

CHAPTER 5: The Border Workforce - Issues, Challenges, and Opportunities

The 43 counties in the Texas Borderlands have a lower average per capita income than anywhere else in the state. The Border's fast growing labor force, coupled with limited job opportunities, creates high unemployment and lower wages.

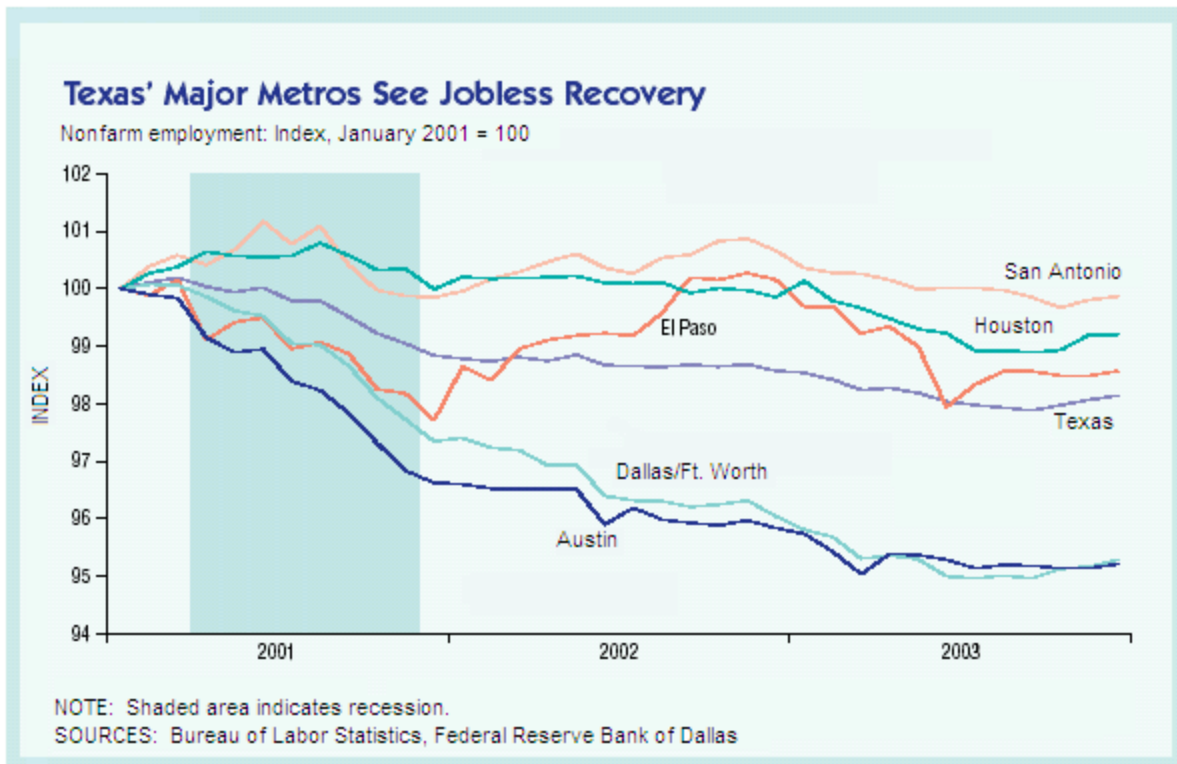
Workers living in the Border Region face great challenges in finding and retaining stable employment. Without the opportunity to develop skills through training, many Border Texans enter the workforce at a disadvantage. In today's knowledge-based economy, not having access to technology training is a major barrier. Additionally, with a large number of Border Texans speaking Spanish as their primary language, there is a great need for bilingual skills development curriculum and training.

Unfortunately, workforce training along the Border has not been funded at a level that allows such programs to be developed and maintained. In addition to this barrier, limited access to childcare and transportation poses another impediment to the achievement of a thriving workforce. This chapter highlights the current issues in the Border's workforce and discusses some of the most immediate challenges and opportunities in moving human capital and families to prosperity.

Unemployment Along the Border

To create a stable and prosperous society, people must have access to jobs. In the Border Region, an unstable economy and high jobless rate, coupled with a young, undereducated workforce contributes to some of the highest unemployment rates in the country. In 2002, the 211 non-Border counties had an unemployment rate of six percent, compared with a rate of 7.9 percent for the 43 counties in the Border Region and over 10 percent unemployment for the 14 immediate Border counties.¹ Texas' Border Region also lags behind the nation's employment rate. In 2002, the national unemployment rate was 5.8 percent, almost half of the Border's unemployment rate.

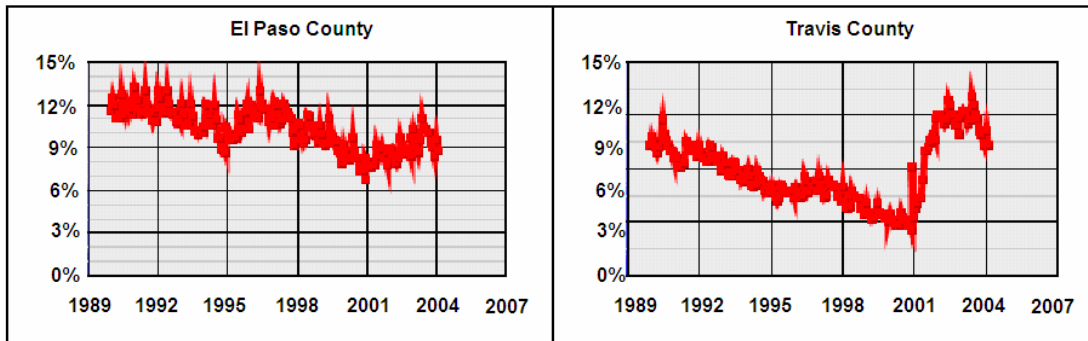
Although the United States economic recovery officially began in December 2001, it has largely been a jobless recovery, both in Texas and across the nation. While Texas indicators suggest that the overall economy began improving in early 2003, job growth has remained meager across the State. The graph *Texas' Major Metros See Jobless Recovery*, on the following page, illustrates that the economic recovery in Texas has been largely jobless to date. The movement in the employment rates is recorded as a comparison to the employment levels of the base month, January 2001. The graph clearly shows that job rates have not increased across the State.



Source: Southwest Economy: Issue Two. Federal Reserve Bank of Dallas. March/April 2004. <http://www.dallasfed.org/research/swe/2004/swe0402a.pdf>

Nevertheless, Border unemployment rates have avoided the volatility that other areas of the State have experienced. In the mid- to late 1990s, when the U.S. economy prospered, Texas performed better than the nation, in part because a large share of the booming high-tech industry was in the State. Communities that saw great growth in the late 1990's also saw great job loss several years later. However, a small share of high tech sector jobs sheltered the Border Region from the job loss. El Paso has a higher unemployment rate than the rest of the state, but the rate has actually fallen slightly, while Texas' overall rate has risen. The graph *Unemployment Rates*, on the following page, compares employment statistics for Travis County and El Paso County.

Unemployment Rates



Source: Texas Workforce Commission, Labor Market Information

<http://www.tracer2.com/cgi/dataanalysis/AreaSelection.asp?tableName=Labforce>. Accessed: April 21, 2004.

Growing Labor Force

High unemployment rates are exacerbated by the makeup of the population in the Border Region. Generally, the Border has a young, poor and fast growing population – all elements that present challenges in the workforce. Over 21 percent of the Border population is school aged. Of those school children, almost 29 percent are living in poverty.² For a child living in poverty, succeeding in school and working to break the cycle of poverty is difficult, as indicated by the low high school graduation rates in the Border Region.

Moreover, the Border's high population growth rate indicates that the labor market is becoming more and more saturated with people trying to enter the workforce. The Border's overall population, projected to be 6.3 million by 2020, is growing at a faster rate than the rest of the State. The region experienced a 2.2 percent growth rate from 1990-1999, compared to the two percent statewide rate. With the struggling economy, economic growth will not keep pace with the needs of this young, under-educated workforce.

Additionally, in the year 2000, the most recently collected demographic labor force data, the El Paso labor market was already at a disadvantage when compared to other parts of Texas. As the chart, *Labor Force Statistics for 2000, Austin vs. El Paso*, on the following page, shows, the percent of the population working in El Paso was far less than the percent working in Austin, and for both genders, the percentage of people working was less, though for females the difference in labor participation is larger.

Labor Force Statistics for 2004, Austin vs. El Paso

Year 2004	Austin-San Marcos MSA	El Paso MSA
Percent of Population in the Labor Force	72%	63%
Percent of Male Population in the Labor Force	81%	72%
Percent of Female Population in the Labor Force	64%	55%
Percent of Population that speaks Spanish at home	21%	76%

Source: U.S. Census Bureau, Summary File 3. Online: <http://factfinder.census.gov/>

Traditionally, the economic environment along the Border has been focused on manufacturing, trade and transportation. Because of this focus, the economy is largely affected by economic fluctuations in Mexico, which in turn is driven by industrial production in the United States. Thus, when U.S. production drops, the economic ripples greatly impact Border communities. Economic development programs have attempted to diversify industry in the Region. However, the labor force must have the skills and training to attract new industry to the Border.

Outsourcing

The overseas outsourcing of jobs is severely affecting Texas' Border Region. In a region where manufacturing is the foundation of the economy, outsourcing can be devastating. Manufacturing and service jobs that helped provide a living for thousands of Texans in the Border Region are vanishing and moving overseas so that companies can maximize profits or labor differential cost. With a low skill, low wage workforce, Border jobs are the first to go.

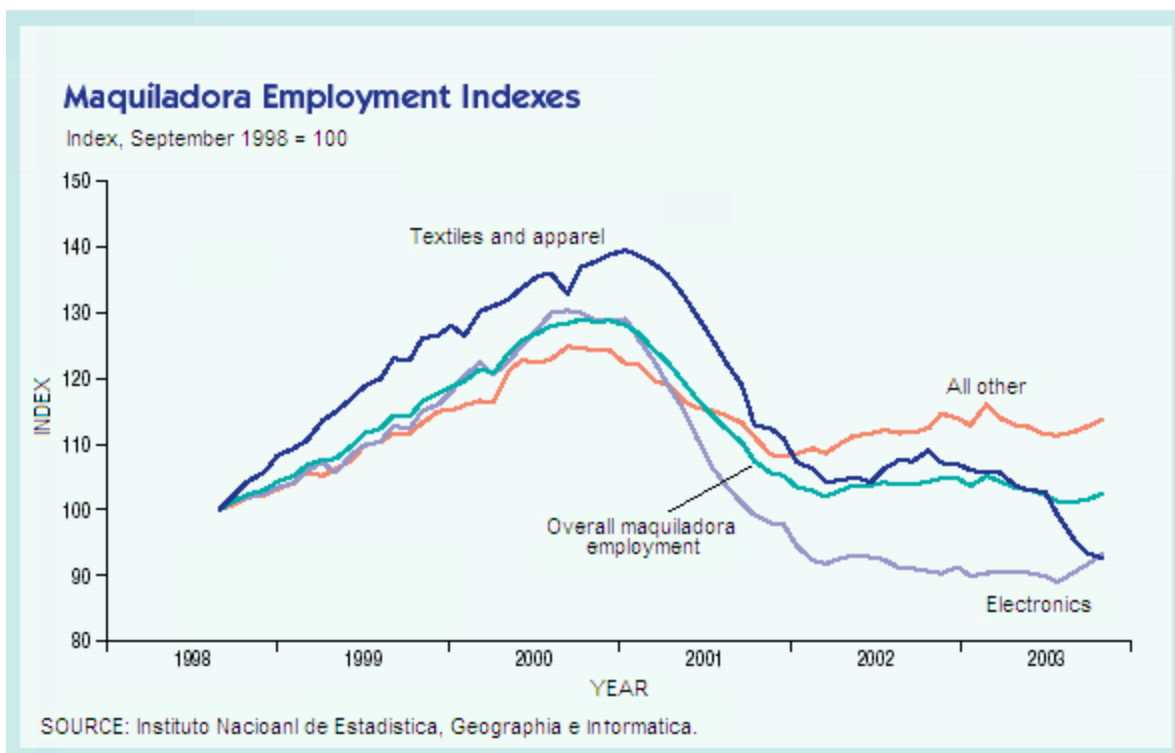
This trend to outsource lower wage jobs has become an issue of concern across the nation. For example, the *New York Times* published a series of articles detailing outsourcing, beginning with "The World's Sweatshop: The Etch A Sketch Connection." The *New York Times* reports that with 8,000 toy manufacturers competing fiercely for contracts by shaving pennies off production costs, China now makes 80 percent of all toys sold in the United States.³ The *Financial Times* estimated that the U.S. has lost about 760,000 mostly manufacturing jobs because of the U.S.-China trade deficit.⁴ The report intimated that because workers in China are being paid 50 cents an hour, it is lucrative for American companies to locate there. To the detriment of American workers, manufacturers must outsource low-wage production plants in order to compete in today's economy.

Nowhere can the devastating effects of outsourcing be seen more than in Cameron County, Texas, the poorest county in America. Well-known companies like Fruit of the Loom,

Levi's and Wrangler Jeans, Converse, and Vanity Fair have pulled up stakes from Cameron County to move their operations overseas, where labor costs are often much cheaper.⁵

The maquila industry, which has been greatly affected by the outsourcing trend, is made up of Mexican and U.S. companies along the Border that uses inexpensive Mexican labor to assemble, process or perform manufacturing operations. Maquiladoras temporarily import component parts from the U.S. or other countries and then export the products, either directly, or indirectly, by selling them to another maquiladora or exporter. The maquiladora industry has comprised a large sector of the Border Region's economic base for decades, and when it struggles, it creates a ripple effect throughout the Region.

The maquiladora industry lost approximately 277,000 jobs between October 2000 and March 2002, with 187 maquiladoras closing since 2000.⁶ The chart *Maquiladora Employment Indexes*, illustrates this point.

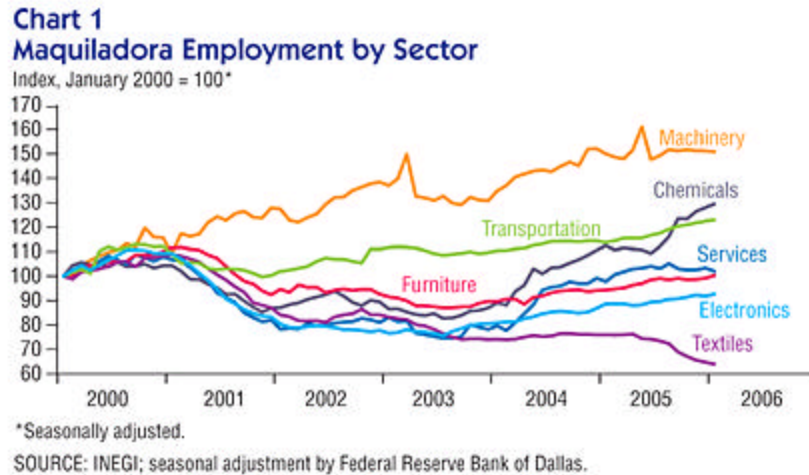


Source: "Have Mexico's Maquiladoras Bottomed Out?" Federal Reserve Bank of Dallas, January/February 2004. <http://www.dallasfed.org/research/swe/2004/swe0401c.html>. Accessed: April 12, 2004.

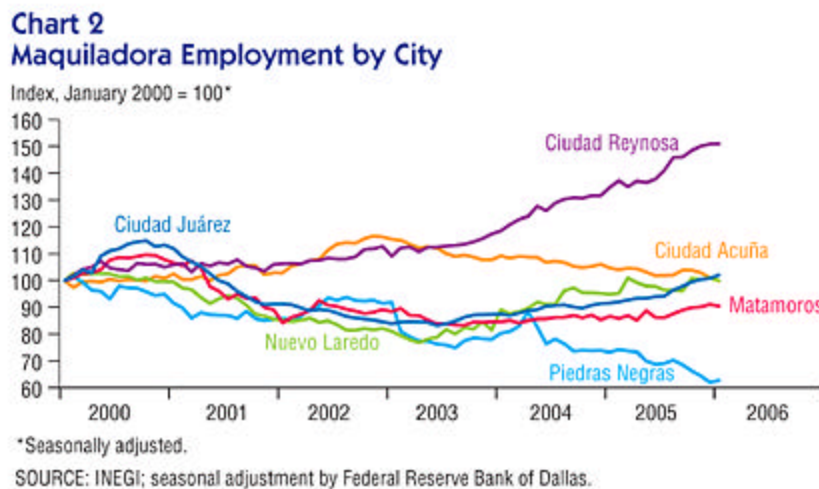
Nevertheless, the industry has rebounded and continued to expand. Analysts attribute much of this growth to proximity to just in time US markets. Following growth of 2.8 percent in 2005, maquiladora employment increased at a 4.3 percent annualized rate in January 2006, a gain of about 4,100 new jobs⁷

Looking at job growth by sector, as the following chart indicates, electronics added the most jobs in January 2006 (3,590), expanding by 0.9 percent. The transportation sector was

second, adding 1,326 jobs (0.5 percent growth). The service and furniture sectors both recorded employment growth of 1.2 percent. Textiles continued its downward trend (-1.3 percent) as the industry continues to shrink by losing jobs to Asia, mainly China. Machinery employment remained flat.⁸



Specifically, looking at job growth in the maquiladora industry by city, Ciudad Juárez added the most jobs (3,000), and additional gains were recorded in Ciudad Reynosa and Piedras Negras. The increases outpaced employment declines in Matamoros, Ciudad Acuña and Nuevo Laredo (*Chart 2*).⁹



Overall, as the April issue of the Federal Reserve Bank of Dallas illustrates, the outlook for the maquiladora industry remains positive. U.S. industrial production—a driver of maquiladora employment—bounced back in February 2006 at a 7.9 percent annualized rate.

Workforce Training

The changing dynamics of the economy demand that more training be available to the Border Region labor force. As workers compete in an increasingly globalized economy, jobs in the United States are becoming more and more specialized and require at least some form of higher education. Recent employment statistics illustrate this growing trend, as the jobless rate of high-school graduates and dropouts is nearly three times higher than that of workers with a four-year college degree.¹⁰

Innovative workforce training programs should be developed and implemented to meet the Border's unique needs. One example of such a program is El Paso's Frontier of the Americas (FOA) technology training program. The Frontier of the Americas Program's main goal is to bridge the digital divide along the Texas-Mexico Border Region of El Paso by creating laptop lending libraries configured with Internet access and online training for disadvantaged communities. The term "digital divide" refers to the gap between those individuals who can effectively use new information and communication tools, such as the Internet, and those who cannot.¹¹ By improving computer literacy in the El Paso region, the gap between the "information rich," those with higher-than-average incomes and levels of education, and the "information poor," those who are younger and have lower incomes and education levels living in rural areas or central cities, can be significantly reduced.

Another innovative Border-specific workforce program is the Mujer Obreras initiative in El Paso. In the past decade, as maquiladoras in El Paso were shutting their doors and many low-wage garment workers were finding themselves out of work and without alternative labor opportunities, a group of innovative women, determined to improve their lot, developed a plan for increasing employment and business opportunities. By pooling their entrepreneurial skills and their unique understanding of the El Paso population, and by tapping into the expertise of seasoned small business owners, the Mujer Obreras created a strong organization for supporting El Pasoans. The organization does everything from offer low-interest loans, to skills development training, to providing a support network for other small business entrepreneurs.

Secure and Smart Manufacturing

One way to meet the needs of the population and diversify the economy is for communities along the Texas-Mexico Border to take greater advantage of their strategic location. Political leaders on both sides of the Border have formed the Border Legislative Conference (BLC), a group that aims to develop strategies and proposals within their federal and state legislatures to promote the development of a "Secure and Smart Manufacturing Zone" along the Border.

Texas' close proximity to Mexican states with strong maquila industries translates to the fact that these states now form Texas' largest trading partners. The most recent figures from the United States Department of Commerce declare that Texas leads all states in cross-border commerce with \$108.6 billion in goods from Mexico, which constitute 68% of its total imports. The maquiladora industry contributes \$105 billion of that total. The North American Free Trade Agreement (NAFTA) has also encouraged further expansion of trade and economic integration

in the Western Hemisphere. However, after the events of September 11, 2001, Texas trade corridors have been significantly and adversely affected due to the increased security along the Border Region. As a result, the time and costs associated with transporting goods across the Border have amplified, causing a strain on companies' abilities to operate at full potential. The expansion of the Pacific Rim, with countries such as Malaysia, Thailand, India, and China possessing the capability to manufacture goods at costs lower than Mexico, coupled with the increased security constraints, have presented the border region with an economic hurdle to remain competitive in both the domestic and global market. A goal of the "Secure, Fast, and Smart" zone would be to shorten this supply chain, which would stabilize the supply lines to companies and boost economic growth. Additionally, the zone would promote considerable infrastructure investment in areas such as transportation, energy, and technology. The high technology available through New Mexico and Texas research laboratories coupled with lower-cost production capabilities along the Border would bring a significant influx of capital and investment to the Border economy. Furthermore, increased broadband deployment along the Border would improve communication and monitoring processes, therefore enhancing the productivity and security between businesses.¹²

The members of the BLC also aspire to work with the North American Development Bank and Border Environment Cooperation Commission to develop and help finance binational projects that will enhance economic opportunities in the Border Region. The BLC also intends to support the efforts of the U.S. Congress to increase the mandate of the North American Development Bank to expand its low interest lending facility. In turn, this will help the Bank issue grants and non-market rate loans to qualified projects and also to extend the zone in Mexico the bank serves from 100 to 300 kilometers. With various state and federal entities throughout the Border working together to gain prosperity, the entire Region will benefit collectively.

Any solution to the development of a more efficient border trading system would have to be conducted in a systematic approach. A successful result could only occur if the fundamental steps to address the border manufacturing and transportation issues are conducted simultaneously. In addition to a systematic approach, a collaborative effort is also necessary. Individual citizens, businesses, and government officials all have various interests that must be assimilated into a uniform vision. Citizens who have an essential interest in crossing the border on a daily basis should have those needs met and incorporated with the many concerns that business and government officials have. To achieve this feat, a collaborative effort must include all parties to work in accord with one another to ensure that the development of a comprehensive border trade system is met.

As far as the matter of security, the most important aspect of the border trading system, there needs to be a consensus on how we define security. There are five key elements that are of critical importance when undertaking the issue of security. Security should be measured on how it protects from man-made or natural threats, provides economic growth, affords a system that is consistent and predictable, is energy independent, and promotes the environment and physical health of the region.

Wage Issues in the Border Region

In addressing the workforce and poverty crisis, communities in the Texas-Mexico Border Region face unique and complex challenges. First, workers along the Border experience a great wage disparity. The Border has lower average wages than the rest of the state. In 2002, the statewide average annual pay was \$36,058, the 43 County South Texas Border Region's average annual pay was \$28,011, and the average pay for workers in the 14 immediate counties on the Border was \$24,550.¹³

Moreover, the Border does not fare well when compared with wages around the country. According to the U.S. Department of Labor's Bureau of Labor Statistics, the mean hourly earnings for workers in Brownsville in July 2002 was \$13.01. The national average for the same time period was \$17.18, a difference of over \$4.00 per hour.¹⁴ As the chart, *Average Median Salary*, indicates, salaries for employees in Border counties are not only less than the statewide average, but far less than the salaries of workers in other parts of the State.

Average Median Salary

Statewide Average (SA)

\$25,710

less than SA by

greater than SA by

Border County

Non-Border County

Hudspeth	\$	2,940	Tarrant	\$	1,810
El Paso	\$	5,270	Travis	\$	2,680
Webb	\$	6,115	Harris	\$	2,620
Starr	\$	10,805	Dallas	\$	3,770
Hidalgo	\$	7,740	Williamson	\$	5,445
Cameron	\$	7,710	Young	\$	4,520

Source: Texas Labor Market Information, *Wage Information Network*, <http://www.texaswages.com/>
 Accessed: April 27, 2004.

Low wages translate into low per capita incomes for Border Texans, which results in poor communities. Low per capita incomes lead to poorer communities. In the Texas Border Region, per capita income is among the lowest in the nation, ranging from 38 percent of the U.S. per capita income in Eagle Pass to 60 percent in El Paso, compared with a state average of 94 percent.¹⁵ Income along the Border hovers below or near poverty. Just four years ago, the state per capita income average was \$19,617; however, only three of the 43 Border counties had higher averages.¹⁶ In fact, seven Border counties had an average per capita income that was less than 50 percent of the state average.¹⁷

Equalizing wage differences is more complex than just equalizing wages, as the cost of living differs across communities. However, as the chart *Relative Price Levels Compared to National Average* indicates, the average costs of living do not differ greatly enough to justify the great wage disparities found in the Border Region. Specifically, the chart outlines the cost of living by comparing how much different expenditures cost in different cities. The composite

index includes the costs for groceries, housing, utilities, transportation, health care, and miscellaneous goods and services, which includes everything from toothpaste to a night of bowling. Combined, the categories produce a composite index that can be used to measure the overall relative cost of living in a given city. A given city's index, for example, is listed as a percentage of the composite average for all participating cities. In the chart, 100 percent is the average composite index for the nation and each city's index indicates the relative price level for consumers in that community.

The difference in cost of living index points between El Paso and Dallas is only 4.9, yet the wage difference is significantly larger, suggesting that El Pasoans must sacrifice a greater proportion of their income for a given amount of goods compared to those living in Dallas who purchase the same goods. Similarly, the cost of living in San Antonio is lower than that of El Paso, yet the average wages in San Antonio are higher than those in El Paso.

Relative Price Levels Compared to National Average

	Composite Index	Grocery	Housing	Utilities	Transportation	Health Care	Misc. Goods and Services
Dallas, TX	98	96	93	98	97	100	103
El Paso, TX	93	105	79	91	95	108	97
San Antonio, TX	86	77	78	81	85	90	96

Source: "Cost of Living Index for Selected US Cities." www.infoplease.com Accessed: April 21, 2004.

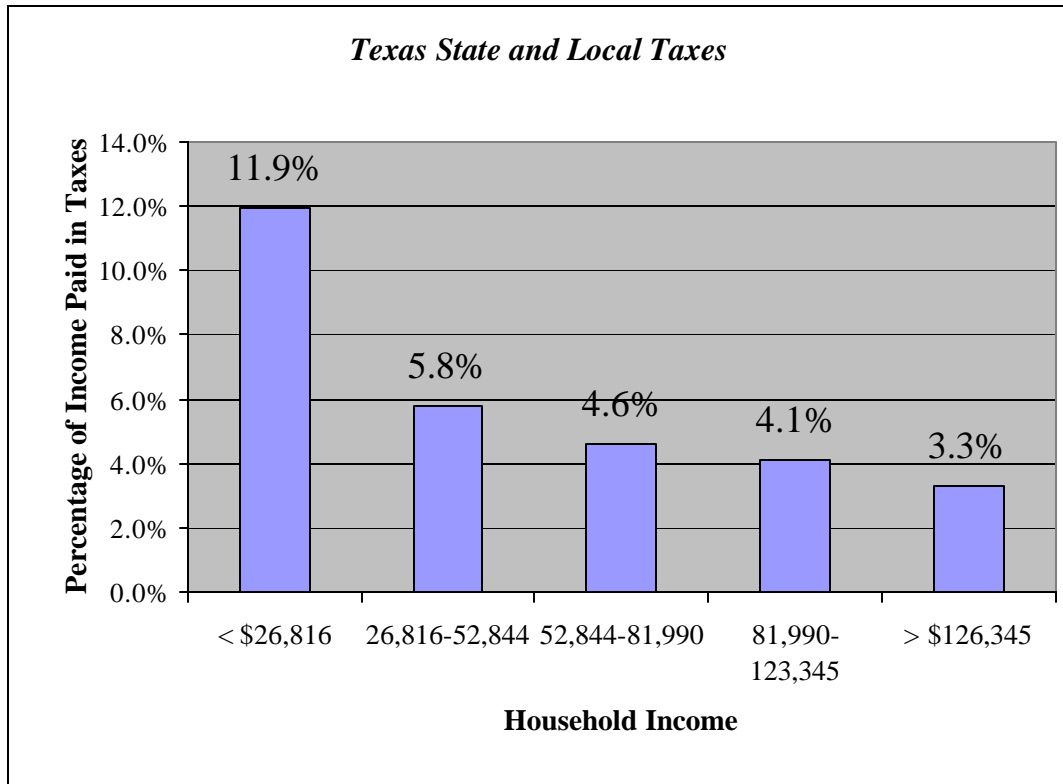
Additionally, there has been some evidence of the State itself participating in a low-wage cycle. Just a few years ago, employees hired by state government contractors could earn different amounts of money for identical services depending on the region where the work is performed. For instance, a construction worker in a Strategic Investment Area earned less money than he would for the same work performed in a more affluent area. Before the 2001 passage of S.B. 464, by Senator Shapleigh, to determine the prevailing per diem wage rate to be paid for the construction of a public work, the State either conducted a survey of the wages received by workers employed on similar projects in the same political subdivision of the State, or used the prevailing wage rate as determined by the United States Department of Labor in accordance with the Davis-Beacon Act. The State could apply either of these two wage rates in deciding what to pay contract workers.

Senate Bill 464 closed the gap in pay for similar work performed in different parts of the State. The bill directed the State to use the higher figure of the following prevailing wage rates:

1. the wages paid to workers employed on similar projects in the same political subdivision of the state where the work is to be performed;
2. the average of the local wage rate and the statewide rate; or
3. the average of the local wage rate and the federal wage rate.

Tax Burden and the Earned Income Tax Credit

In Texas, the greatest relative tax burden is heaped onto those citizens with the lowest incomes. Because Texas' tax system relies heavily on a consumption tax, lower income Texans are paying more of their yearly income in taxes than Texans who earn more. Both sales and excise taxes are considered “consumption taxes,” since the amount an individual pays is linked to the amount that individual consumes. Consumption taxes account for more than 80 percent of all state taxes.¹⁸ The chart, *Taxes Paid as a Percentage of Income*, on the next page, illustrates the stark regressivity of the Texas tax system.



Source: Comptroller of Public Accounts, *Tax Exemptions & Tax Incidence*, Jan. 2003. (<http://window.state.tx.us/taxinfo/incidence03/>), calculations by Center for Public Policy Priorities.

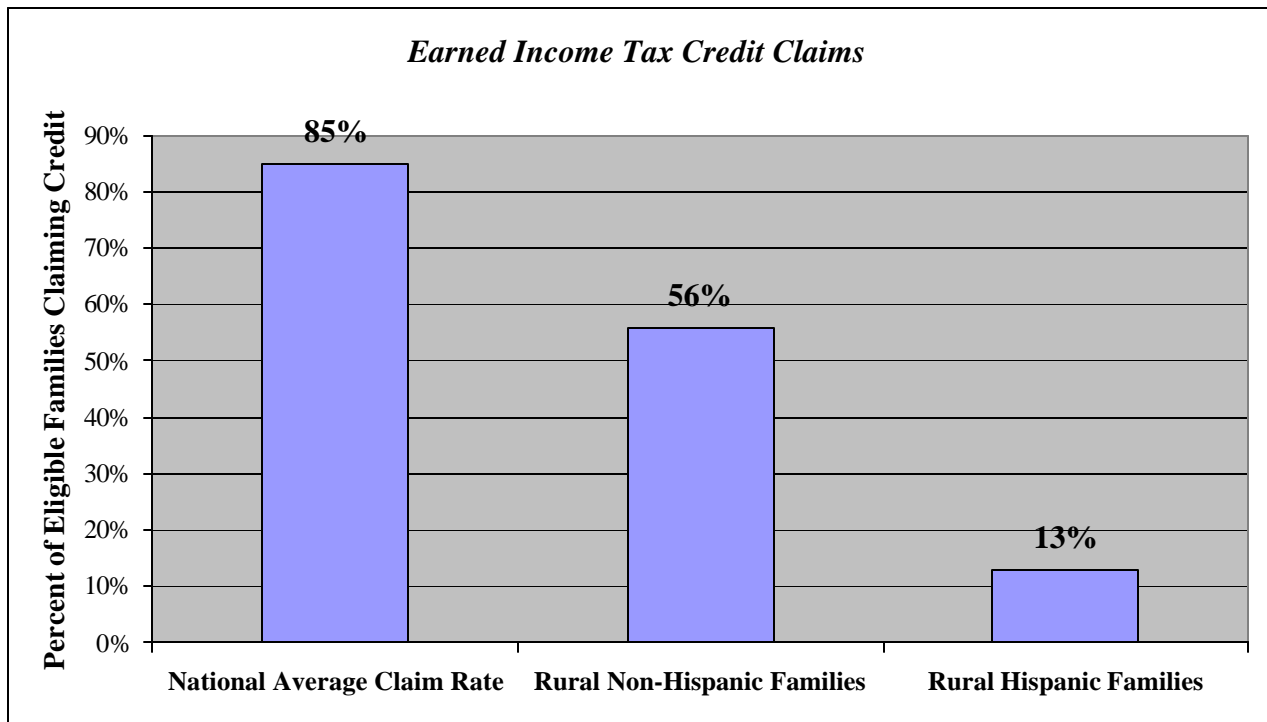
Government programs exist to help low wage earners. One of the largest support programs is the Earned Income Tax Credit (EITC). The EITC is the largest single source of federal support for low-income families. It has provided important relief to low-income workers, a growing segment of the U.S. population, and has been successful in alleviating the loss of real wage increases for the working poor. For the 2003 tax year, the credit could reduce the tax burden for qualifying families with two or more children by as much as \$4,204 per year, while families with one child can earn a credit of up to \$2,547. In 2002, the credit provided an estimated \$30 billion in tax relief to low-income working families in the United States. And in 2001, 1.9 million Texans claimed almost \$3.6 billion through the EITC.¹⁹

For this same year, the Internal Revenue Service estimates that approximately 20 percent of eligible people in Texas, or 385,000 people, did not claim the credit, losing an estimated \$305

million.²⁰ In El Paso County, only 48 percent of those eligible for the credit actually claimed it over the past three years.

According to a recent study, Texas, along with seven other states, is designated a “high working poverty state.”²¹ These states are characterized by significant concentrations of working poor families in every geographical area: large cities, large suburbs, small metropolitan areas, and rural areas. Seven of the states are located in the South, showing that families in the rural South are more likely to have low incomes than those in other parts of the country. The percentage of EITC recipients in the eight states is generally similar among the four geographical areas, but Texas in particular seems to have a higher percentage of EITC recipients along the Mexican border, with particularly large concentrations around the El Paso, Laredo, McAllen, and Brownsville areas.²²

Due to a combination of high workforce participation, low educational attainment, and a large number of children per household, Hispanics represent the largest potential for EITC eligibility compared to Blacks and Whites. However, Hispanics are the least likely among these groups to be aware of and claim the EITC. The statistics of rural eligible families who receive the EITC are particularly troubling. Fifty-six percent of eligible non-Hispanic rural families obtain the credit, while only 13 percent of eligible Hispanic rural families are receiving the credit.²³ This number also stands in stark contrast with the national average claim rate of approximately 80 to 85 percent of eligible families. The chart, *Earned Income Tax Credit Claims*, below, clearly illustrates this troubling difference.



Source: Robles, Barbara J. *Low-Income Families and Asset Building on the US-Mexico Border*. Session Report: LBJ School of Public Affairs, The University of Texas at Austin. June 6-7, 2003. http://www.utexas.edu/lbj/faculty/robles/research/pdf/Asset_Building.pdf.

Barriers to Entering the Workforce

There are many challenges to improving the state of the workforce along the Border, including a lack of training and limited access to technology, affordable and reliable childcare, and transportation. State and local governments can and should address these obstacles so that Border families can work, earn more money, and live the American dream.

Educational Attainment and Lack of Training

To transform the Border's economic base to a more diverse economy that offers a range of employment opportunities and growth, better education and skills development must be emphasized. Communities along the Border do not offer the fast growing and young population sufficient opportunities for personal and professional advancement. Statistics indicate that many people in the employment-aged population do not currently have the education and skills training necessary to compete economically.²⁴ The Border Region depends on manufacturing jobs that are being performed by workers who often lack the resources to continue their education beyond high school. Thus, increasing educational opportunities is imperative.

According to the Texas Comptroller, as many as 43 percent of people aged 25 or older living in the 14 counties adjacent to the Border do not have high school diplomas. The chart, *Educational Attainment in Texas*, shows the disparity between the Border counties and the rest of Texas.

Educational Attainment in Texas

	Most Recent Year	14 County Actual Border Region	32 County Sub-border (La Paz) Region	43 County South Texas Border Region	Texas	221 County Non-border Region
Percent of population 25 years and over with:						
<i>Some college education, but no degree</i>	2000	17.6%	17.5%	20.7%	22.4%	22.7%
<i>Bachelors degree</i>	2000	9.3%	9.1%	11.2%	15.6%	16.6%
<i>Postgraduate degree</i>	2000	5%	4.9%	6.3%	7.6%	7.9%
<i>Associate degree</i>	2000	4.1%	4%	4.9%	5.2%	5.3%
<i>No high school diploma</i>	2000	43.2%	43.2%	33.6%	24.3%	22.2%
School enrollment as percent of population	2002-2003	24.6%	22.4%	21.7%	19.2%	18.6%

Source: *The Border: Snapshot*. Texas Comptroller of Public Accounts, www.window.state.tx.us/specialrpt/snapshot/. Accessed: April 21, 2004.

Further, Border universities and professional schools lack the programs and the capacity to accommodate the population on the Border, and the state does not allocate adequate resources for infrastructure growth. Post-graduate opportunities for allied health and nursing, medical, and legal education, as well as financial assistance, are severely lacking along the Border as well.

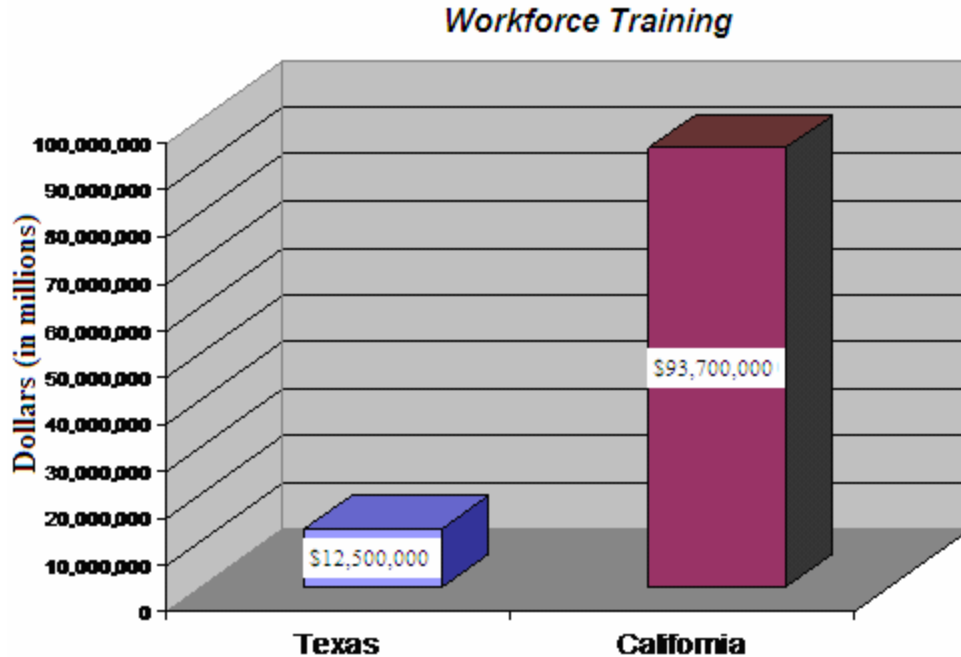
Doctoral and Professional Programs, 2005

PROGRAM	UT-BROWNS-VILLE	UT-PAN AMERICAN	UT-SAN ANTONIO	UT-EL PASO	TEXAS A&M-INTERNATIONAL	UT-AUSTIN
BUSINESS	0	1	4	1	1	5
EDUCATION	1	1	4	1	2	11
ENGINEERING	0	0	3	5	0	18
LIBERAL ARTS	0	0	1	3	1	22
HEALTH SCIENCES	0	0	0	2	0	2
SCIENCE	0	0	4	2	0	15
ARCHITECTURE	0	0	0	0	0	3
MEDICAL	0	0	0	0	0	0
LAW	0	0	0	0	0	1
TOTAL	1	2	16	14	4	77

SOURCE: Texas Higher Education Coordinating Board.

More than a third of job applicants nationwide lack the basic math and reading skills to do the jobs they are seeking, according to the American Management Association. In addition to limited opportunities for traditional educational attainment, workforce skills development training is not readily available along the Border.

Texas needs to make a stronger commitment to investing in workforce development and training programs. Compared with California, Texas invests shockingly little in these important programs. California invests \$7.50 for every \$1.00 that Texas spends to train the workforce. The chart *Workforce Training*, on the next page, illustrates this disparity.



Source: Texas Workforce Commission, Government Relations. Provided: March, 2004.

To meet the specific needs of the Border Region, Texas must invest in targeted and proven programs. This approach must be coupled with effective employer-driven skills development. A more effective use of state and local funds would be to focus on preparing workers for higher-skilled, better paying jobs.

Developing a holistic approach to workforce development ensures that trainees are prepared not only for a job, but also for advancement within a field. While this holistic approach is expensive, established programs indicate that a successful process is within reach. For example, in El Paso, Project ARRIBA is helping the business community in El Paso develop a workforce for tomorrow's global marketplace.

Project ARRIBA is a high impact economic development program focusing on high-skill, high-wage jobs. With the changing El Paso economy, El Pasoans who have worked hard and have been loyal to their employers, but have never advanced their education, face the loss of not just their jobs, but of their careers and ways of life. As El Paso manufacturers and healthcare institutions struggle to deliver higher-quality and more responsive services, they create a growing demand for high-skill labor. Project ARRIBA participants receive career counseling, support services, high quality training that includes formal motivational and life-skills training, and post-employment assistance designed to promote long-term success.

Language Barriers

Over the last year, the downturn in our economy, combined with resulting changes in local economies, has resulted in increased competition for available jobs. In some areas, additional pressures, such as continued labor reductions due to trade dislocations, have added to

labor market competition. These pressures have impacted lower skilled workers strongly. Yet, as competition for jobs tightens, the skills demands required by employers have continued to increase, especially for strong English literacy.

The specific needs of the Border Region can be illustrated with an example from El Paso. According to the United States Census Bureau, El Paso's population is 78.2 percent Hispanic. Moreover, many people in the El Paso community have limited English or no English communication skills. Data on language use suggests that many in the Border Region lack the basic English language skills necessary to effectively compete in the labor force and to access services. Thirty-eight of the region's counties show higher proportions speaking non-English languages at home in 2000 than the State as a whole, and in 18 counties the percentage speaking a language other than English at home exceeded 70 percent. More importantly, as the chart *Percentage of Residents Who Speak Primarily Spanish at Home, and Proficiency in English* illustrates, in nearly a third of the counties, more than 20 percent of those speaking Spanish at home either do not speak English at all or do not speak the language well.

Percentage of Residents who Speak Primarily Spanish at Home, and Proficiency in English

Border County	Percent that Speak primarily Spanish at Home	Ability to speak English			
		Very Well	Well	Not Well	Not at All
Atascosa	45%	64%	24%	11%	2%
Bandera	14%	73%	16%	9%	3%
Bexar	43%	66%	20%	10%	4%
Brewster	43%	70%	18%	10%	2%
Brooks	78%	64%	23%	9%	3%
Cameron	79%	55%	20%	14%	11%
Crockett	48%	60%	26%	10%	4%
Culberson	73%	63%	20%	9%	8%
Dimmit	77%	62%	24%	10%	5%
Duval	78%	66%	23%	9%	2%
Edwards	47%	62%	21%	12%	5%
El Paso	76%	55%	21%	14%	10%
Frio	61%	63%	24%	10%	3%
Hidalgo	83%	54%	21%	12%	13%
Hudspeth	74%	46%	16%	19%	19%
Jeff Davis	37%	59%	18%	18%	6%
Jim Hogg	82%	66%	22%	10%	3%
Jim Wells	63%	65%	24%	10%	2%
Kenedy	85%	57%	19%	15%	8%
Kerr	18%	59%	25%	12%	4%
Kimble	18%	63%	13%	18%	7%
Kinney	47%	58%	24%	13%	5%

Kleberg	55%	69%	21%	8%	2%
La Salle	70%	60%	27%	9%	4%
Live Oak	30%	71%	18%	9%	2%
McMullen	27%	68%	17%	14%	1%
Maverick	92%	49%	23%	14%	14%
Medina	37%	68%	22%	8%	3%
Nueces	43%	68%	20%	9%	3%
Pecos	56%	62%	22%	12%	5%
Presidio	84%	46%	20%	13%	21%
Real	20%	70%	17%	9%	4%
Reeves	68%	56%	23%	12%	8%
San Patricio	39%	67%	20%	10%	3%
Starr	91%	43%	27%	13%	17%
Sutton	48%	62%	21%	9%	9%
Terrell	53%	69%	15%	13%	3%
Uvalde	60%	60%	22%	11%	6%
Val Verde	70%	57%	21%	13%	9%
Webb	92%	52%	24%	14%	11%
Willacy	78%	59%	24%	11%	6%
Zapata	79%	54%	24%	10%	12%
Zavala	85%	51%	30%	12%	7%
TEXAS	31%	54%	20%	16%	10%

Source: U.S. Bureau, Census 2000 Summary File 3

Despite the need, there are few standards for the development of an effective adult English as a Second Language (ESL) or bilingual curricula. Research has shown that displaced workers should be able to find employment after a three-month intensive bilingual training program, provided that the course includes both a language acquisition component as well as job training that is specific to the skills needed by area employers. In El Paso's case, the manufacturing jobs require specialization in the assembly of complex automotive and electronic products. Despite this fact, Border workers typically spend up to 18 months in English classes that do not teach the skills needed to succeed in the area workforce. This approach depletes scarce workforce training resources and impedes the acquisition of skills necessary for success. Programs must teach career-specific English as a second language. Further, the outcomes and measures for success of these programs must be whether or not the trainee gains employment, not whether or not he or she learned English.

A successful English literacy workforce skills development plan must:

1. identify industry sectors that are most likely to benefit from the development of basic skills curricula;
2. include a curriculum development process that starts with the skills demands of employers; and,

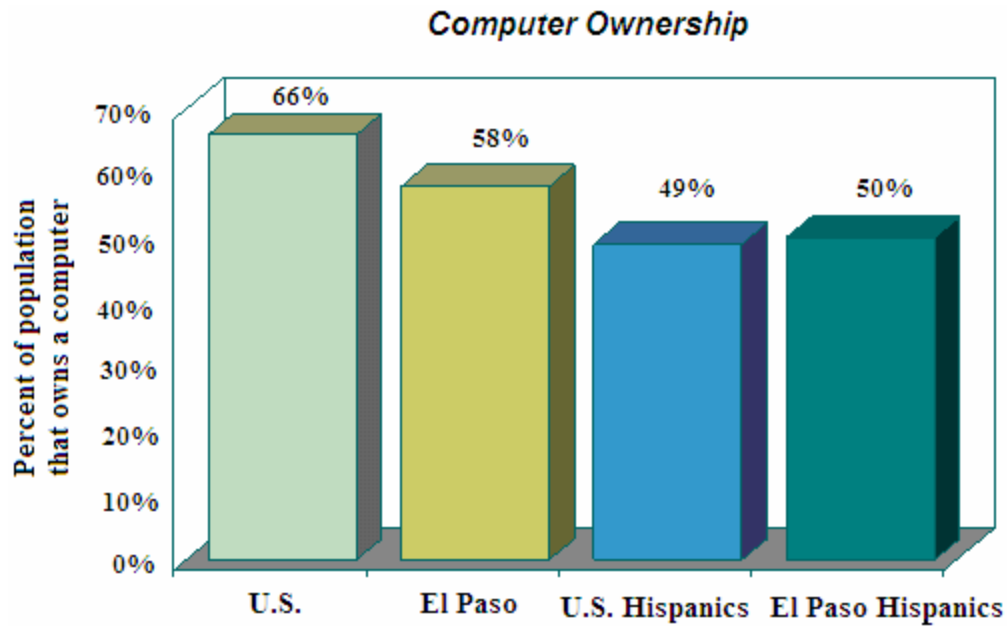
3. have a companion credential development process that will provide both employers and workers with meaningful tools to describe the abilities and competencies required for entry level work.

Positive steps have been taken in this direction with the enactment of Rider 82 by Senator Eliot Shapleigh in the 79th legislature. Working with the Texas Education Agency (TEA), Rider 82 directed TEA to use up to \$800,000 in federal funds to develop a demand-driven workplace literacy and basic skills curriculum. The Texas LEARNS acting on behalf of (TEA) is developing the curriculum. Texas LEARNS has in turn contracted with El Paso Community College (EPCC) to host a Workplace Literacy Resource Center (WLRC). In addition, in developing the demand-driven workplace curriculum, TEA contacted the Texas Workforce Commission (TWC) in order to identify current "demand-driven" industries. The industries sectors that were identified are: health care, sales and services, construction, and manufacturing.

To date, EPCC has begun to identify "partner" employers, and the curriculum development process. The next steps include: identifying pilot sites for participation, student lessons, and development of a "blue-print for success" draft. In addition, Texas LEARNS has asked TWC to identify Local Workforce Development Boards willing to volunteer to support a pilot site. With local support services and additional resources from partners, adult learners will make successful transitions into employment training and education programs for which Adult Education funds cannot be used.

Limited Access to Technology

With the dramatic rise of the Information Technology (IT) industry and increased utilization of e-commerce, residents of the Border Region cannot afford to overlook the opportunities that lie within this sector of the labor market. A recent Information Technology Association of America study indicated that minorities represent only 15.4 percent of the IT workforce. More specifically, American Indians represent 0.2 percent, African Americans represent six percent and Hispanic Americans represent 3.4 percent of the IT workforce.²⁵ These low rates suggest that these communities are virtually an untapped resource in the area of technology. The chart *Computer Ownership*, below, illustrates that Hispanic computer ownership and El Paso's computer ownership lags behind the rest of the country.

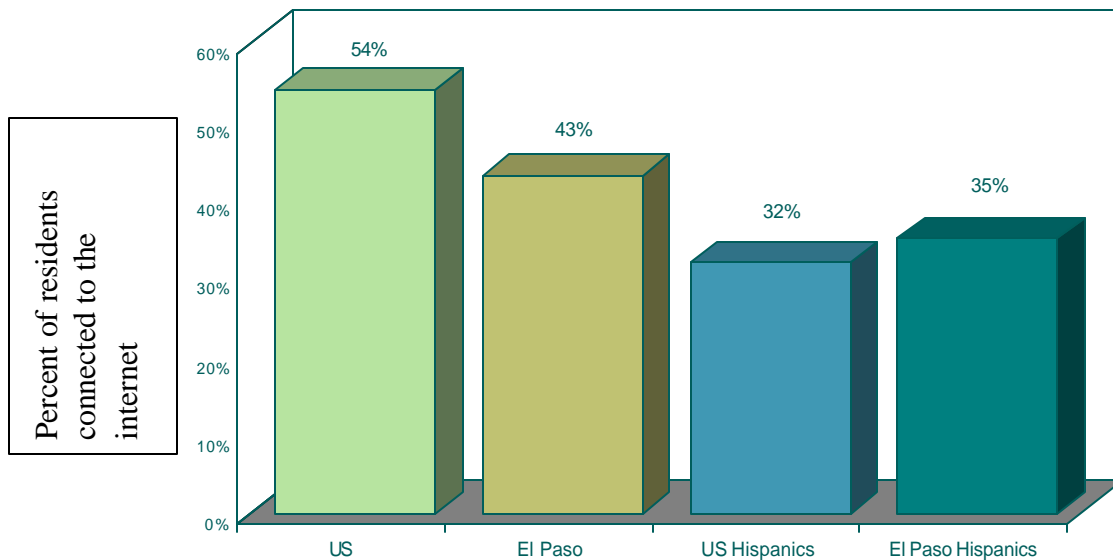


Source: University of Texas El Paso, Institute for Policy and Economic Development
Technical Report, 2003.

A major reason for the substantial lack of participation among minority groups is the digital divide. If communities are already experiencing high unemployment and low wages, limited access to technology only exacerbates the situation. As more young people are eligible to enter the workforce, they must be offered ample opportunities to develop sufficient skills that can be put to use in the ever-growing world of technology.

The first step to bridging the digital divide involves Internet access. Without connectivity, residents have no chance to develop familiarity with technology and are unable to apply their skills in future work opportunities. As the graph *Internet Connectivity*, below, shows, El Paso's connectivity is below the national level of Internet access. Moreover, the disparity between the national average and the average for the Hispanic population reiterates the concern that the digital divide greatly affects minorities and the primary Border population.

Internet Connectivity



Source: University of Texas El Paso Institute for Policy and Economic Development, *Technology report*, 2003

Concentrated efforts in improving Internet access, coupled with an emphasis on workforce training development will equip individuals with the knowledge base to excel in IT professions. Through community-based programs that target underserved communities and offer mentoring in the IT field, individuals can become aware of their potential and gain valuable experience.²⁶ Ultimately, economic opportunities will emerge as individuals gain skills, and barriers are removed. Otherwise, communities face the prospect of falling further behind as the nation's demand for high-tech workers continues to rise rapidly.

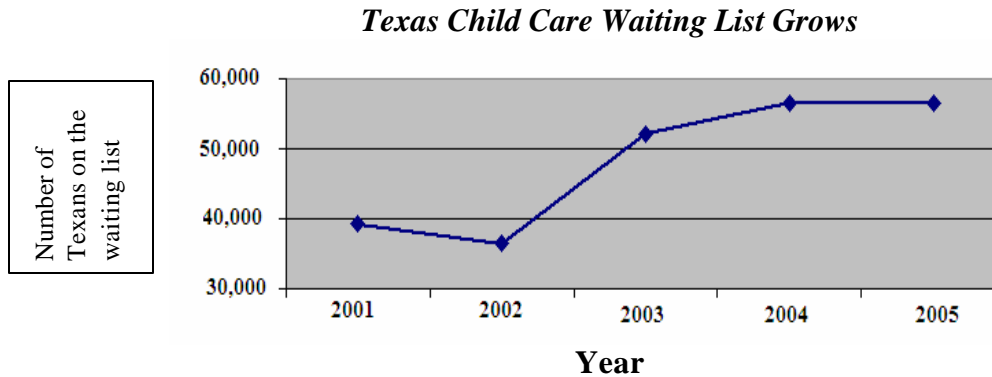
Access to Childcare

Along the Border, where an average of nearly 23 percent of school-aged children are living in poverty, the issue of childcare is particularly pressing. Since childcare costs take up a large portion of a low-income family's resources, parents are often forced to utilize unlicensed care or substandard care for their children. Moreover, many low-wage employees work odd hours or have rotating shifts, exacerbating their childcare dilemma. Families along the Border with low incomes often face these challenges on a daily basis.

States operate childcare programs that are funded through the federal Child Care and Development Fund (CCDF), the Child Care and Development Block Grant (CCDBG) and the Temporary Assistance for Needy Families (TANF) block grant. The states set the guidelines and thus, subsidized childcare varies among the states. In 2000, 2.3 million children received subsidized childcare, a mere 14 percent of the estimated 15.7 million eligible.²⁷

While there is theoretically government aid for families in need of childcare, accessing that aid is difficult. Texas, with federal funding support, subsidizes or fully finances childcare

for a mere 107,000 children. In 2001, about 40,000 children were on wait lists for childcare subsidies, and that number is expected to grow to over 56,000 by next year. The chart *Texas Childcare Waiting List Grows* illustrates this point.



Source: Texas Workforce Commission Legislative Appropriations Request, submitted August 30, 2002

Across the country, the high cost of childcare and the lack of affordable childcare are forcing many families to find alternative means for caring for children. According to a 2002 United States Census Bureau report, among the nation's 19.6 million preschoolers in 1997:

- grandparents took care of 21 percent;
- 17 percent were cared for by their father (while their mother was employed or in school);
- 12 percent were in day-care centers;
- Nine percent were cared for by other relatives;
- Seven percent were cared for by a family day-care provider in their home;
- Six percent received care in nursery schools or preschools; and
- More than one-third of preschoolers (7.2 million) had no regular child-care arrangement and presumably were under maternal care.²⁸

In the context of creating a stronger workforce, the limited access to childcare makes maintaining a steady career difficult. According to the Texas Early Childhood Education Coalition, employers pay up to \$3 billion each year due to parent absenteeism directly related to childcare. When a child is sick, the parent often cannot attend work and can risk losing a job; further, the employer suffers a loss as well. Some parents miss work because they simply do not have a facility where they can take their child.

The State must act to provide better and more affordable childcare services for our working families, as the current level of funding is leaving many families without employment or childcare. During the 78th Regular Legislative Session, major cuts were made in the funding available to Texas families. For example, Temporary Assistance to Needy Families (TANF) was cut by \$52 million; the budget for childcare licensing was cut by almost \$10 million; and Prevention and Early Intervention (PEI) Programs were cut by \$29.4 million.²⁹ Moreover, the Legislature cut all funding for the Texas Rising Star Program, the Statewide Child Care Resource and Referral Network and Employer Dependent-Care Collaborative grants. These

programs were once used to provide training to child care providers and offered parents assistance when choosing quality childcare for their children.

Perhaps most troubling is the role that TANF funding has, and has not, played in the child care picture in Texas. With caseloads declining precipitously between 1995 and 2001, Texas found itself with large surpluses in TANF funds—\$400 million in 1997 and \$600 million in 1999. Unfortunately, only a fraction of these funds were transferred to CCDF to expand child care assistance. By 2001 Texas was transferring about \$33.5 million in TANF to CCDF. But with the Appropriations Act for 2002 and 2003, all TANF-to-CCDF transfers were eliminated and offset by increases in federal CCDF funds. This shortsighted budget decision marks a lost opportunity to expand child care assistance in a time of accelerating demand.³⁰

While only children and families in poverty can qualify for state childcare funds, about \$227 million is allocated based on the total number of children living in an area, regardless of poverty. The chart *Texas Workforce Commission's (TWC) Childcare Funding Formula* provides a description of how child care funding works in Texas.

The Texas Workforce Commission's (TWC) Child Care Funding Formula

- **Matching funds: None of this funding is tied to poverty.** One hundred percent of these funds are allocated based on the number of children under the age of 13 living within the workforce area, in relative proportion to the total number of children under the age of 13 years old in the state. (\$152.7 million in Fiscal Year 2001)
- **Mandatory funds: Half of the funds are not tied to poverty.** Fifty percent of these funds (\$62.8 million) are allocated based on the number of children under the age of five living in the workforce area, in relative proportion to the number of such children statewide. The remaining 50 percent is allocated based on the number of people living in the workforce area whose income does not exceed 100 percent of the poverty level, in relative proportion to the number of such people statewide. (\$125.6 million in Fiscal Year 2001)
- **Discretionary funds: All of this funding is tied to poverty.** One hundred percent of these funds are allocated based on the relative proportion of the total number of children under the age of 13 years old in families whose income does not exceed 150 percent of the poverty level. (\$115.3 million in Fiscal Year 2001)

The funding formula should be need-based, not population-based. Since TWC was created, the Texas child care system has been decentralized, leaving local workforce development boards facing many challenges. In addition to their administrative responsibilities, these boards are responsible for finding local money to draw down available federal funds. This shifts the responsibility of drawing down funds from the state and directs it to local communities. Rural and Border areas have limited ability to generate the maximum funds, and benefit less from increased child care allocations. Basing the formula on the need of the area will ensure that families living along the Border will have access to affordable child care.

Limited Access to Transportation

A critical barrier that prevents people with low-income from finding and keeping a job is the lack of available modes of transportation. Too often, people with low-incomes are unable to get to their jobs, drop off their children at childcare, or perform other tasks that many who already have available transportation take for granted.³¹

While many Americans take a job and decide how to get to work afterward, many low-income people find their choice of jobs limited by lack of transportation options. Public transportation may get some people to work, but it is not an option for others, particularly in more rural areas like the Texas Border Region. Moreover, many low income people have shifts outside of regular business hours when available public transportation may not run regularly. Historically, governments, nonprofits and businesses have assumed that low-income workers who do not own cars will turn to public transportation to meet their mobility needs, but in the Border Region, public transportation is not an option for many.

Moreover, the cost of transportation can be burdensome for low-wage workers. Available public transportation, automobile ownership and insurance are particularly costly. Between 1992 and 2000, households with incomes under \$20,000 annually saw the amount of their income spent on transportation increase by 36 percent.³² The State's new mission to develop toll roads could further add to these costs. While daily costs seem manageable, when added up, tolls could prove to take a significant portion of a family's already low and stretched monthly income. If transportation leaders do not craft toll policies wisely, they could prove to be a non-sustainable strategy on the Border.

Texas needs to follow the lead of states like Arizona, Florida, and Georgia and develop innovative solutions to transportation and mobility barriers. These states have all supported and invested in car ownership programs - unique programs that recognize that an individual's mobility needs cannot always be met through public transportation options. A car ownership program makes a used car with a value ranging from \$2,000 to \$5,000 available to low-income workers at a reduced cost. Early results from established programs show that car ownership leads to higher wages and more stable employment.³³

The Border is Our Future

The Border Region plays an essential role in the State's economy with its strategic geographic location as the neighbor of our largest trading partner - Mexico. The opportunity for Texas to thrive by supporting the economic strengthening of the Border Region is limitless. The workforce of the Border must be educated, skilled and able to carry Texas's economy forward. As Robert Reich, former United States Secretary of Labor under President Clinton said,

*...a skilled, flexible, involved work force can create value in ways that matter in the marketplace and offer an enduring competitive advantage. Key to a new model of corporate citizenship is treating workers as assets to be developed, not costs to be cut. Valuing workers means investing in their training...*³⁴

This is no where more true than in the Texas Border Region, where investment is imperative. Investing in human capital means investing in training and increasing wealth. And, a bi-cultural, bilingual, and bi-literate population equals potential. If we strive to develop and utilize Border Region workers to their potential, our State's economy can thrive, and all families will prosper.

¹ Texas Comptroller of Public Accounts . *The Border: Snapshot*, (November 2003).
<http://www.window.state.tx.us/precialrpt/snapshot/>.

² Ibid.

³ Kahn, Joseph. *The World's Sweatshop: The Etch a Sketch Connection* . The New York Times (December 7, 2003).

⁴ Harry R. Davidson. *The outsourcing of America's jobs*. www.FinalCall.com/News Accessed: April 8, 2004.

⁵ Boo, Katherine. *The New Yorker Fact. Letter From South Texas. The Churn. Creative Destruction in a Border Town*. http://www.newyorker.com/fact/content/?040329fa_fact Accessed: April 8, 2004.

⁶ El Diario. *Se hunde inversion extranjera*. (October 2, 2003).

⁷ Federal Reserve Bank of Dallas, *Hot Stats-Maquiladora Employment* (Dallas Texas, April 2006)), p. 1

⁸ Ibid.

⁹ Federal Reserve Bank of Dallas, *Hot Stats-Maquiladora Employment* (Dallas Texas, April 2006)), p. 2

¹⁰ David Wessel. *The Future of Jobs: New Ones Arise, Wage Gap Widens*. The Wall Street Journal. (April 8, 2004).

¹¹ *The Digital Divide Network* . <http://digitaldividenetwork.org/content/> . Accessed: April 1, 2004.

¹² Letter from Senator Eliot Shapleigh to Senator Kay Bailey Hutchison, November 6, 2002.

¹³ Id. Texas Comptroller of Public Accounts .

¹⁴ United States Department of Labor, Bureau of Labor Statistics. *National Compensation Survey – Wages*.
www.bls.gov

¹⁵ Federal Reserve Bank of Dallas, *The Border Economy* (Dallas, Texas, June 2001), p. 1.

¹⁶ US Census Board, *Census 2004 Summary File 3*.

¹⁷ Ibid.

¹⁸ Comptroller of Public Accounts. *Annual Cash Report Texas 2003, Table 3, Revenue By Source*, pages 24-5. (November 2003) http://www.window.state.tx.us/comptrol/san/fm_manuals/crtoc.html.

¹⁹ Center for Public Policy Priorities. *The Earned Income Tax Credit, the Child Tax Credit, and the Child and Dependent Care Credit*. (March 16, 2004).
<http://www.cppp.org/products/policyanalysis/briefingpapers/brf%20eitc04.pdf>. Accessed: April 2, 2004.

²⁰ Ibid.

²¹ Center on Urban and Metropolitan Policy, The Brookings Institution. *The "State" of Low-Wage Workers: How the EITC Benefits Urban and Rural Communities in the 50 States*. (February 2004).

²² Center on Urban and Metropolitan Policy, The Brookings Institution. *Texas EITC Recipients as a Percentage of Total Returns by Zip Code, TY 2001*. <http://www.brook.edu/dybdocroot/es/urban/eitc/2001/Texas.pdf>. Accessed: April 2, 2004.

²³ Robles, Barbara J. *Low-Income Families and Asset Building on the US-Mexico Border*. Session Report: LBJ School of Public Affairs, The University of Texas at Austin. June 6-7, 2003. http://www.utexas.edu/lbj/faculty/robles/research/pdf/Asset_Building.pdf. Accessed: April 2, 2004.

²⁴ Ibid.

²⁵ Ibid.

²⁶ Ibid.

²⁷ Midwest Partners. *Work Supports = Work, Low Wages Can Make it Hard to Work*. <http://www.midwestpartners.org/worksupports.htm> Accessed: April 21, 2004

²⁸ United States Census Bureau. *Who's Minding the Kids? Childcare Arrangements in Spring 1997*, <http://www.census.gov/prod/2002pubs/p70-86.pdf> Accessed: August 1, 2002.

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³⁰ Center for Public Policy Priorities, *The Texas Child Care Experience Since 1996: Implications for Federal and State Policy*. (February 2002). <http://www.cppp.org/policy/childcare/texasfinal.pdf> Accessed: April 27, 2004.

³¹ National Economic Development and Law Center, *On the Road, Car Ownership as an Asset Building Strategy For Reducing Transportation Related Barriers to Work*. (2002). <http://www.nedlc.org/Ontheroad.pdf> Accessed: April 15, 2004.

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³³ Id. National Economic Development Law Center, 2002

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