honorary Trade Representative Program) with the four bordering Mexican states of Chihuahua, Coahuila, Nuevo Leon, and Tamaulipas. Under the program, each Mexican state's governor submits a nominee to serve as an honorary trade representative. The strategies of the program include: organizing trade and investment missions to participating Mexican states, with a goal of one trade mission to, and one trade mission from, each state per year; facilitating business matchmaking meetings and interchange of trade leads; and serving as a resource to Mexican businesses that inquire about doing business in Texas, and to Texas businesses that inquire about doing business in Mexico.³² The Legislature should support continuing this program and its efforts to promote trade and investment opportunities within the Texas-Mexico Border region.

³² Helena Colyandro, Office of International Business, Texas Economic Development (Testimony from Laredo Hearing, February 5, 2002).

3.8 The Legislature should consider establishing more foreign trade offices, particularly in Latin America.

Presently, the state has only one foreign trade office, which is administered by Texas Economic Development, and is located in Mexico City. Other comparable states, however, have several foreign trade offices located in different regions of the world. The state of California, for instance, has 12 foreign trade offices located in Argentina, China, Germany, Hong Kong, Israel, Japan, Korea, Mexico, Singapore, South Africa, Taiwan, and the United Kingdom. The state of New York has 5 trade offices located in Canada, Israel, Japan, Mexico, and the United Kingdom. The state of Arizona also has 5 foreign trade offices: 2 located in Mexico (Guadalajara and Hermosillo), and the others located in Japan, Taiwan, and the United Kingdom.

The Legislature should follow the lead of other states and consider establishing more foreign trade offices, particularly in Latin America. The state's only current foreign office, the State of Texas Mexico Office, was first established in 1971 and is responsible for providing various services to Texas businesses and communities in their efforts to export goods and services to the continuously expanding Mexican markets. Similar offices could be established in other parts of Latin America and various other countries in order to promote more international trade in the state and throughout the Border region.

In FY 2002, the State of Texas Mexico Office generated 1,211 trade leads and organized five international trade events in which 67 companies participated.

IV. COMMUNITY DEVELOPMENT

Defining community development

The *Dictionary of Community Economic Development Terms* defines community development as a “process designed to create conditions of economic and social prosperity for the whole community with active participation and the fullest possible reliance on the community’s initiative.”³³ Community development efforts include a broad range of activities that provide disadvantaged communities the tools needed to help themselves.

Initiatives may include:

- Affordable housing development and rehabilitation;
- Financial services;
- Commercial development in blighted areas;
- Access to affordable health care;
- Workforce development and training; or
- English as a Second language (ESL) courses.

Community development efforts are generally initiated by community-based development organizations located in the community and led by the community.³⁴ Because they are steered by community residents and other stakeholders, community-based development organizations are especially positioned to assess the needs of the communities they serve and access local resources.³⁵ Community-based development organizations provided much of the testimony for the community development section of this report.

Community Development Needs Along the Border

Corinne Chacon of Rural Development Finance Corporation stresses that the “demand for affordable and low-income housing is at a crisis level, which means that

³³ California Community Economic Development Association (CCEDA), *Dictionary of Community Economic Development Terms*, p. 22 (1995).

³⁴ Ibid.

³⁵ National Congress for Community Economic Development (NCCED), *4th National Community Development Census, Coming of Age: Trends and Achievements of Community-Based Development Organizations*, p. 3 (1999).

families must struggle to find and stay in safe, decent homes.”³⁶ The Texas Department of Housing and Community Affairs (TDHCA) supports the need for affordable housing in Texas with statistics in its *2003 State of Texas Low Income Housing Plan and Annual Report (Draft for Public Comment)*. TDHCA uses the Texas Comptroller of Public Account’s Uniform State Service Regions, which divides the state into 13 regions (See Appendix B for a map of the service regions). The Border area is represented by regions 11 (south Border counties) and 13 (El Paso and surrounding counties). Although Regions 11 and 13 do not totally encompass all of the 43 counties considered part of the Border, for the purpose of this report, statistics for these two regions provide a generalization of the Border area and its housing needs. Most of the statistics provided in this section of the report do not include all 43 Border counties.

TDHCA uses several indicators to quantify housing needs, but most important are:

- the number of households with severe cost burden, paying more than 50 percent of their income on housing costs,
- the number of homes or rental units that are physically inadequate, defined by the lack of complete plumbing and/or kitchen facilities, and
- the number of households living in overcrowded conditions, defined by more than 1.01 occupants per room.³⁷

The next three tables and charts provide a snapshot of affordable housing needs in renter households using the three housing indicators described above.

³⁶ Corinne Chacon, Chief Operating Officer, Rural Development Finance Corporation (Testimony from San Antonio Hearing, August 14, 2002).

³⁷ *2003 State of Texas Low Income Housing Plan and Annual Report (Draft for Public Comment)*, Texas Department of Housing and Community Affairs (TDHCA) (2002).

Table 20

Number of Renter Households with Severe Cost Housing Burden, 1990					
Service Region	All Households	0% to 30% MFI	31% to 50% MFI	Total 50% MFI and Under	% of 50% MFI and Under with Severe Cost Burden
11: South Texas Border	15,785	13,032	2,278	15,310	97%
13: Upper Rio Grande	11,760	8,209	2,602	10,811	92%
Total Border	27,545	21,241	4,880	26,121	95%
State	362,437	282,973	63,644	346,617	96%

Source: 2003 State of Texas Low Income Housing Plan and Annual Report (Draft for Public Comment), Texas Department of Housing and Community Affairs.

There are at least 27,545 households (of all income levels) on the Border with a severe housing cost burden compared with 362,437 households statewide with a severe cost burden. The table above shows that the great majority of households with a severe cost burden are families at or below 50 percent of area median family income (MFI). Of the total families with a severe cost burden in the Border area, 95 percent are under 50 percent of MFI. This finding is similar at the statewide level.

Table 21

Number of Renter Units Lacking Kitchen and/or Plumbing, 1990	
Region	Units
1: High Plains	1,407
2: Northwest Texas	611
3: Dallas/Ft. Worth Metro	6,161
4: Upper East Texas	2,031
5: Southeast Texas	1,383
6: Gulf Coast	7,514
7: Capital	1,939
8: Central Texas	1,580
9: Alamo	3,090
10: Coastal Bend	1,657
11: South Texas Border	5,440
12: West Texas	714
13: Upper Rio Grande	2,091
State	35,618

Source: 2003 State of Texas Low Income Housing Plan and Annual Report (Draft for Public Comment), Texas Department of Housing and Community Affairs.

Table 21 indicates that the South Texas Border area, region 11, has the third highest number of renter units, a total of 5,440 units, lacking kitchen and/or plumbing facilities in Texas. Yet, this region is only the sixth most populous region when considering the total renter population.³⁸ If the South Texas Border and Upper Rio Grande regions are combined, together they have the highest number of physically inadequate renter housing in the entire state--7,531 units. Incidentally, the highest number of inadequate rental units, 3,113, are concentrated in the below 30 percent MFI income bracket in the South Texas Border region.³⁹

Table 22

Number of Overcrowded Renter Householder, 1990	
Region	Renter Households
1: High Plains	8,817
2: Northwest Texas	3,897
3: Dallas/Ft. Worth Metro	65,312
4: Upper East Texas	7,505
5: Southeast Texas	5,398
6: Gulf Coast	80,090
7: Capital	13,035
8: Central Texas	9,429
9: Alamo	24,750
10: Coastal Bend	10,273
11: South Texas Border	27,040
12: West Texas	5,875
13: Upper Rio Grande	14,603
State	276,024

Source: 2003 State of Texas Low Income Housing Plan and Annual Report (Draft for Public Comment), Texas Department of Housing and Community Affairs.

The South Texas Border area has the third highest number of overcrowded households--27,040. There is a total of 41,643 renter households that are considered to be living in overcrowded conditions in the Border areas, region 11 and 13. The state of Texas has a total of 276,024 renter households living in overcrowded conditions.

The next section provides an assessment of the affordable housing needs in single

³⁸ 2003 State of Texas Low Income Housing Plan and Annual Report (Draft for Public Comment), Texas Department of Housing and Community Affairs (TDHCA) (2002), p. 66.

³⁹ Ibid.

family housing, also known as owner-occupied housing, in the Border region.

Table 23

Number of Owner Households with Severe Housing Cost Burden, 1990					
Service Region	Total Households with High Burden	0% to 30% MFI	31% to 50% MFI	Total 50% MFI and Under	% of 50% MFI and Under with High Burden
11: South Texas Border	13,905	9,570	2,397	11,967	86%
13: Upper Rio Grande	7,676	3,625	1,950	5,575	73%
Total Border	21,581	13,195	4,347	17,542	81%
State	240,331	134,844	50,802	185,646	77%

Source: 2003 State of Texas Low Income Housing Plan and Annual Report (Draft for Public Comment), Texas Department of Housing and Community Affairs.

There are 240,331 households with severe cost burden in Texas. In the state, 77 percent, or 185,646, of those households are families with incomes of 50 percent MFI or less. Along the Border, there are 21,581 severely cost burdened households and 81 percent of those have incomes of 50 percent MFI or less. Incidentally, a total of 13,195 severely cost burdened owner households on the Border are families with incomes less than 30 percent MFI.

Table 24

Number of Owner Units Lacking Kitchen and/or Plumbing, 1990	
Region	All Units
1: High Plains	936
2: Northwest Texas	873
3: Dallas/Ft. Worth Metro	4,256
4: Upper East Texas	3,716
5: Southeast Texas	2,444
6: Gulf Coast	6,160
7: Capital	1,834
8: Central Texas	2,368
9: Alamo	3,709
10: Coastal Bend	2,706
11: South Texas Border	10,475
12: West Texas	955
13: Upper Rio Grande	2,079
State	42,511

Source: 2003 State of Texas Low Income Housing Plan and Annual Report (Draft for Public Comment), Texas Department of Housing and Community Affairs.

There are 42,511 owner units statewide with physical deficiencies--lacking kitchen and/or plumbing. The South Texas Border region has the highest number of owner units, 10,475, lacking kitchen and/or plumbing in the state. This number represents 25 percent of all deficient units in the entire state. Regions 11 and 13, which are located in the Border area, have a combined 12,554 owner units with physical deficiencies. This is 30 percent of deficient units statewide.

Table 25

Number of Overcrowded Owner Households, 1990	
Region	Number of Owner Households
1: High Plains	7,890
2: Northwest Texas	3,851
3: Dallas/Ft. Worth Metro	30,544
4: Upper East Texas	7,047
5: Southeast Texas	6,368
6: Gulf Coast	38,123
7: Capital	6,955
8: Central Texas	5,479
9: Alamo	20,215
10: Coastal Bend	10,062
11: South Texas Border	38,184
12: West Texas	7,229
13: Upper Rio Grande	11,924
State	193,871

Source: 2003 State of Texas Low Income Housing Plan and Annual Report (Draft for Public Comment), Texas Department of Housing and Community Affairs.

The state of Texas has a total of 193,871 total overcrowded owner households. The South Texas Border Region has the highest number of overcrowded owner households in the entire state of Texas--38,184. Together, regions 11 and 13 have 50,108 overcrowded owner households--over a quarter percent of the state's total number of overcrowded households.

Table 26

Housing Affordability at 50% MFI and 80% MFI Compared to Fair Market Rents						
Location	2002 Estimated Annual Median Family Income (HUD)	Maximum Affordable Monthly Housing Cost at 50% AMFI ⁴⁰	Maximum Affordable Monthly Housing Cost at 80% AMFI	Fair Market Rent for a One Bedroom	Fair Market Rent for a Two Bedroom	Fair Market Rent for a Three Bedroom
Texas	\$54,243	\$678	\$1,085	\$535	\$685	\$945
Brownsville-Harlingen-San Benito	\$29,100	\$364	\$582	\$401	\$501	\$628
El Paso	\$36,300	454	726	479	567	785
Laredo	\$32,200	403	644	397	521	652
McAllen-Edinburg-Mission	\$29,200	365	584	393	450	561

Source: "Out of Reach" in Texas, National Low Income Housing Coalition

The table above shows that families in three of the four largest Border metro areas who earn 50 percent of the area median family income cannot afford to rent a one-bedroom apartment. This is based on the U.S. Department of Housing and Urban Development's generally accepted standard that housing costs should not consume more than 30 percent of a household income. Although a family earning 80 percent of the area median family income fares better, three of the four Border metro areas above cannot afford a three bedroom apartment.

⁴⁰ Maximum Affordable Housing Cost represents the generally accepted standard of spending no more than 30 percent of income on housing costs.

Table 27

Median Hourly Wages Compared to Hourly Wages Needed to Afford Market Rate Housing				
Location	% of Total Employment That Pays a Median Hourly Wage of Less Than \$10	Hourly Wage Needed to Afford 1-Bedroom Housing (at 40 hrs per week)	Hourly Wage Needed to Afford 2-Bedroom Housing (at 40 hrs per week)	Hourly Wage Needed to Afford 3-Bedroom Housing (at 40 hrs per week)
Texas		\$10.30	\$13.18	\$18.19
Brownsville- Harlingen-San Benito	71.2%	\$7.71	\$9.63	\$12.08
El Paso	68.1%	9.21	10.90	15.10
Laredo	78.7%	7.63	10.02	12.54
McAllen-Edinburg-Mission	75.4%	7.56	8.65	10.79

Source: Texas Family Security Index, Center for Public Policy Priorities, November 8, 2001 and "Out of Reach" in Texas, National Low Income Housing Coalition.

The table above lists the necessary minimum wage to afford a one, two, or three-bedroom home at the fair market rent in four Border metropolitan areas. A large percentage of jobs in these areas pay less than \$10 per hour. In the Laredo area, 78.7 percent of employment pays less than \$10 per hour. At an hourly wage under \$10 per hour, most families on the Border cannot afford more than a one-bedroom apartment. In all cases, a three-bedroom home is out of reach for a family headed by one-wage earner making less than \$10 per hour, unless the family decides to spend more than 30 percent of their budget on housing. Another option for families with one wage earner could be for the second parent to work; however, in all four Border metro areas, daycare for two children costs nearly as much as housing does.⁴¹

A study by the Texas Low Income Housing Information Service (TxLIHIS) finds that “the Border’s burden of so many families living in poverty is the largest factor producing the Border’s housing problems, including colonias, substandard housing and

⁴¹ Center for Public Policy Priorities, *Texas Family Security Index* (November 8, 2001).

families in economic distress from high housing costs.”⁴² They indicate that the number of affordable rental units for extremely low income families in Cameron, Hidalgo, Starr, Webb, Maverick, and El Paso counties has declined dramatically in the last decade.⁴³ In their study, TxLIHIS focuses on the affordability for colonia residents, meaning rents or mortgages under \$300 per month.

Table 28

Percent Decline in the Availability of Low Income Rents (under \$300), 1990 and 2000	
County	Percent decline
Cameron	46.9 %
Hidalgo	29.8 %
Starr	1.0 %
Webb	82.1 %
Maverick	19.3 %
El Paso	90.5 %

Source: Housing on the Border, Texas Low Income Housing Information Service, 2002

Affordable housing declined in all six border counties. The largest decline is seen in El Paso County with a 90.5 percent decrease in affordable rents at the below \$300 level. Webb county followed suit with an 82.1 percent decrease. Cameron County’s affordable units decreased by nearly 47 percent. Starr County remained almost stable in the level of rental housing available at \$300 and below.⁴⁴

This decrease in affordable housing for extremely low income families is further impacted by the boom in population along the Border. For example, the U.S. Census

⁴² Henneberger, John, Texas Low Income Housing Information Service, *Housing on the Border: Recent Data and New Developments* (2002).

⁴³ Ibid.

⁴⁴ Ibid.

Bureau lists McAllen-Edinburg-Mission MSA as the 4th highest percentage of population growth, 48.5 percent, in the United States between 1990 and 2000.⁴⁵ The Laredo metropolitan area experienced a 44.9 percent growth and is ranked 9th in the country and Brownsville-Harlingen-San Benito experienced a 28.9 percent growth and ranked 28th.⁴⁶ In the Border region, the population and number of families living in poverty is growing, yet the number of affordable housing units are not keeping up with this growth.

Factors mentioned above such as the population boom, lack of affordable rental units, severe housing cost burden, overcrowded households, and low wages combine to create an unfriendly environment for low-income families seeking housing. They are forced to exercise desperate measures to find housing such as paying more than 50 percent of their income on housing and leaving little for food and health needs; proliferating substandard colonias; or, turning to subprime home mortgage lenders.

Consumer Wealth and Access to Capital

Lack of credit/borrowing alternatives for “high risk” mortgage borrowers promulgates the existence of subprime or predatory lending practices. A study of home mortgage credit characteristics by TDHCA finds that subprime lending tends to flourish in low income areas where there is a lack of traditional banks and the people are uneducated about what credit is available to them.⁴⁷ The study also reports that in some markets, 35 percent to 50 percent of prime-rate qualified borrowers are receiving subprime loans not just as a result of unfamiliarity with mortgage products, but also aggressive marketing tactics.⁴⁸

The Community Development Corporation of Brownsville acknowledges that low incomes and a predominantly cash economy have also resulted in poor and inadequate credit accessibility in South Texas.⁴⁹ This leads to no other alternative than borrowing at

⁴⁵ Census 2000. Metropolitan Areas Ranked by Percent Population Change: 1990 to 2000. Online at <http://www.census.gov/population/www/cen2000/phc-t3.html>, accessed on November 13, 2002.

⁴⁶ Ibid.

⁴⁷ *Home Mortgage Credit Characteristics of Underserved Areas: A State of Texas Market Study (Draft for Public Comment)*, Texas Department of Housing and Community Affairs (TDHCA) (August 2002).

⁴⁸ Ibid.

⁴⁹ Don Currie, Executive Director, Community Development Corporation of Brownsville and Robert Calvillo, Executive Director, McAllen Affordable Homes, Inc. (Testimony from Brownsville Hearing, June 21,

high rates. Families with poor credit or no credit are forced to finance their home through the subprime lending market, which touts rates at several points higher than the prime rate. Families “have an almost impossible time developing any long term savings, or generating additional expendable income due to the fact that their monthly loan payments may require them to expend upwards of 50 percent or more of their monthly income to meet [housing] payment obligations.”⁵⁰

At a Border Affairs Subcommittee hearing, Robert Calvillo of McAllen Affordable Homes, Inc. (MAHI) explained his experiences with predatory lenders in the Valley. He stated that over the last few years some builders/developers and lenders have targeted South Texas citizens under the guise of serving a “high risk” borrowers niche in the community. “They offer high rate, high fee, non-amortizing or non-fully disclosed terms that create a burden on families who can least afford it,” he stated.⁵¹ As a result, MAHI gets frequent calls from families who want to be relieved of costly home payments with predatory lenders. He noted that most of these calls are from families who have been in their homes for less than two years.⁵²

Small and Micro-business Development

It is obvious that the Border region needs vital economic development. One could say that if more decent paying jobs were available the problem would not be as severe. The fact is that the Border has a lack of employment opportunities as evidenced by its high unemployment rates. Also, most employment opportunities tend to pay under \$10 per hour. Further, many Border residents lack adequate education and skills, limiting their access to better paying jobs.

Greater job choice is needed. One avenue that is accessible to individuals with all background levels is that of self-employment. In many instances, being self-employed is the most viable option for a low-skilled individual. The small business owner creates a job for himself and for others that did not exist before. Additionally, a part time business may

2002).

⁵⁰ Don Currie, Executive Director, Community Development Corporation of Brownsville (Testimony from Brownsville Hearing, June 21, 2002).

⁵¹ Robert Calvillo, Executive Director, McAllen Affordable Homes (Testimony from Brownsville Hearing, June 21, 2002).

⁵² Ibid.

supplement a low-wage full-time job, which could mean the difference between living in or out of poverty. Besides job creation, small businesses generate tax revenue and generally improve the neighboring community.

A study of Border banks' business lending practices conducted by the Rural Development Finance Corporation (RDFC) indicates that there may be as much as \$94 million to \$197 million in unmet small business loan needs in the Border region.⁵³ Seven out of 10 counties in their study experienced a decrease of \$10 million in loan dollars between 1998 and 1999. Furthermore, the study found that credit cards are a key source of financing for small businesses. There seems to be a cultural aversion to debt among Mexicans and Mexican-Americans. Many would rather pay high interest rates on credit cards than deal with traditional lending institutions. Business owners in the survey cited a need for financial literacy, entrepreneurship training, and a need for loans ranging between \$10,000 to \$50,000.

Nonprofit small business lenders, also known as community development financial institutions (CDFIs), express the need for more capital to lend to small and micro-businesses.⁵⁴ These organizations provide financial services for a niche of business owners considered "too small" or "too risky" by commercial financial institutions. Lending decisions (on the part of commercial banks) tend to be conservative, non-local and weighted towards larger companies, especially during recession times.⁵⁵ Furthermore, it costs more in operating expenses to reach out and serve businesses in rural and Border areas.⁵⁶ For example, ACCION Texas, a statewide lender, testified that it is "continually challenged to raise the operating funds and loan funds to serve the rural communities on the Border Region...it costs 35 percent more to reach and serve the small businesses in rural

⁵³ Corinne Chacon, Chief Operating Officer, Rural Development Finance Corporation (Testimony from San Antonio Hearing, August 14, 2002).

⁵⁴ Jennifer Martens Moriarty, President, Community Development Loan Fund; Mario Riojas, Vice President, ACCION Texas; and Corinne Chacon, Chief Operating Officer, Rural Development Finance Corporation (Testimony from San Antonio Hearing, August 14, 2002).

⁵⁵ Corinne Chacon, Chief Operating Officer, Rural Development Finance Corporation (Testimony from San Antonio Hearing, August 14, 2002).

⁵⁶ Mario Riojas, Vice President of Finance, ACCION Texas (Testimony from San Antonio Hearing, August 14, 2002).

areas than in other parts of the state.”⁵⁷

CDFIs, such as ACCION Texas, are making a good faith effort to reach the most disadvantaged communities in Texas. In Texas, as of 2000, there were an estimated 30 active CDFIs. The efforts of CDFIs were documented in a recent study by the Texas Association of Community Development Corporations.⁵⁸ The study reports that as of 1999, CDFIs:

- made \$69.3 million in loans and investments,
- supported 2,019 local firms and individuals, and
- created 5,087 jobs.⁵⁹

Housing Recommendations and Proposed Initiatives

4.1 Increase state funding for affordable housing programs managed by the Texas Department of Housing and Community Affairs, including the:

- **Housing Trust Fund;**
- **Colonias Self Help Centers Program;**
- **Texas Bootstrap Loan Program;**
- **Border New Subdivision Loan Program; and the**
- **Mortgage Revenue Bond Programs.**

Low-income individuals living in affordable housing along the Border live in some of the worst housing conditions in Texas. They cannot afford decent housing primarily because of high unemployment rates and low wages. Poverty rates in the Border region are consistently the highest in the state, and some of the highest in the country.⁶⁰ Until these poverty conditions are ameliorated, the state must make an effort to provide programs to meet the demand of decent affordable housing along the Border. This includes building up

⁵⁷ Ibid.

⁵⁸ Texas Association of Community Development Corporations (TACDC), *Building a Future: the contributions of community development corporations in Texas*, Volume 2 (2001).

⁵⁹ Ibid, p. 14.

⁶⁰ *The Border, Where We Stand*, Texas Comptroller of Public Accounts (January 2001).

the capacity of community-based efforts. Additionally, the need for affordable housing along the Border is compounded by some of the highest rates of growth in population this past decade. Between 1990 and 2000, the McAllen-Edinburg-Mission MSA experienced a 48.5 percent growth, the Laredo MSA experienced a 44.9 percent growth, and Brownsville-Harlingen-San Benito experienced a 28.9 percent growth. These metropolitan areas were ranked 4th, 9th, and 28th respectively in highest percentage of population growth in the entire country.⁶¹

The current level of funding for the Housing Trust Fund (\$6.3 million per year) is too small to cover a state as large as Texas, and awards tend to be too small to help community developers leverage other financial sources. The Border Affairs Subcommittee recommends funding the HTF at a rate of \$50 million per year. Incidentally, the city of Los Angeles, California, with a population of 3.7 million, recently approved a \$100 million housing trust fund. (The state of Texas has a population of 21.3 million.) In Texas, awards are too small to make small deals viable, thus the funding tends to go to larger developments that are almost always fully funded. Because of this, the HTF application process should be changed so that applicants do not have to have all other financing secured to qualify. As it stands, the awards are biased toward large projects. Smaller developments that really need funding find it difficult to complete all the requirements prior to being awarded money. Ideally, HTF could become the first block of funding used to leverage other financing.

Lastly, the HTF should be devoted to low and very-low income populations through the disbursement of more grants rather than loans. The 2001 HTF application is biased toward projects that can be made using repayable loans; however, developments serving extremely low and very low income households do not generate the revenues of developments serving higher income populations. There is little incentive to build housing developments that serve the lowest income population if finance obligations cannot be met.

As the population grows and the number of people in poverty increases, new colonias continue to emerge. They are a direct response to the need for affordable housing and the inadequate investment in the low-income population in the state of Texas. Besides greater investments in existing programs that reach the lowest income population, those with incomes under 30 percent MFI, the state of Texas can provide guidance in the

⁶¹ Census 2000. Metropolitan Areas Ranked by Percent Population Change: 1990 to 2000. Online at <http://www.census.gov/population/www/cen2000/phc-t3.html>, accessed on November 13, 2002.

successful development of colonias so that colonia residents have safe housing with all the needed infrastructure and access to social service programs that assist residents in getting out of poverty.

The Legislature can help ameliorate the substandard conditions in colonias by expanding the funding for the Office of Colonia Initiatives, particularly the Colonias Self-Help Centers, the Bootstrap Self-Help Mortgage Program, and the Colonia Model Subdivision (CMS) Loan Program. Colonia Self-Help Centers provide housing and technical assistance to improve the quality of life for colonia residents. They help with housing rehabilitation and new construction, teach construction skills, have a tool library, provide housing finance, credit and debt counseling, and contract for deed conversion among other services. There are currently five colonia self-help centers in Cameron/Willacy, El Paso, Hidalgo, Starr, and Webb counties, and centers in Maverick and Val Verde will be opening soon. The Texas Bootstrap Program provides loans to colonia residents to improve existing or construct new housing. The Colonia Model Subdivision (CMS) Loan Program was created during the 77th Session to allow nonprofit organizations to obtain low-cost loans to develop high quality subdivisions with all public infrastructure. It is designed to provide an alternative to substandard colonias and create affordable housing for low income individuals who would otherwise live in colonias.⁶² Because of funding constraints, TDHCA has decided that it cannot fund the program this biennium.

The Multifamily Bond Program, First Time Homebuyer Program, Down Payment Assistance Program, and Texas Statewide Homebuyer Education Program are all Mortgage Revenue Bond Programs managed by TDHCA. The proceeds of the bonds are used to:

- finance construction, acquisition, or rehabilitation of multifamily properties;
- provide below-market interest rates for 30-year mortgages for qualified individuals whose incomes do not exceed 115 percent of median family income;
- provide non-interest bearing, second lien mortgages as downpayment assistance, ranging between \$5,000 to \$7,000 for families earning no more than 80 percent of median family income; and
- assist local nonprofit homebuyer education providers with the resources to provide information and counseling to prospective homebuyers about the home buying process.

⁶² Ibid.

Last session, the bond cap for housing programs under the Mortgage Revenue Bond Program was increased from 7.5% to 23%.⁶³ It is recommended that this increase be maintained.

4.2 Increase funding for Texas A&M University’s Colonias Program for additional Community Resource Centers, promotora teams, and vans to transport residents.

Generally, colonia residents are isolated from social service programs that provide services involving education, workforce, health and human services, economic development and other programs. Isolation is not only physical, but also social and economic because of a limited understanding of the “system” and limited literacy.⁶⁴ Community Resource Centers and promotora teams have partnered with organizations and agencies to bring services to the colonias that will help residents raise their quality of life. Currently, there are 15 resource centers and two more on the way. The Texas A&M Colonias Program hopes to build at least 10 more resource centers.

4.3 Preserve the CHDO property tax exemption with the addition of some changes to limit the type of qualified organization, enhance public benefits requirements, and induce a sliding scale based on the number of units available for very-low income families (under 60% MFI).

The CHDO tax exemption has been used by community housing development organizations to save money on property taxes and reinvest the savings into benefits for the residents of the property. Some of the benefits include reduced rents, capital improvements to the property and social services for residents, including individual development accounts, subsidies to first time homebuyers, child care, scholarships, or educational facilities, equipment and staffing.

⁶³ SB 322 by Senator Eddie Lucio, Jr., et al. (77th Session).

⁶⁴ Texas A&M University College of Architecture, Center for Housing and Urban Development (Testimony from Brownsville hearing, June 21, 2002).

In its present state, the CHDO property tax exemption requires that CHDOs devote a specified percentage of the tax exemption to activities other than debt service in order to be eligible for the exemption in the subsequent year. Some of the provisions are listed below.

- For multi-family properties with more than 36 dwellings, 40 percent of the tax exemption must be reinvested in services, capital improvements, or rent reduction.
- Properties with new construction after December 31, 2001 and financed with tax-exempt bonds or low income housing tax credits must reinvest a minimum of 90 percent of cash flow on services, capital improvements, or rent reduction.
- CHDO's with property tax exemptions must submit an audit to TDHCA demonstrating their efforts to meet the reinvestment standards.
- There are special circumstances that allow CHDOs to opt out of the requirements of HB 3383 including CHDO's who are grandfathered, make payments in lieu of taxes (PILOTS), have restricted rents on the property, or have entered into a reinvestment agreement with the appraisal district.

At the subcommittee hearing in Brownsville, Robert Calvillo explained how McAllen Affordable Homes, Inc. (MAHI) use the CHDO property tax exemption. MAHI bought a property but was not able to raise the money to build on it for two years. During the two years that MAHI held the empty lot, it was able to use property tax exemptions. The exemption assisted them in saving approximately \$60,000 in property taxes during the holding period. That exemption allowed MAHI to pass the savings on to the lower income categories of their community.⁶⁵

The exemption is greatly needed and when used properly, it positively impacts affordable housing in Texas and assists low income residents in reaching upward mobility. The exemption is efficiently leveraged by CHDOs. One study of 72 CHDOs using the tax exemption uncovered that for each dollar of tax revenue exempted, the organization offers more than \$4 in affordable housing and services in the community. Additionally, the exemption is responsive to local needs because it is granted by local taxing authorities, and because the CHDO solicits input from the community it serves and one-third of its

⁶⁵ Robert A. Calvillo, Executive Director, McAllen Affordable Homes, Inc. (Testimony from Brownsville hearing, June 21, 2002).

governing board is required to be comprised of representatives from the low-income community it serves. Besides affordable housing units, CHDOs use the exemption to help provide services to residents that may not be found anywhere else in the community such as computer labs, Individual Development Accounts (IDAs), childcare, and financial literacy classes. Lastly, successful CHDO properties can actually help stabilize surrounding properties, adding to the strength of the tax base.

Despite the great benefits reaped by the CHDO property tax exemption, the code needs modifications to make it more efficient and fair. Some concerns and reasons for changing the code are listed below.

- Although there is no highly reliable figures, there seems to have been a proliferation of organizations with tax exempt 501c3 bonds that are certified, or simply organized per the requirements of Section 11.182 of the Texas Tax Code, as CHDOs, subsequent to HB 3383. A few notably large 501c3 bond transactions have gotten through TSAHC and are also seeking property tax exemptions. This has brought forth concerns about abuse of the exemptions and scrutiny over bond transactions.
- Due to lack of available data, it is difficult to ascertain how much in local tax revenue is lost due to CHDO tax exemptions. The Texas Legislative Council's Research Division estimated the loss of 10 County Appraisal Districts from CHDO tax exemptions was \$18 million in 2001 and \$23 million in 2002. However, their report did not address how much has been gained in public benefit. The lack of data might be answered if CHDOs receiving exemptions would report to TDHCA and their local appraisal districts as is required by HB 3383 (77th). However, not many CHDOs abide by this rule yet, and there is no accountability.
- The public benefit is difficult to measure. When a large multifamily property is removed from the tax base, the government entities that use that tax revenue are negatively impacted. Some question whether the amount of public good outweighs the loss of tax revenue.
- There is indirect loss of state General Revenue because tax exemptions negatively affect school districts tax revenue, which is compensated through the state school finance formula.

4.4 Give Border counties the authority to regulate land development in unincorporated areas of the county.

Haphazard, unsafe housing is proliferating in unincorporated areas along the Border, namely colonias. Although it is understood that colonias are serving the demand for affordable housing by low-income families, there should be regulations and building codes to “promote safe and uniform building, plumbing, and electrical standards.”⁶⁶ Regulations and building codes ensure the economic marketability of homes and surrounding properties.⁶⁷ The commissioners court of the county could adopt regulations relating to a) maximum densities, including the size of lots; b) the height, number of stories, size, or number of buildings or other structures that may be located on a lot or tract; and c) the location of buildings and other structures on a lot or tract.⁶⁸

It is important to be sensitive to the circumstances by which colonias exist and the low-income families who live there, so as to not put in place regulations that are a severe burden, but instead protect the families. For example, some residents can be negatively impacted by building codes if they do not have the means to make improvements. Those living in colonias cannot afford housing in Border cities, so they move to the colonias and generally build their own homes over time with substandard results, yet it is the best they can do. They may not have the skills, finances, and support to build decent housing for themselves. Building codes should not be applicable retroactively to existing single family, owner-occupied houses in colonias, unless there is a means of providing guaranteed financing that a family can utilize to bring their home to the building standards. There is no point in imposing fines on existing homeowners for having substandard housing if the homeowner cannot afford to make the repairs.⁶⁹

⁶⁶ SB 517 by Senator Eddie Lucio, Jr., et al. with substitutions by Representative Sylvester Turner of Coleman per CSSB 517, (77th Session).

⁶⁷ Karen Paup, Co-Director, Texas Low Income Housing Information Service (Testimony from San Antonio Hearing, August 14, 2002).

⁶⁸ SB 517 by Senator Eddie Lucio, Jr., et al. with substitutions by Representative Sylvester Turner of Coleman per CSSB 517, (77th Session).

⁶⁹ Karen Paup, Co-Director, Texas Low Income Housing Information Service (Testimony from San Antonio Hearing, August 14, 2002).

4.5 An alternative building code should be developed to allow colonia residents who build through their own labor to have a low-tech “how to” manual that assists them in building or improving their home.

In theory, the guide could be similar to the “prescriptive document” provided as an option to the International Residential Code as it applies to the windstorm area. Residents living in the windstorm area are currently able to use the “prescriptive document” to build or make changes to their home without having to hire a professional engineer. However, the Texas Department of Insurance periodically sends a windstorm inspector to monitor and approve the construction. The option of using the “prescriptive document” is meant to save building expenses for the homeowner, yet supply them with the means to comply with the building code standards. A similar document could be designed to help colonia residents build their homes up to standard. It is important that the alternative building code manual be designed and written in a manner that is accessible to colonia residents.

Consumer Wealth and Access to Capital Recommendations

4.6 Require that the Texas Education Agency, in conjunction with appropriate nonprofit organizations, develop a financial literacy curriculum for K-12 students that can be incorporated into existing subject matter.

The State of Texas can play an integral role in helping JumpStart and other community-based organizations bring financial literacy into public schools. In 2001, 1.4 million people filed for bankruptcy--a 14 percent increase from the previous year. Throughout the 1990s, bankruptcies increased 70 percent. College students are offered at least 8 credit cards the first week of school, and many find themselves in extreme debt at an early age. In 2000, 120,000 adults between 18 and 25 declared bankruptcy. Financial literacy at an early age can prevent poor financial decisions later in life that prohibit individuals from obtaining credit at reasonable rates.

The federal government has recently taken action as of October 2002 by creating an Office of Financial Education within the U.S. Department of the Treasury, and the Department of Education awarded a \$250,000 grant to the JumpStart Coalition, a group of 140 national organizations, whose mission is to improve student’s knowledge about personal finance.

Small and Micro-business Development Recommendations

4.7 Create a state-supported CDFI (Community Development Financial Institution) Fund with an initial allocation of \$15 million each biennium.

A Texas CDFI Fund of \$15 million would enable CDFIs to lend approximately \$60 million in home mortgages and small business loans to distressed communities throughout Texas.⁷⁰ Based on historical performance indicators, one CDFI estimates that at least 6,000 new jobs could be created with this size of investment.⁷¹

Today, a Texas CDFI Fund is especially important for CDFIs in Texas because federal government programs that have traditionally funded CDFI efforts, such as the U.S. Department of Treasury's CDFI Fund and the Small Business Administration, are experiencing massive cuts. The U.S. Treasury's CDFI Fund will be \$50 million lower in FY 2003 than in FY 2001.

The U.S. Department of the Treasury's CDFI Fund matches CDFI investments at a ratio of 1:1. CDFIs also leverage funds from charitable foundations, bank partnerships, and other private investments. If the federal government continues to cut funding for the CDFI Fund, then CDFIs must look to other sources to fill the growing demand for capital in distressed communities.

4.8 Increase the Loan Loss Reserve match from the Capital Access Program Fund from 6 percent to 8 percent for federally certified community development financial institutions.

Currently, Texas Economic Development (TxED) manages the Capital Access Fund, which provides loans to Texas businesses and nonprofit organizations ineligible for traditional financing via participating financial institutions. The fund encourages banks to make loans to businesses that are "nearly bankable" by creating a loan loss reserve account

⁷⁰ Texas Association of Community Development Corporations (TACDC), *TACDC Policy Priorities, Issue: A Texas CDFI Fund* (Fall 2002).

⁷¹ Jennifer Martens Moriarty, President, Community Development Loan Fund (Testimony from San Antonio Hearing, August 14, 2002).

which secures loans enrolled in the program. Currently, the Capital Access Fund contributes 6 percent of the loan amount toward the loan loss reserve account and the participating financial institution contributes 4 percent, for a total 10 percent that mitigates the risk of a loan defaulting. During FY 2002, the program leveraged \$15,744,376 of lender financing for businesses for a total of 387 loans. The loans resulted in 509 new and 1,360 retained jobs. There were 573 new jobs and 2,414 retained jobs in FY 2001 as a result of the program.⁷² An increase in TxED's loan loss reserve match would help CDFIs generate more loans by freeing funds tied up in their loan loss reserve account.

4.9 The Legislature should pass a resolution that calls on Congress to restore the funding level of the U.S. Department of the Treasury CDFI Fund to a minimum of \$125 million.

In FY 2002, President Bush proposed reducing the CDFI Fund to \$68 million, almost 50 percent less than previous years. The final budget for FY 2002 was \$80 million, still a significant decrease from the previous year. For FY 2003, President Bush again proposed an allocation of \$68 million.

The Federal CDFI Fund is a major source of funding for federally certified CDFIs, which lend crucial capital to micro- and small businesses that face obstacles borrowing from commercial banks. In the current recession, small businesses have been greatly impacted and desperately need capital. Cuts to the fund have limited the amount of dollars that CDFIs can lend, yet there is a growing demand for business capital.

⁷² Dan Martin, Texas Economic Development, Memo highlighting Capital Access Program (Fall 2002).

V. TOURISM

As an industry, tourism is an important economic development tool that can produce a sizeable economic impact on a region. This is particularly true for the Border, where tourism can help serve as a vital economic stimulus to the region's economy.

The economic benefits of tourism are often defined in terms of:

- *Total expenditures by visitors for lodging, food, gas, other vehicle expenses, local transportation, retail purchases, entrance or user fees, entertainment, gifts, etc.;*
- *The taxes paid to local governments and the state--such as sales tax, income tax, gas tax, and property tax;*
- *The number of full and part-time jobs created and supported by these expenditures; and*
- *The wages and salaries earned by the workers who hold these jobs and the income earned by owners of businesses that supply goods and services to visitors.*

*-- From Travel and Tourism: A Legislator's Guide
(NCSL, 1999).*

Presently, Texas Economic Development is the state's lead agency for marketing tourism in Texas. According to the agency, Texas has become the second most visited state in the nation, and tourism has become a major revenue generator for the state. In fact, in 2000, travel spending added \$40.4 billion to the state's economy, generating \$2.6 billion in state taxes.⁷³

Texas Economic Development currently provides several services designed to assist communities in their tourism development efforts. The services include:

- Regional workshops--These workshops are held each year throughout the

⁷³ Craig Morgan, Tourism Development Director, Texas Economic Development (Testimony from Laredo Hearing, February 5, 2002).

state to assist communities by providing the information and tools they need to identify, develop, package, and market their tourism efforts.

- Community Assessment Program--The agency conducts on-site assessments of communities' existing tourism products and tourism potential to identify strengths, weaknesses, opportunities, and threats, and make recommendations to a community for strengthening its tourism efforts.
- Community Presentations--The agency makes presentations to Texas communities, communicating the benefits tourism can provide to a community and providing tourism and travel research information needed for effective tourism development and marketing strategies.
- Internet Assistance--The agency provides a tourism development question and answer service for communities to use, as well as downloadable research reports, marketing plans, and other pertinent tourism information which is available through the agency's research web site.⁷⁴

While these services can be effective in helping many Texas communities develop their tourist activity, there should be more focus and a concerted effort on the part of the state to help further the development of the industry along the Border. Given its proximity to Mexico, the Border region is situated in a prime location for tourist activity. In fact, Mexican visitors account for a large portion of those visiting the region and the state; in 2000, for instance, roughly 3.7 million Mexican travelers visited Texas--accounting for 70 percent of all international visitors to the state. Accordingly, the subcommittee offers the following recommendations and initiatives to help increase and develop tourism in the Border region.

Recommendations and Proposed Initiatives

5.1 The Legislature should establish a research and development program within the tourism division of Texas Economic Development for tour and itinerary development that will aid the creation of historic district or in-town walking

⁷⁴ Craig Morgan, Tourism Development Director, Texas Economic Development (Testimony from Laredo Hearing, February 5, 2002).

tours and driving itineraries from hub destinations. The program should be developed in partnership with the Texas Historical Commission.

This type of program will benefit many communities in the state, including many of those in the Border region. With the exception of South Padre Island, the major Border visitor attractions fit within two areas--nature attractions and cultural/heritage attractions. The program would help communities that have these types of attractions to develop historic district or in-town walking tours, as well as driving itineraries from hub destinations. The tours and itineraries can even extend into communities on the Mexican side of the Border.

The program and its research, which should be developed in partnership with the Texas Historical Commission (an agency that encourages travelers to visit historical and cultural attractions across Texas), can be made available for private sector implementation and can be provided to convention and visitors bureaus and chambers of commerce that can promote its utilization. By increasing the amount of tourist activities within Border area communities, the program will ultimately help develop new businesses, create new jobs, and provide overall economic gains for the region.

5.2 The Texas Economic Development Tourism Division's direct consumer marketing efforts in Northeastern Mexico should be continued and expanded, if possible.

One of Texas Economic Development's core functions is to market Texas tourism in out-of-state domestic and international markets through advertising, travel trade and consumer shows, sales/media missions, educational seminars, public relations, and consumer promotions. The agency's Market Texas for Tourism program currently receives the majority of its funding from approximately one-half of one percent of the state hotel/motel occupancy tax revenues. In FY 2001, the agency received about \$20.6 million from this source for advertising and other marketing activities of the Tourism Division.

Through this funding, the agency has directed some of its tourism marketing efforts to international markets, particularly Mexico. The agency's direct consumer marketing efforts in Northeastern Mexico are especially helpful in boosting the tourism activity along the Border, since a large proportion of those Mexican visitors who travel to the Border region are from Northern Mexico. In order to sustain this activity and promote more tourism along the Border, the agency's marketing efforts in this area should be continued and expanded, if possible.

The typical Mexican National traveling party to the Rio Grande Valley:

- a married couple in their mid to upper thirties;
- repeat visitors;
- likely from Monterrey, Reynosa, or Matamoros;
- traveling by car to shop primarily for clothing and groceries;
- stay for an average of two nights;
- spend approximately \$2,500 per year in the Valley.

-- William Thompson, Center for
Tourism Research, University of Texas--
Pan American (Testimony from
Brownsville hearing, June 21, 2002)

5.3 The state should assist local Border communities in their efforts to encourage airports and airlines within the Border region to implement more direct flight services between Mexican communities and Texas Border communities.

Presently, few airlines and airports in the Border region offer direct flight services from Mexican communities to the Texas Border communities. For flights to Harlingen, McAllen, or Brownsville, for instance, many Mexican travelers are directed to major Texas cities such as Houston before they are routed to the Rio Grande Valley. If these flight services, however, were more direct, there would more positive benefits for tourism and businesses in the Border region.⁷⁵ Accordingly, the state, where possible, should assist local Border communities in their efforts to encourage airports and airlines within the Border region to implement more direct flight services between Mexican communities and Texas Border communities.

⁷⁵ Dan Quandt, Executive Director, South Padre Island Convention and Visitors Bureau (Testimony from Brownsville Hearing, June 21, 2002).

5.4 The Legislature should support ecological and nature tourism projects within the Border region—including projects such as the World Birding Center.

Nature tourism is a major industry in South Texas and much of the Border region, and the state should provide support for developing this industry within the region. The World Birding Center, for example, is an important project aimed at stimulating the tourism industry within the South Texas region. The Texas Parks and Wildlife Department, in partnership with local South Texas communities, is leading the development of the Center, which is being supported through state, local, and private funds. However, the project is still under development and needs continued state support to facilitate its completion and future activities. Bird watchers from throughout the world travel to South Texas for its birding habitats, and it is estimated that Valley communities benefit from these travelers with over \$100 million spent in the area annually. The development of projects such as the World Birding Center in the region will help attract more visitors, as well as more investment to the local economy.

More nature tourism projects, with adequate state support, can also be developed in other parts of the Border region. These projects, through cross-border partnerships, can even extend into Mexican communities and help develop the regional economy along the Border.

5.5 The Legislature should establish a binational workgroup charged to assess the feasibility of developing cross-border nature and cultural/heritage tourism in the Border region. The workgroup should be composed of representatives of tourism-related agencies, such as Texas Economic Development, the Texas Parks and Wildlife Department, and the Texas Historical Commission, as well as representatives of Border area communities from both Texas and Mexico.

Cross-border nature and cultural/heritage tourism projects can be effective initiatives geared towards promoting the economic development of the Border region. However, not enough research and assessment has been conducted as to the feasibility of developing these types of projects. Hence, the Legislature should establish a binational workgroup that can assess the feasibility of developing cross-border nature and cultural/heritage tourism projects and provide recommendations as to how such projects can be developed and implemented. The workgroup should be composed of representatives of tourism-related agencies, as well as representatives of Border area communities from both Texas and

Mexico.

5.6 The Legislature should encourage the U.S. Congress to direct U.S. Customs and Immigration authorities to offer a short, written summary outlining the process to enter the United States, including information on searches and interviews.

Since the events of September 11, 2001, there have been concerns within the tourism industry regarding the Border region and visitor crossings. Mexican nationals have long been some of the most frequent visitors to the Border region. In fact, a survey conducted in Rio Grande Valley shopping malls in 2001 found that 33 percent of the visitors to the malls were tourists. And of those tourists, 40 percent were Mexican nationals.⁷⁶ Since September 11, however, security measures at the Border have become more stringent, and many Mexican visitors are not informed as to what the new measures entail.

Hence, it would be beneficial (to both the Mexican visitor and the Border region) if Congress would direct U.S. Customs and Immigration authorities to offer a concise, written summary outlining the process to enter the United States, including information on searches and interviews, that can be distributed to visitors before they enter the country.⁷⁷ This information, which can be taken home and shared with friends and family, will help address the possible fears of harassment that many Mexican nationals may have regarding their entrance into the United States. The information can be disseminated to the news media, to tour operators in Mexico, and can be distributed at travel trade shows. Ultimately, the information can help mitigate the effects the increased security measures may have in reducing the number of Mexican visitors to the Border region.

⁷⁶ William Thompson, Center for Tourism Research, University of Texas--Pan American (Testimony from Brownsville hearing, June 21, 2002).

⁷⁷ Craig Morgan, Tourism Development Director, Texas Economic Development (Testimony from Laredo Hearing, February 5, 2002).

VI. TRANSPORTATION AND TRADE

Adequate transportation infrastructure is essential to the economic development of the Border region. Since the passage of the North American Free Trade Agreement (NAFTA) in 1994, the amount of trade that has occurred between the U.S. and Mexico has increased dramatically. The result of the influx of trade between our two countries has resulted in a substantial increase in the amount of truck traffic in many Border areas. There are several factors that are contributing to the trade and transportation challenges the Border is currently facing. The subcommittee offers the following recommendations and initiatives that will help facilitate commerce and lessen congestion at ports-of-entry at the Texas-Mexico Border.

Recommendations and Proposed Initiatives:

6.1 The Legislature should allocate more funding to create additional permanent space to conduct safety inspections at all Border crossings.

According to a report issued by the Federal Highway Administration and Federal Transit Association in April 2001, approximately 79 percent of all Mexico-U.S. truck traffic enter through a Texas Border point of entry.⁷⁸ In El Paso, the two commercial ports of entry represent the third busiest southern port and the second largest port in Texas. In 1998 alone, there were over 590,000 import crossings. Laredo also has two ports of entry specifically for commercial traffic. These two ports experience more than 45 percent of all of the import traffic in Texas. It is the busiest southern Border port with over 1.3 million crossings in 1998.⁷⁹

In 1999, the Border bridges in Texas recorded over 5.7 million truck movements. Over half of all of these movements had U.S. origins or destinations outside of Texas. As the level of activity continues to increase at these ports of entry, the maintenance of our national security and vehicle safety standards should be a primary concern.

⁷⁸Amadeo Saenz, Jr. Assistant Executive Director for Engineering Operations, Texas Department of Transportation (Testimony from Brownsville Hearing, June 21, 2002).

⁷⁹Edward Wueste, Assistant Executive Director for Border Trade Transportation, Texas Department of Transportation (Testimony from Laredo Hearing, February 5, 2002).

6.2 The Legislature should continue funding for the development of a Model Border Crossing Facility.

During the 76th Legislative Session, Senate Bill 913, which was authored by Senator Eliot Shapleigh, co-authored by Senator Eddie Lucio and others, proposed a prototype Border crossing facility study. The Texas Transportation Institute at Texas A&M University and the Center for Transportation Research at the University of Texas were contacted to conduct a Model Border Crossing Facility study. The main purpose of the study was to examine the feasibility of a one-stop or even no-stop crossing for northbound trucks. The tragic events of September 11, 2001 have led to the expansion of the study mission to include vehicle safety standards and other areas pertaining to maintaining national security. As of now, university researchers under contract with TxDOT believe that a prototype one-stop or no-stop system is feasible. The system would be able to use existing technologies and would not add substantial costs to existing port-of-entry designs. Initial estimates suggest that the implementation of the prototype system would cost an additional 5-10 percent over existing port construction costs. A one-stop or no-stop port of entry at Texas Border crossings would greatly reduce the increased congestion caused by NAFTA.⁸⁰

6.3 The Legislature should encourage the federal government to implement technology that will allow Border crossings to identify the entry of low-risk applicants and appropriate funds for adequate infrastructure and staff.

The tragic events of September 11, 2001 caused the nation to re-evaluate the way the Borders are managed to protect the national security of this country. However, many of the security measures that have been implemented have caused a major impact on many Border communities whose economies depend on the daily cross-border trade and commerce. For example, vehicular wait times in El Paso have increased from an average of 20 minutes to 90 minutes during peak periods and 45-60 minutes during non-peak periods. Also, pedestrian times have gone from a wait of 5 minutes to over 20 minutes. One way to help alleviate the length of time it takes to cross the Border would be to implement a biometric card reader that would allow inspectors to screen the photo and fingerprints of the person

⁸⁰ Edward Wueste, Assistant Executive Director for Border Trade Transportation, Texas Department of Transportation (Testimony from Laredo Hearing, February 5, 2002).

presenting the document.⁸¹

6.4 Expand the use of the Secure Electronic Network for Traveler's Rapid Inspection (SENTRI) dedicated commuter lanes at high-volume ports of entry along the U.S.-Mexico Border.

Currently, the SENTRI technology allows 7,200 commuters to cross northbound, through a dedicated lane on the Stanton Street Bridge in El Paso in minutes. Since delays are getting longer at other ports of entry, expanding the number of ports of entry that have dedicated lanes will significantly reduce congestion.⁸²

6.5 Create a way to distinguish between drayage trucks and other commercial trucks that cross the U.S.-Mexico border.

There are two types of trucks that carry freight across the state's ports of entry. The first are drayage or transfer trucks, which travel back and forth across the commercial bridges and the warehouses centers, never leaving the commercial zone, and the other trucks are long haul trucks that travel to Border cities, but do not cross the bridges. In Laredo alone, there are more than 10,000 U.S. and Canadian long haul trucks carrying and unloading there, as well as an additional 2,500 local drayage trucks. By themselves, the drayage trucks account for 9,000 daily crossings.⁸³

Recently, a bill approved by the U.S. Senate on December 4, 2001 allowed Mexican trucks to access U.S. highways. However, this access is restricted. Mexican trucking companies that wish to travel into the interior of the United States must undergo rigorous inspections every 90 days. Additionally, U.S. inspectors must visit half of all Mexican trucking companies seeking to enter the interior with four or more trucks and within a year. Also, the Department of Transportation must verify the operator's licenses of all Mexican truck drivers carrying high-risk cargo and verify the licenses of at least half of all other

⁸¹ Luis Garcia, District Director, U.S. Immigration and Naturalization Service (Testimony from El Paso hearing, March 27, 2002).

⁸² Veronica Kastrin Callaghan, Border Trade Alliance (Testimony from El Paso Hearing, March 27, 2002).

⁸³ Elizabeth Flores, Mayor, City of Laredo (Testimony from Laredo Hearing, February 5, 2002).

Mexican truck drivers crossing into the interior of the US.⁸⁴

All of these precautions are necessary to insure the safety of our country. However, as these requirements are further implemented, the drayage system should not be forgotten. By implementing a way to distinguish between drayage trucks and other trucks crossing the Border, travel will be reduced and so will the congestion that occurs at almost all commercial points of entry.

6.6 The Legislature should encourage the U.S. Congress to consider allowing foreign officials to serve as members of Metropolitan Planning Organization (MPO) policy boards in U.S. Border cities.

As a condition to receiving federal highway funds, federal law requires that urbanized areas designate Metropolitan Planning Organizations (MPOs) to plan, program, and coordinate federal highway and transit funding. The membership on MPO policy boards, however, is limited to local and state officials and representatives of agencies that operate major modes or systems of transportation. This limitation on membership limits the ability of Border cities to jointly plan their transportation infrastructure projects with Mexican officials. Given the integration of the neighboring U.S. and Mexican cities along the Border, it is important for officials on both sides to undertake joint regional planning when possible--particularly with transportation projects. The Legislature should thus encourage the U.S. Congress to consider allowing foreign officials to serve as members of Metropolitan Planning Organization (MPO) policy boards in U.S. Border cities. Expanding the membership to foreign officials will help the Border region address its transportation infrastructure needs.

6.7 The Legislature should consider revising the enabling legislation for the Texas Transportation Commission to expand the size of the Commission to at least five members and require that one of the commissioners come from one of the three Border transportation districts.

In the last quarter century, the Texas Department of Transportation (TxDOT) has not had a full-term commissioner from the 21 counties adjacent to the Texas-Mexico Border.

⁸⁴ Ibid.

The Commission usually has representation from the large metropolitan areas of the state, such as the Dallas-Fort Worth and Houston regions, but lacks representation from the Border region.

Compared to other states that have transportation commissions, Texas spends three times more money per member (\$731,547) than the next closest state (\$284,024).⁸⁵ Increasing the size of the membership of the Texas Transportation Commission and requiring that one of the commissioners come from one of the three Border transportation districts will be a positive step in ensuring that the Border region is given due consideration in statewide transportation infrastructure development and planning.

⁸⁵ *Paving the Way: A Review of the Texas Department of Transportation*, Texas Comptroller of Public Accounts (January 2001).

VII. WATER

Water is the lifeblood to the people who live and make a living along the Border region. It is essential to the farmers who depend on irrigation to allow them to harvest their crops. Moreover, a stable water supply is absolutely critical to the region's economic development. Water, however, is becoming more and more scarce along the Border.

Mexico's recent failure to deliver the 1.5 million acre-feet of water that it owes the United States in accordance with the 1944 Water Treaty, as well as the rapid population growth throughout the Border region, have placed a high demand for a more adequate supply of water and infrastructure on the area. Accordingly, the subcommittee offers the following recommendations and initiatives to help address the water needs along the Border.

Recommendations and Proposed Initiatives:

7.1 The Legislature should encourage the Texas Congressional Delegation and President Bush to pursue all means possible to resolve the South Texas water debt crisis with Mexico.

As of November 2002, Mexico has yet to comply with the 1944 U.S.-Mexico Water Treaty that obligates it to deliver 350,000 acre-feet of water per year to the United States; the country presently owes the United States more than 1.5 million acre-feet of water. The country's non-compliance has caused an economic crisis in the Lower Rio Grande Valley region of South Texas. Agricultural producers in the region lack an adequate water supply to plant and harvest their crops, which in turn places an extreme economic hardship on the entire region.

The Texas Comptroller of Public Accounts determined that if Mexico had delivered the 350,000 acre feet of water it owed in 2002, employment in the South Texas Border region would have risen by 2,856 jobs, gross regional product would have risen by \$72.8 million, and personal income would have been \$78.8 million higher.⁸⁶ The negative economic impact resulting from the water deficit has also resonated through the entire state. It is imperative that the United States pursue all means possible to resolve the South Texas

⁸⁶ Texas Comptroller of Public Accounts (Testimony from Austin Hearing, November 14, 2002).

water debt crisis with Mexico.

7.2 The Legislature should continue funding the Colonia Self-Help Program.

The Colonia Self-Help Program, which was created by Senate Bill 312 in the 77th Legislature, has been very effective in teaching people in colonias how to build and maintain water services. The Self-Help Programs (SHPs) provide financial assistance to grass roots initiatives in economically distressed areas. Through SHPs, the Texas Water Development Board (TWDB) provides grant assistance for the actual cost to get water and wastewater systems to provide adequate service to colonias where the local residents provide volunteer labor (sweat equity) to construct the facilities, and/or donate equipment, materials, and supplies. Many areas that previously did not have water, now have indoor plumbing. By continuing this program, more colonias throughout the state will have access to water services.

7.3 The Legislature should allocate funds to reduce the amount of hydrilla and water hyacinth growing in the Rio Grande River.

The high growth of hydrilla and water hyacinth has stifled the flow of the Rio Grande River and has created a land bridge connecting the United States with Mexico at the mouth of the Rio Grande. These plants not only clog up the river so that it cannot reach the ocean, but they also take up hundreds of gallons of water that could be used for irrigation. By reducing the amount of hydrilla and water hyacinth that grow along the Rio Grande, thousands of gallons of water could be saved, which could then be used by Border farmers to help irrigate their crops.

7.4 The Legislature should encourage the U.S. Congress to form a bi-national commission that will propose solutions to the North American Development Bank (NADB) regarding the city of Matamoros' water problems.

The city of Matamoros, Mexico has been experiencing water problems for many years. Officials there are currently trying to operate and maintain an antiquated water processing and distribution system that loses 60 percent of the water before it even gets to the consumers. Since their system loses a large amount of water, over half of their 600,000

plus population either has no running water or only gets a small amount. Additionally, there is no wastewater treatment plant in the city, so the effluent is pumped out into open lagoons along the coast. This, in turn, creates serious health concerns for the whole region, and impedes the economic development plans for the region.

APPENDIX A

**TEXAS WORKFORCE COMMISSION
OFFICE OF WORKFORCE ADULT LITERACY
STRATEGIES TO SERVE THE SPANISH LANGUAGE-DOMINANT POPULATION**

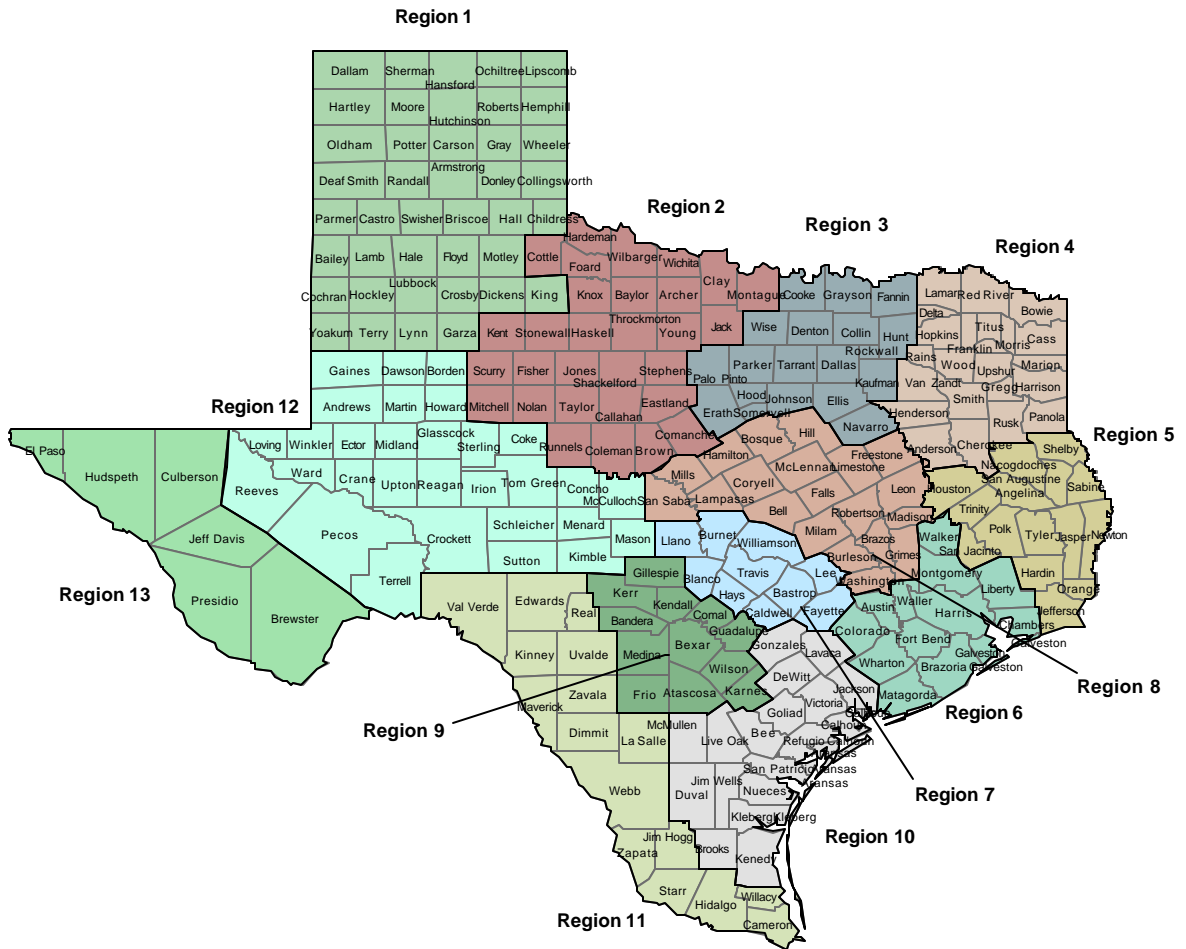
PROJECT	SUMMARY	STATUS
<p>WORKFORCE ADULT LITERACY PROJECT FOR CURRENT AND DISLOCATED WORKERS</p> <p>Vocational Training for Spanish Speakers</p>	<p>Purpose: To provide occupational skills training in a vocational English as a Second Language (ESL) format to address the basic and vocational needs of current and dislocated workers.</p> <p>Description: TWC contracted with the Upper Rio Board, in partnership with Anamarc Education Institute of El Paso and El Paso Community College, to provide Workforce Adult Literacy services to 128 current and dislocated workers, including former garment industry workers. These individuals will receive language skills training combined with vocational training in manufacturing, medical assisting, and office technology. TWC will contract with the Board for the period of 06/1/02 to 06/30/03.</p> <p>Funding: WIA Incentive Grant. Approximately \$240,000.</p>	<p>Contract for training in place on 06/01/02.</p>
<p>TEXAS ADULT TECHNOLOGY TRAINING PILOT</p> <p>HB 2593, 77TH Legislative Session</p>	<p>Purpose: To assist certain populations, including dislocated workers, with obtaining basic computer literacy skills. A bilingual curriculum will be utilized to more rapidly assist workers in gaining skills that will enable success in the workplace.</p> <p>Description: Using a bilingual computer literacy curriculum developed for TWC, AdEdge, a Computer Training Center in El Paso, will pilot and train trade-affected workers in basic computer skills as part of their Computer Office Skills and Nursing Assistant programs. Computer literacy skills will enable workers to more effectively complete training in these vocational courses, as well as gain access to computer-assisted access to ESL and GED learning opportunities and familiarity with job search opportunities via the Internet at home, in classes, and in Texas Workforce Centers.</p> <p>Funding: Literacy General Revenue Funds and TANF funds are being used for this project. Approximately \$100,000.</p>	<p>Contract for training will be in place on 11/30/02.</p>

PROJECT	SUMMARY	STATUS
<p>BILINGUAL IN-HOME LEARNING SYSTEM</p> <p>Bilingual Approach</p>	<p>Purpose: To assist individuals to gain basic skills, including English proficiency, through computer-based instruction in an in-home environment.</p> <p>Description: TWC initiated a Request for Proposal via the Department of Information Resources (DIR) to procure a vendor to host an online In-Home Learning System for individuals in need of Workforce Adult Literacy skills, including persons needing ESL instruction. The learning system will be accessible from computers installed in participants' homes. In March 2002, DIR selected Business Access as the company that will maintain the In-Home Learning System and a course library of at least 300 Internet-based training courses to include:</p> <ul style="list-style-type: none"> • Adult Basic Education • English as a Second Language • Computer Literacy • Targeted Occupations Information and Career Development <p>The English version of this model is in place and available to be purchased off the shelf by local Boards, ISDs, community colleges, and training providers. The Spanish language component is under development.</p> <p>Funding: WIA Incentive Grant funds up to \$1 million for Spanish language development.</p>	<p>Contract is in place for the English version of the computer software.</p> <p>Spanish language development and software coding are currently in the planning stages. This development will be conducted through 07/01/03.</p>
<p>VOCATIONAL TRAINING FOR SPANISH SPEAKERS</p> <p>Model Project: Workforce Adult Literacy Bilingual Approach in El Paso</p>	<p>Purpose: To develop courses to meet the training needs of the Spanish-speaking dislocated worker.</p> <p>Description: TWC awarded Anamarc Educational Institute of El Paso funds to develop courses for Spanish-speaking individuals. Anamarc Educational Institute of El Paso is providing 12-month bilingual vocational courses for Spanish-speaking individuals with a focus on Medical Assisting, Office Technology Assisting and Medical Billing and Coding. The courses are integrated with ESL training and GED preparation. Anamarc is training up to 40 individuals under this contract. The contract period is 09/01/01 through 08/15/03.</p> <p>Funding: Literacy General Revenue \$102,236.</p>	<p>Training activities currently in progress.</p>

PROJECT	SUMMARY	STATUS
<p>VOCATIONAL TRAINING FOR SPANISH SPEAKERS</p> <p>Model Project: Workforce Adult Literacy Vocational English-as-a-Second Language in Odessa</p>	<p>Purpose: To train incumbent workers in applied language and numerical skills.</p> <p>Description: TWC awarded the READ Odessa funds to pilot an employer-driven project to train Spanish-speaking incumbent workers. READ Odessa is training current workers in applied language and numerical skills for sheet metal fabricators, hospital workers, and food service workers in the Ector County Independent School District using real-work situations from the learners' actual daily jobs. READ Odessa will train up to 90 workers. The contract period is 09/1/01 through 08/15/03.</p> <p>Funding: Literacy General Revenue Funds \$77,564.13.</p>	<p>Training currently in progress.</p>
<p>RESEARCH AND DEVELOPMENT ACTIVITIES</p> <p>Literacy and Language Services for Texas' Spanish-Speaking Dislocated Workers</p>	<p>Purpose: To identify innovative approaches and products to meet the literacy and employment needs of Spanish-speaking dislocated workers and share those results with education and workforce practitioners.</p> <p>Description: TWC contracted for the development of a Field Guide entitled "<i>Planning Literacy and Language Services for Texas' Limited-English Proficient Workers.</i>" The guide outlines instructional resources and strategies to use in serving the Spanish-speaking dislocated worker and other populations served by the Texas Workforce Network. The guide is accessible on the TWC Workforce Adult Literacy Website and the Texas Center for Adult Literacy and Learning Website. The guide has been distributed to local Workforce Development Boards and education institutions throughout the state.</p> <p>Funding: Workforce Investment Act (WIA) \$69,850.</p>	<p>Completed and distributed "<i>Planning Literacy and Language Services for Texas' Limited- English Proficient Workers</i>"(Field Guide)</p>
<p>WORKGROUP</p> <p>Spanish-Speaking Dislocated Workers Workgroup</p>	<p>Purpose: To make recommendations to TWC concerning Workforce Adult Literacy Activities to better serve Spanish-speaking dislocated workers.</p> <p>Description: TWC held three public workgroup meetings focusing on the literacy and re-employment needs of Spanish-speaking dislocated workers during the winter and spring of 2001. The workgroup included members of the Texas-Mexico Border regions' businesses, economic development groups, local communities, adult literacy representatives, front-line workforce development personnel, and representatives of higher education. The findings of these stakeholders have helped shape and inform TWC Workforce Adult Literacy activities. The workgroup recommended that TWC explore research and best practices, including the development of a Field Guide.</p> <p>Funding: N/A</p>	<p>Recommendations completed.</p>

APPENDIX B

Map -- Texas Comptroller of Public Accounts 13 State Service Regions



ADDENDUM



Frank Madla

Texas State Senate
District 19

1313 S.E. Military Dr., Suite 101
San Antonio, Texas 78214-2850
(210) 927-9464
FAX (210) 922-9521
P.O. Box 12068
Austin, Texas 78711
(512) 463-0119
FAX (512) 463-1017
TDD 1-800-735-2989

November 27, 2002

The Honorable Eddie Lucio, Jr.
Chairman
Senate Sub-Committee on Border Affairs
P.O. Box 12068
Austin, Texas 78711

Dear Chairman Lucio:

I want to first thank you for the hard work and dedication that you and your staff have contributed to the Senate Sub-Committee on Border Affairs interim report. Clearly, much time and effort went into producing such an in-depth report.

Although I support the worthwhile recommendations in the report and do offer my signature to forward the process of the committee, it will be my goal during the 78th Legislative Session to evaluate and act on legislation, especially that dealing with water and healthcare, based on the needs of all of Texas' border region, from Brownsville to El Paso. As you know, the entire border is in need of legislative attention to enhance the economic welfare of the border communities and increase the residents' access to better healthcare, education, and housing. I hope that you and I, and the other members of the border delegation, can work together to address these needs as they apply to the entire border.

Again, I appreciate your efforts and look forward to continuing to work with you during the 78th Legislative Session. Should you wish to discuss this further, please do not hesitate to contact me.

Yours truly,

A handwritten signature in black ink that reads "Frank Madla".

Frank Madla

cc: The Honorable Bill Ratliff, Lieutenant Governor
Members, Senate Sub-Committee on Border Affairs

FM/lfm

