



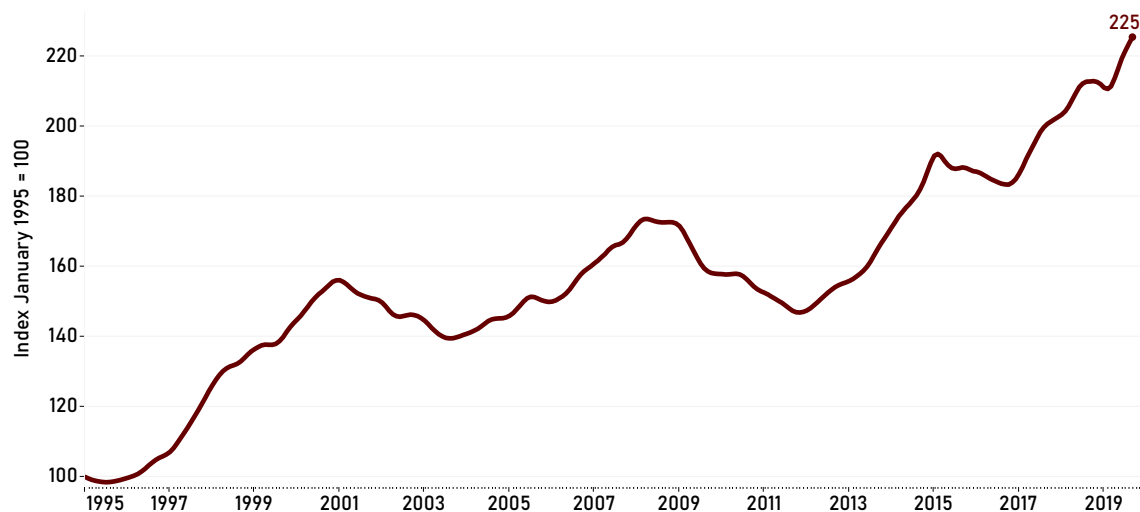
HIGHLIGHTS

- The College Station-Bryan Business-Cycle Index rose 0.9% between August and September for an annualized rate of 10.9%, down slightly from the previous month's growth rate, but well above the long-term growth rate.
- The unemployment rate was unchanged in September 2019, remaining at its low 2.6% rate.
- Nonfarm employment in September 2019 decreased from its previous level by 0.4%, but increased 1.5% relative to September 2018.
- Taxable sales decreased by 2% between August and September, but are up 6.3% from the same month the previous year.
- The focus this month is on the growth in the local labor market and the composition of earnings by industry.

THE COLLEGE STATION-BRYAN BUSINESS-CYCLE INDEX

Figure 1 depicts the College Station-Bryan (CSB) Business-Cycle Index. The September 2019 estimate of the CSB Business-Cycle Index rose to 225, the seventh consecutive month of positive growth.¹

FIGURE 1. COLLEGE STATION-BRYAN BUSINESS-CYCLE INDEX



Last reported data point: September 2019 (monthly). Source: Private Enterprise Research Center.

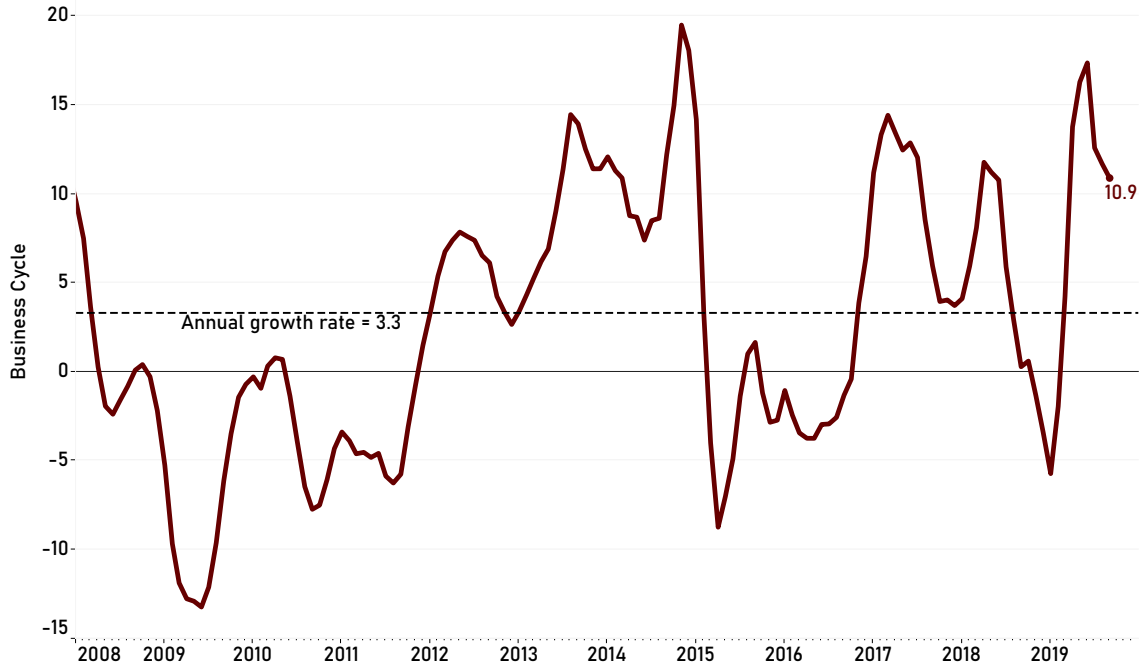
THE COLLEGE STATION-BRYAN BUSINESS-CYCLE

The CSB Business-Cycle Index grew 0.9% between August and September for an annualized rate of 10.9%, slightly lower than the rate for previous months. This lower growth was in part due to the slight decline in taxable sales and nonfarm employment. However, the unchanged, record-low unemployment rate continues to fuel the positive growth rate in the CSB Business-Cycle Index.

SPONSORED BY THE BRAZOS VALLEY ECONOMIC DEVELOPMENT CORPORATION

PRIVATE ENTERPRISE RESEARCH CENTER, TEXAS A&M UNIVERSITY | NOVEMBER 2019 INDEX

FIGURE 2. COLLEGE STATION-BRYAN BUSINESS-CYCLE

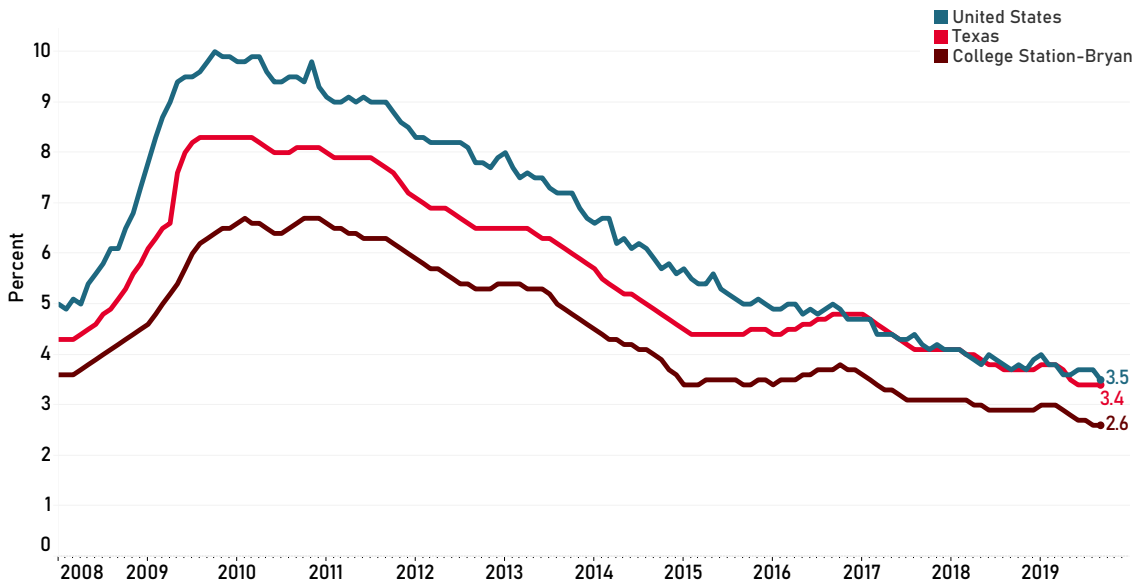


Annualized month-to-month growth rates. Last reported data point: September 2019 (monthly). Source: Private Enterprise Research Center.

UNEMPLOYMENT RATE

Figure 3 depicts the unemployment rate from January 2008 to September 2019 in the College Station-Bryan MSA, along with the rate for Texas and the U.S. In September, the CSB unemployment rate remained at its low August level of 2.6%. Between August and September, the U.S. unemployment rate decreased from 3.7% to 3.5%, while the Texas rate remained constant at 3.4%.

FIGURE 3. UNEMPLOYMENT RATE



Seasonally adjusted. Last reported data point: September 2019 (monthly). Source: Bureau of Labor Statistics.

FOCUS ON THE COLLEGE STATION-BRYAN MSA

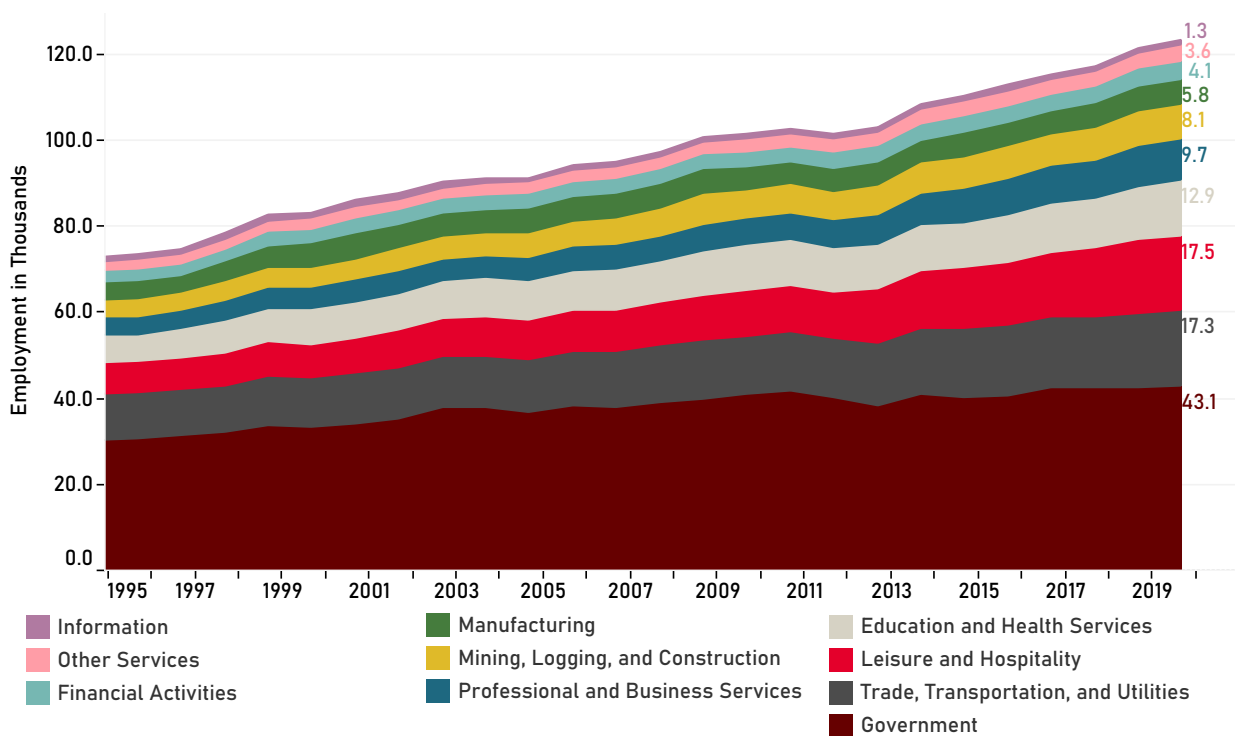
The focus this month is on the composition of the local labor market by industry over time, the growth in nonfarm employment in College Station-Bryan relative to the employment growth in other Texas metro areas, and the industry composition of the local labor market relative to the composition of the labor market for the state of Texas and for the U.S. as a whole. As will be seen, the low unemployment rate has not precluded continued employment growth in the College Station-Bryan MSA.

EMPLOYMENT BY INDUSTRY OVER TIME

Figure 4 presents employment by industry in College Station-Bryan as of September in each year 1995 to 2019.² Over this period, nonfarm employment grew at an annual rate of 2.17%. Nonfarm employment in CSB increased from 73,700 in September 1995 to 123,400 in September 2019, an increase of 49,700 over 24 years. Government, inclusive of federal, state and local employees, was the largest sector in September 2019 with 43,100 employees, or 35% of the total. Of these, 31,000 were state government employees - primarily Texas A&M University employees.³ State employees comprise 25% of total employment in the CSB MSA. The other three major industries as of September 2019 are: Trade, Transportation and Utilities: 17,300 workers, or 14% of total employment; Leisure and Hospitality: 17,500 workers or 14.2% of the total; and Education and Health Services: 12,900 workers or 10.5% of the total. The sector with the highest growth rate of employment from 1995 to the present was Leisure and Hospitality at an annual rate of 3.8%, followed by Professional and Business Services at an annual rate of 3.7%. The largest sector, Government, grew at an annual rate of 1.4%.

FIGURE 4. EMPLOYMENT BY INDUSTRY IN COLLEGE STATION-BRYAN

Thousands

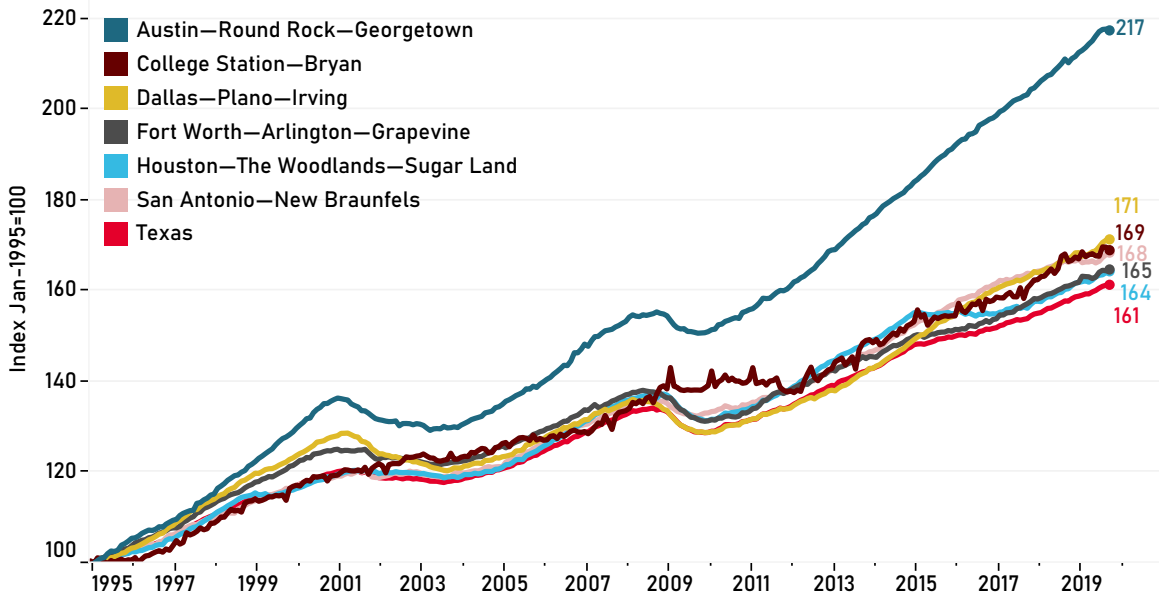


Seasonally unadjusted September values of Employment by Industry. Last reported data point: September 2019. Source: Bureau of Labor Statistics, retrieved from Fred; Federal Reserve Bank of St. Louis.

NONFARM EMPLOYMENT GROWTH

The growth of nonfarm employment for select metropolitan areas and for the state as a whole is depicted in Figure 5.⁴ In this figure, each MSA's nonfarm employment count is indexed to its respective value in January 1995. With January 1995 set to 100, indexed nonfarm employment in the state of Texas grew to 161 by September 2019, indicating a 61% increase over this period. Employment in the Austin-Round Rock-San Marcos MSA grew the most at 117%. Employment in the College Station-Bryan MSA grew 69%, third among the metro areas included in the graph. The time series of CSB employment shows lower volatility - increasing less in expansion periods but also decreasing less in recessions - than is seen in the other series. This is due to Texas A&M University's large employment, which is less cyclical than private sector employment.

FIGURE 5. NONFARM EMPLOYMENT BY METROPOLITAN STATISTICAL AREAS, INDEXED TO 1995

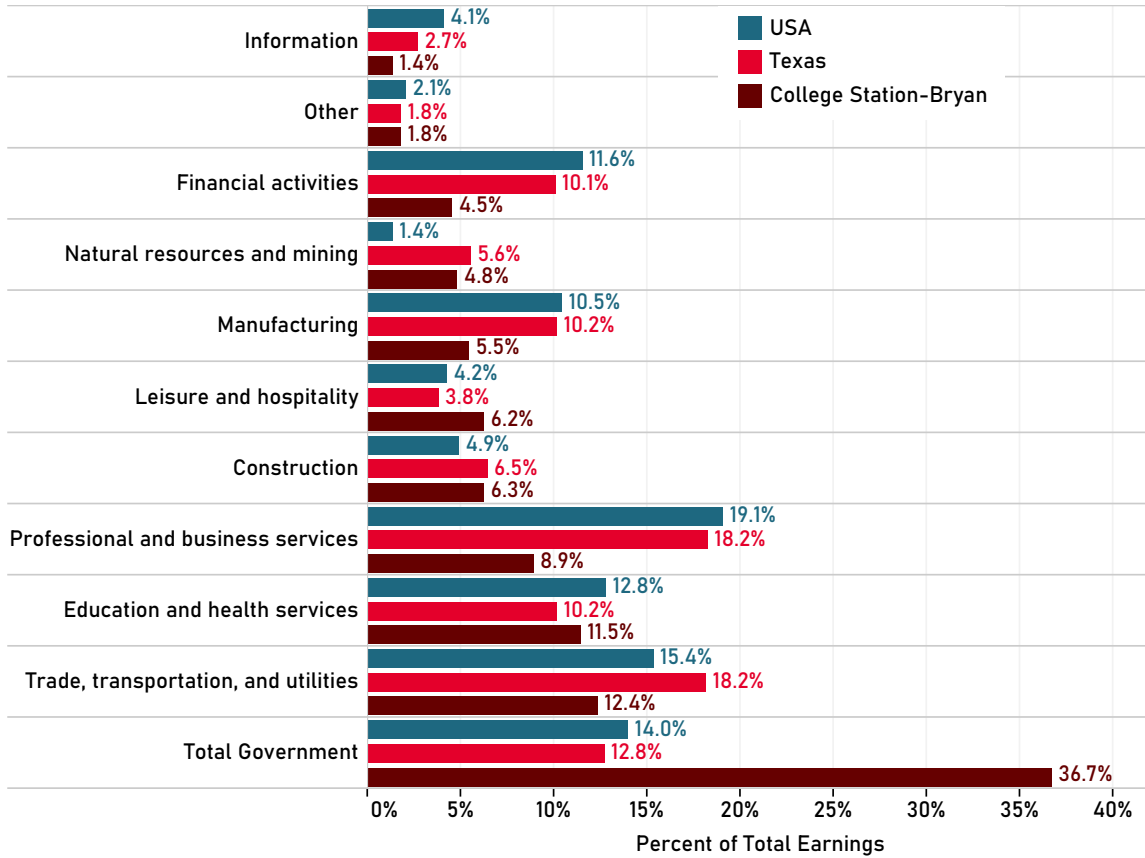


Last reported data point: September 2019. Total Nonfarm Payroll Employment index (January 1995=100). Source: Federal Reserve Bank of Dallas; and the Private Enterprise Research Center for the index.

EARNINGS BY INDUSTRY

Total earnings by industry for the U.S., Texas, and the College Station-Bryan MSA as of the first quarter of 2019 are displayed in Figure 6. Earnings within an industry are affected by wage and annual hours of work. The earnings in the Government sector comprise the largest share of all earnings in the local economy, accounting for 36.7%. With Texas A&M University's large presence in the local labor market, the relative size of earnings from the Government sector is very large, which necessarily lowers the relative size of earnings from other sectors. Nationwide, employees in Professional and Business Services garner the largest share of earnings at 19.1%. The state of Texas is near the national rate at 18.2% of earnings from employment in this industry. In contrast, only 8.9% of CSB earnings were from Professional and Business Services. Similarly, 4.5% of earnings are from Financial Activities in CSB, compared to 11.6% nationally. Earnings in Manufacturing account for 10.5% of the national total, while accounting for only 5.5% locally.

FIGURE 6. COMPOSITION OF TOTAL EARNINGS BY INDUSTRY



Last reported data point: Quarter 1, 2019. Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages; Private Enterprise Research Center for percentage of total earnings by industry.

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 The October issue of Economic Indicators also reported an ending value of 225. The index actually grew by 0.6 percentage points, but in both months the ending value rounded to 225.

² The data presented in this figure reflect the seasonally unadjusted employment levels as of September 1 of each year.

³ While Texas A&M University Employees are certainly involved in education, they are classified as government workers by the Bureau of Labor Statistics.

⁴ These series are all based on seasonally adjusted monthly employment levels in each MSA and for Texas.

DATA SOURCES

Earnings by Industry

U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages, NAICS-Based Data Files: <https://www.bls.gov/cew/datatoc.htm>.

Employment by Industry

U.S. Bureau of Labor Statistics, All Employees by Industry in College Station-Bryan, TX retrieved from FRED, Federal Reserve Bank of St. Louis.

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 Nonfarm Payroll Employment for Texas Metropolitan Statistical Areas, 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>. Historical data prior to 2016 from Texas Comptroller of Public Accounts. Seasonal Adjustment by Private Enterprise Research Center.

Quarterly Sales Tax Historical Data

Texas Comptroller of Public Accounts, Quarterly Sales by MSA. Data was obtained through a public information request.

Texas Metro Business Cycle Indexes

Federal Reserve Bank of Dallas, Regional Economic Data, Metro Business-cycle Indexes: <https://www.dallasfed.org/research/econdata/mbci.aspx>

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.

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.

979.260.1755 | brazosvalleyedc.org



Founded in 1977 through the generosity of former students, corporations and foundations, the Private Enterprise Research Center pursues a dual mission of supporting academic research at Texas A&M University and developing market-oriented solutions to public policy problems.

979.845.7559 | perc.tamu.edu