



# City of Waco, TX Assessment Report

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**August 1, 2015**

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## OVERVIEW

In April 2015, the City of Waco, Texas submitted a Request For Assistance (RFA) to the National Resource Network, seeking help in implementing the recommendations of a May 2014 economic development study by the UpJohn Institute. The RFA materials identified an array of fiscal, economic, and community development challenges, and noted the City was actively participating in a relatively new collective impact initiative – Prosper Waco – which sought to leverage a broad array of community leaders and organizations around these challenges. Following a review of the RFA application and supplemental materials, and a call with the Mayor and City Manager on May 5, 2015, the National Resource Network accepted the City’s application and initiated an assessment of core challenges and opportunities.

### OVERVIEW OF THE NATIONAL RESOURCE NETWORK DIRECT ASSISTANCE PROGRAM

The National Resource Network (Network) develops and delivers innovative solutions to American cities that are rounding the corner on some of their toughest economic challenges. The Network works with mayors and other local leaders to identify practical solutions, sharing real-world expertise and best practices, and helps cities develop the tools and strategies they need to grow their economies and more effectively use existing federal investments. Cities that receive assistance from the Network will serve as laboratories for innovation and learning that will also strengthen federal policies and programs moving forward.

The Network delivers on the ground direct assistance to individual cities from a team of experts that works side-by-side with a city for up to 12 months. Teams assess local needs, provide recommendations, and help cities to identify and execute strategies that align with their economic recovery. Teams also work with cities to identify potential opportunities for funding and strategic partnerships with foundations, nonprofits, and local businesses to help them achieve their economic goals. The direct assistance program is based on the following principles:

- The Network prioritizes assistance to cities that demonstrate both significant levels of need and a demonstrated commitment to promoting and executing strategies to grow their economy.
- The Network provides an assessment of the City’s needs, evaluating economic development, housing, land use, infrastructure, crime, schools, budget, and city operations.
- Based on these assessments, the Network proposes customized direct assistance strategies.

### WACO ASSESSMENT TEAM

On June 11<sup>th</sup> and 12<sup>th</sup>, 2015, a Network assessment team conducted a site visit in the City of Waco. The team included representatives from the following organizations:

- **Public Financial Management.** The PFM Group of companies is a national leader in providing independent financial advice as well as investment advisory, management, and consulting services to local, state, and regional government and non-profit clients. PFM helps clients meet their financial challenges with a broad array of products, backed by unquestioned professionalism and outstanding service. David Eichenthal, a Managing Director, and Nina Bennett, a Senior Analyst, represented Public Financial Management on the Waco assessment team. Mr. Eichenthal is also the Executive Director for the National Resource Network
- **Enterprise Community Partners.** For more than 30 years, Enterprise has introduced solutions through public-private partnerships with financial institutions, governments, community

organizations and other partners that share the vision that one day, every person will have an affordable home in a vibrant community. Patrick Jordan, Director of Advisory Services and Deputy Director for the National Resource Network, represented Enterprise Community Partners on the Waco assessment team. Mr. Jordan is also the Deputy Director for Operations, Management, and Engagements with the National Resource Network.

- **Jobs for the Future.** Jobs for the Future drives the identification, adoption and scaling of effective education and career pathways that expand economic opportunity for low-income youth and adults. JFF brings experience in education, workforce development, economic development, and aligning workforce development with regional growth strategies and building cross-sector education and workforce partnerships. Dr. Lucretia Murphy, a Project Director, represented Jobs for the Future on the Waco assessment team.

## WACO ASSESSMENT METHODOLOGY

The Network uses a systematic approach to the assessment process that includes data collection and analysis, interviews with key leaders, and the development of a tailored set of findings and analysis for each city.

### Review of Baseline Conditions

The first phase of the Waco assessment focused on reviewing budgetary, operational, economic, and related information provided by the City and publicly available demographic information identified by the Network, to understand and assess Waco’s current priority challenges and opportunities for Waco. A copy of the findings from this data review can be found in the appendices.

### On-Site Interviews

The second phase of the Waco assessment consisted of on-site interviews. Over the course of two days, the assessment team met with members of the executive team, department directors, and business, community, and education leaders to better understand key challenges facing Waco and identify potential opportunities for direct assistance that would be most catalytic or transformative. The assessment team met with the following individuals:

- **Malcolm Duncan, Jr.**, Mayor
- **Dale Fisseler**, City Manager
- **Janice Andrews**, Director, Finance Department
- **Rusty Hill**, Supervisor, Finance Department
- **Clint Peters**, Director, Planning
- **Chris Evilia**, MPO Director, Planning
- **William Falco**, Former Director, Planning
- **Robert Pirelo**, Inspection Supervisor, Inspection
- **Peggy McCart**, Interim Director, Parks & Recreation
- **John Hendrickson**, General Manager, Waco Transit
- **Robert Pirelo**, Supervisor, Inspection
- **Tom Dahl**, Engineer, Public Works
- **Jeff Wall**, Director, Housing & Economic Development
- **Cameron Goodman**, Program Analyst, Housing & Economic Development
- **Teri Holtkamp**, Homeless Administrator, Housing & Economic Development
- **Marcus Davilla**, Inspector, Housing & Economic Development
- **Melett Harrison**, Assistant Director, Housing & Economic Development
- **Morgan Wiatrek**, Planner, Housing & Economic Development
- **April Hull**, Program Analyst, Housing & Economic Development
- **Vicki Halfmann**, Financial Supervisor, Housing & Economic Development
- **Sherry Williams**, Program Administrator, Health Department

- **David Litke**, Environmental Administrator, Health District
- **Milet Hopping**, Sr. Vice President, Waco Housing Authority
- **Roy Nash**, President & CEO, NeighborWorks Waco
- **Annie Botsford**, Executive Assistant, Waco Housing Authority
- **Steve Sorrells**, Owner, Sorrells & Gun LLC Builders
- **Brenda Shuttlesworth**, Executive Director, Habitat for Humanity
- **Alexis Christensen**, Waco CDC
- **Allen Sykes**, Vice President, Waco ISD
- **Cary DuPuy**, Board Member, Waco ISD
- **Dr. Bonnie Cain**, Superintendent, Waco ISD
- **Dr. Robin McDurham**, Executive Director of Secondary Education, Waco ISD
- **Pat Atkins**, President, Waco ISD
- **Virginia DuPuy**, Former Mayor, DuPuy Oxygen Supply
- **Matthew T. Meadors**, President, Greater Waco Chamber of Commerce
- **Chris McGown**, Urban Planner, Greater Waco Chamber of Commerce
- **Matt Polk**, Executive Director, Prosper Waco
- **Brittany Fitz**, Director of Data and Research, Prosper Waco
- **Jillian Obenoskey**, Community Engagement, Prosper Waco
- **Alfred Solano**, Board Member, Prosper Waco
- **Brett Esrock**, Board Member, Prosper Waco and President, Providence Healthcare Network
- **Tom Stanton**, Board Member, Prosper Waco
- **Ashley Thornton**, Director of Professional & Organizational Development, Baylor University
- **Dr. Gaynor Yancey**, Professor, Baylor University
- **Marjorie Ellis**, Executive Director for Career & Professional Development, Baylor University
- **Dr. Mary M. Witte**, Senior Lecturer, Baylor University
- **Dr. Darla Beaty**, Assistant Professor of Social Work, Tarleton State University/Waco Campus
- **Dr. Edward Randle**, Director of Social Work, Tarleton State University/Waco Campus
- **Dr. Russ Higham**, Director of Tarleton Waco Programs, Tarleton State University/Waco Campus
- **Edgar Padilla**, Department Chair, Career Service, Texas State Technical College Waco
- **Frank Graves**, Dean of Continuing Education at McLennan Community College, McLennan County Community College
- **Jimmy Dorrell**, Executive Director for Career & Professional Development, Mission Waco
- **Pam Mohundro**, Executive Director, Christian Women's Job Corps
- **Tiffany Fry**, Learning Center Specialist, Heart of Texas Goodwill Industries
- **Morgan Beadnell**, Heart of Texas Goodwill Industries
- **JJ Banister**, Learning Center Coordinator, Heart of Texas Goodwill Industries
- **Katie Martin**, Program Manager of Operation Good Jobs, Heart of Texas Goodwill Industries
- **Anthony Billings**, Executive Director of Workforce, Heart of Texas Goodwill Industries
- **Barbara Wright**, Executive Director (Interim), Advocacy Center
- **Cynthia Cunningham**, Executive Director, NAMI Waco
- **Felicia Goodman**, Executive Director, Cooper Foundation
- **Francesca Austin**, Outreach Coordinator, Planned Parenthood
- **Katie Wolfe**, Community Health Educator, Planned Parenthood
- **Jessica Attas**, Executive Director, Avance Waco
- **Kathy Reid**, Executive Director, Family Abuse Center

- **Lindsay Swain**, Housing Coordinator, Family Abuse Center
- **Mary Lou Polk**, Executive Assistant, Compassion Ministries
- **Melanie Riojas**, Provider Rep, Mosaic
- **Serina Cole**, Community Relations Manager, Mosaic
- **Susan Cowley**, Executive Director, Talitha Koum
- **Tammy Stevens**, Case Worker, Caritas
- **Tom Thomas**, Division Director, MHMR
- **Barbara Tate**, Executive Director, MHMR
- **Fred A. Winslow**, Pastor, Austin Avenue United Church
- **Laura Pennington**, Community Engagement Coordinator, Antioch Community Church
- **Leslie King**, Pastor, First Presbyterian Church Waco
- **Tony Abad**, Deacon, Park Lake Drive Baptist
- **J.M. Clement Milam**, Development Director, Family Health Center
- **Jim Morrison**, Chief Medical Officer, Baylor Scott & White
- **Marc Barrett**, Chief Medical Officer, Providence Healthcare Network
- **Allen Horn**, Financial Officer, Heart of Texas Federal Credit Union
- **Bob Williams**, Community Bank & Trust
- **Heyward Taylor**, Chair, TIF Board

#### Recommendation for Direct Assistance

The third and final phase of the Waco assessment consisted of developing this assessment report, which provides recommendations for direct assistance from the Network. These recommendations are based on an evaluation of the City’s baseline conditions, priority issues and opportunities identified during on-site interviews, additional research and evaluation of the City’s primary challenges, and follow-up conversations with the Mayor and the Prosper Waco Executive Director after the on-site interviews.

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## SUMMARY OF FINDINGS

The following is a summary of the assessment team's findings and the recommended technical assistance from the National Resource Network for the City of Waco. The findings and recommended assistance are based on the Network's evaluation of Waco's application and supporting materials, the two-day assessment visit to the City, and experience working with similar communities.

### ASSESSMENT FINDINGS

- There is strong community consensus that poverty is a driving concern for Waco. According to the American Community Survey, almost 30 percent of Waco residents lived in poverty in 2013, including 37 percent of children, and the poverty rate has increased by one-third since 2000. Even once Waco's large population of university students are taken into account, the poverty rate remains elevated at 22.8 percent. Annual average unemployment as of 2014 is at 5.4 percent and income levels are low: only 18.4 percent of households earn over \$75,000 annually, compared to 27 percent in Dallas and San Antonio, and 36 percent in Austin. These figures point to a sizeable population of struggling families working low skill and semi-skilled jobs.
- The City also faces significant socio-economic segregation, with high levels of poverty concentrated in the urban core and middle income residents moving to the city outskirts and into the unincorporated county. Six separate school districts operate at least one school or serve students who live within city limits, only one of which – Waco Independent School District (WISD) – covers the urban core. As a result, children living in high-poverty neighborhoods enroll in WISD while many higher income families opt to live in adjacent school districts. Texas Education Agency data indicate that 95 percent WISD students qualify for the free or reduced price lunch program, compared to only 30 percent in the south-west Midway Independent School District and 47 percent in the north-west Bosqueville Independent School District.
- Baylor University, a nationally known private university that attracts over 16,000 students to Waco, is an important asset for the city. Baylor has recently increased its capital investments beyond the traditional campus (including the visually striking McLane Stadium adjacent to I-35 and the Brazos River), and has the potential to generate spinoff commercial ventures and attract businesses through the new Baylor Research and Innovation Collaborative (BRIC). The City also has local campuses of the Texas State Technical College and McLennan Community College, both of which can serve as hiring pipelines for local employers. However, Waco struggles to retain graduates of these institutions due to a mismatch between graduates' skills and the local job market, as well as the lure of higher salaries elsewhere. By one estimate, fewer than 25 percent of local residents who attend the technical college opt to remain in Waco after graduation.
- The Prosper Waco initiative represents an important and unique opportunity for the City of Waco to reduce poverty and strengthen its local economy. Under the leadership of Mayor Duncan and others, a coalition of local employers, nonprofits, education organizations, and other stakeholders has coalesced around the goals of making measurable improvements to the city's education, health, and economic indicators. This initiative has channeled growing concern about Waco's challenges into creative, collaborative conversations that strive to change the way local institutions interact with each other and with at-risk residents. Having achieved consensus around eight data-driven community goals, the Prosper Waco initiative

is currently developing strategies and action tasks that stakeholders can implement together over the next five years.

- Mayor Duncan and City Manager Dale Fisseler have begun working with Department heads to realign City operations and priorities around the Prosper Waco goals, beginning with formal reports to Council on how City services and fee structures currently affect low-income residents. There is recognition that additional operational realignment would be beneficial, including a shift towards outcomes-oriented budgeting and a strategic re-assessment of the city's capital planning process and funding streams.

### **RECOMMENDED TECHNICAL ASSISTANCE FROM THE NETWORK**

The Network proposes to deploy a team, consisting of national experts in the fields of workforce development, economic development, community development, and municipal operations, to provide intensive and responsive support to the City and to the Prosper Waco initiative for 12 months. Whereas most Network-supported technical assistance consists of one or two specific projects, the proposed approach for the City of Waco would be more comprehensive and responsive, designed to provide the City with policy and advisory operational support tailored to its evolving needs as the Prosper Waco initiative moves forward.

This support would likely take the form of executive coaching complemented by a few specific tasks for action, determined in conjunction with Mayor Duncan and the Prosper Waco Board of Directors. Possible tasks could include, but are not limited to, capacity building for Community Development Corporations, improving educational outcomes, strengthening the alignment of local education and workforce training programs with employer demand, the development of a downtown plan, or the creation of a City capital planning process designed to further the priorities of Prosper Waco.

In order to build a strong working relationship with the City and Prosper Waco stakeholders, the team would deploy to Waco every month and would be led by the Network Executive Director. The timing of this Network-supported technical assistance would be aligned with Prosper Waco's expected timeline for determining specific strategies to achieve the initiative's health, education, and financial well-being goals, so as to provide the Prosper Waco Board and community stakeholders with advisory support and best practices resources.

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## THE NEED FOR NETWORK ASSISTANCE

While the Appendix provides a more comprehensive analysis of certain demographic and socioeconomic conditions in Waco that support the Network's recommendations, the following section details the Network's justifications for the proposed tasks recommended in this assessment report.

### LOCAL ASSETS PROVIDE A STRONG FOUNDATION FOR ECONOMIC GROWTH

#### **Baylor University, Texas State Technical College, and McLennan Community College**

Baylor University is a significant economic engine within the Waco economy. The nationally known private university attracts over 16,000 students to Waco, graduates 3,000 students every year, and is the city's largest employer with 2,675 employees as of 2014. Baylor has recently increased its capital investments beyond the traditional campus. The visually striking McLane Stadium, adjacent to I-35 and the Brazos River, is the new home to Baylor football. The new Baylor Research and Innovation Collaborative (BRIC) is a renovated 300,000 square foot space in Waco's research park dedicated to collaborative industry/university research in science and engineering technologies, with the potential to both attract private investment and generate advanced technology spinoffs. New shuttle service, centrally-located student housing development, and the relocation of its School of Social Work to a renovated building in the downtown area has increased connectivity between the university community and that of the city, stimulating area retail and housing markets and helping to begin to increase the level of activity and vibrancy in the downtown area. In recent years, at the behest of its alumni, the University has prioritized local civic participation as part of its mission; given its importance to the local economy, such a reorientation has the potential to have a substantial and lasting effect on the City of Waco.

The City is also home to the Texas State Technical College (TSTC) and McLennan Community College (MCC), both of which are more likely than Baylor University to serve local residents pursuing higher education and workforce training. As such, these entities have the potential serve as key intermediaries between the local school districts and area businesses, creating hiring pipelines for local employers and assisting residents with skill upgrades and job placements. MCC offers two-year associates degrees, training programs, and enrollment in four-year degree programs offered by partner universities at MCC's University Center building. TSTC offers associates degrees and certificates in subjects that range from automotive technology to pharmacy technician to welding. The two colleges co-locate on a campus west of downtown, which includes approximately 600 student apartments and dormitories, and together have a combined student body of approximately 14,000 students. With a service area that includes all of McLennan and Falls counties as well as the Calvert and Bremond school districts, MCC, like Baylor, plays an important role in drawing students to Waco and therefore could be an important partner in citywide higher-skilled workforce attraction efforts.

#### **Promising Workforce Development Partnerships between Schools, Colleges, and Employers**

The school districts that serve the greater Waco area have recently developed a series of collaborative programs – both in partnership with each other and with local employers – to improve the career-readiness of local high school students enrolled on a technical track. In 2013, 12 area school districts partnered to develop the Greater Waco Advanced Manufacturing Academy, an immersive technical education program that couples science and math coursework with skills acquisition in welding, precision metal manufacturing, and electronics, in a setting designed to replicate a business environment. The Waco Business League, the Greater Waco Chamber of Commerce, and twelve industry partners have been heavily involved in the Academy, assisting with curricula, workplace design, equipment donations, and graduate hiring. Current enrollment is

approximately 200 11<sup>th</sup> and 12<sup>th</sup> graders, with expansion plans in place for 300. Since its launch, the Manufacturing Academy has been considered as a strong asset in local education and skills training; in Fall 2015, the partnership of school districts will launch a similar Advanced Health Care Academy, which would train students for a variety of health care-related certificates in concert with MCC, TSTU, and Waco's largest health care employers.

### **Community Competitive Assets**

The City of Waco has several community assets that will continue to be attractive to prospective residents. Though not fully integrated with downtown Waco or the city's college campuses, the Brazos River, Cameron Park, and Lake Waco are attractive, year-round amenities that offer recreation and open space to residents and visitors alike. The cost of living in Waco is significantly lower than in other major Texas cities; according to Forbes, the median home price in Waco is \$102,000, compared to \$170,000 in the San Antonio MSA, \$180,200 in the Houston MSA, \$188,000 in the Dallas MSA, \$221,600 in the Austin MSA. HGTV show Fixer Upper with Chip and Joanna Gaines has a national following and is helping to recast perspective on the local housing market, portraying it not as blighted but instead as an opportunity to create a customized, desirable home at low cost. Recent large scale investments such as Baylor's McLane Stadium and increased activity downtown also contribute to the changing perspectives on the City and the amenities that it offers its residents.

## **WACO RESIDENTS STRUGGLE WITH POVERTY AND RELATED BARRIERS TO ECONOMIC MOBILITY**

### **High Levels of Poverty**

According to the American Community Survey, almost 30 percent of Waco residents lived in poverty in 2013, including 37 percent of children, and the poverty rate has increased by one-third since 2000. Even once Waco's large population of university students are taken into account, the poverty rate remains elevated at 22.8 percent. The 2014 UpJohn Institute Report, an Economic Development Strategy for the City of Waco, found that over half of the city's population lives below 200 percent of the federal poverty line. Annual average unemployment as of 2014 is at 5.4 percent, but income levels are low: only 18.4 percent of households earn over \$75,000 annually, compared to 27 percent in Dallas and San Antonio, and 36 percent in Austin. These figures point to a sizeable population of struggling families working low skill and semi-skilled jobs.

### **Lack of Training and Skills Needed For Higher-Paid Jobs**

Despite the strong presence of higher education institutions in Waco, the city struggles to retain graduates of its three colleges and universities. City officials and local business leaders report that local businesses must recruit statewide to fill higher-skill positions because the more stable, long-term residential population lacks the skills to compete for such higher-paid jobs.

Only 21.3 percent of Waco residents over 25 years old have a bachelor's degree, compared to 27 percent statewide; outside of the census blocks immediately adjacent to Baylor University and Lake Waco, the figure is below 12 percent. Stakeholders interviewed estimate that fewer than 25 percent of students who attend TSTC opt to remain in Waco after graduation, and the figure is likely lower for Baylor graduates who usually do not have family ties locally.

It is not clear whether the reason for graduates' departure is a mismatch between skills and qualifications sought by local employers, relatively low local salary and benefits offerings, or simply a preference for a more vibrant and socioeconomically diverse living environment. The UpJohn Report found that many local employers, particularly those with more than 250 employees, face employee turnover patterns that exceed those of similarly-sized employers in peer cities; in some cases, staff

turnover exceeds 40 percent annually. The resulting high annual costs of employee recruitment and training undermine the City's ability to recruit new businesses to Waco, and point to difficulties in career progression and job placement for long-term local residents.

### **High Levels of Economic Segregation, Reinforced by School District Boundaries, Housing Stock**

Within Waco, high levels of poverty are concentrated in the urban core and middle income residents have moved to the city outskirts and into the unincorporated county. These patterns are closely tied to the local housing stock – homes are smaller, older, and more likely to be vacant around the downtown area and in the north-east part of the city, with a high prevalence of blight and vacant lots. On average, homes in these areas are pre-1956 construction, with vacancy rates of up to 22 percent on some census blocks. Based on the Census' median year of housing construction data, prospective residents wishing to reside in a home built in the last 30 years would be limited to the western and northern edge of Lake Waco or to Baylor student housing.

The fragmented nature of local school district boundaries further reinforces local income segregation, discouraging middle class families from residing in the city's urban core. Six separate school districts operate within city limits, but only one– Waco Independent School District (WISD) – serves the city's high-poverty neighborhoods; the remainder serve children who reside on the outskirts of the city. Because middle class families hesitate to enroll their children in a school district that predominantly serves economically-disadvantaged students, the housing market in the city's urban core struggles with disinvestment and WISD faces a significantly more disadvantaged student body than other local school districts.

Texas Education Agency data indicate that 95 percent WISD students qualify for the free or reduced price lunch program, compared to only 30 percent in the south-west Midway Independent School District and 47 percent in the north-west Bosqueville Independent School District. Such economic segregation and poverty concentration limits youth awareness of potential career pathways and discourages private investment.

### **Promising but Limited Downtown Revitalization**

Downtown Waco has begun to experience an increase in activity, due in part to the relocation of Baylor's School of Social Work and a nascent retail presence catering to students. The City has actively sought to support such revitalization through its planning activities and resource allocation; examples include the release of the 2010 Greater Downtown Master Plan and 2014 Downtown Transportation Feasibility Study, the establishment of a downtown development corporation, and the solicitation of development proposals for several city-controlled downtown parcels. The Greater Waco Chamber of Commerce reports that, in addition to McLane Stadium, \$600 million in investment has been completed or is underway downtown, including almost 1,000 new residential units since 2007, and an additional \$350 million in proposed projects are pending.

However, the downtown area cannot yet be characterized as a vibrant and attractive economic engine. Vacancy rates are high in both office buildings and storefronts, large undeveloped parcels discourage pedestrian activity and congregation, and nighttime activity is limited to a few blocks along Austin Avenue. Many buildings are historic with distinctive facades and character; however, such buildings also require significant investment in order to meet modern code standards and attract market interest. Stakeholders indicated that, at present, prospective businesses prefer built-to-suit locations in suburban office park settings over downtown sites. Though the downtown has the potential to be a hub of economic activity and a significant community gathering place, that potential has yet to be realized.

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## STRONG LOCAL LEADERSHIP AND MOMENTUM AROUND POVERTY REDUCTION

### Prosper Waco

The Prosper Waco initiative represents an important and unique opportunity for the City of Waco to reduce poverty and strengthen its local economy. Under the leadership of Mayor Duncan and others, a coalition of local employers, nonprofits, education organizations, and other stakeholders has coalesced around the goals of making measurable improvements to the city's education, health, and economic indicators. This initiative has channeled growing concern about Waco's challenges into creative, collaborative conversations that strive to change the way local institutions interact with each other and with at-risk residents.

Community participation has been notable – in February, over 500 local leaders convened to participate in workshops designed to identify and create consensus around community priorities; in subsequent months, task forces chaired by some of the city's largest employers and civic leaders refined these priorities into eight data-driven objectives. The Prosper Waco initiative, which has a full time staff of three, is currently developing strategies and action tasks that stakeholders can implement together over the next five years.

### City

The City of Waco has a record of strong management and service delivery, leaving it unusually well positioned to take on a broader structural realignment around poverty reduction objectives. The City's fiscal position has remained stable despite the recent national recession, with the General Fund balance doubling from \$24.6 million to \$51.8 million between FY2008 and FY2014 and reported surpluses of over 15 percent of expenditures in FY2013 and FY2014. Per City policy, the General Fund unassigned fund balance exceeds 18 percent of revenues. After reforming pension benefit provisions in FY2012, City has been able to decrease its pension contributions by 22 percent while continuing to contribute over 90 percent of its annual pension costs and maintaining a funded ratio of 86 percent. Incidents of violent and property crime have dropped by over one-third in the last decade, alleviating pressure to substantially increase the City's public safety budget. With sound finances and operating practices in place, the City appears to have sufficient staff capacity to implement the strategic and lasting changes necessary for a robust poverty reduction initiative.

Mayor Duncan and City Manager Dale Fisseler have already begun working with Department heads to realign City operations and priorities around the Prosper Waco goals, beginning with formal reports to Council on how City services and fee structures currently affect low-income residents. There is recognition that additional operational realignment would be beneficial, including a shift towards outcomes-oriented budgeting and a strategic re-assessment of the city's capital planning process and funding streams.

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## RECOMMENDATIONS FOR NETWORK ASSISTANCE

### Comprehensive Support and Capacity-Building for the Prosper Waco Initiative

Waco is ready and willing to take on the significant challenges facing the city. With Prosper Waco, the Mayor has built a coalition of community support for a focused, data-driven initiative to improve educational, health and economic outcomes for the city's residents. The Mayor and the City Manager have already undertaken significant steps to build support for Prosper Waco inside of city government and recognize the need to do more to ensure full alignment. Waco's size also works to its advantage – with strategic support from the Network, there is a significant opportunity to begin to achieve real, significant and lasting change in this mid-size city.

The impact and effect of picking one or two projects in Waco would be limited. Moreover, to pick one or two projects, the Network would need to wait until the prioritization process contemplated by the Prosper Waco initiative was complete: waiting would deprive the City and the Prosper Waco initiative of the benefits of the Network's support and expertise at a critical time.

The Network proposes a far more comprehensive, hands-on approach for Waco. The Network will deploy a team, consisting of national experts in the fields of workforce development, economic development, community development, and municipal operations, to provide intensive and responsive support to the City and to the Prosper Waco initiative for twelve months. This support will consist of executive coaching complemented by engagement on specific tasks for action determined in conjunction with Mayor Duncan, the City Manager, and the Prosper Waco Board of Directors.

The Network's specific tasks will be driven by priorities set through the Prosper Waco community engagement process. Based on the Network's assessment, possible tasks could include, but are not limited to, capacity building for Community Development Corporations, the development of a downtown plan, or the creation of a City capital planning process designed to further the priorities of Prosper Waco.

In order to build a strong working relationship with the City and Prosper Waco stakeholders, the team would deploy to Waco every month and would be led by the Network Executive Director. The timing of this Network-supported technical assistance would be aligned with Prosper Waco's expected timeline for determining specific strategies to achieve the initiative's health, education, and financial well-being goals, so as to provide the Prosper Waco Board and community stakeholders with advisory support and best practices resources.

The Network's work will be conducted in over the course of four phases:

#### Phase I: Initial Engagement

The Network project team will schedule an initial two-day visit to Waco. Prior to the visit, Prosper Waco will provide a telephone briefing on the status of the community engagement process and the effort to begin to identify and prioritize strategies for achieving the Prosper Waco goals related to education, health and financial security. Based on the briefing, the Network project team will identify options for coaching support and potential initial tasks in support of Prosper Waco.

During the Team's two day visit to Waco, the Network team will meet with the Mayor, City Manager and the Prosper Waco Executive Director – the Network engagement steering committee – to review the Network options and potential initial tasks. After incorporating input from the Network engagement steering committee, the Network will present the options and potential initial tasks to

the Prosper Waco Board of Directors. Based on input from the Board of Directors, the Network project team will develop a specific Phase II work plan and budget.

#### **Task Goals**

*Fully incorporate community engagement and input into a detailed plan of action for the first five months of the Network's effort in Waco. The plan of action will include specific deliverables, a timeline and a budget. It will also identify key stakeholders in the implementation process.*

#### **Phase II: Implementation**

During Phase II, the Network team will begin execution of the short-term tasks agreed upon during Phase I. To ensure progress and continuity, the Network team will visit Waco on a monthly basis for meetings with the Network engagement steering committee and the Prosper Waco Board of Directors. Those meetings will enable the Network to provide updates on its work and receive regular reports on Prosper Waco's other initiatives: where possible, the Network will support Prosper Waco's ongoing work with tactical and strategic advice.

During the final month of Phase II, the Network team will repeat the process in Phase I – a consultation with the Network engagement steering committee and the Prosper Waco Board of Directors to determine priorities for support during Phase III.

#### **Task Goals**

*Fully implement all tasks identified in Phase I. Continue support of Prosper Waco's ongoing work through monthly meetings with the Network engagement steering committee. Develop goals for Phase III.*

#### **Phase III: Implementation**

During Phase III, the Network team will begin execution of the short-term tasks agreed upon during Phase II. To ensure progress and continuity, the Network team will visit Waco on a monthly basis for meetings with the Network engagement steering committee and the Prosper Waco Board of Directors. Those meetings will enable the Network to provide updates on its work and receive regular reports on Prosper Waco's other initiatives: where possible, the Network will support Prosper Waco's ongoing work with tactical and strategic advice.

#### **Task Goals**

*Fully implement all tasks identified in Phase II. Continue support of Prosper Waco's ongoing work through monthly meetings with the Network engagement steering committee.*

#### **Phase IV: Finalize Next Steps Strategy**

The Network team will work with the engagement steering committee and the Prosper Waco Board of Directors to develop a strategy for continued implementation of Prosper Waco. The strategy will include potential partnerships, existing initiatives and efforts on which to leverage or build, funding sources for launching and sustaining Prosper Waco and specific actions that the City and its partners can take to implement the strategy.

#### **Task Goals**

*Provide the City and its partners with a specific strategy for next steps.*

#### **PROJECT DURATION AND ESTIMATED COST**

The project team will begin work on the project in September 2015 and anticipates project completion by August 2016. The proposed timeline and key milestones to complete the project are:

- **September 2015**
  - Completion of all tasks related to Phase I
- **October 2015 – February 2016**
  - Completion of all tasks related to Phase II, with planning for Phase III occurring in February 2016
- **March – July 2016**
  - Completion of all tasks related to Phase III
- **August 2016**
  - Completion of Phase IV

The projected cost of the engagement is estimated to be approximately \$400,000 plus travel costs of up to \$90,000. The Network will fund \$300,000 of the cost of the engagement, along with 75 percent of all travel costs. The City of Waco will be responsible for funding \$100,000 of the cost of the engagement and 25 percent of all travel costs.

## APPENDIX 1: CITY PROFILE

## WACO FAST FACTS

- Largest City within 75 mile radius
- City actively pursuing downtown revitalization and partnerships with key stakeholders on poverty alleviation

### Demographics

Resident Population 127,808  
 Avg. annual growth rate ('00-'13): 0.9%

Residents w/ a B.A.: 21.3%  
 Residents w/ no HS diploma: 9.5%  
 Class of 2013 Graduation Rate 77.6%  
 # Students eligible for Free/Reduced Price Meals 95%

Median Household Income: \$32,705  
 2014 unemployment rate: 5.4%  
 Poverty Rate: 29.4%  
 Non-College Poverty Rate: 22.8%  
 Child Poverty Rate 36.9%

Drop in Violent Crime '03-'13 -36.3%  
 Drop in Property Crime '03-'13 -38%  
 Residential Vacancy Rate: 12.0%  
 Median Listing Price \$145,842  
 Drop from pre-recession peak to recessionary low: -17.9%

### Economy

Total Jobs: 92,226  
 Biggest Employer Health Care, Retail  
 % Job Gain '08-'13 2.0%  
 Biggest Job Loss: Manufacturing  
 Percent workforce who live outside the city: 67.1%

### City Budget

FY14 General Fund revenues \$107.4M  
 Biggest Sources Tax (70%)  
 Business & Occupancy fees (13%)

Year over Year change +4.5%  
 Biggest Expenditures Public Safety (64%)  
 General Government (18.5%)

FY14 Pension contributions \$10.1M  
 % ARC Paid 99%  
 % Plans Funded 85%  
 FY14 OPEB contribution \$63,600  
 % of Annual OPEB Cost Contributed 75.8%

## OVERVIEW AND CORE CHALLENGES

The county seat for McLennan County, Waco is located halfway between Dallas and Austin. The city grew up around a suspension bridge that was built over the Brazos River in 1870, which was used by ranchers moving cattle from Texas to Kansas railheads. The historic bridge remains, although open only to foot-traffic, and the downtown still occupies the surrounding area on the west bank. The city's western edge includes both shores of Lake Waco, while Baylor University, a private Baptist university with 16,000 students, is located east of I-95 and downtown.

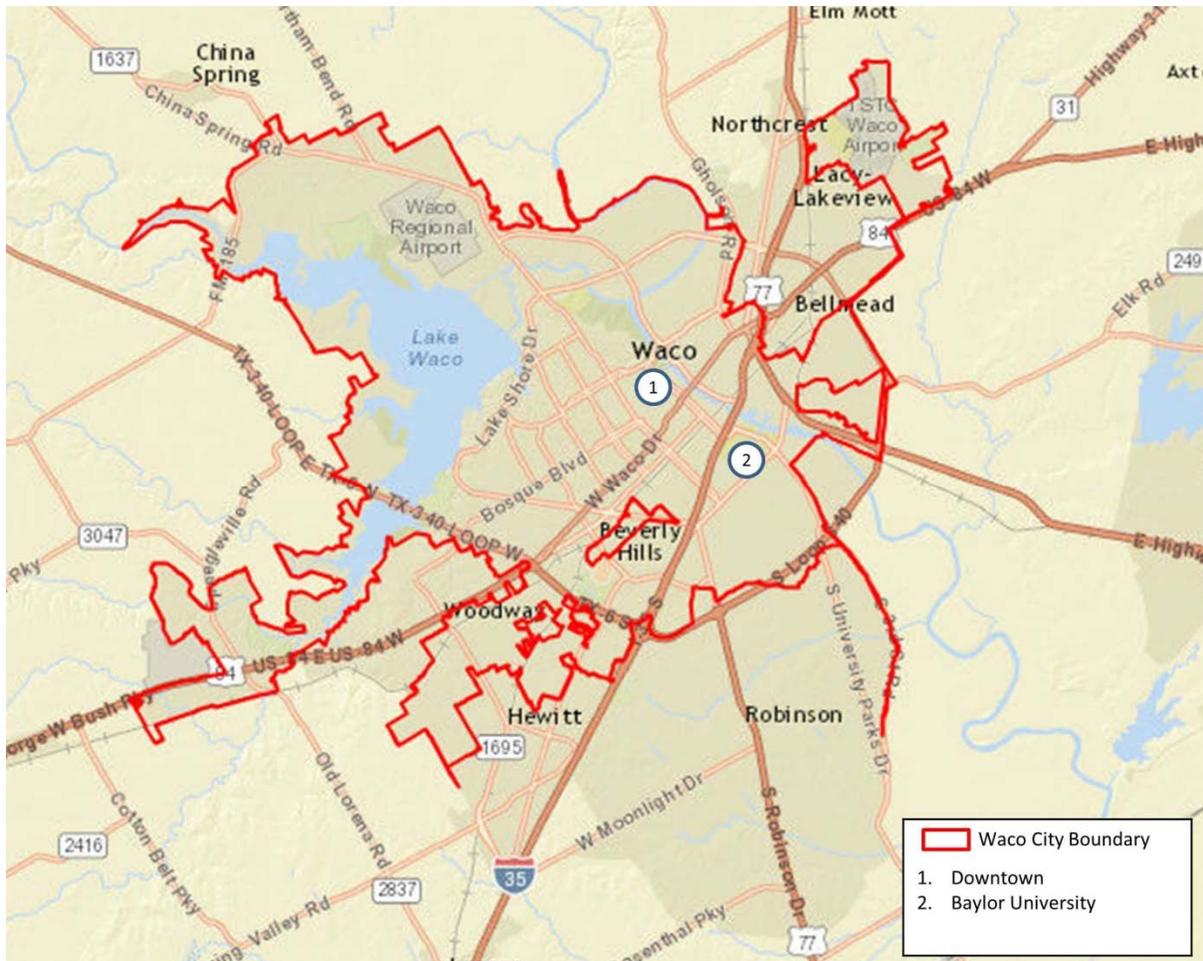
### LITTLE SOCIOECONOMIC DIVERSITY WITH MANY WORKING POOR AND LOW SKILL RESIDENTS

Decades of socioeconomic segregation has left Waco with high levels of poverty concentrated within its urban core, while middle class residents move to the outskirts of the city or to the surrounding suburbs. Almost 30 percent of Waco residents lived in poverty in 2013, including 37 percent of children; at \$32,700 in 2013, Waco median household income is only 79 percent of that of McLennan County. Between 2000 and 2010, Waco's poverty rate increased by a rapid 33.5 percent and has since remained level. While unemployment is relatively low, (6.5 percent in 2013), income levels are low as well: only 18.4 percent of households earn over \$75,000 annually, compared to 27 percent in Dallas and San Antonio and 36 percent in Austin. These figures point to a sizeable population of lower-middle class families working low skill and semi-skilled jobs. Anecdotal accounts imply that intergenerational poverty is a concern, with longtime residents less likely to fill city's few higher skill, higher-paid positions than recent Baylor University graduates or individuals recruited from elsewhere.

### CORE CHALLENGES

*Little socioeconomic diversity with many working poor and low skill residents*

*Inability to retain college graduates hampers business attraction and middle class growth*

**Figure 1: City of Waco with Key Features**

Data Source: Esri Business Analyst Online

Waco's high poverty rate is due in part to the high volume of Baylor students living in the city; they affect the aggregated demographics, making it difficult to disentangle the socioeconomic and educational profile of long-time Waco residents from its transient student population. Once university students are controlled for, the total poverty rate falls to 22.8 percent.

### INABILITY TO RETAIN BAYLOR GRADUATES HAMPERS BUSINESS ATTRACTION AND MIDDLE CLASS GROWTH

Waco's economy is anchored by Baylor University, as well as medical and retail entities that serve the surrounding rural region. Though the City and the Chamber emphasize the benefits of the city's location at the mid-point between the Dallas and Austin in materials targeted at manufacturing, logistics, and distribution companies, employment sectors beyond education, health care and retail represent a relatively small proportion of the local economy. The City's economic development toolkit includes a variety of tax incentives targeted at attracting new businesses and new development to the area; a \$141 million increase in property valuation in FY2014 was offset by \$101 million in tax exemptions. These findings point to the difficulty in attracting and retaining

employers, particularly those offering the higher skill, higher-paid positions that would help to diversify Waco's income levels.

This struggle with employer recruitment is likely related to the low skill levels of the local labor force. Only 21.3 percent of residents have a bachelor's degree, compared to 27 percent statewide. Both the data and the anecdotal impressions of stakeholders indicate that few Baylor graduates remain in the community, though it is not clear whether the reason for departure is a mismatch between skills and qualifications sought by local employers, relatively low local salary and benefits offerings, or simply a preference for a more vibrant and socioeconomically diverse living environment. The City has sought to revitalize its downtown, in part to attract and retain the types of young professional residents that in turn could help to attract potential employers. There is some indication these efforts have succeeded in generating new development proposals and an increase in property values in the downtown area; however, it is not yet clear how this economic shift will affect longtime, lower-middle class residents.

## DEMOGRAPHICS

### STEADY POPULATION GROWTH, BUT FAR LOWER THAN THE STATE

Waco experienced steady population growth between 2000 and 2013, expanding by 12 percent to 127,800 residents. This growth rate is on par with that of surrounding McLennan County (which has twice the population of Waco), but markedly slower than the 23 percent growth experienced by the State of Texas during the same time period. In conversations with Network staff, City officials noted that the relatively anemic growth rates are likely related to a lack of high-wage jobs and urban amenities, undermining the city's ability to retain more college students after graduation. Baylor University's 16,000 students contribute to a demographic profile that differs from that of the county, with lower proportions of family households and smaller households. Children and youth below 18 years account for only a quarter of all city and McLennan County residents, compared to 37 percent statewide.

### GROWING HISPANIC POPULATION, SIZEABLE IMMIGRANT POPULATION

Although the majority of Waco residents are Non-Hispanic Whites (69 percent), the Hispanic population is growing quickly and there is a sizeable Spanish-speaking immigrant population. Over 96 percent of all population growth reported in Waco between 2000 and 2013 occurred in the Hispanic community, which grew by 50 percent to 40,400 people. This increase did not appear to come at the expense of other minority groups, with both the African American and Asian populations remaining steady at 21 percent and 2 percent of Waco's population base, respectively.

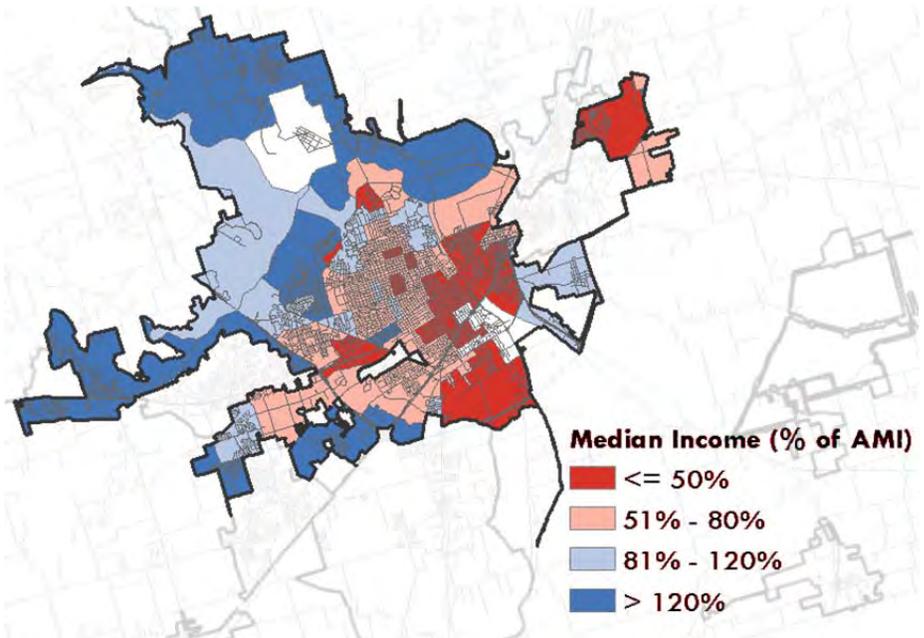
Waco has a sizable immigrant population – 14,400 residents or 11 percent of its population – which nonetheless falls behind that of other central Texas cities: immigrants represent 14 percent of the San Antonio population, 18 percent in Austin, and 24 percent in Dallas. Most (71 percent) of the 20,200 immigrants in McLennan County reside in Waco; some are likely affiliated with Baylor University, others may prefer to reside in close proximity to the regional jobs hub. Many of these immigrants may not speak English: 13,400 city residents reported preferring a language other than English in 2013. The vast majority of this population prefers Spanish (89 percent). It is possible that Waco has a distinct sub-group of residents whose immigrant status and poor English skills limit access to economic and training opportunities.

## LOCAL ECONOMY

### POVERTY: WIDESPREAD IN THE URBAN CORE, LARGE LOWER-MIDDLE CLASS

Poverty is widespread in the Waco urban core, as shown in Figure 2, with denser concentrations in southern and eastern neighborhoods and around the Baylor campus. The outskirts of the city are markedly wealthier than the center, which may be due to local preferences for new construction housing and the associated larger lot sizes, larger houses, and modern amenities. Almost 30 percent of Waco residents lived in poverty in 2013, including 37 percent of children; at \$32,700 in 2013, Waco median household income is only 79 percent that of McLennan County. Between 2000 and 2010, Waco's poverty rate increased by a rapid 33.5 percent and has since remained level. It is unclear what arrested the increase in poverty, though the same trend is also observable in McLennan County, where poverty rates increased by 44 percent before leveling off. However, as noted in this report's demographic section, aggregate figures do not differentiate between the large university student population and other residents; when the former is excluded, the poverty rate falls to 22.8 percent.

**Figure 2: Household Income by Block Group, as a percent of Median Family Income (MFI)**



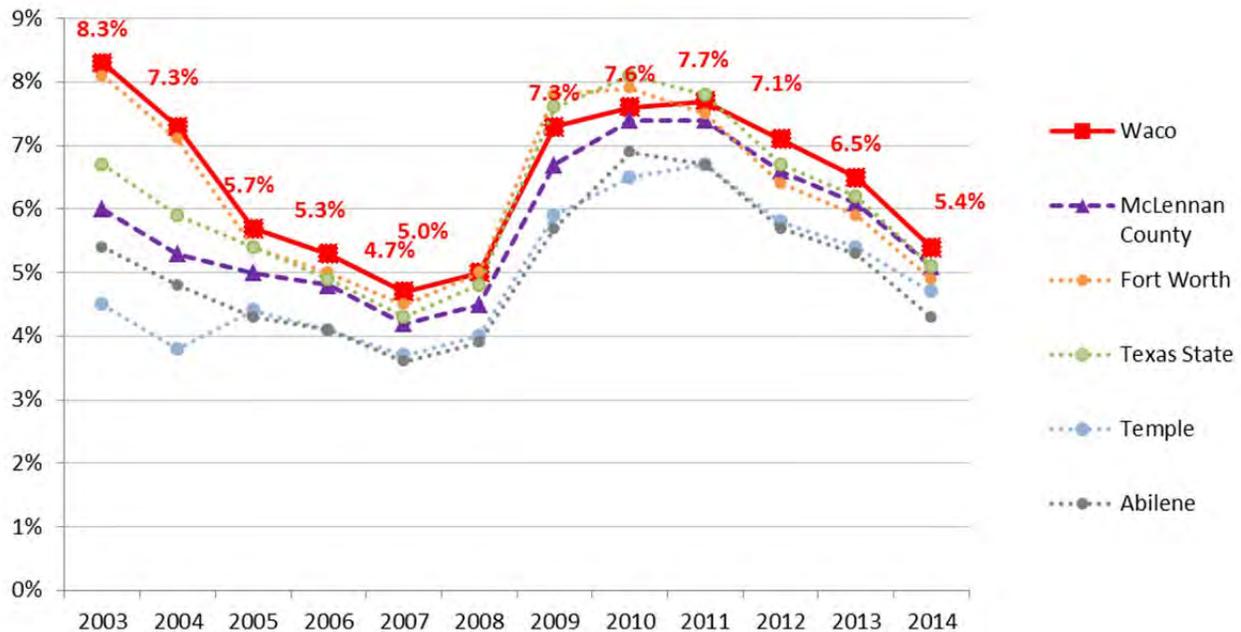
Income data reported in Table 4 appear to indicate that Waco has a sizeable population of lower-middle class families working low skill and semi-skilled jobs, with 45 percent of Waco households consistently reporting annual incomes between \$15,000 and \$49,999. The size of this demographic remained unchanged between 2000 and 2013. Only 18.4 percent of households earn over \$75,000 annually, compared to 27 percent in Dallas and San Antonio, and 36 percent in Austin. These figures highlight the challenge in retaining higher skilled recent college graduates who are looking for better remunerated jobs, though they do not indicate whether the mismatch is primarily one of skills and qualifications, desired salary and benefits, or simply a preference for a more vibrant and socioeconomically diverse living environment.

### UNEMPLOYMENT: LOW COMPARED TO OTHER ECONOMICALLY CHALLENGED CITIES

Unemployment in the City of Waco generally exceeds that of comparable central Texas cities as well as the Texas state average, but the gap has narrowed and unemployment is low compared to that of other cities eligible for Network assistance. Unemployment rose during the recession to a peak of 7.7 percent in 2011, but did not exceed the city's 25-year peak rate of 8.3 percent from 2003, an indicator of improved economic stability. Since 2011, the city's unemployment rate has fallen back towards what appears to be its equilibrium of approximately five percent, a level that is commonly interpreted to be full employment. This low rate may be related to the high mobility of the population associated with Baylor, which is more likely to move to job opportunities elsewhere rather than remain in Waco and register for unemployment benefits while pursuing a local job search. In

combination with low median household income, the city's consistently low unemployment rate implies that the local economy is likely founded on low-cost, low skill labor in industries that are less vulnerable to business cycle swings, and that a significant proportion of residents can be categorized as "working poor." If this is indeed the case, successful poverty reduction will likely require the attraction of businesses that rely on higher skill, better paid positions, as well as workforce training to prepare existing long-term residents for such positions and improved retention of Baylor graduates.

**Figure 3: Annual Average Unemployment Rates in Select Texas Jurisdictions**



Source: U.S. Bureau of Labor Statistics

### KEY JOB SECTORS: REGIONAL RETAIL AND MEDICAL HUB ANCHORED BY BAYLOR UNIVERSITY

Waco's economy has developed around the benefits of its location at the mid-point between the Dallas and Austin metro areas. The city serves as a medical and retail hub serving rural residents living within a 75 mile radius, benefits from the stabilizing presence of Baylor University and the consumer spending of its student body, and also hosts manufacturing, logistics, and distribution employers that prioritize low cost land and excellent highway access to major markets throughout Texas.

In 2015, major employment sectors include health care (19 percent), retail (12 percent), education (9 percent), and accommodation/food services (8.5 percent). According to the 2014 Comprehensive Annual Financial Report, the city's major employers include Baylor University, with 2,675 employees (2.4 percent of the workforce), followed closely by the Waco Independent School District and Providence Healthcare Network. Education, health care, and City government together comprise six of the ten largest employers in the city, though the local economy appears to be diversified with no company employing more than 3,000 people (2.5 percent of the workforce). Private enterprises on the top ten largest employer list includes L-3 Communications, an aerospace company that has an aircraft modification center in Waco, and retailers Wal-Mart and H.E.B Stores.

As shown in Table 6, almost the entirety (96 percent) of the jobs in the Waco Metropolitan Statistical Area (MSA), which consists of McLennan and Falls counties, are located in the City of Waco. MSA

employment grew by two percent from 2008 to 2013 to a total of 98,522 positions, a level of job growth that trails the statewide jobs growth rate of 4.7 percent.

### **COMMUTER CHARACTERISTICS: JOBS HUB FOR SURROUNDING REGION**

As the largest city within a 75 mile radius, Waco draws in substantial numbers of commuters from surrounding areas. According to the most recent data available from US Census On the Map, the city has a net commuter inflow of 24,500 workers with over 67 percent of its workforce opting to reside outside city limits, most commonly in nearby suburbs of Hewitt, Woodway, Robinson, and Bellmead. A significantly higher proportion of in-commuters (38.5 percent) hold jobs paying more than \$3,333 per month than either out-commuters (23 percent) or Waco residents employed in the city (29 percent). These data imply that a certain level of income segregation has occurred in the region, with higher skill and better paid workers opting to settle in the surrounding suburbs rather than stay in the city, leaving behind an increasingly low skill workforce that struggles with low income levels and poverty. If this is the case, then a key challenge for the city will be to market itself to these higher skill workers and induce them to move within city limits, strengthening the local middle class and adding to Waco's economic vibrancy.

Approximately half of employed Waco residents have jobs within the city, while the other half commute to jobs elsewhere. Over 30 percent of employed Waco residents have commutes of over 50 miles, and more than 11 percent report commuting to jobs in or around Dallas-Fort Worth, Austin, and Houston.

### **CITY ECONOMIC DEVELOPMENT ACTIVITIES AND PRIORITIES**

The City's economic development activities are primarily focused on poverty alleviation and downtown revitalization, including place-making initiatives and the attraction of businesses and young professionals. Key recent activities, described in more detail below, include:

- New Strategic Plans (poverty alleviation, downtown revitalization, transportation, etc.)
- Programs for new and expanding businesses (tax abatements, etc.)
- Creation of a Public Improvement District, Tax Increment Finance Zones, and a Downtown Development Corporation

In 2012, City Council appointed a steering committee to study its poverty issues; this committee generated a guide for future strategic planning around poverty reduction, which evaluated Waco's growing poverty challenges (including areas of geographic concentration) and differentiated between "serving the poor" and "helping people out of poverty." The Committee recommended establishing an organization to provide ongoing coordination and leadership for collaborative public/private efforts, a recommendation which has since led to the creation of the Prosper Waco Initiative.

In May 2014, in response to the City's request for a plan to reduce poverty, increase labor force participation, and increase area income, the UpJohn Institute produced an Economic Development Strategic Plan. This report serves as the guiding document for Waco's poverty reduction and economic development efforts and provides recommendations focused on the following key areas:

1. Implementing Employer-Driven Workplace Readiness Skills Training Program
2. Developing Target Industry Career Fairs
3. Extending the Activities of the Employer Consortium to Include Shared Training Needs
4. Bringing Jobs to the Core City Neighborhoods
5. Improving the City's Current Economic Development Programs, Including Online Outreach
6. Developing an Education Pathway Especially for African Americans to Successfully Enter and Complete College

## 7. Providing Quality Child Care and Preschool Programs

The UpJohn report also recommends that the City create “a unique and consistent brand identity across all of its products and platforms” in order to market Waco’s assets to businesses and professional site selectors. Assets that should be better marketed include the low costs of living, the low costs of doing business, the rich educational resources, proximity to the military presence at Fort Hood, and the fact that Waco is located within 300 miles of half the state’s population. To better market these assets, the UpJohn Institute report urged the City to invest in redesigning its economic development website.

Together, the findings of the Poverty Steering Committee and the UpJohn Institute report have prompted the City to actively pursue a comprehensive set of partnerships with community stakeholders. The Prosper Waco Initiative strives to improve the health, education, and financial security of residents by coordinating the efforts of various organizations around a shared agenda. It is based on the collective impact model, which brings together community leaders and key organizations to work collaboratively toward common goals. The Prosper Waco Initiative hired an executive director in January 2015, received a \$1 million grant from the Rapoport Foundation to support college readiness in local public schools, and has been leading a series of workshops and meetings with representatives from local school districts, colleges, businesses, nonprofit groups, and City staff in order to define a menu of priority actions for implementation.<sup>1</sup> In a call with Network staff, the Mayor and City Manager emphasized the importance of this initiative’s collaborative goal-setting process, and expressed hope that Network could strengthen, rather than circumvent, those efforts.

The City has undertaken several downtown revitalization activities and planning efforts in recent years. In 2010, City Council endorsed a Greater Downtown Master Plan with an overreaching goal of developing the area near the Brazos River as a walkable center of activity, with new and revitalized commercial developments on both sides of the river. The Plan includes chapters on Land Use and Urban Design; Housing Profile/Housing Need; the Transportation System; and the Downtown Economy. In an early example of implementation, the Council established a downtown development corporation, allocated funds for a downtown transportation feasibility study, and dedicated up to \$35 million in Tax Increment Finance (TIF) revenue in support of the recently constructed \$260 million Baylor University McLane Stadium, located on the banks of the Brazos River. With the Plan in place, the City has solicited development proposals for several downtown parcels that it controls: an RFP has been issued for Brazos Commons, a riverfront property where a proposal for a \$280 million condominium development failed to secure financing in 2013; proposals for the development of Heritage Square, a downtown park, were due on June 16, 2015, with city officials seeking mixed-use development with ground floor retail.<sup>2</sup>

The City continues to encourage economic development in the greater downtown area and the Greater Waco Chamber of Commerce reports that, in addition to McLane Stadium, \$600 million in investment has been completed or is underway downtown and an additional \$350 million in proposed projects are pending. Completed projects include mixed-use development, retail, hotel, student housing, major historic facility renovations and more than 950 new residential units since 2007; the Chamber maintains that there is additional capacity for growth. Waco has also

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<sup>1</sup> Smith, J.B. February 18, 2015. “Prosper Waco kicks off with workshop event drawing 500.” Waco Tribune. Available at: [http://www.wacotrib.com/news/nonprofits/prosper-waco-kicks-off-with-workshop-event-drawing/article\\_c6f712eb-d55d-5e78-8903-3046f42a2c15.html](http://www.wacotrib.com/news/nonprofits/prosper-waco-kicks-off-with-workshop-event-drawing/article_c6f712eb-d55d-5e78-8903-3046f42a2c15.html)

<sup>2</sup> Smith, J.B. WacoTrib.com. March 3, 2015. “Downtown Waco’s riverfront, square property up for new development.” Available at: [http://www.wacotrib.com/news/business/downtown-waco-s-riverfront-square-property-up-for-new-development/article\\_20ecc9aa-fead-56c5-8d9a-2d06e1630dcc.html](http://www.wacotrib.com/news/business/downtown-waco-s-riverfront-square-property-up-for-new-development/article_20ecc9aa-fead-56c5-8d9a-2d06e1630dcc.html)

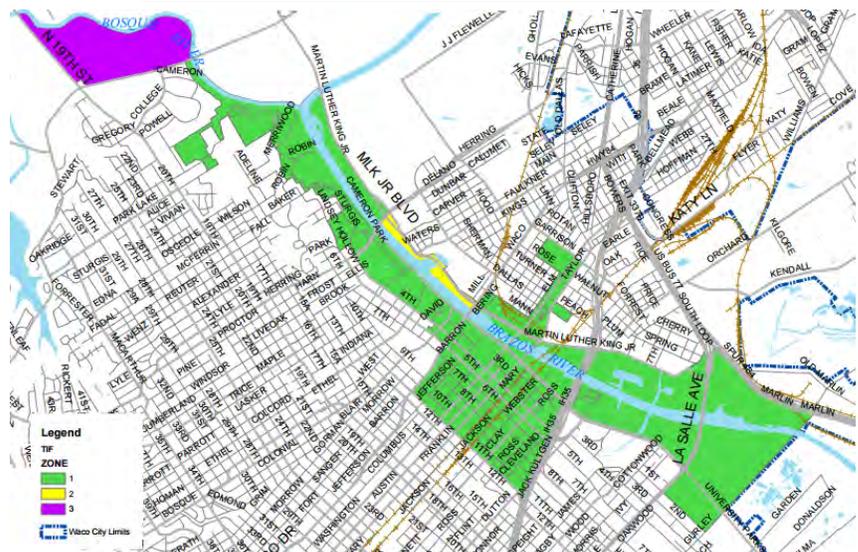
implemented a Public Improvement District, which is responsible for funding services that aid the downtown community, including new business development and maintaining the area.<sup>3</sup>

The Downtown Transportation Study that grew out of the Downtown Master Plan was completed in April 2014. The City sought recommendations for ways to improve connectivity downtown for all modes of transportation, as well as improvements that could increase livability and the area's urban character. The study assessed the physical distribution of residents, employment opportunities, and transportation characteristics throughout the downtown (parking, transit, sidewalks, bikes, high risk intersections, etc.). Though opportunities for improvement still exist, the study noted that downtown infrastructure and land use were already shifting towards a vibrant, walkable, livable community. The City is also in the process of updating its Comprehensive Plan, which addresses economic development, future land use patterns, utilities, and the environment on a citywide basis. New elements will include water, wastewater, storm water, and solid waste master plans.

Regionally, travel and tourism is a primary focus of economic development activities. According to the 2013 CAFR, travel and tourism in the McLennan County area contributes \$477 million and almost 5,000 jobs to the regional economy, including \$28 million in state tax receipts and \$7 million in local tax receipts. Popular tourist destinations in Waco include the Texas Ranger Hall of Fame, Waco Suspension Bridge, Cameron Park Zoo, sporting events, museums, and Lake Waco. In 2007, voters approved a \$63 million bond sale which, among other projects, supported the \$17.5 million renovation of the Waco Convention Center.

Waco has three TIF zones, depicted in Figure 4. The first, which encompasses both shores of the Brazos River, was established in 1982 in anticipation of mixed-use development along the river and expires in 2022; FY2014 revenues totaled \$7 million. The second was established at the request of a developer in 1983 and expires in 2023; FY14 revenues totaled roughly \$99,000. The third was also established at the request of a developer in anticipation of a mixed-use project and will expire in 2026; FY14 revenues totaled less than \$1,000. Within these TIF zones, approved projects include \$53,000 for a Museum District Plan, \$199,000 for the Sul Ross project, \$77,500 for the Behrens Loft Apartments, \$158,000 for the MLK Bicycle/Pedestrian Trail, and \$346,000 for the American Football Coaches Association.

**Figure 4: Three Tax Increment Finance Zones**



Waco's other economic development undertakings include a menu of tax incentives to encourage development and attract businesses. These include:

- Tax abatements for projects that involve significant investments in real or personal property.
- Building construction fee waivers for developments along the Brazos River Corridor or in the downtown Public Improvement District.

<sup>3</sup> Waco Chamber. "Economic Development News." Available at: <http://waco-chamber.com/economic-development/economic-development-news>.

- Grants to private commercial developers considering significant, employment-generating capital investment on eligible properties.
- Waco-McLennan County Economic Development Corporation (WMCEDC) grants for qualified capital investment that creates new full-time jobs with specified wages and health benefits for local residents. The City and the County both support the EDC with \$1.25 million in annual contributions.
- State Enterprise Zone Preference: The City of Waco will provide additional consideration to the normal incentives for businesses located within an Enterprise Zone. Much of Waco, including most of the three industrial parks run by the Waco Industrial Foundation, is located within an Enterprise Zone.
- Bond Financing: The City offers qualified businesses the opportunity to apply for facility bonds to finance property development, with interest rates that are lower than conventional financing.
- Waco Regional Airport Land Sale or Lease policy for developments proposing significant capital investment and job creation on land adjacent to the airport.
- Foreign Trade Zone, which covers over 400 acres and offers tariff exemption on goods that are imported, manufactured, and then exported.
- Freeport tax exemption, which benefits companies that manufacture and/or distribute goods that remain in Texas for 175 days or less prior to shipment out of state.
- Brownfields Redevelopment Program, which assists potential developers in identifying and building on abandoned, idle properties where development is hindered by real or perceived environmental contamination.
- Downtown Façade Improvement Grant Program, which makes funds available for projects that improve existing storefronts and buildings.
- Historic Preservation tax credits on locally designated or recognized historic properties that undergo renovation/rehabilitation.
- McLennan County Spaceport Development Corporation: The designation will allow the County to apply for state funds held in a Spaceport Trust Fund.

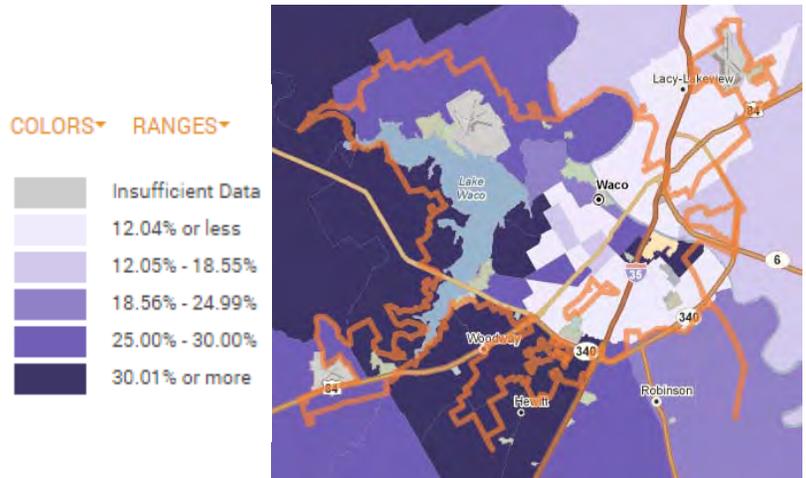
According to the FY2014 CAFR, new developments spurred by these tax incentives increased the citywide property valuation by over \$141 million, a figure that is offset by a \$101 million increase in tax exemptions.

## COMMUNITY CHARACTERISTICS

### SCHOOLS

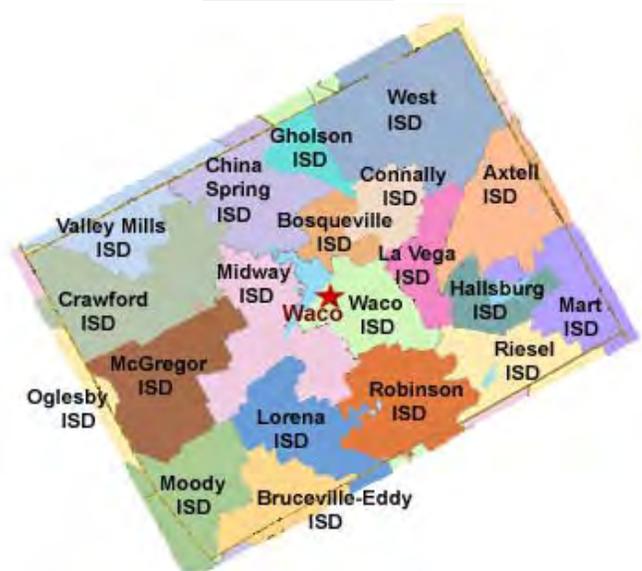
In 2000, approximately 25 and 26 percent of city and county residents had at least an associate degree, respectively; by 2013 those figures had risen to 30 and 32 percent. When comparing the city to McLennan County, a larger percentage of Waco residents have less than a high school diploma (21 percent); in the county, 17 percent lack a diploma. As shown in Figure 5, the concentration of residents with at least a bachelor’s degree is found to the city’s west and southwest; those with less than a bachelor’s degree are more heavily concentrated to the city’s northeast and south.

**Figure 5: Estimated Percent of People with at Least a Bachelor’s Degree, 2009-2013**



The Waco Independent School District includes 15 elementary schools, four middle schools, and six high schools. In Academic Year 2014-2015, the district enrolled approximately 14,000 students in grades K-12. Over the past decade, the district’s demographic profile has shifted; overall enrollment has declined while the Hispanic student population has increased.<sup>4</sup> Additionally, while the city’s population is 32 percent Hispanic, the district’s student body is 57 percent Hispanic. These data likely indicate that many non-Hispanic families that live in Waco do not enroll their children in Waco ISD, either because they reside in neighborhoods located in adjacent school districts or because they opt to either homeschool their children or send them to private schools.. Furthermore, the economically disadvantaged student population that the district serves has swelled; between 2000 and 2013, the percentage of students who are economically disadvantaged increased by 19 percent while the percentage of non-poor students dropped proportionally. In 2005, approximately 80 percent of the student population was eligible for free/reduced price lunch and by 2015, this number jumped to 95 percent. Statewide, roughly 61 percent of students qualify for meal subsidies.

**Figure 6: McLennan County School District Boundary Map**



The demographic disparity occurring within Waco ISD is further demonstrated by comparing the district to the other nineteen districts within McLennan County (shown in Figure 6). Six separate school districts operate at least one school or serve students who live within Waco city limits, only one of which – Waco Independent School District – covers

<sup>4</sup> Waco Independent School District, District Improvement Plan 2014-2015, Available at: <http://www.wacoisd.org/common/pages/DisplayFile.aspx?itemId=311152>.

the urban core. As a result, children living in high-poverty neighborhoods enroll in WISD while many higher income families opt to live in adjacent school districts. Texas Education Agency data indicate that only 30 percent of students in the south-west Midway Independent School District and 47 percent in the north-west Bosqueville Independent School District qualify for the free or reduced price lunch program. Waco ISD serves 36 percent of the county's public school students, yet it enrolls 53 percent of the county's English language learner (ELL) students and 39 percent of students with Individualized Education Programs (IEPs). The district's White, non-Hispanic population is 11 percent, as compared to 34 percent countywide. The disparity extends beyond the district's student population: Waco's instructional spending per pupil was \$4,361 in 2013, which is 12 percent lower than the average of other county districts. Waco's student-teacher ratio was 17:1 and the teacher turnover rate was 26 percent, as compared to the other districts' average rates of 13:1 and 16 percent, respectively.<sup>5</sup>

Despite such challenges, Waco's four-year graduation rate has grown from 68 percent in 2007 to 78 percent in 2013, representing a 15 percent increase. During the same time period, the state of Texas's graduation rate increased by 13 percent, growing from 78 percent in 2007 to 88 percent in 2013, and the Region 12 ESC rate rose by 10 percent, increasing from 81 percent to 90 percent. While Waco's graduation rates still fall short by comparison, the data suggest a faster ascent and positive course. Additionally, the district was recently rated the best place in Texas for educators to live and ranked 23<sup>rd</sup> in the United States as a whole.<sup>6</sup> The study cited relatively high annual salaries, availability of teaching jobs, teaching jobs per capita, low cost of living and high graduation rates. This ranking could aid in increasing Waco's appeal as an economically vibrant city and help it to attract more educated, middle-class residents.

**Figure 7: Change in Percentage of Students Meeting Yearly Academic Standards: 2005-2011 (TAKS Results)**

	Waco ISD	Region 12	State of Texas
Mathematics	<b>25.9 percent</b>	15.5 percent	16.7 percent
Reading	<b>12.2 percent</b>	6.0 percent	8.4 percent
Science	<b>45.7 percent</b>	26.7 percent	25.8 percent

Until 2012, Texas used the Texas Assessment of Knowledge and Skills (TAKS) to evaluate academic achievement for students in grades 3-11; student scores are categorized as commended performance (high academic achievement), meeting the standard (satisfactory performance), or not meeting the standard (unsatisfactory performance). As shown in Table 16, in the last year of TAKS administration, the percentage of Waco ISD students meeting yearly academic standards lagged behind Region 12 and the state of Texas mathematics, reading, science, and to a lesser degree, writing. These absolute scores communicate only one side of the student achievement landscape. In terms of overall student growth (as measured by the increase in percentage of students meeting academic standards over time), Waco ISD has displayed the most progress in math, reading, and science when

compared to the Region 12 ESC and the state. While positive, these results (summarized in Figure 7) nonetheless indicate that the District has ample room for improvements in student performance.

In 2012, the State of Texas Assessment of Academic Readiness (STAAR) replaced the TAKS as the primary tool for assessing academic proficiency in core subject areas. In the first year of administration, the statewide percentage of students meeting or exceeding STAAR progress standards was nearly double that of the corresponding percentage for Waco ISD students in both

<sup>5</sup> General enrollment, student-teacher ratio, ELL and IEP data available from the National Center for Education Statistics (<http://nces.ed.gov/>); spending per pupil, economically disadvantaged, and race/ethnicity data available from the Texas Education Agency's 2013 Snapshot (<http://ritter.tea.state.tx.us/perfreport/snapshot/2013/index.html>)

<sup>6</sup> Waco ISD. "Study Shows Waco is a Great Place to Teach" Available at: [http://wacoisd.org/employment/prospective\\_employees/study\\_shows\\_waco\\_is\\_a\\_great\\_place\\_to\\_teach](http://wacoisd.org/employment/prospective_employees/study_shows_waco_is_a_great_place_to_teach)

reading and math. By 2014, however, 61 percent of students statewide were meeting academic standards in reading and 60 percent in math; in Waco ISD, reading proficiency was 55 percent districtwide while 52 percent of students performed to academic standards in math. These results suggest that Waco ISD has been able to narrow what was once a considerable academic performance gap between district and state STAAR results. Though the percentage growth in proficiency is certainly encouraging, it must be noted that nearly half of the students in Waco ISD are not meeting achievement standards.

Texas received a No Child Left Behind (NCLB) waiver in 2013; as such, Texas schools are no longer designated as having met Adequate Yearly Progress (AYP), an accountability system used to track progress and performance. Before 2013, AYP was utilized from 2003-2012. During that time,, Waco ISD met AYP standards only three times; from 2007-2012 the district failed to meet accountability standards. In 2008, one on three Waco ISD schools did not make AYP and by 2012, 56 percent of schools were unable to meet requisite academic criteria..

After receiving the NCLB waiver, Texas crafted a four prong accountability system measuring student achievement, student progress, closure of performance gaps, and postsecondary readiness. Under this system, schools and school districts are classified using the following designations: met standard, improvement required, or not rated. In both 2013 and 2014 Waco ISD was reported as having met all four achievement standards; in 2013, 57 percent of the schools within the district earned the “met standards” distinction and the corresponding figure for 2014 was 52 percent.<sup>7</sup> Thus while the aggregated results for the district as a whole are aligned to performance expectations, it is clear that a majority of Waco ISD schools continue to struggle.

In 2014, ten Waco ISD schools were labeled as “improvement required.” An examination of individual school reports shows that 60 percent of these schools were unable to meet the student achievement performance thresholds and 40 percent were unable to demonstrate requisite student academic progress. Furthermore, 70 percent of schools in need of improvement failed to close performance gaps between economically disadvantaged students and their more affluent peers. The data derived from Waco ISD’s lowest performing schools reveal languishing academic performance, stalled student growth, and the continual presence of the achievement gap among students of different socioeconomic backgrounds.

In 2013, Waco developed an independent school district strategic plan, which includes 40 action steps, focused on student performance, achievement gaps, and college or career readiness.

Waco’s local colleges and universities include:

- Baylor University, a Baptist institution with an enrollment of about 14,000 students that is the oldest continually operating university in Texas.
- McLennan Community College, which enrolls approximately 9,500 students and is located adjacent to Cameron Park and the Bosque River.
- Texas State Technical College Waco, the flagship campus of the TSTC system, which enrolls roughly 5,200 undergraduates.

## CRIME

According to FBI Uniform Crime Report data reported in Table 14, the incidences of violent crime and property crime in Waco have dropped significantly. Between 2003 and 2013, violent crime reached a high of 1,139 incidents in 2007 but has decreased in each subsequent year, for an overall

<sup>7</sup> Texas Education Agency, Department of Assessment and Accountability, Division of Performance Reporting Final 2013 and 2014 Accountability Ratings, Available at <http://ritter.tea.state.tx.us/perfreport/account/2014/statelist.pdf>.

decrease of 36 percent. Similarly, the violent crime rate per 100,000 residents decreased from a high of 930 in 2007 to less than half that in 2013 (404 per 100,000 residents). During the same time period, the State of Texas as a whole experienced a notable but less marked decline. Between 2003 and 2013, violent crime incidences statewide fell by 12 percent, and the violent crime rate per 100,000 residents fell from 553 to 408.

Waco has also experienced a continued reduction in property crime in recent years that has surpassed the declines seen statewide. In the last decade, property crime was highest in 2004 at 9,203 incidents and a rate of 7,743 crimes per 100,000 people. By 2013, these figures had fallen 41 percent to 5,422 property crimes and a rate of 4,250 crimes per 100,000 residents. During the same time period, the State of Texas experienced a reduction of 15 percent to 862 property crime incidences and a rate of 3,258 crimes per 100,000 residents.

According to 2013 FBI police employment data, Waco employs 19 police officers for every 10,000 residents. Although this ratio is lower than the statewide average of 24 officers for every 10,000 people, it exceeds the average of 15 police officers for cities with a population greater than 120,000. Of Texas's most populous cities, only Austin, McAllen, and Dallas have higher police to resident ratios.<sup>8</sup>

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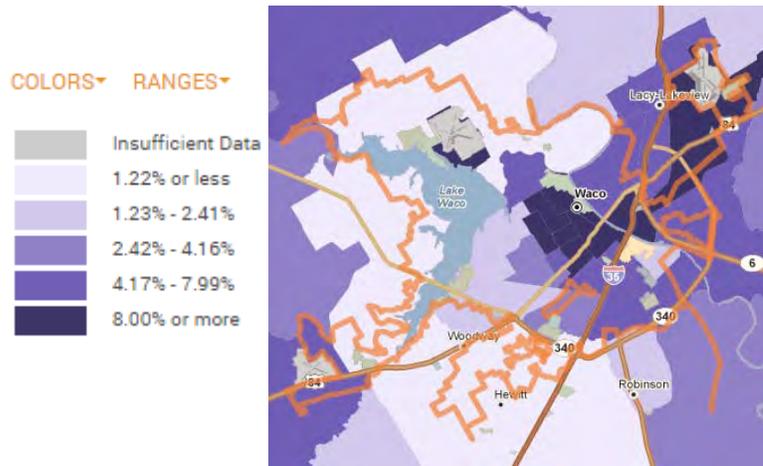
<sup>8</sup> FBI Crime Statistics, Table 78 "Full-time Law Enforcement Employees, by State by City, 2013", Available at <http://www.fbi.gov/about-us/cjis/ucr/crime-in-the-u.s/2013/crime-in-the-u.s.-2013/police-employee-data/police-employee-data>.

## HOUSING

### MOSTLY SINGLE-FAMILY HOUSING

The number of housing units in Waco has steadily increased in recent years with a gain of 6,739 units between 2000 and 2013. Of this gain, 6,411 units were single-family units; the majority of housing units in the city (62 percent) are single-family homes. The percentage of multifamily units grew slightly between 2000 and 2013, increasing from 35 percent to 37 percent. The number of mobile homes increased from 453 to 700 between 2000 and 2010 with an average annual growth rate greater than 4 percent, but decreased by an average annual rate of 6 percent between 2010 and 2013.

**Figure 8: Heat Map Depicting Concentration of Residential Vacancies**

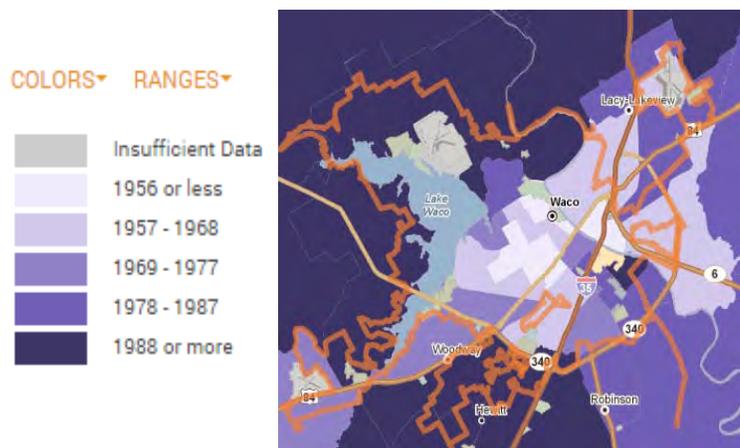


According to the City’s 2013 Annual Action Plan, Waco promotes homeownership by providing financial and technical assistance in developing housing for low and moderate income homebuyers. In addition, Waco focuses on promoting the rehabilitation and preservation of the existing housing stock through the owner occupied rehabilitation loan program and code enforcement activities.<sup>9</sup>

### CHALLENGES WITH VACANCY AND BLIGHT

Since 2010, the vacancy rate has increased from 7.7 percent to 12.0 percent. Figure 8 demonstrates that the vacancy in the city is highly concentrated in central Waco, where the vacancy rates range between eight and 22 percent. Central Waco is also dense with older housing stock; the median build year is 1956 or prior for five census tracts, as shown in Figure 9. When comparing these data to the household income shown in Figure 2, it is evident that there is an inverse relationship between income levels and both vacancy rates and urban decay. Vacancy and blight have been issues of concern in this area for years, resulting in the creation of grassroots groups such as the Vacant Property Task Force. The city

**Figure 9: Heat Map Depicting the Median Year of Housing Construction**



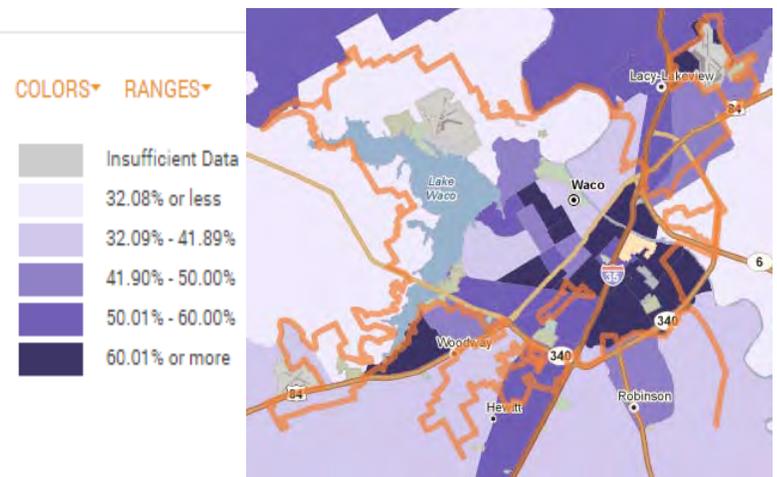
<sup>9</sup> City of Waco Housing and Community Development. 2013. “2013 Annual Action Plan.” Available at: [http://www.waco-texas.com/pdf/housing/CORRECTED\\_percent20APPROVED\\_percent20FINAL\\_percent20VERSION\\_percent20FOR\\_percent20CoW\\_percent20WEBSITE\\_percent20POSTING\\_percent20PROGRAM\\_percent20YEAR\\_percent205\\_percent20AAP.pdf](http://www.waco-texas.com/pdf/housing/CORRECTED_percent20APPROVED_percent20FINAL_percent20VERSION_percent20FOR_percent20CoW_percent20WEBSITE_percent20POSTING_percent20PROGRAM_percent20YEAR_percent205_percent20AAP.pdf)

has utilized demolition and code enforcement efforts to manage the vacant property issues; however, success is hampered because it is difficult to locate and induce investment from non-compliant property owners.<sup>10</sup> Household tenure is relatively evenly split between owner and renter-occupied units, with renter-occupied units accounting for slightly more of the market at 53 percent. This split has been consistent since 2000.

### HOUSING MARKET TRENDS AND AFFORDABILITY

Housing in Waco is less affordable than it is in McLennan County as a whole. In Waco, 42 percent of households have housing costs that exceed 30 percent of their gross income, thereby qualifying as “cost-burdened” according to HUD definitions (compared to 34 percent in the county). Of these Waco households, 70 percent are renter-occupied units mainly concentrated in the eastern and central portions of the city, where there are 11 census tracts with 60 percent or more cost-burdened renters. The remaining cost-burdened units consist of 22 percent owner-occupied units with a mortgage and 7 percent owner-occupied units without a mortgage. Median gross rent trends in Waco were similar to McLennan County between 2011 and 2013 when gross rent values decreased. In 2014, however, Waco’s gross median rent increased by three percent while the county’s gross median rent increased by 11 percent.

**Figure 10: Heat Map of Cost Burdened Renters, 2009-2013**



The Waco housing market has been very active in the first two quarters of 2015; the city was listed as the number one market in a March Realtor.com report due to the amount of listings the city had on the site and the number of page views the market got. Waco home sales in January and February of 2015 were 20 percent higher than the first two months of 2014, resulting in a 17 percent average home price increase during the first quarter of 2015.<sup>11</sup> Additionally, new home permits in April 2015 doubled that of April 2014, and the number of existing homes sold was 8.2 percent higher than the April 2014 data.<sup>12</sup>

The loan-to-value ratio throughout Waco is .80 or less except in one southwest census tract (48309002302) where the ratio equals .99.

### SUBSIDIZED AND EMERGENCY HOUSING

Between 2012 and 2014, Waco received an average of \$1.36 million annually in Community Development Block Grant (CDBG) funding. Typically, most of that funding has supported housing activities, which accounted for an average of 45 percent of all spending between 2012 and 2014. Nearly a quarter of all spending during that time period supported public improvements, and lesser

<sup>10</sup> J.B. Smith. July 29, 2013. Neighbors Watch as City Pledges Action on Eyesores. Available at: [http://www.wacotrib.com/news/city\\_of\\_waco/neighbors-watch-as-city-pledges-action-on-eyesores/article\\_0b776c91-7d4f-5e24-9325-71454add51ec.html](http://www.wacotrib.com/news/city_of_waco/neighbors-watch-as-city-pledges-action-on-eyesores/article_0b776c91-7d4f-5e24-9325-71454add51ec.html)

<sup>11</sup> Mike Copeland. March 29, 2015. Waco’s Housing Market Sizzling to Start 2015. Available at: [http://www.wacotrib.com/news/business/waco-s-housing-market-sizzling-to-start/article\\_384af510-78a9-59f5-90ed-40cc29d4de9b.html](http://www.wacotrib.com/news/business/waco-s-housing-market-sizzling-to-start/article_384af510-78a9-59f5-90ed-40cc29d4de9b.html)

<sup>12</sup> Mike Copeland. May 27, 2015. Healthy real estate market boosts Waco economy again. Available at: [http://www.wacotrib.com/news/business/greater\\_waco\\_economic\\_index/healthy-real-estate-market-boosts-waco-economy-again/article\\_f924ffd1-1b9e-5092-9345-853376715655.html](http://www.wacotrib.com/news/business/greater_waco_economic_index/healthy-real-estate-market-boosts-waco-economy-again/article_f924ffd1-1b9e-5092-9345-853376715655.html)

amounts were spent on administration/planning and public service activities. An increasing percentage of spending on administration/planning and public service projects in recent years was offset by a decrease in spending on public improvement activities. In 2013, Waco exceeded the 20 percent cap on administration by four percent.

Total HOME Investment Partnership Program (HOME) funding averaged \$560,000 annually between 2012 and 2014; Waco must commit \$250,000 in 2013 funds prior September 30, 2015 in order to avoid recapture. Spending of HOME funds is fairly consistent; since 1994, approximately two thirds of all expenditures support homebuyer activities while the remaining funds support rehabilitation efforts. The City is not currently utilizing the Section 108 Loan program but has the ability to borrow \$6.7 million for economic development activities.

The Waco/McLennan County Continuum of Care (CoC) awards have grown in recent years; while the 2007 allocation was less than \$100,000, the 2009 and 2013 awards totaled \$950,000 and \$780,000, respectively. Of the 2013 allocation, 60 percent was spent on transitional housing, 32 percent on permanent supportive housing, and the remainder on the Homeless Management Information System (HMIS).

## FISCAL & OPERATIONS

### OPERATIONS

The City of Waco operates under a Council-Manager form of government. Five Council Members are elected by single-member districts on a non-partisan basis to serve two-year terms; the Mayor is elected at-large and serves no more than three two-year terms. Elections for position of Mayor and two Council Members are held in even-numbered years while elections for three Council Member positions are held in odd-numbered years. Council appoints the City Manager, City Attorney, Municipal Judge, and City Secretary.

Mayor Malcolm Duncan, Jr. was elected in May 2012 after serving one term on Waco City Council. Mayor Duncan is a retired businessman and son of former City Councilman and Mayor Malcolm Duncan, Sr. In addition to his Mayoral duties, Mayor Duncan is the president of Duncan Motors, Inc. of Waco, and has been a prominent figure in the freightliner and automotive sales industry. The Network’s primary point of contact has been Jeff Wall, the Director of Housing & Economic Development. Current City Council members are Kyle Deaver, Wilbert Austin Sr. (Mayor Pro Tem), Alice Rodriguez, Dillon Meek and John Kinnaird, all of whom are up for re-election in either 2016 or 2017. The current City Manager is Dale Fisseler.

In addition to general government activities, the City provides water, wastewater and solid waste services, a municipal airport, a public transit system and a convention center. In addition to the General Fund and a General Obligation Debt Fund, the City has a Health Programs Fund. The city’s fiscal year starts on October 1st.

### OVERVIEW OF FISCAL SITUATION

The City is in a relatively strong fiscal position. FY2013 and FY2014 CAFRs report General Fund surpluses of over 15 percent. As of September 30, 2014, the unassigned fund balance for the General Fund was \$21 million, or 19 percent of the 2015 budgeted General Fund revenues. City policy requires that the General Fund unassigned fund balance be maintained at 18 percent of current year revenues.

**Figure 11: General Fund Revenues, Expenditures, and Fund Balance, FY08-FY14 Actual**



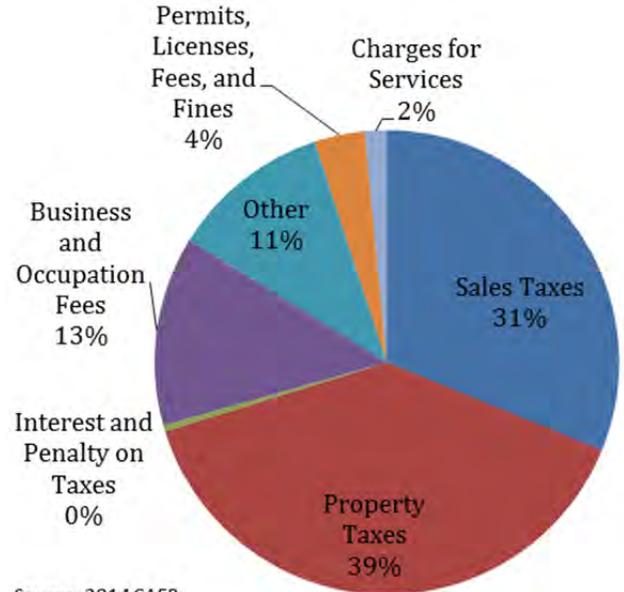
Source: 2008-2014 CAFRS

## REVENUES

The largest sources of revenue are property taxes (39 percent) and sales taxes (31 percent). Between FY2013 and FY2014, the property tax rate decreased by one cent, but the net taxable assessed property valuation increased by \$124 million (2.4 percent), due in part to new construction. During the same time period, sales taxes increased by \$2.4 million (7.8 percent) and charges for services increased by \$1.9 million (31 percent), primarily due to increased court fine collections and a new contract to provide Air Rescue firefighting at the Texas State Technical College (TSTC) airport. In FY2014, revenues from court fines totaled \$2.2 million, or 2.2 percent of all General Fund revenues.

The FY2015 budget projects an increase in General Fund revenues of 7.3 percent, due mainly to an increase in ad valorem taxes from new construction, the City's debt reduction initiative, and significant increases in sales tax and court fines. Additionally, water and sewer tax rate increases are expected in FY2016; over the next ten years, these rate increases will fund \$245 million in improvements meant to accommodate new economic growth in suburban Waco.<sup>13</sup>

**Figure 12: FY14 General Fund Revenues by Type**



Source: 2014 CAFR

## EXPENDITURES

In 2014, Public Safety spending represented 56 percent of all General Fund expenditures.

The 2015 budget contains \$1.4 million to facilitate a two percent salary increase for all employees as well step pay increases for eligible civil service employees. The budget also includes a net increase of 13.5 full-time equivalent positions over the prior year's budget, primarily for additional police dispatchers and fire personnel in connection with the new TSTC airport contract.

## PENSION

The City provides pension benefits through a non-traditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), an agent multiple employer public employee retirement system. In FY2014, City pension contributions totaled \$10.1 million, or 7.6 percent of total government expenditures. Pension contributions have decreased by 22 percent from a high of \$12.9 million in FY2011, a sizable decrease that corresponded to reform of benefit provisions in FY2012. The City Council approved a plan change to discontinue annually repeating annuity increases and increased the TMRS funded ratio from 55.6 percent to 86.6 percent. Effective January 1, 2015, the City's full contribution rate is 13.15 percent. In FY2015, the TMRS funded ratio is expected to decrease slightly to 85 percent due primarily to the change from the Projected Unit Credit actuarial funding method to Entry Age Normal that was adopted by TMRS. During the past three years, the City has contributed over 90 percent of its Annual Pension Costs.

The City also offers all of its employees an optional deferred compensation plan.

<sup>13</sup> Smith, J.B. Wacotrib.com. "Utility rate hikes planned to fund \$245 million in Waco water, sewer projects." June 24, 2015. Available at: [http://www.wacotrib.com/news/environment/utility-rate-hikes-planned-to-fund-million-in-waco-water/article\\_d43fa083-3b82-5793-bf5e-2c0999cbcd3f.html](http://www.wacotrib.com/news/environment/utility-rate-hikes-planned-to-fund-million-in-waco-water/article_d43fa083-3b82-5793-bf5e-2c0999cbcd3f.html)

### OTHER POST EMPLOYMENT BENEFITS (OPEB)

The City administers a single-employer defined benefit life insurance plan, which provides \$2,500 life insurance to each qualified retiree. In FY2014, the City's annual required contribution was \$83,086, of which it contributed 75 percent. The net OPEB obligation is \$252,570.

### DEBT AND BOND RATING TRENDS

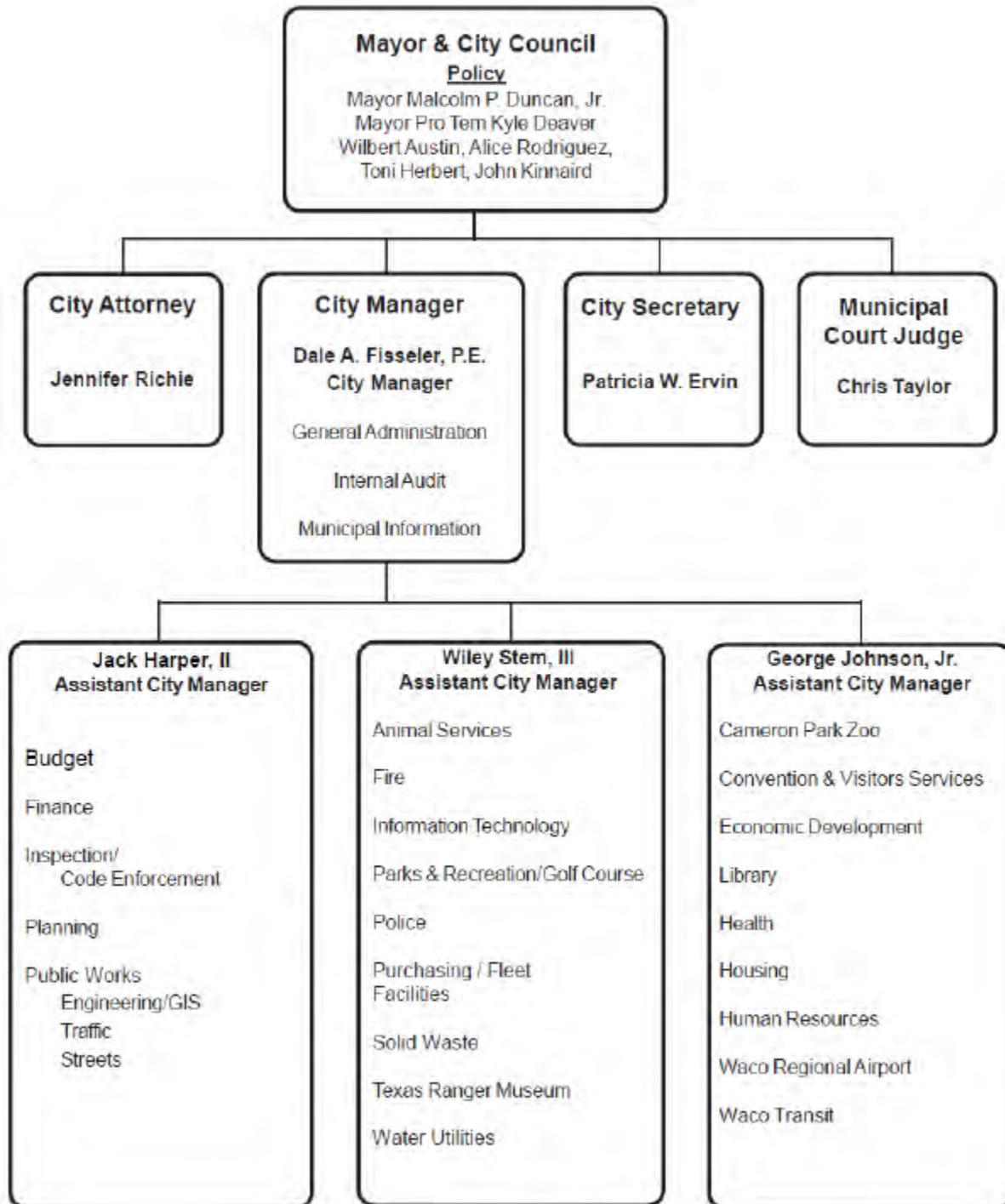
In FY2014, debt service paid out of governmental funds totaled \$9.1 million, or 6.8 percent of total governmental fund expenditures. Debt service currently represents 7.5 percent of non-capital governmental expenditures, down from 10.7 percent in 2008.

In January 2015, Moody's affirmed the City's Aa2/Stable rating on \$78.1 million in general obligation refunding bonds and \$12.3 million in certificates of obligation, as well as the \$278.7 million in previously issued debt. Standard and Poor's affirmed its AA rating with a stable outlook of the City's existing GO debt. Other significant debt includes the \$63 million bond approved by voters in 2007 to fund the Convention Center, police headquarters, libraries, fire stations, park improvements and renovations at the Texas Ranger Museum, all of which are all complete. Moody's analysis made note of the city's continued positive operating performance and determined that the debt profile is manageable when considering a significant amount is supported by utility funds. Moody's also identified the following strengths and challenges:

Strengths	Challenges
Diverse and sizable tax base; favorable location the cities of Austin, Dallas, and Houston	Significantly low socio-economic indicators when compared to the median/peers
Economy anchored by the higher education sector; unemployment trends continue to remain low	Total debt is elevated compared to the median
History of prudent fiscal management	
Low cost of doing business	
What Could Make the Rating Go Up	What Could Make the Rating Go Down
Continued tax base expansion coupled with improved socioeconomic indices	significant reduction in financial reserves
Sustained trend of positive operating performance bolstering reserves	Failure of utility net revenues to cover utility related GO debt, substantially pressuring the General Fund.

The City has a five-year Capital Improvement Program, and in 2011 adopted a general obligation debt policy whereby it strives each year to decrease the use of debt financing to meet the long-term goal of funding capital expenditures with non-debt sources.

**APPENDIX 2: CITY ORGANIZATIONAL CHART**



## APPENDIX 3: DATA TABLES

**Table 1: Population and Household Trends, 2000-2013**

	2000		2010		Avg. Annual Change 2000-2010	2013		Avg. Annual Change 2010-2013
	Number	%	Number	%		Number	%	
<b>City of Waco, TX</b>								
<b>Population</b>	<b>113,726</b>		<b>124,805</b>		<b>0.9%</b>	<b>127,808</b>		<b>0.8%</b>
< 18 years	28,860	25.4%	30,829	24.7%	0.7%	31,348	24.5%	0.6%
> 65 years	15,249	13.4%	14,075	11.3%	-0.8%	14,596	11.4%	1.2%
<b>Households</b>	<b>42,279</b>		<b>46,402</b>		<b>0.9%</b>	<b>46,225</b>		<b>-0.1%</b>
Families	24,794	58.6%	27,115	58.4%	0.9%	27,059	58.5%	-0.1%
Non-Families (a)	17,485	41.4%	19,287	41.6%	1.0%	19,166	41.5%	-0.2%
Households with Children < 18yrs	14,218	33.6%	15,169	32.7%	0.6%	14,952	32.3%	-0.5%
Avg. Household Size	2.49		2.52		0.1%	2.59		0.9%
<b>McLennan County, TX</b>								
<b>Population</b>	<b>213,517</b>		<b>234,906</b>		<b>1.0%</b>	<b>239,642</b>		<b>0.7%</b>
< 18 years	56,830	26.6%	59,745	25.4%	0.5%	60,044	25.1%	0.2%
> 65 years	27,449	12.9%	29,259	12.5%	0.6%	30,812	12.9%	1.7%
<b>Households</b>	<b>78,859</b>		<b>86,892</b>		<b>1.0%</b>	<b>85,722</b>		<b>-0.5%</b>
Families	52,892	67.1%	57,663	66.4%	0.9%	57,103	66.6%	-0.3%
Non-Families (a)	25,967	32.9%	29,229	33.6%	1.2%	28,619	33.4%	-0.7%
Households with Children < 18yrs	29,173	37.0%	30,062	34.6%	0.3%	29,163	34.0%	-1.0%
Avg. Household Size	2.59		2.60		0.0%	2.69		1.1%

Note:

(a) According to the U.S. Census, non-family households consist either of an individual living alone or multiple individuals who are not relatives living together. Examples of the latter situation include roommates or unmarried cohabitating partners.

Source: U.S. Census, 2000 and 2010; American Community Survey, 2011-2013.

**Table 2: Ethnicity and Race, 2000 - 2013**

	2000		2010		Avg. Annual Change 2000-2010	2013		Avg. Annual Change 2010-2013
	Number	%	Number	%		Number	%	
<b>City of Waco, TX</b>								
<b>Race</b>								
White	69,119	60.8%	73,916	59.2%	0.7%	87,932	68.8%	6.0%
Black/African American	25,754	22.6%	26,856	21.5%	0.4%	26,300	20.6%	-0.7%
American Indian/Alaskan Native	576	0.5%	794	0.6%	3.3%	315	0.2%	-26.5%
Asian	1,567	1.4%	2,206	1.8%	3.5%	2,538	2.0%	4.8%
Native Hawaiian/Pacific Islander	61	0.1%	68	0.1%	1.1%	39	0.0%	-16.9%
Some Other Race	14,084	12.4%	17,445	14.0%	2.2%	7,742	6.1%	-23.7%
2+ Races	2,565	2.3%	3,520	2.8%	3.2%	2,942	2.3%	-5.8%
<b>Total</b>	<b>113,726</b>	<b>100%</b>	<b>124,805</b>	<b>100%</b>	<b>0.9%</b>	<b>127,808</b>	<b>100%</b>	<b>0.8%</b>
<b>Ethnicity</b>								
Hispanic	26,885	23.6%	36,947	29.6%	3.2%	40,433	31.6%	3.1%
Non-Hispanic	86,841	76.4%	87,858	70.4%	0.1%	87,375	68.4%	-0.2%
<b>Total</b>	<b>113,726</b>	<b>100.0%</b>	<b>124,805</b>	<b>100.0%</b>	<b>0.9%</b>	<b>127,808</b>	<b>100.0%</b>	<b>0.8%</b>
<b>McLennan County, TX</b>								
<b>Race</b>								
White	154,087	72.2%	164,037	69.8%	0.6%	185,494	77.4%	4.2%
Black/African American	32,428	15.2%	34,767	14.8%	0.7%	34,460	14.4%	-0.3%
American Indian/Alaskan Native	1,056	0.5%	1,473	0.6%	3.4%	616	0.3%	-25.2%
Asian	2,284	1.1%	3,220	1.4%	3.5%	3,714	1.5%	4.9%
Native Hawaiian/Pacific Islander	100	0.0%	107	0.0%	0.7%	59	0.0%	-18.0%
Some Other Race	19,657	9.2%	25,497	10.9%	2.6%	10,390	4.3%	-25.9%
2+ Races	3,905	0	5,805	0	4.0%	4,909	2.0%	-5.4%
<b>Total</b>	<b>213,517</b>	<b>100%</b>	<b>234,906</b>	<b>100%</b>	<b>1.0%</b>	<b>239,642</b>	<b>100.0%</b>	<b>0.7%</b>
<b>Ethnicity</b>								
Hispanic	38,233	17.9%	55,471	23.6%	3.8%	58,457	24.4%	1.8%
Non-Hispanic	175,284	82.1%	179,435	76.4%	0.2%	181,185	75.6%	0.3%
<b>Total</b>	<b>213,517</b>	<b>100.0%</b>	<b>234,906</b>	<b>100.0%</b>	<b>1.0%</b>	<b>239,642</b>	<b>100.0%</b>	<b>0.7%</b>

Source: U.S. Census, 2000 and 2010; American Community Survey, 2011-2013.

**Table 3: Immigration and Language Proficiency Characteristics, 2011-2013**

	City of Waco, TX		McLennan County, TX	
	Number	%	Number	%
<b>Immigration Status (a)</b>				
Native	113,431	88.8%	219,414	91.6%
Foreign Born	14,377	11.2%	20,228	8.4%
Naturalized U.S. Citizen	3,925	3.1%	5,973	2.5%
Not a U.S. Citizen	10,452	8.2%	14,255	5.9%
<b>Total</b>	<b>127,808</b>	<b>100.0%</b>	<b>239,642</b>	<b>100.0%</b>
<b>Year of Entry into the United States (b)</b>				
Entered before 1990	5,684	35.2%	8,624	37.7%
Entered between 1990 and 1999	4,273	26.5%	5,921	25.9%
Entered between 2000 and 2009	5,227	32.4%	7,024	30.7%
Entered after 2010	971	6.0%	1,309	5.7%
<b>Total</b>	<b>16,155</b>	<b>100.0%</b>	<b>22,878</b>	<b>100.0%</b>
<b>English Proficiency (c)</b>				
Speak English "Very Well"	104,022	88.6%	204,306	91.8%
Speak English less than "Very Well"	13,384	11.4%	18,250	8.2%
<b>Total</b>	<b>117,406</b>	<b>100.0%</b>	<b>222,556</b>	<b>100.0%</b>
<b>Languages preferred by those who speak English less than "Very Well" (c)</b>				
Spanish	11,938	88.8%	15,815	86.4%
Indo-European Language	267	2.0%	574	3.1%
Asian or Pacific Island Language	1,084	8.1%	1,699	9.3%
Other Language	158	1.2%	207	1.1%
<b>Total</b>	<b>13,446</b>	<b>100.0%</b>	<b>18,295</b>	<b>100.0%</b>

Note: The source for these data is the 2011-2013 American Community Survey, meaning that these statistics reflect the average trend over three years.

(a) Individuals who have been U.S. citizens from birth are categorized as "Native." This includes those born abroad to American parents and individuals born in Puerto Rico and the U.S. island territories.

(b) Includes only Foreign Born individuals who were not born to American parents or in Puerto Rico and the U.S. Island territories.

(c) These data reflect only the population aged 5 years and over.

Source: American Community Survey, 2011-2013, Tables B05002, B05005, and S1601.

**Table 4: Income Characteristics, 2000 - 2013**

	2000		2010		Avg. Annual Change 2000-2010	2013		Avg. Annual Change 2010-2013
	Number	%	Number	%		Number	%	
<b>City of Waco, TX</b>								
<b>Annual Household Income</b>								
Less than \$14,999	13,054	30.9%	11,264	25.0%	-1.5%	10,714	23.2%	-1.7%
\$15,000 to \$24,999	7,184	17.0%	7,247	16.1%	0.1%	7,195	15.6%	-0.2%
\$25,000 to \$34,999	5,997	14.2%	5,936	13.2%	-0.1%	6,585	14.2%	3.5%
\$35,000 to \$49,999	6,352	15.0%	6,873	15.3%	0.8%	6,563	14.2%	-1.5%
\$50,000 to \$74,999	5,248	12.4%	6,122	13.6%	1.6%	6,653	14.4%	2.8%
\$75,000 to \$99,999	2,168	5.1%	3,501	7.8%	4.9%	3,621	7.8%	1.1%
\$100,000 to \$149,999	1,387	3.3%	2,559	5.7%	6.3%	2,761	6.0%	2.6%
\$150,000 and above	889	2.1%	1,566	3.5%	5.8%	2,133	4.6%	10.8%
<b>Total Households</b>	<b>42,279</b>	<b>100.0%</b>	<b>45,068</b>	<b>100.0%</b>	<b>0.6%</b>	<b>46,225</b>	<b>100.0%</b>	<b>0.8%</b>
<b>Median Household Income</b>	<b>\$26,264</b>		<b>\$31,521</b>		<b>1.4%</b>	<b>\$32,705</b>		<b>0.7%</b>
% of County Median	78.3%		78.3%			79.2%		
<b>Individuals in Poverty</b>	<b>27,844</b>	<b>24.5%</b>	<b>37,192</b>	<b>29.80%</b>	<b>2.9%</b>	<b>37,576</b>	<b>29.40%</b>	<b>0.3%</b>
Children in Poverty	8,671	30.9%	11,376	36.9%	2.8%	11,567	36.9%	0.6%
Seniors in Poverty	1,815	13.0%	1,689	12.0%	-0.7%	1,912	13.1%	4.2%
<b>McLennan County, TX</b>								
<b>Annual Household Income</b>								
Less than \$14,999	17,869	22.6%	15,258	18.3%	-1.6%	14,725	17.2%	-1.2%
\$15,000 to \$24,999	11,883	15.1%	11,341	13.6%	-0.5%	11,189	13.1%	-0.4%
\$25,000 to \$34,999	11,045	14.0%	10,083	12.1%	-0.9%	11,861	13.8%	5.6%
\$35,000 to \$49,999	13,244	16.8%	12,294	14.7%	-0.7%	11,533	13.5%	-2.1%
\$50,000 to \$74,999	13,083	16.6%	14,132	16.9%	0.8%	13,869	16.2%	-0.6%
\$75,000 to \$99,999	5,903	7.5%	8,857	10.6%	4.1%	9,543	11.1%	2.5%
\$100,000 to \$149,999	3,750	4.8%	7,537	9.0%	7.2%	8,166	9.5%	2.7%
\$150,000 and above	2,149	2.7%	3,897	4.7%	6.1%	4,836	5.6%	7.5%
<b>Total Households</b>	<b>78,926</b>	<b>100.0%</b>	<b>83,399</b>	<b>100.0%</b>	<b>0.6%</b>	<b>85,722</b>	<b>100.0%</b>	<b>0.9%</b>
<b>Median Household Income</b>	<b>\$33,560</b>		<b>\$40,257</b>		<b>1.8%</b>	<b>\$41,318</b>		<b>0.5%</b>
<b>Individuals in Poverty</b>	<b>35,977</b>	<b>16.8%</b>	<b>50,505</b>	<b>21.50%</b>	<b>3.5%</b>	<b>52,002</b>	<b>21.70%</b>	<b>1.0%</b>
Children in Poverty	11,432	20.7%	16,490	27.6%	3.7%	17,833	29.7%	2.6%
Seniors in Poverty	2,908	11.3%	2,633	9.0%	-1.0%	2,958	9.6%	4.0%

Note: The total number of households reported in Table 4 differs from the total number of households reported in Table 1, due to the use of smaller sample sizes for income-related questions.

Sources: U.S. Decennial Census, 2000 and 2010; American Community Survey, 2011 - 2013.

**Table 5: Local Unemployment Rates (a)**

Jurisdiction/Area Name	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Change 2010-2014
<b>Number of Unemployed Residents</b>													
City of Waco, TX	4,424	3,940	3,117	2,933	2,533	2,736	4,106	4,337	4,392	4,029	3,710	3,057	-1,280
McLennan County, TX	6,546	5,830	5,629	5,306	4,622	4,964	7,665	8,307	8,373	7,436	6,886	5,726	-2,581
<b>Nearby Cities</b>													
City of Temple, TX	1,278	1,092	1,239	1,152	1,076	1,192	1,825	2,084	2,165	1,904	1,803	1,555	-529
City of Fort Worth, TX	22,789	20,147	16,032	15,255	14,020	16,210	25,879	28,441	27,636	24,271	22,827	19,147	-9,294
City of Abilene, TX	3,029	2,658	2,432	2,333	2,052	2,264	3,378	3,804	3,698	3,147	2,952	2,394	-1,410
<b>State of Texas</b>	<b>729,352</b>	<b>653,875</b>	<b>600,983</b>	<b>553,505</b>	<b>490,218</b>	<b>560,275</b>	<b>901,896</b>	<b>997,338</b>	<b>968,698</b>	<b>851,405</b>	<b>800,537</b>	<b>663,997</b>	<b>-333,341</b>
<b>Unemployment Rates</b>													
City of Waco, TX	8.3%	7.3%	5.7%	5.3%	4.7%	5.0%	7.3%	7.6%	7.7%	7.1%	6.5%	5.4%	-29.5%
McLennan County, TX	6.0%	5.3%	5.0%	4.8%	4.2%	4.5%	6.7%	7.4%	7.4%	6.6%	6.1%	5.1%	-31.1%
<b>Nearby Cities</b>													
City of Temple, TX	4.5%	3.8%	4.4%	4.1%	3.7%	4.0%	5.9%	6.5%	6.7%	5.8%	5.4%	4.7%	-25.4%
City of Fort Worth, TX	8.1%	7.1%	5.4%	5.0%	4.5%	5.0%	7.8%	7.9%	7.5%	6.4%	5.9%	4.9%	-32.7%
City of Abilene, TX	5.4%	4.8%	4.3%	4.1%	3.6%	3.9%	5.7%	6.9%	6.7%	5.7%	5.3%	4.3%	-37.1%
<b>State of Texas</b>	<b>6.7%</b>	<b>5.9%</b>	<b>5.4%</b>	<b>4.9%</b>	<b>4.3%</b>	<b>4.8%</b>	<b>7.6%</b>	<b>8.1%</b>	<b>7.8%</b>	<b>6.7%</b>	<b>6.2%</b>	<b>5.1%</b>	<b>-33.4%</b>

## Notes:

(a) Annual average figures, not seasonally adjusted.

Source: Bureau of Labor Statistics, LAUS Data.

**Table 6: Employment by Major Industry, 2008-2013**

Major Industry	Waco Texas Metropolitan Statistical Area				Avg. Annual Change 2008-2013
	2008		2013		
	Jobs	Percent	Jobs	Percent	
Agriculture, Forestry, Fishing and Hunting (a)	8	0.0%	11	0.0%	5.3%
Mining, Quarrying, and Oil and Gas Extraction	78	0.1%	104	0.1%	5.9%
Utilities	816	0.8%	796	0.8%	-0.5%
Construction	6,000	6.2%	5,459	5.5%	-1.9%
Manufacturing	15,271	15.8%	14,576	14.8%	-0.9%
Wholesale Trade	3,988	4.1%	4,192	4.3%	1.0%
Retail Trade	12,009	12.4%	11,898	12.1%	-0.2%
Transportation and Warehousing	2,914	3.0%	2,398	2.4%	-3.8%
Information	1,723	1.8%	1,302	1.3%	-5.4%
Finance and Insurance	5,279	5.5%	4,654	4.7%	-2.5%
Real Estate and Rental and Leasing	1,854	1.9%	1,855	1.9%	0.0%
Professional, Scientific, and Technical Services	2,326	2.4%	2,628	2.7%	2.5%
Management of Companies and Enterprises	916	0.9%	863	0.9%	-1.2%
Administration & Support, Waste Management and Remediation	5,839	6.0%	6,551	6.6%	2.3%
Educational Services (a)	6,272	6.5%	8,134	8.3%	5.3%
Health Care and Social Assistance	16,479	17.1%	17,632	17.9%	1.4%
Arts, Entertainment, and Recreation	939	1.0%	953	1.0%	0.3%
Accommodation and Food Services	9,263	9.6%	10,019	10.2%	1.6%
Other Services (excluding Public Administration)	4,573	4.7%	4,493	4.6%	-0.4%
Industries not classified	8	0.0%	4	0.0%	-13.7%
<b>Total</b>	<b>96,556</b>	<b>100.0%</b>	<b>98,522</b>	<b>100.0%</b>	<b>0.4%</b>

Major Industry	City of Waco, Texas	
	2015	
	Jobs	Percent
Agriculture, Forestry, Fishing and Hunting	30	0.0%
Mining, Quarrying, and Oil and Gas Extraction	17	0.0%
Utilities	91	0.1%
Construction	3,584	3.9%
Manufacturing	6,522	7.1%
Wholesale Trade	6,772	7.3%
Retail Trade	11,282	12.2%
Transportation and Warehousing	2,267	2.5%
Information	1,612	1.7%
Finance and Insurance	4,486	4.9%
Real Estate and Rental and Leasing	1,629	1.8%
Professional, Scientific, and Technical Services	5,981	6.5%
Management of Companies and Enterprises	144	0.2%
Administration & Support, Waste Management and Remediation	2,011	2.2%
Educational Services	8,532	9.3%
Health Care and Social Assistance	17,760	19.3%
Arts, Entertainment, and Recreation	1,064	1.2%
Accommodation and Food Services	7,922	8.6%
Other Services (excluding Public Administration)	5,383	5.8%
Public Administration	5,137	5.6%
<b>Total</b>	<b>92,226</b>	<b>100.0%</b>

**Note:**

(a): Exact employee numbers not provided by the Census due to small number of firms and privacy concerns. Number estimated by taking the average of the range provided for each unknown industry category, and adding the weighted average compared to the other unknown industry categories times the differential from the Census total job estimate minus the total jobs estimated using the average of the range given in each unknown industry.

Sources: U.S. Census, County Business Patterns for years 2008 and 2011, Esri Business Analyst Online for year 2015

**Table 7: Commuter Analysis, 2011**

<b>City of Waco, TX Employed Residents</b>	<b>42,535</b>		
Living and Employed in City of Waco, TX	22,017	51.8%	
Living in City of Waco, TX but Employed Elsewhere ('Out-Commuters')	20,518	48.2%	
			<b>Net Commuter Inflow</b>
			<b>24,482</b>
<b>City of Waco, TX Workers</b>	<b>67,017</b>		
Employed and Living in City of Waco, TX	22,017	32.9%	
Employed in City of Waco, TX but Living Elsewhere ('In-Commuters')	45,000	67.1%	

**Commuter Characteristics**

	Out-Commuters		In-Commuters		Living & Employed Locally	
	Number	Percentage	Number	Percentage	Number	Percentage
Workers Aged 29 or younger	6,762	33.0%	10,452	23.2%	5,572	25.3%
Workers Aged 30 to 54	10,300	50.2%	24,853	55.2%	11,750	53.4%
Workers Aged 55 or Older	3,456	16.8%	9,695	21.5%	4,695	21.3%
Workers Earning \$1,250/month or less	6,012	29.3%	9,395	20.9%	5,165	23.5%
Workers Earning \$1,251 - \$3,333/month	9,720	47.4%	18,302	40.7%	10,472	47.6%
Workers Earning more than \$3,333/month	4,786	23.3%	17,303	38.5%	6,380	29.0%
Workers in the "Goods Producing" Industries	3,932	19.2%	8,559	19.0%	4,038	18.3%
Workers in "Trade, Transportation, and Utilities" Industries	5,329	26.0%	7,696	17.1%	2,264	10.3%
Workers in "All Other Services" Industries	11,257	54.9%	28,745	63.9%	15,715	71.4%

**Top Residences for City of Waco, TX Workers**

Waco city, TX	22,017	32.9%
Hewitt city, TX	3,352	5.0%
Robinson city, TX	2,626	3.9%
Woodway city, TX	1,896	2.8%
Bellmead city, TX	1,538	2.3%
Lacy-Lakeview city, TX	1,278	1.9%
Dallas city, TX	830	1.2%
McGregor city, TX	776	1.2%
Temple city, TX	763	1.1%
Austin city, TX	642	1.0%
All Other Locations	31,299	46.7%
<b>Total Workers</b>	<b>67,017</b>	<b>100.0%</b>

**Top Work Location for City of Waco, TX Residents**

Waco city, TX	22,017	51.8%
Woodway city, TX	1,899	4.5%
Dallas city, TX	1,333	3.1%
Austin city, TX	1,228	2.9%
Houston city, TX	995	2.3%
Temple city, TX	758	1.8%
Fort Worth city, TX	625	1.5%
Hewitt city, TX	555	1.3%
Bryan city, TX	505	1.2%
Bellmead city, TX	448	1.1%
All Other Locations	12,172	28.6%
<b>Total Workers</b>	<b>42,535</b>	<b>100.0%</b>

Source: U.S. Census, On The Map, Work Destination Analysis and Inflow/Outflow Report, using 2011 Primary Jobs.

**Table 8: Education Attainment for Residents 25 years and Older, 2000 - 2013**

Education Completed (a)	2000		2010 (b)		Avg. Annual Change 2000-2010	2013 (c)		Avg. Annual Change 2010-2013
	Number	%	Number	%		Number	%	
<b>City of Waco, TX</b>								
Nursery to 8th grade	7,366	11.8%	6,674	9.8%	-1.0%	6,712	9.4%	0.2%
Some High School, no diploma	10,297	16.5%	8,989	13.2%	-1.3%	8,610	12.0%	-1.4%
High school graduate (inc GED)	16,291	26.1%	17,025	25.0%	0.4%	19,446	27.2%	4.5%
Some college, no degree	13,047	20.9%	15,323	22.5%	1.6%	15,640	21.9%	0.7%
Associate degree	3,708	6.0%	5,108	7.5%	3.3%	5,920	8.3%	5.0%
Bachelor's degree	6,966	11.2%	9,943	14.6%	3.6%	9,937	13.9%	0.0%
Graduate or Professional degree	4,627	7.4%	5,108	7.5%	1.0%	5,295	7.4%	1.2%
<b>Total</b>	<b>62,302</b>	<b>100.0%</b>	<b>68,100</b>	<b>100.0%</b>	<b>0.9%</b>	<b>71,560</b>	<b>100.0%</b>	<b>1.7%</b>
<b>McLennan County, TX</b>								
Nursery to 8th grade	11,525	9.1%	10,322	7.4%	-1.1%	10,329	7.1%	0.0%
Some High School, no diploma	17,917	14.2%	15,622	11.2%	-1.4%	14,079	9.7%	-3.4%
High school graduate (inc GED)	35,178	27.9%	39,752	28.5%	1.2%	39,690	27.5%	-0.1%
Some college, no degree	28,343	22.5%	31,941	22.9%	1.2%	34,099	23.6%	2.2%
Associate degree	8,939	7.1%	11,577	8.3%	2.6%	14,305	9.9%	7.3%
Bachelor's degree	14,914	11.8%	20,225	14.5%	3.1%	21,162	14.6%	1.5%
Graduate or Professional degree	9,145	7.3%	10,043	7.2%	0.9%	10,827	7.5%	2.5%
<b>Total</b>	<b>125,961</b>	<b>100.0%</b>	<b>139,482</b>	<b>100.0%</b>	<b>1.0%</b>	<b>144,491</b>	<b>100.0%</b>	<b>1.2%</b>

## Notes:

(a) Measures only residents 25 years and older

(b) Because the 2010 Decennial Census no longer includes questions on educational attainment, the source for this data is the 2008-2010 American Community Survey, meaning that these statistics reflect the average trend during the 2008-2010 time period.

(c) The source for these data is the 2011-2013 American Community Survey, meaning that these statistics reflect the average trend during the 2011-2013 time period.

Sources: U.S. Decennial Census, 2000; American Community Survey, 2011 - 2013.

**Table 9: Housing Unit Trends, 2000-2013**

	2000		2010		Avg. Annual Change 2000-2010	2013		Avg. Annual Change 2010-2013
	Number	%	Number	%		Number	%	
<b>City of Waco</b>								
<b>Housing Units</b>	45,819		51,452		1.2%	52,558		0.7%
<b>Housing Type</b>								
Single-Family	29,171	63.6%	28,497	63.2%	-0.2%	32,582	62.0%	4.6%
Multifamily	16,239	35.4%	15,871	35.2%	-0.2%	19,402	36.9%	6.9%
Mobile Homes	453	1.0%	700	1.6%	4.4%	574	1.1%	-6.4%
<b>Total, All Units</b>	<b>45,863</b>	<b>100.0%</b>	<b>45,068</b>	<b>100.0%</b>	<b>-0.2%</b>	<b>52,558</b>	<b>100.0%</b>	<b>5.3%</b>
<b>Occupancy Status</b>								
Occupied	42,279	92.3%	46,402	90.2%	0.9%	46,225	88.0%	-0.1%
Vacant	3,540	7.7%	5,050	9.8%	3.6%	6,333	12.0%	7.8%
<b>Total, All Units</b>	<b>45,819</b>	<b>100.0%</b>	<b>51,452</b>	<b>100.0%</b>	<b>1.2%</b>	<b>52,558</b>	<b>100.0%</b>	<b>0.7%</b>
<b>Household Tenure</b>								
Renter-occupied	22,671	53.6%	24,940	53.7%	1.0%	24,501	53.0%	-0.6%
Owner-occupied	19,608	46.4%	21,462	46.3%	0.9%	21,724	47.0%	0.4%
<b>Total, Occupied Units</b>	<b>42,279</b>	<b>100.0%</b>	<b>46,402</b>	<b>100.0%</b>	<b>0.9%</b>	<b>46,225</b>	<b>100.0%</b>	<b>-0.1%</b>
<b>County of McLennan</b>								
<b>Housing Units</b>	84,795		95,124		1.2%	96,006		0.3%
<b>Housing Type</b>								
Single-Family	59,507	70.2%	60,177	72.2%	0.1%	67,379	70.2%	3.8%
Multifamily	19,699	23.2%	18,565	22.3%	-0.6%	22,769	23.7%	7.0%
Mobile Homes and Other	5,589	6.6%	4,657	5.6%	-1.8%	5,858	6.1%	7.9%
<b>Total, All Units</b>	<b>84,795</b>	<b>100.0%</b>	<b>83,399</b>	<b>100.0%</b>	<b>-0.2%</b>	<b>96,006</b>	<b>100.0%</b>	<b>4.8%</b>
<b>Occupancy Status</b>								
Occupied	78,859	94.2%	86,892	91.3%	1.0%	85,722	89.3%	-0.5%
Vacant	5,936	5.8%	8,232	8.7%	3.3%	10,284	10.7%	7.7%
<b>Total, All Units</b>	<b>84,795</b>	<b>100.0%</b>	<b>95,124</b>	<b>100.0%</b>	<b>1.2%</b>	<b>96,006</b>	<b>100.0%</b>	<b>0.3%</b>
<b>Household Tenure</b>								
Renter-occupied	31,362	39.8%	34,648	39.9%	1.0%	35,036	40.9%	0.4%
Owner-occupied	47,497	60.2%	52,244	60.1%	1.0%	50,686	59.1%	-1.0%
<b>Total, Occupied Units</b>	<b>78,859</b>	<b>100.0%</b>	<b>86,892</b>	<b>100.0%</b>	<b>1.0%</b>	<b>85,722</b>	<b>100.0%</b>	<b>-0.5%</b>

Sources: U.S. Decennial Census, 2000 and 2010; American Community Survey, 2010-2013

**Table 10: Housing Costs****Housing Cost Burden (a)**

	Waco		Texas	
	Number	%	Number	%
<b>Housing Cost Burden</b>				
Households for which Housing Costs < 30%	26,843	58.1%	6,047,129	67.4%
Households for which Housing Costs > 30%	19,382	41.9%	2,918,223	32.6%
<b>Total All Households</b>	<b>46,225</b>	<b>100.0%</b>	<b>8,965,352</b>	<b>100.0%</b>
<b>Households with Housing Costs &gt; 30% by Type</b>				
Owner-occupied housing units w/ a Mortgage	4,291	22.1%	1,012,112	34.7%
Owner-occupied housing units w/o a Mortgage	1,525	7.9%	318,244	10.9%
Renter-occupied housing units	13,566	70.0%	1,587,867	54.4%
Total	<b>19,382</b>	<b>100.0%</b>	<b>2,918,223</b>	<b>100.0%</b>

**Median Listing Prices and Median Rent (b)**

Year	Waco				Texas			
	Median Listing Price	Year over Year Change	Median Rent	Year over Year Change	Median Listing Price	Year over Year Change	Median Rent	Year over Year Change
2004	NA		NA				NA	
2005	NA	NA	NA	NA	NA	NA	NA	NA
2006	NA	NA	NA	NA	NA	NA	NA	NA
2007	NA	NA	NA	NA	NA	NA	NA	NA
2008	NA	NA	NA	NA	NA	NA	NA	NA
2009	\$123,429	NA	NA	NA	\$173,708	NA	NA	NA
2010	\$119,688	-3.0%	NA	NA	\$169,488	-2.4%	NA	NA
2011	\$128,455	7.3%	\$983	NA	\$170,311	0.5%	\$1,077	NA
2012	\$129,317	0.7%	\$911	-7.3%	\$172,209	1.1%	\$1,014	-5.9%
2013	\$131,525	1.7%	\$895	-1.7%	\$186,782	8.5%	\$1,002	-1.2%
2014	\$145,842	10.9%	\$920	2.8%	\$210,124	12.5%	\$1,111	10.9%
Peak Year	2014		2011		2014		2014	
Bottom Year	2010		2013		2010		2013	
Change from Peak Yr to Bottom Yr	-17.9%		-8.9%		-19.3%		-9.8%	
Change from Bottom Yr to 2014	21.9%		2.8%		24.0%		10.9%	

## Notes:

(a) The source for these Household Income data is the 2010-2013 American Community Survey, meaning that these statistics reflect the average trend over three years.

(b) The source for these home listing values and median rent values are Zillow's Median Listing Price index and Zillow's Rent index, respectively. Because these indices track a consistent stock of inventory, temporal comparisons are more valid. For more information, see: <http://www.zillow.com/research/zillow-rent-index-methodology-2393/>

Source: American Community Survey, 2010 - 2013, Tables B25101 and B25106; Zillow Median List Price; Zillow Rent Index

**Table 11: General Fund Revenues, Expenditures, and Fund Balance**

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
<b>General Fund Total Revenue, Expenditure, Fund Balance, and Unrestricted Fund Balance</b>							
Revenues	\$88,182,106	\$90,252,453	\$91,791,120	\$93,516,199	\$95,765,365	\$102,776,033	\$107,420,832
Expenses	\$81,778,899	\$83,968,236	\$85,544,911	\$84,433,057	\$87,392,780	\$89,290,905	\$93,095,102
Surplus (Deficit)	\$6,403,207	\$6,284,217	\$6,246,209	\$9,083,142	\$8,372,585	\$13,485,128	\$14,325,730
Fund Balance	\$24,635,803	\$23,539,857	\$23,001,594	\$34,720,577	\$37,648,188	\$45,430,976	\$51,797,659
Unrestricted Fund Balance	\$14,306,973	\$14,769,233	\$15,044,587	\$17,850,409	\$21,984,507	\$19,604,248	\$21,043,396
<i>Unrestricted Fund Balance as a % of Total Fund Balance</i>	58.1%	62.7%	65.4%	51.4%	58.4%	43.2%	40.6%
<b>General Fund Operating Revenue by Source</b>							
Taxes	\$59,917,667	\$62,618,808	\$63,645,465	\$65,587,020	\$67,712,642	\$72,988,945	\$75,866,868
Business and Occupation Fees	\$13,997,454	\$13,663,140	\$13,338,717	\$13,587,115	\$13,682,123	\$13,286,438	\$14,181,593
Other	\$9,485,471	\$9,381,770	\$10,112,379	\$10,044,151	\$10,372,126	\$11,878,551	\$11,968,297
Permits, Licenses, Fees, and Fines	\$3,409,345	\$3,043,615	\$2,942,857	\$2,518,700	\$2,496,491	\$2,978,238	\$3,765,020
Charges for Services	\$1,372,169	\$1,545,120	\$1,751,702	\$1,779,213	\$1,501,983	\$1,643,861	\$1,639,054
<b>Total</b>	<b>\$88,182,106</b>	<b>\$90,252,453</b>	<b>\$91,791,120</b>	<b>\$93,516,199</b>	<b>\$95,765,365</b>	<b>\$102,776,033</b>	<b>\$107,420,832</b>
<b>General Fund Operating Expenditures by Program Area</b>							
Public Safety	\$50,523,618	\$53,435,407	\$55,583,806	\$54,524,611	\$53,938,989	\$57,762,483	\$60,162,734
General Government	\$15,785,407	\$14,986,511	\$14,842,682	\$15,550,216	\$16,953,813	\$16,189,167	\$17,230,269
Culture and Recreation	\$12,077,492	\$13,019,382	\$12,742,857	\$12,438,048	\$14,503,772	\$11,946,865	\$12,926,462
Public Works	\$3,294,892	\$1,969,524	\$2,235,645	\$1,791,523	\$1,863,173	\$3,214,854	\$2,583,490
Community Development	\$97,490	\$557,412	\$139,921	\$128,659	\$133,033	\$177,536	\$192,147
<b>Total</b>	<b>\$81,778,899</b>	<b>\$83,968,236</b>	<b>\$85,544,911</b>	<b>\$84,433,057</b>	<b>\$87,392,780</b>	<b>\$89,290,905</b>	<b>\$93,095,102</b>
<b>General Fund Transfer and Financing Activity</b>							
Transfers In	\$ 3,069,440	\$ 3,565,822	\$ 3,701,141	\$ 3,951,595	\$ 4,161,057	\$ 4,634,431	\$ 4,683,880
Transfers Out	\$ (10,454,955)	\$ (11,220,467)	\$ (10,485,613)	\$ (9,555,910)	\$ (11,396,117)	\$ (10,627,147)	\$ (13,786,482)
Proceeds from Capital Asset Sale	\$ -	\$ -	\$ -	\$ -	\$ 1,790,086	\$ 290,376	\$ 105,278
<b>Total</b>	<b>\$ (7,385,515)</b>	<b>\$ (7,654,645)</b>	<b>\$ (6,784,472)</b>	<b>\$ (5,604,315)</b>	<b>\$ (5,444,974)</b>	<b>\$ (5,702,340)</b>	<b>\$ (8,997,324)</b>

Source: City of Waco, Texas Comprehensive Annual Financial Report, Fiscal Years 2008-2014

**Table 12: City Pension and Other Post-Employment Benefits**

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
<b>Pension Contributions</b>							
Texas Municipal Retirement System	\$9,513,354	\$10,793,237	\$12,457,801	\$12,939,192	\$10,400,853	\$9,887,587	\$10,071,993
Fire and Police One-half Pay Pension (a)	\$75,530	\$70,164	\$70,164	\$52,164	\$48,564	\$46,382	\$41,964
<b>Total</b>	<b>\$9,588,884</b>	<b>\$10,863,401</b>	<b>\$12,527,965</b>	<b>\$12,991,356</b>	<b>\$10,449,417</b>	<b>\$9,933,969</b>	<b>\$10,113,957</b>
<i>Total as % of Total Governmental Expenditures</i>	7.7%	8.4%	8.0%	9.8%	7.6%	7.1%	7.6%
<b>% of Annual Pension Cost (APC) Contributed (c)</b>							
Texas Municipal Retirement System	100.0%	80.0%	75.0%	78.0%	92.0%	99.0%	99.0%
<b>Pension Funded Ratio (b)</b>							
Texas Municipal Retirement System	55.7%	55.4%	54.8%	55.6%	86.6%	88.6%	85.0%
<b>Other Postemployment Benefits</b>							
Net OPEB obligation	\$59,430	\$120,416	\$193,992	\$174,095	\$203,473	\$232,316	\$252,570
Contribution Paid	\$19,322	\$20,129	\$26,499	\$44,832	\$58,769	\$62,028	\$63,600
% of Annual OPEB Cost Contributed	24.5%	24.8%	20.9%	49.2%	66.7%	68.3%	75.8%

## Notes:

(a) The Fire and Police One-half Pay Pension was closed in 1950. There are currently five retired firemen and policemen enrolled and no eligible active employees.

(b) Actuarial valuation performed under the new fund structure starting after 2010

(c) The City of Waco does not provide % of Annual Pension Cost Contributed or Funding Ratio for the Fire and Police One-half Pay Pension plan in their published CAFRs

Source: City of Waco, Texas Comprehensive Annual Financial Report, Fiscal Years 2009-2014

**Table 13: City of Waco Full Time Equivalent (FTE) Employees by Department**

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<b>FTE by Major Department</b>										
General Government	127.6	128.6	129.7	132.4	132.5	132.2	128.7	129.3	142.8	144.8
Public Safety	564.1	580.4	603.5	602.1	602.0	608.0	605.9	603.4	604.8	610.3
Public Works	335.4	337.5	340.5	342.8	350.5	354.5	353.0	348.0	356.0	353.0
Culture and Recreation	187.0	183.1	187.4	186.7	184.1	197.7	196.3	189.2	185.5	185.4
Public Health and Community Development	106.8	109.6	109.2	101.7	102.8	103.1	109.2	106.7	102.0	102.5
Entertainment	109.0	116.5	111.4	117.9	118.6	118.8	117.0	116.3	115.8	115.3
Other	71.1	70.0	69.9	74.4	74.4	72.0	70.8	70.8	70.8	72.8
<b>Total</b>	<b>1,501.0</b>	<b>1,525.7</b>	<b>1,551.6</b>	<b>1,557.9</b>	<b>1,564.9</b>	<b>1,586.3</b>	<b>1,580.9</b>	<b>1,563.6</b>	<b>1,577.6</b>	<b>1,584.1</b>
Peak Employment Year	FY 2010									
Bottom Employment Year	FY 2005									
Change from Peak Yr to Bottom Yr	-5.7%									

Source: City of Waco, Texas Comprehensive Annual Financial Report, Fiscal Years 2009-2014

**Table 14: Violent and Property Crimes, 2003 - 2013**

	Violent Crimes				Property Crimes			
	Waco		State of Texas		Waco		State of Texas	
<b>Violent Crimes and Property Crimes</b>								
Year	Number of Crimes	Year over Year Change	Number of Crimes	Year over Year Change	Number of Crimes	Year over Year Change	Number of Crimes	Year over Year Change
2003	809	---	122,201	---	8,773	---	1,016,422	---
2004	856	5.8%	121,554	-0.5%	9,203	4.9%	1,010,702	-0.6%
2005	895	4.6%	121,091	-0.4%	8,845	-3.9%	990,293	-2.0%
2006	952	6.4%	121,378	0.2%	7,512	-15.1%	959,460	-3.1%
2007	1,139	19.6%	122,054	0.6%	8,029	6.9%	985,142	2.7%
2008	1,031	-9.5%	123,564	1.2%	7,393	-7.9%	969,570	-1.6%
2009	883	-14.4%	121,668	-1.5%	7,110	-3.8%	995,145	2.6%
2010	838	-5.1%	113,231	-6.9%	6,439	-9.4%	951,246	-4.4%
2011	766	-8.6%	104,873	-7.4%	6,422	-0.3%	891,499	-6.3%
2012	635	-17.1%	106,476	1.5%	5,844	-9.0%	876,059	-1.7%
2013	515	-18.9%	107,998	1.4%	5,422	-7.2%	861,734	-1.6%
<b>% Change 2003-2013</b>	-36.3%		-11.6%		-38%		-15.2%	
<b>Crime Rates per 100,000 Residents</b>								
Year	Rate (a)	Year over Year Change						
2003	688.2	---	552.5	---	7,463.3	---	4,595.3	---
2004	720.2	4.7%	540.5	-2.2%	7,743.4	3.8%	4,494.0	-2.2%
2005	745.6	3.5%	529.7	-2.0%	7,368.6	-4.8%	4,332.0	-3.6%
2006	768.5	3.1%	516.3	-2.5%	6,064.0	-17.7%	4,081.5	-5.8%
2007	929.7	21.0%	510.6	-1.1%	6,553.5	8.1%	4,121.2	1.0%
2008	836.8	-10.0%	507.9	-0.5%	6,000.4	-8.4%	3,985.6	-3.3%
2009	705.8	-15.6%	490.9	-3.3%	5,683.5	-5.3%	4,015.5	0.8%
2010	659.6	-6.5%	450.3	-8.3%	5,068.5	-10.8%	3,783.0	-5.8%
2011	601.1	-8.9%	408.5	-9.3%	5,039.6	-0.6%	3,472.3	-8.2%
2012	493.8	-17.9%	408.6	0.0%	4,544.5	-9.8%	3,361.8	-3.2%
2013	403.7	-18.2%	408.3	-0.1%	4,250.2	-6.5%	3,258.2	-3.1%
<b>% Change 2003-2013</b>	-41.3%		-26.1%		-43.1%		-29.1%	

Note:

(a) Rates are the number of reported offenses per 100,000 population

Sources: Sources: FBI, Uniform Crime Reports, prepared by the National Archive of Criminal Justice Data

**Table 15: K-12 School Characteristics**

**Enrollment and Free School Meals**

	Academic Year 2004-2005				Academic Year 2014-2015			
	Waco		State of Texas		Waco		State of Texas	
	Number	%	Number	%	Number	%	Number	%
<b>Total Enrollment</b>	<b>15,614</b>		<b>4,193,883</b>		<b>13,939</b>		<b>4,990,299</b>	
<i>percent of State enrollment</i>		<i>0.4%</i>				<i>0.3%</i>		
<b>Free School Meals (b)</b>								
Eligible for Free/Reduced Price Meals	12,533	80.3%	2,098,083	50.0%	13,236	95.0%	3,058,397	61.3%
Not Eligible for Meal Subsidies	3,081	19.7%	2,095,800	50.0%	703	5.0%	1,931,902	38.7%
<b>Total Enrollment</b>	<b>15,614</b>	<b>100.0%</b>	<b>4,193,883</b>	<b>100.0%</b>	<b>13,939</b>	<b>100.0%</b>	<b>4,990,299</b>	<b>100.0%</b>

**Graduation Rates, by Cohort (a)**

	<u>Class of 2007</u>	<u>Class of 2008</u>	<u>Class of 2009</u>	<u>Class of 2010</u>	<u>Class of 2011</u>	<u>Class of 2012</u>	<u>Class of 2013</u>	<u>% Change 2007-2013</u>
Waco Independent School District	67.7%	65.6%	68.7%	73.7%	73.0%	80.7%	77.6%	14.6%
Region 12 ESC	81.4%	82.0%	83.6%	86.6%	88.1%	89.8%	89.5%	10.0%
State of Texas	78.0%	79.1%	80.6%	84.3%	85.9%	87.7%	88.0%	12.8%

Note:  
 (a) A four-year longitudinal graduation rate is the percentage of students from a class of beginning ninth graders who graduate by their anticipated graduation date, or within four years of beginning ninth grade

Sources:  
 Texas Education Agency, Student Enrollment Reports, Available at: <http://ritter.tea.state.tx.us/adhocrpt/adste.html>  
 Texas Education Agency, Division of Accountability Research, Enrollment in Texas Public Schools 2005-2006, Available at: [tea.texas.gov/acctres/Enroll\\_2005-06.pdf](http://tea.texas.gov/acctres/Enroll_2005-06.pdf)  
 Texas Education Agency, Accountability Research, Completion, Graduation, and Dropouts, Available at <http://ritter.tea.state.tx.us/cgi/sas/broker>  
 National School Lunch Program Eligibility Data, Available at <http://tpesc.esc12.net/erate/nslpdata.html>

**Table 16: Waco Independent School District Performance: Student Assessment Measures**

<b>Texas Assessment of Knowledge and Skills (TAKS): % of Students Meeting Yearly Academic Standards (a)</b>												
	<b>Waco Independent School District</b>				<b>Region 12</b>				<b>State of Texas</b>			
	<b>2004-2005</b>	<b>2007-2008</b>	<b>2010-2011</b>	<b>% Change</b>	<b>2004-2005</b>	<b>2007-2008</b>	<b>2010-2011</b>	<b>% Change</b>	<b>2004-2005</b>	<b>2007-2008</b>	<b>2010-2011</b>	<b>% Change</b>
Mathematics	58.0%	67.0%	73.0%	25.9%	71.0%	79.0%	82.0%	15.5%	72.0%	80.0%	84.0%	16.7%
Reading	74.0%	85.0%	83.0%	12.2%	84.0%	91.0%	89.0%	6.0%	83.0%	91.0%	90.0%	8.4%
Science	46.0%	61.0%	67.0%	45.7%	65.0%	73.0%	82.0%	26.2%	66.0%	74.0%	83.0%	25.8%
Writing	89.0%	90.0%	89.0%	0.0%	89.0%	92.0%	90.0%	1.1%	90.0%	93.0%	92.0%	2.2%

<b>State of Texas Assessments of Academic Readiness (STAAR): % of Students Meeting of Exceeding Progress (b)</b>												
	<b>Waco Independent School District</b>				<b>Region 12</b>				<b>State of Texas</b>			
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>% Change</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>% Change</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>% Change</b>
Reading	22.0%	55.0%	55.0%	150.0%	38.0%	61.0%	59.0%	55.3%	41.0%	62.0%	61.0%	48.8%
Mathematics	15.0%	47.0%	52.0%	246.7%	28.0%	57.0%	58.0%	107.1%	33.0%	59.0%	60.0%	81.8%

<b>Achievement Gap Analysis: % of Economically Disadvantaged Students Meeting Academic Standards and Teacher Turnover Rate (c)</b>									
<i>% of Economically Disadvantaged Students Meeting Academic Standards</i>									
	<b>2005-2006</b>	<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>	<b>2010-2011</b>	<b>2011-2012</b>	<b>2012-2013</b>	<b>2005-2013</b>
Waco	49.0%	54.0%	53.0%	56.0%	60.0%	59.0%	59.0%	56.0%	14.3%
State of Texas	57.0%	60.0%	63.0%	66.0%	69.0%	68.0%	69.0%	69.0%	21.1%
<i>Teacher Turnover Rate</i>									
	<b>2005-2006</b>	<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>	<b>2010-2011</b>	<b>2011-2012</b>	<b>2012-2013</b>	<b>2005-2013</b>
Waco	19.9%	18.3%	22.3%	19.6%	16.4%	15.8%	19.4%	25.7%	29.1%
State of Texas	14.2%	15.2%	14.8%	14.3%	11.4%	11.5%	12.0%	14.7%	3.5%

<b>Percentage of Schools Not Making Adequate Yearly Progress (AYP): Waco ISD and Region 12 Schools (d)</b>						
	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>	<b>2010-2011</b>	<b>2011-2012</b>	<b>% Change 2008-2012</b>
Waco ISD	32.4%	12.1%	15.6%	34.4%	56.3%	73.9%
Region 12	14.9%	2.5%	2.7%	25.3%	42.8%	186.6%

Notes:

- (a) Until 2012, The Texas Assessment of Knowledge and Skills (TAKS) was administered every year to gauge student content mastery. Scores are categorized as follows: Met the Standard (satisfactory performance), Did not Meet the Standard (unsatisfactory performance), or Commended Performance (high academic achievement).
- (b) in 2012, the STAAR replaced the TAKS assessment as the mechanism for assessing content level mastery.
- (c) Here the STAAR is used to measure academic standard mastery.
- (d) The Region 12 data does not include Waco ISD schools

Sources:

- Texas Education Agency, Academic Excellence Indicator System, Available at <http://ritter.tea.state.tx.us/perfreport/aeis/index.html>
- Texas Education Agency, Snapshot School District Profiles, Available at <http://ritter.tea.state.tx.us/perfreport/snapshot/index.html>
- Texas Education Agency, Adequate Yearly Progress, Available at <http://ritter.tea.state.tx.us/ayp/index.html>