



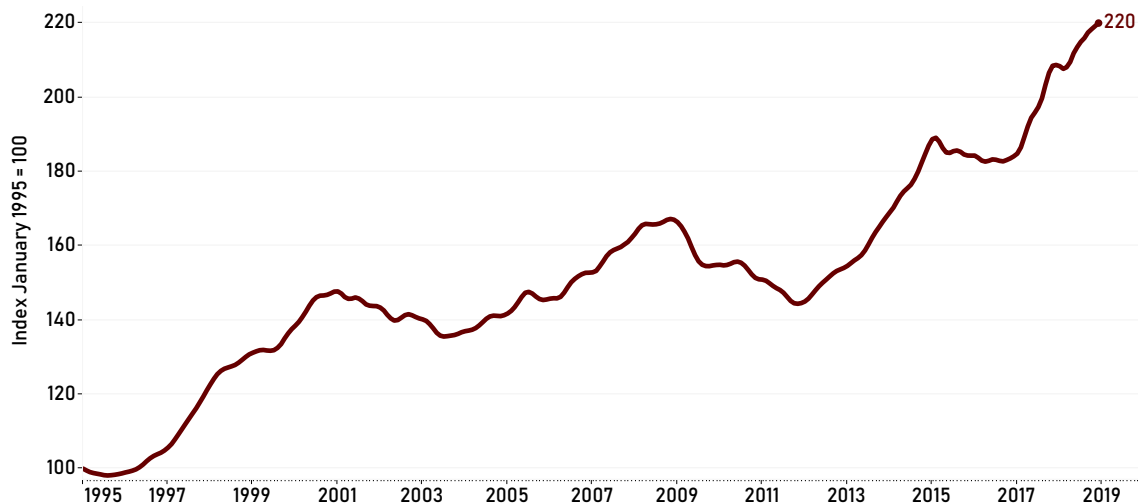
HIGHLIGHTS

- The Business Cycle Index for the month of December 2018 rose at an annualized rate of 4.6%, slightly above the long-run average.
- Nonfarm employment in College Station-Bryan rose slightly between November and December 2018 and is up 2.7% from its December 2017 figure.
- The unemployment rate, while low by historical standards, increased to 3% in December 2018 from 2.8% in November.
- Real taxable sales rose 0.8% in December and was 9.3% higher than sales in December 2017.
- In our focus section we discuss how official poverty rates for “college towns” are misleading because of the relatively large share of college students and show that in applying a modified poverty measure, the rate in Brazos County drops from 26% to 15% after adjusting for college students.

THE COLLEGE STATION-BRYAN BUSINESS-CYCLE INDEX

Figure 1 depicts the College Station-Bryan (CSB) Business-Cycle Index. The December estimate of the CSB Business-Cycle Index is 220, up 1 percentage point from the revised November value.

FIGURE 1. COLLEGE STATION-BRYAN BUSINESS-CYCLE INDEX

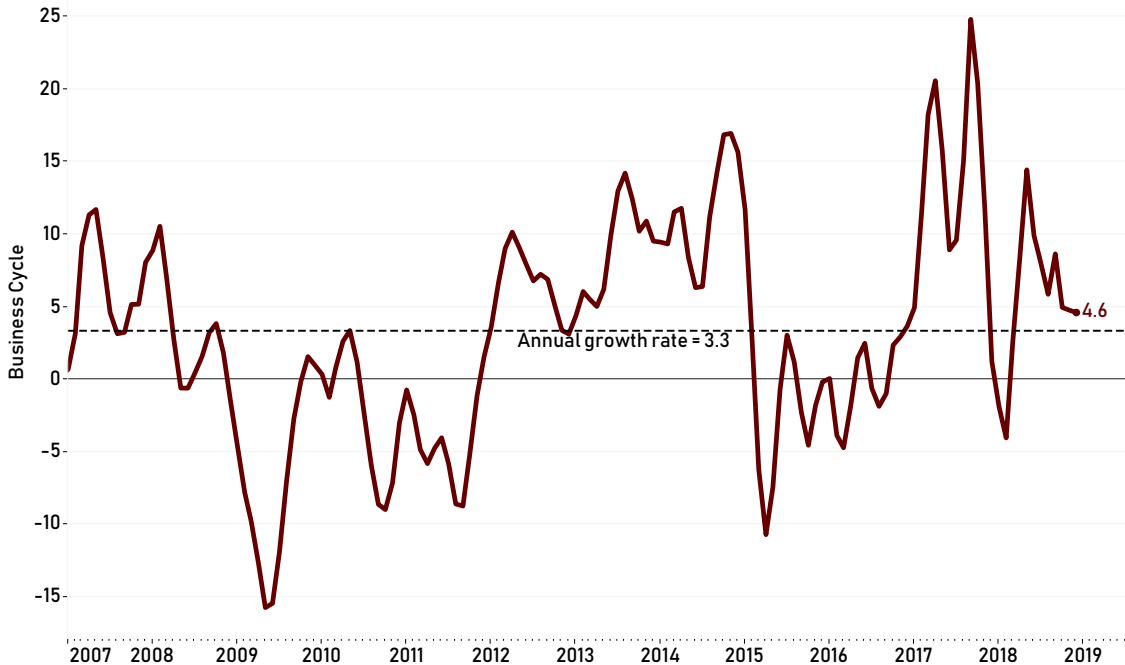


Last reported data point: December 2018 (monthly). Source: Private Enterprise Research Center.

THE COLLEGE STATION-BRYAN BUSINESS-CYCLE

The CSB Business-Cycle Index grew at an annualized rate of 4.6% in December. Over the course of 2018, the annualized growth rate averaged 5.5%, well above the long run average growth rate of 3.3%. This month, three of the four economic series on which the business cycle is estimated were updated. As of December 2018, seasonally adjusted nonfarm employment (not graphed) stood at 122,400, about 100 more workers than the revised estimate for November and up 2.7% from December 2017. The unemployment rate rose to 3% in December from 2.8% in November. Real taxable sales (not graphed) in the CSB MSA rose 0.8% between November and December 2018 and total real taxable sales for 2018 were 5.4% higher than the total for 2017.

FIGURE 2. COLLEGE STATION-BRYAN BUSINESS-CYCLE

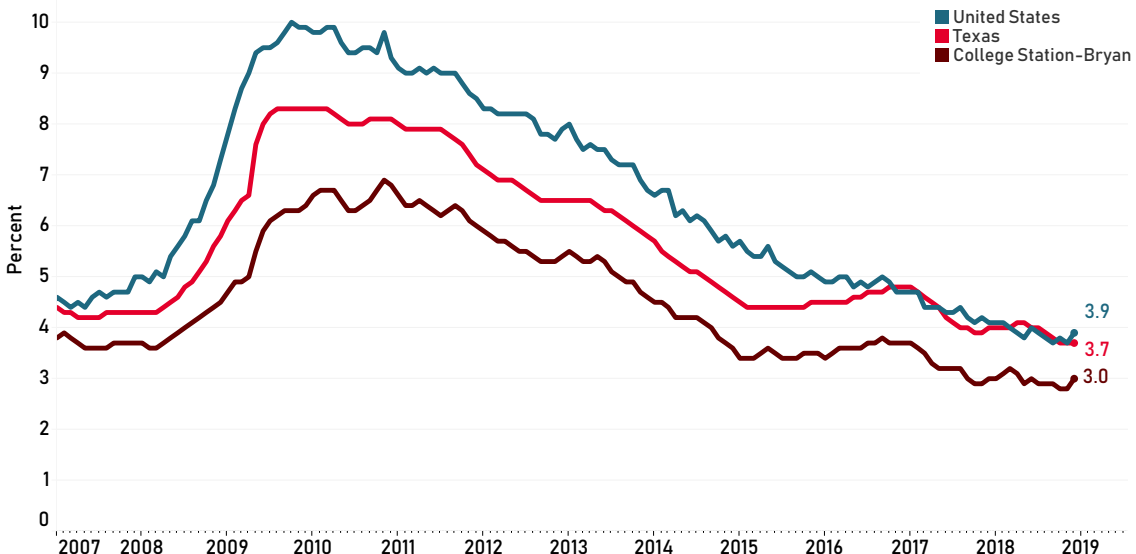


Annualized month-to-month growth rates. Last reported data point: December 2018 (monthly). Source: Private Enterprise Research Center.

UNEMPLOYMENT RATE

The December unemployment rate in CSB increased to 3% from 2.8% in November. The rate in Texas remained at 3.7% in December and the national unemployment rate rose to 3.9% from 3.7% in November. This uptick in the unemployment rate locally and nationally can be explained by an increase in the number of people looking for jobs relative to the increase in employment. The civilian labor force, as well as employment, exhibited an increase in the month of December at the local and national level, but the number of people looking for jobs increased at a higher rate.

FIGURE 3. UNEMPLOYMENT RATE



Seasonally adjusted. Last reported data point: December 2018 (monthly). Source: Bureau of Labor Statistics.

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FOCUS ON THE COLLEGE STATION-BRYAN MSA

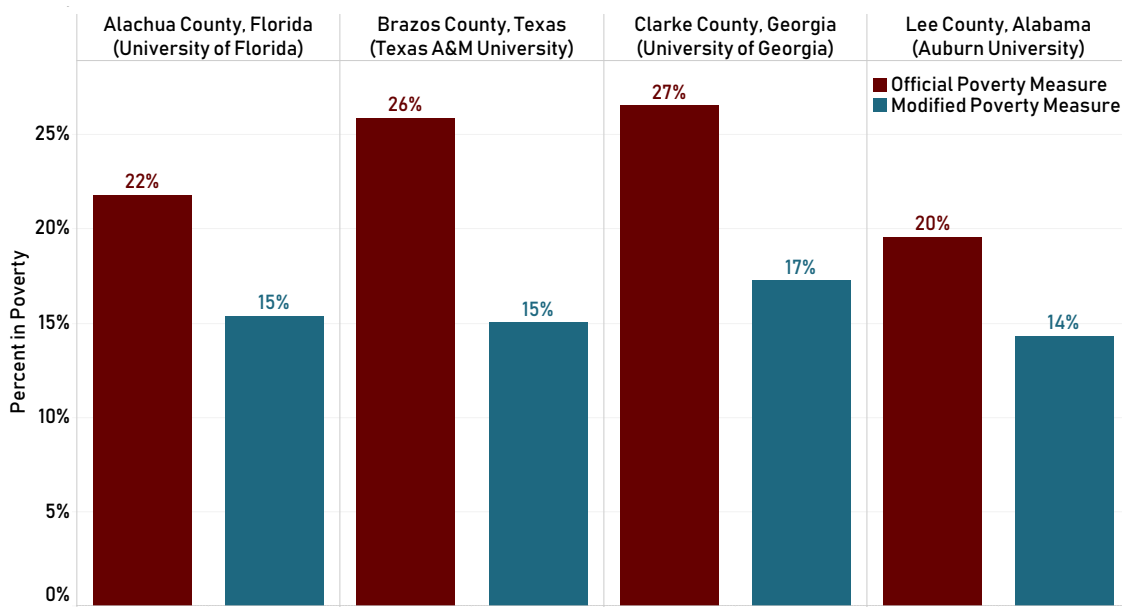
This month, we discuss poverty rates in Brazos County. The official poverty rate for “college towns” can be very misleading. College students have low incomes, are classified as in poverty, and make up a large share of the population. While they have low incomes, they also have high purchasing power because they receive funds from parents and other sources, funds not reported as income. We contrast the official poverty rate to a modified measure that takes into account college students.¹ Once we adjust for college students, the modified poverty rates in Brazos County and other college towns are similar to the national rate and to the rate in the state of Texas. We begin by comparing poverty rates in Brazos County to those in other counties that are home to select Southeastern Conference universities. We then discuss the composition of the population by age groups in Brazos County from 2006 to 2017. The final figure contrasts the official and modified poverty rates by age group and compares Brazos County to Texas and to the US as a whole. The poverty measures are calculated from the United States Census Bureau’s 2017 American Community Survey.

MEASURES OF POVERTY

The US Census Bureau identifies poverty rates based on a set of money income thresholds that vary by family size and composition.² For example, in 2017, the poverty threshold for a family of 4 with two children under 18 years of age was \$24,858. The poverty threshold for a family of 1 (college students) was \$12,752.³

Figure 4 depicts the official poverty rate and a modified poverty rate for four counties that are home to select Southeastern Conference universities: Alachua County, Florida (University of Florida), Brazos County (Texas A&M University), Clarke County, Georgia (University of Georgia), and Lee County, Alabama (Auburn University).⁴ The maroon bars in Figure 4 depict the poverty rates based on the official poverty measure. In Brazos County, the official poverty rate was 26% in 2017. This rate was second highest among the counties depicted, but college students comprise about 27% of the population in Brazos County, the highest percentage among these four counties. The blue bars in Figure 4 show a modified poverty measure that excludes college students. In Brazos County, the modified poverty rate is 15% or 11 percentage points lower than the official measure. This modified poverty rate is comparable to the modified rates in the other select university counties.

FIGURE 4. POVERTY RATES IN SELECT COUNTIES WITH UNIVERSITIES



Source: US Census Bureau, 2017 American Community Survey. Private Enterprise Research Center for modified measure.

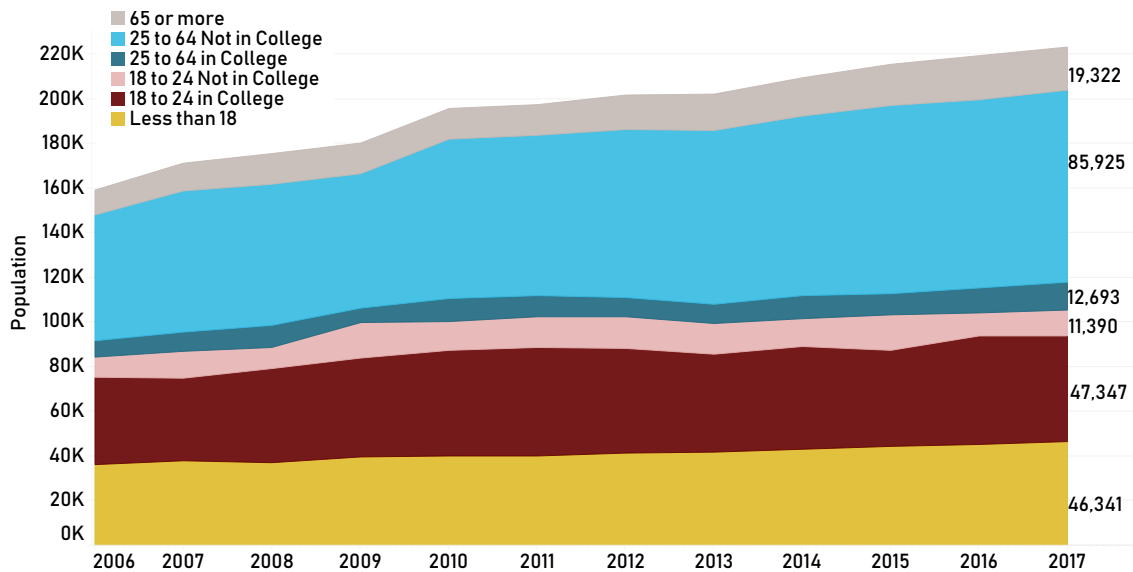
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POPULATION AND AGE IN BRAZOS COUNTY

There are over 60,000 individuals attending college in Brazos County, including graduate and undergraduate students, based on 2017 estimates by the American Community Survey. Figure 5 illustrates the population in Brazos County from 2006 to 2017 by age group and college attendance. College students represented 29% of the total population of 158,936 in 2006. In that year, 85% of the 46,450 college students were between 18 to 24 years old. In 2017, college students represented 27% of the total population of 223,018. Of the 60,040 college students living in Brazos County in 2017, 79% were between the ages of 18 and 24. Between 2006 and 2017, the number of college students grew 29% while the total population grew 40%.

FIGURE 5. POPULATION BY AGE IN BRAZOS COUNTY

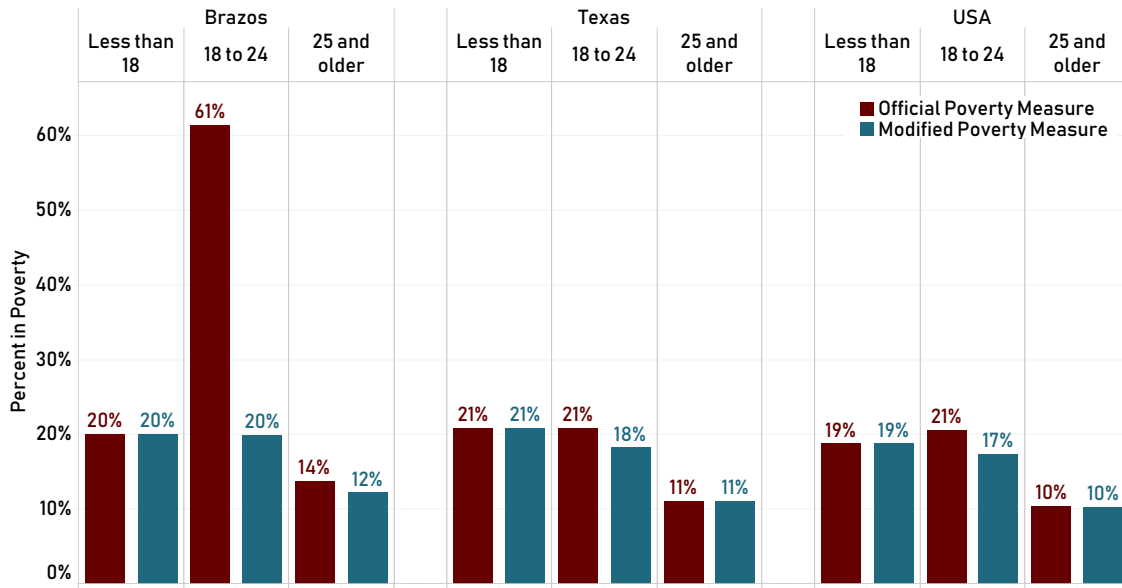


Source: US Census bureau, 2006-2017 American Community Survey. Last reported data point: 2017 (annual). Figures in graph represent population estimates for each demographic group in 2017.

POVERTY MEASURES BY AGE GROUP

Figure 6 depicts the official and modified poverty measures by age group in Brazos County, in Texas, and in the United States for the year 2017. The difference between the official and the modified poverty rates for individuals ages 18 to 24 illustrates the importance of adjusting for college students in identifying poverty in counties like Brazos County. For comparison, college students represent about 7% of the population in the U.S. and Texas, but as mentioned previously, they are 27% of the population in Brazos County. In Brazos County, excluding college students from the poverty estimate reduces the poverty rate for people between 18 and 24 years of age from 61% to 20% - 41 percentage points! In contrast, in the state of Texas, the poverty rate for this age group falls only three percentage points after excluding college students, from 21% to 18%. For the U.S. as a whole, when college students are excluded, the poverty rate falls 4 percentage points from 21% to 17% for people aged 18 to 24. In contrast to the results shown in Figure 4, the overall official poverty rate in Texas in 2017 was 15% and the modified rate, adjusting for college students, was 14%. In the United States as a whole, the official and the modified poverty rates were both 13%. Altogether, these figures illustrate the potentially misleading impact of the large number of college students in Brazos County on the local official poverty rate.

FIGURE 6. POVERTY MEASURES BY AGE GROUP



Source: US Census Bureau, 2017 American Community Survey. Private Enterprise Research Center for modified measure.

NOTES AND LINKS

The extent of the College Station-Bryan MSA is defined by the Census Bureau and includes Brazos, Burleson, and Robertson counties. The Business-Cycle Index is re-estimated each month using the most recent data for the four economic variables included in the model: the unemployment rate, nonfarm employment, real wages, and real taxable sales. The real wage series is released on a quarterly basis and the other three are released monthly. The underlying data series are subject to revision. With new monthly data and revisions of past data, each month the Index and the Business-Cycle will differ from previous estimates.

For more details about the CSB Business-Cycle Index see: *Methodology for Constructing an Economic Index for the College Station-Bryan Metropolitan Statistical Area*.

ENDNOTES

¹ Poverty Universe excludes children under the age of 15 unrelated to a reference person within the household, people living in institutional group quarters, college dormitories and military barracks. Additionally, the Modified Poverty Measure depicted above excludes all college students (individuals of any age attending undergraduate or graduate school).

² For more information on how the Census Bureau measures poverty, visit <https://www.census.gov/topics/income-poverty/poverty/guidance/poverty-measures.html>

³ Poverty Thresholds, United States Census Bureau. <https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-poverty-thresholds.html>

⁴ Gainesville, FL and Auburn-Opelika, AL are two of several cities the Brazos Valley Economic Development Corporation has identified as market comparison communities.

DATA SOURCES

Inflation

U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers: All Items [CPIAUCSL], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/CPIAUCSL>. Wages and Taxable Sales are converted to real dollars (inflation-adjusted) using the CPI-U.

Nonfarm Employment

Federal Reserve Bank of Dallas, Texas Workforce Commission, and Bureau of Labor Statistics, Total Non-farm Payroll Employment for College Station-Bryan, TX (MSA), two-step Seasonally Adjusted, retrieved from Federal Reserve Bank of Dallas, <https://www.dallasfed.org/research/econdata/brysa.aspx>

Taxable Sales (Sales and Use Tax Allocation)

Texas Comptroller of Public Accounts, Allocation Payment Detail, Current Period Collections. Data available through Texas Comptroller of Public Accounts: <https://mycpa.cpa.state.tx.us/allocation/AllocDetail> for years 2016 to 2018. Historical data prior to 2016 from Texas Comptroller of Public Accounts. Seasonal Adjustment by Private Enterprise Research Center.

Unemployment Rate

Bureau of Labor Statistics, Unemployment by Metropolitan Area, Seasonally Adjusted, Local Area Unemployment Statistics, retrieved from Bureau of Labor Statistics, <https://www.bls.gov/lau/metrossa.htm>

Wages

Bureau of Labor Statistics, Total Quarterly Wages in College Station-Bryan, TX (MSA), retrieved from <https://www.bls.gov/cew/datatoc.htm>. Quarterly files by area. Seasonal Adjustment by Private Enterprise Research Center.

American Community Survey

U.S. Census Bureau (2018). American Community Survey. Retrieved from <https://usa.ipums.org/> Steven Ruggles, Sarah Flood, Ronald Goeken, Josiah Grover, Erin Meyer, Jose Pacas, and Matthew Sobek. IPUMS USA: Version 8.0 [dataset]. Minneapolis, MN: IPUMS, 2018. <https://doi.org/10.18128/D010.V8.0>

CONTACT



The Brazos Valley Economic Development Corporation serves Brazos County, the City of Bryan, the City of College Station, Texas A&M University, the surrounding region and private sector investors through the Invest Brazos Valley program. BVEDC helps companies launch, grow, and locate in the Brazos Valley.

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