



Introduction

With its enormous size, vast array of natural resources and large population, Texas plays a significant role in the nation's economy. Our diverse economy helped buffer Texas from the national recession during most of 2008, making it one of the last states affected by lost production and jobs.

Our state's economy remains open for business. We are not, however, immune from these economic forces, and Texas will see job losses statewide during much of 2009.

It is important to all Texans that the state continues to grow and to discover new opportunities. And the role of state government is to create and foster an environment in which this can happen.

The Texas Comptroller analyzes factors affecting the state's economy and uses this information to prepare the biennial forecast of state revenue. To perform this task, our economists keep their fingers on the pulse of the state, detecting changes as they occur and identifying trends that will affect our future.

Since January 2008, the Comptroller has released four reports in the *Texas in Focus* series. *Texas in Focus: A Statewide View of Opportunities* examined issues affecting the state and its economy as a whole. The remainder of the series will consist of individual reports on each of the 12 economic regions of

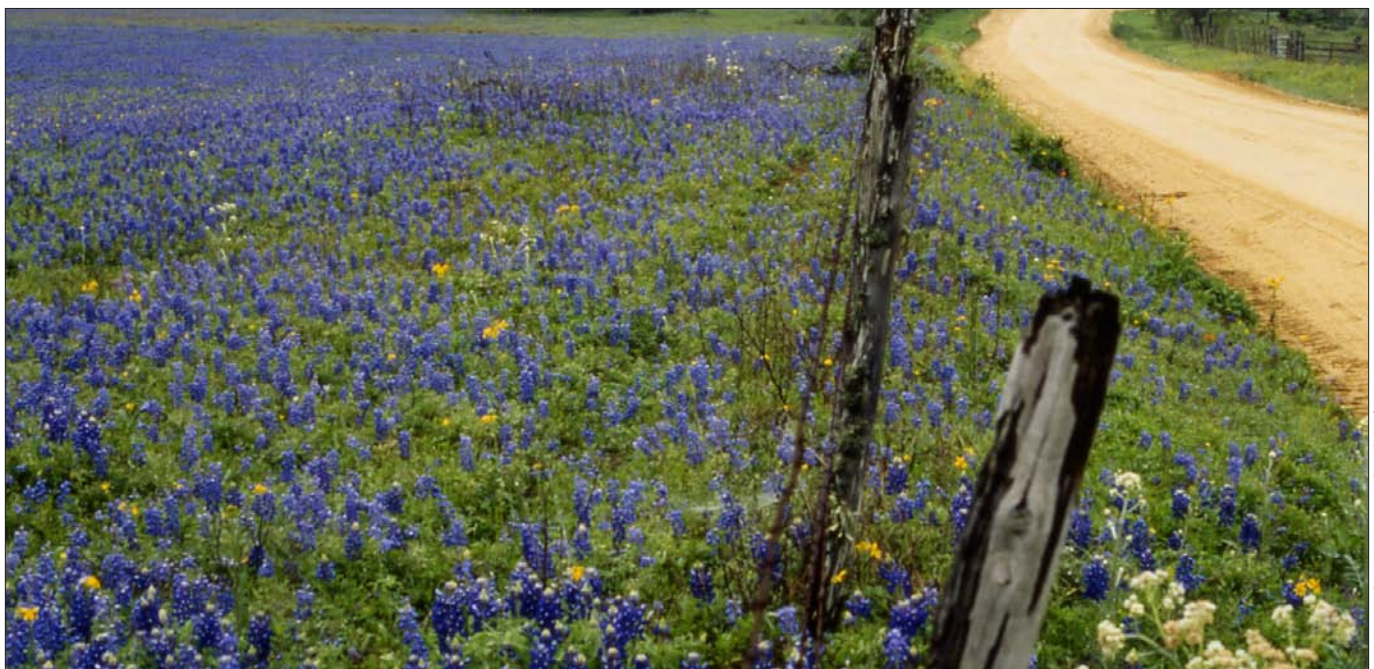


PHOTO: Washington County Chamber of Commerce

Bluebonnets in Washington County.



Texas; those already issued examine the High Plains, South Texas and Upper East Texas regions. The reports provide detailed data and analysis specific to those regions, giving local leaders an in-depth look at their area.

This fifth report in the series, *Texas in Focus: Central Texas*, examines issues affecting an economic region including the Heart of Texas, Central Texas and Brazos Valley Councils of Governments. The Central Texas region consists of 20 counties in the East Central section of the state and includes the cities of Waco, Temple and Bryan-College Station (**Exhibit 1**).

This report provides information on the forces driving change in Central Texas, and examines factors that may affect the development of its economy. State leaders, county and city officials, chambers of commerce, economic development corporations and the general public can use this report to stay on top of important issues as they work to keep their local economies thriving. Areas explored in this report include:

Economic Development

The Central Texas region's economic outlook remains favorable, with steady growth projected following the 2008-09 recession, similar to statewide projections. The region's growth should follow statewide patterns through 2013, led by Bryan-College Station, Temple and Waco. Regional industries such as professional and business services, agriculture, natural resources and mining should grow by more than 30 percent from 2003 through 2013, despite setbacks and fallout from the 2008-09 credit crisis.

Demographics

Central Texas has three metropolitan statistical areas (MSAs) representing areas of dense population and active commerce. The populations of these MSAs, centered in Fort Hood, Waco and Bryan-College Station, each exceed 200,000 residents. The region has a more rural population than the rest of the state with nearly a quarter of the region's residents living outside a metropolitan area, compared to the statewide rural population of about 13 percent. Throughout the Central Texas region, personal income rose by more than 36 percent from 2001 to 2006, outpacing statewide growth.

Infrastructure

Central Texas is a mix of prairie and hills crossed by rivers and streams, with additional water supplies in major aquifers and substantial coal, oil and natural gas deposits. One of the nation's most important transportation arteries, Interstate Highway 35, bisects the region, which also has unique and historically significant parks and recreational facilities. But like the rest of Texas, the region faces challenges in maintaining and expanding its infrastructure to meet its residents' needs.

Health Care

Health care is an important engine of growth for Central Texas. Hospitals and other health care providers are among the largest private employers in the region's metropolitan areas. In addition, Central Texas is home to two Veterans' Affairs (VA) hospitals, one of them — the Olin E. Teague Veterans' Center, in Temple — the nation's fourth-largest VA medical complex. Hospitals in the region



continue to expand and form community partnerships to improve access to health care for rural residents and the uninsured.

Education

The growth of the Central Texas public school population is outpacing that of the region’s total population. The Central Texas

region has a higher percentage of school districts rated as Academically Acceptable by the Texas Education Agency compared to the statewide average for this rating. It also offers 11 institutions of higher education, including Texas A&M University, six community colleges and two private universities, including Baylor University.

Exhibit 1

Central Texas Region

