



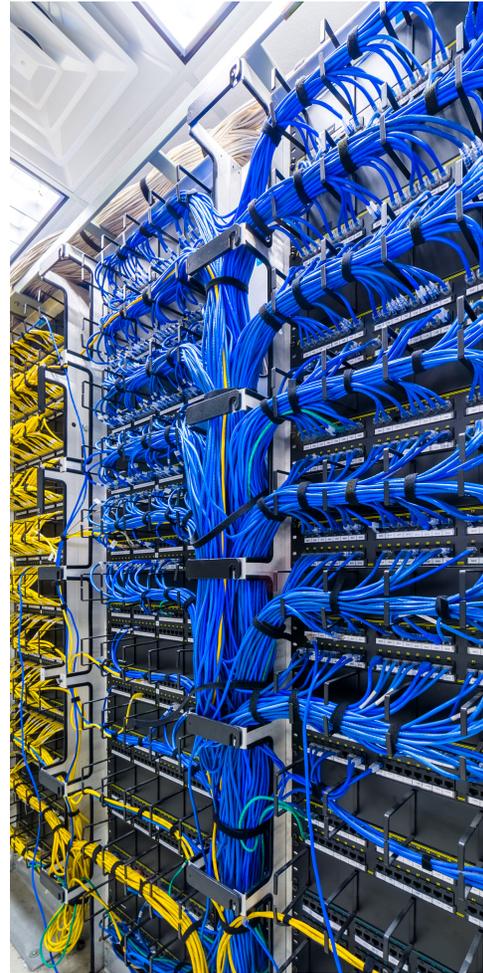
# 2020-2025 COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY 2023 ANNUAL UPDATE & PERFORMANCE REPORT



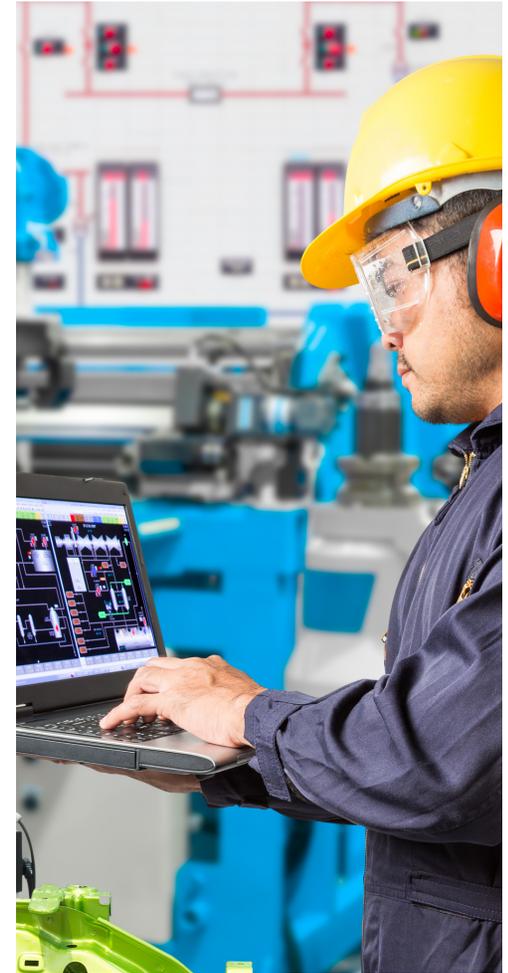
**RESILIENCY**



**ENTREPRENUERSHIP  
& INNOVATION**



**INFRASTRUCTURE**



**WORKFORCE  
DEVELOPMENT**

## 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 major changes to the overall strategy of the 5-year CEDS.

There are however, several minor changes throughout the CEDS. For the Entrepreneurship & Innovation theme, the objectives are adjusted to better reflect the region's capacity. As such, the first objective will be changed to "Increase awareness of programs in the region that support and encourage prospective entrepreneurs to start and grow a business", rather than "Raise the reach, scale, and accessibility of programs...". And the last two objectives will be removed. In terms of metrics, the last metric for the Workforce Development theme will be changed from "Employment growth in middle and high skill, high wage jobs as a percentage of regional job growth" to "Employment growth for in-demand, high wage jobs". Additionally, the venture capital metric under the Entrepreneurship & Innovation theme is being removed, and the name and sources of several metrics across themes will change but this does not impact the type of data collected. These metrics will be utilized moving forward.

## 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: Donna Crenshaw is no longer serving. The current committee members are:

Mayor Jane Hughson, *City of San Marcos*  
Mr. Donald Tracy, *Austin Community College*  
Ms. Charisse Bodisch, *Opportunity Austin*  
Ms. Adena Lewis, *Bastrop County*  
Ms. Sandy Cox, *Business Development*

Mayor Christine De Lisle, *City of Leander*  
Mr. Mick Normington, *Lee College*  
Mr. Paul Fletcher, *Rural Capital Area Workforce Development Board*  
Mr. Mike Heath, *Transportation*  
Ms. Tamara Atkinson, *Workforce Solutions, 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 1<sup>st</sup>, 2022 to June 30<sup>th</sup>, 2023. 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 worked with the City of Manor to review plans to expand the city's wastewater treatment plant and presented a letter of support to the Economic Development Administration for funding of the project.
- CAPCOG provided consultation to the City of San Marcos in preparation for an Economic Development Administration grant application to improve road infrastructure and access to the city's regional airport, driving additional investment and jobs into the area.
- CAPCOG began discussions with representatives from Austin Community College to plan for a University Center program application that would strengthen the area's economic ecosystem.
- CAPCOG began discussions with the City of Marble Falls regarding three projects for which it is considering submitting an Economic Adjustment Assistance grant application.
- CAPCOG had initial discussions with the City of Elgin regarding two downtown projects for which it is considering submitting an Economic Adjustment Assistance grant or Community Development Block Grant.
- 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.
- Representatives from the Rural Capital Area Workforce Development Board and Workforce Solutions Capital Area briefed the Economic Development District board on apprenticeship and upskilling programs with their organizations.
- A representative from IMPACT Lab, a manufacturing business training/incubator facility with Austin Community College funded by the Economic Development Administration, held a session with the Economic Development District to further describe the facility and available services.
- CAPCOG hosted representatives from Workforce Solutions Rural Capital Area, one of 32 recipients nationwide recently awarded an Economic Development Administration grant in the Good Jobs Challenge program, to present the Rural Employers Infuse Vital Economic Success in Texas (REINVEST) program to the Economic Development District board.
- Representatives from the City of Pflugerville introduced their Pfetch a Ride program, an innovative initiative to reduce transportation costs via rideshare, to the Regional Transportation Organization. City residents and visitors can utilize this program to commute to work, travel to shopping centers, and access the Tech Ridge Park & Ride, a more expansive transportation network that connects residents and visitors to jobs and businesses in downtown Austin.
- CAPCOG hosted TxDOT to brief the Regional Transportation Organization on TxDOT's economically disadvantaged county program, of which 3 counties in the Capital Area (including the municipalities within these counties) are eligible for. This adjusts the minimum local matching funds requirement, giving eligible areas greater opportunity to pursue transportation projects that contribute to economic development within the region.

- Collaboration is ongoing to support a regional Digital Equity project funded by St. David's Foundation and being managed by Travis County. In March a briefing was provided to the CAPCOG Executive Committee with the intent of identifying the CAEDD's role to identify strategies to reach out to local government representatives including the economic development staff.
- CAPCOG provided socioeconomic data and created maps for Austin Community College in support of a project targeting educational resources for communities within their service area (Bastrop, Blanco, Caldwell, Hays, Travis, and Williamson counties).
- The City of Liberty Hill received demographic data research assistance to update their economic development partnership website.
- A public-facing report was produced via ArcGIS StoryMaps based on the jobs & housing balance analysis conducted last period, to further promote the benefit of workforce housing in the regional economy.

## II. Evaluation of Progress on Action Plan and Goals

In the 2022 CEDS Update, CAPCOG and the CEDS committee established 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 strategy in full due to internal staffing constraints. These constraints have since been resolved and will not impact our goals for the upcoming year.

### Workforce Development

Our strategy set in the last CEDS update is 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 and community colleges serving those areas. This strategy was addressed through the creation of Workforce Solutions Rural Capital Area's REINVEST program. The program utilizes sector partnerships in healthcare, skilled trades, and finance and information technology, to create high-quality, in-demand jobs for rural workers.

### Metrics

Regional metrics indicate consistent growth of the area's workforce. High school graduation data shows us that over 92% of students are earning their high school diploma or equivalent within four years, about the same rate as the year prior<sup>1</sup>. Dropout rates are slightly higher in 2021 than 2020, not impacting the graduation rates, but rather the continuing student rates (i.e. instead of continuing to work towards graduation, students dropout). These metrics are better when compared to state metrics; however, they follow the same trends. This is seen in Table 1.

Overall, these rates tell us that a large portion of students develop the skills necessary to join the workforce, trade programs, and/or university programs. On an individual level these graduates have higher chances of increasing their lifelong earnings and improving their overall quality of life, while at a regional level higher education attainment of workers can attract additional economic opportunities to the area.

Workforce Solutions Capital Area (WFSCA) and Workforce Solutions Rural Capital Area (WSRCA) continue to serve the region's workforce development needs. In 2020, the organizations served a total of 8,814 employers and 26,447 job seekers. In 2021, the organizations served 5,860 employers and 26,583 job seekers<sup>2</sup>. Both organizations support employers in hiring, training, and retaining workers, and provide job seekers with the resources necessary to be successful in their job search. The organizations focus on targeted occupations, which fall within the health sciences, information technology, professional & business services, and skilled trades industries. Targeted occupations are in-demand or are expected to emerge within the local economy, and provide pathways to high-skill, high-wage opportunities.

Table 1: Regional and State High School Data

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

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

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

<sup>1</sup> Source: Texas Education Agency (TEA), 2021 and 2020 Completion, Graduation, and Dropout Data

<sup>2</sup> Source: Workforce Solutions Capital Area and Workforce Solutions Rural Capital Area Annual Impact Reports

Table 2 highlights employment changes in the top 10 targeted occupations. These have been identified by selecting those with the most forecasted demand and wages above that of the area's median. The table shows us that there has been employment growth in 9 of the 10 occupations.

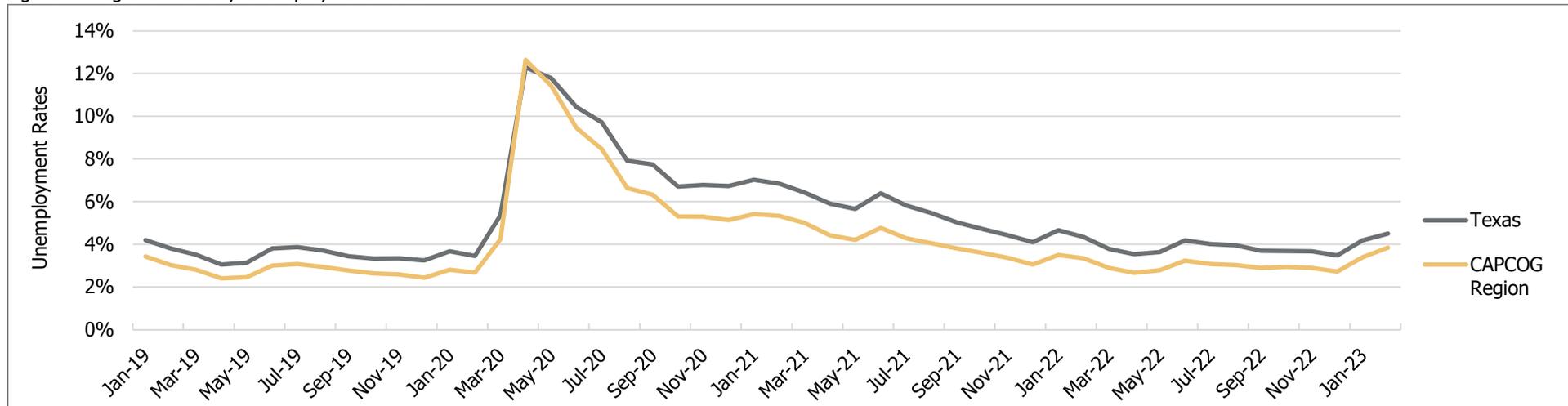
Table 2: Employment Changes for In-Demand, High-Wage Occupations in the Region

Occupation	2020 Employment	2021 Employment	2022 Employment	2020-2022 Change	2020-2022 % Change
Software Developers	20,457	22,432	25,265	4,808	23.5%
Accountants and Auditors	11,203	12,481	13,459	2,256	20.1%
Heavy and Tractor-Trailer Truck Drivers	9,809	11,196	12,131	2,322	23.7%
Market Research Analysts and Marketing Specialists	6,240	7,022	7,771	1,531	24.5%
Bookkeeping, Accounting, and Auditing Clerks	12,393	13,904	14,745	2,352	19.0%
Computer User Support Specialists	8,976	9,464	10,367	1,391	15.5%
Human Resources Specialists	5,250	6,139	6,738	1,489	28.4%
Computer Systems Analysts	8,823	8,714	9,492	669	7.6%
Registered Nurses	13,391	13,186	13,818	427	3.2%
Management Analysts	5,073	4,455	5,011	-62	-1.2%

Source: Lightcast Occupation Table

To get a broad view of the workforce conditions in the region we can analyze unemployment rates. These have been recovering since the spike in 2020 due to the pandemic. In April 2020, the unemployment rate at both the regional and state level was at an all-time high of over 12%. Our 2021 report indicated that by October of 2021 unemployment levels had been decreasing, although they were still higher than pre-pandemic levels. Since then, the rate has slowly been decreasing leading us to near pre-pandemic levels in late 2022. As of February 2023, the rate for the region is 3.8%.

Figure 1: Regional Monthly Unemployment Rates



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

All of these metrics show that the Capital Area has numerous educational opportunities and workforce development programs that lead us to a stronger regional economy. However, as outlined in the 2020-2025 CEDS there is still progress to be made in addressing education and skill gaps within targeted occupations. The

region will continue to work on the objectives set forth in the CEDS and the strategy set for the year to address these challenges.

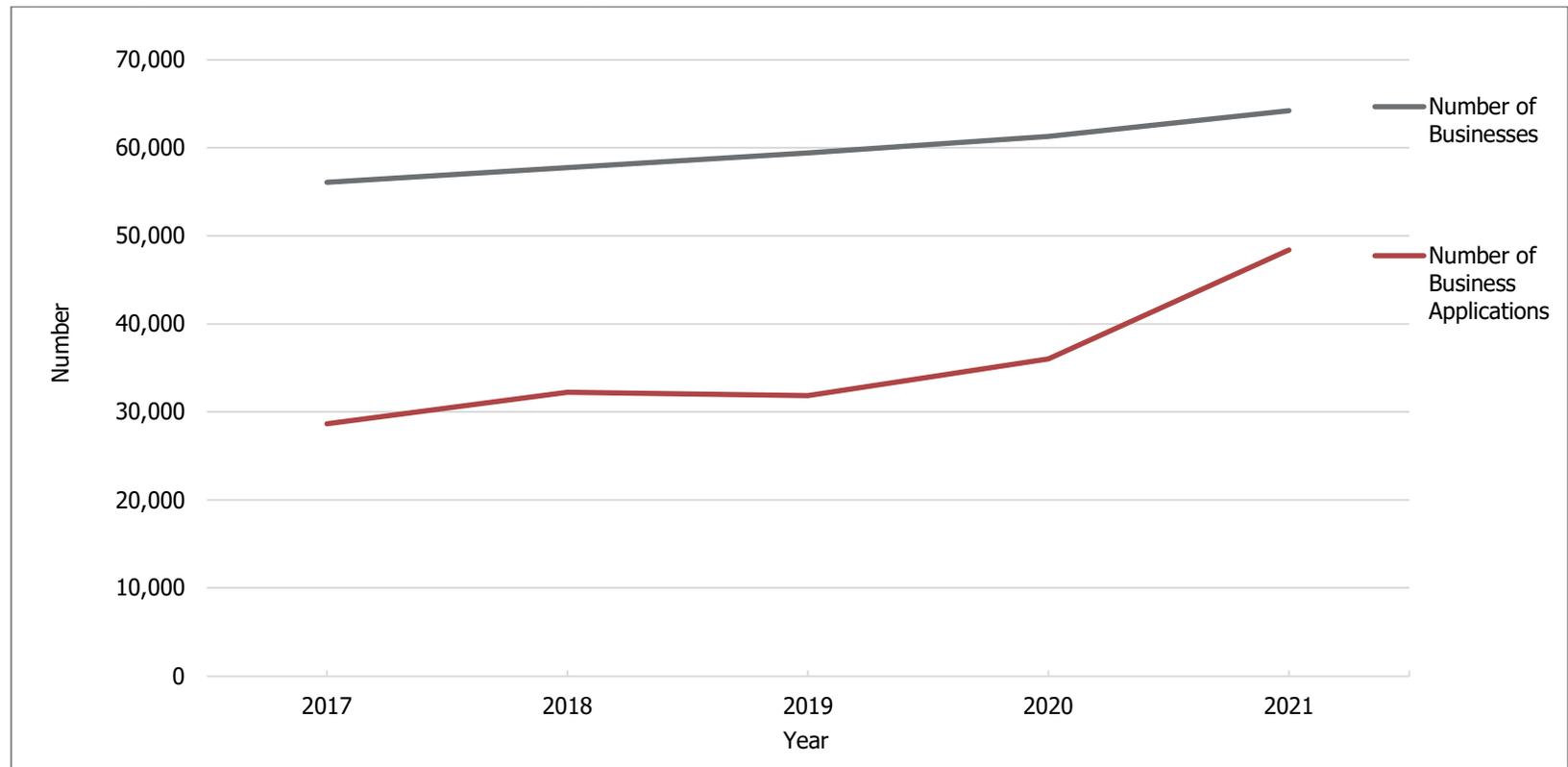
### Entrepreneurship & Innovation

Our 2022 strategy for the Entrepreneurship & Innovation theme was to plan and conduct a training event/workshop promoting the advantages of co-working facilities and providing strategies to establish shared worker spaces, maker spaces, and innovation labs to support new and expanding businesses. This strategy was addressed by bringing in representatives from IMPACT Lab, a manufacturing business training/incubator facility with Austin Community College funded by the Economic Development Administration, to hold a session with the Economic Development District to describe the facility and available services.

#### Metrics

A way to measure the economic health of the region is to track the number of existing businesses and number of new businesses. Figure 2 shows a steady increase of about 3-5% each year in the number of total businesses across the region. When analyzing the number of business applications, an indicator of entrepreneurial activity, we see a steady increase as well with a much sharper increase of 34% between 2020 and 2021.

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 asked local economic development practitioners to report on the number of new businesses in their areas. Table 3 shows the number of new businesses in small communities ranging from 20 to 58. These numbers are in no way comprehensive but can give us some sense of regional entrepreneurial activity.

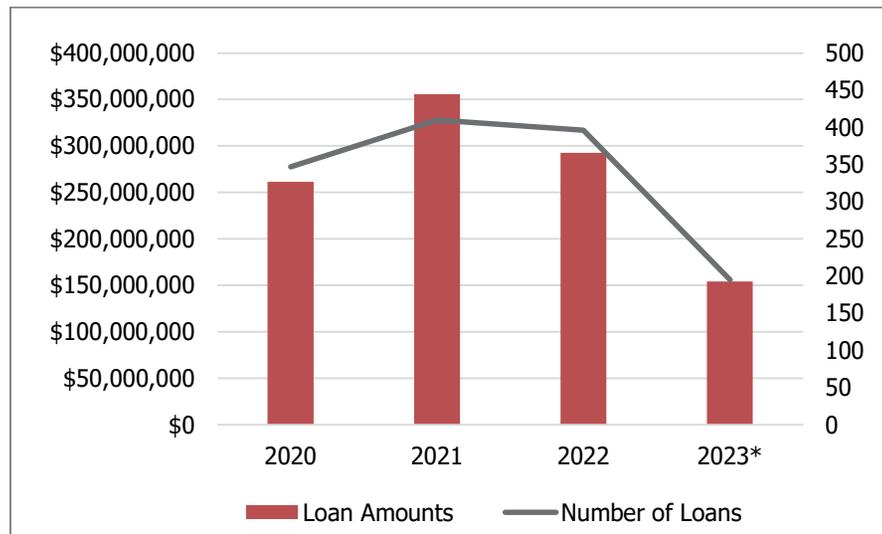
To evaluate the state of entrepreneurship and small businesses we can also assess the number of SBA loans made in the region. SBA’s 7(a) loans have a variety of uses for small businesses such as increasing access to working capital, funding for the purchase of equipment or real estate, and refinancing current business debt. Figure 3 shows the number of loans and total loan amounts distributed for 2020-2023. Of these loans, the top industries include restaurants, insurance agencies and brokers, fitness and rec centers, dentist offices, and day care services. Another SBA loan program, 504 loans, are geared more towards business growth, offering larger loans for the purchase and/or construction of buildings, and improving current facilities/infrastructure. Figure 4 shows the number of loans and total loan amounts distributed for 2020-2023.

Table 3: Number of New Businesses in the Region’s Communities

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

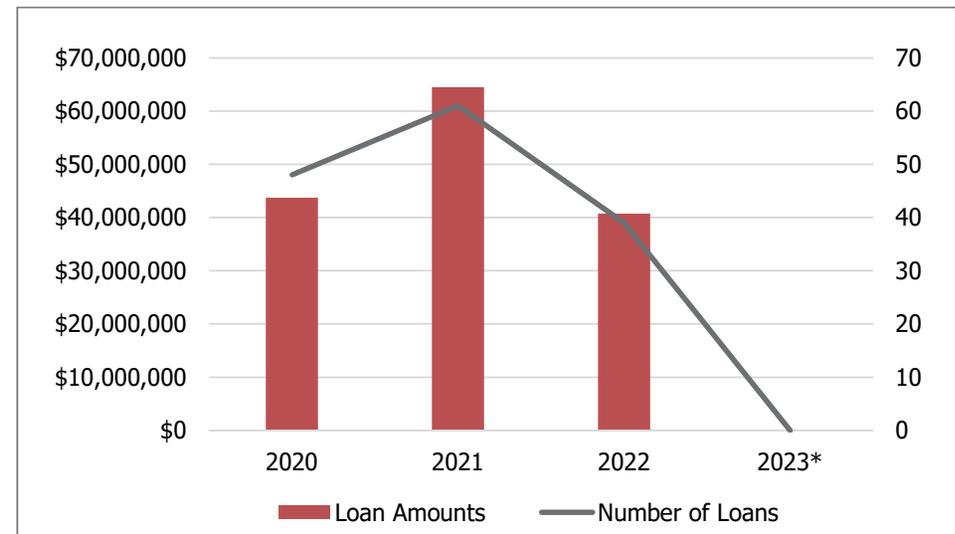
Source: Economic Development Partners

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



\*As of March  
Source: SBA Office of Capital Access FOIA data set 7a and 504

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



\*As of March  
Source: SBA Office of Capital Access FOIA data set 504

For both SBA loan products, there has been variation in the past few years in the number of loans and total loan amounts. Although the PPP COVID Relief loans were distributed in 2021, we believe the pandemic may have had impacts on SBA’s other loan programs such as 7a and 504. As such, we will continue tracking these loan programs to determine future trends.

As identified in the 2020-2025 CEDS, an asset in Austin and the surrounding counties is the strong, established foundation for business development and innovation. While this area took a hit during the pandemic, the region continues to recover and build within these areas, as shown in all the data for this section.

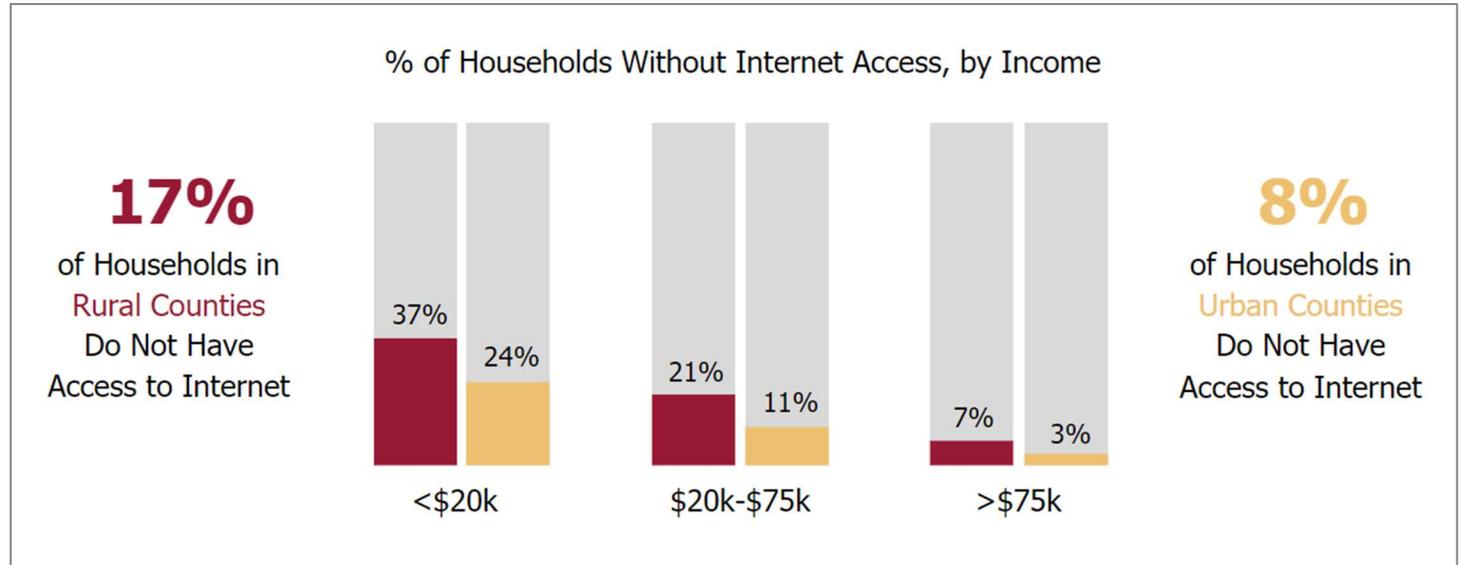
## Infrastructure

This section had two strategies for 2022: (a) Develop an outreach program to promote the benefit of worker housing in the regional economy and explore innovative housing options that may currently be underused. AND (b) promote the planned activities of the Comptroller’s Texas Broadband Plan and encourage participation particularly from counties outside of the Austin-Round Rock-Georgetown metro area. Both of these strategies were addressed in the past year.

### Metrics

Having reliable, updated infrastructure is essential to economic development. This is especially important when it comes to broadband. While data on this topic is limited, the U.S. Census Bureau releases 5-year ACS estimates on households with internet access at various income levels. Figure 5 breaks the data down for urban versus rural counties in the region. This data is consistent with national broadband narratives: access is more limited in rural areas and for households with lower incomes. Various programs exist at the state and federal levels to tackle these challenges. While full data is not available for each county between years right now, next year we will be able to compare the 2022 data (which has not been released yet) to the 2017 data to see how access has changed.

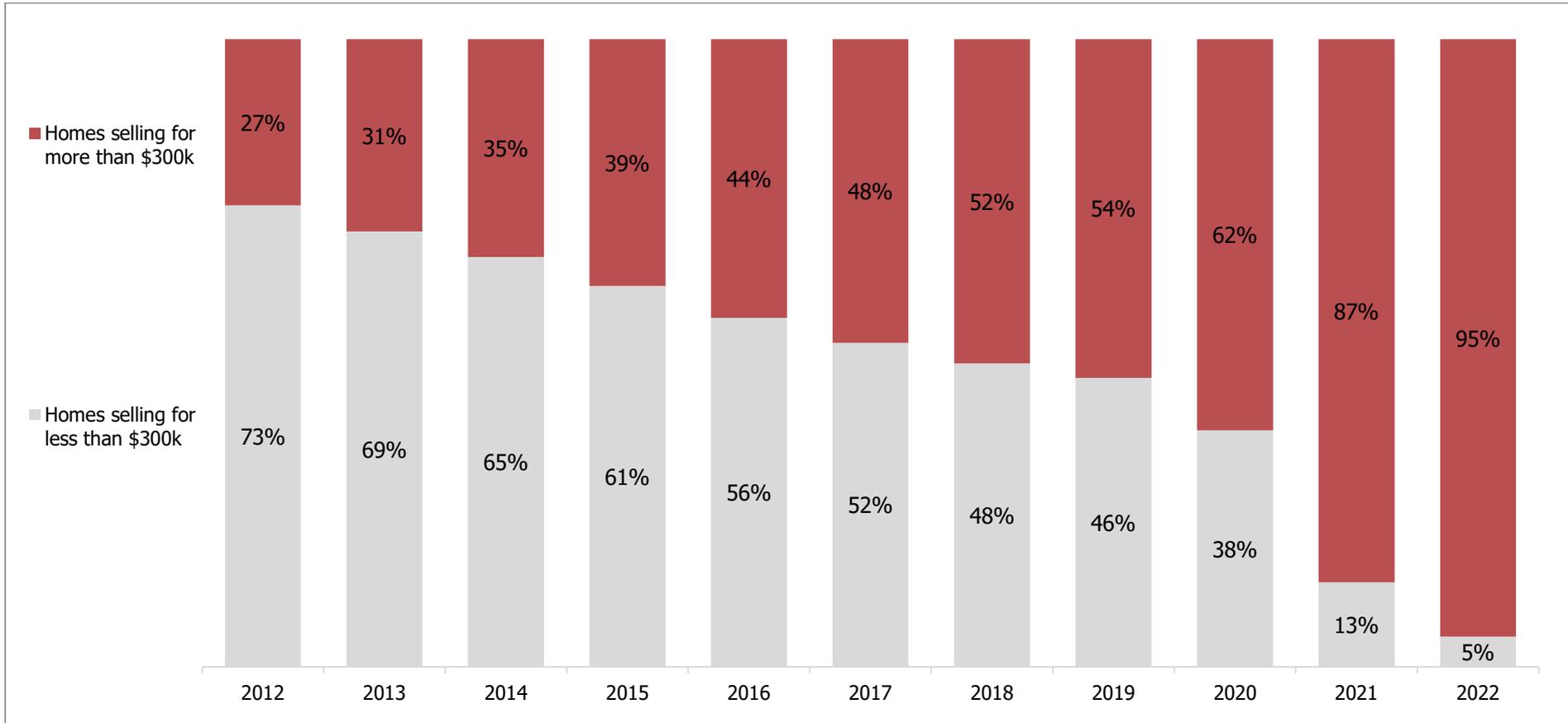
Figure 5: Urban vs Rural Internet Access



\*Urban counties include Bastrop, Caldwell, Hays, Travis, and Williamson; rural counties include Blanco, Burnet, Fayette, Lee, and Llano  
 Source: U.S. Census Bureau, ACS 2021, 5-year estimates

Another essential infrastructure component is housing. Without an adequate, affordable supply of housing, communities may struggle to attract additional workers and businesses. In addition to this, current residents may be “cost-burdened”, spending more than necessary on housing and limiting money spent on other goods and services that contribute to the economic health of the region. Figure 6 analyzes the number of homes sold for less than \$300,000 and more than \$300,000 from 2011-2022. This home price represents what someone making the median household salary in the MSA can afford. Today, only 5% of homes in the MSA are sold at less than \$300,000.

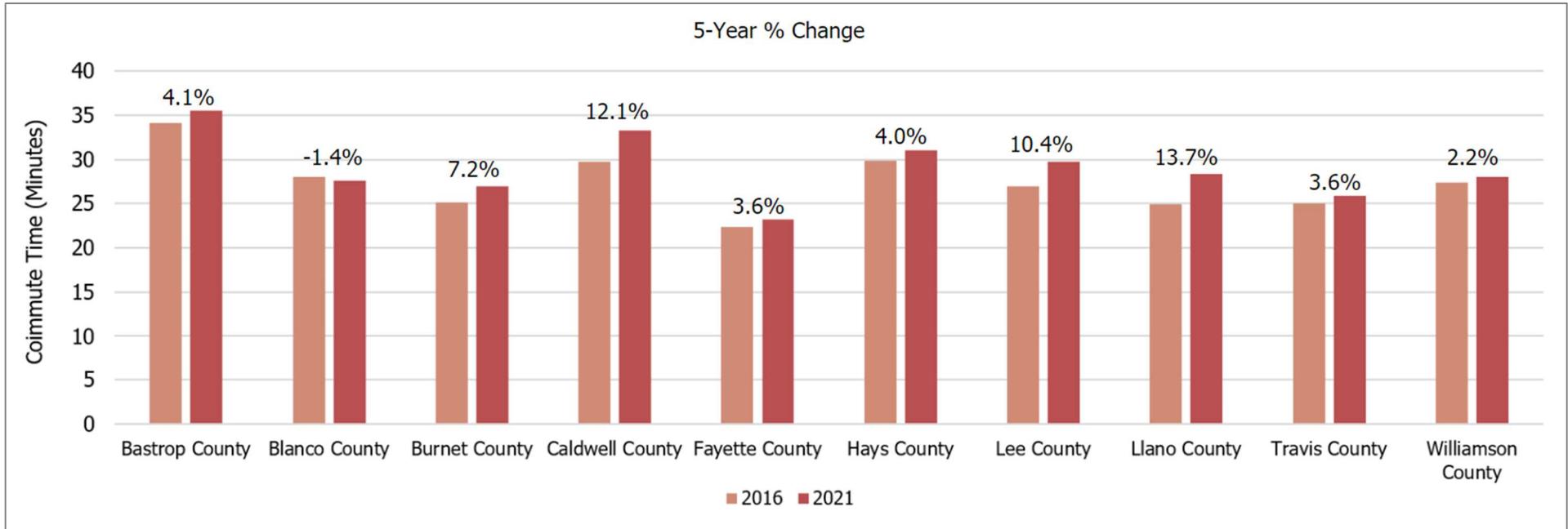
Figure 6: Austin-Round Rock-Georgetown MSA, Home Prices 2011-2022



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

The final infrastructure metric we measure is commute times. Having a spatial mismatch (when people live and work in different areas), sometimes the result of an inadequate supply of housing in the place where someone works, can lead to increased commute times. All counties in the region, except Blanco, have an increase in commute times between 2016 and 2021. The greatest increases are in Caldwell, Lee, and Llano counties, all of which have increased commute times of over 10% (a 3-4 minute increase) as shown in Figure 7. While this may not seem significant, at a regional level this can have major economic impacts such as contributing to traffic congestion, adding strains to road infrastructure, leading to poor air quality, and more.

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



Source: U.S. Census Bureau, ACS 2021, 5-year estimates

Each of these metrics are important in terms of economic development. Without adequate internet access, housing options, and roads, businesses and major employers may choose to locate and expand elsewhere, budding entrepreneurs may not have the support they need to be successful, and even current residents may get frustrated with current conditions and choose to move. Each county within the region identified at least one of these infrastructure themes as a challenge in the 2020-2025 CEDS. As such, the region will continue to monitor these metrics and work towards the objectives outlined in the CEDS and strategies set each year to better address these challenges.

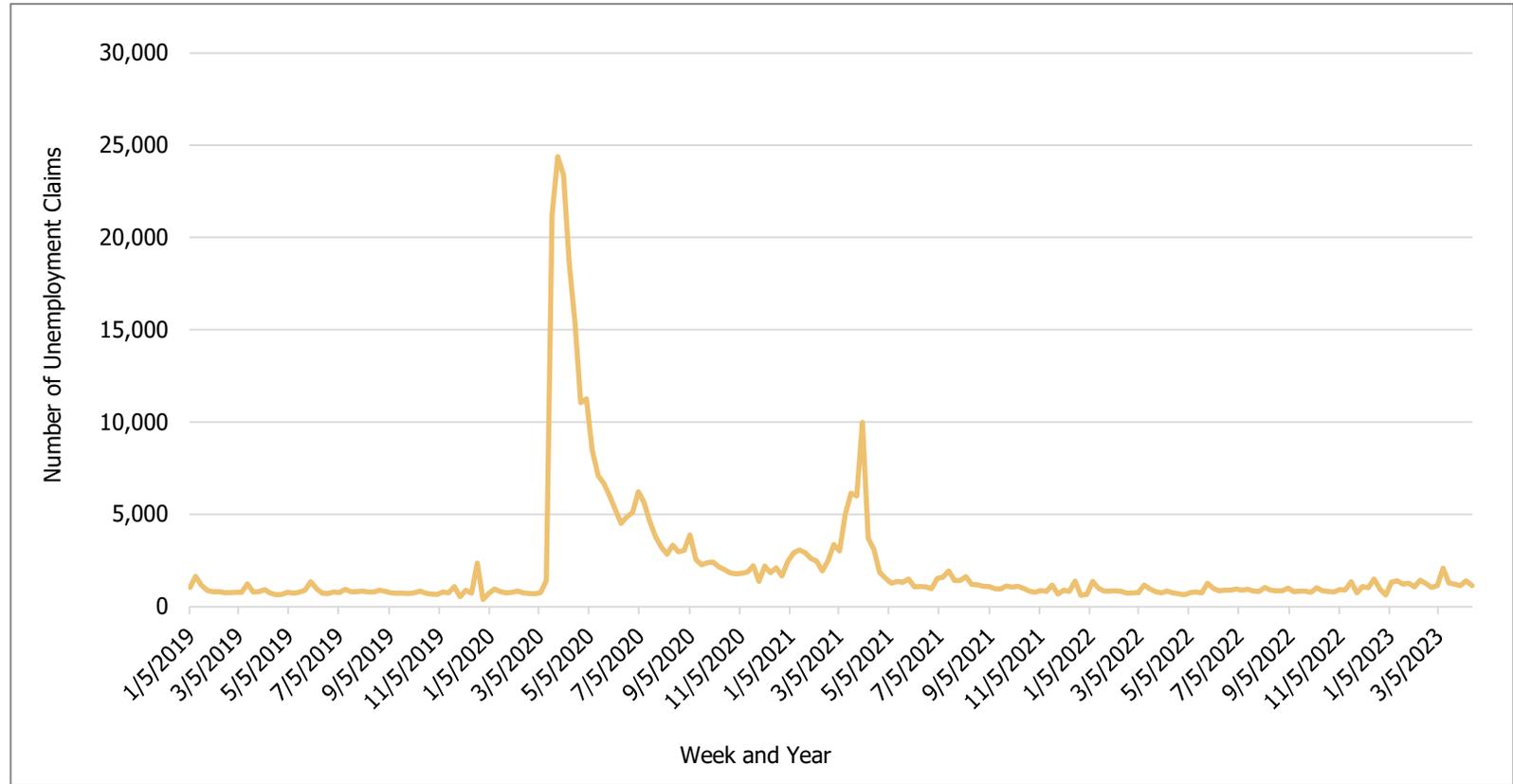
**Resiliency**

Our Resiliency strategy for 2022 was to research, develop, and publish what factors make a community resilient and conduct a resiliency assessment for at least one county. CAPOG did not have the capacity to address this strategy in 2022, and there is still a need for this to be completed. As such, CAPCOG intends to keep this as the strategy for 2023.

**Metrics**

The region saw a spike in unemployment claims in March of 2020 due to the COVID pandemic. At the peak, over 24,000 claims were filed in one week. They slowly lowered throughout 2020 and the beginning of 2021, then spiked again (although not as dramatically) in the spring of 2021. This is seen in figure 8. These trends are not unique to the region, they are similar to what was occurring across the nation. Today, the number of unemployment claims has settled to pre-COVID numbers.

Figure 8: Weekly Unemployment Claims in the Region

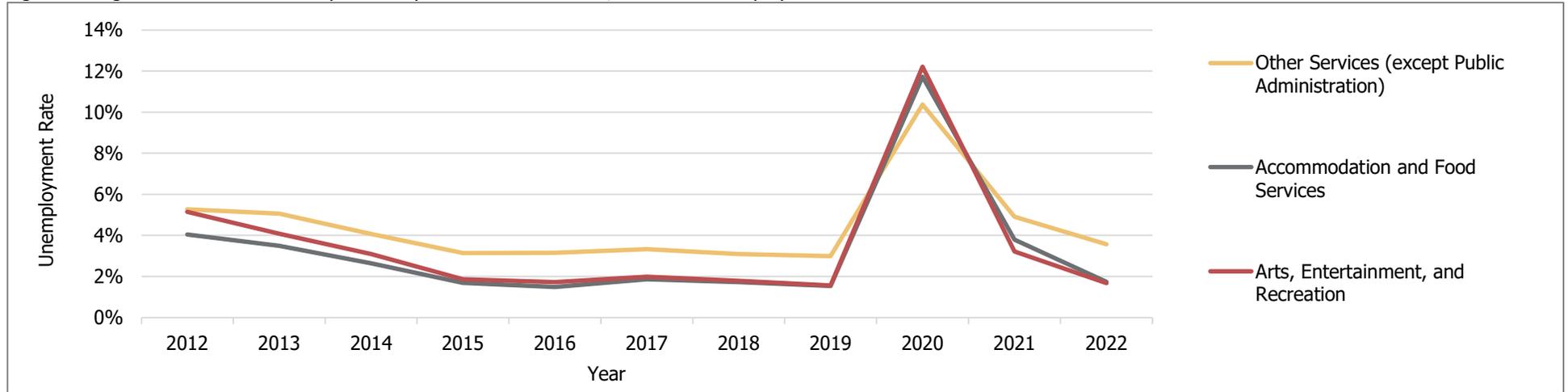


Source: Texas Workforce Commission, Local Area Unemployment Statistics (LAUS)

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.

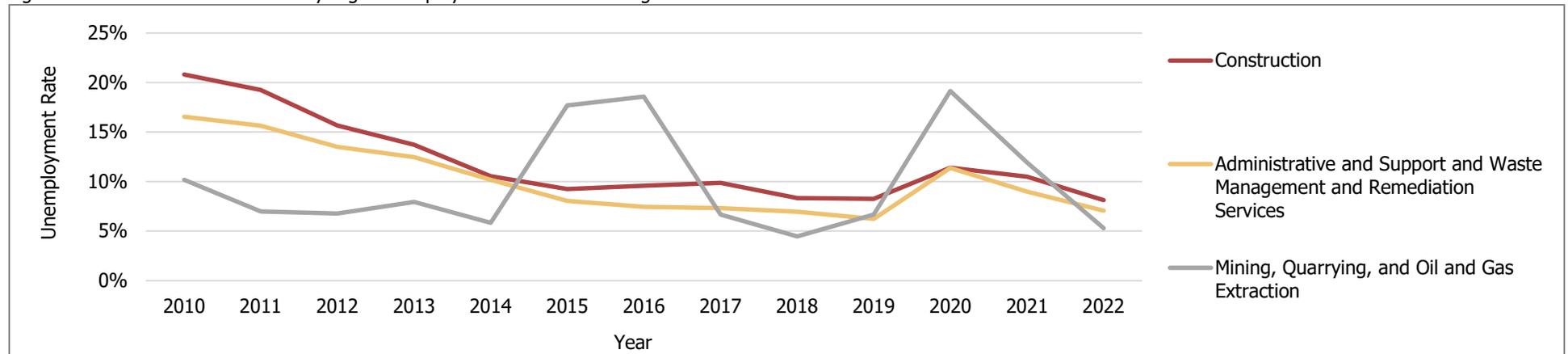
Figure 9: Regional Industries Most Impacted\* by the COVID Pandemic, Based on Unemployment Rates



\*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

While most industries have seen a return to their pre-pandemic unemployment rates, some industries across the region have historically high rates. This includes (1) Construction, (2) Mining, Quarrying, and Oil and Gas Extraction, and (3) Administrative and Support and Waste Management and Remediation Services, as shown in Figure 10. These three industries had the highest rates in 2022 ranging from 5.3% to 8.1%, and the greatest average unemployment rate in the past ten years. This tells us there are more people looking for jobs in these industries than there are jobs available. Because these are long term trends, this may indicate vulnerability for these sectors.

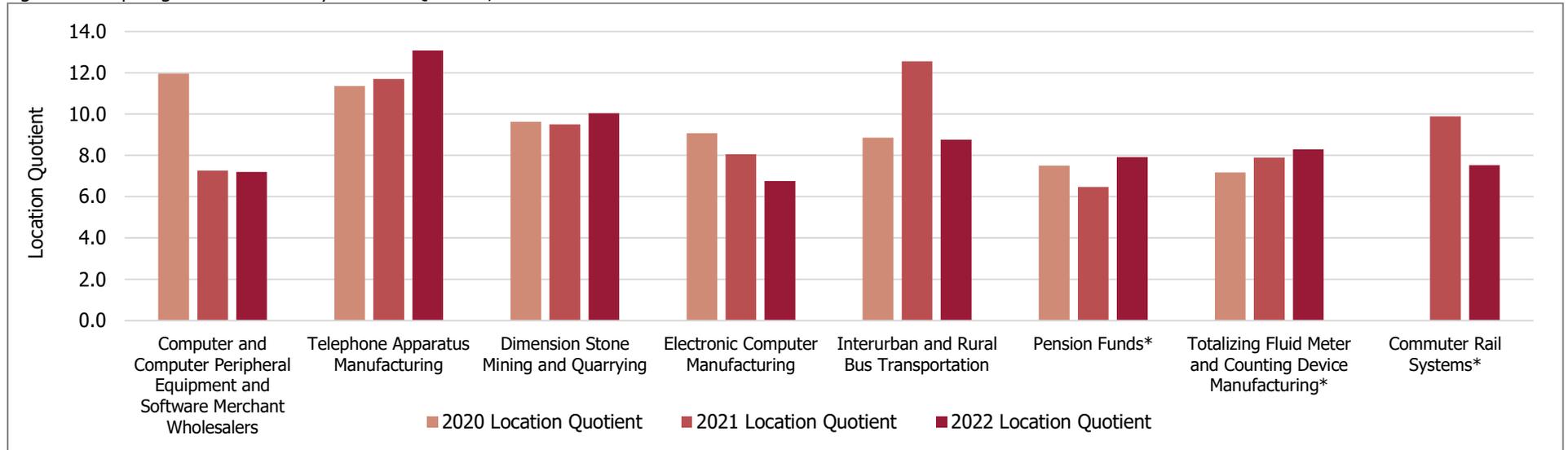
Figure 10: Industries with Historically High Unemployment Rates in the Region



Source: Lightcast Occupation Data

When digging deeper into industries, there are many regional specializations (i.e. location quotients showing that the region has greater employment in specific sectors when compared to the nation). Figure 11 shows the industries with the highest location quotients (LQs) in the region. The industries without asterisks in Figure 11 were the top 5 location quotients in 2020. Since 2020, 3 other industries have crept into the “top 5”, indicated with asterisks in Figure 11: (1) Commuter Rail Systems emerged as an industry with 92 new jobs in 2021 and a LQ of 9.9, (2) Totalizing Fluid Meter and Counting Device Manufacturing had an increase of its LQ from 7.2 to 8.3, and (3) Pension Funds had a slight increase from 7.5 to 7.9. As such, there are 8 industries listed in the “top 5” specializations figure.

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 and 2022.

Source: Lightcast Occupation Data

While these top industries give the region certain competitive advantages and most pay wages much greater than the area’s median, they don’t always employ large numbers of people and don’t always realize positive employment growth. As of 2022, only 3 of these industries employ over 1,000 people within the region: the (1) Computer and Computer Peripheral Equipment and Software Merchant Wholesalers industry employs about 13,500 people, the (2) Electronic Computer Manufacturing industry employs about 6,200 people, and the (3) Telephone Apparatus Making industry employs about 1,700 people. Given these numbers, it’s evident that only a small portion of residents in the region benefit from being employed in these industries. At the same time, a few of these industries have experienced a decline in employment in the past 10 years. The most notable being the Computer and Computer Peripheral Equipment and Software Merchant Wholesalers industry, which has seen a loss of over 8,000 jobs.

Overall, the region has seen a near-complete recovery from the pandemic in terms of unemployment claims and unemployment rates by industry. In addition to this, the region has a variety of industries with high LQs and continues to see the emergence of new competitive industries, although there is some concern about job loss in some specialized industries. We will continue to track these metrics and note any major economic disruptions that impact our economic resiliency.

### III. Schedule of Goals for the Next Year

Most of the completed strategies from last year were replaced by new strategies, and incomplete strategies were adjusted to better reflect the region's goals for the year. The updated 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:** 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.

**Timeline:** This strategy was achieved in the past year but will be pursued continuously since workforce training needs may change year-to-year.

#### Entrepreneurship & innovation

**Strategy:** Establish relationships and build on current relationships with key entrepreneurship & innovation stakeholders to develop a network list.

**Timeline:** This strategy will be pursued continuously, with engagement beginning in the summer.

#### Infrastructure

**Strategy:** 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.

**Timeline:** Research for this section of the report will be conducted in the fall and will be published in the winter.

#### Resiliency

**Strategy:** Research, develop, and publish what factors make a community resilient and conduct a resiliency assessment for at least one county.

**Timeline:** This assessment will begin in the summer and is expected 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**