



Introduction

With its enormous size, large and diverse population and vast array of natural resources, Texas plays a significant role in the nation's economy. And Texas continues to grow, generating new jobs and providing better opportunities for its citizens to prosper.

It is important to all Texans that the state continues its economic growth and discovers new opportunities. And the role of state government is to create an environment in which this can happen.

The Texas Comptroller's office analyzes factors affecting the state's economy and uses this information to prepare its biennial fore-

cast of state revenue. To perform this task, the agency's economists keep their fingers on the pulse of the state, detecting changes as they occur and identifying trends that will affect our common future.

In January 2008, the Comptroller released *Texas in Focus: A Statewide View of Opportunities*, a report examining a series of issues affecting the state and the state's economy as a whole. In April 2008, the agency issued the first of 12 regional reports, *Texas in Focus: High Plains*, giving local leaders an in-depth look at their area.

This second report in the series, *Texas in Focus: South Texas*, examines issues affecting 28 counties, including the cities of Corpus Christi, Brownsville, Laredo, Del Rio, McAllen, Eagle Pass and Harlingen (**Exhibit 1**).



Entrance to South Padre Island

PHOTO: Wikipedia



The report provides information on the forces driving change in South 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 many others may use this report as a tool 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 South Texas region's economic outlook is excellent. The region's rate of job growth will outpace that of the state through 2012, with McAllen and Laredo experiencing the most growth. South Texas industries in the health care sector are expected to grow quickly and enjoy a regional competitive advantage.

Demographics

The South Texas region's population is growing rapidly, at a rate that has exceeded the state average since 2002. And its population is predominantly Hispanic and relatively young, with a much larger share of residents under the age of 25 than in the state as a whole. The region is poised to see a large number of workers entering its job market in the near future.

Infrastructure

The South Texas region has many strategic advantages due in large part to its location.

As with the rest of the state, however, it also faces challenges in maintaining its infrastructure and expanding it to meet the needs of the area's growing population and economy.

Health Care

The health care industry is a vibrant and rapidly growing part of the South Texas economy, particularly in metropolitan areas. Limited access to health care facilities and providers, high numbers of uninsured residents and a higher-than-average prevalence of chronic diseases such as diabetes pose difficult and expensive challenges for the region's residents, employers and state and local governments. But recent innovations are improving the quality and accessibility of health care in the area, serving as models for others to consider.

Education

South Texas ranks above the statewide average on several educational benchmarks. The region is producing and will continue to produce an educated and effective work force, with a large number of school districts showing rapid improvement. The region also offers more than two-dozen campuses of higher education, including several Texas A&M and University of Texas campuses and six community college districts with 12 campuses. These institutions are enjoying significant increases in enrollment and the number of degrees awarded.

