Identification of potential new industries for Cameron County

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Cameron Works, the Workforce Development Board of Cameron County, is the organization managing a system of services that complement workforce and economic development so employers can get the quality employees they need.

Through a network of workforce centers, *Cameron Works* administers a broad range of business-directed services, including customer service and supervisory training, language and computer skills education, child care and an array of initiatives to provide the necessary support for businesses and individuals to be successful at work in Cameron County. Resource rooms at the workforce centers, which are publicly funded and available at no charge, offer job seekers Internet connections linking them to local, state and national job listings. Also available are computers, telephones, fax, and the latest labor market information to make the job search easier and faster.

Guided by a board comprised of 25 business and community leaders, *Cameron Works* and its workforce centers in Brownsville, Harlingen, and San Benito are committed to providing employment, training, and educational services to meet the current and future workforce needs of Cameron County.

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INTRODUCTION

This *Identification* of *Potential New Industries* is the second component – and a companion document – of the *Regional Cluster Update* and *Validation*. This process capitalizes on current efforts occurring right now in Cameron County. Comprised of participating partners from economic development, workforce development, education, industry, and others, current efforts in the community include:

- The newly developed Small Cities Coalition (SCC) along with Cameron Workforce Solutions (Cameron Works' new name) and the Rio Grande Regional Center for Innovation and Commercialization (RCIC) hosted an economic summit last month on South Padre Island, focusing on asset mapping for the rural communities in Cameron County.

- *Imagine Brownsville* - a city wide comprehensive strategic planning effort designed with two objectives in mind: first, to establish the community's vision objectives for a ten-year planning horizon; and second, to develop an implementable strategy to help reach these targeted objectives by leveraging the community's natural, institutional, human, economic and infrastructure resources in an effective and sustainable way.

- *Harlingen 100* – a strategic planning effort underway for the City of Harlingen. Planning began in 2007, in preparation for Harlingen's 100th birthday celebration in 2010, and builds on earlier plans. Written long-term strategic plan with short-term "Fast Track" objectives, that include: Tourism, Healthcare, Image, Recreation, Revitalization, Business Recruitment, and Education.

As mentioned previously, now is the time for the community to build on the momentum and competitive edge that it has worked hard for. Complementing larger State initiatives, the County continues to see positive factors fostering positive economic change, including:

- Per Capita Income (PCI) – the best measure of personal wealth in a community. Growth of 24.3% since 2000 for the County, greater than the State or nation.

- Population – 4% growth from 2005 in the County; twice that of the rate for the nation, on par with Texas.

- Employment – lowest current unemployment rate of 5.4% (April 2008) since 2000. Steady decline from 2003 at 9.5%.

- Wage Growth – from 3rd quarter of 2006 to 3rd quarter of 2007, total wages grew by 5.3%, slightly higher than the state (5.0%) and nation (4.3%).

Within the context of the above factors, this *Identification* of *Potential New Industries* seeks to link Cameron's assets, a sustainable quality of life, and employment gains, preparing the community to establish quality workforce programs to meet upcoming demand.

IDENTIFICATION OF POTENTIAL NEW INDUSTRIES

In addition to the research and analysis of potential new industries, identified "areas of emphasis" for Cameron County from the 2005 *Community Audit* are examined in this second component of the project - *Identification of Potential New Industries*. These areas: Construction, Retail, and Banking;

Homeland Security and Defense; Entrepreneurship and Small Business Development; and Call Centers / Back Office are components of economic development that cut across many sectors.

The purpose of this component is to synthesize research findings and identify potential new industries and businesses for the County to pursue and focus its training resources on in the future.

The potential for new industry growth, wages, and opportunity across the following common factors were examined:

- Strong concentration relative to State and Nation
- Wage and employment growth
- Quality of employment
- Macro level future, growth, and significance

Matching the local areas of opportunity with growing and emerging technology and industries is the key to determining the industries that represent the best targets for expansion and attraction efforts. The identification of **Advanced Technology and Manufacturing, Financial Services,** and **Administrative and Support Services** as potential new industries will focus the community on those areas that will hold the most future return on time and marketing dollars invested in preparing for local expansion and attraction efforts.

Existing businesses within the **areas of emphasis** (Construction and Retail, Homeland Security and Defense, and Entrepreneurship / Small Business Development) must be encouraged and given the tools needed to thrive with community leaders continually assessing their development.

It is our belief that these categories will continue to provide a roadmap that utilizes the County's current strengths and opportunities for wealth creation. With this work, the community will gain a deeper understanding of specific environments to better craft the marketing message, prepare the community to meet future needs, and align existing resources.

METHODOLOGY

As denoted in the *Regional Cluster Update* and *Validation*, it is important to restate that identifying potential new target clusters requires both quantitative and qualitative research. Quantitative examination of indicators like wages paid or local employment compared to national averages determine the magnitude and impact of specific business sectors.

These data are collected according to North American Industry Classification Systems (NAICS) codes from the Bureau of Labor Statistics' Quarterly Census of Employment and Wages, Harris InfoSource, and other data from state-level organizations. For the data, the most recent available was used. In many cases, the data are presented in a chart as the percentage each component represents of the total. In these cases, unless otherwise noted, if the summation of the percentages of all the components does not equal 100 percent, it is due to rounding or disclosure issues for local-level data in certain sectors.

NAICS classifies businesses into sectors similar to the now defunct Standard Industrial Classification codes system, but in categories more closely aligned with today's service-oriented economy. Twenty different divisions represent the broadest NAICS codes. These divisions and their corresponding NAICS codes are:

Division	NAICS Code
Forestry, Fishing, Hunting & agriculture support	11
Mining	21
Utilities	22
Construction	23
Manufacturing	31-33
Wholesale Trade	42
Retail Trade	44-45
Transportation & Warehousing	48-49
Information	51
Finance & Insurance	52
Real Estate & Rental & Leasing	53
Professional, Scientific, & Technical Services	54
Management of Companies & Enterprises	55
Admin., Support, Waste Management, Remediation Services	56
Educational Services	61
Health Care & Social Assistance	62
Arts, Entertainment, & Recreation	71
Accommodation & Food Services	72
Other Services (except public administration)	81
Auxiliaries (exc. corporate, subsidiary & regional management)	95

An important quantitative term used in this report is location quotient (LQ). A location quotient is a ratio representing the strength of a particular local business sector in relation to the national average. It is represented formulaically as:

(Local Employment in Sector/Total Local Employment)
divided by
(National Employment in Sector/Total National Employment)

If a location quotient is greater than 1.0, the area has a larger share of employment in that sector than the nation. The higher the LQ, the more concentrated the level of local employment compared to its U.S. equivalent. LQs provide insight into a community's economic structure and its level of industrial diversity. If one or two sectors dominate local employment, slowdowns in these industries may decimate an area's economy.

Conversely, if a location quotient is less than 1.0, this indicates a smaller local share of employment than the nation. The fact that a sector has a location quotient below 1.0 does not preclude it from being a target business cluster for the community. Similarly, an LQ over 1.0 does not automatically mean the community should aim for that sector. A number of factors, including national trends, local support services, and regional clusters, contribute to the viability of a local industry group.

Another important concept in local economic development is the traded, or export sector. A traded sector is a community's economic engine – that part of the economy that sells goods and services to customers outside the region, importing income that then circulates throughout the rest of the local economy.

While it is important to focus on those potential new industries that are traded sectors, local industry groups deserve merit and attention to cultivation. Local goods and services provide employment, create local wealth, and foster opportunities to bolster workforce skills.

ADVANCED TECHNOLOGIES AND MANUFACTURING

Advanced Technologies and Manufacturing (AT&M) focuses on retaining and leveraging existing manufacturing, R&D and other strengths of Cameron County related to rapidly-changing dynamics in manufacturing: technology, lean processes, composite materials, and so forth.

Despite global trends dictated by ever increasing changes in economic trends, manufacturing is still one of the primary catalysts driving technology and economic advancement. Even in light of data that depict a gloomier outlook (i.e. job outsourcing, plant closings and employment losses) due to the implementation of technology, manufacturing is essential to the economic liveliness of a community.

The perception of manufacturing as strictly a grungy “Industrial Age” industry is changing, as plants and companies adopt new leaner more flexible methods of production in order to remain competitive. Assembly lines with employees detached from their work are being replaced with technologically advanced plants, where employees must utilize basic teambuilding and problem-solving skills.

Manufacturing in Texas spurs the creation of new companies, new consumer markets and beneficial careers with a rewarding standard of living. The use of advanced technology enables manufacturers to produce the next generation of products faster, cheaper and cleaner (Source: National Coalition for Advanced Manufacturing).

As defined by Texas as part of its statewide cluster work, AT&M is considered to be:

- Nanotechnology and Materials
- Micro-electromechanical Systems
- Semiconductor Manufacturing
- Automotive Manufacturing

The current realities of AT&M, (and as they directly apply to Cameron County and the Valley in large part) Nanotechnology and Materials and Micro-electromechanical Systems (semiconductors do not have an existing concentration large enough) are creating a large amount of “hype” in the State and nation, but currently offer very little employment at the technician level. It is uncertain when jobs will emerge, or how many, and of what type.

In turn, semi-skilled and professional jobs at the engineering level in new fabrication processes will require adding emerging skills and knowledge related to the new enterprise automation systems, their maintenance, design, and the ability to utilize vast amounts of information they provide.

Advanced Technology and Manufacturing, as defined here (for what constitutes “reality” and can be grown in the future) is as follows for Cameron County:

- Fabricated Metal Product Manufacturing (NAICS 332)
- Machinery Manufacturing (NAICS 333)
- Computer and Electronic Product Manufacturing (NAICS 334)
- Electrical Equipment and Appliance Manufacturing (NAICS 335)
- Transportation Equipment Manufacturing (NAICS 336)

When taken together, the AT&M cluster fits into State, Valley, and Cameron strengths in terms of logistics, truck transportation, ship building, electronics, and so forth.

It is significant to note that one of the abilities of the State is the capability to innovate and adopt new technological advancements. Going forward, we need to make mention that the Valley and Cameron can consider the following process and isolated technologies identified by State cluster teams that could create profitable business opportunities:

- Nanotechnology
- Micro-electromechanical systems (MEMS)
- Advanced digital manufacturing (layered manufacturing process)
- Supply chain distribution and fulfillment
- Robotics
- Sensors
- Hybrid vehicle technologies (alternatives to gasoline driven vehicles)
- Polymers, advanced materials and new plastics
- Advanced tools for manufacturing and design

Advancements in technology have the inertia to create new markets and jobs in Texas, the Valley, and Cameron County. The State Cluster Initiative findings have shown the connections between the AT&M Cluster and other cluster technologies. On a Statewide basis, the following are strengths and assets that tie into those identified during the Cameron Economic Summit held June 24, 2008:

- Strong technology associations promote and foster networks that generate entrepreneurship and company alliances.

- Presence of original equipment manufacturers (OEMs) and mid- to small-tier companies form the core of AT&M Cluster activity. Related activities include research, design, manufacturing, product testing, sales and operations. These companies create jobs and the innovation behind technologies that result in the origination of new customer markets.

- Transportation (air, sea, highway) and trade hubs – Houston, Central Texas, The Rio Grande Valley, El Paso, Dallas/Fort Worth and East Texas all have infrastructure that is imperative to the supply chain. Investment also includes broadband telecommunications.

- Demonstrated ability to attract federal dollars for research and spawn new companies, including funding from Department of Defense (DoD), National Science Foundation (NSF), National Institute for Science and Technology (NIST), Department of Labor (DOL) and Department of Health Sciences. Government contracts and grants provide dollars for jobs, manufacturing, R&D and facilities.

- Post-secondary academic institutions with established communication channels to industry for the development of curricula and training programs to upgrade workforce skills.

Source: Texas Industry Cluster Initiative, *State of the Workforce Report*, Texas Workforce Investment Council, June 2007.

Building on these concepts, the next table shows the impact of this industry group on the local economy. With a presence of nearly 5,000 employed, there has been significant growth from 4th Quarter 2005 to 4th Quarter 2007 in Fabricated Metal Product Manufacturing (NAICS 332), Electrical Equipment and Appliance Manufacturing (NAICS 335), and Transportation Equipment Manufacturing (NAICS 336). While relatively small, Plastics Product Manufacturing plays an important role in this sector.

In addition, the skilled orientation of occupations associated with this sector offer opportunities for displaced workers in Cameron County (i.e. shrimpers, welders, riggers, and so forth). As the AT&M cluster grows in the community, there are many cross-linkages with other key sectors such as Transportation Equipment Manufacturing offering an opportunity to influence advancements for both.

Advanced Technologies and Manufacturing, Employment, 4Q 2005 to 4Q 2007: Cameron County

Naics Code	Industry Code Description	Employment Location Quotient			Employment			
		4Q 2005	4Q 2006	4Q 2007	4Q 2005	4Q 2006	4Q 2007	Change 4Q 2005 to 4Q 2007
332	Fabricated Metal Product Manufacturing	0.32	0.33	0.37	507	556	622	22.7%
333	Machinery Manufacturing	0.35	0.35	0.33	433	439	421	-2.8%
334	Computer and Electronic Product Manufacturing	0.14	0.12	-	192	173	-	-
335	Electrical Equipment and Appliance Manufacturing	1.00	1.24	1.02	449	571	462	2.9%
336	Transportation Equipment Manufacturing	1.21	1.58	1.35	2,264	2,976	2,450	8.2%
3261	Plastics Product Manufacturing	0.61	0.58	0.50	405	380	318	-21.5%

Total Employment: Private and Government (Federal, State, and Local).
Source: Texas Workforce Commission, U.S. Bureau of Labor Statistics

A key sub-sector of AT&M, as shown in the next table, Fabricated Metal Product Manufacturing grew significantly more from 4th Quarter 2005 to 4th Quarter 2007 than Texas and the nation (approximately two and ten times, respectively). Discussed in the *Regional Cluster Update and Validation* document, Transportation Equipment Manufacturing continues to be a strong component for Cameron and this AT&M cluster. Overall growth of 8.2% for the sector from 4th Quarter 2005 to 4th Quarter 2007 exceeded Texas and the United States.

Advanced Technologies and Manufacturing, Employment Change, 4Q 2005 to 4Q 2007: Cameron County

Naics Code	Industry Code Description	Employment Change 4Q 2005 to 2007		
		Cameron Co.	Texas	U.S.
332	Fabricated Metal Product Manufacturing	22.7%	11.9%	2.0%
333	Machinery Manufacturing	-2.8%	16.2%	1.2%
334	Computer and Electronic Product Manufacturing	-	-1.5%	-4.1%
335	Electrical Equipment and Appliance Manufacturing	2.9%	9.8%	-1.4%
336	Transportation Equipment Manufacturing	8.2%	6.3%	-4.9%
3261	Plastics Product Manufacturing	-21.5%	-2.6%	-6.7%

Total Employment: Private and Government (Federal, State, and Local).
Source: Texas Workforce Commission, U.S. Bureau of Labor Statistics

Advanced Technologies and Manufacturing, Average Weekly Wage, 4Q 2005 to 4Q 2007: Cameron County

Naics Code	Industry Code Description	Average Weekly Wage per Employee					
		Cameron Co.		Texas		U.S.	
		4Q 2005	4Q 2007	4Q 2005	4Q 2007	4Q 2005	4Q 2007
332	Fabricated Metal Product Manufacturing	$893	$895	$917	$1,040	$675	$708
333	Machinery Manufacturing	$555	$612	$1,170	$1,342	$728	$781
334	Computer and Electronic Product Manufacturing	$781	$727	$1,713	$1,856	$765	$842
335	Electrical Equipment and Appliance Manufacturing	$573	$583	$953	$1,099	$644	$672
336	Transportation Equipment Manufacturing	$730	$876	$1,173	$1,225	$989	$1,006
3261	Plastics Product Manufacturing	$433	$481	$783	$821	$568	$617

Total Employment: Private and Government (Federal, State, and Local).
Source: Texas Workforce Commission, U.S. Bureau of Labor Statistics

In terms of wage growth, respective gains made by the State and nation (raw figures shown in previous table) hold promise for the AT&M sector. As depicted in the next table, comparable wage gain by the Machinery Manufacturing (NAICS 333) sector versus Texas and the nation coupled with wage increases for Transportation Equipment Manufacturing (NAICS 336) and Plastics Product Manufacturing (NAICS 3261) greater than both the State and nation account for the bulk of current opportunity for the AT&M sector.

Advanced Technologies and Manufacturing, Wage Growth, 4Q 2005 to 4Q 2007: Cameron County

Naics Code	Industry Code Description	Average Weekly Wage per Employee Growth (4Q '05 to '07)		
		Cameron Co.	Texas	U.S.
332	Fabricated Metal Product Manufacturing	0.2%	13.4%	4.9%
333	Machinery Manufacturing	10.3%	14.7%	7.3%
334	Computer and Electronic Product Manufacturing	-6.9%	8.3%	10.1%
335	Electrical Equipment and Appliance Manufacturing	1.7%	15.3%	4.3%
336	Transportation Equipment Manufacturing	20.0%	4.4%	1.8%
3261	Plastics Product Manufacturing	11.1%	4.9%	8.6%

Total Employment: Private and Government (Federal, State, and Local).
Source: Texas Workforce Commission, U.S. Bureau of Labor Statistics

Cluster Attributes in the next table – coupled with strong wage and employment gains over the past couple years – clearly present well paying opportunities for Cameron citizens to build personal wealth (through greater income) and increase their skill base via new economy technological processes.

The Valley and Weslaco	Maquiladora – access to workforce at lower wages. 2nd and 3rd generation of manufacturing workforce. OEMs. R&D. Manufacturing – electronics, raw materials, food processing, final assembly, agriculture. Trico Products, Cameron Works, Jabil Circuit, Brunswick Company.	UTPA, TSTC, UTB, TMAC, Advanced Manufacturing Council. Availability of funds for the creation of new companies. Co-op logistic partnerships. NAFTA/CAFTA corridor.

Source: New Economy Strategies LLC. Texas Workforce Commission

For businesses in the computer and electronic product manufacturing sector, manufacturing processes are fundamentally different from those of other machinery and equipment companies. The design and use of integrated circuits and the application of highly specialized miniaturization technologies are common elements in the production technologies of the computer and electronic subsector.

For Cameron, the best way to conceptualize Advanced Technologies and Manufacturing as a growth cluster is to strive towards the integration and utilization of technologies in a system of production to improve processes and techniques to produce goods and services faster, cheaper and cleaner. The following are keys to be mindful of when formulating strategies to develop this cluster:

- Leverage existing resources and advancements in technology, medical sciences, advanced manufacturing, and alternative fuel and power sources.
- Explore areas of converging technologies
- Leverage proximity to Mexico and other border areas
- Develop entrepreneurial culture. Provide links to best practice resources through existing incubators and access to funding channels.
- Lobby Texas to act as a conduit to support research into commercialized products. Areas of focus may include semiconductors, nanotechnology, IT, robotics and medical sciences

AT&M also includes service companies that directly support the core industries including logistics and distribution, power generation and service firms that support cluster activities. In addition, Cameron assets such as research labs, academic institutions, workforce providers and capital investors are paramount and important “pieces of the puzzle”. All parties must be contributing to the overall output of the cluster in order for the cluster to thrive.

FINANCIAL SERVICES

The finance industry encompasses a broad range of organizations that deal with the management of money. Among these organizations are banks, credit card companies, insurance companies, consumer finance companies, stock brokerages, investment funds and some government sponsored enterprises. As of the mid-2000's, the financial services industry represented 20% of the market capitalization of the S&P 500 in the United States

The Finance and Insurance sector comprises establishments primarily engaged in financial transactions (transactions involving the creation, liquidation, or change in ownership of financial assets) and/or in facilitating financial transactions. Three principal types of activities are identified:

1. Raising funds by taking deposits and/or issuing securities and, in the process, incurring liabilities. Establishments engaged in this activity use raised funds to acquire financial assets by making loans and/or purchasing securities. Putting themselves at risk, they channel funds from lenders to borrowers and transform or repackage the funds with respect to maturity, scale, and risk. This activity is known as financial intermediation.

2. Pooling of risk by underwriting insurance and annuities. Establishments engaged in this activity collect fees, insurance premiums, or annuity considerations; build up reserves; invest those reserves; and make contractual payments. Fees are based on the expected incidence of the insured risk and the expected return on investment.

3. Providing specialized services facilitating or supporting financial intermediation, insurance, and employee benefit programs.

In addition, monetary authorities charged with monetary control are included in this sector.

The financial services sector has increased as a share of the nation's economy, helping to facilitate the increase in the country's wealth in the late 1990s. From 1990 to 2000, the finance, insurance, and real estate sector increased from 7.7% of the nation's total employment to 7.9%. Earnings increased from 7.0% of the nation's total to 9.5%.

Technological advances, deregulation, mergers, and population growth will all affect the nature and amount of employment opportunities in the field in the future. For Cameron, the sector is tied to local business growth, cross border investment, and economic gains by other sectors (i.e. health care, etc).

Even with the market share dominated by giants such as Bank of America, the diversity of opportunities and services enables some competition in the field. While most growth in the financial services sector of local communities – such as Cameron County, Texas – will likely occur by expanding the workforce of existing businesses, it is possible to attract new opportunities.

Long-term growth can include securities and brokerage firms, but in the short-term communities such as Cameron County can best serve themselves by focusing on smaller-scale markets within the financial services sector.

Certain financial services offer just such an opportunity to begin a community's long-term effort to expand financial services. The following describes the subsectors appropriate for the community to focus on:

Credit Intermediation and Related Activity: NAICS 522

Industries in the Credit Intermediation and Related Activities subsector group establishments that (1) lend funds raised from depositors; (2) lend funds raised from credit market borrowing; or (3) facilitate the lending of funds or issuance of credit by engaging in such activities as mortgage and loan brokerage, clearinghouse and reserve services, and check cashing services.

Financial Investment and Related Activity: NAICS 523

Industries in the Securities, Commodity Contracts, and Other Financial Investments and Related Activities subsector group establishments that are primarily engaged in one of the following: (1) underwriting securities issues and/or making markets for securities and commodities; (2) acting as agents (i.e., brokers) between buyers and sellers of securities and commodities; (3) providing securities and commodity exchange services; and (4) providing other services, such as managing portfolios of assets; providing investment advice; and trust, fiduciary, and custody services.

Insurance Carriers and Related Activity: NAICS 524

Industries in the Insurance Carriers and Related Activities subsector group establishments that are primarily engaged in one of the following: (1) underwriting (assuming the risk, assigning premiums, and so forth) annuities and insurance policies or (2) facilitating such underwriting by selling insurance policies, and by providing other insurance and employee-benefit related services.

As of 4th Quarter 2007, Cameron County's Financial Services industry employed 2,975 people (2.4% of Cameron's total jobs for that time period). The total number of Cameron's Financial Services jobs has been relatively stable over the last two years, growing by 240 (or 8.8%) in that time span. The County's location quotient (LQ) for this industry cluster is 0.46, indicating that Cameron has about half of the proportion of employment in this cluster than the rest of the nation. While concentrated employment is relatively low in real terms, this industry is strong and the future trend is positive.

Financial Services, Employment, 4Q 2005 to 4Q 2007: Cameron County

Naics Code	Industry Code Description	Employment Location Quotient			Employment			
		4Q 2005	4Q 2006	4Q 2007	4Q 2005	4Q 2006	4Q 2007	Change 4Q 2005 to 4Q 2007
52	Finance and Insurance	0.43	0.45	0.46	2,735	2,957	2,975	8.8%
522	Credit Intermediation and Related Activity	0.61	0.66	0.67	1,852	2,062	2,030	9.6%
523	Financial Investment and Related Activity	0.19	0.20	0.20	157	176	184	17.2%
524	Insurance Carriers and Related Activity	0.30	0.29	0.31	710	706	758	6.8%

Total Employment: Private and Government (Federal, State, and Local).
Source: Texas Workforce Commission, U.S. Bureau of Labor Statistics

As noted in the next chart, employment in Finance and Insurance (NAICS 52) grew more than twice the rate for Texas and eight times the rate for the United States. Across the entire sector, noteworthy gains are evidenced by growth in the Credit Intermediation and Related Activity (NAICS 522), Financial Investment and Related Activity (NAICS 523), and Insurance Carriers and Related Activity (NAICS 524) sub-sectors since 2005. For example, Credit Intermediation and Related

Activity (NAICS 522) employment increased three times versus the rate of the State over the two year period, while the nation experienced declines.

Financial Services, Employment Change, 4Q 2005 to 4Q 2007: Cameron County

Naics Code	Industry Code Description	Employment Change 4Q 2005 to 2007		
		Cameron Co.	Texas	U.S.
52	Finance and Insurance	8.8%	4.0%	0.3%
522	Credit Intermediation and Related Activity	9.6%	3.3%	-2.5%
523	Financial Investment and Related Activity	17.2%	17.3%	7.5%
524	Insurance Carriers and Related Activity	6.8%	1.9%	1.4%

Total Employment: Private and Government (Federal, State, and Local).
Source: Texas Workforce Commission, U.S. Bureau of Labor Statistics

Both of the next tables demonstrate strong wages paying between approximately $30,000 and $50,000 on an annual basis. Solid growth since 4th Quarter 2005 also attests to the opportunity this sector affords Cameron County residents.

Financial Services, Average Weekly Wage, 4Q 2005 to 4Q 2007: Cameron County

Naics Code	Industry Code Description	Average Weekly Wage per Employee					
		Cameron Co.		Texas		U.S.	
		4Q 2005	4Q 2007	4Q 2005	4Q 2007	4Q 2005	4Q 2007
52	Finance and Insurance	$650	$679	$1,194	$1,300	$704	$775
522	Credit Intermediation and Related Activity	$619	$641	$972	$1,043	$578	$632
523	Financial Investment and Related Activity	$955	$1,032	$2,492	$2,807	$970	$1,123
524	Insurance Carriers and Related Activity	$661	$697	$1,139	$1,208	$771	$828

Total Employment: Private and Government (Federal, State, and Local).
Source: Texas Workforce Commission, U.S. Bureau of Labor Statistics

Financial Services, Wage Growth, 4Q 2005 to 4Q 2007: Cameron County

Naics Code	Industry Code Description	Average Weekly Wage per Employee Growth (4Q '05 to '07)		
		Cameron Co.	Texas	U.S.
52	Finance and Insurance	4.5%	8.9%	10.1%
522	Credit Intermediation and Related Activity	3.6%	7.3%	9.3%
523	Financial Investment and Related Activity	8.1%	12.6%	15.8%
524	Insurance Carriers and Related Activity	5.4%	6.1%	7.4%

Total Employment: Private and Government (Federal, State, and Local).
Source: Texas Workforce Commission, U.S. Bureau of Labor Statistics

ADMINISTRATIVE AND SUPPORT SERVICES

Industries in the Administrative and Support Services (NAICS 561) subsector group represent establishments engaged in activities that support the day-to-day operations of other organizations. The processes employed in this sector (e.g., general management, personnel administration, clerical activities, cleaning activities) are often integral parts of the activities of establishments found in all sectors of the economy.

The establishments classified in this subsector have specialized in one or more of these activities and can, therefore, provide services to clients in a variety of industries and, in some cases, to households. The individual industries of this subsector are defined on the basis of the particular process that they are engaged in and the particular services they provide.

Many of the activities performed in this subsector are ongoing routine support functions that all businesses and organizations must do and that they have traditionally done for themselves. Recent trends, however, are to contract or purchase such services from businesses that specialize in such activities and can, therefore, provide the services more efficiently.

A strong complement to Cameron’s Hospitality and Tourism cluster, the industries in the Administrative and Support Services subsector cannot be viewed as strictly "support”. For example, the Travel Arrangement and Reservation Services industry group includes travel agents, tour operators, and providers of other travel arrangement services, such as hotel and restaurant reservations and arranging the purchase of tickets, serves many types of clients, including individual consumers. This group was placed in this subsector because the services are often of the "support" nature (e.g., travel arrangement) and businesses and other organizations are increasingly the ones purchasing such services.

The administrative and management activities performed by establishments in this sector are typically on a contract or fee basis. These activities may also be performed by establishments that are part of the company or enterprise. However, establishments involved in administering, overseeing, and managing other establishments of the company or enterprise, are classified in Sector 55, Management of Companies and Enterprises. These establishments normally undertake the strategic and organizational planning and decision making role of the company or enterprise. Government establishments engaged in administering, overseeing and managing governmental programs are classified in Sector 92, Public Administration. The next chart illustrates the example of strengthening location quotient concentration in this subsector with over 6,000 employed and strong employment growth, nearly double that of the State since 4th Quarter 2005.

A component of the Administrative and Support Services subsector, many business sectors utilize call center facilities for customer support functions, and employ back office operations for shared services such as payroll, accounting, payment processing and a host of other tasks. The industry is characterized by white-collar operations employing well-educated workers with a good deal of administrative, professional, or technical skills. Like finance and insurance, there is a large opportunity to market to and service the large and growing regional Hispanic population.

Call Centers and Back Office operations have a strong presence in Cameron, related to the nation (as demonstrated in the next chart), by a 2007 location quotient of over three times the national concentration (3.02) for call centers. Given that statistic, employment in Cameron County has weakened nearly 20.0 percent from the fourth quarter of 2005 to the fourth quarter of 2007 (depicted in the chart after next), exacerbated by consolidation in the industry and additional operations being sent offshore.

Administrative and Support Services, Employment, 4Q 2005 to 4Q 2007: Cameron County

Naics Code	Industry Code Description	Employment Location Quotient			Employment			
		4Q 2005	4Q 2006	4Q 2007	4Q 2005	4Q 2006	4Q 2007	Change 4Q 2005 to 4Q 2007
561	Administrative and Support Services	0.64	0.64	0.70	5,342	5,539	6,070	13.6%
561412	Telephone Call Centers	3.98	3.30	3.02	1,539	1,366	1,272	-17.3%

Total Employment: Private and Government (Federal, State, and Local).
Source: Texas Workforce Commission, U.S. Bureau of Labor Statistics

HOMELAND SECURITY

Industry Snapshots

- Marketplace forecasts for the global homeland security industry anticipate business will grow from approximately $40 billion in 2004, to nearly $180 billion by 2015. (Homeland Security Research Corporation estimate)
- Cybersecurity is expected to be the fastest growing sub-sector of homeland security business from 2005 through 2010, with an annual growth rate of 15 to 20 percent. (Frost & Sullivan Analysis of Current and Future U.S. Homeland Security Market)
- The median annual compensation for security professionals in the United States in 2004 was $75,200, a 5.9% increase over the 2003 level, outpacing inflation. (ASIS U.S. Security Salaries Survey Results, 2005)
- The majority of homeland security is performed in the private sector, with 85% of all critical infrastructures privately controlled and 35% of all U.S. companies planning to invest in and expand security programs in 2005. (ASIS International Foundation Trends Report, 2005)

High Growth INDUSTRY PROFILE

Workforce Issues

Education and Training

- Defining the core competencies for homeland security and creating relevant academic programs matched to the wide spectrum of disciplines.
- Developing additional training for security managers transitioning from law enforcement and military fields.
- Delivering training to alternative labor pools in efficient methods using adult learning skills concepts and distance-learning methods.
- Addressing the requisite business and communication skills needed by mid-to-late career shifters.
- Identifying, coordinating, and improving existing training programs.
- Expanding successful training models.

Image and outreach to the public

- Conveying the breadth of opportunities within homeland security.
- Partnering among stakeholders in homeland security including law enforcement, military, private security, government, and the intelligence community.
- Redefining the corporate structure to account for wide variations in the functional area to which security reports, including, among others, facilities or property management, operations, human resources, administration, legal, finance, and information technology.

Pipeline Development

- Attracting alternative labor pools.
- Creating career paths for entry-level and mid-level security managers.

Skill Sets

(Sources: U.S. Bureau of Labor Statistics, 2004-05 Career Guide to Industries and 2004-05 Occupational Outlook Handbook)

- In many cases, top-level FBI, Secret Service, or military personnel are recruited for homeland security positions, even though the skill sets and body of knowledge is different than what is needed in security.
- Physical (or traditional) security and critical infrastructure security have a range of opportunities. Some may require only a high school diploma while senior management positions may necessitate advanced degrees.
- Information security and information systems security require some technical skills and involve hardware. Training and an understanding of computers are essential, and much is learned on the job.
- Threat and vulnerability assessment would require training and experience and can be performed at a variety of levels.
- Emergency management and continuity of operations for public and private entities require organization and planning skills to integrate and coordinate the proper response to an event.
- Investigation and intelligence require analysis and problem-solving skills that are needed in diverse arenas.

Resources

For additional background information about the industry and details on the grants, information about employment and training opportunities, and workforce development tools for employers, educators, and workforce professionals please refer to the following: **www.doleta.gov/BRG**, **www.careervoyages.gov**, **www.careeronestop.org**, and **www.workforce3one.org**.

Updated June 2005

Administrative and Support Services, Employment Change, 4Q 2005 to 4Q 2007: Cameron County

Naics Code	Industry Code Description	Employment Change 4Q 2005 to 2007		
		Cameron Co.	Texas	U.S.
561	Administrative and Support Services	13.6%	8.7%	1.5%
561412	Telephone Call Centers	-17.3%	14.5%	6.1%

Total Employment: Private and Government (Federal, State, and Local).
Source: Texas Workforce Commission, U.S. Bureau of Labor Statistics

In terms of wages, as indicated by the next chart, the call center industry average pay is just past $20,000 on an annual basis. The significance of this industry in Cameron is not to be ignored, however, call centers have traditionally been susceptible to off-shoring and in some instances, are low-paying and don't offer many opportunities for career development.

Administrative and Support Services, Average Weekly Wage, 4Q 2005 to 4Q 2007: Cameron County

Naics Code	Industry Code Description	Average Weekly Wage per Employee					
		Cameron Co.		Texas		U.S.	
		4Q 2005	4Q 2007	4Q 2005	4Q 2007	4Q 2005	4Q 2007
561	Administrative and Support Services	$388	$403	$569	$656	$419	$474
561412	Telephone Call Centers	$350	$399	$580	$624	$315	$334

Total Employment: Private and Government (Federal, State, and Local).
Source: Texas Workforce Commission, U.S. Bureau of Labor Statistics

While the average weekly wage change for Telephone Call Centers is nearly twice that of the State, wages for the overall Administrative and Support Services subsector did not keep pace with Texas or the nation. However, positive wage and employment growth are important attributes for the 6,000+ Cameron citizens employed in this subsector.

Administrative and Support Services, Wage Change, 4Q 2005 to 4Q 2007: Cameron County

Naics Code	Industry Code Description	Average Weekly Wage per Employee Growth (4Q '05 to '07)		
		Cameron Co.	Texas	U.S.
561	Administrative and Support Services	3.9%	15.3%	13.1%
561412	Telephone Call Centers	14.0%	7.6%	6.0%

Total Employment: Private and Government (Federal, State, and Local).
Source: Texas Workforce Commission, U.S. Bureau of Labor Statistics

AREAS OF EMPHASIS

In addition to the *Regional Industry Cluster Update* and *Validation* and this *Identification of Potential New Industries*, CT Advisory Services has updated "areas of emphasis" for Cameron County first identified in the 2005 *Community Audit* document. These are components of economic development that cut across many sectors and should be nurtured and developed into important tools to support the local economy and create jobs.

CONSTRUCTION, RETAIL, AND BANKING

Cameron County's exploding population continues to be an ideal environment for sectors that thrive on local growth. The strong impact of local spending that feeds construction, retail, and banking is not to be overlooked. Since the last analysis of this area three years ago, Financial Services has been elevated into a classification that the community should watch and develop as a potential cluster into the future.

In terms of employment, construction growth was flat from 2005 to 2007 (4th Quarters), directly employing nearly 5,000 (4,602) workers in 2007 (does not necessarily include subcontractors and those with the various trades).

It is interesting to note that while retail employs over five times more than construction (17,358), it had fair employment growth from 2005 to 2007 of six percent. However, the impact of retail spending is greater than the wages and number of people it employs. The dollars generated from retail stays in the community and contributes to sales and other taxes.

In terms of wages, both retail and construction have seen moderate wage growth since 2005. Most likely due to demand, average construction weekly wages grew from $468 in 2005 to $602 in 2007 (28.6 percent). As previously mentioned, retail does not pay overwhelmingly well, posting an average wage for the sector of approximately $20,000 in 2007.

A large growth area in Cameron and the Valley is highway construction. With new investments and jobs come more transportation challenges to move commodities — and people — in and out of Texas. The State estimates that during the next 25 years its population will increase 64.0 percent and road use will grow 214.0 percent, but State road capacity will only grow six percent without new roads or funding for them.

As an example, the State indicates that the Trans-Texas Corridor (TTC) is one solution. This proposed multi-use, statewide network of transportation routes would be built in phases over the next 50 years, with routes prioritized according to Texas' transportation needs. As currently envisioned, routes could include separate lanes for passenger vehicles and large trucks; freight railways; high-speed commuter railways; infrastructure for utilities including water lines, oil and gas pipelines, and transmission lines for electricity, broadband, and other telecommunications services.

HOMELAND SECURITY AND DEFENSE

With national increases in the defense budget due to homeland security needs and continuing conflicts abroad, the community should look for opportunities to benefit from growth in defense spending. Security at the border and the regions airports provide opportunities as well. Information on the next page informs further development and support of this area.

As an example, Homeland Security's proposed 600-mile "border wall" concerns some local leaders, as some of the 150 miles of fencing slated for Texas would be in their area. As UTB's president says, "We believe in protecting our borders…We believe in strong immigration policy. But we also understand that a fence, no matter how high or how wide, is no substitute for either." Instead, many people here think a "virtual fence" comprised of cameras, surveillance, and boots on the ground is a better solution to ensuring the safety of citizens and fighting illegal immigration.

The community's businesses and economic developers must keep in mind that homeland security and defense is just one of multiple possible markets for their products. While businesses should look for opportunities in government procurement, it is risky to become overly reliant on that source of revenue.

ENTREPRENEURSHIP AND SMALL BUSINESS DEVELOPMENT

Efforts to nurture local entrepreneurs and fledgling businesses are also crucial components of any local economic development strategy. Including the self employed, small businesses account for half of the private, non-farm U.S. workforce, pay 44 percent of the total U.S. private payroll, and generate over 50 percent of the nation's private Gross Domestic Product (GDP).

Small businesses also contributed the largest share of the millions of new jobs created during the late 1990s. To focus solely on the recruitment and development of target sectors – and even the growth of Cameron's existing large businesses – would do a disservice to the community's long-term economic well-being. Local residents and businesspeople with good ideas and a desire to learn the ins-and-outs of running a successful company should be provided the support they need to get their enterprises off the ground. Whether it is a high-growth company or a lifestyle business, entrepreneurship is a path to self-sufficiency, and local economic developers should ensure that potential job-creating businesses are given every chance to take root and grow.

Supporting entrepreneurship in a community is a component of economic development that involves both a cultural shift and the dedication of resources. Most communities across the nation have an acute need for more coordination of resources, information, and networks related to entrepreneurship and small business development. Lifestyle businesses have different support needs than high growth companies, and Cameron Works should determine the amount of resources to devote to each.

Another asset for small and relocating business alike is the International Technology Education Commerce Campus (ITECC) a 647,000-square foot center established by the University of Texas Brownsville/Texas Southmost College (UTB/TSC).

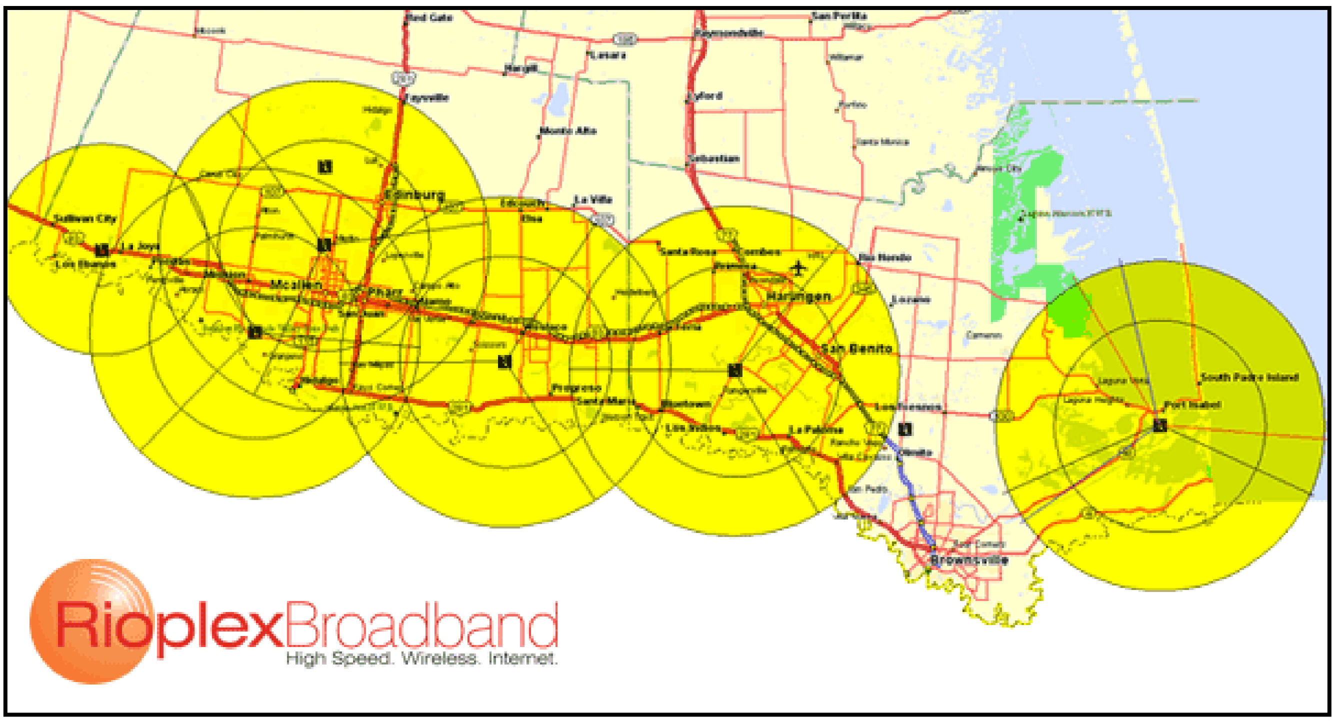
One of the services available at ITECC – an International Innovation Center (IIC) with a business incubator – allows start-up businesses to gain a foothold in an atmosphere where counseling and business services are available. Tenants pay discounted rents that climb the longer they stay in the incubator.

Director of Incubator Services John Sossi says the incubator has helped nearly 50 businesses get started. However, not all new enterprises which apply go into the incubator; nearly 70 have decided to go elsewhere, or realized it may not be a good idea to even open their doors.

A satellite campus of the University of Texas at Brownsville and Texas Southmost College will include office space available for rent to start-up businesses Officials will model the project after the university's Brownsville program, which has helped develop 49 businesses that created 554 jobs in the last five years, Sossi said.

Integral to economic development, broadband service is the telecommunications backbone of nearly every process in today's high-speed economy. Entrepreneurship and small business growth are no exception. It is interesting to note wireless high-speed coverage in the Lower Rio Grande Valley as depicted in the next map.

Rioplex Broadband's example is used here, as information was available from the company. The provider currently services the areas of Alamo, Alton, Donna, Edinburg, Hidalgo, La Feria, La Joya, La Villa, Laguna Vista, McAllen, Mercedes, Mission, Palmview, Pharr, Port Isabel, San Juan, Sharyland, South Padre Island, Weslaco, and most of the surrounding areas. Rioplex indicates on its website that service in Harlingen and Brownsville is coming soon.



BOLD LETTERING denotes tower locations. Approximate coverage is +/- a 10 mile radius from the towers.

CONCLUSION

As mentioned previously in this process, the three potential new industries identified as possible clusters of focus and the existing areas of emphasis represent stable, growing industries in which Cameron is gaining a competitive position.

Building on the assets identified during the Economic Summit will be instrumental in cultivating a holistic strategy – one that leverages existing business, cultural, and educational resources that the community already has.

On balance, while the economies of many other states have contracted, Texas' economy continues to expand, strengthen, and make attempts to diversify. Its pro-business regulatory environment, economic development programs, and educated work force — especially in the high-tech sector — all combine to provide the Lone Star State an enviable competitive edge in today's global economy.

Unlike other entities that "dabble" in economic development, Cameron Works and the community are well positioned in Texas on the front lines every day, enabling the workforce to directly shape the advancement of local and regional economies.

KEY FINDINGS

The identification of Advanced Technology and Manufacturing, Financial Services, and Administrative and Support Services as potential new industries will focus the community on those areas that will hold the most future return on time and marketing dollars.

Existing businesses within the areas of emphasis (Construction and Retail, Homeland Security and Defense, and Entrepreneurship / Small Business Development) must be encouraged and given the tools needed to thrive with community leaders continually assessing their development.

While it is important to focus on those potential new industries that are traded sectors, local industry groups deserve merit and attention to cultivation. Local goods and services provide employment, create local wealth, and foster opportunities to bolster workforce skills.

The perception of manufacturing as strictly a grungy “Industrial Age” industry is changing, as plants and companies adopt new leaner more flexible methods of production.

In turn, semi-skilled and professional jobs at the engineering level in new fabrication processes will require adding emerging skills and knowledge related to the new enterprise automation systems, their maintenance, design, and the ability to utilize vast amounts of information they provide.

The skilled orientation of occupations associated with this sector offer opportunities for displaced workers in Cameron County (i.e. shrimpers, welders, riggers, and so forth). As the AT&M cluster grows in the community, there are many cross-linkages with other key sectors.

A key sub-sector of AT&M, Fabricated Metal Product Manufacturing grew significantly more from 4^{th} Quarter 2005 to 4^{th} Quarter 2007 than Texas and the nation (approximately two and ten times, respectively).

Employment in Finance and Insurance (NAICS 52) grew more than twice the rate for Texas and eight times the rate for the United States. Across the entire sector, noteworthy gains are evidenced by growth in the Credit Intermediation and Related Activity (NAICS 522), Financial Investment and Related Activity (NAICS 523), and Insurance Carriers and Related Activity (NAICS 524) sub-sectors since 2005.

Call Centers and Back Office operations have a strong presence in Cameron, related to the nation demonstrated by a 2007 location quotient of over three times the national concentration (3.02) for call centers. Given that statistic, employment in Cameron County has weakened nearly 20.0 percent from the fourth quarter of 2005 to the fourth quarter of 2007, exacerbated by consolidation in the industry and additional operations being sent offshore.

In terms of wages, both retail and construction have seen moderate wage growth since 2005. Most likely due to demand, average construction weekly wages grew from $468 in 2005 to $602 in 2007 (28.6 percent).