Workforce Development in El Paso: A view from the Dallas Fed

Roberto Coronado
AVP in Charge and Sr. Economist

The views expressed in this presentation are strictly those of the author and do not necessarily reflect the positions of the Federal Reserve Bank of Dallas or of the Federal Reserve System. Any secondary distribution of this material is strictly prohibited. May be quoted with appropriate attribution to the author.
Outline

1. 60x30 TX
2. A perspective on El Paso
3. Role of Dallas Fed
Outline

1. 60x30 TX
2. A perspective on El Paso
3. Role of Dallas Fed
60x30

By 2030, at least 60 percent of Texans ages 25-34 will have a postsecondary credential or degree.

Achieving the 60x30 goal is critical for Texas to remain globally competitive and for its people and communities to prosper.

Source: Texas Higher Education Coordination Board Members
60x30TX

THE OVERARCHING GOAL: 60x30
At least 60 percent of Texans ages 25-34 will have a certificate or degree.
- Supports the economic future of the state

THE SECOND GOAL: COMPLETION
At least 550,000 students in 2030 will complete a certificate, associate, bachelor’s, or master’s from an institution of higher education in Texas.
- Requires large increases among targeted groups

THE THIRD GOAL: MARKETABLE SKILLS
All graduates from Texas public institutions of higher education will have completed programs with identified marketable skills.
- Emphasizes the value of higher education in the workforce

THE FOURTH GOAL: STUDENT DEBT
Undergraduate student loan debt will not exceed 60 percent of first-year wages for graduates of Texas public institutions.
- Helps students graduate with manageable debt

Source: Texas Higher Education Coordination Board Members
Outline

1. 60x30 TX
2. A perspective on El Paso
3. Role of Dallas Fed
El Paso’s economy boomed in 2015...

SOURCE: Federal Reserve Bank of Dallas
...as employment grew above average

Source: Federal Reserve Bank of Dallas.
Main economic drivers

• U.S. economy

• Mexico’s economy

• Ciudad Juarez and the maquiladora industry

• Cross-border retail activity

• Government sector
El Paso follows the maquiladora industry

NOTE: El Paso Business Cycle is a composite index that includes employment, unemployment rate, retail sales and wages. SOURCE: INEGI and Dallas Fed
El Paso retail sales slow

Source: Texas Comptroller of Public Accounts, Federal Reserve Bank of Dallas
El Paso’s economy dependent on government, but health is a rising industry

Note: Bubble size represents cluster share of metropolitan statistical area employment.
Source: “At the Heart of Texas: Cities’ Industry Clusters Drive Growth” Federal Reserve Bank of Dallas, February 2016;
Only 43 percent of El Paso workforce has an Associate’s degree or higher...

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than high school</td>
<td>31.0</td>
<td>31.0</td>
<td>31.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High school or equivalent</td>
<td>23.7</td>
<td>24.6</td>
<td>26.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Some college or Associate's degree</td>
<td>27.3</td>
<td>28.2</td>
<td>27.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bachelor's degree or advanced degree</td>
<td>18.0</td>
<td>16.2</td>
<td>15.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Excludes “Educational Attainment not Available (workers aged 24 or younger)”
Source: U.S. Census Bureau, Center for Economic Studies, LEHD; Q3 data for El Paso Metropolitan
...Yet, they have the highest earnings

Average Monthly Income, Dollars

Note: Dollar amount above bars is average monthly premium compared to one level of education higher
Note: Excludes “Educational Attainment not Available (workers aged 24 or younger)”
Source: U.S. Census Bureau, Center for Economic Studies, LEHD; 2015 Q3 data for El Paso Metropolitan
Where a 2-year degree pays the most

<table>
<thead>
<tr>
<th>Industry</th>
<th>Monthly Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Office of Physicians</td>
<td>$1843</td>
</tr>
<tr>
<td>2. Health and Personal Care Stores</td>
<td>$881</td>
</tr>
<tr>
<td>3. Computer Systems Design and Related Services</td>
<td>$860</td>
</tr>
<tr>
<td>4. Automobile Dealers</td>
<td>$761</td>
</tr>
<tr>
<td>5. Agencies, Brokerages, and Other Insurance Related Activities</td>
<td>$757</td>
</tr>
<tr>
<td>6. Architectural, Engineering and Related Services</td>
<td>$748</td>
</tr>
<tr>
<td>7. Scheduled Air Transportation</td>
<td>$676</td>
</tr>
<tr>
<td>8. General Medical and Surgical Hospitals</td>
<td>$653</td>
</tr>
<tr>
<td>9. Depository Credit Intermediation</td>
<td>$637</td>
</tr>
<tr>
<td>10. Wired Telecommunications Carrier</td>
<td>$625</td>
</tr>
</tbody>
</table>

*Some college or Associate’s degree
Note: Excludes “Educational Attainment not Available (workers aged 24 or younger)”
Source: U.S. Census Bureau, Center for Economic Studies, LEHD; Q2 data for El Paso MSA
Outline

1. 60x30 TX
2. A perspective on El Paso
3. Role of Dallas Fed
Financial Literacy

• Financial literacy is strongly correlated with an ability to make wiser choices and realize better outcomes.

• National surveys suggest Texans have a relatively low level of financial literacy that can adversely affect decision-making.
  – 60+ percent of Texas survey respondents haven’t planned for retirement.
  – Texans also fare poorly when it comes to having a bank account.

Source: Anthony Murphy, Policy Advisor and Senior Economist, Dallas Fed, “High School Financial Literacy Mandate Could Boost Texans’ Economic Well-Being, Southwest Economy, 1Q:2016,
Regional Partnerships and Initiatives

– Borderplex Workforce Solutions
– Texas Higher Education Coordinating Board
– Region 19
– Borderplex Economic Alliance
– Local School Districts
– Local Chambers of Commerce
– Business and Community Leaders
Other District Resources
Workforce Development in El Paso: A view from the Dallas Fed

For more information visit www.dallasfed.org

The views expressed in this presentation are strictly those of the author and do not necessarily reflect the positions of the Federal Reserve Bank of Dallas or of the Federal Reserve System. Any secondary distribution of this material is strictly prohibited. May be quoted with appropriate attribution to the author.