

# The University of Texas - Pan American SBDC

The SBDC business advisors provide training and consulting to small business owners at The University of Texas - Pan American.

**T**he Rio Grande Valley is a four-county area located on the southeastern U.S – Mexico border stretching westward from the southern tip of Texas. Its location gives rise to a blend of American and Mexican influences that has helped shape a distinctly bi-cultural community.

The majority of the predominantly Hispanic population traces its roots to Mexico, many having lived in Texas for generations and incorporated the American culture into their way of life. A steady stream of new immigrants from the South and the recently increasing influx of “Northerners” to the region consistently impact and change the face of the community. Due to the Rio Grande Valley’s deep south location, within 15 minutes of the border along the Rio Grande, almost all regions of the United States are remote, “Up North.”



*Overall, the Valley’s strategic location, the entrepreneurial spirit of its people, and the opportunities offered by the possibility to utilize both the Mexican and American economies to the region’s advantage make the Valley a great place to do business.*



The four counties – Hidalgo, Cameron, Willacy, and Starr – that comprise the Rio Grande Valley and the Edinburg Field Center are as diverse as its people. Hidalgo County, the Valley’s economic center, is characterized by vibrant economic, cultural, and educational growth driven by an expanding maquiladora industry in Reynosa, Tamaulipas, Mexico. The University of Texas – Pan American, the Valley’s premier higher education institution, has grown 34 percent over the last five years. To the west is Starr County whose remnants of a glorious past can still be found alongside new storefronts and small businesses driving the revival of the area.

To the east at the tip of Texas, Cameron County contains

**:: 4 counties** make up the Edinburg Field Center Area

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the diversity of Brownsville’s cultural heritage, economic growth spurred by the manufacturing plants across the border, and the University of Texas at Brownsville. The county also boasts the tourist-destination of South Padre Island and the cultural heritage and growth of Harlingen/San Benito. Slightly to the north, Willacy County offers its rural and agricultural base, beauty and charm of the Texas outdoors, and hunting, boating, fishing, and eco-tourism of many birding centers.

Overall, the Valley’s strategic location, the entrepreneurial spirit of its people, and the opportunities offered by the possibility to utilize both the Mexican and American economies to the region’s advantage make the Valley a great place to do business. Its beautiful beaches, cloudless blue skies, breathtaking sunsets,

friendly locals, and rich culture exhibited in its music, food, and art also make it a great place to live.

## Labor Market Highlights

The Edinburg field center area experienced strong growth in its labor force in 2005 and early 2006. In the second quarter of 2004, the labor force sat at approximately 422,000 jobs. In the first quarter of 2006, it had grown to over 444,000 jobs. The growth in the labor market has helped to ease unemployment claims. The Edinburg area opened 2004 with an 11 percent unemployment rate, but opened 2006 under 8 percent. In absolute numbers, unemployment claims fell from approximately 47,000 in early 2004 to 35,000 in early 2006.

## Size of Labor Force and Unemployment Rate Since 2004



The University of Texas - Pan American SBDC Area: 4 counties  
Data Source: Texas Workforce Commission

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The Field Center Area Jobs chart shows both the number of jobs in field center counties and the concentration of the industry relative to the rest of the state at the end of the first quarter of 2005. The “field center ratio” shows the proportion of industry jobs compared to all jobs in the area. Even more prominent than other southwest Texas field center areas, 60 percent of the jobs in the Edinburg field center area are in two industries: education and health services (0.392); and trade, transportation, and utilities (0.208).

The question of whether these industry ratios are high or low can be determined by comparing them with the proportions that the industry represents in the rest of the state. For example, the field center area reports 20,246 professional and business service jobs, which is just over 6 percent of all jobs in the area. To reflect the state average, the proportion needs to be nearly 12 percent of jobs in this industry. Dividing 0.062 (the field center ratio) by 0.119 (the state ratio) yields a quotient of 0.52. This number is referred to as a “location quotient.”

When the location quotient is less than 1.0, the area industry is under-represented relative to the state. When the location quotient is greater than 1.0, the area industry is over-represented relative to the state. So, a quotient of 0.52 indicates that the professional and

business service industry is under-represented in the Edinburg field center area. The Edinburg area would have to double the number of jobs in this industry to match the state average for professional and business service jobs.

What industries have a particular foothold in the Edinburg Field Center? Two are particularly prominent. One is its largest industry, education and health services. Although this industry is very prominent in the state (22.8 percent of jobs) it is even more prominent in the Edinburg area, where nearly two out of every five workers (39.2 percent) earn their living in education and health services.

Secondly, natural resources and mining is a concentration industry in the Valley area. Although it is a relatively small industry (10,000 jobs), it is over-represented when compared to the state average.

On the other hand, in addition to professional and business services, the Edinburg field center area substantially lags the state average in two other industries: information (4,282 jobs) and manufacturing (15,643 jobs). As with professional and business services, the Edinburg area would need to double its jobs in these industries to reflect the state average.

## Field Center Jobs Per County by Industry

	Cameron	Hidalgo	Starr	Willacy	Region	Region Ratio	State	State Ratio	Region-State Location Quotient
Natural Resources & Mining	1,034	8,004	183	420	9,641	0.028	236,676	0.024	1.16
Construction	4,792	9,449	249	128	14,618	0.043	623,516	0.064	0.67
Manufacturing	7,493	8,368	93	59	16,013	0.047	913,295	0.094	0.50
Trade, Transportation & Utilities	24,716	43,265	1,983	741	70,705	0.208	2,109,207	0.217	0.96
Information	1,428	3,149	35	0	4,612	0.014	229,125	0.024	0.58
Financial Activities	4,507	8,010	276	104	12,897	0.038	614,050	0.063	0.60
Professional & Business Services	8,302	13,836	196	0	22,334	0.066	1,205,726	0.124	0.53
Education & Health Services	45,813	79,546	7,832	1,259	134,450	0.395	2,180,498	0.224	1.76
Leisure & Hospitality	11,913	18,229	516	235	30,893	0.091	926,487	0.095	0.95
Other Services	2,805	3,829	416	117	7,167	0.021	275,574	0.028	0.74
Public Administration	6,372	9,339	998	187	16,896	0.050	408,555	0.042	1.18
Unclassified	92	220	0	0	312	0.001	10,958	0.001	0.81
<b>Total Jobs</b>	<b>119,267</b>	<b>205,244</b>	<b>12,777</b>	<b>3,250</b>	<b>340,538</b>		<b>9,733,667</b>		

Data Source: Texas Workforce Commission

## County Business Patterns 2004

	'14'	'5-9'	'10-19'	'20-49'	'50-99'
Forestry, fishing, hunting, & agricultural support	72	12	8	4	1
Mining	23	12	6	12	3
Utilities	12	9	5	15	2
Construction	683	220	132	77	23
Manufacturing	215	92	77	63	32
Wholesale trade	527	229	138	95	21
Retail trade	1,337	874	499	251	68
Transportation & warehousing	450	132	122	72	28
Information	115	39	33	32	9
Finance & insurance	593	242	133	69	9
Real Estate & rental & leasing	519	139	66	31	4
Professional, scientific & technical services	774	230	122	49	9
Management of companies & enterprises	20	14	15	11	3
Admin, support, waste mgt, remediation services	328	75	44	38	21
Educational services	63	19	26	35	8
Health care and social assistance	946	560	394	226	73
Arts, entertainment & recreation	66	27	24	13	6
Accommodation & food services	458	200	246	354	86
Other services (except public administration)	930	291	135	64	14
Unclassified establishments	83	6	2	1	1
<b>Total</b>	<b>8,214</b>	<b>3,422</b>	<b>2,227</b>	<b>1,512</b>	<b>421</b>

## County Business Patterns 2004 Continued

	'100-249'	'250-499'	Over 500	Total	1-4%
Forestry, fishing, hunting, & agricultural support	0	0	0	97	74%
Mining	1	0	0	57	40%
Utilities	2	0	0	45	27%
Construction	14	1	0	1,150	59%
Manufacturing	27	8	2	516	42%
Wholesale trade	13	4	0	1,027	51%
Retail trade	62	16	4	3,111	43%
Transportation & warehousing	10	0	1	815	55%
Information	6	2	0	236	49%
Finance & insurance	5	0	1	1,052	56%
Real Estate & rental & leasing	0	0	0	759	68%
Professional, scientific & technical services	6	1	1	1,192	65%
Management of companies & enterprises	1	1	0	65	31%
Admin, support, waste mgt, remediation services	23	7	7	543	60%
Educational services	3	1	1	156	40%
Health care and social assistance	56	26	23	2,304	41%
Arts, entertainment & recreation	6	0	0	142	46%
Accommodation & food services	21	1	0	1,366	34%
Other services (except public administration)	3	0	0	1,437	65%
Unclassified establishments	0	0	0	93	89%
<b>Total</b>	<b>259</b>	<b>68</b>	<b>40</b>	<b>16,163</b>	<b>51%</b>