



2024 Annual Update & Performance Report

COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDS)

About this report & adjustment to the strategy

This report serves as the annual update to the Capital Area Council of Government's (CAPCOG) 2020-2025 Comprehensive Economic Development Strategy (CEDS). Within this document we report on completed economic development activities, evaluate our progress towards our goals, and determine goals for the upcoming year. Each year we reassess the region's 5-year CEDS to determine if the overall strategy needs to be adjusted. This year there are no changes to the overall strategy of the 5-year CEDS.

The CEDS committee

The committee is composed of select Capital Area Economic Development District (CAEDD) members that serve to ensure the CEDS is up-to-date and reflects the current economic conditions across the region. CAPCOG staff hosted the CEDS committee in the spring to contribute to and review the CEDS update. The composition of the committee has changed from the previous year: Adena Lewis, Sandy Cox, Christine De Lisle, and Tamara Atkinson are no longer serving. The current committee members are:

Mr. Donald Tracy, Austin Community College
Ms. Amy Madison, City of Pflugerville
Mayor Jane Hughson, City of San Marcos
Mr. Mick Normington, Lee College

Ms. Charisse Bodisch, Opportunity Austin
Mr. Mike Heath, Transportation
Mr. Paul Fletcher, Workforce Solutions Rural Capital Area

CAPCOG staff supporting the CEDS include:

Executive Director Betty Voights,
Director of Regional Planning and Services Charles Simon, and
Planning and Economic Development Coordinator Kaileen McHugh

I. Report on Economic Development Activities

This CEDS update covers the 12-month period from July 1st, 2023 to June 30th, 2024. During this period, CAPCOG worked with partner communities to administer grants, provide technical planning and data assistance, host informational sessions on essential programs, and distribute information, to ultimately help strengthen the ties across various economic development organizations in the area and build a stronger regional economy. The list below highlights specific economic development activities completed to support the implementation of the CEDS.

- CAPCOG coordinated with the Mexic-Arte Museum to review plans for a construction project that would create workforce development and in-demand training opportunities for those within the arts and culture field. CAPCOG presented a letter to the Economic Development Administration in favor of project funding.
- CAPCOG worked with the City of San Marcos to review plans to improve road infrastructure and access to the city's regional airport, driving additional investment and jobs into the area, and presented a letter of support to the Economic Development Administration for funding of the project.
- CAPCOG provided consultation to the Great Springs Project in preparation for an Economic Development Administration grant application to design a portion of the trail that would have significant economic development potential such as the creation of a shared manufacturing space and increased bicycle tourism and spending.
- CAPCOG continued to provide administrative assistance for the Economic Adjustment Assistance grants for the following projects:
 - o Bastrop County's Emergency Shelter and Community Center, providing housing space in the event of a natural disaster and serving as a large gathering space for the community,
 - o The City of La Grange for an additional sanitary sewer line and lift station, to mitigate economic damage from future flooding events along Highway 71, and
 - o The City of Marble Falls for the engineering and design of a new wastewater treatment plant that will help prevent flooding of businesses and encourage additional business development.
- CAPCOG hosted a representative from the Texas Parks and Wildlife Department (TPWD) to discuss nature tourism, including programs that TPWD has to offer, the economic impacts of relevant industries, examples of successful projects, and how Economic Development District committee members can take advantage of nature tourism to advance economic goals in their communities.
- A representative from Opportunity Austin, a five-year regional economic development initiative aimed at fostering job-creating investment across the Austin region, briefed the Economic Development District committee on the Chapter 403 program and other key legislation passed in the 2023 session. The Chapter 403 program provides tax incentives for companies looking to relocate or expand in Texas, leading to increased job opportunities, investments, and tax revenue.
- Broadband representatives from the City of Austin, Travis County, and Texas Rural Funders held a session with the Economic Development District committee to (1) describe top insights from the Travis County internet and digital access needs assessment, (2) discuss challenges and assets in the broader 10-county region, and (3) present opportunities for local governments and organizations to improve digital access in their regions. Expanding broadband infrastructure and digital connectivity can have significant economic impacts for CAPCOG communities such as fostering business growth and enhancing educational opportunities.
- Representatives from the Texas Hotel & Lodging Association (THLA) briefed the Economic Development District committee on tourism-related programs and provided guidance on utilizing the Hotel Occupancy Tax to drive economic development.

- The Texas Water Development Board (TWDB) informed the Economic Development District committee of financial assistance programs available to improve or build water and wastewater infrastructure. With communities across the region experiencing explosive population growth and recurring droughts, this information was pertinent to many communities.
- EDD staff furthered their knowledge in economic development-related topics such as grant administration, resources for infrastructure construction, and various regional programs by participating in The Texas Association of Regional Council's staff training in the fall and spring.
- EDD staff increased their understanding of economic development topics and engaged in peer-to-peer learning by attending the Southwest Region Economic Development Association (SWREDA) annual conference.
- CAPCOG provided socioeconomic data and projections for the City of Buda's Taskforce on Aging, to support their community assessment and annual report needs.
- CAPCOG collected and provided data on the economic impact of hospital closures and expansions for Fayette and Lee Counties for a Fayette County community member.
- CAPCOG coordinated with graduate students at the University of Texas to produce a report on strategies and policies that Marble Falls and Southeast Austin can utilize to create housing options for moderate-income workers.
- CAPCOG is spearheading the Lee County Transportation and Economic Development Plan, with support from TxDOT and Lee County stakeholders. The project encompasses evaluating existing conditions, projecting future needs, addressing challenges, and crafting recommendations, inclusive of valuable tools and resources.

II. Evaluation of Progress on Action Plan and Goals

In the 2023 CEDS Update, CAPCOG and the CEDS committee set specific strategies related to workforce development, entrepreneurship and innovation, infrastructure, and resiliency. These strategies described what activities would be undertaken in order to address the objectives of the 2020-2025 CEDS, effectively serving as our work plan for the year. This section highlights our progress on these goals and reports on select performance measures as indicated in the 2020-2025 CEDS.

It is important to note that we were not able to address each 2023 strategy in full due to limited staff capacity and budget constraints. Strategies for 2024 have been established with more reliance on regional partners, reducing the burdens on CAPCOG staff and expanding ownership of the CEDS. Therefore, constraints experienced in 2023 are not expected to impact our goals for the upcoming year.

Workforce Development

Our strategy for the 2023 CEDS update was as follows: Determine current and emerging workforce training needs in non-corridor counties (Bastrop, Blanco, Burnet, Caldwell, Fayette, Lee, and Llano) that are specific to increased industry presence by sectors working with local economic development representatives, community colleges, and other stakeholders. This strategy was addressed through the regional convener work of Workforce Solutions Rural Capital Area (WSRCA).

Metrics

In 2022 for the CAPCOG region, the percentage of students earning their high school diploma or equivalent is 91.78%, and the percentage of students dropping out is 5.01%. Compared to the year prior, the percentage of students earning their high school diploma or equivalent has decreased slightly, and the percentage of students dropping out has increased slightly. Rates for the CAPCOG region continue to outperform those of the state, with the region experiencing higher graduation rates and lower dropout rates. This is shown in Table 1.

Table 1: Regional and State High School Data

CAPCOG Region	2020	2021	2022
Those Earning High School Diploma or Equivalent	92.34%	92.12%	91.78%
Dropout Rate	3.99%	4.45%	5.01%
Continuing Students Rate	3.67%	3.43%	3.21%

State of Texas	2020	2021	2022
Those Earning High School Diploma or Equivalent	90.70%	90.26%	90.04%
Dropout Rate	5.43%	5.82%	6.44%
Continuing Students Rate	3.86%	3.91%	3.52%

Source: Texas Education Agency (TEA), 2020, 2021, and 2022 Completion, Graduation, and Dropout Data

Table 2: Job Seekers & Employers Served by Workforce Solutions

Workforce Solutions Capital Area	2020	2021	2022
Job Seekers Served	15,269	15,810	10,712
Employers Served	3,789	2,817	7,604

Workforce Solutions Rural Capital Area	2020	2021	2022
Job Seekers Served	11,178	10,773	7,001
Employers Served	5,025	3,043	3,825

Total	2020	2021	2022
Job Seekers Served	26,447	26,583	17,713
Employers Served	8,814	5,860	11,429

Source: Workforce Solutions Capital Area and Workforce Solutions Rural Capital Area Annual Reports

Workforce Solutions Capital Area and Workforce Solutions Rural Capital Area continue to serve large numbers of job seekers and employers. In 2022, Workforce Solutions in the CAPCOG region served 17,713 job seekers and 11,429 employers. Compared to the year prior, the number of job seekers served for both organizations has decreased, while the number of employers served continues to increase. Data for 2020 to 2022 is shown in Table 2.

The number of jobs for in-demand, high-wage occupations across the region continue to grow, as shown in Table 3 below. In the previous CEDS update, Software Developers, Accountants and Auditors, and Heavy and Tractor-Trailer Truck Drivers occupations experienced the most job growth between 2020 and 2022. For this update, Human Resource Specialists, Market Research Analysts and Marketing Specialists, and Software Developers occupations have experienced the most job growth between 2020 and 2023. Management Analysts continue to see a decrease between 2020 and 2023, despite some growth between 2022 and 2023.

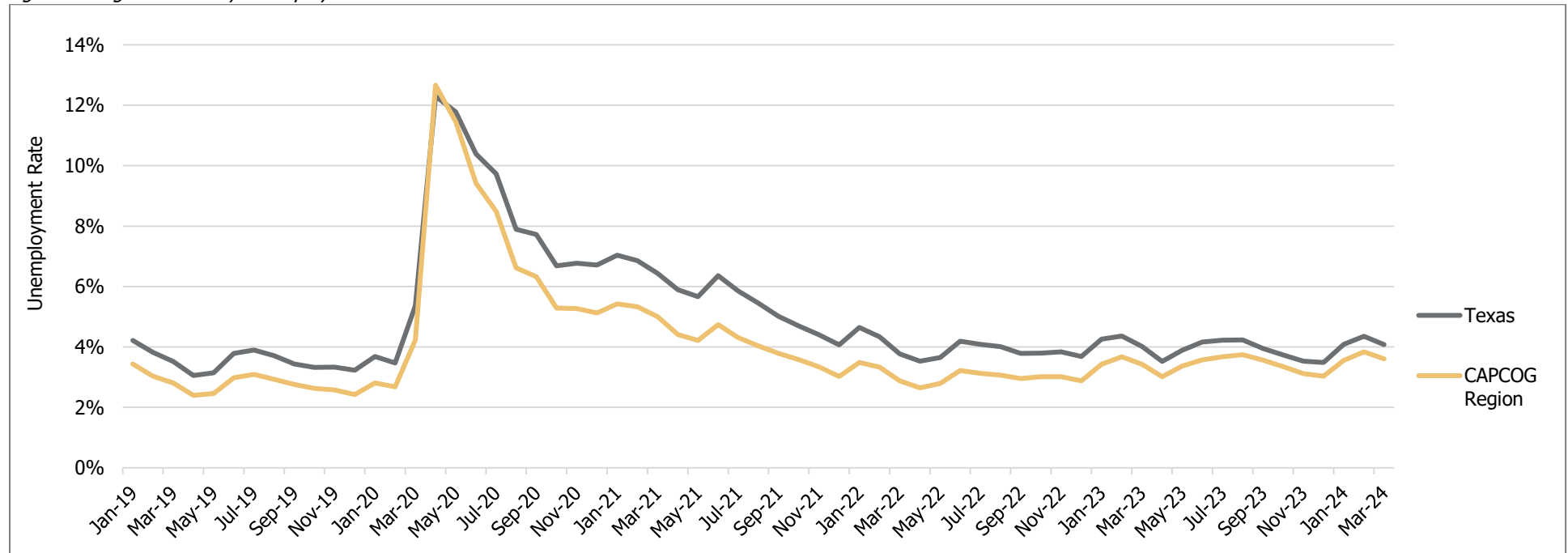
Table 3: Employment Changes for In-Demand, High-Wage Occupations in the Region

Occupation	2020 Employment	2021 Employment	2022 Employment	2023 Employment	2020-2023 Change	2020-2023 % Change
Human Resources Specialists	5,538	6,716	8,131	8,350	2,812	50.8%
Market Research Analysts and Marketing Specialists	6,207	7,057	7,832	8,158	1,951	31.4%
Software Developers	20,447	21,852	24,289	25,286	4,839	23.7%
Heavy and Tractor-Trailer Truck Drivers	9,757	10,995	11,653	11,749	1,992	20.4%
Bookkeeping, Accounting, and Auditing Clerks	12,291	13,749	14,415	14,706	2,415	19.6%
Accountants and Auditors	10,933	11,781	12,368	12,856	1,923	17.6%
Computer User Support Specialists	8,903	9,491	10,243	10,427	1,524	17.1%
Registered Nurses	13,757	13,984	15,459	15,984	2,227	16.2%
Computer Systems Analysts	9,165	9,080	9,491	9,748	583	6.4%
Management Analysts	4,706	3,751	3,507	3,687	-1,019	-21.7%

Source: Lightcast Occupation Table

Unemployment rates continue to stabilize across the region since the COVID pandemic, and the CAPCOG rate remains below that of the state. These trends can be seen in Figure 1. As of March 2024, the CAPCOG unemployment rate was about 3.6% and the state unemployment rate was about 4.1%.

Figure 1: Regional Monthly Unemployment Rates



Source: Texas Workforce Commission, Local Area Unemployment Statistics (LAUS)

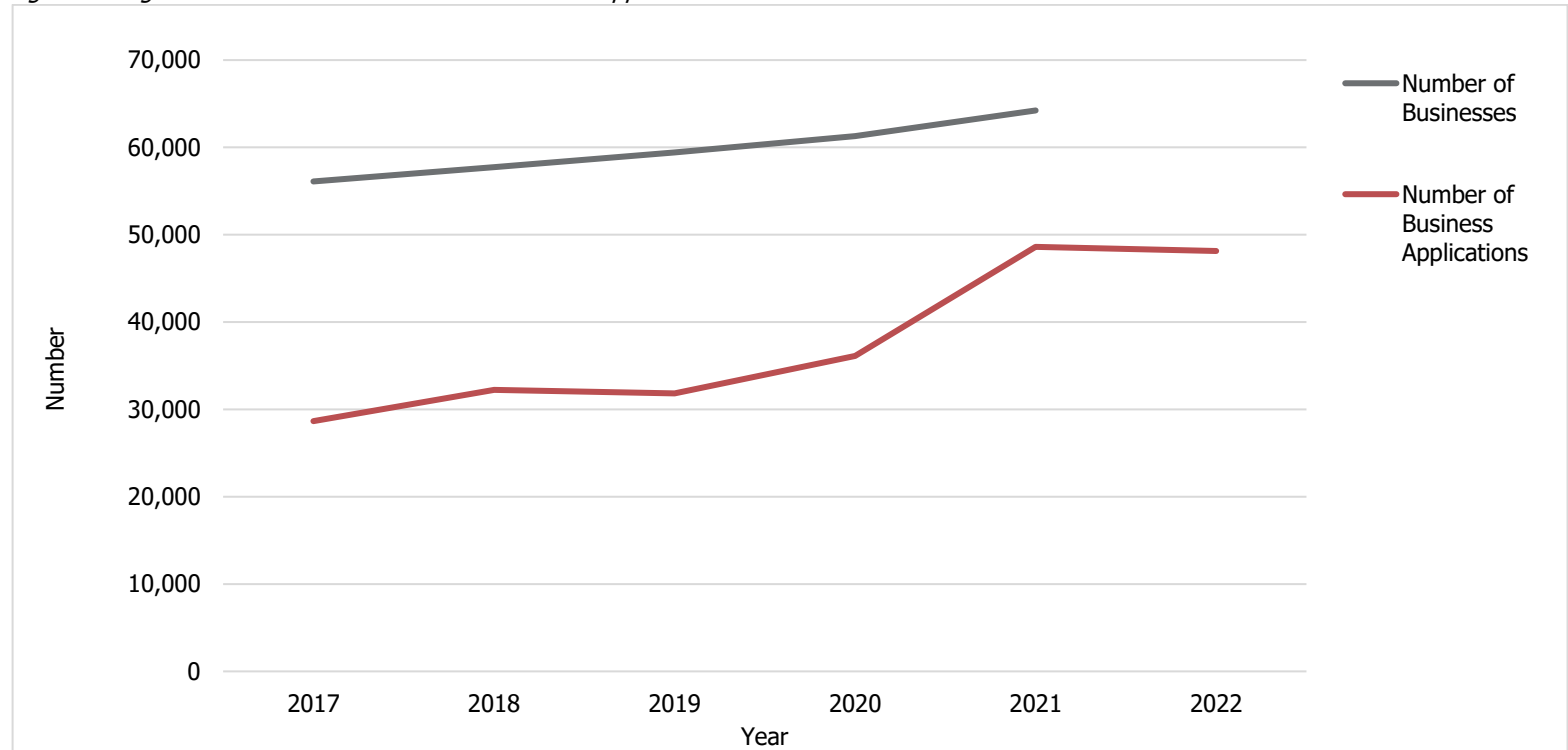
Entrepreneurship & Innovation

Our 2023 entrepreneurship and innovation strategy was to establish relationships and build on current relationships with key entrepreneurship & innovation stakeholders to develop a network list. CAPCOG staff addressed this strategy by developing a list of stakeholders and meeting with several organizations throughout the year.

Metrics

In the past 5 years, the number of businesses and the number of business applications in the CAPCOG region has seen a net increase. In 2022, the region had a total of 48,152 business applications. This is a slight decrease from the year prior. The data for the number of businesses for 2022 is not yet released; however, in 2021 the region had an estimated 64,230 businesses. The number of businesses has been steadily increasing over time, and we do not expect any dramatic decreases for the 2022 estimate.

Figure 2: Regional Number of Businesses and Business Applications



Source: U.S. Census Bureau Annual County Business Patterns, Annual Business Formation Statistics

To better understand where new businesses are located, we ask our local economic development practitioners to report on the number of new businesses in their areas. Table 4 shows these numbers for several cities within the CAPCOG region. Those without numbers did not report on their business growth for the year. These numbers are estimates and are not comprehensive of the whole region, but can give us some insight into entrepreneurial activities. Many communities not listed had business growth as well.

Table 4: Number of New Businesses in the Region's Communities

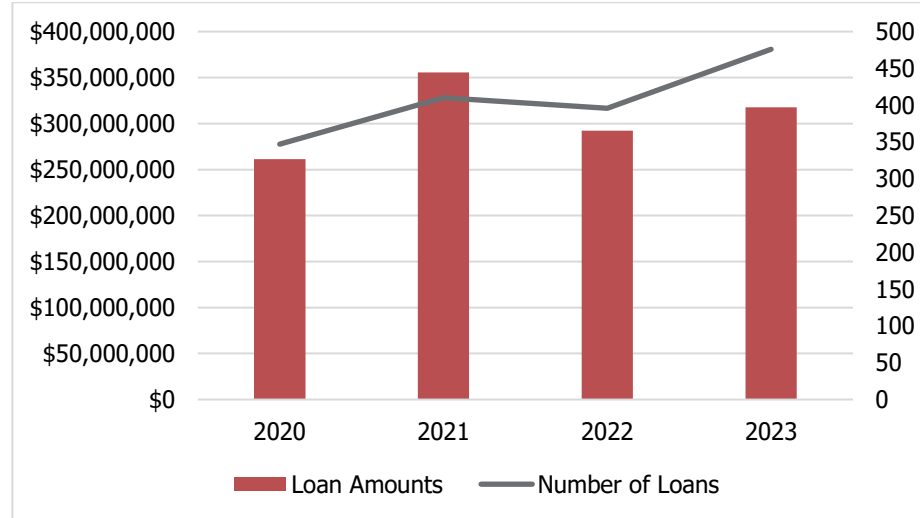
Place	CAPCOG County	New Businesses, 2022	New Businesses, 2023
Liberty Hill	Williamson	21	27
Marble Falls	Burnet	58	38
Lago Vista	Travis	12	16
Elgin	Bastrop	26	-
Leander	Williamson	25	-
Bastrop	Bastrop	38	-
Kyle	Hays	20	20

Source: Economic Development Partners

Figure 3 shows the number of 7a SBA loans and total loan amounts distributed for 2020-2023. In 2023 a total of \$317,513,600 dollars and 476 loans were distributed

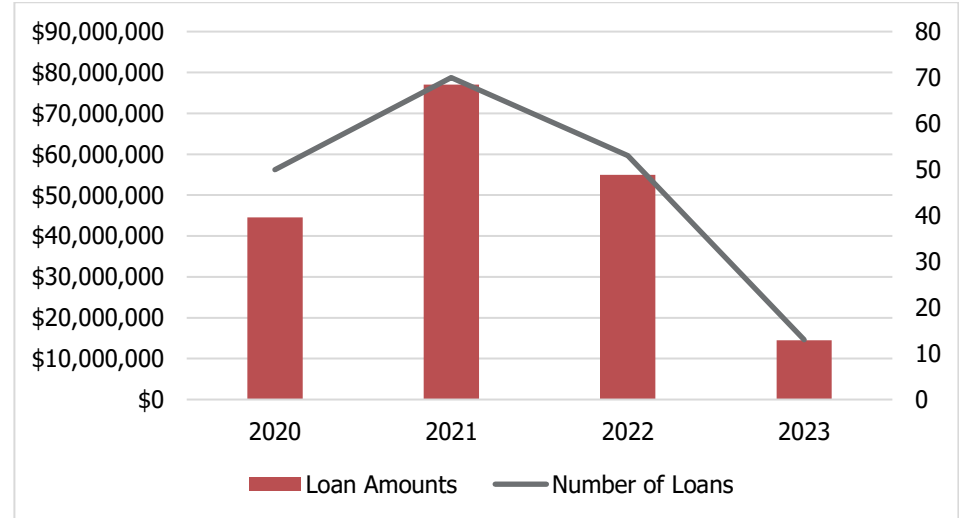
in CAPCOG counties. Of these loans, the top industries include restaurants, fitness and recreation centers, insurance agencies and brokers, and dentist offices. Figure 4 shows the number of 504 loans and total loan amounts distributed for 2020-2023. In 2023 a total of \$14,471,000 dollars and 13 loans were distributed in CAPCOG counties. For both SBA loan products there has been variation in the number of loans and total loan amounts, with a spike in funding in 2021, likely due to the impacts of the COVID pandemic.

Figure 3: Summary of 7a SBA Loans Made in the Region



Source: SBA Office of Capital Access FOIA data set 7a and 504

Figure 4: Summary of 504 SBA Loans Made in the Region



Source: SBA Office of Capital Access FOIA data set 504

Infrastructure

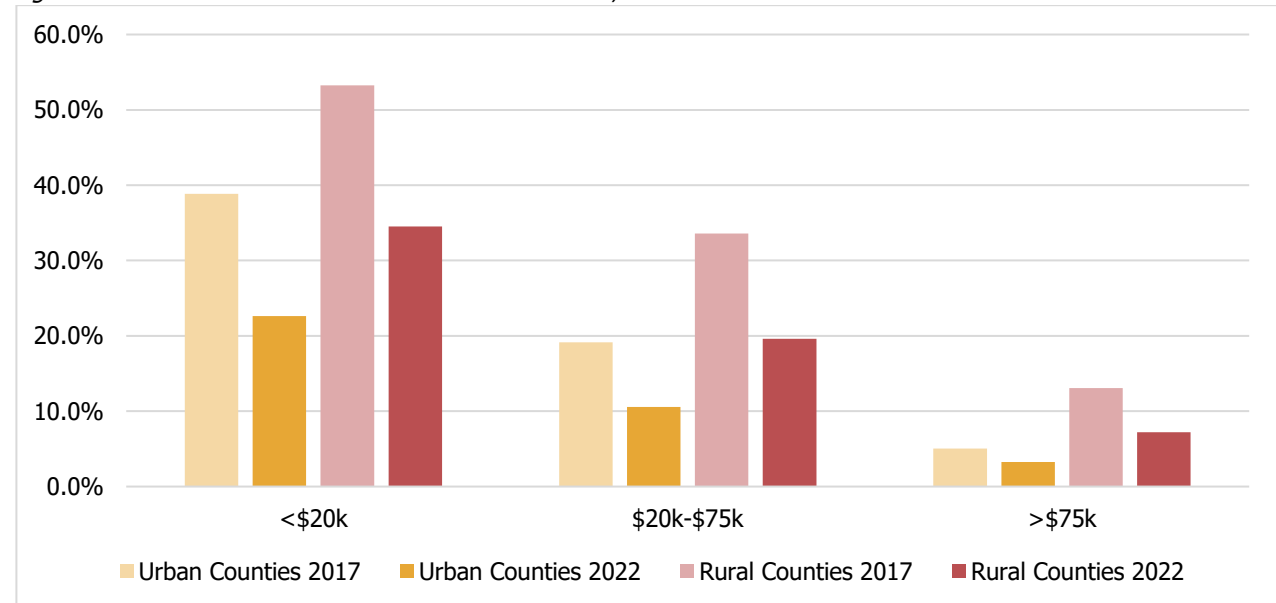
The 2023 infrastructure strategy was to build on the housing & jobs analysis report to include a “best practices” section that highlights successful workforce housing initiatives both in the region and across the nation. To address this strategy, CAPCOG staff recruited graduate students from the University of Texas at Austin to produce a report. The focus of the report was on moderate-income housing solutions for workers in Marble Falls and Southeast Austin, in which they researched best practices for workforce housing. Their findings include encouraging the production of accessory dwelling units, preserving naturally occurring affordable housing, and aiding low income housing tax credits applicants. It is also suggested to form a housing coalition to combat the stigma around affordable and workforce housing. The full report can be found [here](#).

Metrics

Year-to-year data on broadband is limited; however, we are able to use Census ACS 5-year estimates to compare 2017 data to 2022 data. Figure 5 shows this data for urban and rural counties, at various income levels in the CAPCOG region. From this data it is evident that urban counties and households with higher incomes have greater access to internet, while rural counties and households with lower incomes have less access to internet. It is also evident that across the board, the number of households with access to internet has increased overall between 2017 and 2022.

In 2022, it's estimated that 7% of households in urban counties (or about 66,000 households) do not have internet access, and 16% of households in rural counties (or about 7,600 households) do not have internet access.

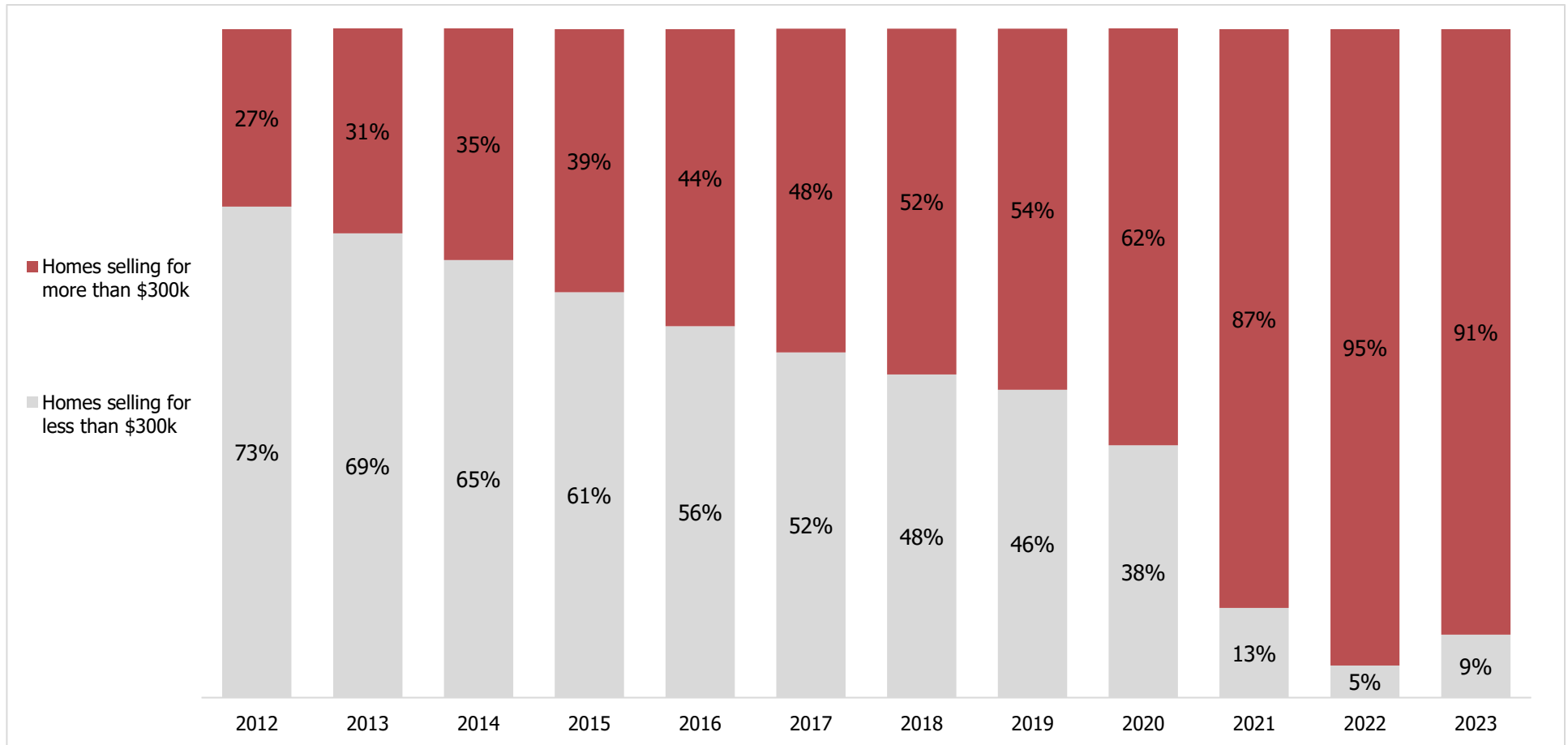
Figure 5: Percent of Households without Internet Access, Urban vs Rural 2017-2022



*Urban counties include Bastrop, Caldwell, Hays, Travis, and Williamson; rural counties include Blanco, Burnet, Fayette, Lee, and Llano
Source: U.S. Census Bureau, ACS 2017 and 2022, 5-year estimates

In the prior CEDS update it was estimated that only 5% of homes in the Austin MSA sold for less than \$300,000. Most recent data for 2023 shows slightly better outcomes, with 9% of homes in the MSA selling for less than \$300,000. Despite this increase in homes selling at affordable prices in the past year, historical data in Figure 6 shows a dramatic decrease in home affordability in the past 10 years.

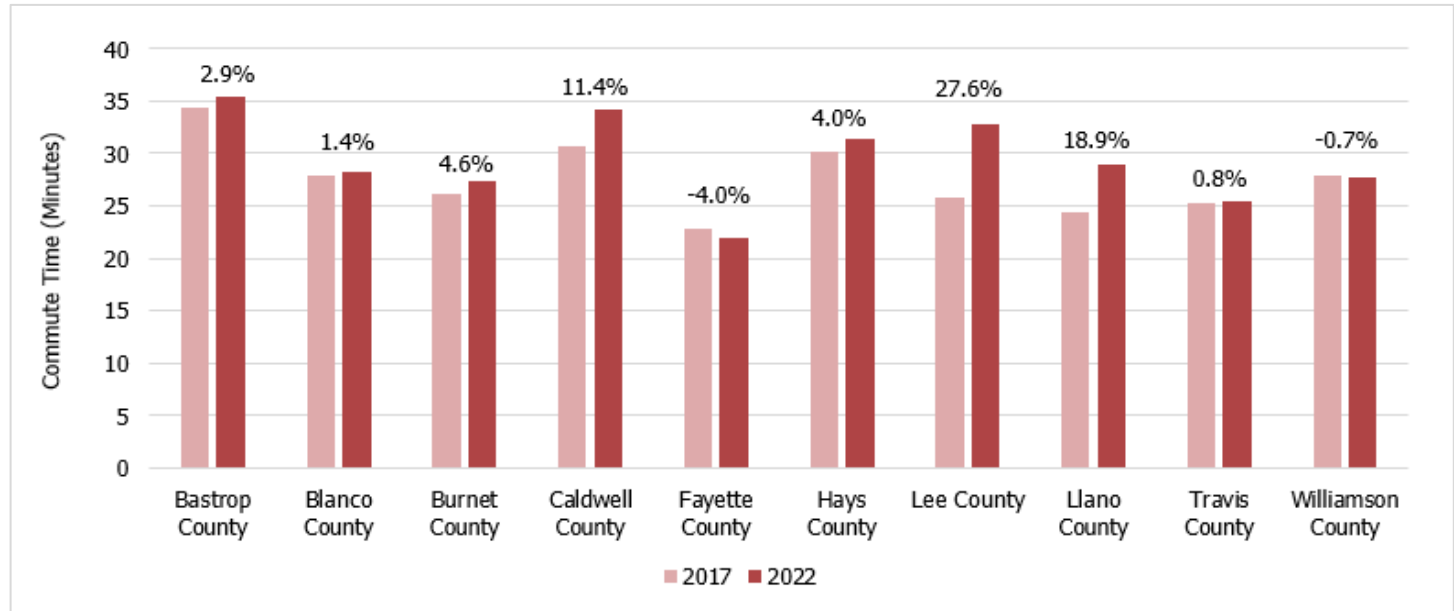
Figure 6: Austin-Round Rock-Georgetown MSA, Home Prices 2012-2023



Source: Texas A&M University, Texas Real Estate Research Center

Most counties in the region experienced an increase in commute times to work in the past 5 years. The greatest increases are in Lee County at 27.6%, Llano County at 18.9% and Caldwell County at 11.4%. This equates to a 3-7 minute increase for each of these counties, as shown in Figure 7. Two counties experienced a decrease in commute times to work: Fayette County with a 4% decrease and Williamson County with a 0.7% decrease. Bastrop, Blanco, Burnet, Hays, and Travis counties commute times to work remained about the same or had slight increases.*

Figure 7: Mean Travel Time to Work in Minutes by County



Source: U.S. Census Bureau, ACS 2017 and 2022, 5-year estimates

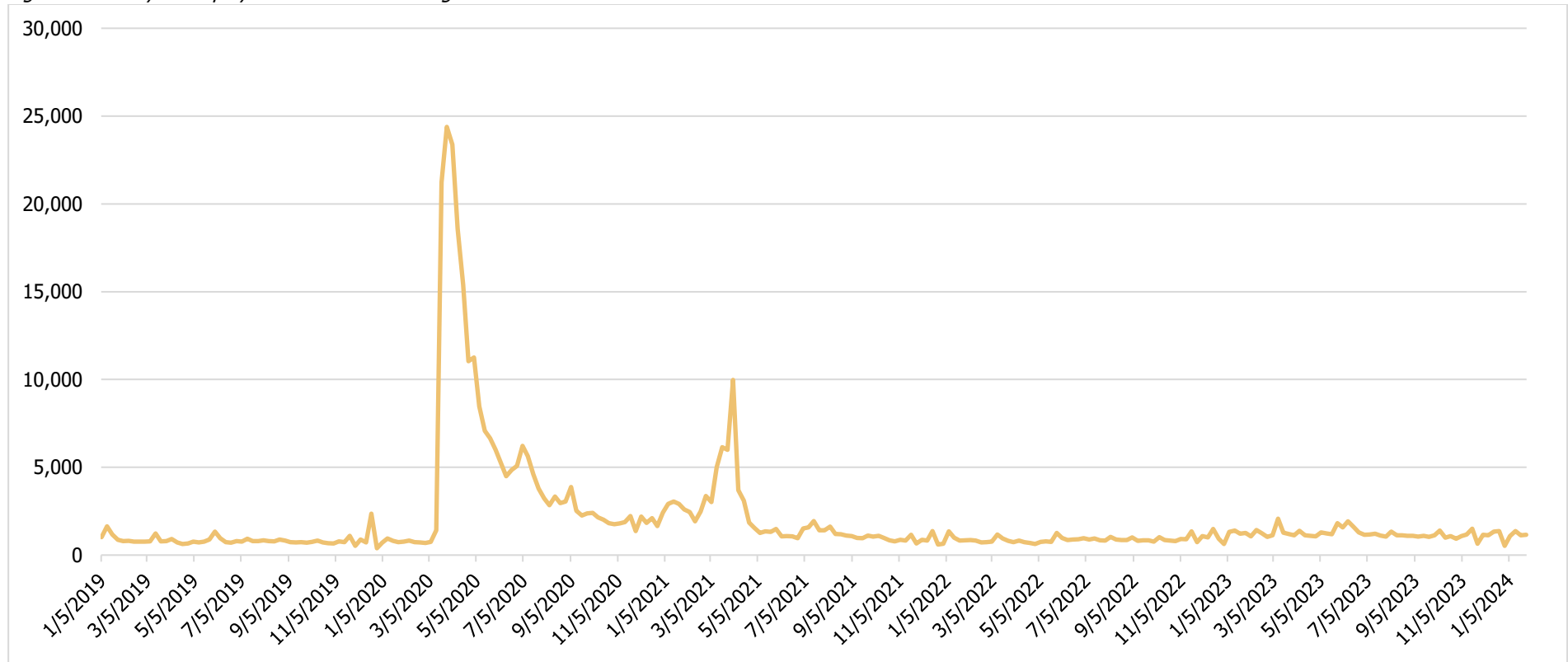
Resiliency

Our resiliency strategy for 2023 was to research, develop, and publish what factors make a community resilient and conduct a resiliency assessment for at least one county. This strategy was not addressed due to limited staff capacity and budget constraints.

Metrics

Weekly unemployment claims in the region continue to stabilize following the COVID pandemic. Data for the beginning of 2024 shows the weekly unemployment claims for the region at around 1,100 claims. This is shown in Figure 8.

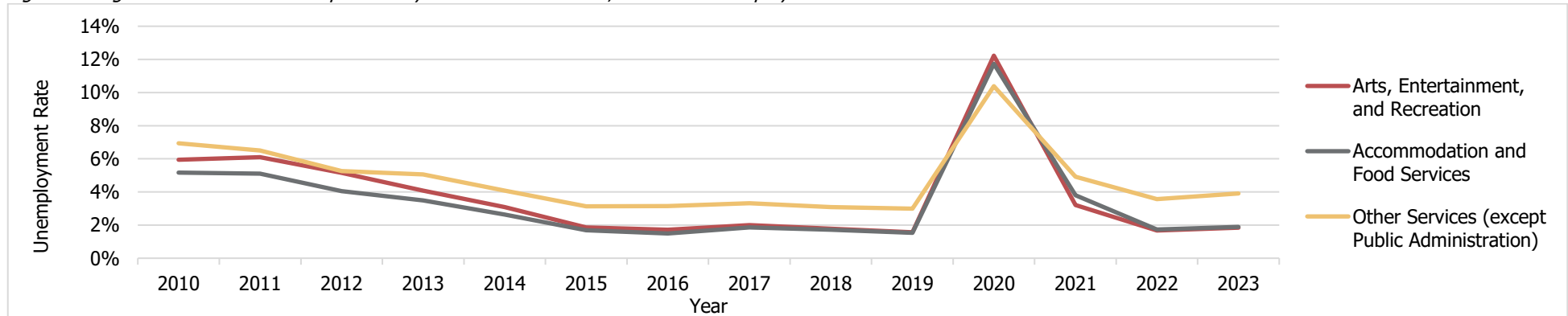
Figure 8: Weekly Unemployment Claims in the Region



Source: Texas Workforce Commission, Local Area Unemployment Statistics (LAUS)

As written in the 2023 CEDS update, the top 3 industries impacted by COVID were (1) Arts, Entertainment, and Recreation, (2) Accommodation and Food Services, and (3) Other Services (except Public Administration). Both the Arts, Entertainment, and Recreation industry, and the Accommodation and Food Services industry saw increases of over 600% in unemployment rates between 2019 and 2020. Figure 9 shows this increase. Most recent data has shown a near recovery in these industries since COVID, with unemployment rates returning to pre-pandemic levels.

Figure 9: Regional Industries Most Impacted* by the COVID Pandemic, Based on Unemployment Rates

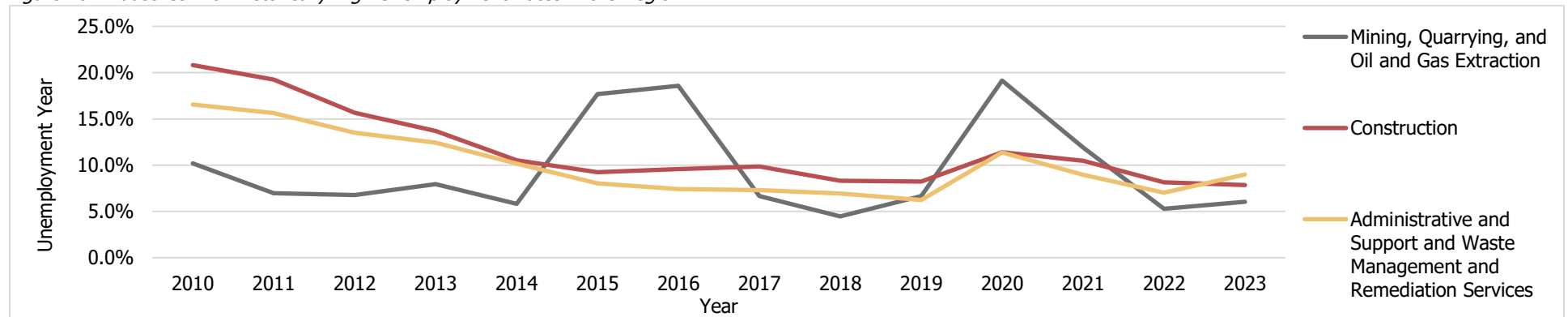


*Most impacted means industries with the greatest increase in unemployment between 2019 and 2020. A few industries had higher unemployment rates in 2020 than those shown here, but they have been excluded since they have had historically high unemployment rates, and not necessarily the largest increase in unemployment between 2019 and 2020.

Source: Lightcast Occupation Data

As mentioned in the 2023 CEDS update, some industries have historically high unemployment rates, so we continue to track these. As shown in Figure 10, the following industries have higher-than-usual unemployment rates ranging from 6%-9% but have not experienced any dramatic spikes recently: (1) Construction, (2) Mining, Quarrying, and Oil and Gas Extraction, and (3) Administrative and Support and Waste Management and Remediation Services.

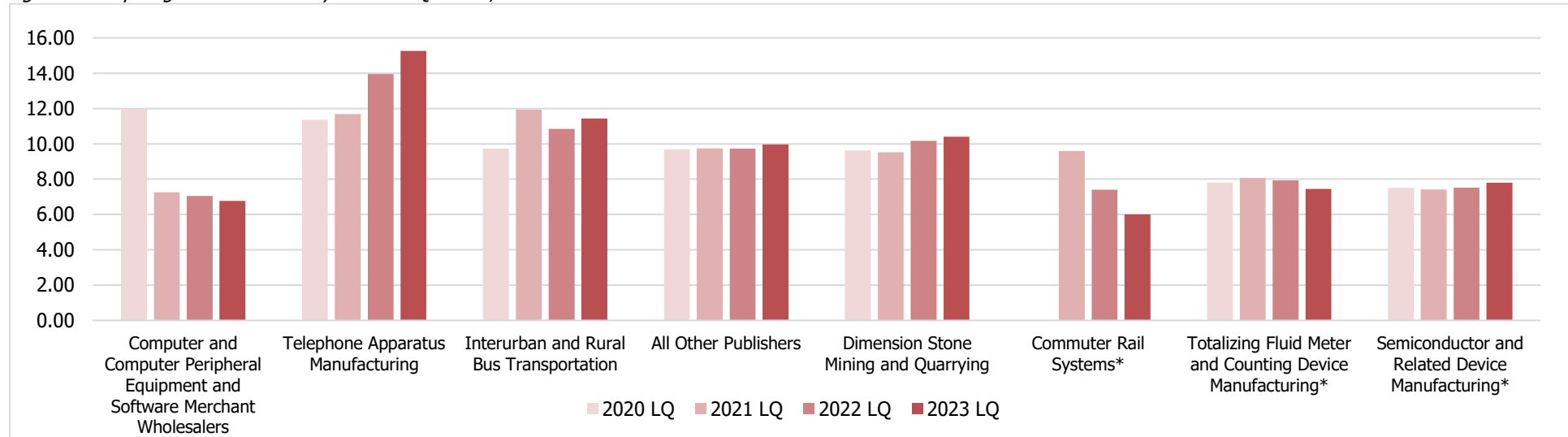
Figure 10: Industries with Historically High Unemployment Rates in the Region



Source: Lightcast Occupation Data

We continue to track regional industry specializations (location quotients). Figure 11 shows the industries with the highest location quotients (LQs) in the region. These top 5 industries have expanded to 8 industries, since the top 5 have changed year-to-year, with (1) Commuter Rail Systems emerging as an industry with 92 new jobs in 2021 and a LQ of 9.9, (2) Totalizing Fluid Meter and Counting Device Manufacturing having an increase of its LQ, and (3) Semiconductor and Related Device Manufacturing having a slight increase of its LQ. Industries with asterisk indicate they have crept into the “top 5” regional specializations.

Figure 11: Top Regional Industries by Location Quotient, 2020-2022



*Not included in the top 5 industries by LQ in 2020 but have emerged with high LQs in 2021, 2022, or 2023.

Source: Lightcast Occupation Data

We continue to track employment in these industries as well. Semiconductor and Related Device Manufacturing employs around 13,300 people, and this number is expected to increase significantly in the next several years. Computer and Computer Peripheral Equipment and Software Merchant Wholesalers employs about 13,400 people, and although the industry experienced a significant decrease in jobs between 2019 and 2020, this number has stabilized since 2020. The remaining industries continue to employ 2,000 people or less, with no significant changes in employment.

III. Schedule of Goals for the Next Year

Completed strategies from 2023 were replaced by new strategies, and incomplete strategies were adjusted to better reflect the region's goals for the year. The 2024 strategies for each theme and their respective timelines can be found below. In addition to these specific strategies, CAPCOG will continue to work on and pursue activities such as those outlined on pages 3 and 4.

Workforce Development

Strategy: Build on the Workforce Solutions Rural Capital Area (WSRCA) asset map and gap analysis to develop a regional strategy and implementation plan for high-quality career and education pathways into targeted local industries.

Timeline: This work is being pursued by Workforce Solutions Rural Capital Area (WSRCA). The regional strategy and implementation plan will be written by the fall. Implementation will begin January 2025.

Entrepreneurship & Innovation

Strategy: Continue to provide and build on entrepreneurship services that enable existing and aspiring entrepreneurs to expand job opportunities in the region and grow local economies.

Timeline: This strategy is being pursued by regional entrepreneurship partners. It will be pursued continuously.

Infrastructure

Strategy: Promote the Texas Broadband Development Offices (BDO) plans and programs to help expand the accessibility and affordability of broadband for CAPCOG counties.

Timeline: This strategy will be pursued continuously by CAPCOG.

Resiliency

Strategy: Produce a report that features examples of economic resilience across CAPCOG communities, highlighting specific preparation and recovery strategies during economic downturns.

Timeline: This strategy will be pursued by CAPCOG. This work will begin in the summer and is projected to be completed within one year.



CAPCOG.ORG
6800 BURLESON ROAD
BUILDING 310, SUITE 165
AUSTIN, TX 78744



**THE CEDS IS FUNDED BY THE U.S. ECONOMIC
DEVELOPMENT ADMINISTRATION**