

Comparative Analysis of Regional Economic Conditions in South Texas, Including Business Manager, Local Resident, and University Student Perceptions

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This report focuses on comprehensive documentation concerning regional economic indicators for Kleberg County, Texas, located in the Coastal Bend Region along the Gulf of Mexico. It is compared to two other South Texas counties, Texas, and United States for perspectives. The benchmark counties were chosen on the basis of their level of tourism, which is a key economic driver in the region. The research is of value to Journal of Applied Business & Economics readers from elsewhere because it is an example of regional economic analysis. Part 1 presents a broad range of demographic data, while Part 2 focuses on economic conditions. Demographic characteristics and economic conditions. Part 3 presents opinions of local business managers, residents and students regarding economic conditions, including preferred government spending. This report builds on the base of economic information is designed to provide decision-makers a valuable economic tool for strategic planning.

Keywords: economic conditions, demographics, perceptions, preferences, Texas, unemployment, housing, public education, managers, residents

COUNTY DEMOGRAPHICS

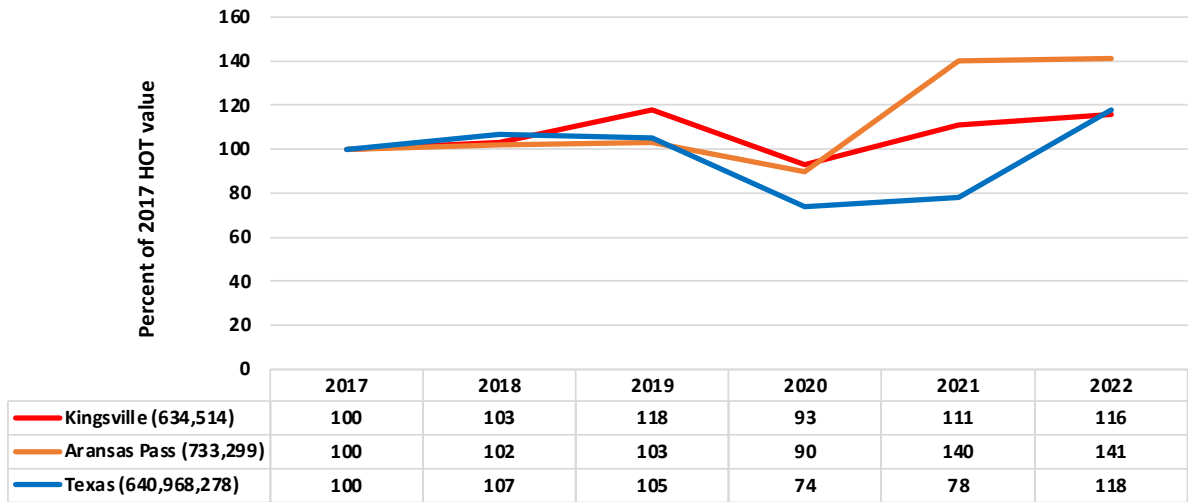
Tourism

Ms. Adraia was the host at the 2023 Economic Forum held on the Texas A&M University-Kingsville (TAMUK) campus on November 1, 2023. TAMUK's Economic Forum is historically the largest annual event of the College of Business Administration. Ms. Cruz is a member of Texas Governor Greg Abbott's cabinet. Given the Tourism component of Ms. Adriana Cruz role as the Executive Director of Texas Economic Development and Tourism, and lack of tourism coverage in prior Economic Forums, 2023's benchmark counties were chosen on the basis of tourism. Data technicians in the Office of the Texas Comptroller helped identify counties with similar Hotel Occupancy Tax (HOT), based on revenues in the county's largest city. Mr. Glenn Hegar, Texas Comptroller of Public Accounts, was the keynote speaker at the 2020 Economic Forum. The only criterion was that the county be in South Texas. Aransas County and La Salle County was chosen, due to the 2022 HOT Revenues being \$624,514 in Kingsville, \$733,299 in Aransas Pass, and \$803,626 in the most recently reported year in Cotulla. Over the past five years, HOT revenues have grown by sixteen percent in Kingsville, which is illustrated using the red line in Figure 1. This gain is close to the eighteen percent growth in Texas overall, show with the blue line, but lags behind the HOT revenues generated in Aransas County. Due to the incomplete information available for Cotulla, Texas, La Salle County's HOT revenues are not included in Figure 1. Careful review of the Kleberg County

numbers reveals two important pieces of information. Over the past five years, HOT revenues reached their zenith before the COVID-19 pandemic. Local HOT revenues reached 118 percent of their 2017 levels in 2019. There was a 21 percent drop in HOT revenues in 2020, with the subsequent rebound almost back to 2019 levels. The 21 percent decline is approximately halfway between the 13 percent decline in Aransas County and 29 percent drop across the state. Two, the inflation rate since 2017 has been approximately twenty percent (Coinnews Media, 2023), leading one to conclude that actual hotel stays are below their levels in 2017.

**FIGURE 1
HOTEL PROPERTY TAX (HOT) REVENUES: 2017-2022**

**Kingsville and Aransas Pass both have 7% hotel occupancy taxes
2022 HOT values in parentheses**



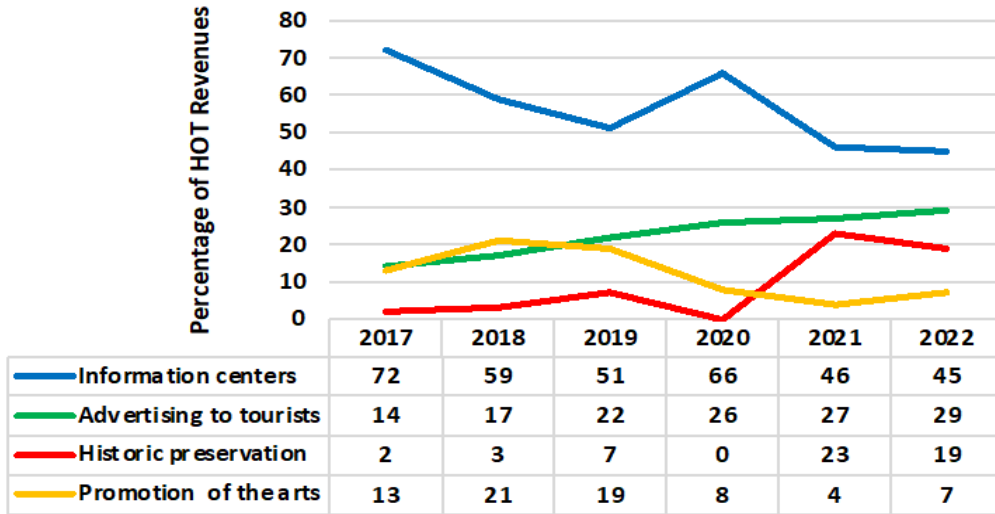
Source: <https://www.cityofkingsville.com/departments/finance-department/hotel-occupancy-tax-report/>

Information on how HOT revenues have been spent across the 2017-2022 period is presented in Figure 2. The Comptroller of Public Accounts identifies a variety of expenditures, which are acceptable classifications for HOT revenues. Kingsville’s expenditure on its information center has declined from 72 to 45 percent of HOT revenues across the five years, still receives a plurality of money. The second most common expenditure item is advertising to attract tourism, which has doubled from 14 to 29 percent of expenditures. The largest percentage gain has been classified as historic restoration and preservation, which reached 19 percent in 2022. The percentage of HOT revenues dedicated to promoting and improving the arts has fallen to about half of what it was in 2017, from 13 to 7 percent. For comparison, a larger portion (i.e., 70 percent) of HOT revenues entering Aransas Pass’ coffers are spent on its convention and information center, while none were dedicated to historic preservation.

Population and COVID-19 Trends

Information concerning population trends over the past decade is presented in Figure 3, which reports that Kleberg County’s population at the close of 2022 was 30,362 residents. This is approximately equal to its level a decade earlier, though up from its low in 2018. The three percent rise over the 2018 to 2022 period would equate to a 911 resident increase. Kleberg County’s stable population lies midway between Aransas County’s 5 percent rise and La Salle County’s 8 percent decline. By comparison, the population of Texas rose by 15 percent, double the national population growth rate of 7 percent over the past decade.

FIGURE 2
KINGSVILLE HOTEL OCCUPANCY TAX (HOT) REVENUES UTILIZATION: 2017-2022

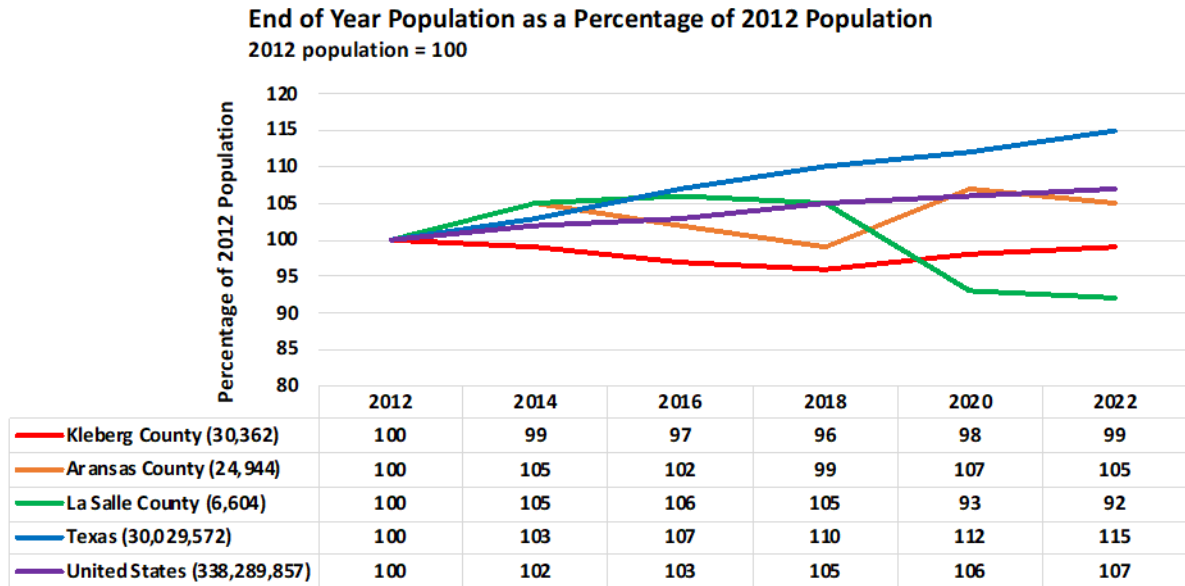


Source: <https://www.cityofkingsville.com/departments/finance-department/hotel-occupancy-tax-report/>

After the 2022 Economic Forum report was published, the Center for Disease Control (CDC) replaced its COVID-19 statistics based on population with numbers based on hospitalizations. As shown in Figure 4, there were 13.5 and 6.0 hospitalizations per 100,000 residents during the last week of August in 2022 and 2023, respectively. Adjusting for the population of Kleberg County, there were 4 COVID-related hospitalizations during the last week of August 2022, which dropped to 2 in 2023. While seemingly low, Kleberg County’s COVID-related hospitalizations were above the other regions in 2022 and 2023.

A comprehensive study of 73,614 patients admitted to the ICU, there was an equal median length of stay in the ICU (3 days), length of stay in the hospital (7 days), and mortality rate (13.5%), according to the Society for Critical Care Medicine in 2023 (Leafloor et al., 2023). In Kleberg County, the number of hospital beds with COVID-19 patients dropped by 57 percent from 2022, as shown in the right two columns of Figure 4. This decline parallels the 56 percent decline in hospital admissions demonstrated in the first two columns. Despite the decline, the percentage of hospital-staffed hospital beds containing COVID-19 patients is 78 percent higher than in other regions. Stated another way, for every two beds with a COVID-19 patient on a statewide or national level, Kleberg County’s hospital in 2023 had 3.6 COVID-19 patients.

**FIGURE 3
POPULATION TREND OVER THE PAST DECADE**



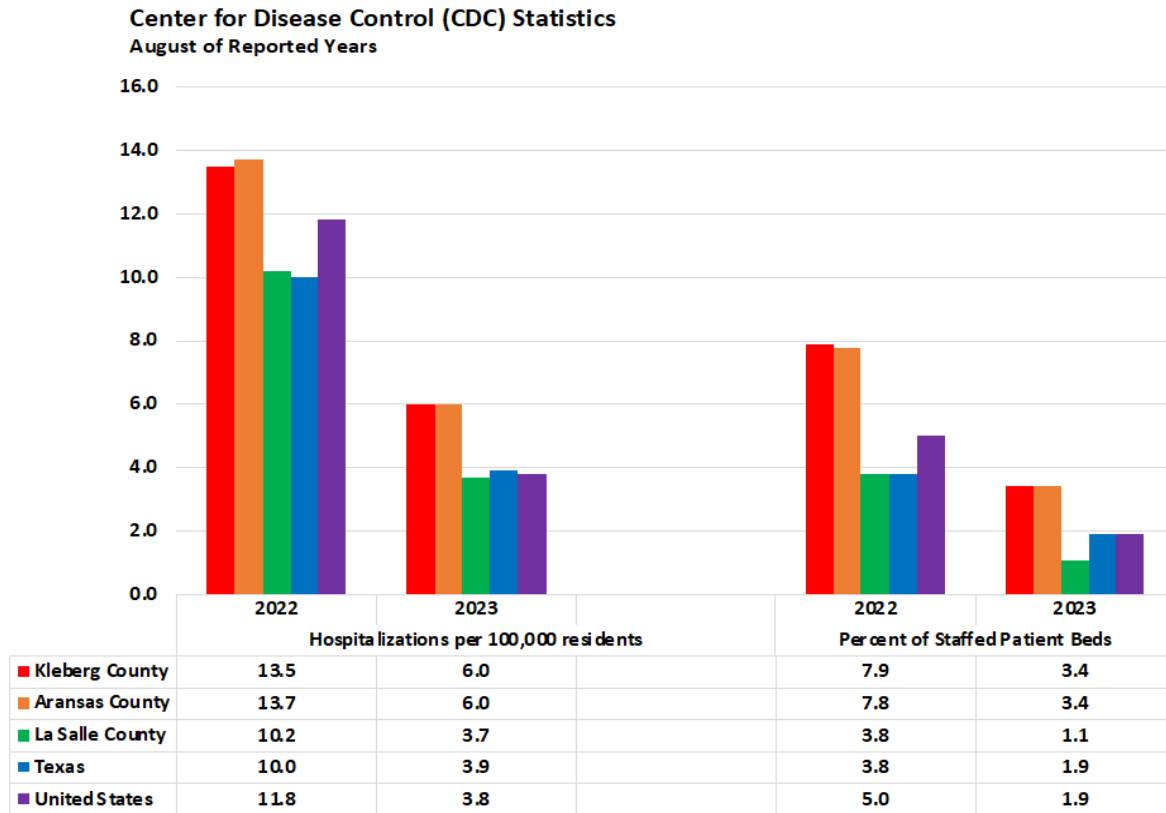
Source: <https://fred.stlouisfed.org/series/TXKLEB3POP>

Local Political Affiliation

Given that the keynote speaker, Ms. Adriana Cruz, is a member of Governor Abbott’s cabinet, the following two figures reveal the political orientation and intensity of political affiliation by looking at voter turnout and donations. As shown in the parentheses in Figure 5, Governor Abbot received 53 percent of the vote in November 2022. This percentage matches the 53 percent in La Salle County, is slightly below the 55 percent statewide average, and well below the 79 percent Aransas County average, matching the statewide rate. Across the last three gubernatorial elections, the 41 percent voter turnout in 2022 was approximately midway between the 2014 and 2018 rates. Figure 5 also presents voter turnout in years with a U.S. presidential election, which is higher than turnout in gubernatorial years and growing. The average turnout in Kleberg County in 2014, 2018, and 2022 was 41 percent, while in Presidential years, the average turnout was 54 percent. Approximately six percent fewer Kleberg County residents are likely to get to the polls than in Texas overall, with 46 percent of the electorate voting in recent gubernatorial elections and 61 percent in Presidential elections.

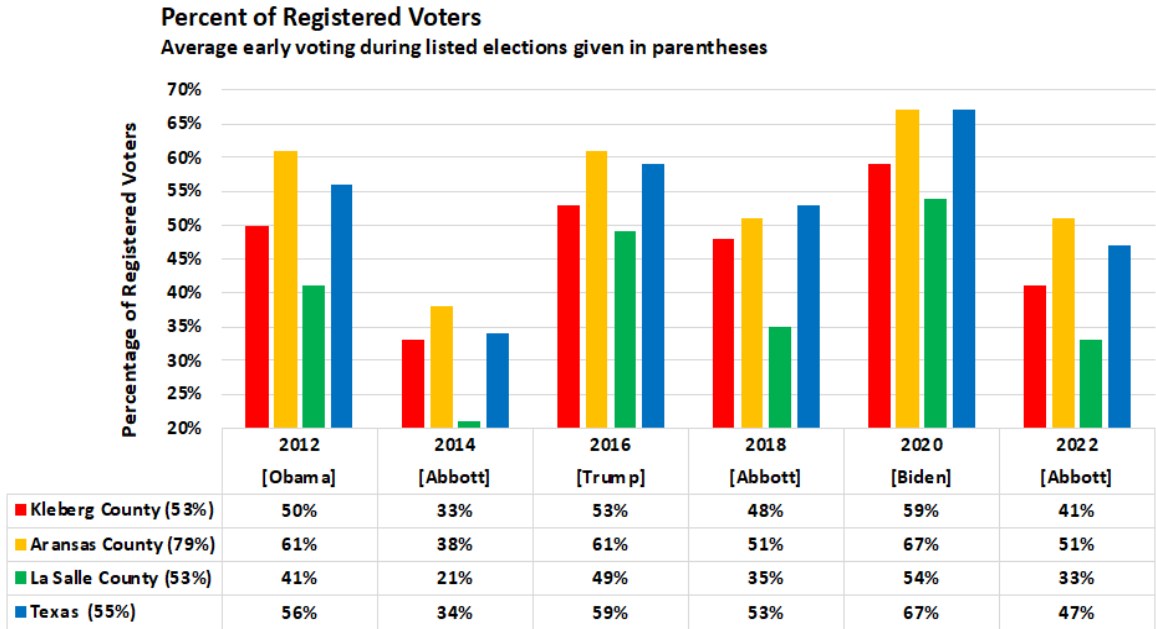
Another way to judge political affiliation is through donations to candidates. Kleberg County is on par with the remainder of the state regarding having 48 residents making political contributions per 1000 residents. Eighty-seven percent of these contributions go to the Democrat candidate, which greatly exceeds the leaning of other areas, though one will notice that a majority of donations in Aransas County and Texas overall go to the Democratic candidate. Conversely, the average donation to Republican candidates is larger in all reported areas. In fact, in Kleberg County, the average donation to the Republican candidates is \$129 higher, or five times the donation to the Democratic nominee. Multiplying the numbers across Figure 6, on average, per 1000 Kleberg County residents, 42 donations were made to the Democrat nominee, totaling \$1,211. Meanwhile, per 1000 Kleberg County residents, there were six donations to the Republican nominee, totaling \$986. Interestingly, across the state per 1000, the average was 48 donations, with slightly more than two-thirds being to the Democratic candidate. Contributions per 1000 Texas citizens amounted to \$5,663 for the Democratic nominee and \$11,368 for the Republican candidate.

FIGURE 4
TRACKING COVID THROUGH HOSPITALIZATIONS IN 2022 AND 2023



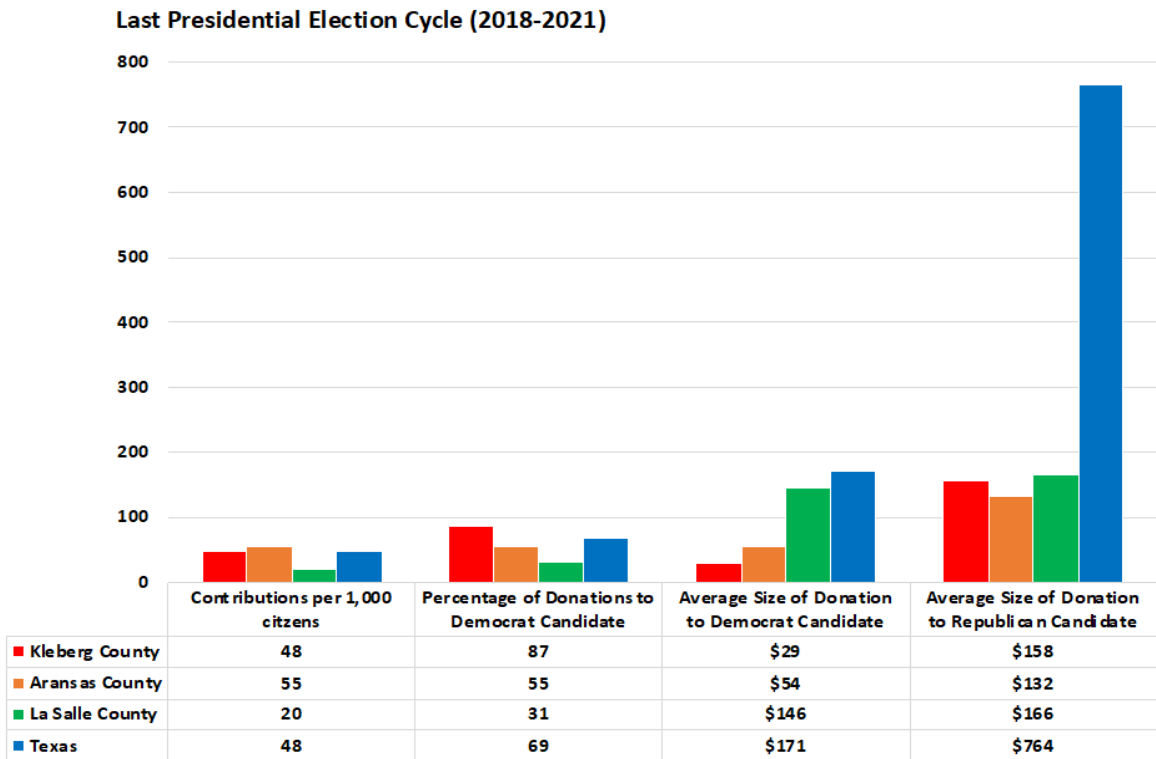
Source: <https://covid.cdc.gov/covid-data-tracker>

FIGURE 5
BIANNUAL GENERAL ELECTION VOTER TURNOUT RATE: 2012-2022



Sources: <https://www.sos.state.tx.us/elections/historical/kleberg.shtml>

FIGURE 6
COUNTY POLITICAL AFFILIATION: CONTRIBUTION FREQUENCY AND SIZE



Sources: <https://www.bestplaces.net/voting/county/texas/kleberg>

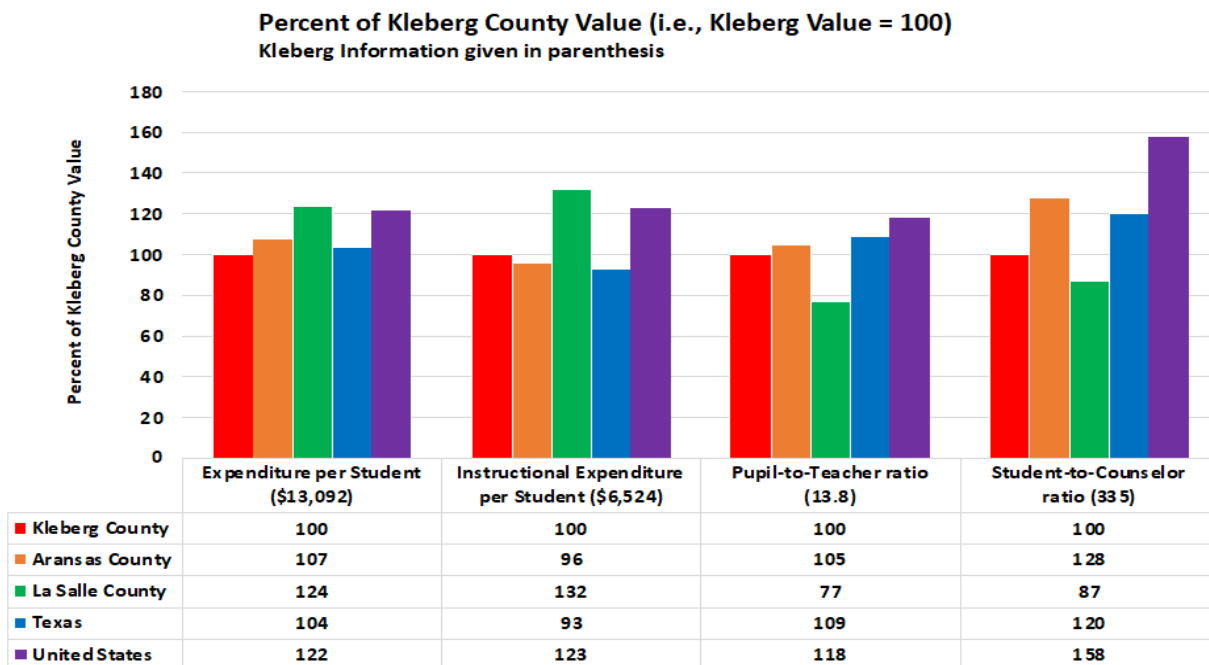
Education

One of the most hotly debated issues has been education, which is unsurprising given that \$13,092 is spent per student in Kleberg County. As shown in the parentheses in Figure 6, approximately half of this amount (\$6,524) goes to teachers and teacher’s assistants. Including class size and overall enrollment, there are approximately 13.8 pupils per teacher and 335 students per counselor in Kleberg County. On average, \$90,031 is being spent locally on instruction per classroom by multiplying the instructional expenditure and pupil-to-teacher ratio.

Kleberg County’s red bar serves as a benchmark in Figure 7. Its lower height in the Expenditure-per-student cluster depicts the relatively low expenditure compared to La Salle County and the United States, which are about 23 percent higher. Local spending on instruction (i.e., teachers and teacher’s aids) is in the center between that spent in the two benchmark counties. The local school system spent 7 percent more on instruction than found across Texas, which results in a student-to-pupil ratio that is 9 percent lower. Stated another way, while there are 13.8 students in a typical Kleberg County classroom across the state, the average is 15.0 students. The media coverage of the controversy regarding public education is somewhat revealed in the U.S. numbers. The purple bars in Figure 7 show that 22 percent more is spent nationally per student, including 23 percent more on instruction, yet 18 percent more students in a classroom and 58 percent more students per counselor.

Educational expenditures influence the success of the educational system. The distribution of the local population across different levels of educational attainment is presented in Figure 8, while insight into the distribution of college degrees is presented in Figure 9. Nineteen percent, or about one out of every 5 adults in Kleberg County, have not earned a high school degree. While below La Salle’s dropout rate, the local dropout rate is 4 percent higher than that in Texas overall, and 8 percent above the national average. Within the education profile depicted in Figure 8 shows that all three South Texas counties reach their highest level on the high school diploma dimension. In contrast, a plurality of Texas residents and U.S. residents have some college or an associate degree. Locally, one in three residents has a high school diploma, while another one in four has some college but has not graduated.

FIGURE 7
2022-2023 EDUCATIONAL STATISTICS

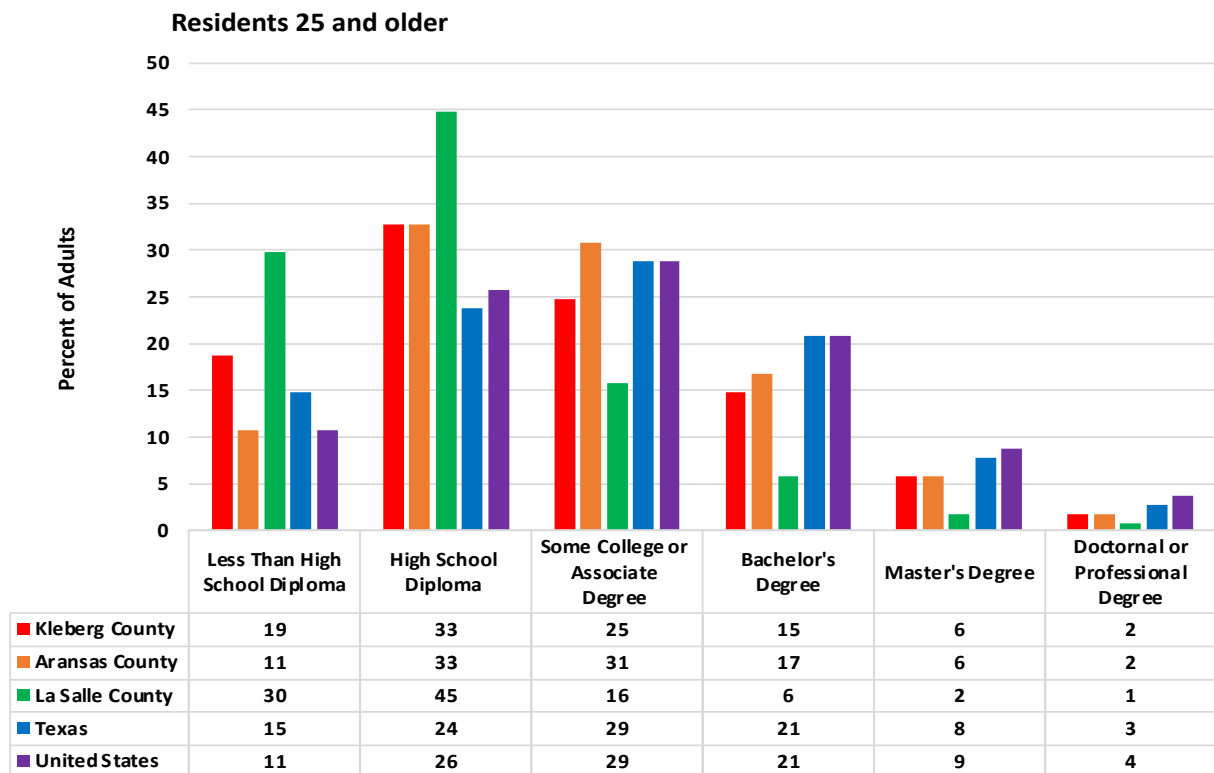


Sources: https://www.bestplaces.net/education/county/texas/la_salle

A total of 23 (i.e., 15 + 6 + 2) percent of Kleberg County residents have at least a bachelor’s degree, with most stopping at the bachelor’s degree level. The density of residents with advanced degrees matches that in Aransas County and is twice that in La Salle County. Despite Texas A&M University-Kingsville’s presence within Kleberg County’s borders, the percentage of residents with a doctoral or professional degree is half that found across the nation.

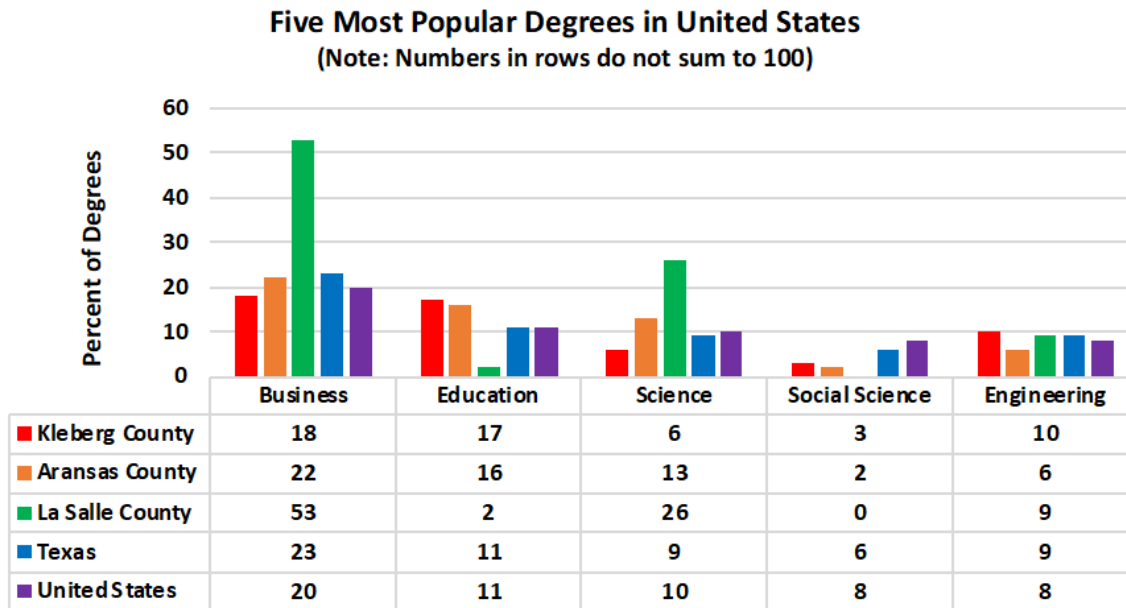
Further insight into baccalaureate degrees is presented in Figure 9, which, as was shown in Figure 8, accounts for about two-thirds of degrees requiring four years or more of post-secondary schooling. The five most popular baccalaureate degrees nationwide received additional consideration in this analysis for comparison purposes. As shown in the first column of Figure 9, the most popular degree is business, with 20 percent of all baccalaureate degrees nationwide being in business. This percentage may seem high, but the U.S. Census Bureau, which produces this data, aggregates all business degrees (i.e., accounting, marketing, management) into one category. At 18 percent, the percentage of the local population with a business degree is very similar to the national average. Education is the second most common baccalaureate degree nationwide, with 17 percent in Kleberg County exceeding the 11 percent found in Texas and nationwide. Science degrees account for one in ten baccalaureate degrees nationwide but only 6 percent in Kleberg County. Approximately eight percent of baccalaureate degrees are in social science and engineering. While Kleberg County trails the national average regarding social science degrees, residents with engineering degrees are slightly more common.

FIGURE 8
2022 EDUCATION PROFILE



Source: <https://www.towncharts.com/Texas/Education/Kleberg-County-TX-Education-data.html>

FIGURE 9
2022 DISTRIBUTION OF A BACHELOR'S DEGREES RESIDENTS 25 AND OLDER



Source: <https://www.towncharts.com/Texas/Education/Kleberg-County-TX-Education-data.html>

COUNTY ECONOMICS

Employment

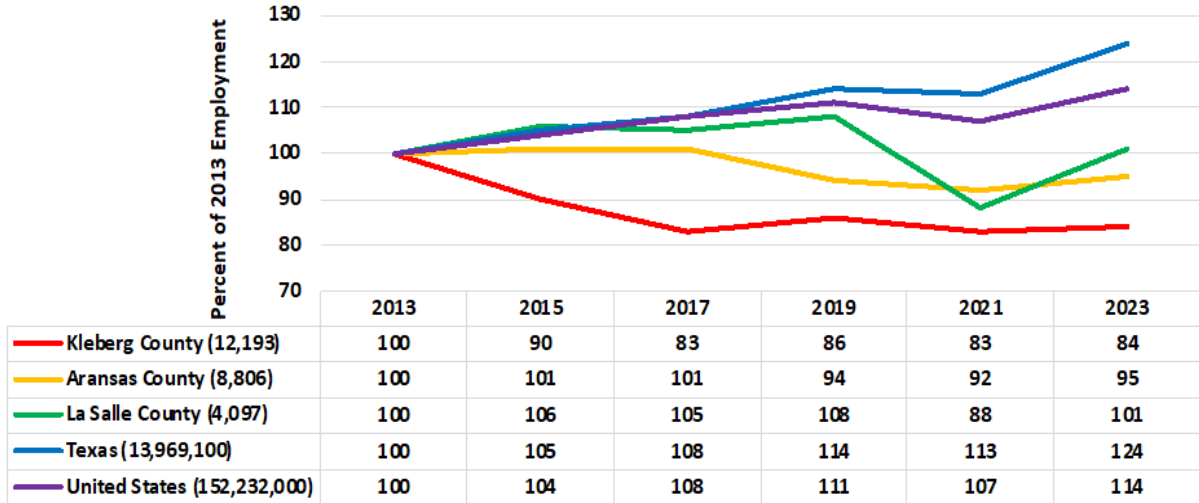
Trends in July employment statistics across the 2013-2023 decade are displayed in Figure 10, which show a dramatic 17 percent drop locally between 2013 and 2017. Employment rose in 2019 but fell with the advent of COVID-19. As a percentage of those employed in 2013, employment fell by 3 percent from 2019 to 2021. While employment rose slightly over the 2021-2023, the 12,193 individuals employed in Kleberg County are still 290 below 2019 levels. Aransas County also experienced a drop in employment over the 2013-2023 decade, while La Salle County's current employment level is close to that of a decade earlier.

In Texas and the United States, employment rose every two years except the 2019-2021 timeframe. From 2019-2021, Texas employment fell only by one percent, easily offset by the 11 percent rise from 2021 to 2023. Across the United States, employment fell by four percent from 2019 to 2021, which has subsequently increased by 7 percent growth over the past two years. La Salle County experienced the worst decline during the first full year of the COVID-19 pandemic, with employment dropping by 20 percent. Fortunately, for residents in this county, La Salle County experienced the most remarkable recovery, rising by 13 percent.

While one would expect employment and unemployment numbers to be inverse, other factors play a role, including the number of persons in the age range from 18 to 65 and the percentage of those looking for work. Over the 2013-2019 period, unemployment declined from 7.2 percent to 4.9 percent. Then, during the month with the highest unemployment level in response to the COVID-19 pandemic, unemployment in Kleberg County more than doubled to 11.9 percent. Since then, unemployment has declined to 5.5 percent, which is down 6.4 percent from its pandemic-related high but still 0.6 percent higher than 2019's unemployment rate. As shown in Figure 11, unemployment in Aransas County paralleled that in Kleberg County, falling to an equal 5.5 percent in July 2023. By comparison, unemployment rates in La Salle County have been persistently lower, reaching only 8.9 percent during the pandemic.

FIGURE 10
RELATIVE JUNE EMPLOYMENT LEVELS: 2013 – 2023

June 2013 employment = 100
June 2023 employment in parentheses

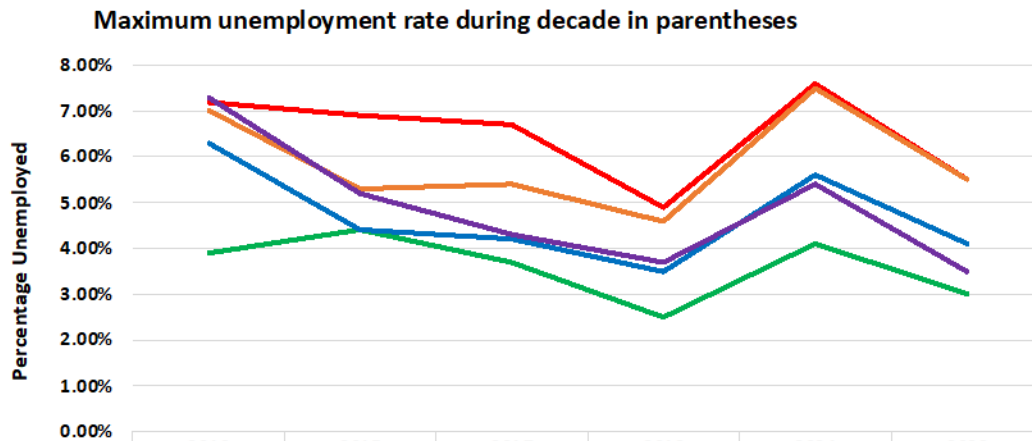


Source: <https://fred.stlouisfed.org/series/LAUCN4827330000000005>

Unemployment in Texas and across the nation has typically been less of a concern than in Kleberg County. One interesting facet is that before the pandemic, unemployment in Texas tended to be below the national average but has tracked above the national average since 2019. At the peak of the pandemic, the unemployment rate in Kleberg County was 0.9 percent below the Texas rate and 1.8 percent below the national rate. Nonetheless, as of July 2023, the unemployment rate in Kleberg County was 1.4 percent and 2.0 percent above the Texas and national unemployment rates, respectively.

Unemployment and low wages are two of the primary factors contributing to low credit scores. Information on subprime credit scores over the past decade is presented in Figure 12. In 2021, there had been a recognizable drop in the population percentage with subprime credit in all three listed counties and Texas overall. For instance, the percentage of loan applications with a subprime credit score, which the Equifax credit reporting agency defines as a credit score of 660 or less, stood at 50 percent in Kleberg County in 2014. By 2021, this percentage had declined to 41 percent. Since 2021, the percentage of loan applications with a subprime credit score has risen slightly to 42 percent. One can see a similar pattern across all covered units during the 2021 to 2023 period. The proportion of subprime credit loan requests in 2023 in Kleberg County is similar to that of La Salle County, but 12 percent above Texas overall and 15 percent above the proportion of loan applications with subprime credit in Aransas County.

FIGURE 11
JULY UNEMPLOYMENT RATES: 2013-2023



	2013	2015	2017	2019	2021	2023
Kleberg County (11.9%)	7.20%	6.90%	6.70%	4.90%	7.60%	5.50%
Aransas County (13.3%)	7.00%	5.30%	5.40%	4.60%	7.50%	5.50%
LaSalle County (8.9%)	3.90%	4.40%	3.70%	2.50%	4.10%	3.00%
Texas (12.8%)	6.30%	4.40%	4.20%	3.50%	5.60%	4.10%
United States (14.7%)	7.30%	5.20%	4.30%	3.70%	5.40%	3.50%

Source: <https://fred.stlouisfed.org/series/UNRATE>

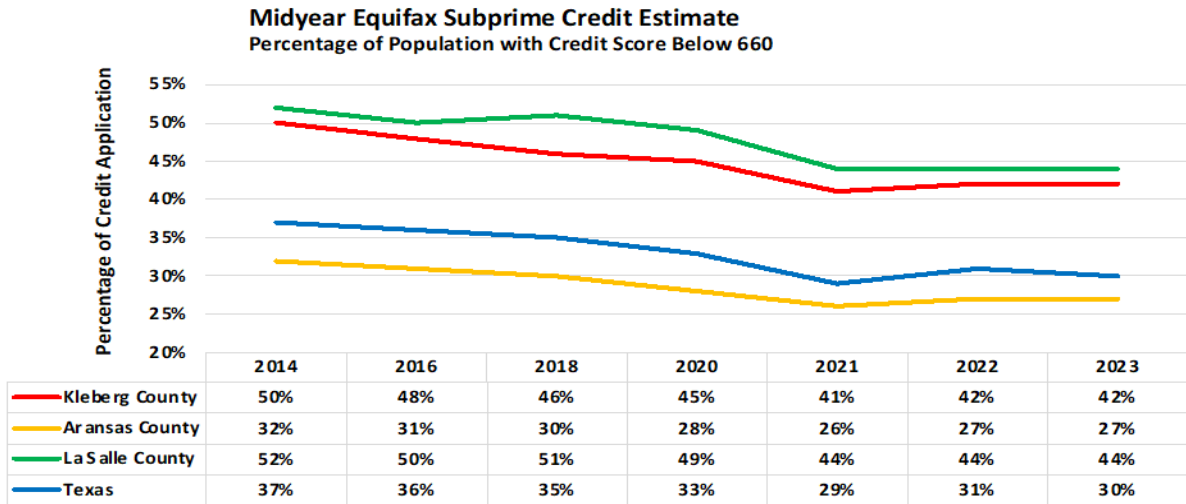
Income

Before examining income, this report shares information on the cost of living, referred to by the Massachusetts Institute of Technology (MIT) as the “living wage.” As MIT’s Dr. Amy Glasmeier characterized it, the living wage is the “minimum income that, if not met, drops the working poor from financial independence to a need for public assistance or suffers consistent and severe housing and food insecurity.” (www.livingwage.mit.edu). Looking back to Figure 12, subprime mortgages are usually used for housing and transportation. In 2022, housing accounted for 33 percent of household expenditures, on average, while transportation accounted for 17 percent. These two total costs account for half of what is being spent. Incorporating the other expenditures creates the living wage comparisons presented in Figure 13. Three family situations are considered: a.) two workers with no children, b.) one worker with no children, and c.) two adults, with one working and two children.

From 2022 to 2023, the living wage for a dual-income, no-children household in Kleberg County rose from \$11.67 per hour to \$12.66 per hour. This represents a \$0.99 increase, an 8.4 rise, and equates to a need to earn \$2,059 more this year than last year to maintain the same standard of living. Multiplied by two workers, the amount needed is \$25.32 per hour or \$52,666 per year.

The second living wage presented in Figure 13 is for a single, working Kleberg County resident with no other family obligations. This cost of living rose by a lesser \$0.12 per hour, or \$250 more per year. One might expect the living wage to double as one moves from one to two employees in the family. However, the savings from not having to feed, house, and provide transportation to a second individual reduces the difference in the aggregate amount needed to have a living wage by \$2.60 (i.e., \$15.26 - \$12.66).

**FIGURE 12
SUBPRIME CREDIT POPULATION: 2014-2023**

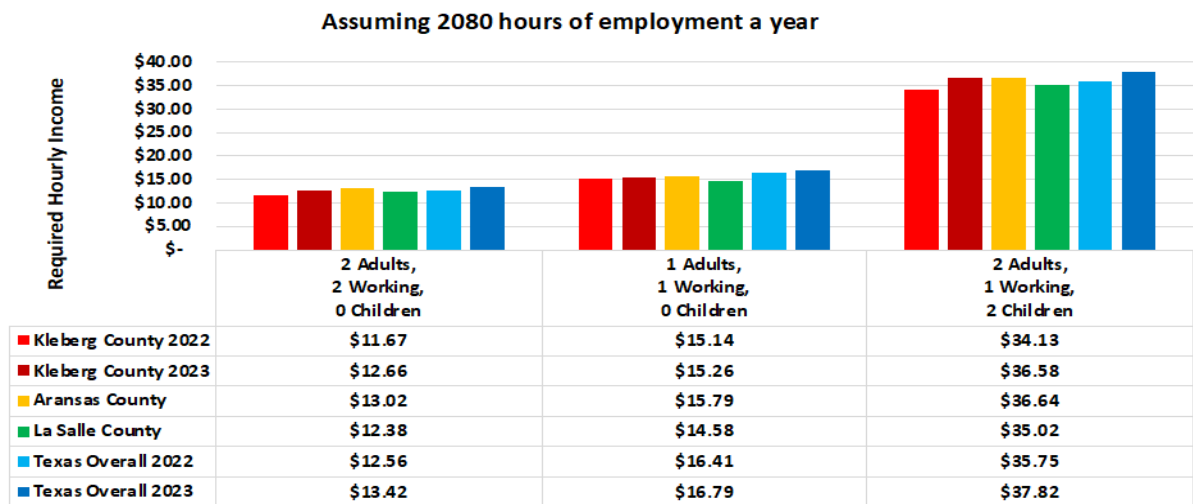


Source: <https://fred.stlouisfed.org/series/EQFXSUBPRIME048273>

Finally, the cost of adding one non-working adult and two children to the family adds \$21.32 to the wage in Kleberg County, which is necessary to have a comfortable standard of living; MIT assumes a 2080-hour year (i.e., 52 weeks a year with 40 hours per week). Hence, the required annual income to avoid food and housing insecurity without reliance on public assistance is \$76,086. There was a \$2.45/hour increase in this minimum needed over the past year, or \$5,096 annually, representing a 7.2 percent rise.

Living wages are higher in Aransas County and lower in La Salle County. Averaging the three households, which would imply the same number of two-income families, one wage-earner family, and one wage-earner married family with two children, the cost of living this year in Kingsville is \$21.50. Meanwhile, the current average cost of living is \$21.82 in Aransas County and \$20.66 in La Salle County. Stated another way, the living wage in Aransas County is 1.5 percent higher, while the living wage in La Salle County is 4.0 percent lower.

**FIGURE 13
2022 LIVING WAGE COMPARISONS**



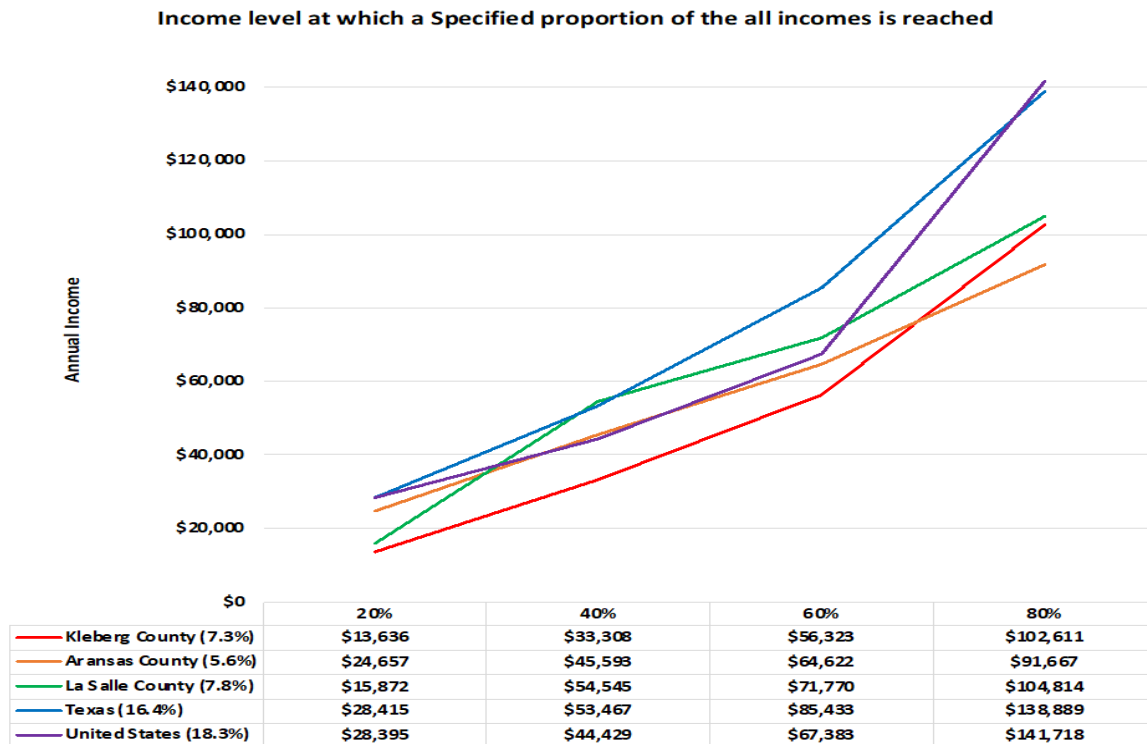
Source: Massachusetts Institute of Technology, <https://livingwage.mit.edu/states/48>

The final two columns in Figure 13 present the living wages across Texas. Following the experience of Kingsville residents, the living wage value has risen by 6.8 percent for a two-income family with no children, 2.3 percent for a single individual, and 6.0 percent for a two-adult, two-child family with one working. The Texas average living wage is higher in all scenarios, with the largest percentage difference being the 10 percent difference (i.e., $(16.79 - \$15.26)/\15.26) for a one-person family. Compared to the \$21.50 equally-weighted average, mentioned in the last paragraph, the average living wage across Texas is \$22.68, or 5.5 percent greater. On an annual basis, using 2080 hours per year, the average living wage in Kleberg County is \$44,720, versus \$47,174 statewide. Despite the cheaper cost of living being frequently touted as an advantage to living in Kleberg County, the difference is only \$2,454.

With the living wages in mind, it is crucial to assess the distribution of incomes, which is graphed in Figure 14. This distribution provides a comprehensive view of the financial situation of Kleberg County residents, thereby enhancing our understanding of the county's economic landscape. In Kleberg County, 20 percent of those receiving a wage earn \$13,636 or less, 40 percent earn \$33,308 or less, 60 percent earn \$56,323 or less, and 80 percent earn \$102,611 or less. Inserting the \$44,720 living wage number from the last paragraph into this distribution, we find that approximately half of the residents in Kleberg County earn a living wage. This finding is consistent with the relatively high percentage of subprime mortgages reported in Figure 12.

To spend money and generate economic vitality, a community needs high-income residents. In Kleberg County, 7.3 percent of wage earners earn over \$150,000, as reported in the parentheses in Figure 14. While this value exceeds the percentage found in Aransas County and La Salle County, it is less than half that found across Texas and an even smaller fraction of the percentage of high-income individuals found nationwide. This underperformance is exhibited in Figure 14, where we see the income of Kleberg County lagging behind that of the state and nation. Texas provides a better income than the nation until we reach the high-income, top 80% portion of the distribution.

FIGURE 14
2023 INCOME STRATIFICATION

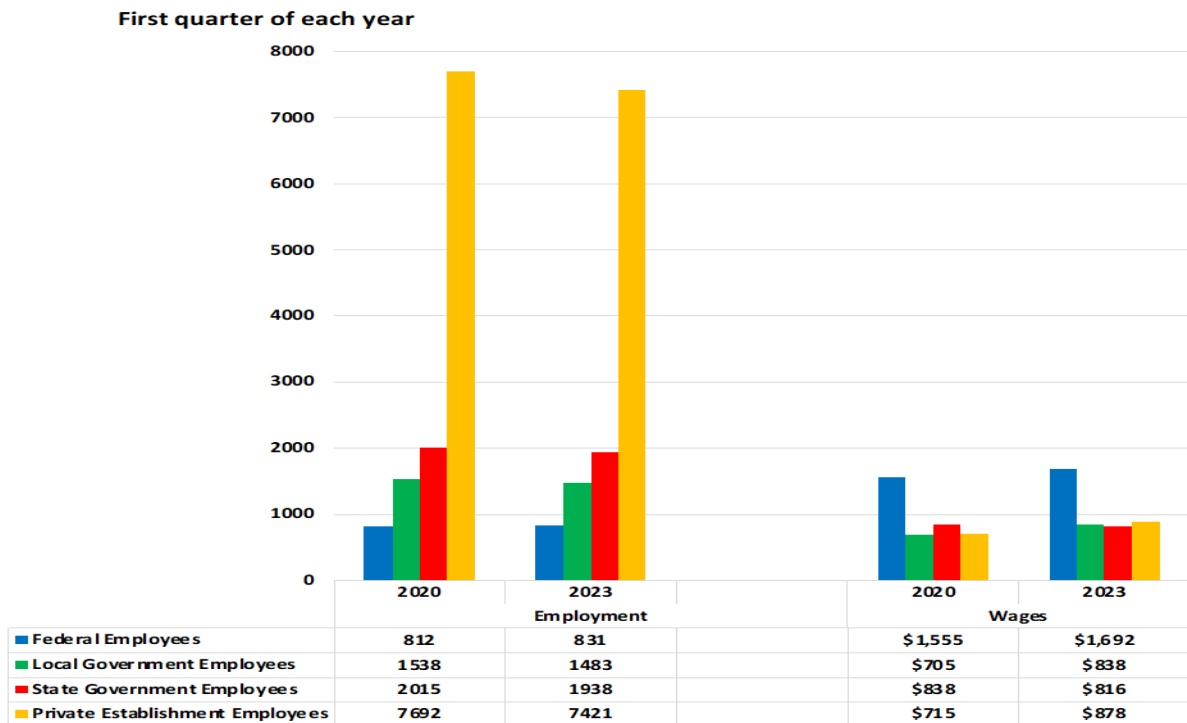


Source: https://www.bls.gov/regions/southwest/news-release/countyemploymentandwages_texas.htm

Further insight into the salary range is presented in Figure 15, which illustrates the level of employment and average salaries of federal government employees, local government employees, state government employees, and private establishment employees. Values displayed are for the first quarter of 2020, when COVID-19 arrived in Kleberg County, and the first quarter of 2023. Employment only increased in the federal worker category, where 19 additional employees exist in 2023. Conversely, there was approximately a 3.5 percent decline in the other three categories. Given its more extensive base, the decline is most noticeable in the private sector, which shed 271 employees.

Average wages have generally gone up over the past three years. The private sector leads the pack in monetary and percentage growth. Average wages have risen \$163 per week, a 22.8% rise. There has been a similar \$137 increase among federal employees and a \$133 increase among local employees. However, given the lower average 2020 wage, wages grew by 18.9% among local government employees compared to 8.8% among federal employees. The only sector experiencing a decline in average wage is state employment. Here, we see that the reduction in workforce was combined with a reconfiguration of positions, resulting in a \$22 (2.6%) salary reduction, which could pose potential economic challenges.

**FIGURE 15
KLEBERG COUNTY EMPLOYMENT TRENDS AND WAGES SINCE START OF
COVID-19 PANDEMIC**



Source: <https://www.twc.state.tx.us/businesses/labor-market-information>

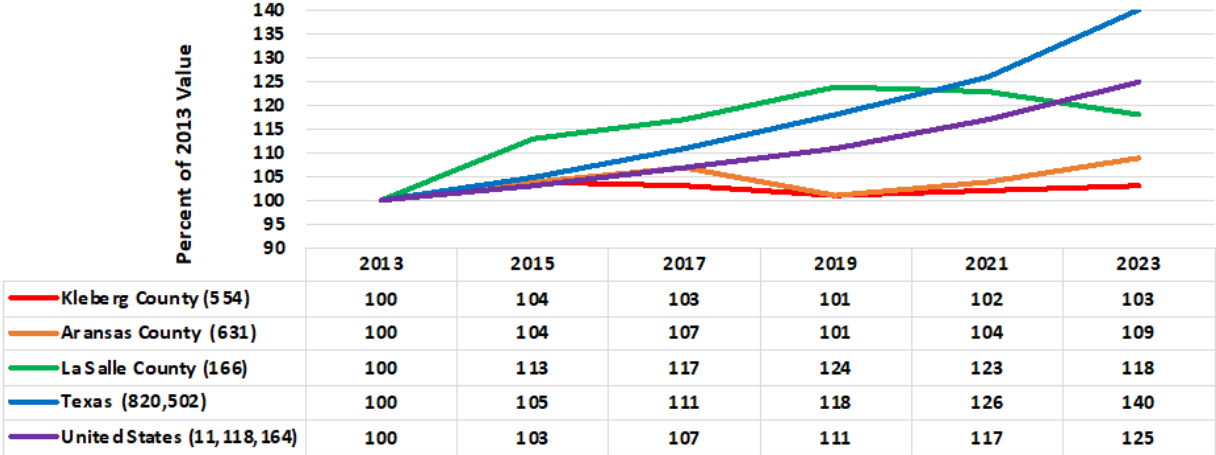
To put the changes in wages in perspective, it is necessary to consider the change in the dollar's value between March 31, 2020 and March 31, 2023. Between these dates, the dollar's value declined by 16.6 percent (Coinnews Media Group, 2023). Hence, in real dollar terms, the private sector growth rate was 6.2 percent. Local employee wages also beat inflation, with a 2.3 percent net gain. By contrast, the wages of federal employees sank by 7.8 percent while state employees fell by 19.2 percent, in real dollar terms.

Employment and wages depend on the number of establishments, especially private establishments. Therefore, Figure 16 provides information regarding trends in the number of private establishments across the five political entities being examined. As we entered 2023, there were 554 private establishments in

Kleberg County, a 3 percent improvement from 2013. In numerical terms, Kleberg County added an average of two private establishments annually. Both benchmark counties have had a greater private establishment growth rate, with Aransas County at an all-time high, while La Salle County reached its apex in 2019. All three counties experienced less than 25 percent growth rate nationwide. Meanwhile, in Texas, the number of private establishments has been growing at a 3.4 percent annual rate, contributing to a 40 percent rise over ten years.

FIGURE 16
PRIVATE ESTABLISHMENTS TREND: 2013-2023

First Quarter of each year as a percentage of First Quarter of 2013
 2013 Value = 100
 Private establishments at start of 2023 given in parentheses

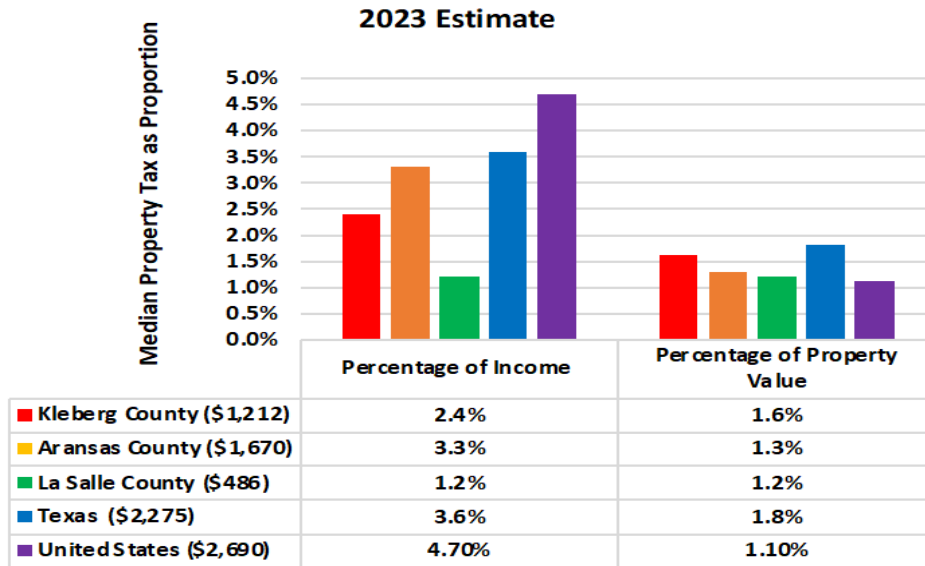


Source: https://data.bls.gov/maps/cew/US?start_over=true

Taxes

Tax assessments and revenue reparations impact the cost of living and doing business and give one a perception of a region’s economic health. Property taxes are the primary means of funding a school system, which was the focus of Figure 7 through Figure 9 above. As shown in Figure 17, the estimated 2023 median property tax in Kleberg County is \$1,212, which is 2.4 percent of income and 1.6 percent of property value. Taking the reciprocal of the last value reveals that the median assessed value of homes in Kleberg County is \$75,750. Aransas County’s median property tax is a higher \$1,670, a higher percentage of income but a lower percentage of property value. Again, using the reciprocal approach, the median assessed home value in Aransas County is \$128,461.

**FIGURE 17
MEDIAN PROPERTY TAX AS PERCENTAGE OF INCOME AND PERCENTAGE OF
PROPERTY VALUE**



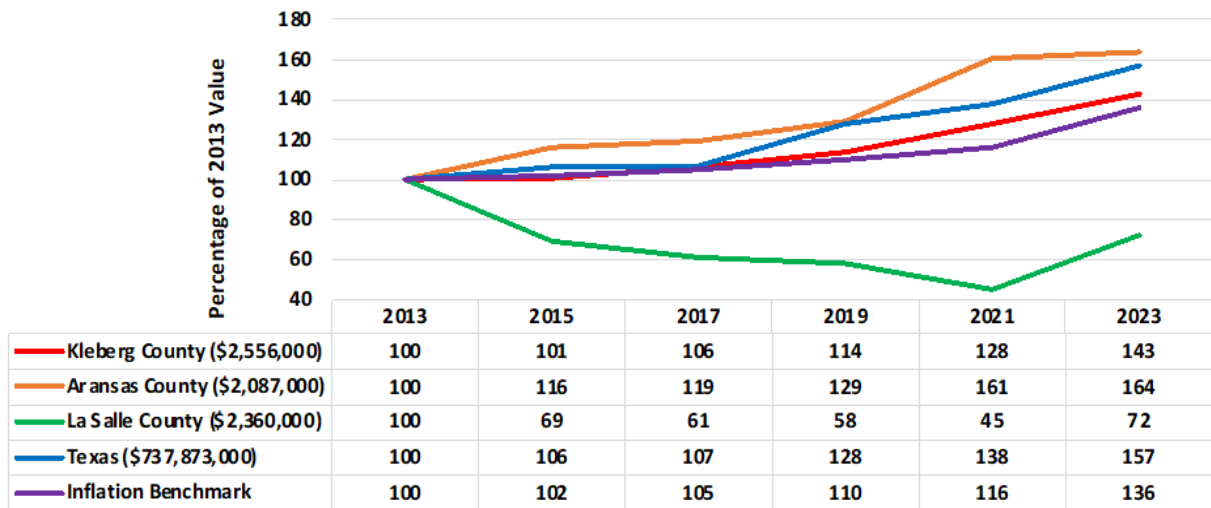
Sources: https://www.tax-rates.org/texas/kleberg%20county_property_tax;
<https://www.propertyshark.com/info/property-taxes-by-state/>

**FIGURE 18
TAX REALLOCATIONS INCLUDING INFLATION BENCHMARK: 2013-2023**

Reported as a Percentage of 2013 Allocation (i.e., 2013 Value = 100)

Inflation estimate is change in Consumer Price Index

2023 Reallocation through October, on an annualized basis, in par



Source: <https://mycpa.cpa.state.tx.us/allocation/AllocHist>; <https://www.usinflationcalculator.com/>

Across Texas, with a median of \$2,275, 2023 property taxes are expected to be almost twice as high as in Kleberg County. Hence, it is not a surprise that they gobble up a higher percentage of income and have a higher percentage of property value. Using the reciprocal approach from above, the median assessed

property value in Texas is \$126,489. Property taxes are even higher in the United States, with a median value of \$2,690. This is almost five percent of the \$57,234 median income in the United States but only 1.1 percent of the median \$244,545 median property value. Given the higher costs elsewhere, it is unsurprising that property taxes are more of a hot-button issue outside Kleberg County.

Examination of sales tax reallocations allows one to deduce the strength of the economy of Texas counties. This year, Kleberg County is on track to have \$2.6 million sent back to it by the Texas Comptroller. Since 2013, sales tax reallocations have risen by 43 percent, as shown in Figure 18. Since 2019, the year before the COVID-19 pandemic, Kleberg County sales tax reallocations have risen 24 percent. These rates lay above the inflation rate, indicating that the real value of sales has increased, which, in turn, suggests that there are more goods and services purchased now than a decade ago.

Sales tax reallocations in Aransas County have risen much faster. At the same time, those in La Salle County have deteriorated with the decline in the shale oil industry during the early years of the past decade. Compared to Kleberg County, sales tax reallocation across Texas has risen faster, outstripping inflation by 21 percent. If one reduces the growth in sales tax reallocations by the 15 percent growth in population, as reported in Figure 3, one ends up with a population-adjusted 2023 value of 142. Given Kleberg County's roughly stable population over the past decade, this metric indicates that the local economy has experienced approximately the same sales and economic prosperity growth rate.

2023 ECONOMIC FORUM SURVEY

Economic Predictions: United States, Kleberg County, Personal

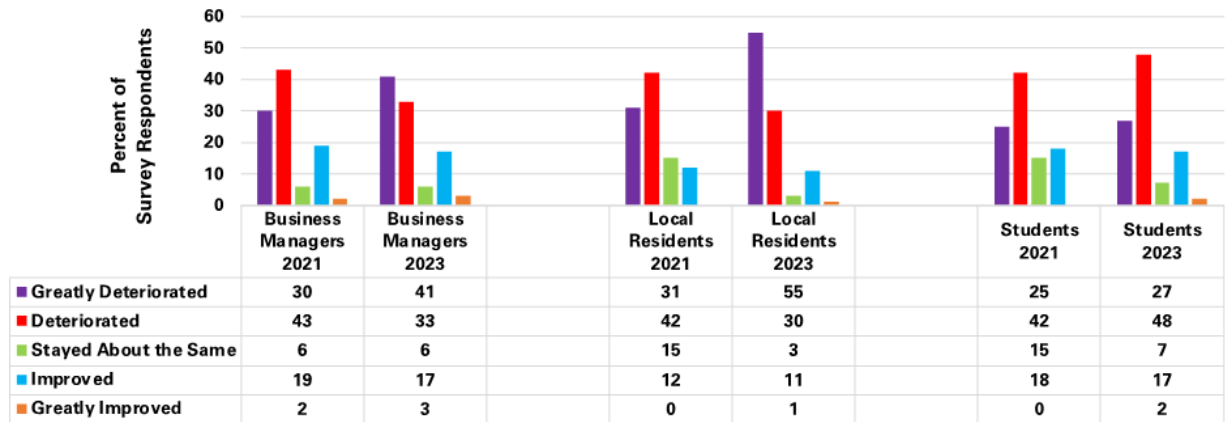
Since its inception, the Economic Forum has included the survey results of Kleberg County residents. In 2014, the responses of business managers were separated from those of local residents. This year, 410 responses were gathered, consisting of answers from 36 business managers, 174 local residents, and 200 students. Continuing the survey design of prior years, surveys were primarily completed in the Harrel's Pharmacy lunchroom. This year's findings are compared to those in 2021, when 338 took the survey to assess current economic conditions. The United Nations characterized the world as gradually rebounding from the prior year's arrival of COVID-19. Still, the job growth was lagging behind expectations (United Nations, 2023), the Department of HHS was expanding the availability of the COVID-19 booster shots (www.hhs.gov/coronaviruscovid-19-vaccines), and most classes were being taught again on campus, with a Zoom feed to students preferring to stay in a remote location. This year's 410 responses represent a new record of completed surveys and the best measure of opinions within Kleberg County.

Over the past two years, local expectations regarding the United States' economic health over the coming year have continued to deteriorate, as depicted by the growth of the red and purple bars in Figure 19. The green, "stay about the same" bar has given up the most stature, dropping to only 3 percent of residents and 7 percent of local students. Perhaps the most distressing single finding is the 55 percent of residents who believe that the U.S. economic condition will considerably deteriorate over the next twelve months. This majority value is matched with a plurality of generally positive business managers who agree that the U.S. economy will greatly deteriorate and a plurality of typically balanced-minded students who are predicting national economic deterioration. Nonetheless, there is a contingent of between twelve and twenty percent of those surveyed who remain confident that the United States economic health will rebound.

Perceptions regarding personal economic conditions have also shrunk from prior levels. Historically, individuals believe they can control their own futures, leading to higher levels of blue and orange bars in Figure 21. Two years ago, for instance, 39 percent of business managers, 33 percent of residents, and 32 percent of students anticipated some improvement in their personal economic situation. The current percentage of managers and residents expecting their economic condition to rise has fallen to 22 percent and 17 percent, respectively. Bucking the overall trend, the number of students expecting their fortune to rise is up to 37 percent. However, given the low-income, ramen-noodle world in which a student lives, perceptions of their current economic state are likely to be lower among students, which increases the chance of economic improvement. Demonstrating their confidence in the face of deteriorating opinions

regarding the national and local economies, a plurality of the responses is in the green, “Stay About the Same” column. However, one out of every five local residents foresee their economic condition greatly deteriorating over the coming year.

FIGURE 19
COMPARISON OF PERCEPTIONS IN 2023 VERSUS 2021 REGARDING UNITED STATES’
ECONOMIC HEALTH OVER COMING YEAR

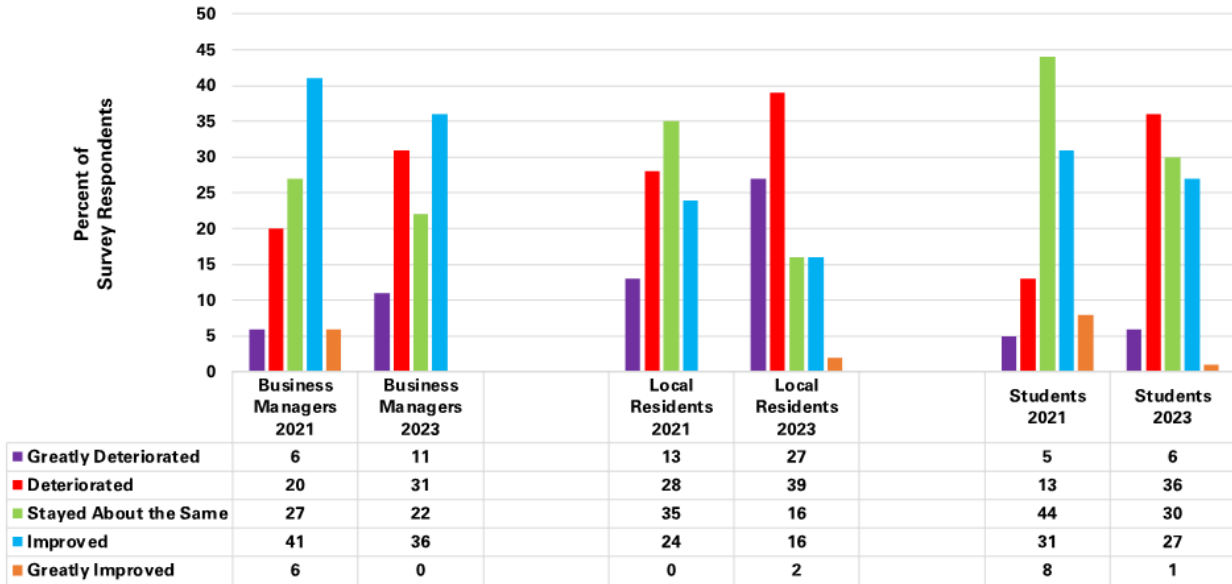


Source: Economic Forum Survey conducted annually, with 36 business managers, 174 residents, and 200 students completing 2023 survey.

Opinions regarding local economic conditions are not as negative, as illustrated in Figure 20. The highest bar representing manager opinions is the blue, “Improved” local economic conditions. Local resident opinions shift towards the less extreme “Deteriorated” perception of where the future lies. However, less than twenty percent of residents expect improvement in Kleberg County’s economic condition during the coming year. The “let’s-wait-and-see” posture of students is denoted by 93 percent of all responses being in the center three categories. However, there has been a downward shift in expectations across all three groups. None of the managers, two percent of residents, and only 1 percent of students expect local economic conditions to be greatly improved. This would equate to only 6 of the 410 responses being optimistic regarding the economic future of Kleberg County.

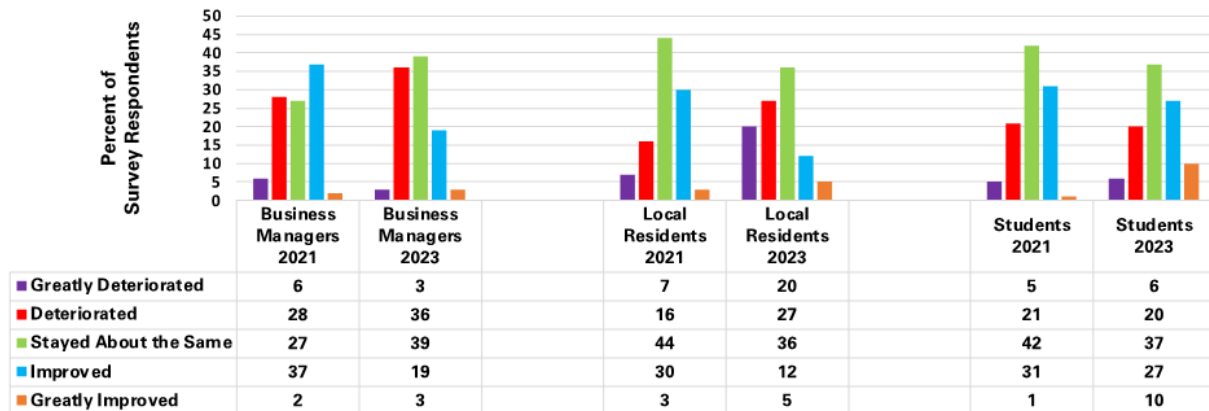
Perceptions regarding personal economic conditions have also shrunk from prior levels. Historically, individuals believe they can control their own futures, leading to higher levels of blue and orange bars in Figure 21. Two years ago, for instance, 39 percent of business managers, 33 percent of residents, and 32 percent of students anticipated some improvement in their personal economic situation. The current percentage of managers and residents expecting their economic condition to rise has fallen to 22 percent and 17 percent, respectively. Bucking the overall trend, the number of students expecting their fortune to rise is up to 37 percent. However, given the low-income, ramen-noodle world in which a student lives, perceptions of their current economic state are likely to be lower among students, which increases the chance of economic improvement. Demonstrating their confidence in the face of deteriorating opinions regarding the national and local economies, a plurality of the responses is in the green, “Stay About the Same” column. However, one out of every five residents foresee their economic condition greatly deteriorating over the coming year.

FIGURE 20
COMPARISON OF PERCEPTIONS IN 2023 VERSUS 2021 REGARDING KLEBERG COUNTY'S ECONOMIC HEALTH OVER COMING YEAR



Source: Economic Forum Survey conducted annually, with 36 business managers, 174 residents, and 200 students completing 2023 survey.

FIGURE 21
COMPARISON OF PERCEPTIONS IN 2023 VERSUS 2021 REGARDING PERSONAL ECONOMIC HEALTH OVER COMING YEAR



Source: Economic Forum Survey conducted annually, with 36 business managers, 174 residents, and 200 students completing 2023 survey.

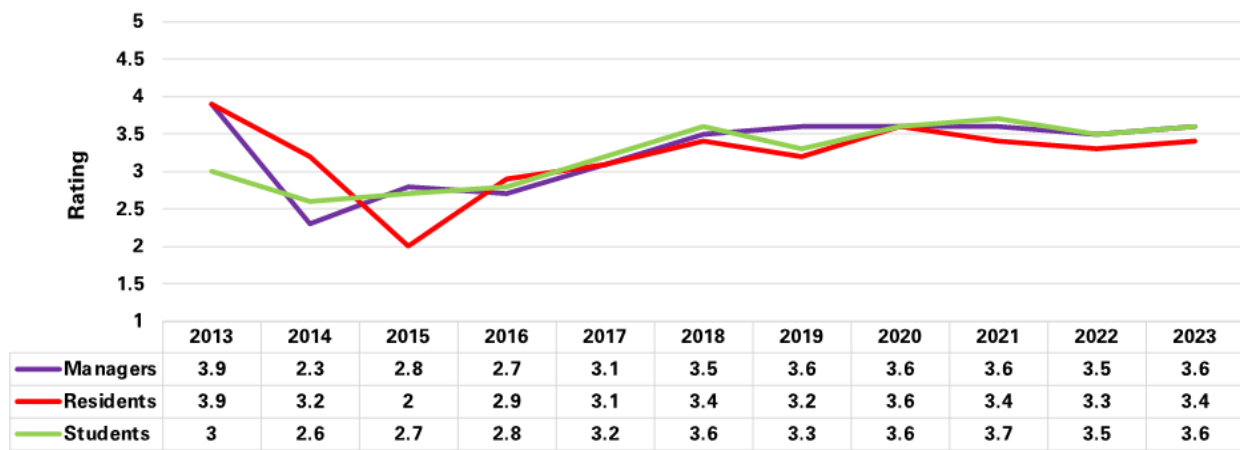
Support of Kleberg County Businesses: County, Government Leaders, and TAMUK

Kleberg County’s business sector's health and economic vitality greatly influence its citizens' economic well-being. The desire to limit travel and avoid crowds during the COVID-19 pandemic further highlighted the importance of having an economically strong and vibrant local community. Examples of “buying local” would include relying upon local accountants, dentists, and x-ray technicians instead of traveling out of the county to get these services. Local business success, in turn, is highly dependent upon the support of many constituencies. Respondents first were asked to respond to the following sentence, “Kleberg County is supportive of local business” on a five-point rating scale ranging from 1.0 for strongly disagree to 5.0 for

strongly agree. The values presented in Figures 22, Figure 23, and Figure 24 are a weighted average of proportion for the five possible responses within a respondent group, applying the method described above.

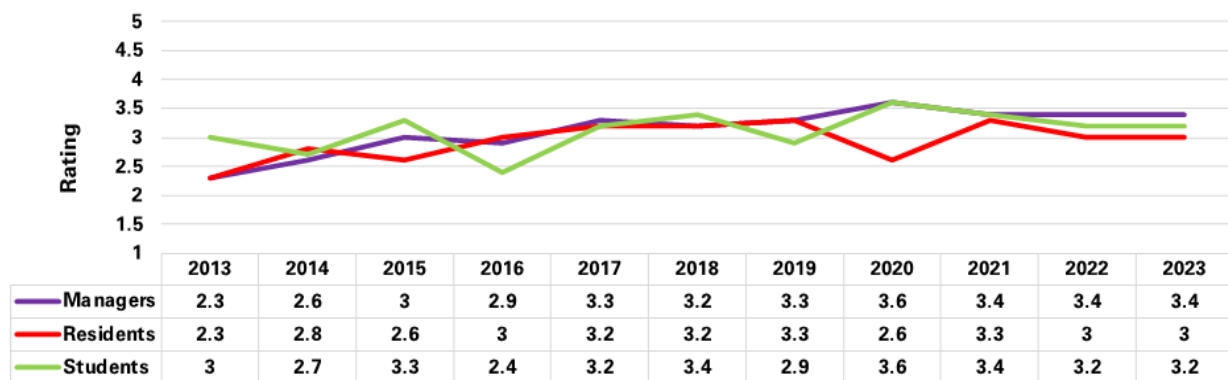
Over the past year, the perception regarding Kleberg County’s support of local businesses has risen among managers, residents, and students, as shown in Figure 22. Manager perceptions of the support companies received from local residents registered a value of 3.6, which is slightly from the 3.5 reading earned the prior year. This brings this measure back in line with its level over the 2019-2021. Resident perceptions experienced a slight reversal from its downward trend over recent years. Students also had a positive perception of business support by the local community, matching managers' perceptions. The plateau that seems to be developing regarding perceptions of the local community’s support for business is well above the levels registered in the middle of the last decade.

FIGURE 22
PERCEPTIONS REGARDING KLEBERG COUNTY’S SUPPORT OF BUSINESS SECTOR:
2013-2023



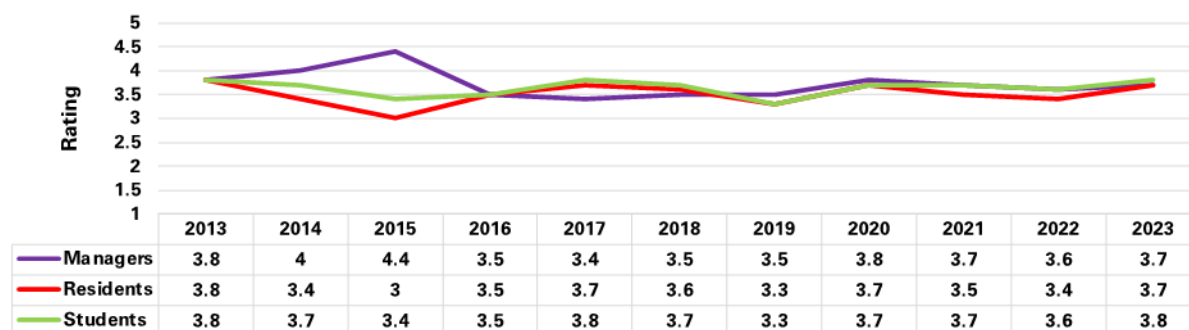
Source: Economic Forum Survey conducted annually, with 36 business managers, 174 residents, and 200 students completing 2023 survey.

FIGURE 23
PERCEPTIONS REGARDING LOCAL GOVERNMENT OFFICIALS’ SUPPOT OF BUSINESS:
2013-2023



Source: Economic Forum Survey conducted annually, with 36 business managers, 174 residents, and 200 students completing 2023 survey.

FIGURE 24
PERCEPTIONS REGARDING TEXAS A&M – KINGSVILLE’S SUPPORT OF BUSINESS
SECTOR: 2013-2023



Source: Economic Forum Survey conducted annually, with 36 business managers, 174 residents, and 200 students completing 2023 survey.

Key Economic Concerns and Preferred Government Spending

Survey respondents were next asked to rank their top economic concerns from a list of 10 choices developed over the past decade and updated in response to insights provided through an “Other” option. This report focuses on the top five concerns chosen by any group, which are displayed in Figure 25. The availability of affordable, high-quality education has consistently been the top concern among business managers and residents and the second leading concern among students. Not surprisingly, in light of COVID cases, fatalities, and vaccination issues, health care is the other top concern and is rated most important by students.

FIGURE 25
TOP FIVE ECONOMIC CONCERNS IN 2021 AND 2023

Managers		Residents		Students	
2021	2023	2021	2023	2021	2023
Education	Education	Health Care	Education	Health Care	Health Care
Health Care	Health Care	Education	Health Care	Education	Education
Housing	Housing	Housing	Inflation	Housing	Inflation
Infrastructure	Taxation	Employment	Housing	Employment	Housing
Taxation	Inflation	Personal Security	Taxation	Infrastructure	Personal Security

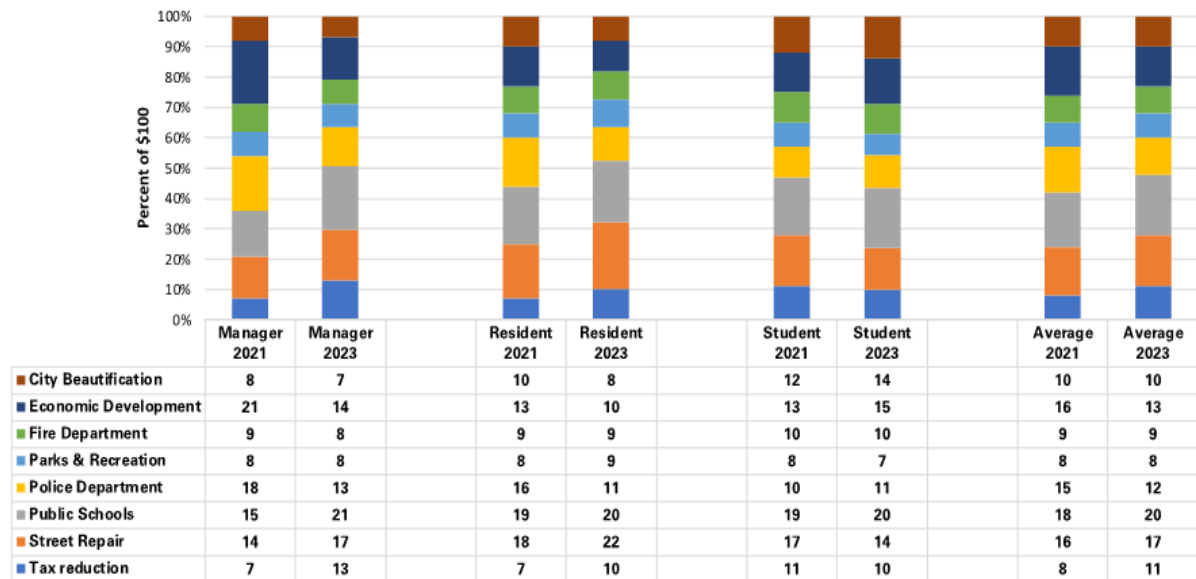
After not appearing on either group’s list of the “Top 5 Concerns” two years ago, inflation has surpassed housing as the third highest economic concern for both residents and students. Managers have also added inflation to their listing, though it comes in at fifth place. Beating out inflation on the manager’s listing is taxation, which also is a “Top 5 Concern” for residents. Personal security has moved from the resident list to the student list.

Just as informative is what economic characteristic is no longer a “Top 5 Concern.” The economic measure dropping the most is employment, which is not necessarily surprising given the low unemployment levels. The other concern, which is not as much of a concern, is infrastructure, perhaps partly due to the massive construction of the Highway 77 project on the southeast side of Kingsville.

Another way to gain insight into the strength of economic concerns is to ask survey respondents how they would allocate money to address economic issues. Specifically, survey respondents are asked to allocate \$100 to 11 specified uses and an “other” coffer. Survey respondents can select this “other” item, which, with sufficient interest, moves into the list of potential concerns and options for spending money in future years. A comparison of the proposed allocations in 2021 and 2023 for each group and an equally

weighted average of the three groups is presented in Figure 26. The illustration focuses on all categories with at least seven percent of the total allocation (i.e., \$7) in either 2021 or 2023. The four spending accounts not garnering at least \$7 in either year and the percentage of the pot attracted by each in 2023 are code enforcement (5.3%), tourism (5.0%), solid waste management (4.0%), and others (0.3%). The low allocation to “other” indicates that a good listing of potential concerns is available to those taking the survey. The extra dollars arising from excluding these accounts are reallocated to the eight accounts attracting at least \$7 in either year in the same proportion that the accounts were initially allocated money, to spend the entire \$100.

**FIGURE 26
PREFERRED GOVERNMENT ALLOCATION OF \$100 IN ADDITIONAL REVENUE: 2023
VERSUS 2021**



Source: Economic Forum Survey conducted annually, with 36 business managers, 174 residents, and 200 students completing 2023 survey.

Looking at the right columns, containing the average across the three groups, we see that public education has the largest proportion at \$20. All three groups assigned \$20 or \$21 to public education, up ten percent from 2021. The second highest allocation, at \$17, goes toward street repair, with a logical finding that residents are willing to apportion more money into this governmental activity than students, who will likely be leaving Kingsville within four years. Economic development comes in third with an average allotment of \$13. Although down by \$3 from a year earlier, due primarily to a large reduction in manager allocations, students moved their allocation up two dollars.

The other items listed in Figure 26 appear to be a reallocation from the police department to tax reduction. As controversy related to George Floyd's death and resulting BLM protests fades into the background, police funding went down by \$3 but still receives the fourth highest allocation. Tax reduction, or the absence of allocating funds to new projects, rose by \$3, with a \$6 increased allocation by managers leading the way.

A comprehensive September 2023 report on economic conditions by the global management consulting company McKinsey & Company is titled “Economic Conditions in Turbulent Time” ([mckinsey.com/strategy-and-corporate-finance/economic-conditions-outlook-2023](https://www.mckinsey.com/strategy-and-corporate-finance/economic-conditions-outlook-2023)). They conclude that the global economy is worse off than six months earlier, and opinions about the future are evenly split between those who are optimistic and those who are pessimistic. The same is true for Kleberg County; tourism is back to pre-pandemic levels as measured by the Hotel Occupancy Tax. However, concerns about COVID-19 intensity have been replaced by worries ranging from low incomes to relatively high unemployment rates. The 2023

Economic Forum Survey revealed a great fear regarding the national economy and concern regarding the Kleberg County economy. Among the leading economic concerns are education and health care, with raising anxiety regarding taxation and inflation. Survey respondents expressed a “wait-and-see” attitude regarding their economic condition as they balanced out geopolitical worries with continued confidence in Kleberg County support from local residents, city leaders, and Texas A&M University-Kingsville.

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