



Bringing It All Together

The Rio South Texas Advantage



WORKFORCE | EDUCATION & TRAINING | INDUSTRY | INCENTIVES | GLOBAL OUTLOOK | INFRASTRUCTURE



Workforce

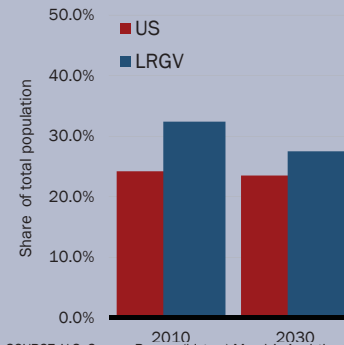
Rio South Texas is a great place to find the talent you need. Comprised of Cameron, Hidalgo, Starr, and Willacy counties, the region (also known as the Lower Rio Grande Valley) offers unrivaled growth opportunities for businesses of all sizes.

A primary ingredient in the Valley's thriving economy is its workforce. The regional labor force is young, skilled, increasingly educated, internationally minded – and growing. Businesses of all industries cite the stable, skilled, and readily available workforce as a major reason they moved to or expanded in the region.

A great place to find talent...

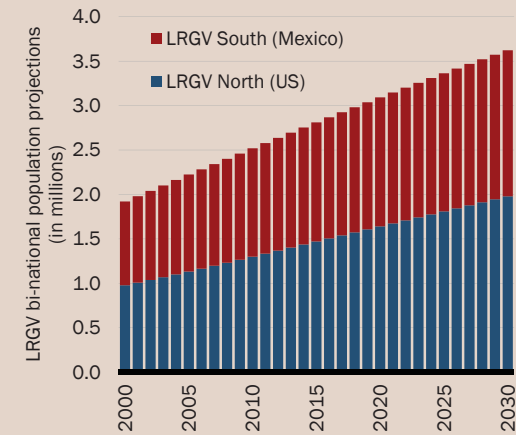
- **A steady supply.** The Valley is home to approximately 1.3 million people. When neighboring regions of Mexico are included, this figure rises to more than 2.5 million. By 2030, the combined population is expected to surpass 3.6 million, with the US side accounting for an increasing share.
- **A young population.** While many parts of the country have begun facing worker shortages as baby boomers exit the labor force, Valley employers have access to a growing pool of young workers. Growth in the region's working-age population is expected to continue to outpace the US. The four-county area will also continue to have a greater share of its population under the age of 18 than the national average, lessening the impact of upcoming retirements.
- **Increasingly educated.** Dropout prevention programs, like the College, Career, and Technology Academy created by Pharr-San Juan-Alamo Independent School District and South Texas College, have helped improve educational outcomes in the region. Among young adults (aged 18 to 24) the share of the population with a high school diploma or GED is approaching the state average.
- **Globally connected.** The Valley's location at an international intersection puts the region and its workforce at the forefront of global commerce. Many businesses are attracted to the area by the bilingual workforce. Indeed, regional workers understand the languages, culture, customs, and challenges involved in running international operations.
- **Competitive wage rates.** The region's wage rates are very competitive across all occupational categories.
- **Access to training.** The availability of quality education and training programs, as well as a strong network of workforce development agencies, makes the area even more attractive to companies in need of skilled workers. State-level incentives, such as the Skills Development Fund, can help create a tailor-made workforce.

Population under 18 years of age



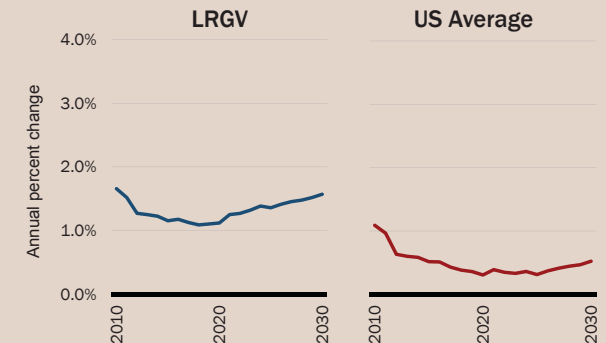
SOURCE: U.S. Census Bureau (history) Moody's Analytics (projections). LRGV = Cameron, Hidalgo, Starr, and Willacy Counties

Projected bi-national population growth Rising share of growth occurring on U.S. side



SOURCE: Texas State Data Center (3.0 scenario); CONAPO, Consejo Nacional de Población (Delimitación de zonas metropolitanas de México)
US side = Hidalgo, Cameron, Starr, & Willacy counties
Mexican side = Matamoros, Rio Bravo, & Reynosa

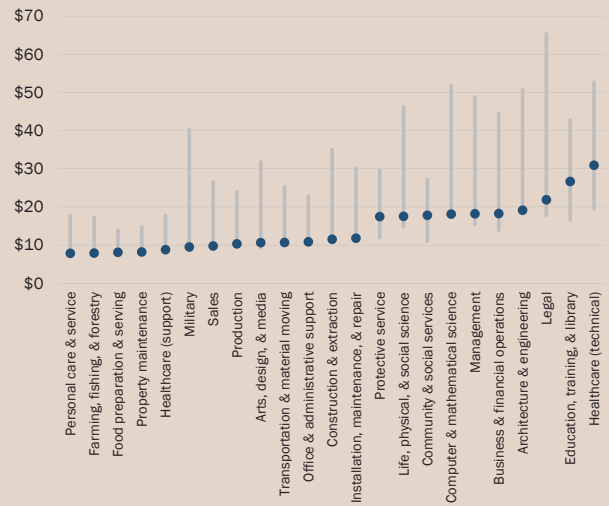
Annual growth rate of the working-age population Defined as residents age 20 to 64



SOURCE: U.S. Census Bureau (history) Moody's Analytics (projections)
Lower Rio Grande Valley (LRGV) = Cameron, Hidalgo, Starr, and Willacy Counties

Median hourly wage rate by major occupational group

Dot represents local median; line represents national range

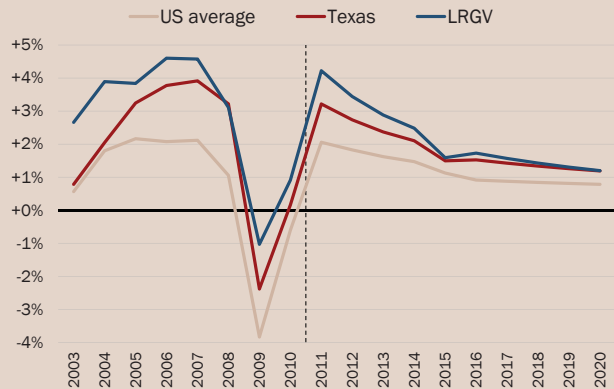


SOURCES: EMSI Complete Employment - 3rd Quarter 2010

National range extends from 10th to 90th percentile

A comparison of current and future job growth trends

Employment growth history (2003-09) and forecast (2010-20)



SOURCE: EMSI Complete Employment - 3rd Quarter 2010

Industry

Once based primarily on agribusiness, the Lower Rio Grande Valley economy has greatly diversified. Today the area is home to successful businesses in a range of industries, including healthcare, advanced manufacturing and aerospace, retail and hospitality, business services, construction, and homeland security and law enforcement. The attraction and expansion of businesses into the region is evident by the Valley's remarkable job growth, which has outpaced both the State of Texas and the US.

The region is perfectly positioned to capitalize on its many assets:

- Advanced manufacturing.** The Lower Rio Grande Valley is home to hundreds of major manufacturing operations, with nearly 200,000 workers in the sector within the cross-border region. Rio South Texas has a diverse population of logistics and warehouse operations that support this advanced manufacturing cluster, as well as suppliers who manufacture components, corrugated products, provide tool & die design and service, heat treating, plating, and a host of other related manufacturing functions. Numerous other manufacturing operations have chosen to locate in the region, ranging from jet engine component refurbishing to manufacturing of rocket components and offshore oil platform construction. The Rio South Texas region has the resources to support a strong manufacturing sector.
- Healthcare.** The healthcare industry is one of the region's largest and fastest-growing sectors, due to the Valley's rapidly growing population base. South Texas has become a major destination for high quality healthcare both domestically and internationally. The region's numerous hospitals and specialty care facilities use state-of-the-art technology to provide a full range of high quality care.
- Alternative energy.** Although the sector is in its early stages, the Valley has some projects underway. Duke Energy, E.ON Climate & Renewables, Cielo Wind, and Photon 8 are just some of the companies working on alternative energy projects here. The Rio South Texas region has a wind capacity of at least 1000 megawatts, according to Duke Energy. As these and other companies continue to discover the Valley's potential, this sector will play an important role in the region's future.

... with a vibrant economy



Regional Academic Health Center

- The RAHC's community-based teaching model gives students access to dozens of currently practicing physicians from the Valley community. Faculty are designated as volunteer, part-time or full-time faculty through UT Health Science Center San Antonio's respective departments.
- Over 900 medical students have completed a portion of their clinical training at the Harlingen RAHC.
- Approximately 90% of graduates from the RAHC's Internal Medicine Residency Program practice in Texas, with the majority practicing in the Rio Grande Valley.
- The RAHC's \$20M Medical Research Division in Edinburg provides a venue for research on diseases that disproportionately affect the border populations of South Texas — particularly diabetes and certain infectious diseases.

Training

The Lower Rio Grande Valley is home to a strong network of training providers, including two components of the University of Texas System (the **University of Texas at Brownsville** and the **University of Texas-Pan American** in Edinburg) and two community colleges (**South Texas College** and **Texas Southmost College**). The presence of these public institutions helps ensure access to both academic and technical offerings, creating benefit from a workforce development standpoint as well as providing an amenity for residents.

In addition to these institutions, the Valley is fortunate to have two unique education and training assets. First, the region is home to one of only four campuses of the Texas State Technical College (TSTC). The presence of the **TSTC-Harlingen** campus is a significant asset. Second, the establishment of the **Regional Academic Health Center** (RAHC) in 2002 has been a catalyst for growth, both in terms of medical education and research.

As a "geographically separated" campus of The University of Texas Health Science Center at San Antonio, the RAHC has facilities located throughout the region: two in Harlingen for medical education and clinical research, one in Edinburg for medical research, and one in Brownsville for public health education. Over 900 medical students have completed at least one clinical rotation at the RAHC Medical Education Division.

Each year, the RAHC enrolls approximately 50 students who have reached the clinical stage of their education (third-year and fourth-year students). These students draw on the RAHC's resources — libraries, classroom instruction, computers — but spend much of their time at clinical sites throughout the region, with Valley Baptist Medical Center serving as the primary teaching hospital. Other programs at the RAHC include a fully-accredited Internal Medicine Residency Program established in partnership with Valley Baptist and STEER (South Texas Environmental Education and Research), an initiative focused on the relationship between border environmental factors and human disease.

In 2009, state lawmakers approved a bill giving UT permission to establish a medical school in Rio South Texas. The community has begun work on identifying funding sources to make that vision a reality.

World-class facilities





Skills

In today's economy, skills are essential. Valley residents and employers benefit from the presence of the state's premier technical college, **Texas State Technical College**. Since 1965, TSTC has been helping to meet the state's evolving workforce needs. TSTC's Harlingen campus was established in 1967 in recognition of the vital role South Texas plays in the state economy.

Today TSTC-Harlingen, with an enrollment of 6,900, offers technical training in Agriculture; Information Technology & Telecommunications; Engineering & Manufacturing (including alternative energy-related occupations); Health & Sciences; Business, Commerce & Service; and Transportation & Aviation. In addition students have the option to complete a group of 16 courses which can substitute for the academic core of any other public college or university in Texas.

The recently instituted Vocational Nursing Program admits 26 students each year. Upon completion of the 12-month long certificate program, graduates are eligible to apply to take the state licensing examination to become a licensed vocational nurse (LVN).

In 2010, TSTC-Harlingen added a new instructional program in wind energy technology. Funded through a grant from the U.S. Department of Energy, the program currently consists of a Level-1 wind turbine technician certification. Ultimately, the Harlingen program is expected to lead to an associate's degree, like a similar program offered at TSTC's Sweetwater campus. The program is one of the early phases for the South Texas Renewable Energy Institute, which will feature solar, off-shore wind and corrosion technologies.

The University Center at Harlingen, scheduled for completion in July 2011, will further expand the campus's educational offerings. As a multi-institutional teaching center, the center will provide access to programs from several universities. Collectively, the eight public and private university partners will offer over 80 bachelors, masters and doctoral degrees. The building will be the first structure in the region to receive Gold certification under LEED, an internationally recognized system used to rate energy efficiency.

*New programs at
TSTC-Harlingen
include wind energy
technology and
nursing preparatory*

A statewide role and mission. As Texas's only state-supported technical college system, Texas State Technical College plays a pivotal role in maintaining the state's competitiveness.

Learning by "thinking and doing." TSTC's practical approach to skills training, coupled with its strong relationships with employers and its state-of-the-art equipment, enables TSTC to efficiently and effectively help Texas employers meet the challenges of today's global economy.

"We believe in people." TSTC's student-centered philosophy contributes to the institution's outstanding record in graduating individuals from diverse backgrounds.

*Drawn from TSTC's Harlingen Campus
2010-2020 Master Plan*

Making a difference ...

- STC graduates increase their earnings potential by approximately \$107.4 million per year.
- Students enjoy an attractive 15.4% real rate of return on their STC educational investment.
- Average annual exit earnings for an associate's degree nursing graduate from STC is \$45,000, 104% higher than the average earnings of a high school graduate in the region.
- Annual savings to state and local taxpayers from cost reductions related to welfare, unemployment, and crime due to educational attainment gains are estimated at \$6.1 million.
- Higher earnings of STC students and associated increases in state income expand the tax base in Texas by about \$54.2 million each year.

2010 economic impact analysis
prepared by Economic Modeling Specialists, Inc. (EMSI)



Collaboration

South Texas College (STC) represents the realization of a collective vision. In the early 1990s, the combined Hidalgo-Starr County area was the only region of its size not served by a community college. Recognizing the need for workforce training and education opportunities that the college would afford, STC was established by the Texas Legislature in 1993 (the only college to be created in this manner). Two years later, in 1995, area residents confirmed the creation of the college by approving a taxing district and establishing a Governor-appointed Board of Trustees.

Today, STC plays an important role in the region's education pipeline, serving more than 30,000 students across five campuses and online. In addition to offering over 100 associate degree and certificate programs, STC offers Bachelors of Applied Technology degrees in Computer & Information Technologies and Technology Management — the only community college in Texas to do so. Dual credit enrollment options allow area high school students to earn associate degrees by the time they graduate via STC's Medical Science, Engineering, and Computer Science academies. For those seeking to continue their postsecondary education, the college has established articulation agreements with UT Pan Am, which help assure the seamless transfer of credits between institutions and a faster time to degree attainment. More than 11,000 former STC students were enrolled at UTPA in Fall 2009.

- As a participant in *Breaking Through*, a national initiative spearheaded by Jobs for the Future and the National Council for Workforce Education, the college has developed 9 integrated career pathways to help low-income low-skilled adults prepare for and succeed in occupational and technical degree programs.
- STC's Nursing & Allied Health program awarded 734 degrees and certificates in 2010 across 8 associate degree and 9 certificate programs. Equipment at its Mid-Valley Campus includes Sim-Man® 3G, the latest in medical simulation technology.
- The college serves as headquarters to the North American Advanced Manufacturing Research and Education Initiative (NAAMREI).
- STC provides customized training to Valley employers through the Partnership for Business & Industry Training and through the Institute for Advanced Manufacturing, an affiliate of NAAMREI.

**“Changing
Lives, Changing
Communities”**

— STC's award-winning
marketing campaign

Partnerships

Automotive electronics manufacturer **ALPS/ALPINE** has been a part of the regional business community since 1989. Beginning with a small warehouse operation, the company now employs hundreds of workers along the Texas-Mexico border. In 1996, as part of the consolidation of manufacturing operations from California, ALPS established an Advanced Manufacturing Engineering center in McAllen to support the firm's manufacturing operation in Reynosa.

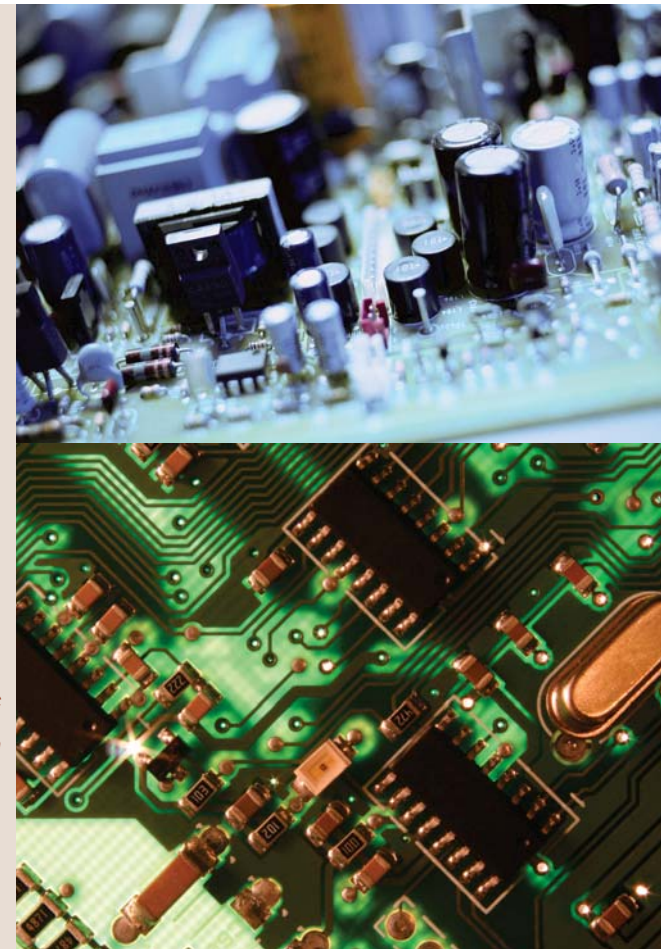
Over its 20-year history in the region, ALPS has become a key player in the local workforce and education system. During the 1990s, ALPS worked with UTPA and STC to re-shape existing engineering and computer-aided drafting curricula. In addition to its advisory role, the company offered students and alumni an opportunity to gain valuable real-world experience. More than 100 students have gained on-the-job training through internships, with a number of students gaining employment upon graduation.

The company's focus on engineering and advanced manufacturing technologies made it a logical member of NAAMREI. ALPS officials were also actively involved in the region's pursuit of a grant from the state's Emerging Technology Fund. In part because of demonstrated industry support, the Valley was awarded a \$3.25 million grant to recruit high-level researchers in support of NAAMREI's Rapid Response Manufacturing initiative.

In short, ALPS has played a pivotal part in creating a pool of skilled workers in the region. Though originally drawn here by the region's proximity to their Mexico customer and supplier base, company officials now view the local workforce as an essential element of their success in the region.

By building strong relationships, ALPS has created a way to recruit, train and sustain talented local employees.

— McAllen Economic Development Corporation



Staying ahead of the curve. The North American Advanced Manufacturing Research & Education Initiative (**NAAMREI**) is a talent development network comprised of organizations representing higher education, economic development, workforce, and business.

The focus of the initiative is to enhance the competitiveness of US manufacturers and support workforce training in advanced technologies. The NAAMREI framework will help to build a pipeline of workers with the skills to meet the demands of an increasingly complex workplace.

A central element of NAAMREI is the rapid response manufacturing (RRM) facility. Housed at UTPA, the RRM provides clients access to engineering staff, planning and rapid prototyping systems, simulation software, and other university resources, to enable manufacturers and entrepreneurs to scale a product from concept to finished goods as quickly and efficiently as possible.

NAAMREI launched their operation with a \$5 million grant from the US Department of Labor's Workforce Innovation in Regional Eco-

nomic Development (WIRED) initiative. These funds were supplemented by a \$3 million Skills Development Training Grant from the Texas Workforce Commission. To date, these funds have been used to provide customized training to more than 2,400 new and incumbent workers in NAAMREI's seven-county region, resulting in an estimated \$10.2 million in increased wages. In addition, the partners have secured more than \$30 million to support NAAMREI's operations and training services in the Rio South Texas Region.



Excellence

Residents and employers in the Lower Rio Grande Valley have access to two branches of the University of Texas system. With enrollment approaching 20,000 students, the **University of Texas- Pan American** (UTPA) in Edinburg has a rich tradition of educational service and community engagement. Key points about the institution include:

- A recent study completed by UTPA's Office of Institutional Research and Effectiveness estimated the university's annual economic impact on the local economy at almost half a billion dollars (\$492.8 million) resulting from university-related spending on operations and new construction, as well as expenditures by faculty, staff and students.
- UTPA has more than 20 centers of excellence in research areas ranging from health policy to national security and intelligence professions. The institution also serves as the local affiliate of state-federal initiatives such as the Texas Manufacturing Assistance Center and the Small Business Development Center.
- According to the Texas Higher Education Coordinating Board, UTPA was ranked 1st in the total number of Allied Health degrees awarded at all senior academic institutions in Texas, 3rd in the number of bachelor's degrees awarded and 2nd in the number of master's degrees awarded in fiscal year 2009.

The **University of Texas at Brownsville**, in collaboration with **Texas Southmost College**, serves more than 17,000 students in the Brownsville metropolitan area and broader South Texas region. Achievements of UTB/TSC include:

- UTB/TSC's \$33.8 million, state-funded Biomedical Research and Health Professions Building will house the Center for Biomedical Studies, as well the university's growing Nursing Department. The facility will support cutting edge efforts in biology, biotechnology and medicine, building momentum for the flow of additional research dollars to the university. Of particular importance to the community, the new center will focus research on health problems such as diabetes, Alzheimer's, cancer and heart disease, which disproportionately burden the Lower Rio Grande Valley.
- UTB's International Innovation Center has launched more than 64 startup companies, created an estimated 649 jobs with potential job creation on maturity of more than 1,133 jobs. The business incubator currently has a 72 percent success rate.



Points of pride

Community

When **UnitedHealth Group**, a leading healthcare and well-being company, was looking for a place to locate its new service center, the company searched nationwide for a community that had the commitment, resources, and workforce to help the growing business serve its clients.

In March 2009, representatives from UnitedHealth Group joined state and local officials to announce that the company had chosen Harlingen as the site for the new service center. The center is managed by UnitedHealthcare Medicare & Retirement (formerly Ovations), which operates UnitedHealth Group's business for people age 50 and older. Serving one of every five Medicare beneficiaries – about 9 million people – UnitedHealthcare M&R is the United States' largest business dedicated to seniors' health and well-being.

The company's workforce needs included bilingual customer service representatives to assist the company's burgeoning Hispanic membership. Larry Renfro, chief executive officer for UnitedHealthcare M&R said the regional workforce was essential to the company locating in Harlingen. "We appreciate having access to the area's talented, diverse workforce that can help support the millions of Medicare beneficiaries we serve," he said.

With total employment expected to reach 700 within five years, the company's \$20 million annual payroll will have an immediate impact. In addition to customer-service representative positions, the service center offers opportunities in management, information technology, quality, training and other support roles.

UnitedHealthcare partners with Texas State Technical College and Workforce Solutions Cameron to train employees and potential job candidates with the necessary skills and knowledge. The service center's location was also facilitated by the Harlingen Economic Development Corporation through the purchase of a former Albertson's, which was leased to UnitedHealth Group. The company is investing more than \$6 million in renovations and equipment at the 55,000-square-foot facility. Indeed, UnitedHealth Group chose Harlingen with plans for a long-term investment in the community, including the local workforce.

With more than 34 million baby boomers projected to become Medicare-eligible in the next decade, Medicare enrollment – and UnitedHealthcare's business – is expected to experience tremendous growth. Renfro noted that Medicare also will be affected by federal health care reform. The Valley's workforce, coupled with regional training and education opportunities, will allow the company to meet this demand. "We are very well positioned to adjust to any changes to Medicare in the years ahead. We're ready to begin serving baby boomers," Renfro said.

"While we are a company with tens of thousands of employees across the country and the world we are still relatively new to some folks in the Valley," Renfro said. "We don't want to be just another company – we truly are working to become part of the community."

"We appreciate having access to the area's talented, diverse workforce that can help support the millions of Medicare beneficiaries we serve."

— *Larry Renfro - CEO, UnitedHealthcare M&R*

State-level commitment. The Skills Development Fund (SDF) is Texas' premier job-training program. Administered by the Texas Workforce Commission, the SDF helps employers remain competitive by financing the design and implementation of customized job training projects.

Training projects are tailor-made for the applicant, featuring company-specific curriculum and instructional examples, and flexible scheduling options designed to minimize disruptions.

To apply, businesses must partner with an eligible training institution, such as a public community or technical college or a community based organization. Local workforce development boards serve as a resource and are required to review and comment upon SDF applications. This emphasis on collaboration has been an essential element of the program's success.

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