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Economic Development Strategic Plan for the City of Waco, Texas

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W.E. UPJOHN INSTITUTE
for Employment Research

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MOHR PARTNERS

W.E. UPJOHN INSTITUTE FOR EMPLOYMENT RESEARCH

Table of Contents

EXECUTIVE SUMMARY **1**

Focus of this Report 1

Recommendations 2

1 Economic Landscape of the City of Waco **4**

Demand-Side Factors 11

Workforce Issues 15

Labor Supply Concerns 17

Employment Barriers 21

Transportation 22

2 Observations from the Waco Community **26**

Community Interviews 27

Workforce, Employment, and Education 27

Programs Considered Effective to Addressing Employment Challenges 30

A Vision for Waco's Future 32

Focus Group Observations 35

Workshop Discussions 37

3 Assessment of the City of Waco's Current Economic Development Program **38**

Framing an Economic Development Strategy: Why Waco? 38

Branding, Outreach, and Concierge Services 40

Department of Economic Development Website 41

Brand Identity 42

Outreach 43

Discussion and Comments on Branding 45

Targeting Approach for the City's Economic Development Activities 45

Identifying Potential Target Industries 46

Using Place as Part of the Economic Development Strategy 51

Problems within the Real Estate Market 51

Targeting the Real Estate Market 52

(continued)

Table of Contents

4 Report Recommendations **60**

1. Implement an Employer-Driven Workplace Readiness Skills Training Program 60
    - Necessary Conditions for an Effective Workplace Readiness Skills Training Program 60
    - Components of a Workplace Readiness Skills Training Program 61
    - Participant Expectations 62
    - The Curriculum Outline for the Workplace Readiness Skills Training Program 62
    - Graduation Requirements and Benefits 64
    - Placement, Follow-Up, and Career Development 64
    - Necessary Resources 64
2. Develop Target Industry Career Fairs 65
    - Job Seeker Responsibilities to Participate at the Target Industry Career Fairs 65
    - Employers' Responsibilities to Participate at the Target Industry Career Fairs 65
    - Event Design 66
3. Extend the Activities of the Employer Consortium to Include Shared Training Needs 66
4. Bring Jobs To People 67
5. Improve The City's Current Economic Development Services 67
    - Recommendations for the City's Economic Development Website 67
    - Recommendations for Creating a Brand Identity 68
    - Recommendations for Attraction Outreach Efforts 68
    - Recommendation for a Concierge Service 69
6. Develop an Education Pathway Especially for African Americans to Successfully Enter and Complete College 69
7. Provide Quality Child Care and Preschool Programs 70

Notes 72

Table of Contents

Tables

1	Employment Projections by Industry	4
2	Employment Change for Peer Metropolitan Areas	5
3	Per Capita Income for Metropolitan Areas, 2008–2012	6
4	The Economic Performance of the Major Industries in the Waco MSA	13
5	Education Requirements of Internet Job Postings	15
6	Median Hourly Wages for Selected Occupations	18
7	Employment in the Waco Employment Clusters	23
8	Employment in Inner City Census Tracts	25
9	Stakeholders Participating in Interviews, Focus Groups, and Workshops	26
10	Cost of Living and Cost of Doing Business in Waco and Selected Texas Cities	39
11	Location Quotients and Employment for Target Industries in McLennan County	47
12	Top 25 Occupations Based from Target Industries	50
13	Market Conditions for Industrial/Flex Space	52

Figures

1	Employment Growth by Industry 2012 to 2013 in the Waco MSA	5
2	Percent of City Population Living up to 200% of Poverty, 2006–2012 (excludes students)	7
3	Age Characteristics of City Population Living in Poverty (200% of federal poverty guidelines)	8
4	Average Income by Educational Attainment in Waco	8
5	Educational Characteristics of City Population Living in Poverty (200% of federal poverty guidelines)	9
6	Labor Force Characteristics of City Population Living in Poverty (200% of federal poverty guidelines)	10
7	Other Characteristics of City Population Living in Poverty (200% of federal poverty guidelines)	10
8	Annual Household Income (17,807 households under $25,000)	11
9	Area Employment Change 2009 to 2014 Contributed to National Growth, Industrial Mix, and Competitiveness	12
10	2012 Employment Change and Levels by Firm Size	14
11	2012 Employment Change and Level by Firm Size in the Nine Peer MSAs	14
12	BLS Estimates of the Typical Level of Education Required For Employment	16
13	Education Attainment of Employed Workers in the Waco MSA and Its Peer MSAs	16
14	The Job Chain and Multiplier Model	17
15	Labor Force Characteristics For the City of Waco	19
16	Age Composition of the City's Unemployed	20
17	Labor Participation Rates by Ethnicity	20
18	Labor Force Status by Educational Attainment, 2012	21
19	Graduation Rates at the State's Community and Technical College, 2012	22
20	Metropolitan Waco Commuting Patterns	23

Table of Contents

Maps

1	7.2% of Residents Aged 35–64 in Selected Census Tract Who Do Not Have Access to a Vehicle	24
2	Employment Clusters	25
3	Five-Hour Drive Times from Waco	40
4	Site #1 Urban Core Parcel and Amenities	53
5	15-Minute Walking Zones from Site #1 Urban Core Parcel	54
6	Percent of African Americans Near Site #1 Urban Core Parcel	55
7	Percent of Hispanics Near Site #1 Urban Core Parcel	56
8	Site #2 Near the Urban Core and Amenities	57
9	15–30 Minute Zones from Site #2 Parcel Near Urban Core	58
10	Site #3 Outside of the Urban Core	59
11	15-Minute Drive Time for Site #3 Outside of the Urban Core	59

Executive Summary

In many ways Waco is on the verge of substantial growth. The city has most of the necessary ingredients to support extensive development. Nevertheless, its past economic performance has been lackluster, and its residents have few economic opportunities not only because of their low education attainment and lack of skills, but because of limited employment prospects.

Waco houses outstanding training and education institutions and has a strong network of foundations and nonprofit organizations. Few communities can boast of having two two-year training institutions and a major university. Its location on I-35 is within easy driving distance of four of the fastest-growing metropolitan areas in the country—Dallas, Houston, San Antonio, and Austin—which makes it an excellent logistical distribution and supply center. And, the area offers numerous site-ready industrial and commercial properties.

Still, economic growth in the Waco Metropolitan Statistical Area (MSA) has been sluggish because of the types of industries in the area and their flat competitive performance. The lack of a strong demand for workers increases the difficulties facing economically disadvantaged residents who have been not be able to establish strong work histories. Many of the graduates of the area's university and colleges seek employment elsewhere because of better opportunities and wages.

Moreover, our results suggest that the area's economic development efforts could be enhanced. In particular, the area's economic development presence online is marginal, and current protocol for guiding and responding to site selector inquiries is not always clear.

Focus of This Report

The city of Waco did not request a standard economic development strategy that limits its focus to the examination of the area's economic strengths, weaknesses, opportunities, and assets, which set a course that, if implemented, has the potential to improve the general economic performance of the area. Instead, the city called for a plan to also reduce poverty, increase labor force participation, and increase area income.

The core of Waco's economic development challenge is twofold. First, too many of the city's residents do not have the sufficient skill sets to meet the talent needs of the region's core businesses, making it difficult for them to find and keep good-paying jobs. Moreover, many of these individuals face other challenges as well, including lack of quality and secure child care, reliable transportation, and, perhaps most importantly, lack of job-readiness skills. Second, many of the region's businesses only demand low-skilled positions that pay relatively poorly and offer limited career advancement. Worse yet, the quality of the area's workforce may influence the investment decisions of future employers that may only view the Waco area as a low-cost, competitive location for only low-skilled assembly and the warehousing of products.

The key aim of this data-driven research effort is to identify the components of an economic development strategy that could concurrently enhance the local economic base and provide a sustainable pathway for economically disadvantaged Waco residents toward full-time, permanent employment. The components must address the unique environment and assets of the city of Waco and the program must be sustainable without significant governmental support. Most importantly, it must meet the current and future employment needs of the area's employers.

An economic development strategy should be based on not only how it positively affects the community, but also how it positively affects businesses that the city hopes to retain and attract. To that end, it is also important to look at capital resources—the inventory of property. After a city has identified its target industries, does the city have the real estate to support those industries? And, does it have the labor to support those industries?

In 1990, Harvard Professor Michael Porter published his seminal work, "The Competitive Advantage of Nations."[1] Porter defined the term and concept of a "clusters" approach to regional growth and development, and his work has since helped define economic development strategy. "A cluster is a geographically proximate group of interconnected companies and associated institutions in a particular field, lined by commonalities and complementarities."[2]

Executive Summary

Using standard regional analytical techniques, the Upjohn/Mohr team identified a group of industries in which the city of Waco may have some strength, or in Porter's terms, "competitive advantage," and so may be considered in its attraction efforts. These industries work well with the available sites and also have production-related workers who can be trained to fill positions within new firms. The demand for production-related workers will fit into a training strategy targeted to economically disadvantaged workers. Attracting these industries to Waco brings new wealth and expanded employment into the community. Training more service-related workers who serve the population will not likely create jobs with career ladders or add to the wealth of Waco. As part of the preparation for work within these targeted industries, these workers will need basic "soft" skills and have the ability to be trained and to adapt to the work environments and requirements of specific industries and employers.

Recommendations

The following is a list of the key recommendations of this report:

1. The development of an employer-driven workplace-ready skills training program. We are proposing an intensive job-readiness training program that is directed and supported by a consortium of area employers. The program must focus on the workforce needs of existing businesses in Waco who hire entry-level workers. The program must be shown to be, at least, revenue neutral for participating firms.

2. Extend activities of the consortium of employers to address their shared skill needs and to establish productive lines of communications between these employers and McLennan Community College (MCC) and Texas State Technical College (TSTC) for the development of accessible, customized training programs for their incumbent workers.

3. Bring employment opportunities to residents living in the core city neighborhoods of Waco to address several of the key barriers facing job seekers. First, these jobs would be, for many, within walking distance, and for others, available through public transit. Second, the employer would be located near already existing daycare providers. Coupled with the proposed workplace-ready skills training program, the location of a new employer in the core city could bring accessible employment opportunities for residents.

4. Improve the delivery of the city's economic development program that would enable the city and its partners to respond more efficiently to businesses and site selectors' inquiries. The current economic development website should be updated and redesigned and an effective protocol established for working with potential business investment.

5. The development of an education pathway especially for African Americans to successfully enter and complete college. The data show that African Americans are not taking advantage of the educational opportunities offered by MCC and TSTC. Worse yet, for those who attend college, the completion rates for African Americans are among the lowest in the state. The issues impacting this undesirable outcome are too large to be addressed in this report; however, until it is resolved, Waco is losing a valuable pool of potential talent.

6. Provide quality child care and preschool options that focus on access, with the goal that all children who enter kindergarten are ready academically and socially. Encourage Prosper Waco to seriously consider adopting a quality early childhood system by expanding the SmartBabies Early Childhood program to include the issue of kindergarten readiness.

7. Develop Target Industry Career Fairs, which would be unique, invitation-only, two-day events focusing on the needs of employers in a single-targeted industry.

We strongly believe that the implementation of these recommendations would be highly complementary to the already outstanding efforts that are under way in the area.

Executive Summary

The report is organized as follows: First, we examine the economic landscape of the city of Waco with a particular focus on its labor market conditions. Both demand and supply characteristics of the area's labor force are carefully examined. Second, we present the concerns of the more than 200 community, business, and education stakeholders that we interviewed over the course of the study. This is followed with a critical assessment of the city's current economic development program and the identification of potential industry and occupational targets that the city of Waco could consider, as well as a real estate site analysis. After reviewing the city's assets, we provide a detailed presentation of our policy recommendations.

Finally, we want to thank the dedicated staff of the city of Waco for their excellent support during this effort. We could not have completed this report without their welcoming assistance and follow through.

1. Porter, M.E. 1990. *The Competitive Advantage of Nations*. New York: Free Press.
2. Ibid.

Chapter 1:
Economic Landscape of the City of Waco

Total employment in the state of Texas grew a strong 2.9 percent last year and has maintained a robust 1.8 percent annualized rate during the past 10 years.

Total employment in the Waco MSA—McLennan and Falls Counties—grew by only 1.0 in 2013, a gain of 1,100 jobs. Moreover, during the past 10 years the MSA has recorded only a modest 0.3 percent annual rate of employment growth. In comparison, total employment in the state of Texas grew a strong 2.9 percent last year and has maintained a robust 1.8 percent annualized rate during the past 10 years (Table 1).

Relative to the nine peer MSAs in the state, Waco's employment trends are only slightly below average. Employment overall in the 10 MSAs increased by 1.8 percent in 2013 and by a modest 1.2 percent average annual rate during the past 10 years (Table 2). Numerous research studies have shown that small metropolitan areas nationwide face stubborn economic development challenges due to their size. It is more difficult for small metropolitan areas to attract high-skilled professional talent, and they are often overlooked by companies looking for larger labor or consumer markets. Part of the problem is that high-skilled professional workers marry other professional workers, and seek the greater opportunities found in larger MSAs. The cultural and amenity opportunities available in larger MSAs appear to be growing in attractiveness for young professionals. In addition, the long-known, but still not fully understood, force of agglomerative economics—bigger is better—still holds despite rising congestion costs and real estate prices. In short, Waco's moderate economic performance is largely due to urban structure that cannot be easily altered.

In both the Waco MSA and the state, manufacturing employment has been stable at best, with most employment gains reported in the area's hospitality and leisure and professional and business services sectors.

Table 1 Employment Projections by Industry

	Waco MSA (%)		Texas (%)	
Change in employment	One-year change	10-year annual rate	One-year change	10-year annual rate
Total	1.0	0.3	2.9	1.8
Construction	5.0	1.0	4.7	1.0
Manufacturing	0.7	−0.9	0.9	−0.3
Wholesale	2.6	0.3	3.5	2.0
Retail	1.8	0.6	2.7	1.3
Transportation and utilities	3.4	0.7	3.2	1.8
Information	0.0	−3.2	1.7	−1.5
Financial services	−1.6	−0.3	3.0	1.5
Professional and business	6.7	1.3	3.5	3.3
Education and health	−3.2	0.4	2.6	2.9
Hospitality and leisure	3.8	1.7	5.1	2.9
Other services	−2.6	−1.7	3.7	1.1
Government	0.0	0.8	0.9	1.0

SOURCE: BLS.

Employment overall in the 10 MSAs increased by 1.8 percent in 2013 and by a modest 1.2 percent average annual rate during the past 10 years.

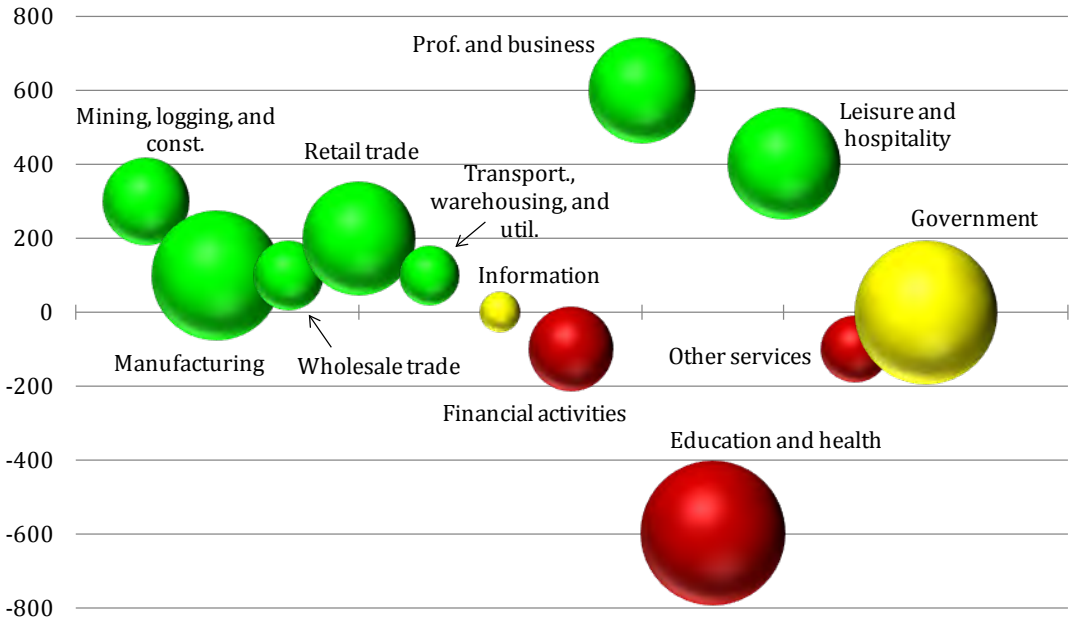
Table 2 Employment Change for Peer Metropolitan Areas

Change in employment	2012–2013 change	2003–2013 avg. ann. change
Waco	1.0	0.3
Abilene	1.2	0.6
Amarillo	0.9	0.9
College Station-Bryan	4.1	1.8
Killeen-Temple	1.5	1.7
Lubbock	2.6	1.0
Odessa,	2.2	3.6
San Angelo	2.4	0.7
Tyler	1.8	1.0
Wichita Falls	−1.0	−0.5
Average	1.8	1.2

SOURCE: BLS.

Last year's employment change in the Waco MSA is shown in Figure 1, with the size of the bubbles reflecting the relative employment size of the individual sectors. Green indicates that employment in the sector grew during the year, while yellow denotes the absence of growth and red reflects employment loss. Surprisingly, the area's large education and health sector, which historically provided employment stability and growth, suffered a 3.2 percent decline, a loss of 600 jobs. These job losses were offset by a gain of 600 jobs in the area's smaller professional and business services sector.

Figure 1 Employment Growth by Industry 2012 to 2013 in the Waco MSA



SOURCE: BLS CES.

Waco's real per capita income in 2012 was just short of $36,000 and has been growing at a healthy 1.5 percent annual rate for the past four years.

Although employment growth is the most commonly used indicator of local economic performance, it is flawed because it includes part- and full-time employment and does not address the issue of wages. Therefore, per capita income is a better overall indicator even though it suffers from a 1.5–2-year time lag. The Bureau of Economic Analysis (BEA) recently released a new real per capita income measure that takes into consideration the local cost of living. This is a major improvement over previous per capita income estimates because prior income did not reflect the fact that in many areas higher income is thwarted by even higher living costs.

The BEA developed Regional Price Parities (RPP), which estimate the area's relative cost of living to the nation as a whole. The index is estimated by comparing the average prices paid by consumers for goods and services consumed relative to the nation. In 2012, Waco's RPP was estimated to be 91.6, indicating the area's cost of living was nearly 10 percent below that of the nation. The BEA's housing cost index for the Waco MSA is extremely low, 76.6 in 2012.

As shown in Table 3, Waco's real per capita income in 2012 was just short of $36,000 and has been growing at a healthy 1.5 percent annual rate for the past four years. In comparison, the average real per capita income for Waco's nine peer MSAs was $39,477 in 2012, 10 percent higher; however, the Waco area is experiencing the most rapid income gains of the peer group outside of Odessa.

Table 3 Per Capita Income for Metropolitan Areas, 2008-2012

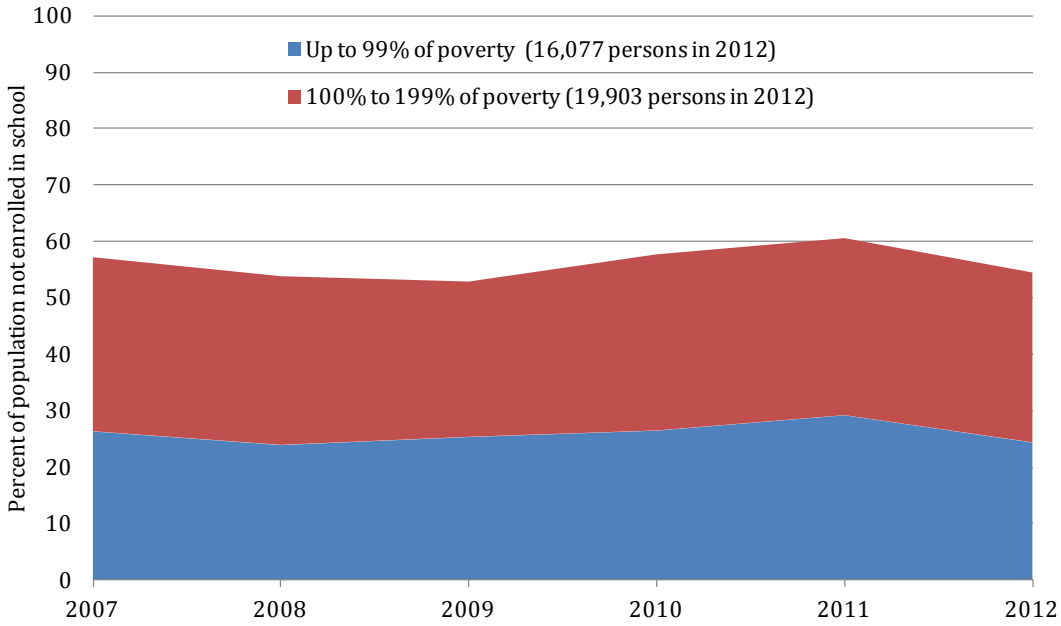
Real per capita income	2008	2009	2010	2011	2012	Annual change (%)
Waco	33,787	34,015	34,947	35,115	35,882	1.5
Abilene	38,832	36,195	36,649	38,202	39,378	0.3
Amarillo	38,765	36,900	37,943	38,975	39,190	0.3
College Station-Bryan	31,722	30,760	31,305	31,219	31,990	0.2
Killeen-Temple	40,379	41,345	40,236	40,857	40,514	0.1
Lubbock	35,744	34,391	35,488	35,630	36,502	0.5
Odessa	38,115	34,376	35,839	40,555	43,242	3.2
San Angelo	39,764	37,627	38,644	40,645	40,931	0.7
Tyler	42,592	38,289	38,802	40,765	41,458	−0.7
Wichita Falls	42,646	37,879	38,719	41,536	42,092	−0.3
Unweighted average	38,729	36,418	37,069	38,709	39,477	0.5

SOURCE: BEA.

While per capita income is a good measure of the general economic well-being of the area's residents, it does not address the issue of poverty. In the city of Waco, nearly 30 percent of its residents are living below the poverty level, and more than 50 percent are living below 200 percent of the poverty level (Figure 2). The percent of the city residents living below the official poverty line declined in 2012, as the city and the nation continued to recover from the Great Recession. It appears, however, that many of these individuals did not move up by much as the percent of residents living at or below the 200-percent poverty level rose during the year.

In the city of Waco, nearly 30 percent of its residents are living below the poverty level and more than 50 percent are living below 200 percent of the poverty level.

Figure 2 Percent of City Population Living up to 200% of Poverty, 2006–2012 (excluding students)



SOURCE: Census ACS, 2012.

Persons who are struggling economically are all ages, as shown in Figure 3. Nearly 40 percent of persons living within 200 percent of the federal poverty guidelines are under 35 years of age. With the right assistance, it is still possible for these individuals to work their way out of poverty. Unfortunately, research shows that individuals who are delayed in establishing career paths face a difficult time catching up with their age group. It is crucial that an employment pathway out of poverty is established to help individuals move forward.

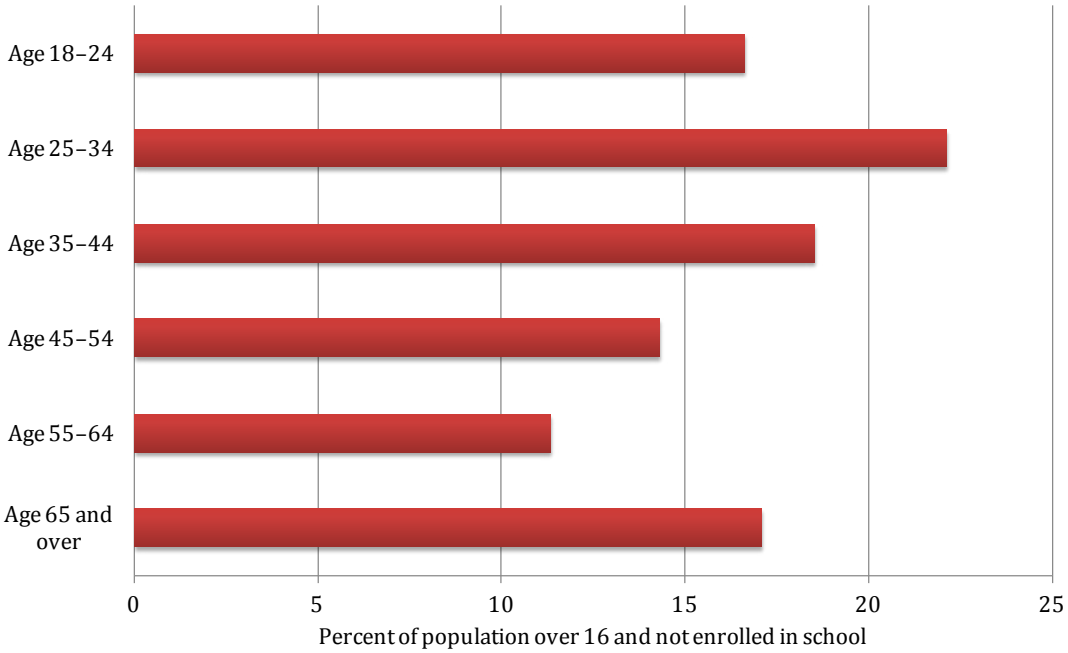
It has been repeatedly shown that education matters for income growth (Figure 4). More than 36 percent of the individuals who are living in poverty conditions did not complete high school (Figure 5). But, you can't stop only at high school. High school completers account for 26 percent of the persons living within 200 percent of the federal poverty guidelines.

What is disturbing is that nearly a quarter of the city's impoverished population completed some college or has an associate's degree. While the data do not allow us to separate out the associate degree holders from individuals who attended but did not complete their college degrees, it is very likely that most of the individuals who are struggling in poverty are non-completers. Clearly the importance of educational attainment cannot be understated.

Nationwide, the completion rates for students attending community and technical community colleges are discouraging—on average one in five do not complete. This does not mean, however, that Waco cannot be different if the right program is put into place.

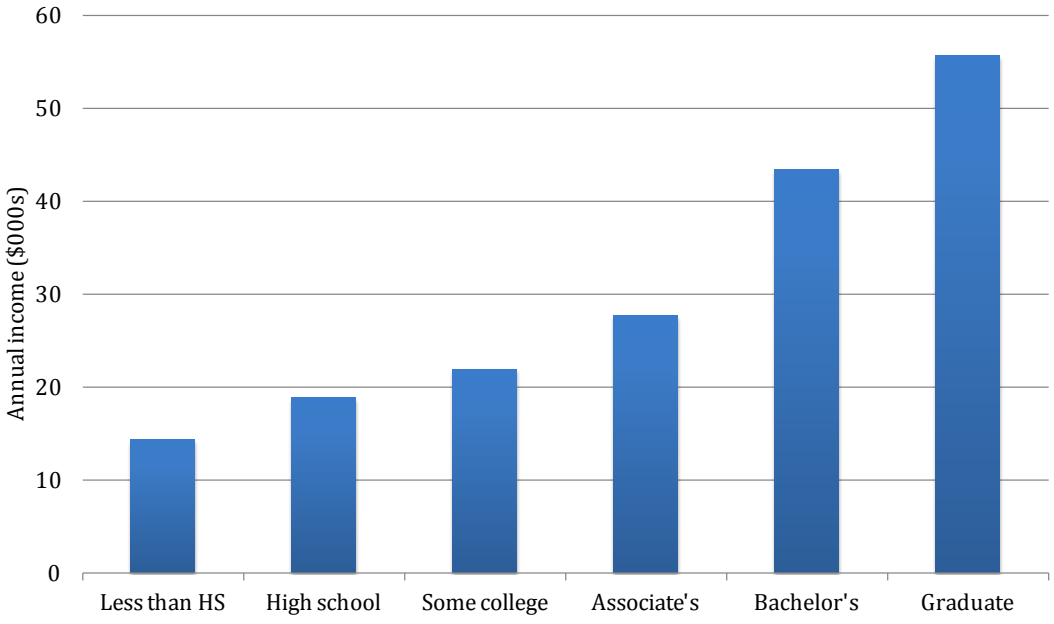
Persons who are struggling financially are all ages.

Figure 3 Age Characteristics of City Population Living in Poverty (200% of federal poverty guidelines)



SOURCE: Census ACS, 2010–2012.

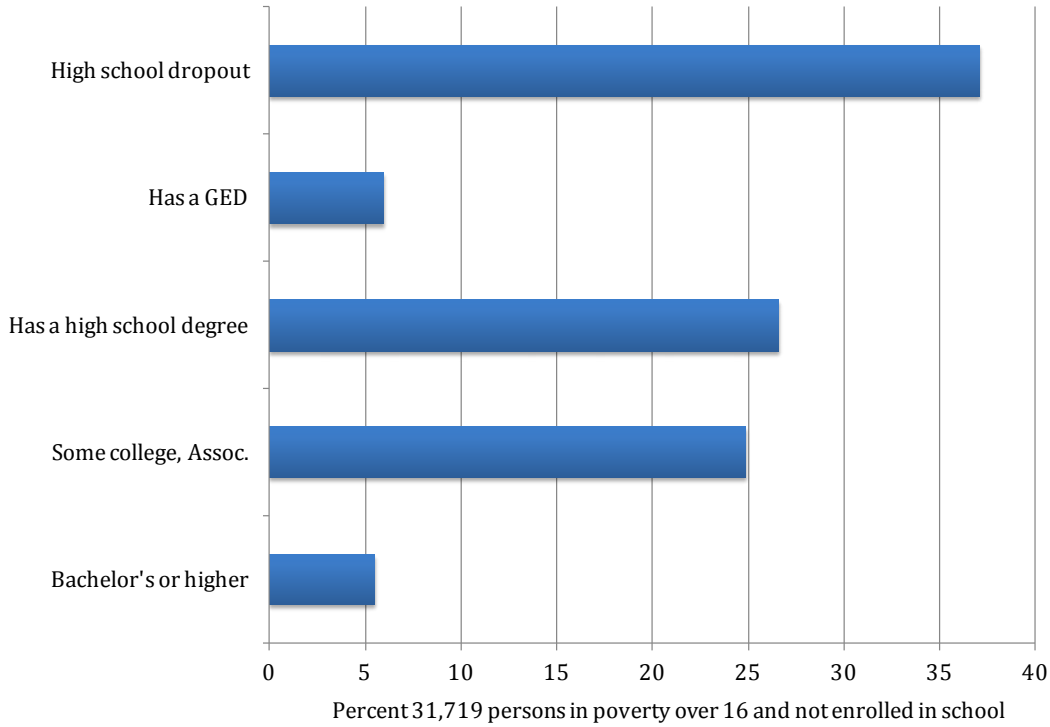
Figure 4 Average Income by Educational Attainment in Waco



SOURCE: Census ACS, 2012.

More than 36 percent of the individuals who are living in poverty conditions did not complete high school.

Figure 5 Educational Characteristics of City Population Living in Poverty (200% of federal poverty guidelines)



SOURCE: Census ACS, 2010–2012.

More than one-third of the persons living within 200 percent of the federal poverty level are working full time (Figure 6). Another 18 percent are working part time, many of whom are likely looking for full-time employment. Surprisingly, less than 10 percent are unemployed. Although low-wage workers face economic hardships, they are acquiring important job skills that are transferable to other better paying positions and can advance if given the right opportunities.

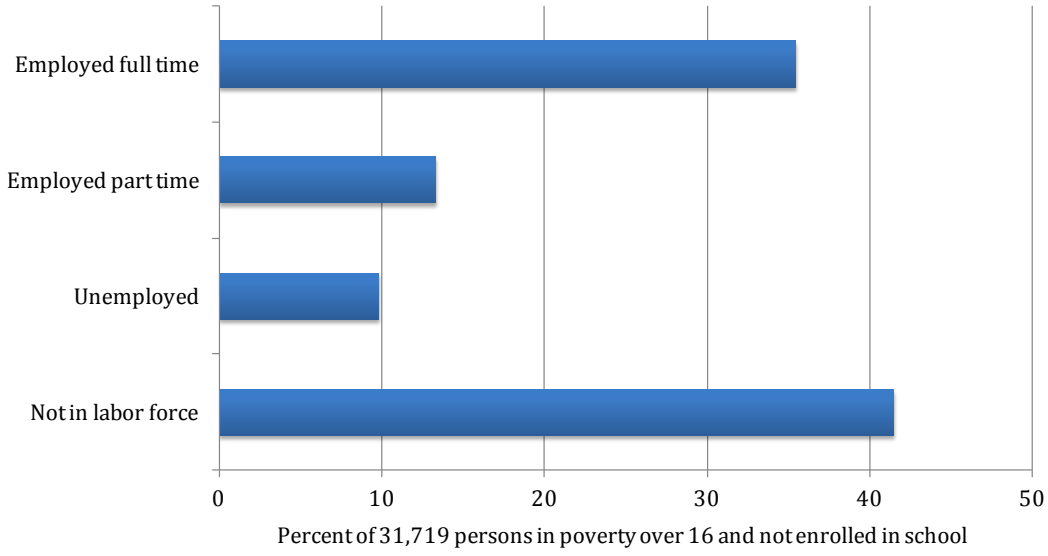
Of the 41 percent impoverished population who are not in the labor force, it is likely that many are retired, physically and/or economically disabled, or at home raising children. Still, a high portion may want to work, but are simply discouraged.

Finally, more than 35 percent of the persons living within 200 percent of the federal poverty guidelines are non-English speakers. Slightly more than 15 percent do not have access to a vehicle. Somewhat surprisingly, less than 12 percent are single parents. Still, the issues of transportation and daycare were raised again and again during our interviews with area community and business stakeholders and remain serious employment barriers that must be addressed.

Overall, nearly 15 percent of households living in the city of Waco earn less than $10,000 annually, and nearly 40 percent earn less than $25,000 (Figure 8). Only by creating more better-paying jobs and developing the pathways to these jobs can these statistics be improved.

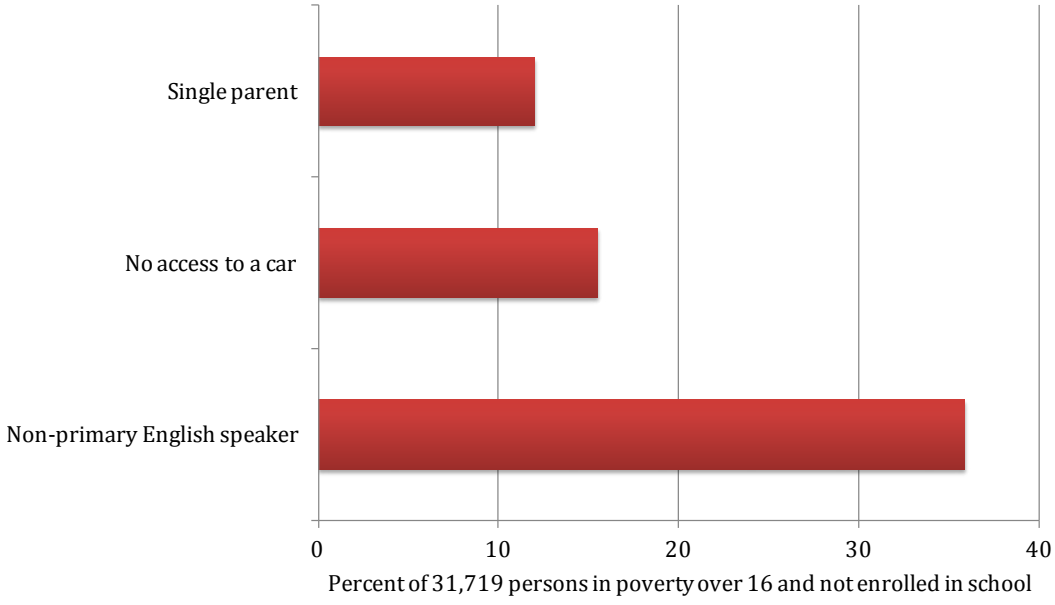
More than one-third of the persons living within 200 percent of the federal poverty level are working full time.

Figure 6 Labor Force Characteristics of City Population Living in Poverty (200% of federal poverty guidelines)



SOURCE: Census ACS, 2010–2012.

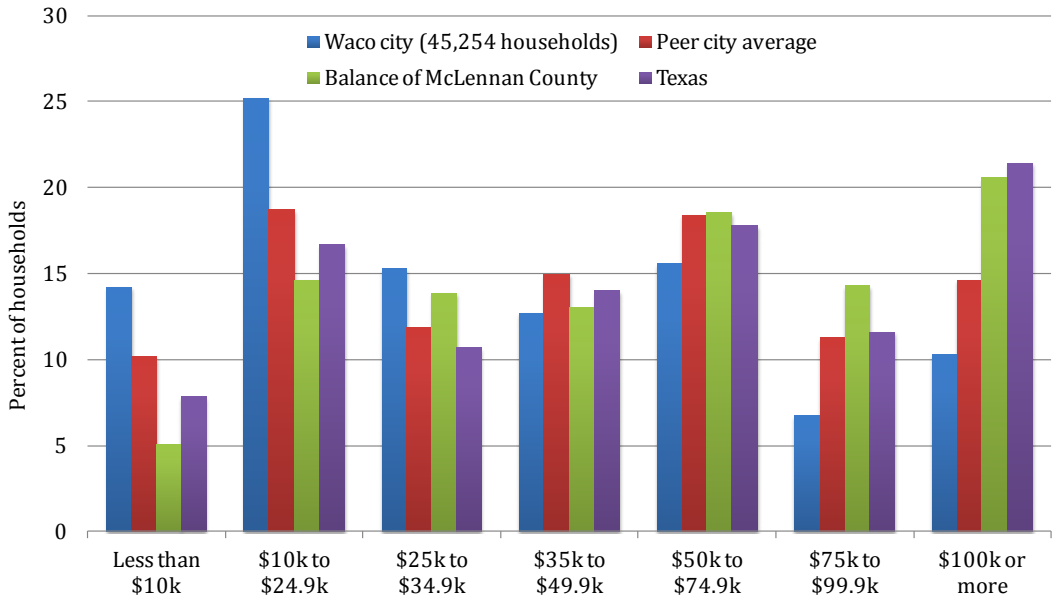
Figure 7 Other Characteristics of City Population Living in Poverty (200% of federal poverty guidelines)



SOURCE: Census ACS, 2010–2012.

Nearly 15 percent of households living in the city of Waco earn less than $10,000 annually, and nearly 40 percent earn less than $25,000.

Figure 8 Annual Household Income (17,807 households under $25,000)



SOURCE: Census ACS, 2012.

Demand-Side Factors

A deeper exploration of the Waco MSA employment growth indicates that its relative poor performance is due to a combination of having a mix of industries that are facing slow national and local markets, and housing many firms that are doing relatively poorly compared to their national competitors. As shown in Figure 9, if all of the Waco MSA's industries had grown at the overall national rate from 2009 to 2014, the MSA's total employment would have increased by 12,000 jobs during the five-year period; however, actual employment in the MSA increased by only 9,440 jobs. The difference in the area's actual employment growth and the growth it would have achieved if it grew at the national rate can be separated into two factors:

1. The national increase or decrease in the employment in the industries located in the area (industrial mix), and
2. The area firms' performance relative to their national rivals (competitive share).

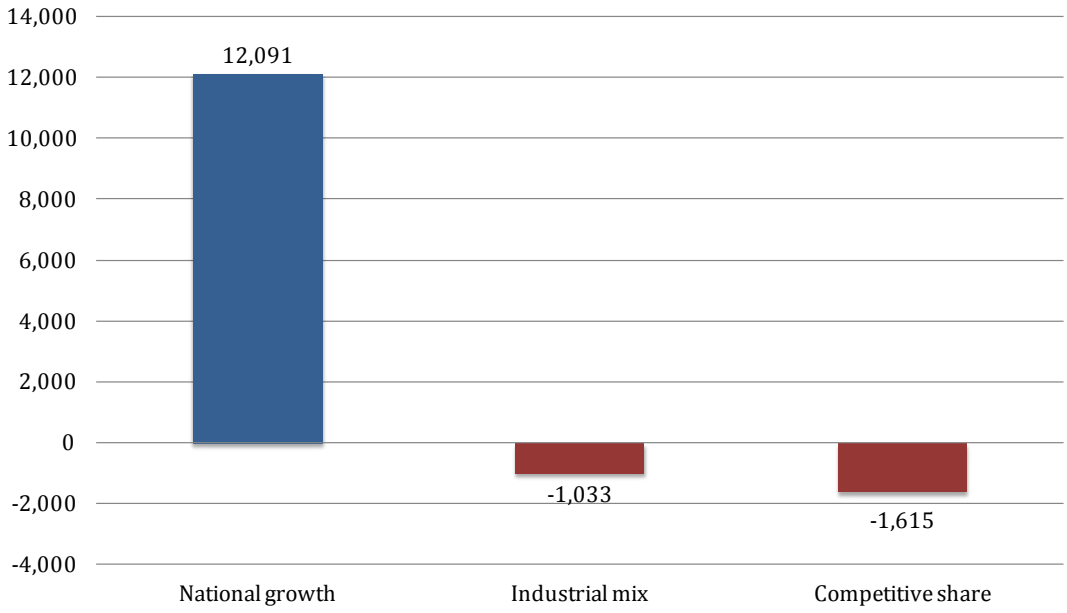
If an area houses a group of industries that are simply facing slow or declining national markets, then, as a whole, you would expect the area's employment performance to be subpar as well. The textile industry is a case in point; no matter how strong your individual firms are, if they are in a declining industry you can expect their employment to be lackluster as well. Likewise, if the area is fortunate to be populated with fast-growing industries, such as health care, then no matter how competitive its firms are in those industries, you would expect employment to expand.

The second factor that can cause an area's performance to divert from the nation is the competitiveness of its firms. If the local firms in the area's major industries are losing (gaining) market share, then you would expect the area's employment growth to be below (above) average.

Shift-share analysis is an often-used statistical methodology applied to separate out these two factors. As shown in Figure 9, overall employment growth in the Waco MSA is down by an estimated 1,000 jobs from 2009 to 2014 because of the area's industries being in predominantly slow-growth sectors, which include poultry processing, agriculture, and measuring and control instruments.

In addition, a majority of the area's firms grew slower than the national average for their industry, unfortunately. This took away another estimated 1,600 jobs from the area's employment growth for the period.

Figure 9 Area Employment Change, 2009 to 2014



SOURCE: Moody's Analytics and Mohr Economic Development Services.

The shift-share analysis covered 284 industries (large and small) and government, in the Waco MSA. Of course, the health of the area's economy is heavily dependent on those industries in which it has a large concentration. Another statistical tool, location quotient, is the standard device used to identify an area's industrial concentration. A location quotient of 1 indicates that the industry is no more concentrated in the area than nationwide. Industries with a location quotient of 2 or greater in the Waco area that employ approximately 200 workers or more in 2014 are listed in Table 4.

Private colleges and universities, the area's largest sector, which includes Baylor University, added more than 750 jobs from 2009 to 2014, and gained employment because the sector experienced both strong national growth (industrial mix) and faster-than-average sector growth (competitive share). The most concentrated industry in the Waco MSA is nonfinancial intangible assets, which includes The Dwyer Group. From 2009 to 2014 the area's firms in this industry grew faster than its national rivals; however, the industry itself suffered below-average growth nationwide during the period.

Table 4 The Economic Performance of the Major Industries in the Waco MSA

	Employment			Location quotient	Employment change due to:	
Industry	2009	2014	Change	2014	Industrial mix	Competitive share
Colleges; universities; and professional schools	3,474	4,230	756	3.1	131	432
Home health care services	2,291	2,591	300	2.5	487	−313
Aerospace product and parts manufacturing	1,811	1,749	−61	4.5	−108	−54
Measuring; electromedical; and control instruments	1,307	1,597	290	5.1	−159	376
Animal slaughtering and processing	1,679	1,388	−291	3.7	−157	−227
Foundation; structure; and building exterior contractors	1,407	1,388	−19	2.4	−152	55
Converted paper product manufacturing	688	734	45	3.4	−87	94
Other wood product manufacturing	608	689	82	4.3	−49	97
Lessors of nonfinancial intangible assets	402	683	281	38.3	−83	342
Cement and concrete product manufacturing	664	605	−59	4.5	−87	−8
Other general purpose machinery manufacturing	334	414	80	2.1	4	57
Heating; air-conditioning; and refrigeration equipment	369	395	26	4.0	−27	32
Basic chemical manufacturing	285	380	94	3.4	−25	104
Commercial and industrial machinery and equipment	281	346	65	2.2	22	27
School and employee bus transportation	272	339	67	2.2	3	49
Beverage manufacturing	249	301	52	2.0	19	19
Computer and peripheral equipment manufacturing	212	271	59	2.2	−20	68
Educational support services	335	254	−81	2.6	75	−175
Glass and glass product manufacturing	289	247	−41	3.8	−18	−40
Motor vehicle body and trailer manufacturing	217	242	25	2.2	56	−42
Book stores and news dealers	229	223	−6	3.2	−87	68
Communications equipment manufacturing	153	199	47	2.5	−35	74

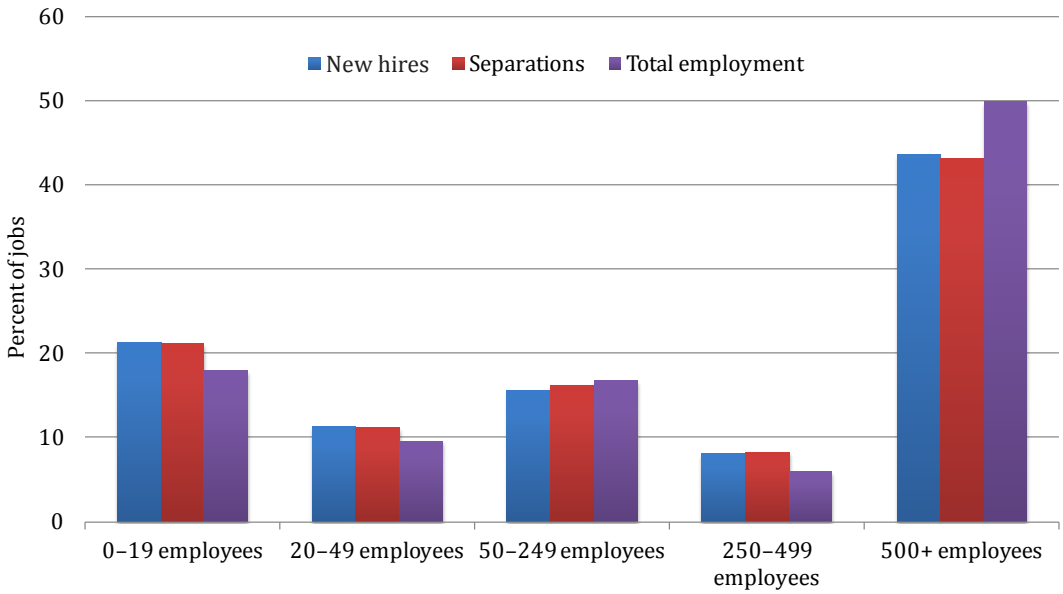
SOURCE: Moody's Analytics and Mohr Economic Development Services.

Waco's modest employment trends are shared by employers of all sizes, as shown in Figure 10. In 2012, employers with 500 or more workers accounted for 50 percent of all jobs in the MSA as well as 42 percent of all new hires. Small firms employing fewer than 20 workers accounted for 18 percent of all jobs and 21 percent of all new hires. However, in both cases, as well as for those firms that employ between 20 and 499 jobs, the number of job separations offset nearly all hiring gains during the year. The steady state employment trends by employer size are shared by the peer MSAs, as shown in Figure 11.

Employers, the demand side of the area's labor market, are generating employment opportunities, but not at the pace required to pull substantial numbers of residents out of poverty. At the same time, many employers are facing costly turnover problems and struggling with other employment issues that are holding back potential production at the

area's existing companies. To address these issues, we provide a critical assessment of the area's current economic development program later in this report.

Figure 10 2012 Employment Change and Levels by Firm Size



SOURCE: Census QWI.

Figure 11 2012 Employment Change and Level by Firm Size in the Nine Peer MSAs

SOURCE: Census QWI.

Workforce Issues

An area's industrial mix has a strong influence on the type of occupations and job offerings that are available for its residents. At the same time, however, the quality of an area's workforce will influence the type of employers that are attracted to the region. This interdependence of supply and demand can make it difficult for an area to attract better paying, higher-skilled jobs. As shown by three separate data sets, employers in the Waco MSA and its peer MSAs appear to be seeking a relatively high number of unskilled workers.

This does not need to be the case, however. Waco is home to three institutes of higher learning. Baylor, TSTC, and MCC all generate highly trained individuals. Evidence suggests, however, that many of their graduates move elsewhere to get better paying jobs, and the presence of these institutes has not attracted many employers seeking high-skilled workers.

As shown in Table 5, 60 percent of the Internet job postings in the city of Waco require only a high school degree or less. The accuracy of this finding is questionable, however, as only 39 percent of the Internet job openings in Waco list the education requirements of the positions. Further, not all companies, especially manufacturers, post their positions online. This finding is supported by two other independent data sources.

Table 5 Education Requirements of Internet Job Postings

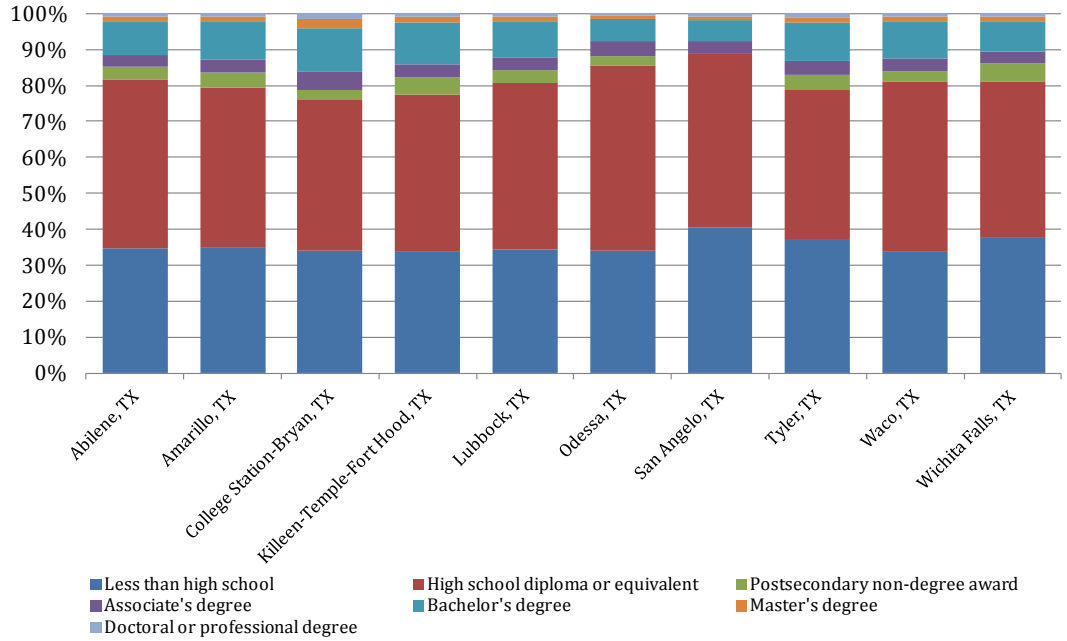
Minimum education required	Total postings (Waco city)	% of total
Less than high school	1,183	12.7
High school diploma or equivalent	4,632	49.5
Postsecondary non-degree award	430	4.6
Associate's degree	366	3.9
Bachelor's degree	2,110	22.6
Master's degree	376	4.0
Doctoral or professional degree	245	2.6

SOURCE: Burning Glass Labor Insight.

The Bureau of Labor Statistics (BLS) has developed a methodology to estimate the "typical" path of education attainment for employment in specific occupations, which is shown in Figure 12.[3] For occupations that depend upon experience, for example, production line supervisors, the typical education requirement is a high school diploma, even though to get the position the individual must have years of experience in manufacturing. The BLS estimates that between 30 and 40 percent of all jobs in Waco and the nine peer MSAs in Texas are filled by high school dropouts. On a positive note, Waco employers have one of the weakest demands for high school dropouts—33 percent. Between 40 and 50 percent of all jobs in the 10 MSAs require no more than a high school degree. In short, between 70 and 90 percent of all jobs in the 10 MSAs require no more than a high school diploma for the "typical" education pathway to employment. In Waco, that is 80.9 percent. The highest reading is San Angelo, with 89 percent. A bachelor's degree is the "typical path" for only 10 percent of the current jobs in Waco, according to the BLS.

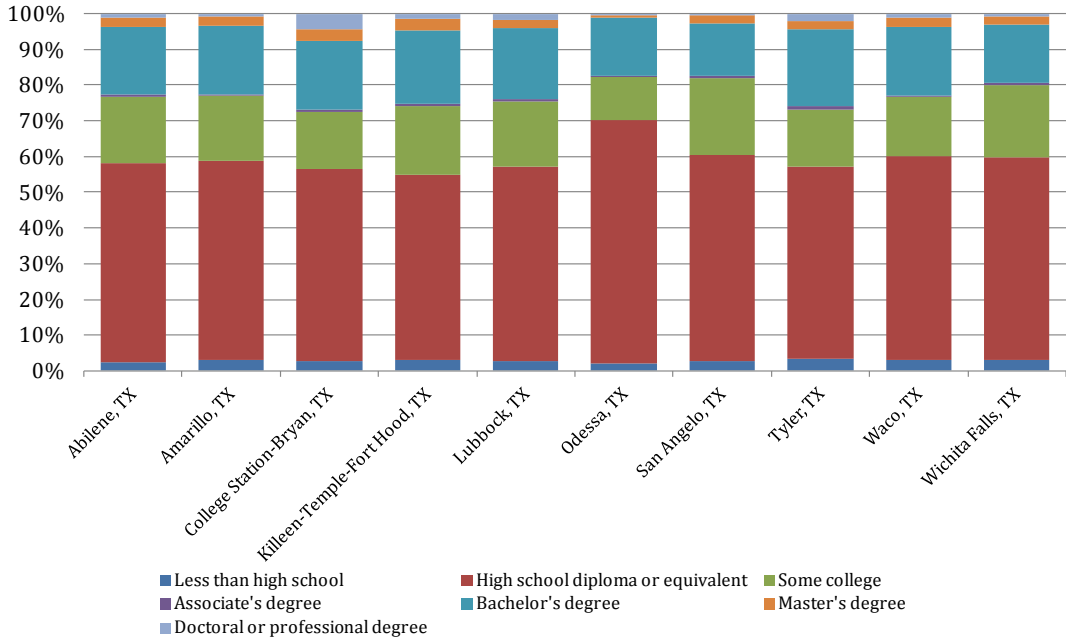
The U.S. Census American Community Survey (ACS) offers the third window into the labor demand conditions in Waco relative to its peer communities. The ACS data are based on a national survey of households and provides the average education attainment of employed workers. As shown in Figure 13, using this database, 60 percent of the employed workforce

Figure 12 BLS Estimates of the Typical Level of Education Required for Employment



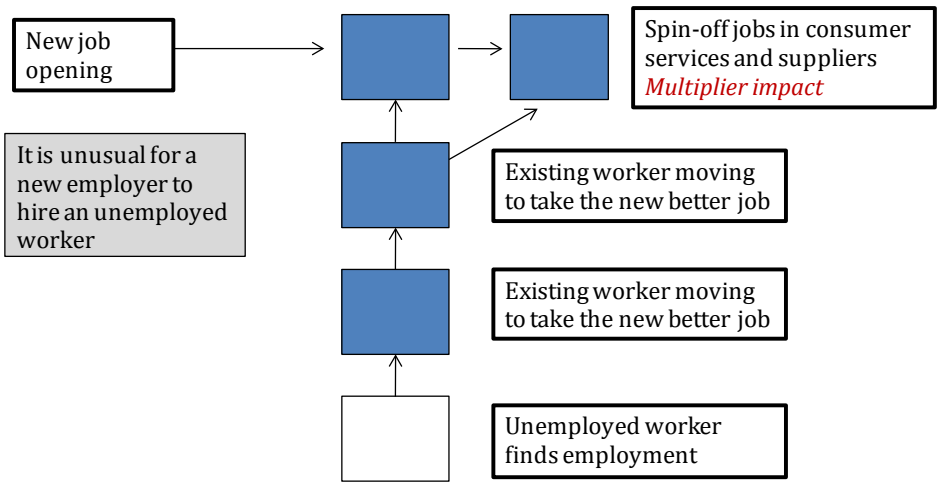
SOURCE: BLS CES, 2013.

Figure 13 Education Attainment of Employed Workers in the Waco MSA and Its Peer MSAs



SOURCE: BLS CES, 2012, and Census ACS.

Figure 14 The Job Chain and Multiplier Model



in Waco is in positions that should demand no more than a high school diploma, which is highly comparable to the peer communities. Over 23 percent of the employed workforce is in positions that should demand a bachelor's degree or higher.

Finally, in many of the conversations conducted with area community and business stakeholders, a shared perception was that Waco employers pay lower wages, in general, than other locations. As shown in Table 6, Waco area wages are generally lower than state levels, especially for some key occupations such as industrial production managers, welders, and first-line supervisors; however, they are higher for licensed practical nurses and plumbers. Although not shown, we compared Waco's occupational wage rates with those of the nine peer metropolitan areas and found no significant differences. While it is true that wages in Waco may be modestly lower than in larger metropolitan areas in the state, so is cost of living in the city. In short, it does not appear that wages, in general, are a problem in attracting qualified workers.

Labor Supply Concerns

The city's labor supply is very elastic; it includes

- residents who are working but are seeking better positions;
- unemployed residents who are not working and are actively looking for employment;
- residents who are not working and who are willing to work but are discouraged and not actively looking for employment; and
- nonresidents who are willing to commute into the city to work.

Research suggests that most new job openings are filled by persons who are already working. It is unusual for a new employer to hire an unemployed worker. As shown in Figure 15, a new good-paying job opening can set off both a multiplier effect and a "job chain" effect, where workers move up their career ladder. The multiplier effect includes new hires in the local supply chain of the expanding firm as well as new hires at store and restaurants.

Table 6 Median Hourly Wages for Selected Occupations

Occupation title	Median hourly wage 2012		
	Waco	Texas	Difference
Industrial production managers	31.87	45.19	−13.32
Computer systems analysts	31.62	38.66	−7.04
Network and computer systems administrators	30.60	36.54	−5.94
Computer user support specialists	18.44	21.75	−3.31
Graphic designers	16.70	19.60	−2.90
Registered nurses	28.70	32.36	−3.66
Licensed practical and licensed vocational nurses	21.71	20.64	1.07
Operating engineers and other construction equipment operators	13.80	16.81	−3.01
Electricians	18.28	20.68	−2.40
Plumbers, pipefitters, and steamfitters	24.32	22.34	1.98
First-line supervisors of mechanics, installers, and repairers	25.79	27.60	−1.81
Industrial machinery mechanics	21.34	22.40	−1.06
Maintenance and repair workers, general	12.52	14.95	−2.43
First-line supervisors of production and operating workers	22.86	27.07	−4.21
Machinists	17.76	18.59	−0.83
Welders, cutters, solderers, and brazers	13.74	17.29	−3.55
Inspectors, testers, sorters, samplers, and weighers	15.62	16.65	−1.03

SOURCE: BLS OES, 2013.

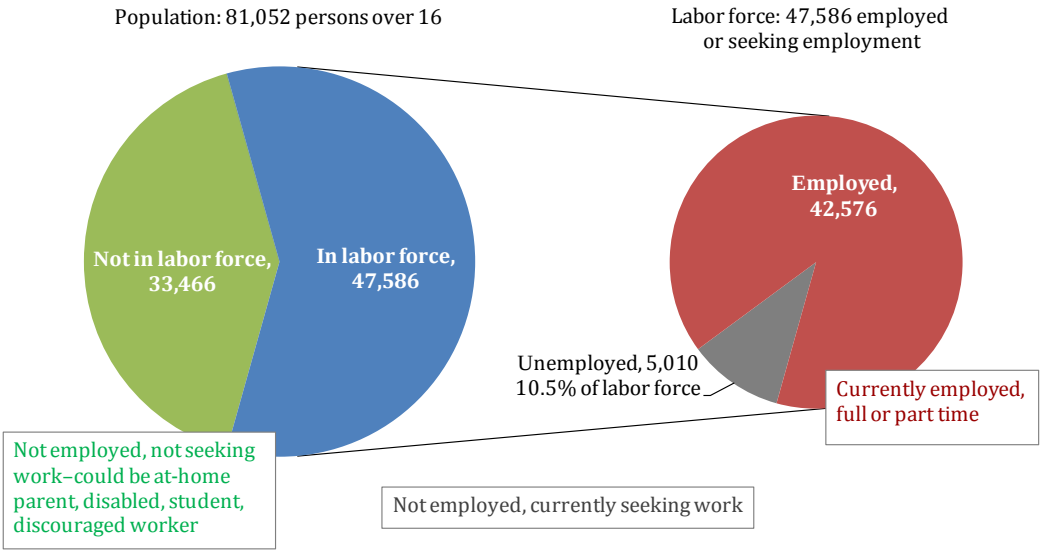
The job chain generates a series of job openings as workers move up the chain to take better jobs. At the end of the chain a new low-wage job opens for a low-skilled unemployed person. It is important to note that for professional positions such as managers, engineers, or accountants, it is very likely that the new job opening will be filled by a person moving into the area. In these situations, the potential job chain is cut short and the unemployed person's only chance for employment is through the multiplier effect.

In 2013, slightly more than 53,200 city residents were employed, which was up by 1.1 percent from 2012 according to the U.S. Department of Labor Local Area Unemployment Statistics (LAUS). Still, nearly 3,200 residents were unemployed in 2013, resulting in an annual unemployment rate of 6.7 percent for the city. Many more residents are not working and want to work, but are not actively seeking employment for a variety of reasons that we will explore in detail below. In 2013, more than 600 residents found employment, but the number of unemployed persons only fell by nearly 300 residents, suggesting that as the employment picture improves more residents are being attracted into the labor market.

Unfortunately, the LAUS employment statistics do not provide any information on the characteristics of the city's employed or unemployed workforce. For this reason, we need to explore older data collected by the U.S. Bureau of Census through its ACS for the period 2010–2012.

As shown in Figure 15, during this period 58.7 percent of all residents were actively in the labor force—employed or unemployed. This leaves more than 33,000 working-age adults

Figure 15 Labor Force Characteristics for the City of Waco



SOURCE: Census ACS, 2010–2012.

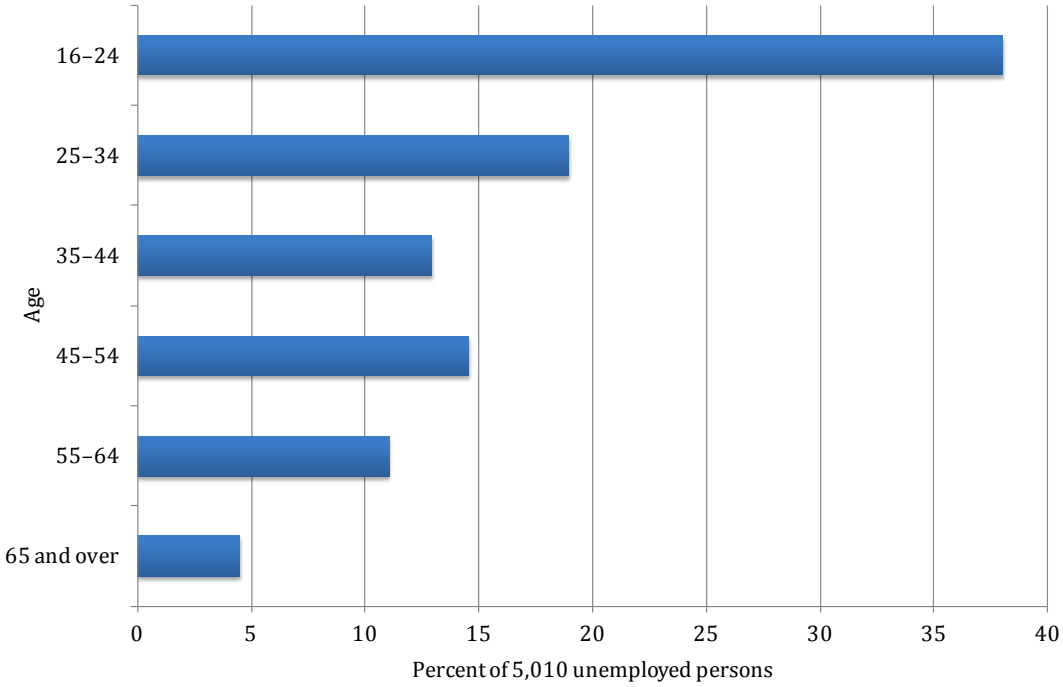
not in the labor force. Many of these individuals are retired, students, or persons choosing to work at home. Included in this number, however, are discouraged workers—individuals who would like to work but are not actively seeking employment. Of the 47,586 individuals who are in the labor force, 42,576 are working either full time or part time, and the remaining 5,010 are unemployed and actively looking for employment.

Taking a closer look at the city's unemployed, nearly 35 percent are below 24 years of age, and 60 percent are below age 35 (Figure 16). It is important to remember that these numbers do not include full-time students, unless they are actively seeking employment.[4] For the approximately 1,200 young adults below 25 years of age who are unemployed, it is extremely important for them to start their careers. With each passing year of being unemployed, the likelihood that they will have a rewarding and good-paying career diminishes.

Good-paying jobs offer the clearest pathway out of poverty. Below we discuss the major barriers facing many residents in their job searchers. The first step in becoming employed is to look for work; however, this is not easy if you are surrounded by individuals who are unemployed or who are discouraged, as is the case in some inner-city neighborhoods. In addition, individuals who are reentering the workforce from prison or who have an inconsistent work history often become discouraged in their job search.

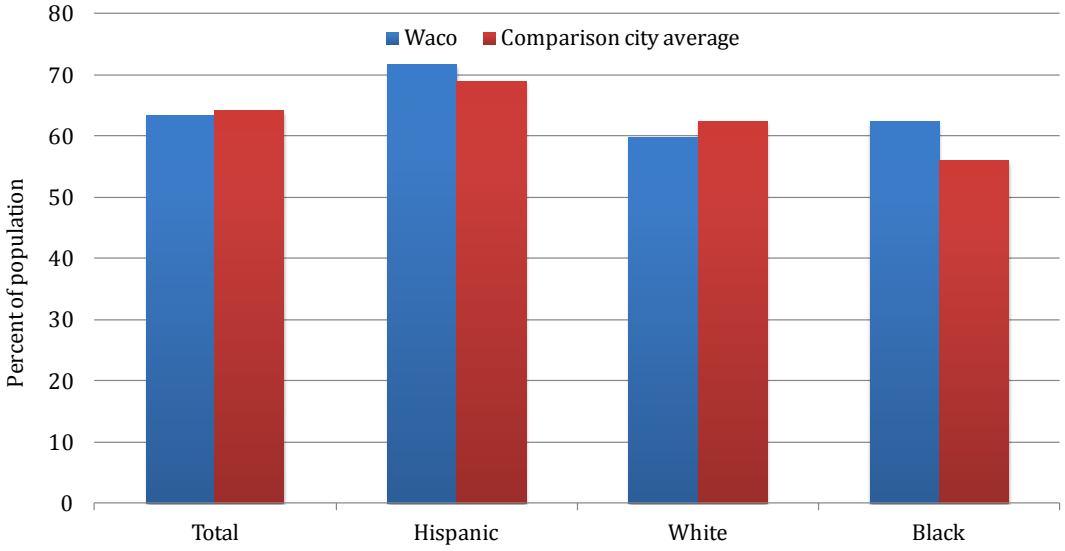
The good news is that in the city of Waco labor participation rates are relatively strong. This is especially true for the city's Hispanic population. More than 70 percent of the city of Waco's Hispanic working-age adults are in the labor force—either employed or looking for work (Figure 17). The labor participation rate for African American residents of the city is lower, 62.4 percent; however, it is higher than the average for the reporting peer MSAs, 56.0 percent.

Figure 16 Age Composition of the City's Unemployed



SOURCE: Census ACS, 2010–2012.

Figure 17 Labor Participation Rates by Ethnicity



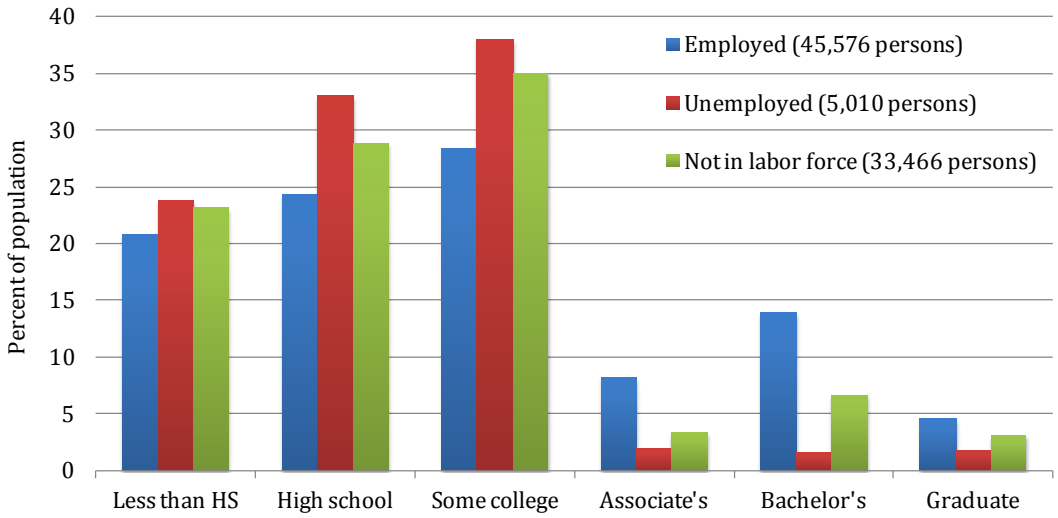
SOURCE: Census ACS, 2010–2012.

Employment Barriers

The modest overall employment growth for the Waco MSA limits the ability of the city's economically disadvantaged residents in finding employment. Unfortunately, these residents face additional barriers as well. In our discussions with the city's economic stakeholders, concerns regarding educational attainment, the job readiness of the city's unemployed, transportation deficiencies, and the lack of quality and affordable child care were raised again and again.

High school dropouts represent 24 percent of the city's unemployed and 23 percent of the working-age adult residents who are not in the labor force. Individuals who stopped their academic education at high school account for 33 percent of the city's unemployed persons, and those who attended college but did not graduate account for 37 percent of the city's unemployed. In addition, both groups account for a large portion of the city's population that is not actively looking for work.

Figure 18 Labor Force Status by Educational Attainment, 2012

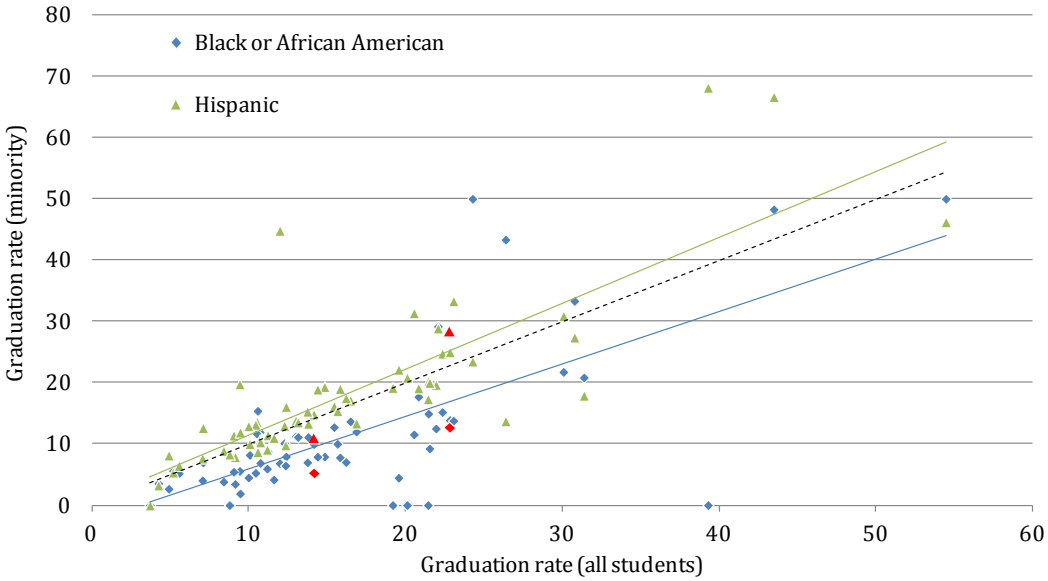


SOURCE: IPUMS USA, 2012.

Given the location of both MCC and TSTC in Waco, it is important to examine the barriers preventing individuals from acquiring further academic training. Overall the graduation rates for students attending community and technical college throughout the state are very low, as shown in Figure 21. As shown on the horizontal axis, the graduation rate for all full-time students is below 20 percent for most of the state's two-year colleges. It should be noted that actual graduation is likely higher than these estimates because they exclude students who transfer to other educational institutions before they graduate. Still, no one disagrees that the completion rate should be higher, especially given that persons who complete associate's degrees face substantially lower unemployment rates and enjoy significantly higher annual earnings.

The situation worsens when examining the graduation rates of African American and Hispanic students, which are measured on the vertical axis in Figure 19. For MCC, which is denoted in red, the overall graduation rate for all students in 2012 was 14 percent; however, for African Americans it was only 5 percent and for Hispanics it was 11 percent. The situation at TSTC that attracts students from a larger region is improved. The overall graduation rate is 23 percent, while for African Americans it is 12 percent and for Hispanics it is a high 28 percent.

Figure 19 Graduation Rates at the State's Community and Technical College, 2012



SOURCE: IPEDS, 2012.

For African American males the statistics are grim. In 2009, only 86 African American males entered MCC, and by 2012 only 4 had completed their degree after three years. At TSTC, 159 African American males entered the program in 2009; however, only 25 completed their degrees in three years. The barriers stopping African Americans from attending MCC and TSTC and being successful should be carefully studied. Moreover, these findings support our recommendation that a Workplace Readiness Skills Training Program should be explored.

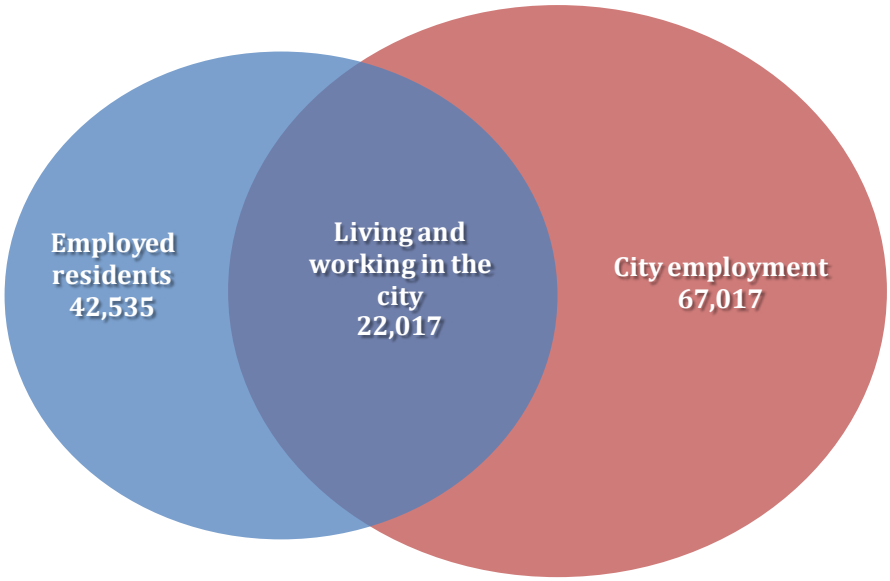
Transportation

As shown in Figure 20, only 52 percent of Waco's employed residents, 22,017 persons, work in the city. Moreover, 67 percent of the jobs in the city are filled by commuters, 45,000 individuals. In short, there is a lot of traffic every weekday morning as people get to work.

Still, large portions of the city's residents do not have access to a car—2,341 working-age adults (7.2 percent) aged 35–64 do not have access to a vehicle. As shown in Map 1, the lack of a car is a major issue for individuals living in certain inner-city neighborhoods, denoted by census tracts 1, 4, 7, 11, 12, 14, and 23.02.

Being without a car not only limits employment opportunities, it also makes it very difficult to conduct the daily demands such as grocery shopping, getting young children to daycare, and running errands.

Figure 20 Metropolitan Waco Commuting Patterns



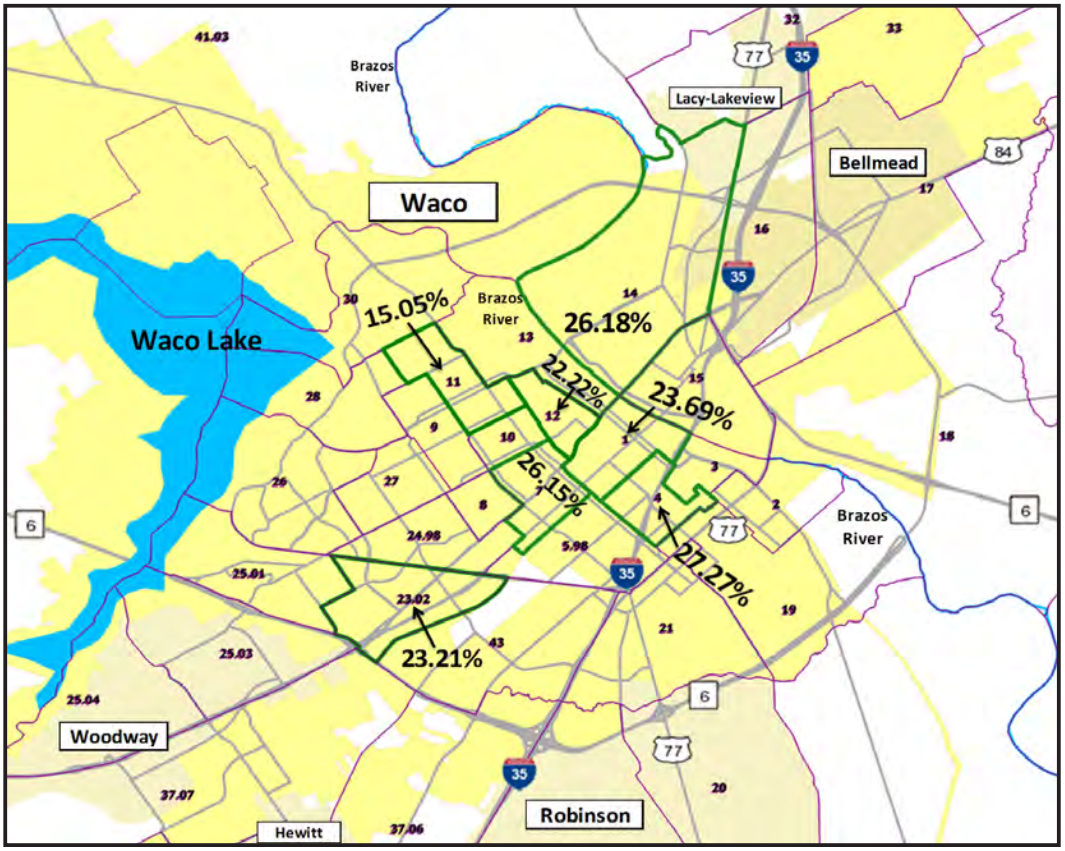
In its latest transportation study, the city of Waco identified seven employment clusters, as shown in Map 2. In Table 7, it is shown that more than 60,000 individuals work in these clusters. One-third of the residents living in the city's core economically disadvantaged neighborhoods work in these clusters (also shown in Table 7). Collectively, 1,600 residents from these economically disadvantaged neighborhoods work in these clusters, primarily in clusters 1 and 4.

Table 7 Employment in the Waco Employment Clusters

Cluster	Total employed in cluster	Poorest neighborhoods[a]	Cluster employment (%)	Residential employment (%)
1	14,174	565	4.0	11.7
2	3,056	75	2.5	1.6
3	3,511	87	2.5	1.8
4	21,417	494	2.3	10.2
5	2,962	77	2.6	1.6
6 & 7	14,983	304	2.0	6.3

[a]Tracts: 1, 2, 4, 12, 19, 33
SOURCE: Census On the Map Primary Jobs, 2011.

Map 1 7.2 Percent of Residents Aged 35–64 in Selected Census Tract Who Do Not Have Access to a Vehicle



SOURCE: Census ACS, 2008–2012.

One of the major transportation challenges facing the city of Waco is that inner-city residents work throughout the city, making it difficult to design a fixed-route bus system that could address their transportation needs. As shown in Table 8, very few residents live and work in the same census tract. Although there are over 10,000 jobs in Census Tract 1, only 80 of those jobs, 0.7 percent, are filled by census tract residents.

In summary, solving the transportation problem facing economically disadvantaged residents may require an alternative transportation strategy, one that provides reliable cars for the residents to use to go to work.

Map 2 Employment Clusters

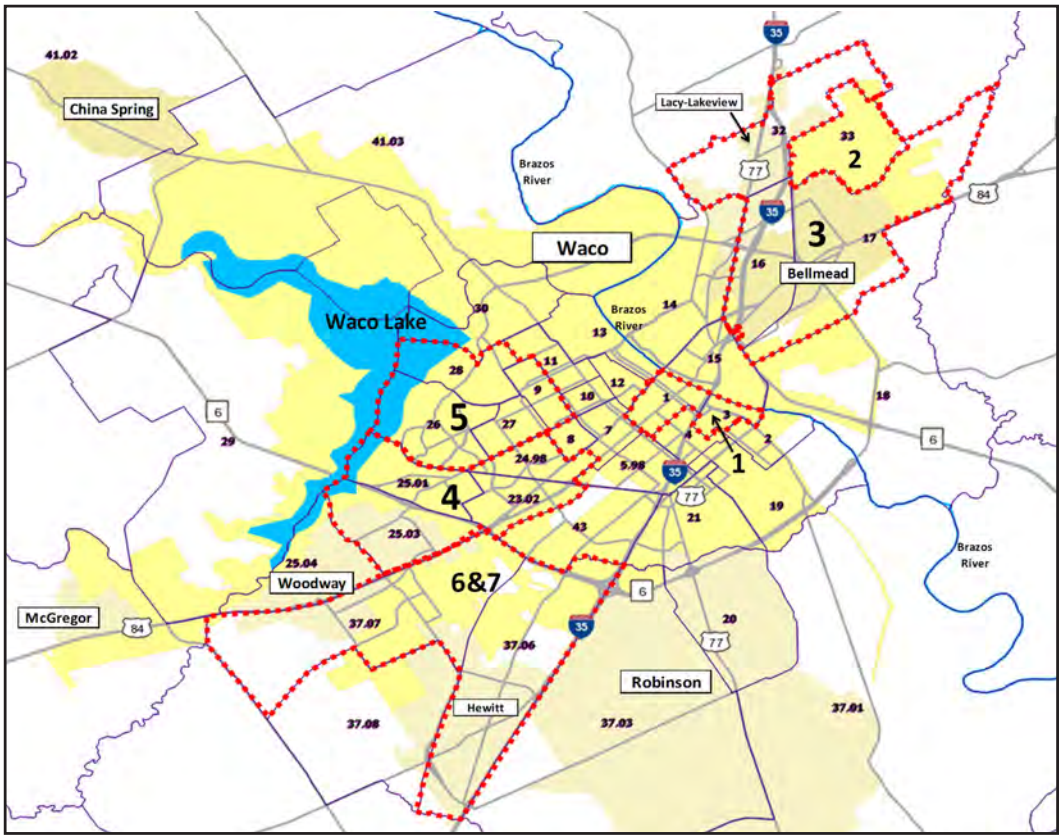


Table 8 Employment in Inner City Census Tracts

Tract	Residental employment	Tract employment	Live and work in tract	Percent of residents	Percent of employed
1	506	10,754	80	15.8	0.7
3	445	3,420	26	5.8	0.8
4	1,206	1,049	42	3.5	4.0
5.98	2,024	1,587	45	2.2	2.8
7	1,331	2,313	37	2.8	1.6
8	1,308	290	1	0.1	0.3
9	2,272	780	28	1.2	3.6
10	1,098	558	6	0.5	1.1
11	1,964	155	21	1.1	13.5
12	996	525	19	1.9	3.6
13	723	1,166	28	3.9	2.4
14	1,979	3,071	96	4.9	3.1
15	864	867	30	3.5	3.5

SOURCE: Census On the Map Primary Jobs, 2011.

Chapter 2:
Observations from the Waco Community

An estimated 216 persons representing a broad spectrum of Waco's demographic environment shared their thoughts and experiences through various conversations with the Upjohn/Mohr team. These conversations were gathered during in-person interviews, focus groups, and workshop discussions conducted in November 2013, January 2014, and February 2014. Table 9 lists the sample of sectors engaged in these discussions.

Overall, the stakeholder conversations were intended to identify

- The strengths of current partnerships and networks, and identify possible challenges and/or gaps
- The various economic development, education, and workforce visions for the city and its surrounding areas
- The challenges and opportunities of hiring unemployed individuals and individuals who have inconsistent employment histories
- The strengths and challenges of current, past, and suggested strategies for integrating unemployed persons back to employment
- How an integrated plan could be structured to address the common goal of a prepared and engaged workforce, and a reduction in poverty levels in the city

It is important to note that the responses represent the perceptions of these individuals and are not conclusive statements. What these responses do indicate, however, is how certain aspects of the city of Waco are perceived by those who live and work in the Waco area. While perceptions aren't always necessarily rooted in fact, they do affect both individual and business decisions and should be taken into account when contemplating strategies.

Table 9 Stakeholders Participating in Interviews, Focus Groups, and Workshops

Stakeholder conversations	
Army & Air Force Exchange Service	HOT Workforce Solutions
Adult Mental Health, MHMRC	Insurors of Texas
African American Chamber of Commerce	Jack of All Trades
African American Church Leaders	K Williams & Associates, LLC
Alcoa	Kate Ross Subsidized Housing
Allergan	L-3
American National Bancshares Inc.	LaVega ISD
Antioch International Church	Lipsitz
Atmos Energy	Lone Star Legal
AVANCE	Marathon Norco Aerospace
Bailey Insurance	Mars
Baylor University	McLennan Community College
Brook Oaks Neighborhood	McLennan County
Calvary Baptist Church	Mental Health Mental Retardation Center
Capstone Mechanical	Methodist Childrens Home
Cargill	Midwood Packless Industries
Carver Neighborhood Association	Mission Waco
Caterpillar	North East Riverside Neighborhood Assn
Caterpillar Logistics	Olive Heights Neighborhood Assn
CDM Smith	Oncor Electric Delivery

Table 9 (continued)

Stakeholder conversations	
Central National Bank	Parents Against Crime Coalition
Central TX Iron Works	Planned Parenthood
Ceritas Food Bank	Platinum Construction
Citizens	Prosper Waco
City of Waco	Providence Healthcare
Communities in Schools	Public Health District
Cooper Foundation	Rapoport Foundation
CORD	Salvation Army
Cross Ties Ecumenical Church	Sanderson Farms
CWA Construction	Small Business Development Center
Do It Best	Small Business Owners
Domtar/Associated Hygienic Products	Sonoco
Downtown Church Leaders	Tractor Supply
Downtown Neighborhood Association	Texas State Technical College
DuPuy Oxygen	TSTC School of Aviation
Education Alliance	Turner Real Estate
Englander Container	Veterans Affairs
Estella Maxey Subsidized Housing	Waco Business League
Extraco Banks	Waco Chamber of Commerce
First Presbyterian Church of Waco	Waco City Council
George's Restaurant	Waco Downtown Development Corp
Glazer's Wholesale Distributors	Waco Foundation
Greenleaf Landscaping	Waco ISD
Hillcrest Scott & White	Waco McLennan County Library
Hispanic Church Leaders	Waco Transit
Homewood Suites by Hilton	Wal Mart Return Center
HOT Community Health Center	WRS Group

Community Interviews

The Upjohn/Mohr team conducted 90 in-person interviews with community stakeholders. Interviews focused on topic areas of workforce, employment, and education, and a vision for Waco's future. Questions centered on the challenges to finding and retaining employment, programs thought to be effective in addressing challenges to employment, the skills and qualities employers seek when hiring for entry-level positions, education and training services, strategies to assist economically disadvantaged individuals secure employment, and perceived future challenges and opportunities for the city.

Workforce, Employment, and Education

Challenges to seeking and retaining employment

Those interviewed were asked to identify what they perceived to be the most prevalent challenges or barriers facing economically disadvantaged individuals in their efforts to find

Education is a key, but more support systems are needed to ensure the journey is successful. We need to prepare pathways to better jobs.

and retain employment. The majority of those interviewed voiced four common challenges for Waco's economically disadvantaged when seeking and retaining employment:

1. Transportation
2. Limited or little education, training, or skills
3. Few high-paying jobs available in the Waco area
4. Child care

Transportation was overwhelmingly cited as the most prominent barrier to finding and keeping a job. The length of time to travel to/from the Heart of Texas Workforce Solutions Center or any potential employer for an interview using public transit could take between 2 and 3 hours, depending upon an individual's point of origin. There is one transfer station located in downtown Waco, where riders can access buses connecting to various city locations. Infrequent bus schedules were also stated to be an issue, as well as bus service being inconvenient to neighborhoods. Those residents without automobiles or any other form of transportation are not able to make their way to the downtown transfer station or to the bus stop to access public transportation.

Another stated concern is that there is no bus service beginning at 11:30 p.m. for those working night shifts. There is an evening bus service available from 8:30–11:30 p.m., Monday through Saturday, but nothing currently beyond 11:30 p.m. Depending on the route, bus service begins as early at 5:15 a.m. and concludes at 7:15 p.m. on weekdays; on Saturday, service begins as early as 6:15 a.m. and concludes at 8:15 p.m. There is currently no Sunday bus service.

Interviewees applauded the Sanderson Farms' designated bus route developed to accommodate worker schedules and said that similar routes should be created for other companies. They also suggested employer-sponsored van rides, ride sharing, and the city of Waco or Heart of Texas Workforce Solutions offering free bus passes to those with scheduled interview appointments.

The second most frequently cited challenge to seeking and retaining employment was that economically disadvantaged individuals **lack or have limited education, training, or skills** required for the jobs available with area employers. It is perceived that these individuals have difficulty finding employment because they don't minimally possess the education and/or skills needed to interview for the jobs currently in demand from Waco employers. Although occupational and skill-specific training is available through MCC and TSTC, in many cases, this training is inaccessible to this population because of a lack of transportation, child care, family support, financial resources, and several other issues. The range of skills that interviewees identified as limited or lacking varied from knowing how to prepare for an interview to having a basic knowledge of technical trades.

In their experiences, those interviewed cited several issues they viewed as formidable for economically disadvantaged individuals to gaining employment. There is an overall perception that this population lacks confidence in finding a job and has an acute sense of failure in finding and keeping a job. Some of the issues mentioned were:

- Lack of self-confidence; lack of hope
- Time management
  - Inability to show up for work on time because of transportation, personal, or other issues
  - Inability to manage life's demands while seeking employment or being employed

- Knowing how to dress appropriately for an interview
- Having appropriate clothing for an interview
- Knowing how to prepare a resume
- Lacking knowledge of employer on-the-job expectations
- Having a phone or access to a phone so can be contacted by an employer
- Having identification (driver's license)
- Language barriers
- Lack of a strong work ethic, in general
- Lack of family structure and support for getting and keeping a job
- Lack of family expectations to finish high school; no role model
- Managing a budget and finances (I now have a paycheck, how do I manage my money?)
- Lack of access to resources to know what options are available in preparing for a job
- Leaving current job for a slightly higher wage per hour without consideration of job fit or conditions

The **lack of high-paying jobs** available to Waco's economically disadvantaged population was the third most frequently cited barrier to employment. Wages in Waco, in general, are perceived by those interviewed to be lower than other areas in Texas, regardless of the industry. Some interviewees also said that many of these low-paying jobs do not offer career ladders to advancement, thus suppressing income and skills growth.

The fourth most frequently stated challenge to employment noted in the community interviews was the absence of or access to **child care**. Many economically disadvantaged individuals are unable to afford or locate child care so they can seek employment opportunities, interview for a job, participate in training or education courses, and/or go to work each day. Also, if that individual is the primary family caregiver and becomes employed, then who will care for their children or other family members while they are at work? And if they are able to locate child care but use public transportation, then they have difficulty arriving to work and picking up their child on time due to the timing of the current bus schedules and their limited access to neighborhood bus stop locations. One individual suggested that child care facilities could be located downtown next to the transit center to help partially alleviate timing issues. Of course, access is one variable, but quality must also remain a high priority.

Additional challenges voiced by interviewees for economically disadvantaged residents seeking and keeping a job were:

- Inability to pass a background check, due to criminal record
- Substance abuse and the inability to pass a drug screen
- Teenage pregnancy
- A skills mismatch (the skills they possess do not match the skills needed for the job)
- Language barriers (many don't speak English—their children often have to translate for the parents, particularly at job interviews)
- Undocumented immigrants (without documentation job options are severely limited)
- Few entry-level jobs available (those in these positions stay there)

- Mental illness
- Fear of losing government benefits if become employed
- Long-term historical cultural and racial issues; community distrust

Programs Considered Effective to Addressing Employment Challenges

The interviewees were asked to identify current or past programs in Waco viewed as effective in addressing the previously identified barriers and challenges to finding and retaining employment. Those interviewed cited faith-based programs overall as being the most effective, with the **Christian Women's Job Corps and the Christian Men's Job Corps** as those most frequently discussed. These two organizations offer education (GED, tutoring) and career-track classes (e.g., job readiness, computer skills, resumes and applications, dressing for the job, interview skills, coping on the job, goal setting, money management, life skills, job coaching) that prepare individuals for life and employment. Additional faith-based programs considered successful were those implemented through Mission Waco, Antioch Church, and other churches in various communities.

The programs and initiatives of the **Heart of Texas Workforce Solutions** were also frequently stated as effective, as well as those implemented by **McLennan Community College** (MCC) and **Texas State Technical College** (TSTC). Workforce Solutions programs discussed were Temporary Assistance to Needy Families (TANF), child care, job search assistance, customized industry training, and the development of the bus route to Sanderson Farms. The GED and English as a Second Language courses at MCC were thought to be successful, and MCC's new Emotional Intelligence course that is infused into its gateway courses was considered a strong initiative. TSTC and its collaborations with Workforce Solutions and area companies on several technical training initiatives were frequently mentioned, as well as its role in the Greater Waco Advanced Manufacturing Academy (GWAMA). There is hope that GWAMA will expand on a regular basis to develop a variety of career pathways from high school to employment. In general, programs promoted by the Christian Women's Job Corps, the Christian Men's Job Corps, Mission Waco, Antioch Church, Heart of Texas Workforce Solutions, MCC, TSTC, and GWAMA were considered instrumental in helping to break the cycle of poverty because they are perceived to focus on developing skills that could change lives.

Other programs and organizations mentioned were AVANCE, focusing on parental education and support; Talitha Koum, providing child care, family assistance, and counseling to residents of the Kate Ross Housing community; Goodwill, assisting individuals with barriers to employment find jobs; and Bridges Out of Poverty, training that focuses on how to better understand the causes to poverty. Also mentioned were Upward Bound, Head Start, AJ Moore Academy, Getting Ahead, Prosper Waco, Faith Works, Heart of Texas MHMR Center, Gear Up Waco, Care Net, Veterans Affairs, the Waco Chamber's Leadership, Education and Development (LEAD) program, Learning English Among Friends (LEAF), MacGrant, Habitat for Humanity, and the family practice clinic.

The interviewees noted that overall there are a number of services provided by several nonprofits in the Waco area, but they felt that these services could be better coordinated among these organizations for better service delivery. It is also important to note that there are very little data locally collected on these programs to measure effectiveness on a large scale at this point in time. Further, the fact that a program or organization is not mentioned here does not indicate that it is ineffective; it may indicate a need for stronger marketing and outreach on the part of the organization.

Increasingly, today's workplace requires workers to possess technical skills acquired through specialized training and education, and be able to hit the ground running.

What companies look for when hiring for entry-level positions

The company representatives interviewed identified several things they look for when hiring for entry-level positions. The top three traits cited by those interviewed were **"soft" skills, communications skills, and technical skills**. Additional skills mentioned were individuals willing to perform general/manual labor and basic clerical skills. Although some employers required a high school diploma or GED, all were willing to hire individuals with little or no prior experience and train on the job.

Several companies seek individuals possessing **soft skills**, such as:

- A desire to work
- Honesty
- Loyalty
- A willingness to learn on the job
- A good work ethic
- Ability to get along with others
- Show up for work and show up on time
- Dress appropriately for the job
- Have a stable prior work history
- Are able to follow directions

The types of **communications skills** mentioned when hiring to fill entry-level positions were:

- Ability to write
- Ability to read
- Telephone skills (answering call, transferring calls, telephone etiquette)
- Ability to speak clearly
- Customer service (ability to greet and relate to people, being helpful to customers)
- Interacting with co-workers and supervisors

The **technical skills** desired by companies when hiring for entry-level positions were:

- Engineering skills
- Technical skills (relative to manufacturing; e.g., welding, tacking)
- Math skills (basic math, simple fractions, ability to read and compute numbers)
- Computer skills (knowledge of basic software programs such as Microsoft Word)

Waco's adult education and training resources

The interviewees were asked their opinions on the availability and quality of adult education and training services in the Waco area. Conversations also focused on whether education and training institutions offer programs that prepare workers for entry-level jobs with local employers.

Overall, those interviewed stated that **Waco offers several opportunities for adult education and training**, with MCC and TSTC viewed as the most viable providers of these services. MCC was noted for its GED, certified nurse assistant, and child care certification

courses, as helping to prepare individuals for entry-level jobs. The interviewees cited TSTC's welding, HVAC, and machining courses, and the different levels of certified training available (from beginning to advanced) in these and other areas. Also noted was that TSTC is teaching remedial math courses in a more applied way, to better demonstrate to individuals how math is used on the job and every day.

Goodwill Industries, Mission Waco, Heart of Texas Workforce Solutions, Christian Women's Job Corps, Christian Men's Job Corps, and the Salvation Army were also noted as offering GED, English as a Second Language, and other classes to aid adults in preparing for employment. The Greater Waco Advanced Manufacturing Academy (GWAMA) was cited as an example of quality training for various levels of jobs, although it is currently only available to high school students. Some interviewees said that they hoped that regular conversations would continue on expanding the GWAMA courses to other industry sectors, even expanding the program to adults so they would be able to increase their levels of certification.

Although the interviewees noted that several adult education and training opportunities are provided by many institutions and organizations, they did not feel that these are well-known to those who need these services. Methods for outreach and marketing to publicize these services to economically disadvantaged individuals were unknown to the interviewees. Those interviewed also noted that barriers such as costs and lack of child care and transportation to attend classes prohibited economically disadvantaged individuals from enrolling and completing an education. They suggested offering shorter-term classes for some courses, as well as offering classes at locations other than college campuses to help alleviate these barriers. It was also reported that more recently MCC and Workforce Solutions have collaborated on the design and submission of a combined concurrent GED occupational skills training program to accelerate the learning timeline and add relevance to learning.

The interviewees further indicated that there is **"no clear pipeline" between current training programs and jobs** available from Waco-area employers. Several interviewees said that training is not directly linked to employer demand, particularly with regard to entry-level jobs in Waco companies. Aligning certifications and degrees with jobs offered by local employers would provide a supply of labor for Waco companies and help keep graduates in the Waco area. They noted that if it were known to economically disadvantaged individuals that completing the certification and/or degree would directly lead to employment, then this might serve as an incentive for them to attend and complete these training programs.

These interviewees also cited a **need for integrating the teaching of soft skills into the K-12 education system**. It was noted that GWAMA incorporates soft skills training into its program, but other high school students needed to receive this type of training as well. Some suggested that the Waco ISD could partner with local employers to integrate work readiness skills and an understanding of job responsibilities and expectations into the curriculum.

A Vision for Waco's Future

Community approach

Interview participants were asked what key players in the Waco area would need to be involved, for an economic development plan that addressed economically disadvantaged individuals to be effective. The consensus of those interviewed was that this should be a **"full community effort,"** engaging employers, education (Waco ISD, MCC, TSTC, Baylor), community partners (Waco Chamber of Commerce, all foundations, nonprofits), social

services organizations, churches, health care providers, the corrections system, the city of Waco, and McLennan County. It is the belief that only with coordinated efforts across all community entities could Waco address and sustain initiatives to alter the cycle of poverty for economically disadvantaged individuals.

The interviewees were asked to offer suggestions in designing the community's approach to help economically disadvantaged individuals find employment. There were several suggestions; however, these three were the most frequently mentioned:

1. Develop a program that leads an individual to employment
2. Resolve transportation and child care issues that prohibit access to employment
3. Bring resources and services to economically disadvantaged neighborhoods

Those interviewed indicated that the city of Waco needed to **create an environment where economically disadvantaged individuals feel that they have access to good jobs**. The majority of those interviewed spoke of a strong need for developing a program that prepares individuals for employment. This program should teach "work ready" skills and help to prepare individuals for the work environment. The program should also include a segment that prepares individuals for participation in job fairs. Several interview participants stated that the program should be business driven, and that solutions are dependent upon employer participation.

The interviewees emphasized that soft skills and life skills should be a strong component of this job-ready program. It was suggested that course work include financial literacy and planning, debt reduction assistance, life examples demonstrating the benefits of employment, and how and where to access needed resources.

Transportation and child care were repeatedly noted by those interviewed as major barriers to employment faced by economically disadvantaged individuals. Several interviewees stated that strategies were necessary to address these two issues if any efforts by the city and its partners were to be successful.

One suggestion to streamlining public transportation was to add a second transfer system that other buses could feed into. Another suggestion was to install a bus rapid transit line utilizing the unused rail line on Mary Street as an express route. Because of the success of the Sanderson Farms route, several suggested that Workforce Solutions and Waco Transit work together to develop additional employer-dedicated bus routes.

The interview participants frequently stated the need to **bring resources and services to the economically disadvantaged neighborhoods**. They stressed partnering with neighborhood leaders and pastors to help connect with residents and to identify the resources and services that would best benefit each neighborhood. The interviewees suggested that satellite service centers be established in the neighborhoods, offering employment and social services resources. Workforce Solutions was identified as a strong partner to such an initiative, having the ability to network with the nonprofit community to help deliver services to these neighborhoods. One person suggested that Workforce Solutions and businesses work together to conduct job fairs in these neighborhoods.

Interview participants also indicated a need for **attracting industries to Waco that offer entry-level jobs** for economically disadvantaged individuals. They also stressed that these industries should pay wages above minimum wage.

Several conversations also centered on expanding and changing education and training opportunities in the Waco area. Some spoke of a need for a paradigm shift in **K-12 curriculum that supports college track and noncollege track careers**. Interviewees

We've been effective in helping poor people, but not effective in helping them get out of poverty.

also cited the need to **integrate life or work-ready skills into all curriculum** (K-12 and postgraduate) to help students prepare for future employment. Many of those interviewed noted that the **technical skills training should meet the skills needs of local employers**. Continuing facilitated conversations are needed between employers and the education community to identify specific skills desired by employers that should be integrated into curriculum. Additional suggestions were:

- Include and integrate economically disadvantaged individuals into city/county/organizational leadership programs (offer scholarships)
- Develop a pipeline of workers for small businesses
- Develop indicators to monitor the progress of any programs developed
- Figure out a way to give people course credit at training institutions (MCC, TSTC, Baylor) for the skills they do have

Challenges to economic growth

Those interviewed were asked to identify what they perceive to be the top challenges to economic growth and change in the city of Waco over the next five years. The most prominent challenge cited by interview participants is breaking the cycle of generational poverty that exists within a large portion of its population. The interviewees said that this is a daunting challenge, but that the city has begun efforts to remediate this cycle, one of which is this study. The city has recruited a number of organizations and leaders to rally in this effort, calling the community together to address this pervasive problem. The interviewees suggested that the city implement a campaign to emphasize the importance of this issue and how it impacts businesses and the entire community.

The interview participants stated that higher-paying entry-level jobs would help to ease the poverty cycle. Those interviewed said that economically disadvantaged individuals lack access to higher-wage opportunities. They suggested that the city/county attract industries that offer entry-level jobs that pay wages above minimum wage. As one interviewee said, "It's easy for a person to get frustrated if they are not making enough money to feed their family. We need higher paying jobs—$12 per hour jobs are a gold mine."

Growing Waco's labor force and improving the skill sets of its available labor force was also cited by interviewees as challenges to the city's economic growth. A constant multifaceted approach involving the Waco ISD, postsecondary education, employers, and the city was stated as necessary to attract and retain a skilled workforce.

Other challenges mentioned were:

- Safe and affordable housing
- Transportation and child care (affordable and flexible options are needed for second- and third-shift workers)
- High teen pregnancy rates
- Locating workforce services in the neighborhoods
- Mental health and substance abuse issues
- Overcoming the city's notoriety due to the Branch Davidian incident

Poverty is from parent to child, and as that expands, the workforce shrinks.

Opportunities to economic growth

Conversations also focused on top opportunities to stimulate economic growth in the city over the next five years. The majority of the interview participants stated that Waco's prime opportunity would be to **capitalize on and expand the quality of its education institutions** (Baylor, MCC, TSTC). The GWAMA and the Baylor Research and Innovation Center were viewed as portals to job creation and an educated and skilled workforce.

Several interviewees indicated that Waco should **market its location between Dallas and Austin on the I-35 corridor**, as well as its proximity to other metropolitan areas (Dallas-Fort Worth-Arlington, Killeen-Temple-Fort Hood, and Austin-Round Rock). They viewed Waco's location as an opportunity to attract business and residents to the Waco area.

Those interviewed also perceive **development downtown and along the river** as opportunities for residential and business growth. Retail (bookstores, coffee shops, restaurants, specialty shops, gifts unique to Waco from local artists); housing (family and student); green space (parks and recreational areas with walkable paths); theaters and entertainment venues; and microbreweries were some suggestions offered. These types of development would draw residents and businesses to the downtown area and the riverfront, helping them to feel a greater sense of community. Additional opportunities discussed were expanding health care opportunities (jobs, training, supply-chain industries) and the Baylor stadium.

Envisioning the future

The overall vision for the city of Waco relative to change, growth, and development over the next five years is **to decrease the level of poverty** faced by a large percentage of its population. Interviewees envision an attractive, livable city where families thrive and want to live and work, with a highly skilled and well-educated workforce. They see the rebirth of downtown Waco as attracting investment and jobs to the inner city, along with Waco's I-35 corridor location as a magnet for industry location. Interview participants also expressed a vision for more diverse leadership, with women and minorities in leadership positions. They also stated that they foresee the city of Waco becoming a model to other cities on pulling together a community network to tackle workforce and poverty challenges.

Focus Group Observations

The Upjohn/Mohr team facilitated 11 focus groups of major employers, neighborhood associations, subsidized housing, church leaders, health care providers, social services organizations, and economically disadvantaged citizens, with a total of 92 participants. Responses from the focus groups are synthesized into major themes. Questions centered on concerns, obstacles, and experiences to finding and retaining employment, and how the city of Waco and the region's educational community and agencies could help meet the needs of employers and economically disadvantaged individuals.

Transportation and child care continue to be the major impediments to finding and keeping a job. Transportation for access to jobs as well as to services continues to be an issue. Bus services that are linked to work schedules, particularly evening-shift schedules, are sorely needed. Many participants commented on the distant location of employment services from the neighborhoods and the length of time to travel there by bus versus by car. As one participant said, "Waco is not that big. You can get anywhere in 15 minutes if you have a car."

Child care also continues to be a major issue, not just care during the day but also during nonstandard hours (nights and weekends). Family needs, such as illness and doctor appointments, are often reasons for the loss of a job. As one person stated, "Family comes first."

Work history—or the lack of a history of work—is another issue for economically disadvantaged individuals to gaining employment. Economically disadvantaged individuals typically have limited, inconsistent, or temporary work experience. Employers have stated that they look for a stable work history when reviewing applicants, one that demonstrates a progression of work experience and longer tenure on the job. For those who are among the longer-term unemployed, they additionally experience issues of perceptions due to job experience, race, age, and criminal past.

Once hired, **economically disadvantaged individuals need a support system** to help them sustain employment. With employment comes a new day-to-day routine, one to which many economically disadvantaged and longer-term unemployed individuals aren't immediately capable of adapting. Many aren't prepared for managing family issues that may arise, a shift in family or child care situations, health care appointments or illness, household details, financial commitments and debt reduction, budgets, stress associated with the job, or even new-found independence—dealing with life becomes an issue. It was suggested that having an ombudsman at the work site could be useful in coordinating services through partnerships with employers that might help with these issues.

Another dilemma that economically disadvantaged individuals face when hired is **adjusting to the reduction in government subsidized services** and how this impacts their lives. For example, the cost share they receive for housing declines as their wages increase. The transition as their government subsidy declines and they begin to take on an increasing share of costs (e.g., health care, housing, child care) can be overwhelming to accept and/or manage. Many struggle with the decision of whether to remain employed or to return to government assistance.

The focus group participants cited two resources, **temporary agencies and Workforce Solutions**, and had mixed perceptions on how these programs helped to address some of the challenges experienced by economically disadvantaged individuals. Temporary agencies are viewed as direct portals to employment; however, for the economically disadvantaged, these jobs aren't necessarily long-term jobs with a consistent number of work hours. Workforce Solutions is viewed as having good programs and resources, although many said that only a small number of staff are available to assist several job seekers. A frequent complaint is the location of the Workforce Solutions services center and the lengthy transit times endured to access the center.

Resources for jobs and other **services need to be located in the neighborhoods of economically disadvantaged residents**. Particularly due to transportation and child care issues, it was suggested that one-stop locations offering individuals the ability to conduct job searches, learn how to use a computer, connect to Social Security services, and provide information and resources for child care, health care, and other needs be established in these neighborhoods.

Workshop Discussions

The Upjohn/Mohr team additionally facilitated three workshop discussions with a total of 34 individuals participating from education, workforce, and large and medium employers. The workshops were designed to gather feedback on proposed models and policies applied in other cities, aimed at providing a pathway to full-time employment for economically disadvantaged individuals. Criteria were based on whether these models and policies would meet the needs of the area's employers and be sustainable without significant government support. The responses, ideas, and suggestions were considered when developing the Pathways to Employment model detailed in this study.

The team presented examples of two successful models designed to prepare economically disadvantaged individuals for employment and to help them remained employed: the Employer Resource Networks (ERN) and Cincinnati Works. ERNs are consortia of businesses that combine and leverage resources to improve the quality of their workforces by providing various support services to their workers who are facing employment difficulties due to poverty. Cincinnati Works is an intensive training program supported with hiring commitments from employers upon completion.

Perceptions were mixed on whether aspects of these two program models would be effective in Waco. Employers desire workers with a good work ethic in that they will show up for work every day, show up for work on time, and have the desire to work. Some employers were uncertain as to how aspects of these models could successfully yield these characteristics in job candidates. Others indicated that both models cited ways to reduce risks and possibly costs, and said that similar methods could be successful in Waco. The employers said that they would like to incorporate measurable metrics into the model to evaluate its success. They also said that if such a model were to be adopted in Waco, they would continue to use the services of temporary agencies to fill the gap.

Waco-area employers primarily use or have used the services of temporary agencies to attract and hire entry-level workers. Temporary agencies provide the employer with an individual the company can assess on a trial basis to evaluate for permanent employment; these agencies do not necessarily provide a "work ready" job candidate. The temporary agencies provide services such as drug testing, background checks, prior employment screening, physicals, basic skills testing, and literary assessments. Some additional resources mentioned to locate and hire entry-level workers are the jobs fairs conducted by Workforce Solutions, GWAMA, Goodwill Industries, the Christian Women's Job Corps, and the Christian Men's Job Corps.

Chapter 3: Assessment of the City of Waco's Current Economic Development Program

As discussed in the previous section, it is necessary to create new employment opportunities as well as to ensure that city residents, especially its economically disadvantaged residents, are job ready. In this section we critically examine the city of Waco's current economic development program to identify what is working and what needs to be improved.

First, it is important to:

- Recognize that economic development is a sales function. As such, the function is a combination of both process and product. The targets of this sales function are companies and/or their professional site selectors who are examining Waco as a potential place to do business and, as a result, generate employment opportunities.
- Understand that companies seek to remain in business while earning a profit. Businesses seek a place where they can access their required inputs as well as the means and resources to be able to use these inputs productively. Talent heads the list of necessary resources.
- Understand that the success of the sales function will depend upon the quality of Waco's assets in land, labor, and capital or financial assets and costs. The quality and stability of these assets along with production-related inputs will create a location where the firm can reliably make investments.
- Realize that success of the sales function depends on how the city and its partners execute on both tactical and strategic sales-related activities. The tactical refers to the day-to-day activities of the city and partners, whereas the strategic focuses more on identification of the industry targets while helping to make both the necessary and sufficient conditions that are required for firms to make a soft and productive landing in the city.
- Comprehend that the site selectors' job is to eliminate Waco from the list as soon as they perceive a problem in the process or product.

Framing an Economic Development Strategy: Why Waco?

The city has a number of assets that create opportunities for Waco to be a place where businesses would find it advantageous to locate and to expand. First and foremost, the city has a stable and predictable political system. The local government system is based in a Council-Manager form of government with a newly appointed city manager. Prior to his appointment, the current manager served as an assistant city manager and so built a base of credibility and knowledge within the city. The city manager also brings experience from other cities in Texas from prior manager roles he filled. The assistant city manager for economic development has a long history in this role with the city and is both knowledgeable and collaborative with stakeholders in the region. The city council appears to be engaged in the process of governance; they meet regularly and are representative of the population. Finally, the mayor, as a lifelong resident of Waco, has a long history in the city (as have prior mayors) and has both a deep knowledge base as well as a proactive vision of growth and change shared with council and the management team.

One note of caution: Often when people, whether elected or appointed, have a long history in an area, the drive to evolve may stagnate, and hegemony may take place. We feel, however, that the questions raised by both political and appointed leadership about how to grow the local economy suggest that this is not the case in Waco. During our interviews and focus groups with community stakeholders, however, some voiced their concern that inclusion is

not yet at the desired levels, and that some stakeholders are brought into the process later rather than earlier.

Second, Waco has lower costs of living and lower costs of doing business than that of the average costs of living and business for the United States.[5] These costs of living and doing business are indexed to the United States, with the average costs across the country equal to 100. For costs of living, the index for the Waco MSA[6] is 90.8, or about 9 percent less expensive than that of the United States. The Waco region ranks 207th out of 384 regions across the country in the cost of living index. Indexes for some of Waco's neighbors and perceived competitors are contained in Table 10.

On the cost side of the business equation, Waco again does well overall, with an index of 92, or about 8 percent less than that of the average costs of business for the United States. This ranks the Waco region as 119th among all regions in the United States. The index is comprised of four measures, including labor costs, energy costs, state and local taxes, and office rents.

Table 10 Cost of Living and Cost of Doing Business in Waco and Selected Texas Cities

Area	Cost of living	Cost of doing business
Dallas	104.3	101
Austin	101.4	102
Houston	100.8	112
Tyler (peer city)	98.7	96
College Station (peer city)	96.3	82
Odessa (peer city)	95.4	94
Abilene (peer city)	95.2	85
San Antonio	94.8	81
Amarillo (peer city)	94.6	82
Lubbock (peer city)	94.6	91
Waco	93.0	92
San Angelo (peer city)	91.5	87
Wichita Falls (peer city)	91.1	90

SOURCE: Moody's Analytics and Mohr Economic Development Services.

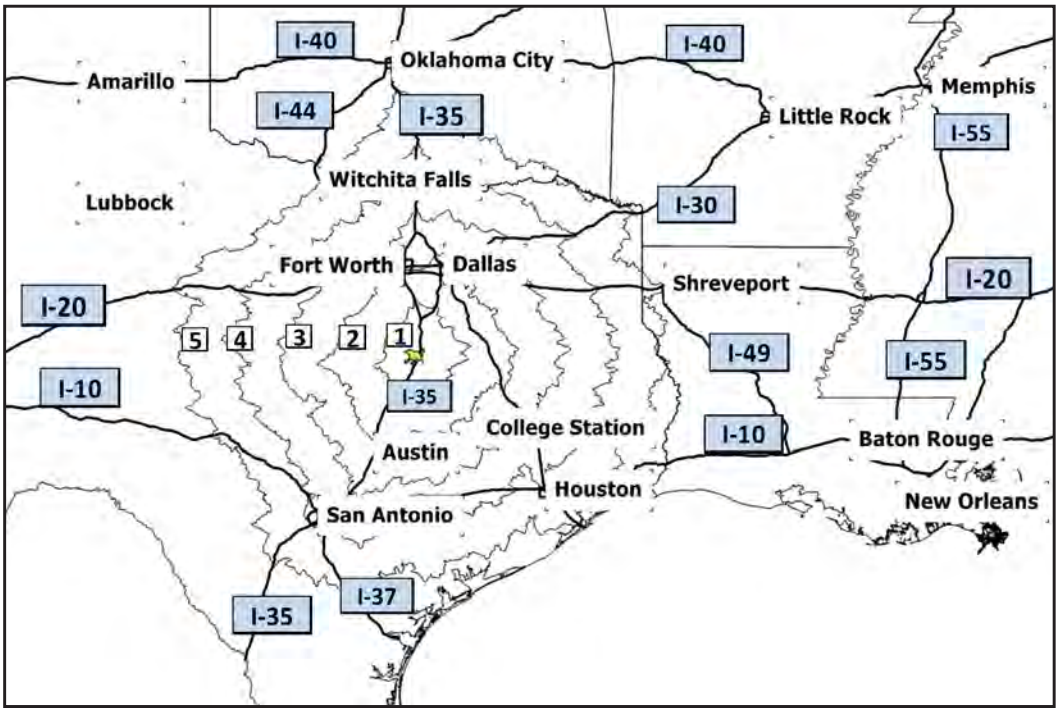
Third, the Waco region has a significant share of educational assets, including MCC, TSTC, and Baylor University. MCC and TSTC offer very specific training in applied areas to associate degrees. They also offer employer-specific training to meet the needs of both new as well as incumbent workers. Baylor offers an array of degrees from the bachelor levels (BA/BS) to master's in both the physical/natural and social sciences to the PhD in science, engineering, math, and physical sciences. The combination of MCC, TSTC, and Baylor provide a strong platform for training workers across the occupational structure.

Fourth, Waco has a good location to provide production-related services to regions nearby. In the drive-time map (Map 3), a number of major metropolitan areas are within a six-hour drive time of the Waco market. With Waco's location on the I-35 corridor, it is well positioned to provide services to the cities of Dallas and Fort Worth to the north, and Austin, San Antonio, and across the border to the south. Beyond the Dallas-Fort Worth area, the I-35 route, dubbed a "NAFTA Corridor," provides direct access to Oklahoma City, Wichita, Kansas

City, Des Moines, Minneapolis, and finally terminates in Duluth. With Waco's location on the corridor, it has the potential to probe manufactured products to these cities and those along the corridor, as well as those served by other bisecting interstates. Transportation access within the United States and to both Canada and Mexico make it a site for distribution services and warehousing.

Finally, the benefits of the close proximity of Fort Hood Military Base should not be ignored. After finishing their service, individuals may wish to remain in the region with access to military-based services such as health care. While remaining in the region, they likely bring a set of both soft and hard skills to potential employers.

Map 3: Five-Hour Drive Times from Waco



SOURCE: City of Waco and Mohr Economic Development Services.

Branding, Outreach, and Concierge Services

The city of Waco competes in the economic development arena with states, regions, counties, and other cities in the United States, as well as globally to gain the attention of companies and site selectors. Many of these competitors are very sophisticated in creating, marketing, and delivering their brand to both existing and new firms. For its first step in conducting global outreach, it is essential that the Waco's Department of Economic Development create a unique and consistent brand identity across all of its products and platforms. A brand identity has to have a consistent look and feel that compels regular users and consumers to immediately recognize the content as tied to the city. Also, within the brand identity should be consistent formatting and content with documents and materials and an online presence.

Department of Economic Development Website

The primary goal of any site selector is to choose a limited number of regional candidates that meet the needs of their clients. As part of this process, the consultant needs to eliminate states, regions, cities, and sites from their target list of locations as soon as possible. Their first entry into a region and the first pass at gathering information about a location (from a region to a city) is the website that represents or defines the location. A website that is poorly constructed, fails to communicate the necessary information, or that has out of date or incorrect information could cause a site selector to dismiss and eliminate that location from consideration.

In reviewing the Department of Economic Development's website, the first thing that became clear is that it is no different from that of the rest of city's website. While this does conform to the important and prior point on the importance of branding, the city's website is presumably defined and created for use by constituents, essentially the residents and businesses that are already within the city.

The website that is the economic development portal for the city needs to reflect a different set of standards and expectations. The expectation is that it must be tuned to the customer, in this case, external (to the region) companies looking at Waco as a possible point for expansion and investment. Additionally, it must be tuned to better serve the "site selection" community.

In tuning a website to the needs of a site selector, it must be efficient in identifying answers to questions and responsive to getting answers within a limited number of "clicks." A review of Waco's website suggests that it is need of a significant overhaul to be more responsive to its target market. A Google search of "economic development Waco" yields the city economic development website at the top of the list of alternatives. This is both good and important. As the critical path to economic development in the city, it is necessary to get there with the minimum number of clicks; from there, the site is light on information.

On the home page mentioned above, there is very little "economic development" information, only a location description of where Waco is relative to Dallas and Austin. There are a number of "quick links" to the left on the page. These links are a bit problematic. Some of the issues include:

- Economic development link is circular and returns back to the home page
- Available land link doesn't lead to land, but to districts. A link to available buildings and sites is essential. It could be that this is the function of "Waco Prospector" but this didn't function properly
- The links to other chamber website is useful, but not initially important to site selectors and relocation decision makers
- Demographics links to the Chamber of Commerce site and multiple clicks to significant data and information. These data need to be better organized and links need to go from main page to the data page
- Developers Guide link is similar to the Demographics link and needs to segmented to get to the targeted information
- Education in Waco link is good and effective
- Greater Waco Chamber link wasn't available at the time we clicked in. Since this is Waco's economic development partner, a page that describes the relationship between the city and the chamber may be helpful

- Hospitals in Waco: good
- Incentives link is good, however, some expansion of definitions would be helpful
- Infrastructure link raised a number of issues:
  - Some of the links should be hot links, such as the reference "facts at a glance," which isn't referenced on the economic development page
  - In some cases, such as electric, it appears that the city is sending a business to the consumer site
  - PID: generally good, need more information on the "multitude of services"
  - McLennan County Appraisal District: seems to be more of a constituent/home owner site than one target to business
  - Public Waco Map: seems limited
  - Waco Prospector: didn't work

There are a number of "model" websites that are consistently identified by the site selection community as being among the best. These include (but are not limited to):

- Oklahoma city (OK): http://www.greateroklahomacity.com/
- Nashville (TN): http://www.nashville.gov/ecdev/
- Kansas City (MO): hhttp://www.thinkkc.com/

While each offers a slightly different approach, each is easily found by searching the name of the city and economic development within Google. It is critical that the website/portal be optimized so that a search for "Waco Economic Development" leads to the City of Waco's Department of Economic Development. Note that none of these portals is perfect, and flaws can be found in each of them, but they do illustrate how some of the best are providing data and information to the target community.

Brand Identity

There is a common misconception as to the definition and practice of "economic development." In most cases, it could be argued that departments of public-sector entities that offer economic development services are doing so in a passive role in response to incoming requests. Unlike most other services and goods offered by cities, **economic development is essentially a sales function**. The economic development department in a city should be externally focused on attracting companies (and jobs and thus additional taxes and wealth) to the city while working with existing companies to stay and expand in the city. It is likely that many of the better and more successful companies within Waco are regularly targeted and contacted by other regions as attraction possibilities. In the end, economic development is first about sales and winning the project, and second about the processes associated with delivering on offerings, getting the company to the site, and hiring workers after the sale has closed.

As mentioned earlier, it is essential that all materials across the entire portfolio of products share a common look and feel. Whether the materials are on a website or they are in direct outreach like an e-mail campaign, the look and feel of all content needs to immediately allow the target user to recognize that these materials are from the city of Waco. As the Department of Economic Development engages in the sales function of retaining

and attracting companies in and to the city, it should have high-quality materials with a consistent brand identity.

These types of services are outside the scope of the partnership between Upjohn and Mohr. Neither organization is able to take the city of Waco through a branding exercise or to help implement a brand. While we have made similar, and in some cases the same, set of recommendations to other clients, Mohr has also assisted in creating the request for proposals for such activities and offered comments on responses through the selection process.

Outreach

While most of the activities in the Department of Economic Development focus on responding to existing businesses in the city as well as inbound leads (coming directly from companies, site selectors, and attraction-based partners in the region), it is necessary for the department to continue to be proactive in conducting outreach to constantly generate new leads. This may best be accomplished through three parallel and concurrent sets of activities: a familiarization tour with and outreach to the site selection community, direct marketing to companies, and outreach to regional partners.

Connecting to site selectors

The first activity, outreach to site selectors, is a two-part approach. First would be to host a familiarization ("fam") tour to targeted site selectors. Such an event would last approximately two days and would showcase the assets of the city of Waco. As part of a fam event, a targeted group of site selectors would be invited to visit Waco at the city's expense (which could include funds raised through partnerships), including travel and accommodations. This event is usually tied to some type of a "hook," such as a sporting or cultural event, that would bring the site selectors to the city and allow some "face time" with city business and political leaders in a more relaxed and conversational environment. The rest of the tour is based around site visits to parcels, both buildings and buildable sites, that are ready for development; meetings and presentations by business, education, and political leadership from the city; and visiting and showcasing other assets.

Fam tours generally are run jointly with regions by their partners if the target is national site consultants. It may be that Waco would rather use a more targeted approach from a geographical basis. There are a significant number of site selectors within a two-hour drive time of Waco. It may be that tapping into that as an opportunity could yield results along two paths. First, the national folks could learn more about Waco at a relatively low cost. Second, given Waco's proximity to the Metroplex, the site selection and business community could target the Dallas-Fort Worth area for regional expansions and relocations. Given the large economy within the Metroplex, there is an opportunity to seek businesses already familiar with the tax and incentive structures in Texas.

As a follow-up to the site visit, for both those able to attend as well those unable to visit Waco during a tour, regular outreach is needed to site selectors via either postal or e-mail on specific sites and opportunities. This phase is where brand identity becomes important: When a site selector receives materials from the Department of Economic Development and its partners, he or she should already know the source by the look and feel of the materials.

Such an outreach could include new and recent project wins, specific sites that are available for development, and current workforce availability and targeted training programs as

examples. Depending on the frequency of outreach, it could include aspects of a number of features and assets available in the city. The Upjohn/Mohr team recommends that this outreach be conducted on a quarterly basis, but more frequently as time and funds permit. There are more than 4,000 entities in the United States, if states, regions, counties, cities, and other economic development organizations are taken into account, that compete for economic development activities. Having a unique product, such as physical or training assets while keeping the name of the city at the top of the site selector's mind, is paramount. Although not every participant in the fam tour will bring a project to the city, the tour can be important in either altering or supporting the current view of the participants and understanding what Waco has to offer.

Finally, many states, regions, and cities have found success, either individually or within partnerships, in visiting site selectors at their home locations. Economic developers conducting information meetings about their regions regularly visit the Cleveland and Dallas offices of Mohr Partners. In most cases, a city with a critical mass of site selectors, such as Chicago, Dallas, New York, and Atlanta are likely and viable targets for a two- or three-day visit by economic development representatives. In this case, an hour with a site selector puts a name to a face and to a city; it will help personalize a potential relationship.

Direct marketing to companies

A recent trend for regions and other local economic development entities is to engage in outreach directly to companies with the potential for expansion and relocation opportunities. In this form of outreach, economic developers are working with a consultant who specializes in identifying firms that may be in play for an expansion, relocation, or possibly a consolidation activity. After these types of firms have been identified, the consultant may hand the list off to the economic developers for follow up, may do the initial call to the company, or may do a "warm lead" and set an appointment for the developers to visit the companies in their offices. Much like the site selector community, an avenue of success is to identify a region that has industries or clusters that may fit well in the city. Then, based on the firms in the target region, identify those firms that may have some need to expand, contract, consolidate, or relocate and work to set appointments with them to explain the benefits of the city of Waco.

Concierge services

The Department of Economic Development must be both innovative and responsive in serving the needs of clients and customers. As part of this strategy for economic development, the Upjohn/Mohr team advocates that the department continue to engage in providing a "full service" approach to economic development. Within the last 15 or so years, the timing of economic development projects has come full circle. In the 1990s, it could be argued that economic development projects were generally on a fast track, with a short turnaround between project start and finish. In the intervening period, projects tended to take on a longer time horizon, often taking up to 24 months to close, if they did close at all. More recently, the trend has returned to a short time horizon from the inception of the project to the decision on location and then to closing on the project.

Given the current trend of "fast track" projects, the city's Department of Economic Development must maintain its ability to offer "concierge" services to firms that may be locating or expanding in the city. This approach utilizes a single point of contact and assumes that all economic development is ultimately local. It may be that this set of services is offered

by the Greater Waco Chamber, but that path is not clear from the website, nor was that path clear during our initial interactions with the Waco team at the inception of this project.

The single point of contact assures that all documents, such as incentive offerings as well as site information, are exchanged efficiently with the client. The point of contact assures that all needs regarding occupancy, such as permits and registrations, are easily obtained, and that navigation through the city offices needed to close the project is well managed. Additionally, this service provides a single person to assure that all transaction documents, including offerings by the city, are properly executed by the client and by the city. Finally, any other services that the site selector, company, or client may need can be addressed by this role.

Discussion and Comments on Branding

It is the team's belief that Waco has assets and attributes that can lead to a successful attraction program and process. The region is in a good location on the NAFTA highway, with access to the Metroplex, as well as to Austin and San Antonio. There is ample and quality training at MCC, TSTC, and Baylor. There is available property in both the urban core and in areas controlled by the Waco Industrial Development Foundation (IDF).

But it is likely that some aspects of Waco's product and process seem to hold back economic development. First, the website is incomplete. It lacks specific information that site selectors seek. The support in the area from the Greater Waco Chamber needs to be bolstered and better presented—in many cases, the data may be there but they are not organized to their maximum potential.

Second, knowledge seems to be somewhat dispersed, particularly around real estate. At least for large parcels of developable space, economic development representatives need to be well versed in product across the region, not just those in the urban core or those held by the Waco IDF.

Finally, a "sales" approach to economic development needs to be adopted and implemented. During our initial contacts it did not seem that the city and the chamber were well aligned and ready for the hand off. In later visits we saw that the chamber was producing some great product on behalf of the city. Also, in subsequent visits we had very good tours of urban core properties, as well as those outside of the urban core. But if our initial impression is the one generally perceived by other site selectors, the process of economic development needs to improve if the city of Waco is going to grow its book of business.

Targeting Approach for the City's Economic Development Activities

In 1990, Harvard Professor Michael Porter published his seminal work, *The Competitive Advantage of Nations*.[7] Porter defined the term and concept of a "clusters" approach to regional growth and development, and his work has helped define economic development strategy since that time. "A cluster is a geographically proximate group of interconnected companies and associated institutions in a particular field, lined by commonalities and complementarities."[8] Possibly more easily said and understandable, Hill and Brennan[9] "define a competitive industrial cluster as a geographic concentration of competitive firms or establishments in the same industry that either have close buy-sell relationships with other

industries in the region, use common technologies, or share a specialized labor pool that provides firms with a competitive advantage over the same industry in other places." Clusters are, therefore, groups of firms in the same industry in a region that are there because the location has assets that affect the bottom line for the firm or establishment, potentially including customers, suppliers, workforce, academic/research institutions, transportation/infrastructure, and other factors that may positively affect a company's ability to compete in a global market. Part of the team's research and analysis is identifying potential industries that could be appropriate for the city to use as targets for the available and developable sites.

Identifying Potential Target Industries

As part of the industry validation, the team looked at the industries for Waco (McLennan County) and the greater Waco region using two common statistical techniques, location quotients and shift-share analysis, both introduced in the previous section. Location quotients[10] (LQs) use data from Moody's Analytics at the four-digit level of industry as classified within the North American Industry Classification System (NAICS)[11] to identify concentrations of employment by industry within a target region. As a ratio measure, when the LQ is at or near 1, the measure indicates that the regional share of employment is roughly equal to the share of national employment in that industry. As the share of relative employment grows (LQ>1), theory suggests that the region is likely an exporter of a good or service. Similarly, as the LQ grows smaller (LQ<1), there is a general indication that some demand is being met by importing that good or service.

Shift-share analysis[12] is a technique that disaggregates employment change in an industry between two periods of time into three explanatory components. The first is employment change (positive or negative) that is attributable to the growth or decline in the macro economy and is referred to as the "national" effect. The second component is called the "industry mix effect," which looks at the growth trends in an industry nationally and after removing the effects of changes to the national economy. The third component is the "competitive share," which helps to identify whether there is some competitive advantage (or lack of advantage) within the target region. One problem with this measure is that it doesn't identify what the advantage or disadvantage might be, only that it exists.

Both the LQ and shift-share methods of analysis are merely indicators of an industry's potential within a region. To truly evaluate the viability of an industry, a case study approach should be conducted to determine whether the region has the capacity (land, labor, capital, resources, and technology) or in fact the desire to attract, retain, or expand that industry. In some cases, a region may have all the right ingredients for maintaining or growing an industry or sector, but consensus by regional stakeholders may not find that industry attractive.

Within the academic literature as well as within the practitioner community, and in fact within the team, there is debate on the value of targeting industries for a region. Using targeting measures such as LQs and shift-share analyses allows a starting point to either identify existing competitive advantage or the essentials to build competitive advantage. Additionally, in looking at changes to the economy in the near and midterms, relying on the existing asset base that supports current industries will likely yield the greatest return in a shorter time line, particularly when targeting disadvantaged workers with potentially lower skill levels. That said, these techniques do not easily help to define emerging industries or those where competitive advantage can be developed.

Mohr Partners uses a five-point index (+5 to −5) to examine regional industry structure. For this study data points were collected from Moody's for 2009, 2014, and 2019. Moody's provides data estimates by county at the four-digit NAICS level consistently for all counties and parishes in the United States. As such, any measurement error, including within the forecast data, is done consistently across the country. Also, it is important to keep in mind that these are indicators of trends, not statements of absolute facts.

Industries that are potential targets

Using standard regional analytical techniques, the team identified a group of industries that the city of Waco may consider in its attraction efforts. These industries work well with the available sites and also have production-related workers. The demand for production-related workers will fit into a training strategy targeted to disadvantaged workers. Specifically, these workers will need basic soft skills and have the ability to be trained and adapt to the work environments and requirements of specific industries and employers.

Unfortunately, when the shift-share numbers were estimated, the competitive share was generally negative. While not highly negative, the values suggest that neither McLennan County nor the greater Waco region have some competitive advantage in their industries with high LQs. It is possible, however, to change that outlook through policy discussions and intentional targets and investment. It is possible to build a competitive advantage in a region, particularly when the workforce can be bolstered to be more available and productive, and real estate is appropriate and ready to be utilized.

Table 11 contains the LQs for McLennan County by industry. The table also contains the employment estimates from Moody's. Again, these are indicators of value based on government data sources and may not exactly represent current or future employment within any industry and within any geography. One industry that was notably missing from the pool was auto parts suppliers (NAICS 3363). Given the location of Waco to original equipment manufacturer (OEM) locations as well as the producers in Mexico, it should be on a list of target industries. It is also likely that there are auto parts producers in the region who are suppliers to the auto industry, but they are not classified in the traditional auto parts NAICS but rather by the product they produce.

Table 11 Location Quotients and Employment for Target industries in McLennan County

		Employment		Location quotient	
NAICS	Industry	2014	2019	2014	2019
3111	Animal food manufacturing	74	77	1.7	1.63
3113	Sugar and confectionery product manufacturing	85	77	1.6	1.54
3116	Animal slaughtering and processing	1,388	1,326	3.67	3.52
3121	Beverage manufacturing	301	293	2	1.84
3132	Fabric mills	88	85	2.02	2.09
3149	Other textile product mills	101	101	2.08	2.02
3162	Footwear manufacturing	42	46	3.79	3.86
3169	Other leather and allied product manufacturing	15	16	1.64	1.67
3219	Other wood product manufacturing	689	798	4.28	4.42
3222	Converted paper product manufacturing	734	731	3.45	3.5
3251	Basic chemical manufacturing	380	357	3.42	3.22

(continued)

Table 11 (continued)

NAICS	Industry	Employment 2014	Employment 2019	Location quotient 2014	Location quotient 2019
3252	Resin; synthetic rubber; and artificial synthetic fibers and filaments manufacturing	128	118	1.77	1.66
3253	Pesticide; fertilizer; and other agricultural chemical manufacturing	51	49	1.67	1.57
3271	Clay product and refractory manufacturing	57	51	1.88	1.84
3272	Glass and glass product manufacturing	247	239	3.75	3.67
3273	Cement and concrete product manufacturing	605	593	4.48	4.38
3274	Lime and gypsum product manufacturing	56	56	4.99	4.87
3325	Hardware manufacturing	37	27	2.14	1.99
3334	Ventilation; heating; air-conditioning; and commercial refrigeration equipment manufacturing	395	339	3.96	3.61
3339	Other general purpose machinery manufacturing	414	381	2.07	1.89
3341	Computer and peripheral equipment manufacturing	271	246	2.15	1.94
3342	Communications equipment manufacturing	199	176	2.54	2.29
3344	Semiconductor and other electronic component manufacturing	444	424	1.51	1.36
3345	Navigational; measuring; electromedical; and control instruments manufacturing	1,597	1,590	5.14	4.63
3362	Motor vehicle body and trailer manufacturing	242	241	2.25	2.19
3364	Aerospace product and parts manufacturing	1,749	1,787	4.52	4.33
3365	Railroad rolling stock manufacturing	40	44	2.05	2

SOURCE: Moody's Analytics and Mohr Economic Development Services.

Attracting new firms based on potential clients usually yields mixed results, but increasingly there is some movement to bring parts suppliers closer to the end users. There is significant chatter about the return of manufacturing and the process of "on-shoring." This is particularly true of auto and light truck manufacturers, as a combination of quality issues, long lead and change times, currency issues, and increasing costs of offshore production are leading manufacturers to return to North America. At this point it is unclear whether this process includes only the United States and Canada or also Mexico. Using the forecast from the Research Seminar in Quantitative Economics (RSQE[13])[14] for an increase in 2014 to 16 million light vehicles from 15.5 million in 2013, these pressures will be brought to bear as companies compete to gain market share, increase productivity, and reduce costs. While all forecasts must be used carefully, RSQE is forecasting light vehicle demand growing to 16.3 million units in 2015 and based in estimates of gross domestic product (GDP) growth from 1.9 percent in 2013, to 2.6 percent in 2014 and 3.3 percent in 2015.

Within both McLennan County and the greater Waco region there are some employers of scale that may be tapped into to see about suppliers who might be willing to locate near their customers. This is sometimes problematic for firms because it requires a location decision

based on what may be a single client contract. The needs of some firms of scale that may be supplier-based targets, including L3 Communications, BAE, General Dynamics, and Ram Aircraft, are likely better understood by those engaged in business retention and expansion calls, usually conducted through the local chambers. The data for the greater Waco region were not reported, as McLennan County is the driver for the area and the industry mix tends to reflect that of the central county.

Occupations that are potential targets

When considering what industries to attract, it is necessary to look at the occupational structure and whether there are either enough incumbent workers or whether the jobs are of a nature that workers can be trained for the positions. Table 12 shows the top 25 occupations that are in demand for the target industries. The base of occupations shown in Table 12 goes beyond production workers and includes some material moving occupations. The occupations are derived by using an industry-occupation matrix from the Bureau of Labor Statistics (BLS) that uses Standard Occupation Classification (SOC)[15] codes to look at national staffing patterns for each industry.

A few of the most demanded occupations stand out. The first, Team Assemblers, not only has a presence in the target group, but also in other industries. The BLS website describes SOC 51-2092 as:

> Work as part of a team having responsibility for assembling an entire product or component of a product. Team assemblers can perform all tasks conducted by the team in the assembly process and rotate through all or most of them rather than being assigned to a specific task on a permanent basis. May participate in making management decisions affecting the work. Includes team leaders who work as part of the team.

The occupations available also suggest there is a career ladder for those to advance. Similar to Team Assemblers, First Line Supervisors/Managers are present not only in the target industries but also in other industries in the region. SOC 21-1011 is defined as:

> Directly supervise and coordinate the activities of production and operating workers, such as inspectors, precision workers, machine setters and operators, assemblers, fabricators, and plant and system operators. Excludes team or work leaders.

While the largest share of Truck Drivers is in other industries, there is also demand for these workers in the target industries. Similarly, Laborers in material moving (SOC 53-7062) are in demand in the targets as well as the rest of the economy. Also in demand with the potential for less training are Packers and Packagers (SOC 53-7064), Production Workers, Other (SOC 51-9199), and Packaging and Filling Machine Operators and Tenders (SCO 51-9111).

It is important to note that none of these are high-wage positions, but rather entry-level positions that can lead to entry or reentry into the workforce. It is the ability to demonstrate both soft skills and basic work skills (like numeracy and literacy) that changes the ability of a worker to move up the career ladder. With additional training that is specific to the industry and employer, a worker has the potential to advance to better-paid positions and also those with more responsibilities. Given the wage range for some of these workers, it is likely that the city will need to either create or maintain a support system to help the worker overcome some basic employability issues such as child care and transportation.

Table 12 Top 25 Occupations Based from Target Industries

Code	Occupation title	Target industries	Other industries	Total
51-2092	Team assemblers	612	474	1,086
51-3022	Meat, poultry, and fish cutters and trimmers	316	27	343
51-1011	First-line supervisors/managers of production and operating workers	306	259	565
53-3032	Truck drivers, heavy and tractor-trailer	263	1,103	1,366
51-9061	Inspectors, testers, sorters, samplers, and weighers	253	191	444
53-7062	Laborers and freight, stock, and material movers, hand	247	1,365	1,612
51-2022	Electrical and electronic equipment assemblers	241	40	281
51-3023	Slaughterers and meat packers	216	2	219
51-4041	Machinists	192	227	419
51-9198	Helpers--production workers	175	228	403
51-4121	Welders, cutters, solderers, and brazers	146	213	359
51-9111	Packaging and filling machine operators and tenders	140	181	321
53-7064	Packers and packagers, hand	130	387	517
51-2011	Aircraft structure, surfaces, rigging, and systems assemblers	127	0	127
51-2099	Assemblers and fabricators, all other	125	148	272
53-7051	Industrial truck and tractor operators	118	278	397
51-9199	Production workers, all other	109	110	220
51-4031	Cutting, punching, and press machine setters, operators, and tenders, metal and plastic	94	88	182
51-4011	Computer-controlled machine tool operators, metal and plastic	92	63	154
51-7042	Woodworking machine setters, operators, and tenders, except sawing	90	23	113
51-2023	Electromechanical equipment assemblers	72	10	82
51-6031	Sewing machine operators	69	30	99
51-9023	Mixing and blending machine setters, operators, and tenders	68	54	122
51-8091	Chemical plant and system operators	61	4	65
51-9011	Chemical equipment operators and tenders	59	15	75

SOURCE: Moody's Analytic and Mohr Economic Development Services.

Using Place as Part of the Economic Development Strategy

While the major issue that companies face across the United States is based on a trained and reliable workforce, the next most important issue is finding workable space in which to create products and services. Within the manufacturing space, there is a generally expected view among real estate professionals that anything built prior to 1975 is functionally obsolete. Such buildings often have insufficient ceiling clearances and pads, or not enough dock doors or drive-throughs.

While most new construction is built in greenfields outside of the urban core, the greatest need for jobs for disadvantaged workers is often located near brownfields within the urban core. Development in the core often is problematic for many reasons. Some include environmental issues of contamination and liability. Some issues are based in perceptions (right or wrong) about crime and safety in the core. And some are based in the simple economics of adaptive reuse: site preparation, land assembly, acquisition costs, and the ability to expand due to being landlocked.

In considering an economic development strategy for disadvantaged workers within the Waco footprint, two approaches are considered: the first is **jobs to people** and the second is **people to jobs**. Other than retail (food, accommodations, and traditional retail), most development in Waco has been done in green space outside of the urban core. While these employers with large footprints can hire a significant number of employees, it is difficult for those in the disadvantaged communities to gain access to these jobs due to their location outside of the urban core. As shown elsewhere in the report, many households in economically disadvantaged neighborhoods do not have access to more than one car, if they have access at all. While public transportation exists, it was related from community stakeholders that transportation is more targeted to getting people to receive medical services and have access to retail than it is to getting people to employment outside of the core city.

The team heard during a number of trips to Waco, and at least anecdotally, that to get from economically disadvantaged neighborhoods to some employers required a two-hour bus ride in each direction. Again, this was unverified by the team; however, there are two aspects of this than can help a "people to jobs" approach. First, some large employers have worked with the transit system to provide dedicated service to their facilities and at times that meet with employment schedules. Second, the transit system is conducting a strategic plan that may allow for the repositioning of assets to also make "employment" one of the goals of the system, along with medical and retail.

Problems within the Real Estate Market

During a number of our visits to Waco, the team toured sites and buildings in the urban core and the rest of the city, as well as parts of McLennan County. On these trips, the team saw significant available real estate that was affordable and well positioned, but that would not yet be considered potential sites. A "site" is one that is ready to be developed with infrastructure in place or fully prepared to be in place. Much of the available space that was viewed was in the city and currently used as green space or for agricultural purposes. Other sites, notably within the urban core, were primarily brownfield parcels. The team did see some available buildings, although there was not a large portfolio of buildings available.

Table 13 contains information on the industrial/flex market for Waco, Dallas/Fort Worth, the state of Texas and the national market. While Dallas/Fort Worth, Texas, and U.S. markets

are price competitive between $5.00 and $5.39 per square foot (SF), the cost of similar space in Waco is significantly lower. While the market is tight on space with vacancy less than five percent, it has neither attracted new investment nor pushed rates higher.

It appears that new entrants to the market either built space (such as Tractor Supply or Sherwin-Williams) or adapted space (such as L-3). Based on CoStar Group's survey of the real estate market, there are 505 existing buildings in the Waco market, which creates 19.3 million SF of space. With a 5 percent vacancy rate, this would suggest that there are about 25 buildings on the market totaling 947,000 vacant SF. This suggests an average building size of just less than 40,000 SF, with average time on the market at more than 20 months.

Table 13 Market Conditions for Industrial/Flex Space

	Waco	DFW	Texas	United States
Rent per SF	$3.67	$5.20	$5.01	$5.39
Under construction (millions of SF)	0	14.4	22.7	114.7
Vacancy (%)	4.9	7.3	7.3	7.8

SOURCE: CoStar and Mohr Economic Development Services.

In summary, while the market is tight based on the vacancy rate, the rental rate per SF and the time on the market suggest that either demand for that space is low or that the space is functionally undesirable. It would be the team's recommendation to, at least within the city boundaries, undertake a program to evaluate the quality and potential of the existing stock of vacant and available buildings. This is a common problem in other markets that can eased by developing a plan of building upgrades, at least for those that can be upgraded, to meet current industrial demand.

Targeting the Real Estate Market

The purpose of this exercise is to identify locations in Waco that either currently have an existing facility on the site or would be conducive for a Build to Suit to achieve the objective of bringing "workers to jobs" or "jobs to workers." Our field research consisted of two tours of the Waco real estate market, which took us to the greater Waco area including the city of Waco, the suburban submarkets, industrial parks, and vacant land that is zoned for industrial use.

The Waco commercial real estate market could be characterized as one in which there is an abundance of available and easily developable land parcels. Sites are available in a wide range of sizes and locations throughout the market. There is also some supply of vacant buildings within the market. For the most part, the available building stock is older and does not meet the standards required by most companies needing buildings of a certain size, configuration, and current standards (such as ceiling height, floor loading, truck docks, and technology).

As part of the property review, the team identified three sites that could be developed to meet the needs of the target industry group. While specific parcels were chosen as targets, they are an "ideal type"[16] of site. In these cases they generally have the right characteristics that are determined by real estate professionals as important to a property search. Although they are representative of what might be desirable, they are not the only sites available and as such should not be construed to be more highly valued than other similar sites. It was simply necessary to select sites for discussion purposes.

The three sites were identified by doing windshield surveys with George Johnson (Assistant City Manager, City of Waco), Megan Henderson (Executive Director, Waco Downtown Development Corp), and Kris Collins (Senior Vice President for Economic Development, Greater Waco Chamber of Commerce). One site (Site 1: Jobs to People) was within the urban core, and the other two (Sites 2 and 3: People to Jobs) were in Waco but outside of the core city. These sites are believed to be appropriate to implement a "jobs to people" approach and a "people to jobs" approach.

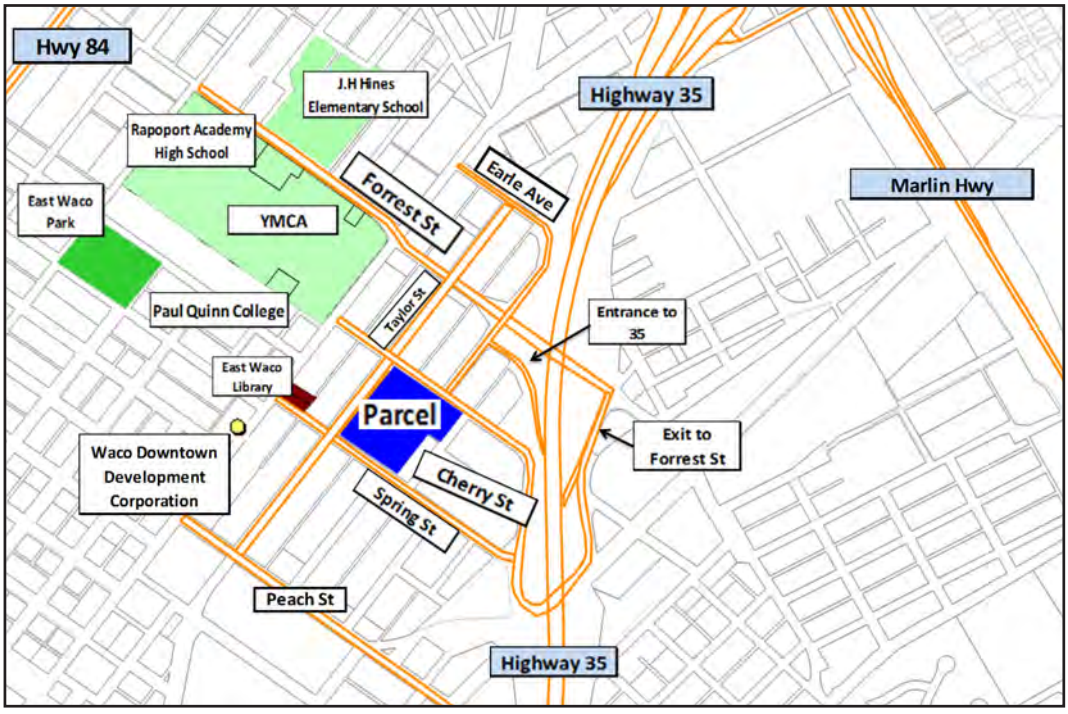
We have identified two land sites and one existing building that are suggested as acceptable for this exercise. The building and the sites were selected because of their location within the city (Site 1), close by the city and easily accessed by workers (Site 2), or within commuting distance to the city and having some level of public transportation directly to the existing building (Site 3).

Site #1: Inside the urban core (jobs to people)

As mentioned elsewhere in this report, two of the major issues that disadvantaged workers face in obtaining and maintaining employment are transportation and child care. This situation is exacerbated when jobs are located far from these neighborhoods, because, according to our discussions with community stakeholders, it may take two or more hours by public transportation to reach some locations that currently offer employment opportunities. The transportation factor further compounds the issue of child care in both terms of cost and availability of child care for workers at the lower end of the economic spectrum.

Previously presented data clearly show that few workers residing in economically

Map 4 Site #1 Urban Core Parcel and Amenities

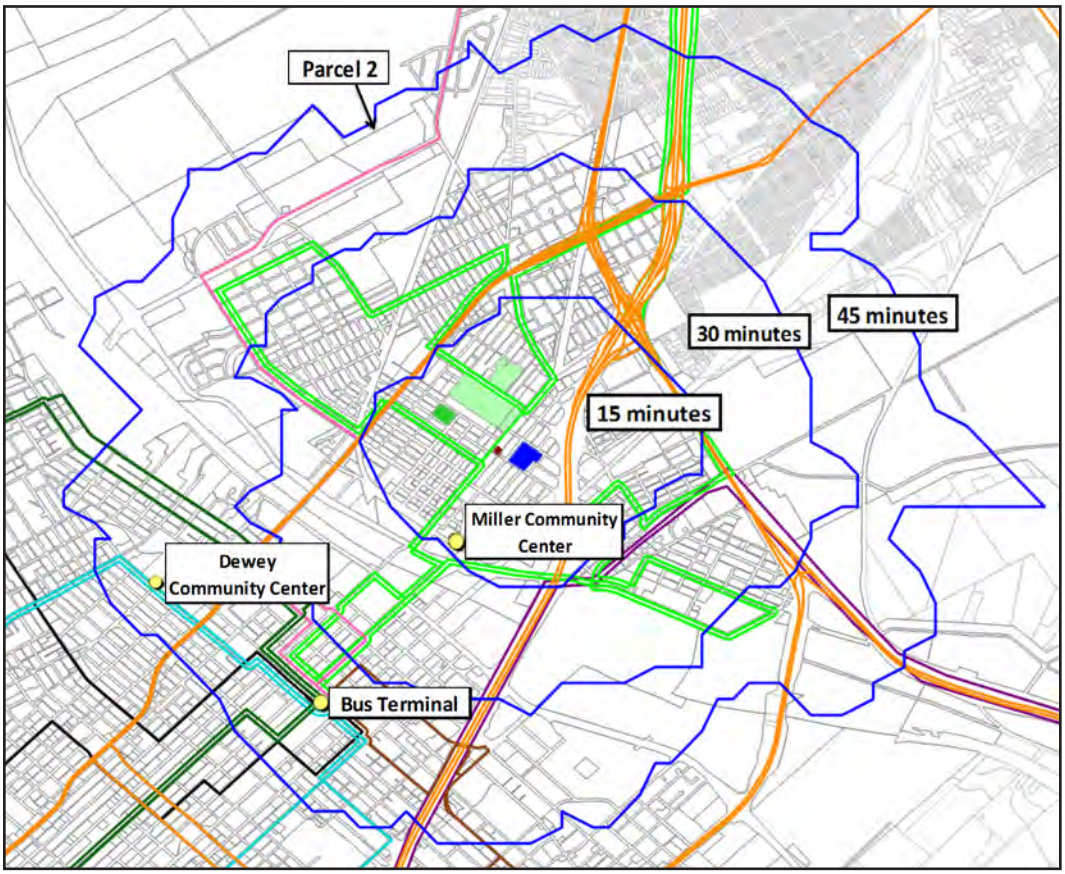


SOURCE: City of Waco and Mohr Economic Development Services.

disadvantaged neighborhoods work in these neighborhoods. This can, however, in part, reflect the lack of suitable employment opportunities in these neighborhoods. The availability of suitable and sustainable employment opportunity within walking or bicycling distance of a person's residence is preferable.

In the previous section, the team identified industries with the potential to relocate in the Waco area that also have staffing patterns that would be useful in providing lower- skilled workers with employment opportunities. These industries are all in the manufacturing sector, and anticipated occupations are in the area of production and transportation workers, but they should also offer the opportunity for office-related positions. Some of these industries also offer a career path to roles with more responsibility and thus greater potential in earnings. There are currently developable sites in the urban core that may be used to attract businesses and employment opportunities near where the population in need is located. While this report only looks at one potential "jobs to people" site, it offers a look into how real estate and site selectors view opportunities in Waco. Again, this is only one site of many and should not be taken as "the" jobs to people site, but rather as an example of a workable site that may be found throughout Waco.

Map 5 15-Minute Walking Zones from Site #1 Urban Core Parcel



SOURCE: City of Waco and Mohr Economic Development Services.

This site was selected because of a number of relevant factors. First, it is a vacant site located in the urban core (see blue parcel on Map 4) on Taylor Street between Spring and Cherry Streets. While it dominates the block, there are some residential parcels on the site, and impact on these should be considered in the plan. Next, Waco is relatively easy to navigate and has wide and generally uncongested streets. This site also offers reasonable access to the I-35 corridor, although the volume of truck traffic is not expected to be high.

As shown on Map 5, the site would be within walking distance by neighborhood residents or could generally be accessed by a single bus trip. The zones on the map are determined by walking speeds of five miles per hour and the distance that can be covered in 15 minutes. The speed may need to be revised based on how children of different ages may be able to navigate from home to a child care facility.

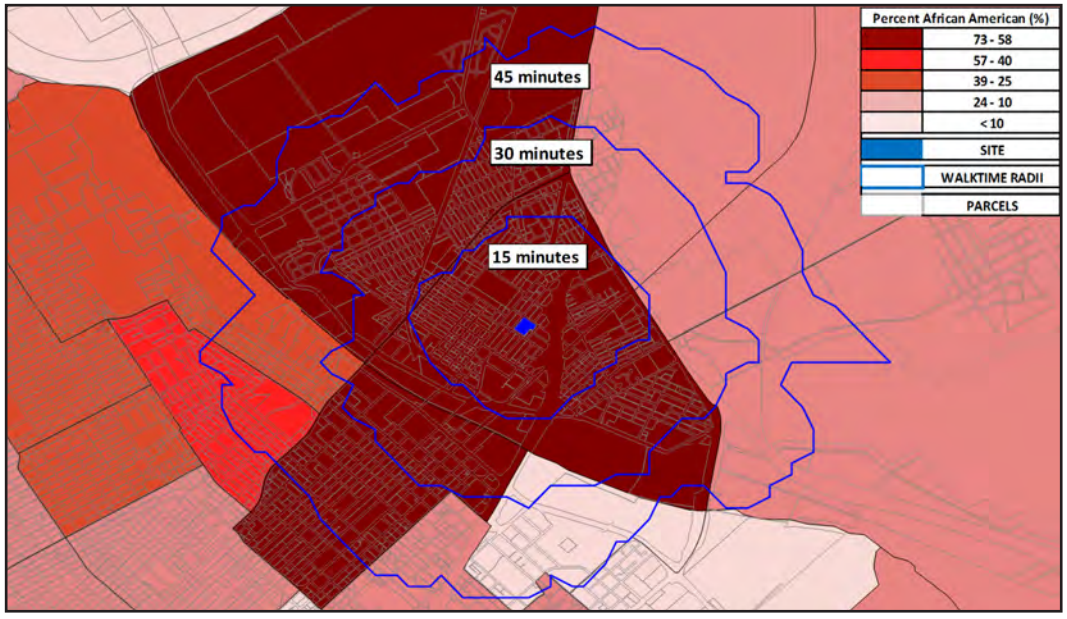
Locating employment opportunities in the inner city is not, by itself, a sufficient strategy; however, in combination with our recommendations for both the creation of an employer-driven workplace readiness skills training program and access to quality daycare, it can be an important component to a comprehensive employment strategy.

The parcel in the urban core offers access to a high density of minority workers. As shown in Map 6, the density of African American residents is greater than 50 percent in a number of the parcels within a 15-minute walk of the site. Similarly, there is a representation of the Hispanic community, with some parcels having Hispanic residents at nearly 20 percent of the population (Map 7).

The site is readily available for development without any major ownership obstacles, such as in foreclosure or a group of parcels with multiple owners. It is the team's understanding that the site would meet zoning requirements for a wide range of appropriate uses.

The size and configuration of the parcel would accommodate a building size in the range

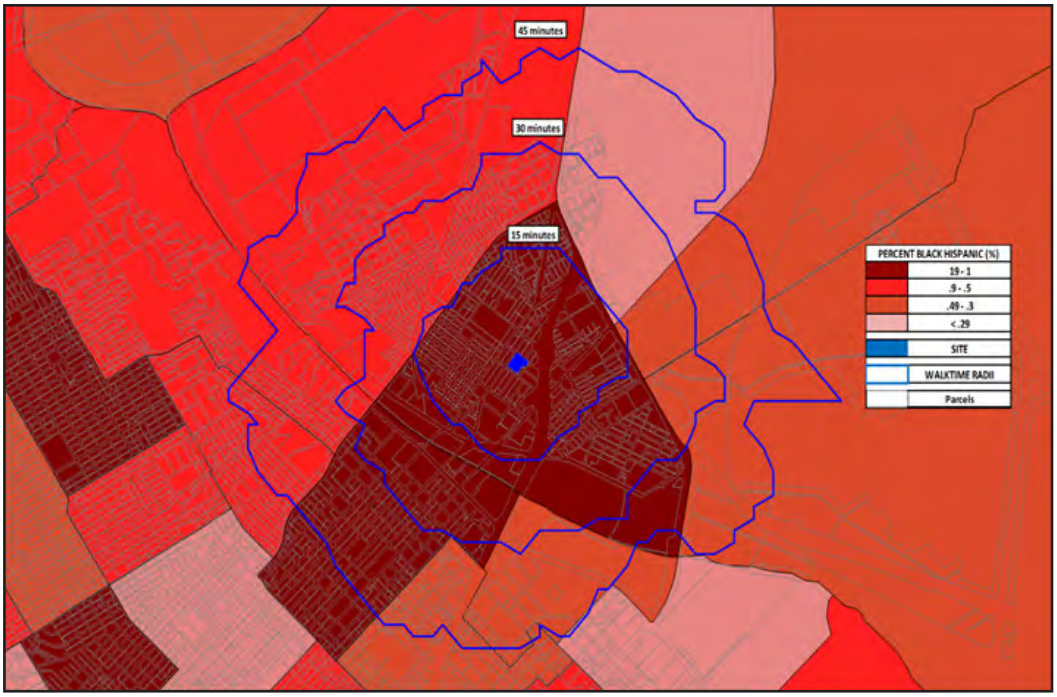
Map 6 Percent of African Americans Near Site #1 Urban Core Parcel



SOURCE: City of Waco and Mohr Economic Development Services.

of 25,000 to 35,000 SF. This particular size range would make it an ideal candidate for light manufacturing, assemblage, and technology uses, and could appeal to any number of the target industries that exist within the Waco MSA or that might be targeted by the city for attraction strategy.

Map 7 Percent of Hispanics Near Site #1 Urban Core Parcel



SOURCE: City of Waco, AnySite, and Mohr Economic Development Services.

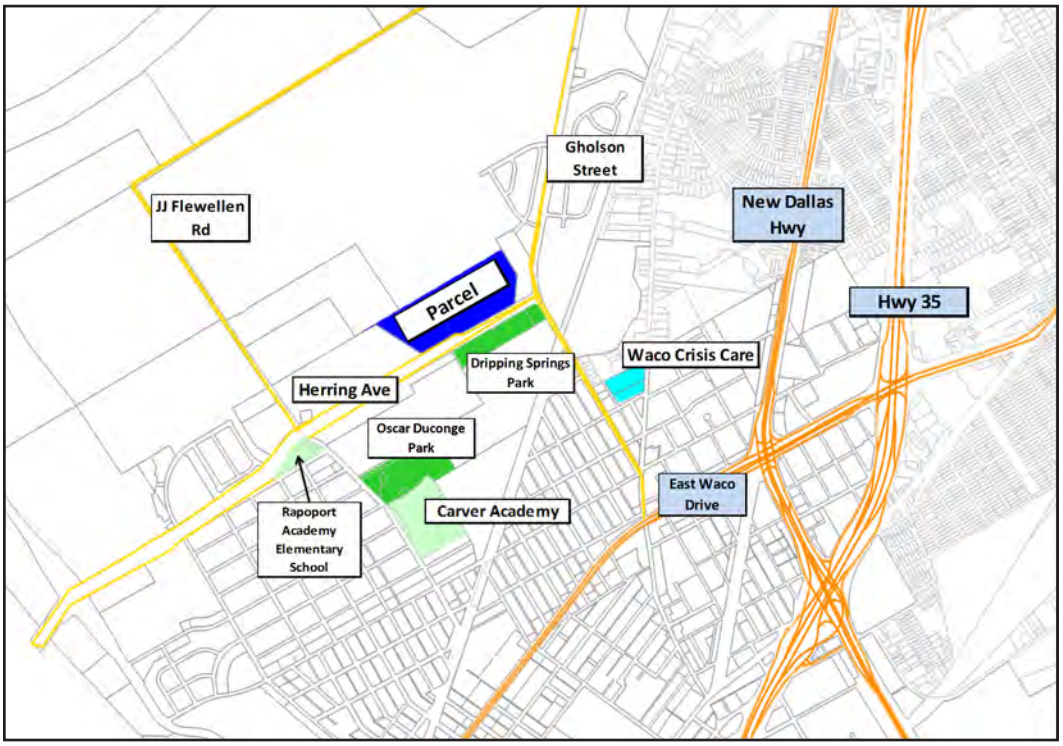
Site #2: Near the urban core (people to jobs)

Site 2 is a greenfield site that sits near the urban core. While the site is near the neighborhoods, Herring Avenue is a relatively busy street that may be something of a barrier with walking access. This could be alleviated by walkways over the road or lights for crosswalks or traffic control (Map 8).

Using a larger view of Waco, Map 9 indicates that the areas from the northeast to the northwest of Site 2 do not have a high level of density of residents. While there is some density of residents in the 15- to 30-minute zone, that is primarily south of the site. Noting the location of Site 1, many necessary amenities for employment in that area make Site 2 a site that would need some level of transportation to support workers at this location.

This site is 29.65 acres of land located at the northwest corner of Herring and Gholson roads. As with Site 1, this site is also readily available for development without any major ownership obstacles. We also understand that the site would meet zoning requirements for a range of appropriate uses.

Map 8 Site #2 Near the Urban Core and Amenities



SOURCE: City of Waco and Mohr Economic Development Services.

The site is located approximately 2.9 miles from the central business district (City Hall) of Waco. With the exception of the inner city location and overall acreage/size, this site is similar in its characteristics to Site 1.

This location is attractive, as it located on a major and direct highway to the city. Although not necessarily "walkable" by the city's workforce, it could be accessed by some sort of van pooling service provided by the city or eventual employers.

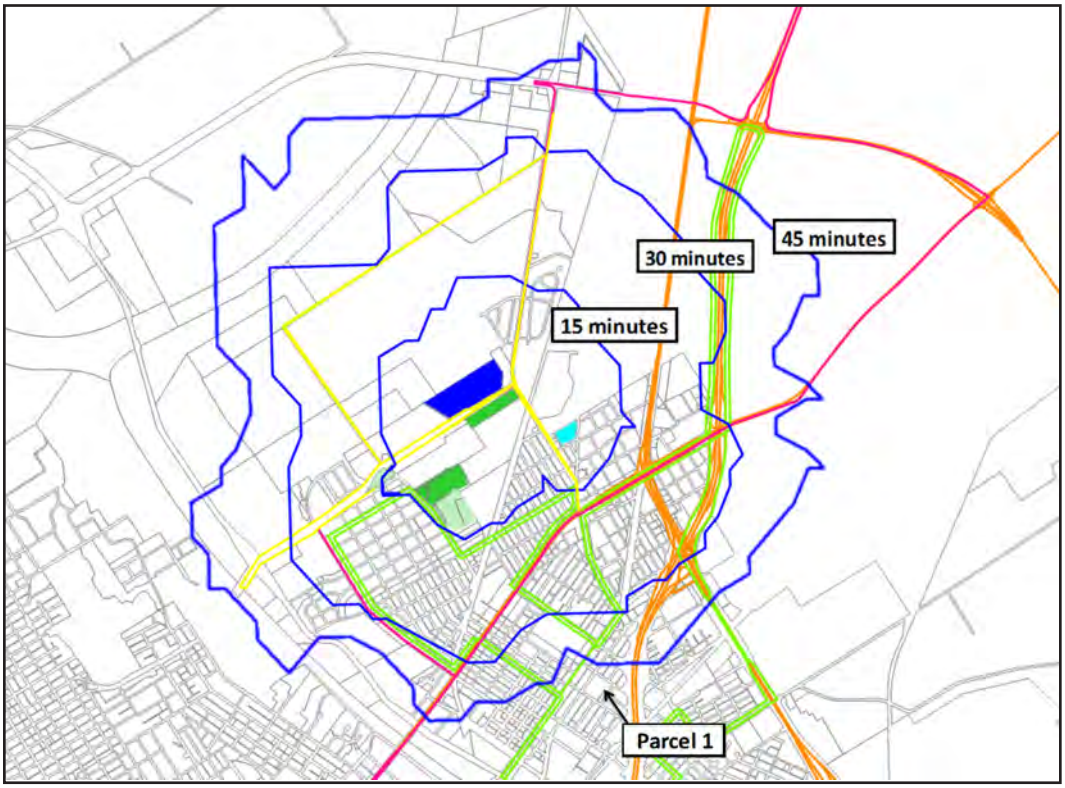
The size and shape of the parcel would provide flexibility in terms of size of buildings and a phased approach to development. The site could accommodate a larger facility (100,000–200,000 SF) or a series of smaller buildings, making it more of an industrial park setting.

The advertised low asking price for the land would allow for a competitive cost structure for construction and would be attractive to firms looking for an advantage in building facilities at a lower capital investment. This site would be attractive to manufacturers, companies needing warehousing, light manufacturing, or any firm with needs for larger buildings.

Site #3: Outside of the urban core (people to jobs)

Site 3 is an existing building located well outside of the urban core (Map 10). As such, this site is transportation dependent, limiting opportunities for households with either one or no car to access the location.

Map 9 15–30-Minute Zones from Site #2 Parcel Near Urban Core



SOURCE: City of Waco and Mohr Economic Development Services.

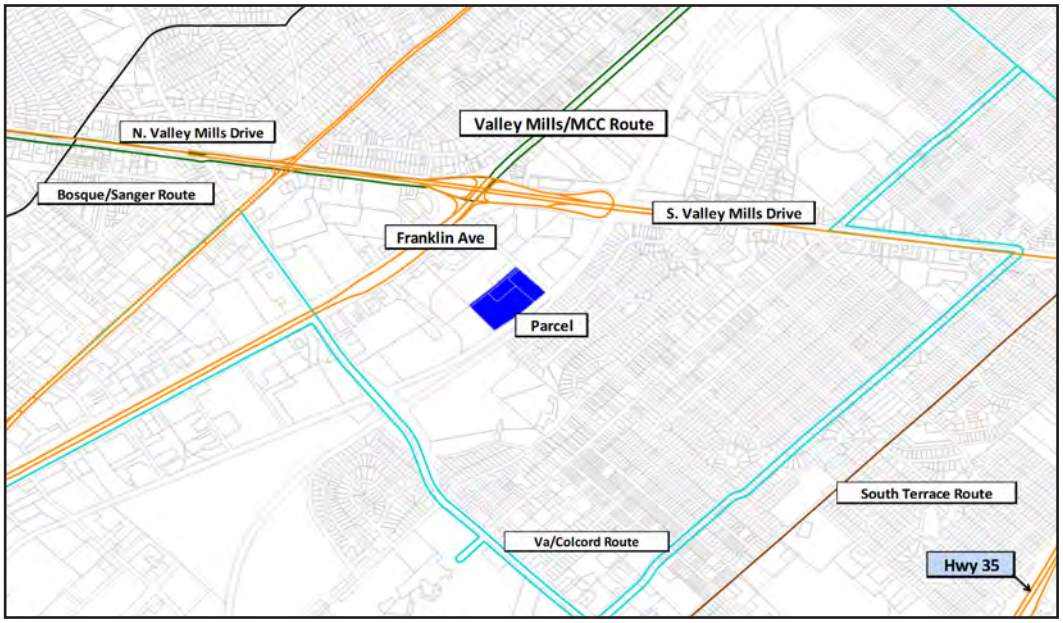
The third site is located at 700 Schroeder Drive. This 30,000 SF building (warehouse/ distribution) is located approximately 5.4 miles from Waco City Hall. The building's features include:

- 30,000 SF of space (400 SF of office)
- Steel frame and metal construction
- 24' clear height
- Two grade-level drive-in doors
- Sprinkler system

This building would be a workable alternative because it is immediately available and is of a size that is scalable and could be easily converted for a number of different types of uses, including manufacturing, technology-related uses, and assemblage. The building, although older, is functionally efficient, with above-average ceiling height, a sprinkler system, and dock and grade-level doors that would allow for delivery and pick up of product. The building appears to be in good and clean condition and would be easily adaptable for any number of uses. Depending on the ultimate use there would need to be some investment to create the needed office space required by a tenant.

Due to its relatively close proximity to the city and main roads (Routes 6 and 84) it would appear this site would work well under the "people to job" strategy in that the workers

Map 10 Site #3 Outside of the Urban Core

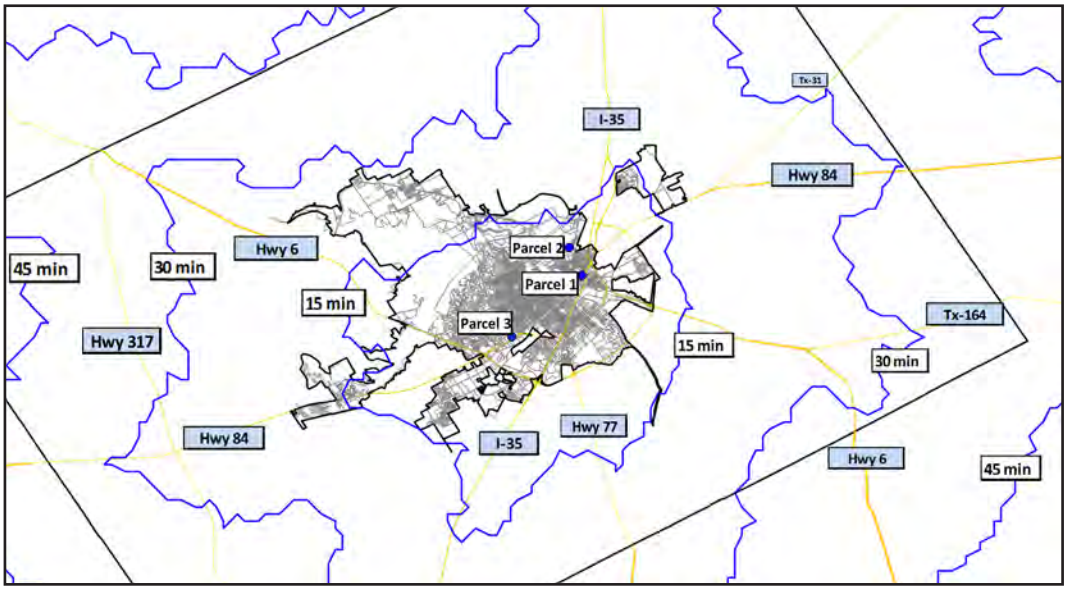


SOURCE: City of Waco and Mohr Economic Development Services.

could use public transportation that the city could provide. As shown on Map 11, Site 3 is accessible by car to much of the region within a 15-minute drive.

The asking rental rate of $4.20 per SF would appear to be slightly high for the market, but might be negotiated to a more favorable rate.

Map 11 15-Minute Drive Time for Site #3 Outside of the Urban Core



SOURCE: City of Waco and Mohr Economic Development Services.

Chapter 4:
Report Recommendations

Based on the discussions facilitated through the interviews, the city of Waco has a recognition and appreciation for the breadth of human services and educational resources available to tackle the multiple and interconnected needs of unemployed, underemployed, and low-income residents. This recognition is evident in the work, discussions, and momentum generated through the city, the philanthropic community, Prosper Waco members, and the Education Alliance. The decision to focus this work under a collective impact framework will be key to the future success in producing systematic improvements in the lives of low-income families and individuals. The recent merger of the Prosper Waco and Education Alliance leadership and activities, as well as the efforts to create a backbone structure to staff the common agenda, is an important driver to progress. Next critical steps will be to indentify community goals and establish data sources and a reporting mechanism so that progress can be measured and to ensure that community members can be held mutually accountable to these goals. Contributing data that will impact these measures will also need to be identified and adopted so that the community has further buy-in to success.

Our recommendations are built upon the work outlined above. The following section presents seven recommendations based on the findings of our research that both examined the strengths, weaknesses, and ongoing activities in the Waco area as well as "best practices" being tried throughout the nation.

1. Implement an Employer-Driven Workplace Readiness Skills Training Program

In the conversations with community stakeholders, it was cited again and again that one of the major challenges facing economically disadvantaged individuals was their lack or limited education, training, and skills required for employment. Interviewees cited three top traits that are missing among job seekers: soft skills, communication skills, and technical skills. They also mentioned additional skills, including the ability to perform general/manual labor and basic clerical skills. Moreover, they indicated that there is no "current pipeline" between current training programs and area employers. Finally, interviewees frequently stated that training resources and services should be brought to economically disadvantaged neighborhoods to increase their accessibility to individuals who need them. This recommendation of establishing an employer-driven workplace readiness skills training program is meant to address these salient concerns.

Necessary Conditions for an Effective Workplace Readiness Skills Training Program

1. **Must be supported by the business community for economic reasons.** Most members of the business community seek to play active roles in improving the economic and social conditions of all residents in Waco. Their sustained involvement, however, can only be assured if the participating companies can measure net positive economic gains from their participation.
2. **Must be accessible and directed toward meeting the needs of working-age economically disadvantaged residents. The effort must address the barriers that deter** individuals from obtaining and maintaining full-time employment. Common barriers detected in our research include deficiencies in both math and reading skills, and these issues should be addressed in the workplace readiness skills training program to ensure participants are job ready as defined by local employers.

3. **As a corollary to the previous condition, the program must have a neighborhood presence.** This will not resolve all transportation issues facing residents—transportation is discussed in greater detail in the economic development portion of our recommendation.
4. **Must follow and offer assistance, if needed, for participating workers for up to 18 months.**
5. **Must be monitored so that both employers and the community can properly measure the program's achievements and value.**
6. **Must be interwoven with a communitywide drive to address the core issues impacting long-term poverty.** The Waco community has been working on many of the long-term barriers facing its residents, including health, housing, education, transportation, and food security. This proposed program does not compete or replace any of these efforts. In fact, by providing employment pathways for economically disadvantaged residents, this program could improve the home environment for K-12 students, address food security, and provide a solid economic footing for residents to resolve the other barriers they face.

Components of a Workplace Readiness Skills Training Program

In summary, under the leadership of a consortium of participating employers, we are proposing the establishment of a week-long intensive workplace skills readiness training program. Each day will be divided into two half-day sessions. The participants will spend the first half of each day receiving training. The training program will teach essential core skills required to be successful in today's workforce, identified through research with employers across various sectors. The proposed program would include the following skills development components: workplace expectations, critical thinking, problem solving, communication, teamwork, managing conflict, information technology applications, professionalism, work ethic, diversity, creativity, self-direction, ethics, and customer service. Participating employers will have input into curriculum development, insuring that what is being taught will meet their needs for entry-level positions.

Program participants will take a tour and engage in a "reality check" with one or two of the participating employers during the second half of each day's session. Participants will tour the employer's facility and listen to an employer presentation regarding workplace expectations. The tour will be designed to give participants an understanding of what a typical work day would be like.

The consortium of employers must be willing to give the program's graduates serious hiring consideration. It is impossible for any employer to guarantee a position; however, the successful program graduate should be pushed to the head of the hiring line. One of the most significant challenges in obtaining employment for disadvantaged individuals is a limited work history. Also, the positions that disadvantaged individuals are able to obtain often are temporary in nature, requiring them to move from employer to employer. This limited work history is a significant barrier when being considered by employers. A goal of the workplace readiness skills training program is to form relationships with employers, allowing program graduates the opportunity to be considered for employment opportunities for which they might not otherwise be considered.

The proposed program would be offered once every month in a neighborhood setting. Two rotating locations every other month are recommended: one on the eastside of Waco and

the other in the southern neighborhood. Hosting sites must have computers available for program participants, including Internet access as well as necessary classroom resources. As community interest increases, the program could be offered more frequently to accommodate larger groups of applicants.

Participant Expectations

The program would be limited to 20 participants per session. Applications would be available at area churches, community centers, libraries, city hall, and the Workforce Solutions office. A strong community-based recruitment campaign will be critical in the promotion of participation from the target population. Participants would be informed of program expectations at the time of application. Expectations would include showing up on time and actively participating in all program activities. Participants will be expected to complete assignments as requested. The program manager will make every effort to encourage participant success; however, if a person is unable meet these conditions, he or she will be encouraged to reenter the program at a later date, without prejudice.

As stated above, the program could be offered multiple times in a month to accommodate significant interest, provided resources were available. Applicants not selected would be offered the opportunity to participate in a later class. Although currently there are no funds available to conduct an evaluation of the program if it is implemented, the randomization of the selection process is an important condition for a future evaluation of the program.

The Curriculum Outline for the Workplace Readiness Skills Training Program

Session 1 – Introduction and Expectations

- Discussion of program expectations, design, goals, and graduation benefits
- Review proper dress and attitudes regarding meeting with employers
- Introduction to technology applications
- Critical thinking and problem solving
- Short- and long-term goal setting
- Personal values exploration

Class breaks for lunch and meets at employer location for tour and reality check

Session 2 – Getting the Job

- Recognizing your strengths activity
- Resume, cover letter, and references development
- Filling out applications

Class breaks for lunch and meets at employer location for tour and reality check

Session 3 – Workplace Expectations

- Job search techniques
- Review and discussion of general workplace expectations

- Personal beliefs and workplace expectations activity
- Review common reasons people lose their jobs

Class breaks for lunch and meets at employer location for tour and reality check

Session 4 – Job Retention and Advancement

The location for this session and the following session will be at the Workforce Solutions Center on New Road, if it can be arranged. One of the reasons for moving the location of the program is to encourage participants to problem solve regarding transportation needs. In addition, Workforce Solutions has the ability to assess the math and reading levels of the participants. If it is found that moving the class to the Workforce Solutions Center disrupts the flow of the class, it will be discontinued.

- Customer service
- Review common on-the-job safety practices
- Defining employee engagement
- Conflict resolution
- Math and reading level assessment—this assessment will be employer driven in that we will ensure that participants meet the minimum standards of the participating firms.

Class breaks for lunch and meets at employer location for tour and reality check

Session 5 – Review and Next Steps

- Review what was learned in the past four days
- Discuss employer tours and reality checks
- Complete applications for participating employers as applicable for each participant
- Discuss barriers to achieving and retaining employment, such as
  - Transportation
  - Language
  - Criminal record
  - Child care needs
- Review math and reading assessments
- Identify resources and develop individual plans to address barriers
- Develop individualized job search plan for each participant

It is likely that Session 5 will go beyond a half day. The purpose of Session 5 is to assist participants in developing effective job search plans. This will include addressing potential barriers, such as transportation and child care. It is important that participants leave Session 5 with a comprehensive plan that targets their job search activities and gives direction for addressing barriers. Graduates will also leave Session 5 with a follow-up appointment with the program manager that will occur no later than one week following program conclusion.

Graduation Requirements and Benefits

Program participants must successfully complete expectations and assignments to graduate from the program. As stated above, requirements include showing up on time at each session, actively participating in class, and completing assignments as requested. Successful graduates will be referred to participating employers by the program manager. Those participants who do not graduate successfully will have the opportunity to reapply and take the class again in the future.

Placement, Follow-Up, and Career Development

Following class completion, the program manager will meet with each successful graduate to review job search goals. Graduates will be responsible for job search activities and following up with employers.

The program manager will contact participating employers to recommend successful graduates be given serious hiring consideration. The program manager will meet with successful graduates on a weekly basis to provide support until hired.

Once hired, the program manager will follow up with newly hired employees on a weekly basis to provide support as necessary. With employer permission, the program manager will meet with employees on-site at the employer location to discuss progress. After the successful completion of the first 30 days of employment, the program manager will follow up with the employee biweekly. Following the successful completion of 90 days of employment, the program manager and employee will develop a follow-up schedule based on employee needs.

Participating employers will have the ability to contact the program manager at any point to discuss employee progress or concerns as necessary. The program manager will maintain regular contact with the employer to provide support.

When the employee has successfully maintained employment for one year, the program manager will assist the employee in creating a career development plan. The plan will identify potential training to increase skill sets, as well as advancement opportunities.

At any point in time that a program graduate loses his or her job, they will meet with the program manager to review reasons for the job loss, develop a plan to address the reason, and reengage in the job search process. The program manager and individual will meet on a weekly basis until employed.

Necessary Resources

The program manager position would be designed as a full-time role. Primary responsibilities would include facilitating program workshops, working with participants to encourage success, and developing strong relationships with employers. The ideal program manager will understand workforce needs and challenges of Waco area businesses. The program manager will have a background in training and development and experience with group facilitation. The program manager will have experience working with diverse populations. If not knowledgeable already, the program manager should become well-versed in job seeker and employer resources available through Workforce Solutions and other community resources. Resources would need to be put in place to fund and support the role.

As the program grows and as resources become available, the program manager role could be split into two separate positions to provide comprehensive support. A classroom facilitator could be responsible for the training aspect of the program, and an employment resource coordinator could be responsible for job placement and employee support.

As discussed earlier, workshop locations would need to have necessary classroom resources, including computers with Internet access, video, and a moderate budget for classroom materials. Finally, transportation for the class to visit potential employers must be arranged.

Participating employers would need to work with the program manager to develop the company tour and reality check portion of the program. Staff time and resources would be necessary to provide the employer based tour and reality check. As mentioned above, success of the program would require participating employers to give serious hiring considerations to successful program graduates. It is critical that area employers hire program graduates. Without viable jobs at the completion of training, the program will not be effective, and community interest will dissipate quickly.

2. Develop Target Industry Career Fairs

Target industry career fairs are unique, invitation-only, two-day events that seek to connect job seekers interested in specific fields with employers from a single target industry. The first day's activities are intended to prepare attendees for meeting with employers on day two. Day one includes training and an overview of skills that employers in the targeted industry are looking for. Training includes but is not limited to job previews, employability workshops, and mock interviews. Industry specific employers from the surrounding area are invited to participate in day two. Participating employers must have current vacancies they are seeking to fill.

Job Seeker Responsibilities to Participate at the Target Industry Career Fairs

Industry specific career fairs are ideally suited for job seekers who are relatively job ready. Participants are required to register in advance. Registration requires that the job seeker present a resume, fill out an application, or complete a similar process to be admitted to day one. Once registered, participants are given a ticket to present for admittance to day one. Job seekers are informed at time of registration that to be admitted, they must show up on time on day one, dress in interview-appropriate attire, and present a resume. Participants must comply to be admitted to day one. Registration and participation requirements communicate the level of commitment expected and provide a more committed job seeker for consideration to participating employers.

Employers' Responsibilities to Participate at the Target Industry Career Fairs

Participating employers are from the targeted industry and must have current vacancies to fill. Industry specific career fairs are marketed to employers as producing a higher level of job applicant due to the registration and day one requirements. The goal is for employers to be able to interview job seekers and offer positions at or soon after the two-day event.

Event Design

Day One

- Participants show up on time and present the registration ticket and resume for admittance.
- Day one events include, but are not limited to, an employer panel job preview, resume review workshops, mock interviews, workplace expectations presentation, and a discussion of necessary industry skills.
- Participants must attend all day one activities to receive an admittance ticket to the day two career fair with employers.
- Day one lasts approximately seven hours based on design.

Day Two

- Industry specific employers with current vacancies are invited to meet with participants who successfully completed day one.
- Participants present ticket given at the end of day one for admittance.
- Booths and interview space are provided to employers.
- Employers have the option to interview participants at the career fair or schedule interviews to take place following the event.
- Day two lasts approximately four hours based on design.

3. Extend the Activities of the Employer Consortium to Include Shared Training Needs

The organization of the consortium of employers should address their shared skills needs and establish productive lines of communications between them and MCC and TSTC for the development of customized training programs for their incumbent workers.

As the business owners realize that the benefits of their consortium approach to recruitment and retention of a qualified workforce is cost effective and a central ingredient for organizational success, we recommend that the businesses consortium—often referred to as an Employer Resource Network (ERN)—expand to leveraging other resources. This concept has proven successful in other regions.

ERNs have been particularly successful with small- and mid-sized firms that pool resources to accomplish together what they cannot accomplish individually. The distinguishing feature of each ERN is that participating businesses pay membership fees that are used to fund a case manager, referred to by ERN members as a "success coach," and serves as an employment resource coordinator from the public human services system to locate on-site at each business on a scheduled rotating basis. Participating employers expect to experience lower turnover rates and lower consequent hiring costs, reduced costs and hassles associated with worker tardiness and absenteeism, and improved productivity. These benefits are expected as workers, facilitated in many cases by the success coach, are better able to focus on their work activity and stay on the job longer.

Employers participating in the ERNs also expect some cost savings related to training and worker skill development through this consortium approach to human resource support and services. Training (i.e., technical skills training, English as a Second Language, etc.) can be a tool to increase workforce skills (engaging MCC and TSTC) in situations where employers cannot fill a class themselves because they cannot afford the employee time away from the job or the cost of the class, but they could join forces with other employers to fill the class.

Although the standard program design includes membership fees as noted above, it is important to note that most, if not all, ERNs have a business model that uses philanthropic or other funding for the first 12–18 months to make the return on investment case with businesses. It is during this time that the self-sustainable funding mechanism is designed and secured.

4. Bring Jobs to People

Bring employment opportunities to residents living in the core city neighborhoods of Waco to address several of the key barriers facing job seekers. First, these jobs would be, for many, within walking distance, and for others, available through public transit. Second, the employer would be located near already existing daycare providers. Coupled with the proposed workplace-ready skills training program, the location of a new employer in the core city could bring accessible employment opportunities for residents.

We offer two strategies in Section III to bring employment opportunities to inner city residents. One brings jobs to people, where employment is available near the neighborhoods so issues of access to transportation are reduced and the potential for increased support with other barriers such as child care is improved. One of the limiting factors in this strategy is that the size of available parcels will limit the size of the firm and thus, employment. In looking at the people to jobs strategy, the positive aspect is that businesses that might employ larger numbers of workers are likely to locate outside of the urban core, and so existing barriers such as transportation and child care become more acute issues; however, this report offers some solutions to those issues.

5. Improve the City's Current Economic Development Services

After our careful review of the current economic development program conducted by the city of Waco, we offer the following recommendations to improve the city's website presentation, establishing a brand identity, attraction and outreach, and concierge services.

Recommendations for the City's Economic Development Website

1. Add contact information on the economic development home page. Many websites contain information and links, but they often do not contain a way to directly contact a person to get information and answers quickly.
2. Be explicit about the partnership the city has with the Greater Waco Chamber of Commerce.
3. Engage a professional and external consulting firm to 1) study best practices for a world-class website that is specifically targeted to economic development for the city of Waco;

and 2) develop, implement, and maintain a world-class website for the city of Waco Department of Economic Development. This website would be targeted to attracting and expanding businesses to the city. Part of this engagement should be a regular (at least annual) review of best practices of other economic development websites/portals to ensure that Waco is competitive with other cities and regions *globally*. Within the review of global sites, it would also be helpful to focus on structure, content, and other features offered on "competitor" city websites. The comparability with these websites will make the data collection process easier for the client.

A note of caution here: While the website needs to be deep enough in content to prevent elimination during the first rounds of the selection process, it should also be compelling enough that as the process continues, direct contact by the client will occur as they need to obtain more detailed information. This suggests that it is essential to select a firm that is experienced in marketing economic development via websites and offers a customized rather than cookie-cutter approach to website development.

Recommendations for Creating a Brand Identity

1. Be certain that economic development is not only a process of locating and retaining firms in the city of Waco, but also that it is a sales process that is prepared for both active and passive roles within that process. This mindset differs from most other departments within the usual city structure.
2. Engage a professional (and external to the city) marketing organization to create a common and consistent brand identity for both passive and proactive marketing materials.
3. Particularly with targeted site offerings, the department needs to be *the single point of contact* noted on the marketing materials. This may need to be worked through with economic development partners such as the Greater Waco Chamber of Commerce. The chamber is particularly well positioned to supply data and information while demonstrating deep skills in both presentation and analysis.

Recommendations for Attraction Outreach Efforts

1. Conduct a familiarization ("fam") tour. Working with Mohr Partners and regional stakeholders, identify a pool of site selectors to bring to Waco to better inform them about the city, the region, and its assets. The fam tour should provide insights and information that site selectors view as valuable.
    a. Identify opportunities, such as sporting or cultural events as base. Being hosted at a Baylor game as a conclusion to the event would be interesting.
    b. It is essential that the mayor, council, administration, and other leadership (both appointed and elected) are available to meet with the site selectors. A major concern among businesses as they locate in a new setting is how they will be received and how they will fit into the political and business culture and environment. A strong showing by leadership from the city is essential.
    c. Identify C-suite[17] (business, education, and political) leadership to do a "meet and greet" and host events at their offices and at dinners/receptions.
    d. Identify assets to include in the fam tour: mix of cultural, business, development.

2. Using a developed brand identity, conduct outreach for at least 24 months to the site selection community. While this should occur at least quarterly, more frequent contact is desirable, but regular contact is essential. This contact could include direct mail, e-mail, and webinar outreach, as well as video conferencing. Communicate new programs, properties, and other assets and changes on a regular basis (monthly, bimonthly, or quarterly).
3. Target regions with a significant population and do a reverse fam tour: Visit site selectors at their locations.
4. Engage a consulting firm to identify "warm" leads of companies with the potential to make a location decision in the next 12 to 24 months. Conduct direct outreach to these firms to include Waco in the mix of potential sites.

Recommendation for a Concierge Service

To further promote a concierge service to economic development clients, whether expanding or locating in the city. This recommendation suggests that one member of the city's Department of Economic Development team be assigned to a project to work with other city departments, intermediaries, and the company and its representatives to assure that all details of the project are dealt with and the project is able to come to closure.

6. Develop an Education Pathway Especially for African Americans to Successfully Enter and Complete College

Increasing the college-going and completion rate, especially for African American residents, must also be a priority for Waco as a pathway to overcoming poverty. Although much of the challenge of closing the postsecondary diploma gap starts long before students walk onto campus, the scope of these recommendations can address the efforts of transitioning to college and supports while on campus. On average, minority students tend to come from lower-income families and be less academically prepared for the rigors of colleges and universities. More often they tend to be the first in their families to attend college. Nationally, a quarter of white high school graduates were considered fully academically prepared for college, according to the ACT's annual report released in August; only 5 percent of black high school graduates were considered fully ready. Given the scope of this plan, the development of an educational pathway to successfully enter and complete college is the focus of the recommendation.

To be clear, the definition of college should be all encompassing and include not only the four-year degree option, but also the two-year and technical/certificate options. All of these credentials are critical to Waco's economy and offer pathways out of poverty. Waco is fortunate with its higher education options at MCC, TSTC, and Baylor. It is widely known as well that these outcome gaps are not unique to Waco. For some areas, the issue is one of financial access serving as a barrier to successful outcomes in higher education; however, with the availability of the MAC College Money Program administered through the Waco Foundation, issues of financial barriers are minimized. An analysis of usage rates by African Americans and particularly African American males suggests that greater marketing of the scholarship would be a minimal recommendation, while a more impactful recommendation is one of strengthening a college-going culture within the schools and within after-school activities. The Future Centers concept is one best practice to explore. Offering

FAFSA application completion assistance in a variety of settings, as well as integrating FAFSA application completion with Earned Income Tax Credit and other tax filing, is also recommended; but again, this is not within the scope of this plan.

In an Education Trust review[18] of educational institutions that have experienced increases in successful outcomes for African Americans, studies site strong leadership, an intentional mission of success on campus, a focus on evaluative data, and setting campus-wide retention and graduation goals as reasons for their high graduation rates. Specifically, there are support services such as tutoring and learning communities available to all students. Some schools incorporate academic services into its Office of Multicultural Academic Services, for example. Through this department, minority students have access to summer bridge programs, more academic counseling options, and, of particular interest in best practices, the integration of the Building Better Brothers program that is designed for the specific needs of black males.

Waco should also examine how developmental course work is delivered. Exploration of an accelerated mainstreaming program to target English developmental education students is encouraged. It is based on the Accelerated Learning Program (ALP) developed by the Community College of Baltimore County (CCBC).[19] The CCBC model can be individualized to fit with MCC and TSTC English course offerings to include course alignment, faculty development, student participation, and infrastructure supports. Early on, CCBC reported a 15–22 percent increase in student success in their ALP sections when compared to their traditional developmental English courses. Of those students in the ALP, pass rates in college level English sections increased from 27 percent to 59–66 percent.

Developmental math education models should also be explored. One promising model operating since 1993 is the Ferris State University's Structured Learning Assistance (SLA) model.[20] The FSU SLA model provides a number of strategies, including intensive instructional support in a workshop format targeting student retention and success. Math Guided Learning Workshop (GLW) can be utilized where an embedded tutor that attends each math class is employed and conducts scheduled workshops three times each week for at-risk students enrolled in developmental math courses. Another successful component is the GLW-integrated attendance policy as a component of the GLWs. Consider additional exploration of learning adaptive software (Carnegie and ALEKs) as other alternative teaching/learning strategies for students in math developmental education courses.

7. Design and Implement System Improvements to Ensure All Children Are Ready for Kindergarten

A system of quality child care and preschool options must be available as a component to ensuring the success of Waco residents. We recommend that efforts in this area focus on access and quality with the goal that all children who enter kindergarten are ready academically and socially. Too often, children enter kindergarten with deficiencies in the areas of developmental learning, health, social/emotional, or basic family supports. Based on comments from interviewees, many parents of young children in Waco lack easy access to resources that can help them in their role as their child's first and most important teacher. Others are unaware of the importance, and still others highlighted access issues. Research studies have demonstrated that necessary investments in the first five years of life pay high dividends both to the public and to the individual. In fact, for each dollar spent before age five, there is a $3.00 to $17.00 rate of return that is realized through increased success

in high school, higher earning employment opportunities, and a decreased likelihood of incarceration, teen pregnancy, and use of public assistance funds.

To this end, the community will need to create a working partnership of local stakeholders and parents to build a comprehensive early childhood system for Waco. Some partnerships already exist in Waco, and our recommendation is that Prosper Waco should adopt this area of work as one of its primary goals. Accomplishing this important goal is not the work of any one organization or individual; rather, it will take the combined efforts of parents, community leaders, businesses, the legislature, nonprofit organizations, state and local government, faith-based organizations, and philanthropy.

Of particular interest is a landscape assessment of current assets and needs. Is the supply of quality slots equal to the demand? Do further efforts toward quality training and assessment need to be strengthened? What are the current efforts and venues to engage parents, and how could these efforts and venues individually and collectively be more effective? Is the geographic availability of sites meeting the needs of all families? Are there timing issues impeding access for certain job shifts? Is the application process streamlined to promote access? Could the pediatric community play a larger role in information sharing and readiness (immunizations, health awareness, and applications, etc.)?

With these and other key questions the community may generate, stakeholders can begin to address the kindergarten readiness issue. The Waco Foundation is serving a leadership role in this arena with the SmartBabies Early Childhood Initiative. We support this work as a tool to address poverty, unemployment, and education and recommend further focused resources to broaden these efforts to tackle the issue of kindergarten readiness.

Notes

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2. Ibid.
3. Sommers, Dixie, and Teresa L. Morisi. 2012. "Employment Projections through the Lens of Education and Training." *BLS Monthly Labor Review* 135(4): 13–28.
4. Students were left in this figure, as we believe that many of the students actively seeking work are likely community college students who are attending part time and still need to work.
5. www.economy.com.
6. The Waco MSA includes McLennan and Falls Counties.
7. Porter, M.E. 1990. *The Competitive Advantage of Nations*. New York: Free Press.
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18. M. Lynch and J. Engle. "Big Gaps, Small Gaps: Some Colleges and Universities Do Better than Others in Graduating African-American Students" (Washington, D.C.: The Education Trust, 2010).
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