

South Texas Town in Transition: An Economic Base Analysis of Floresville

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Small towns all across the U.S. are undergoing economic-base transition from resource-oriented activities and manufacturing, to out-commuting, transfer payments, and tourism. This is also occurring in south Texas, where small towns are becoming residential retreats for retirees, inexpensive addresses for commuters to jobs in the big cities, and weekend destinations for tourists seeking various experiences. Community economic base analysis, first articulated by Charles Tiebout in the 1960s and refined since then by economic geographers, provides a useful tool for dissecting and quantifying the sources of small town economic change. It also provides a means for involving professors and students in field study of their local region. In November 2003, I led my undergraduate economic geography students in a study of Floresville, a town of almost 6,000 residents just south of San Antonio, Texas. Until recently, Floresville's economy revolved around agriculture, ranching, and provision of retail goods and services for its immediate hinterland. The results of our analysis reveal that its economic base now depends on Floresville residents who work in San Antonio or have retired to Floresville, and from establishments (especially, medical services, government, schools, and higher order shops) serving these populations. Despite the leakage of household and business expenses beyond Floresville, the city recovers some of this leakage by serving as "primate city" for smaller towns in its own and adjacent counties. *Key Words: economic base analysis, economic change, small towns, south Texas.*

Introduction

In South Texas, as across much of the U.S., small towns are undergoing an economic base transition. In many cases this is more like a transformation. Places that twenty years ago were known for *what they produced* are known today as *refuges from production*—places where quality of life trumps factors of production. These towns may have nothing more than tranquility and a low cost of living. They are either *residential amenity towns*, dormitory suburbs (and exurbs), retirement communities, or weekend retreats for urban cosmopolites. Economically, these places are in transition from resource-oriented activities and manufac-

turing to income derived from several sources: (1) commuting to work in nearby cities; (2) transfer income, including pensions, social security, and welfare benefits; (3) property income, including dividends, interest, and rent; and (4) tourism. These new economic engines of growth are in turn related to improvements in transportation that have made towns accessible to large cities nearby, and to demographic change in the form of increasing numbers of retirees. This economic base transition began in the 1960s and 70s and has accelerated since, generating a rural renaissance in towns that are in a metropolitan shadow—out to 145 kilometers (90 miles) or so. Tributary towns are not the only ones that have grown, however. Isolated towns with unique businesses, government functions, or recreational/tourist attractions have also grown. A new source of dynamism, telecommuting (Nelson and Beyers 1998) may accelerate this growth in the future. The phenomenon of small towns in transition is seen in Sunbelt states such as Arizona, Nevada, and Texas, but is also prevalent in unexpected locales such as Michigan, Idaho, Ohio, Missouri, Kentucky, and Ontario, Canada. Of course, this rural renaissance coexists along with rural decline in communities not favored with accessibility or amenity.

I have had the good fortune to teach the Geography of Texas and Economic Geography (with a Texas focus) for some thirty years, during which time I have taken students on numerous field trips in south Texas. As an economic and population geographer, I have made this region a research laboratory for my students (as well as a locus for my own professional research). I have led students in surveys of disease and environmental degradation among *colonia* residents in the Texas/Mexico border region; in an examination of elderly residents' access to activities of daily life in Atascosa County; and in analyses of the economic bases of four different towns in the region. The most recent of these—an economic base study of Floresville, a town of 5,868 (2000), 47 kilometers (29 miles) south of downtown San Antonio—is the topic of this article. Floresville provides a classic example of how Texas towns are responding to out-commuting and tourism. It has a tradition of dairying, peanut farming, and cattle ranching—yet is finding itself increasingly populated by retirees and by commuters who work in San Antonio and demand a nice, quiet town with moderate shopping opportunities and low taxes. The study of this town proved to be an excellent learning exercise for students and a benefit to the city of Floresville, who ultimately received a detailed report on our findings. Before the study, the City Manager and Economic Development Director were already convinced that improved quality of life for residents, not more farming and manufacturing jobs, was the future of Floresville, so our recommendations fell on receptive ears.

An Introduction to Economic Base Analysis

The theory of the *urban economic base* was first and best articulated by Charles Tiebout (1962). This theory holds that local economic prosperity depends on two factors: the magnitude of external income receipts (that is, the amount of income originating from outside the local area), and the degree of retention of this income within the local area. Thus, "exports" are necessary for local prosperity, and these will generally be based upon unique local resources, talent, and facilities which support the production of a particular good or service that is in general demand. Exports are not sufficient by themselves, however. For a town to grow and diversify, local retail and service establishments, as well as local providers of inputs for businesses, must multiply and expand, to re-circulate the new income locally rather than see it drain away to providers that are located outside the city. This income re-circulation capacity of a local area is known as the *multiplier*. If the lifeblood of a country or community is its exports, if its mantra is "export or die," then the corollary to this is "stop the bleeding"—that is, the leakage of purchases outside the community.

Tiebout outlined a method by which a community's economic base may be calculated. First, the local area must be defined; it should ideally be the *urbanized area* rather than the urban place, because the legal city seldom corresponds with the built-up area of residences and businesses. Next is the identification of *local supply sectors* that produce items for internal and external demand—generally operationalized as *industries* (businesses and government) that provide goods and services for firms and households. For each supply sector, two types of demand are identified—*external, or basic demand*, stemming from purchasers who reside outside the local area; and *local, or non-basic demand*, stemming from purchasers of local goods and services who reside in the local area. Demand is best measured by monetary flows, but an alternative method is to use employment as a surrogate for income. For each supply sector, the ratio of total demand (the total income or employment of the community) to basic demand (the income or employment that meets the needs of persons outside as opposed to inside the community) is referred to as the *multiplier*, i.e., the total local income created per dollar of export-base income. The multiplier is not itself a function of export ties, but of community structural characteristics such as size, proximity to a larger city, socioeconomic status of its residents, existence of certain types of businesses, and other factors affecting consumer preferences and business input needs and availabilities.

Tiebout's theory mentions direct and indirect exports, separate multipliers for different sectors, non-employment income, and income from tourism. However, in applying the theory to particular cases he excludes these elements of the theory. His method was to trace basic employment's backward linkages to the local employment it generates among input providers. This methodological precursor to input-output analysis has proved quite useful, but at the same time it neglected

non-traditional sectors, such as the household's contribution to the economic base. Tiebout's method has been refined and improved considerably over the past forty years. In the 1960s and early 1970s, small town studies were still preoccupied with the impacts of rural manufacturing. However, Garrison (1972), in a pioneering study of counties in rural Kentucky, included (in addition to manufacturing) other economically basic sectors such as out-commuting, transfer payments, dividends, and tourism, thus improving considerably on the classic Tiebout methodology. He went further, to discuss the factors that were associated with a high multiplier. These included (1) income of the population, which meant more local purchasing power; (2) the larger size of a town, which increased the availability of high order goods and services (those that had a high population threshold); and (3) the greater isolation of the town, which insulated it from the competition for the shopper's dollar from larger cities. Despite his small sample and use of secondary (vs. survey) data, these conclusions have stood the test of time and are validated by numerous subsequent studies.

From the late 1960s to late 1980s, detailed field surveys, carried out by geographers, revealed the changing economic base and consumer expenditure patterns of small towns. In this period, improvements in highway transportation had strong impacts on the importance of commuting and out-shopping on the fortunes of small towns. Stanley Brunn (1968) provided direct evidence for the diffusion of urbanization to former agricultural trade centers in northwest Ohio, resulting in dormitory towns with higher population thresholds (minimum population requirements for particular types of stores and other functions to survive) owing to their greater accessibility to major cities. Claud Davidson's business and residential surveys of small towns in Texas, while not economic base studies per se, nevertheless made significant contributions to our understanding of economic base multipliers in small towns. Despite their location in a de-populating region, larger towns east of El Paso grew as a result of their functions as regional market centers (e.g. Van Horn) or county seats (Sierra Blanca), helped by their location along Interstate 10 which gave them an extended economic reach (Davidson 1979). In another study, Davidson found that smaller towns near Lubbock (e.g. Slaton) lost central place functions; larger towns more removed (e.g. Plainview) offered higher order retail/service functions; and government towns (e.g. Hurlwood, near Reese Air Force Base) offered a larger range of functions than expected based on their population size (Davidson 1981). Davidson's research underlines the desirability of direct measurement of the multiplier by surveying rural households on their spatial expenditure patterns; along with Brunn's research, it reiterates the factors (noted originally by Garrison (1972) that influence the multiplier. A third geographer, Lay James Gibson, directly addressed economic base multipliers in detailed surveys of 20 Arizona towns (see Gibson and Worden 1981). The authors improved upon prior studies by systematically defining the base area and by asking businesses for the commuting patterns of their workers. These improvements in method contribute greatly to this study.

Since 1990, economic base studies have built methodologically on earlier work by including more sophisticated measures of transfer payments while increasingly emphasizing the emergence of amenity and retirement towns nationwide. Again, geographers have done much of this research. A stellar example is Davidson's study (1990) of the transition from *farming/ranching (FR)* to *recreation/retirement (RR)* in towns of the Hill Country of central Texas. His research revealed both (1) *lower population thresholds* for higher-order activities (health care, shopping goods, real estate) in RR towns—suggestive of an economic base predicated on retiree income; and (2) *lower ranges* (average driving distances to these same activities)—suggestive of a higher multiplier resulting from the older population's lower mobility. Four additional studies in the 1990s emphasize the importance of retiree income in small towns. Smith and Harris (1993), identify retiree transfer payments and property incomes as the new growth engines for Nevada counties. They also note that this income reduces the counties' vulnerability to cyclical economic changes. Kendall and Pigozzi (1994) conclude that property and transfer income are more important than employment income in Michigan counties, with high multipliers stemming from retirees locating in small communities and disproportionately spending their incomes there. They offer the observation that retirees are more place-tied in that they do not out-commute to work, and their health or mobility may prevent long trips for shopping or recreation. Gibson and Glenn (1999) discovered that transfer payments received by retirees and welfare recipients were the largest source of basic income in their survey of Arizona communities. Finally, Nelson and Beyers (1998) uncover a new source of basic income in the West—"telecommuting." This includes home-based administration, sales, programming, diagnosis, and other "back-office" work based on telecommunications. Since telecommuters can live almost anywhere, small scenic and amenity communities are emerging that are located far from their home offices.

Floresville in Comparative Perspective

It is useful to begin with a comparative statistical profile of two types of south Texas towns (following Davidson 1990): *recreation/retirement/dormitory (RRD) towns* (Table 1a) and *farming/ranching (FR) towns* (Table 1b). This classification is based on employment statistics by industry for each town in 2002. I limit discussion to towns with fewer than 10,000 residents within 145 kilometers (90 miles) of San Antonio. What do these statistics reveal about the economic bases and multipliers of these two groups of towns? First of all, the classification itself implies a fundamental difference that is linked to location and the underlying physical environment. The RRD towns are north of San Antonio, on the Edwards Plateau or Llano Uplift. They are part of the Texas Hill Country and can be visualized as a "cornice" of scenic

communities overlooking San Antonio, 300 meters (984 feet) above it in elevation. This landscape is dissected limestone, dry and poor for agriculture but excellent for scenic home sites. Both San Antonio to the south and Austin to the east are growing in the direction of these Hill Country landscapes, as urbanites and retirees seek cooler, more rustic settings for homes and summer retreats. In contrast, the FR towns are located in the South Texas Plain or Post Oak regions, which are just the opposite: relatively low-lying, hot, sandy-soil agricultural and cattle-grazing areas, lacking the scenic vistas of the Hill Country. These towns are not in a high-growth corridor, although they are just as connected to San Antonio as are the Hill Country (RRD) towns. Not surprisingly, then, the statistics (Tables 1a, 1b) reveal that the RRD towns tend to be faster-growing, older, and better-educated than the FR towns. The FR towns, for historical as well as economic reasons, are considerably more Hispanic in population than the RRD towns, although the latter have rapidly-growing Hispanic populations responding to labor force needs of these fast-growing towns.

The last row of these tables is an indicator of retail activity—retail employees per 1000 population. This indicator directly mirrors the size of the economic base multiplier. Towns that retain residents' retail dollars should have a higher value on this indicator than those that do not. Following Garrison and others, I will examine how this indicator varies and the factors that may be responsible. Inspection of the tables suggests that: (1) In general, the RRD towns have a higher retail employment rate than the FR towns. For example, Boerne and Marble Falls (RRD towns) have a rate close to 130, while Pearsall and Hondo (FR towns) have rates around 40 or 50. (2) Larger towns have higher retail employment rates than smaller towns. This is quite clear when we compare Fredericksburg, Boerne, and Pleasanton, on the one hand, with Llano, Comfort, and Castroville, on the other. (3) Higher income towns have higher retail employment rates than lower income towns. Among the RRD towns, Boerne and Fredericksburg have the highest incomes and also have high retail activity. However, the relationship is not as clear among the FR towns; higher income towns like Castroville and Jourdanton have low rates, along with lower income towns like Pearsall and Hondo. We may speculate that Castroville's proximity to San Antonio (22 miles) and Jourdanton's to Pleasanton (4 miles) have truncated their retail offerings. (4) Having said this, however, in general there is no systematic relationship between rates of retail activity and distance to a large city or travel time to work.

Floresville is best classified as a farming/ranching town, although its relatively high age and income level suggest its emergent dormitory and retirement function. Driving south on Highway 181 from San Antonio (see Figure 1), the landscape is expansive and relatively unpopulated. In fact, the population density drops from over 1,100 per square mile in Bexar County, to 40 in Wilson County, for which Floresville is the county seat. The landscape shifts from residential developments and commercial strips to farm fields and grazing lands. At 40 kilo-

Table 1a. Comparative statistics for *recreation/retirement/dormitory towns* in South Texas, 2000

Indicator	Fredericksburg	Boerne	Marble Falls	Burnet	Llano	Com-fort	Bexar County (San Antonio)	Texas
Population, 2000	8911	6178	4959	4735	3325	2358	1,392,931	20,851,820
% growth in population, 1990-2000	28.5	44.5	23.8	38.3	12.2	59.6	17.5	22.8
Kilometers to closest large city	116 ^a	48 ^a	81 ^b	103 ^b	150 ^b	64 ^a	-	-
Miles to closest large city	72 ^a	30 ^a	50 ^b	64 ^b	93 ^b	40 ^a	-	-
Median age (years) 2000	47.2	39.2	35.7	36.6	40.9	32.7	32.1	32.3
Ethnicity: % Hispanic 2000	17.0	19.4	22.5	19.0	8.9	45.0	54.3	32.0
% with bachelors degree (adults) 2000	22.0	28.3	15.5	8.4	17.8	14.5	22.7	23.2
Median household income (\$) 1999	32,276	42,009	30,880	27,093	31,706	28,799	38,328	39,927
Mean travel time to work, minutes 2000	18.3	23.8	17.5	22.1	15.9	25.3	24.0	25.4
Retail employees/1000 population 2002	127	134	128	85	69	57	51	49

Source: U.S. Census of Population and Housing 2000; Census of Business 2002.

^a San Antonio^b Austin

Table 1b. Comparative statistics for *farming/ranching towns* in South Texas, 2000

Indicator	Pleasanton	Hondo	Pearsall	Floresville	Jourdanton	Castroville	Bexar County (San Antonio)	Texas
Population, 2000	8266	7897	7157	5868	3732	2644	1,392,931	20,851,820
% growth in population, 1990-2000	7.7	31.2	3.4	11.8	15.9	22.5	17.5	22.8
Kilometers to closest large city	53 ^a	64 ^a	90 ^a	47^a	61 ^a	35 ^a	-	-
Miles to closest large city	33 ^a	40 ^a	56 ^a	29^a	38 ^a	22 ^a	-	-
Median age (years) 2000	33.2	30.3	31.3	33.3	31.3	37.4	32.1	32.3
Ethnicity: % Hispanic 2000	51.1	59.9	84.2	64.0	52.9	36.0	54.3	32.0
% with bachelors degree (adults) 2000	15.6	7.4	8.3	11.3	6.1	25.4	22.7	23.2
Median household income (\$) 1999	29,644	27,917	21,602	30,093	34,975	42,308	38,328	39,927
Mean travel time to work, minutes 2000	28.0	19.4	26.1	28.7	30.2	27.9	24.0	25.4
Retail employees/1000 population 2002	103	52	38	71	34	34	51	49

Source: U.S. Census of Population and Housing 2000; Census of Business 2002.

^a San Antonio^b Austin

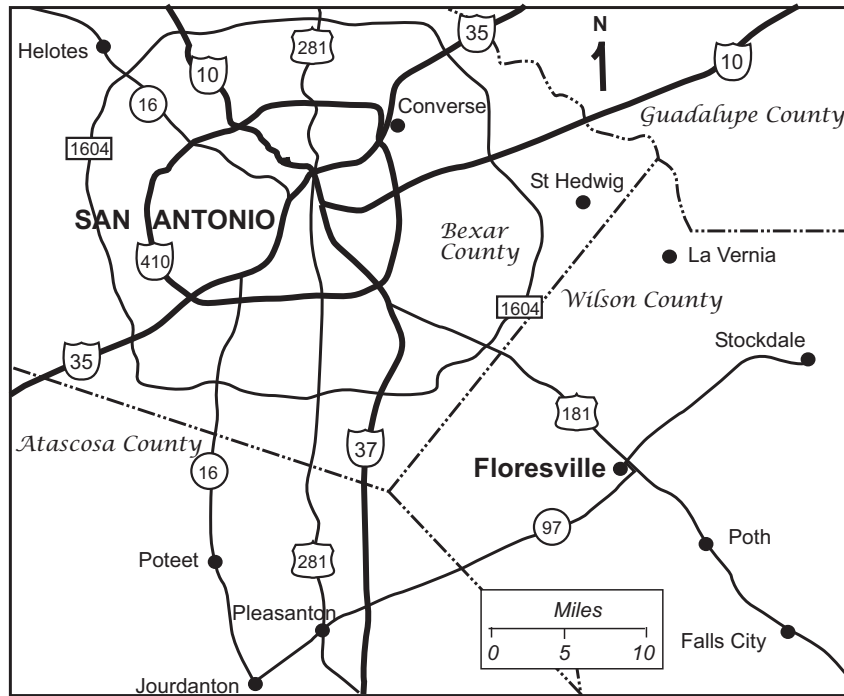


Figure 1. Floresville and Vicinity

meters (25 miles) south of the Alamo, you are in a truly rural landscape. But Floresville, a town of approximately 6,000 (compared to San Antonio's 1.6 million) is much more than a rural service center. It is also a residential community for commuters to San Antonio. An examination of the city's occupational profile reveals it to be surprisingly professional; over 36% of its labor force is in scientific, educational, health-related, or in public sector jobs—comparable to San Antonio, home of the South Texas Medical Center. The town is also becoming a retirement community. Floresville's median age is higher than that of San Antonio or Texas, despite the fact the town is almost 2/3 Hispanic (see Table 1). In summary, Floresville's age, income and ethnic profile, as observed in Table 1, suggest that the town may be a middle-class retirement option to the better-known, higher-income retirement communities of the Hill Country.

Methodology

The economic base analysis that is reported here is based on two surveys—an *establishment survey* of businesses and non-profit/governmental organizations within the city's urbanized area; and a *household survey* of residents in the same area. These surveys incorporate the best practices of recent economic base research. I have successfully used analogous surveys—employing student interview teams to survey establishment sales and expenditures patterns and a mailout survey to glean information on resident employment and spending patterns—that have resulted in joint professor/student authored studies of Poteet (1986), Pleasanton (1989), and Castroville (1990).

As noted above, this analysis had dual goals—to provide Floresville city leaders with useful information for planning the city's future, and to give the students in my Geography of Economic Activity (GRG 3533) class an experience of fieldwork in their local region. The benefit of this type of experience for undergraduate students is substantial and well worth the effort on the part of the instructor. First, it shows students how theoretical concepts are exemplified in the field (in this case, how basic employment and the multiplier are illustrated in the spatial patterns of sales and expenditures of actual business establishments). Second, it satisfies students' innate love for academic learning outside the classroom (seeing a new place and its people, interacting with other students and the professor, etc.). Third, it involves students in analyzing problems in the community in which they live. Fourth, it gives students an insight on how research is carried out (and makes them co-authors, which can prove useful for those destined for graduate school).

In preparation for our analysis of Floresville, I had the students read (and we discussed) case studies of small-town economic bases in Texas, Arizona, Kentucky, Ohio, and elsewhere, calling attention to new conceptual and methodological breakthroughs since Tiebout's classic monograph. Then, we traveled to Floresville on the Saturday prior to the business interviews, to be given an orientation talk by the president of Floresville's economic development corporation and to tour the city and sample its attractions (a mission, a dairy, and a famous Mexican restaurant).

For the *establishment survey*, in the week prior to the business interviews, I identified (with the help of my student research assistant) 252 establishments currently operating in the city region (the city and its immediate built up area) from lists provided by the City and the Chamber of Commerce, updated from the most recent telephone directory. Based on employment figures and estimates by city officials, I selected 60 establishments for interviewing—the 12 largest establishments, plus a sample of 48 of the 240 smaller establishments, stratified to ensure representativeness of each of 14 major types (see Table 4). I wrote a letter to each of the 60 establishments mentioning the imminent interview of their firm, and noting the simultaneous emergence of newspaper articles in each of the

two local newspapers explaining the purpose of the study. In class during this week, I gave the students numerous pointers of what to expect in the field, and team members practiced interviewing each other in preparation for the ensuing weekend.

On the weekend of the interviews (a Friday and Saturday), I accompanied 20 students to Floresville, where, grouped into ten teams of two persons each, they interviewed establishments within their pre-assigned categories. A two-page interview schedule, with separate forms for businesses and public or non-profit organizations, was administered in person to cooperating owners, directors, or managers of these establishments. During part of the day, I remained at a Mexican restaurant where students could come to me with their interview experiences, problems, and observations. Students carried with them introductory letters from city officials and from me, and interviewees were informed that their responses were confidential and would not be presented so as to reveal the data on any individual firm). In general, the novelty of the experience, the hospitality of most business managers to my students, and the first-hand knowledge gained of how rural people live and work, made for relatively few frustrations. One of these was my students being put off and occasionally rejected by busy employers, which required me to offer encouragement and to suggest alternate interviews; in a few cases, I had to return myself to complete interviews. Overall, however, it was a rewarding experience, and it provided accurate and enlightening information. In all, 57 establishment interviews were collected (ultimately, I applied sampling ratios to “grow” sample income and employment to totals for the entire community). The participation of my students did not end with the interviews. Each team took its survey forms home, corrected any ambiguities, recorded its data in a table, and interpreted the table in a written assignment. I incorporated these written assignments, including appropriate commentaries on the results, into the final report presented to the City of Floresville in May of 2004. All students who participated in the project were listed as “Student Assistants” on the cover page of the research report.

For the *household survey*, based on randomly selected residential addresses from the current telephone book, in late November 2003 I sent 400 household questionnaires to Floresville residents, accompanied by a letter explaining the study and requesting their mail-back response at their earliest convenience. I included two supportive letters from city officials. Both English and Spanish versions of the household questionnaire were enclosed. In the weeks following, 61 questionnaires were completed and returned—a response rate of 15%, not unusual for surveys of this sort. However, the socio-economic profile of this sample was not representative of the Floresville population on several demographic variables. Of particular importance to the study goals, 42% of our sample households earned under \$50,000 per year, compared to 74% of Floresville households in the Census. To correct for this bias, I applied sampling weights to inflate the value of each

under-represented case (the low-income respondents) and deflate the value of each over-represented case (the high-income respondents), keeping the total number of households the same. The result was a sample approximately representative of the Floresville population on several variables. As with the business sample, by use of sampling ratios, sample households were “grown” to the number of total households in the city of Floresville.

Study Results

Households: Income and Jobs

Floresville's household income is highly basic. Fully 83% comes from employment, pensions, investments, etc., originating outside the city (Table 2). The following explanations go beyond the tables to bring to bear other information obtained from the questionnaires, plus the author's and students' knowledge of the city as gleaned from field trips and conversations with residents.

The Floresville labor force is heavily dependent on out-commuting, particularly to San Antonio. Of total income from jobs, 81% (\$80 million) is earned outside the city; 60% of this from San Antonio alone. A breakdown of the San Antonio jobs (not given in the table) is informative, and indicates that professional and government jobs tend to dominate the mix—in the public sector, police officers, officials in public utilities, and technicians for public transportation agencies. In private establishments, jobs in finance, electronics, mechanics, and medicine round out the profile of what appears to be a quite professional group. A breakdown of the Floresville jobs suggests fewer professional and skilled jobs but again a strong orientation to the public sector, including employees of the Floresville ISD, the City of Floresville, and the local electric company. To summarize, the prevalence of skilled professionals who commute to San Antonio, as well as public employees in the city itself (which is the county seat), suggests a substantially different place from the dairy and peanut town of two decades ago.

The Floresville economy also benefits from other income (\$26 million) in the form of pensions, retirement benefits, investments, interest, property, etc. Over 9/10 of this income is basic. A closer inspection of the questionnaires supports several observations. Retirement income was the most important subcategory, and military pensions were a significant part of retirement income. Considerable income was earned from investments (IRAs, stocks, annuities, dividends) as well as from outside consulting by engineers and finance specialists who live in Floresville. These findings suggest that Floresville is becoming a haven for retirees with professional backgrounds and economic resources. As we shall see, the city's establishment profile, with heavy emphasis on health care as well as certain shopping goods, supports the presence of significant numbers of retirees.

Table 2. Sources of household income in Floresville (2003)

Type of income (household supply sector)	Estimated total income (to meet local demand) in \$1000	Estimated basic income (to meet external demand) in \$1000	% of household income that is basic
Job income	79,900	64,498	80.7
Other income (pensions, benefits, investments, etc.)	26,044	23,868	91.6
Totals	105,944	88,366	83.4

Source: Survey of Floresville households.

Table 3. Destinations of Household Expenditures in Floresville (2003)

Type of expenditure	Estimated total household expenditures (in \$1000)	Estimated amount spent in Floresville (in \$1000)	% spent in Floresville	% distribution of amount spent in Floresville
House payments	9449	1700	18.0	13.8
Home improvements	6990	2054	29.4	16.6
Appliances, furniture	1744	231	13.2	1.9
Clothing and accessories	2054	252	12.3	2.0
Food (including restaurants)	4740	1078	22.7	8.7
Car, truck, van payments	7562	27	0.4	0.2
Vehicle expenses (gas, repairs, etc.)	2329	605	26.0	4.9
Medical expenses	2094	581	27.8	4.7
Investments (including land)	6344	3318	52.3	26.9
Insurance (all types)	4372	843	19.3	6.8
Taxes (federal, state, local)	5205	1455	28.0	11.8
Other expenses	2451	204	8.3	1.7
Totals	55,334	12,348	22.3	100.0

Source: Survey of Floresville households.

Households: Expenditures

Despite the highly basic nature of household earnings, and contrary to our expectations based on the relatively high level of retail activity in Floresville, household earnings do not have a major multiplier effect on Floresville's economy. The reason for this is that households (particularly commuter households) spend the great majority of their income on goods and services outside the city. Of the \$55 million spent on a variety of categories in 2003, only some \$12 million (22%) was spent in Floresville (Table 3). Recall that 19% of job income was earned in Floresville. The similarity of these two percentages suggests that those who work outside of Floresville spend their money outside the city—but it suggests that retirees in Floresville spend most of their income outside the city as well. This suggests that the proximity of San Antonio's southside malls—some 30 kilometers (19 miles) from Floresville—are enticing even to this limited-mobility population.

Based on other economic base studies by the author in towns south and west of San Antonio, certain types of Floresville establishments receive surprisingly low patronage from Floresville residents (Table 3). For example, residents make only 23% of their purchases on *food (including restaurants)* in Floresville. This finding seems contradicted by the fact that at the time of the study, 29 restaurants employing some 160 persons existed in the city, and they appeared to be prosperous. Lower grocery food purchases are more understandable; Floresville in 2004 had a Super S Grocery but lacked an HEB (a major Texas grocery chain headquartered in San Antonio) or a Walmart Supercenter, both of which offer more variety and lower prices. Another example of depleted local patronage is *vehicle expenses* (chiefly gas and repairs of vehicles), only 26% of which are made locally. This reflects the lack of discount gas stations and specialized, full-service auto mechanics in the city, in addition to the full range of auto dealerships (e.g. Toyotas) available in San Antonio. *Home improvements*, involving the purchase of retail hardware, plumbing, lawn equipment, etc., is another category in which the city cannot compete with San Antonio, since it lacks a full-service home improvement or lumber store. Only 29% of purchases for these items are made in Floresville. Finally, low local expenditures on *clothing and accessories* (12%) are attributable to clothing's relatively high population thresholds (minimum number of persons needed to support it in a city). Clothing is also a shopping good, needed only intermittently, and thus more amenable to longer distance travel. Few cities of Floresville's size and proximity to a major city have full-service clothing stores.

In contrast, Floresville households exhibit a somewhat higher than expected propensity to spend locally on *investments and medical expenses*. Regarding investments, this propensity is 52%, and can be tied to Floresville's desirability as a retirement community, since many retirees live off their investments. In addition, the decline of farming in the city's environs, coupled with the city's business growth, have generated considerable speculative land sales and purchases. Re-

garding *medical expenses*, the propensity to spend locally is 28%. Floresville's older age profile and its key position as both largest city and county seat have contributed to its emergence as a central place for medical services, including a large and prosperous home health and hospice firm; the county hospital; a veterans home; a large nursing home; and medical offices and clinics.

Establishments: Income Sources

Floresville is the county seat of Wilson County and the locus of various government, medical, and manufacturing jobs that are filled by in-commuters from its hinterland—commuters who also shop and eat in the city. In other words, the city is the metropolis of its own micro-region when it comes to provision of a variety of services, even as it is tributary to San Antonio in other ways.

As regards *basic income*, there are five salient sectors, each accounting for more than 10% of the total (Table 4). (1) *Medical services* account for 17% of basic income entering the city. Floresville's largest private employer is the home health and hospice care firm mentioned above, with over 200 employees, providing care for a wide region including Wilson and 14 other counties in south Texas. The county hospital and over twenty doctors' offices and medical clinics round out the medical picture. (2) *City services* account for 16% of basic income. This includes the city's largest employer—the Floresville Independent School District with six campuses and over 500 employees. As in the case of other south Texas school systems with relatively low tax bases, the system receives considerable funding from State and Federal sources—making the school system the single most important source of basic income in the city. The city offices are another major source of government basic income. (3) Three *manufacturing* firms account for 15% of the city's basic income. They include an iron casting firm, a firm producing equipment for the construction industry, and a creamery. These are the most basic of any firms we interviewed; virtually 100% of their earnings came from customers outside Floresville. Next, there are (4) *Federal/ state/ county services*, accounting for 11% of basic income. The Wilson County Offices, employing over 150, support a diverse array of functions including state public safety, the library, various financial and tax offices, judges, extension agents, county ambulance/ fire protection, etc. One important fact is that unlike other adjacent counties south of San Antonio, in Wilson County the functions of dominant city and county seat are combined in one place, making Floresville the undisputed "primate city" of its region. Besides the four sectors detailed above, Floresville provides shopping goods, construction materials, food, and various services for its relatively large hinterland population.

Viewed separately, none of these four sectors approaches the importance of either commuting income or other household income in the basic income portfolio of Floresville. Viewed together, however, they constitute some \$66 million of annual basic inflows, which rivals the \$78 million in job commuting income.

Table 4. Sources of establishment income in Floresville by establishment type

Type	Actual # of estab- lish- ments	Sample # of estab- lishments	Total FTE em- ploy- ment	Estimated total income (\$1000)	Estimated basic income (\$1000)	% of income that is basic	% distri- bution of basic income
Convenience (groceries, drugs, gas, liquor)	19	5	98	4,198	11,583	36.2	3.8
Shopping goods (clothing, appliances, electronics, etc)	19	4	151	12,034	27,444	43.8	10.9
Lodging and housing (motels, housing, realty)	15	3	111	5,257	6,213	84.6	4.8
Restaurants (including fast food)	29	3	160	2,502	4,028	62.1	2.3
Non-profits (churches, utils., priv.schools, social services)	20	9	262	4,319	31,545	13.7	3.9
City (city offices, school district, public housing)	3	3	577	17,987	28,237	63.7	16.3
Fed., State, Co. (govt., P.O., Vet. home, fire, state offs..)	14	4	374	12,510	14,388	86.9	11.3
Vehicle/home(car/truck pur, repair, hardware, AC, etc)	32	4	131	3,360	9,411	35.7	3.0
Manufacturing (steel components, milk products)	3	3	103	16,000	16,000	100.0	14.5
Construction & Distribution (include, elec, roofing, etc)	20	6	93	8,916	13,319	66.9	8.1
Medical services (hospitals, nurse services., offices, etc.)	23	5	423	19,074	23,402	81.5	17.3
Personal services (beauty/ barber, day care, laundry, etc)	19	2	59	518	4276	12.1	0.5
Business services (banks, insurance, accountancy, etc)	23	4	87	2,288	8,982	25.5	2.1
Other services (newspapers, photog., recreation, etc.)	13	2	56	1,356	3,390	40.0	1.2
Totals	252	57	2685	110,318	202,669	54.4	100.0

Source: Survey of Establishments in Floresville by author and students (December 2003)

Overall, basic income from establishments totals \$110 million, which is approximately equal to the \$106 basic income deriving from households. Floresville therefore depends equally on its firms and its households for the external income that sustains its growth.

Establishments: Expenditures

As with household purchases, establishment purchases in Floresville circulate income in the city through the operation of the multiplier. Approximately 1/3 (34%) of establishment purchases are made in Floresville, compared to only a fifth (22%) of household purchases. Since establishment purchases are over three times as large as household purchases, the overall multiplier (discussed below) will be weighted towards the higher establishment percent. *Local labor expenditures* and *local service expenditures* account for most local purchases by establishments. With regards to labor, for smaller establishments such as convenience stores, shopping goods stores, motels, restaurants, and vehicle purchase and repair—frequently family-run—there are obvious advantages to living and hiring close to home. Large firms such as manufacturing and medical services, located away from downtown and serving a wide public, hire locally to a lesser degree but their sheer size accounts for a substantial proportion of local labor recruitment. Regarding services, electricity is purchased from the local power company, gas/water/telephone from local utilities, and janitorial and custodial services from a variety of local firms. *Local purchases of inputs* are much less pronounced than is the case with labor and services, owing to the standardized, mass-produced and mass-distributed nature of these goods that require their efficient production in large, specialized, usually distant plants. Examples of this include wholesale gas and food items for convenience stores; food for restaurants; office supplies for non-profit organizations, medical, personal and business supplies; and parts for manufactured goods and the machinery used to produce them. These items are obtained from Texas cities such as Houston, Austin, Corpus Christi, and from cities elsewhere in the U.S. as well as overseas.

Economic Base Multiplier

Based on the income and expenditure analyses above, we conclude that the economic base multiplier is approximately 1.25 for households and 1.70 for establishments, averaging approximately 1.50 for the economy as a whole. A multiplier of 1.50 means that for every two basic jobs, one non-basic job is created through income recycling within the city. This figure is analogous to multipliers for other south Texas cities tributary to San Antonio that I have studied in the past. Specifically, the multiplier for Castroville (1990) was 1.40; that for Pleasanton (1989) was 1.56; and that for Poteet (1986) was 1.50. The difference in time between these studies and that of Floresville means that the earlier multipliers are not strictly comparable, however.

Commentary and Conclusions

Less than 50 kilometers (30 miles) from downtown San Antonio, Floresville is a middle-class "dormitory" town for commuters and retirees who prefer its tranquility and low housing costs to those of metropolitan San Antonio. Demographically, its population is older, with many retired persons, and its working population holds mid-range professional jobs, a high percentage of which are in San Antonio. This population (as revealed from open-ended questions asked in our survey) sees the quality of life of the city as the paramount issue—not employment. This demographic profile is only half the story, however. The city is also an employment node and "primate city" for its county and surrounding region. There are substantial numbers of in-commuters from towns in this region, and their presence may be inferred from the booming Mexican restaurants in the city around lunchtime and from the sales of stores offering food, clothing, gas and appliances. Floresville's economic base is largely dependent on out-commuting to jobs, and on major employers such as medical services, city and county offices and the school district, and manufacturing. In all cases except manufacturing, these employers are involved in improving the quality of life and human capital of residents of Floresville, not in providing a unique product for distant purchasers. That is to say, they underscore the emerging profile of Floresville as a dormitory and retirement city.

Floresville is a town in transition, not only from farming and ranching to secondary and tertiary activities, but from manufacturing and convenience goods to high-order services appealing to a more affluent retiree and out-commuting populace. In this sense, its economic base is becoming more like the recreation/retirement/dormitory towns to the north of San Antonio. This trend mirrors what is happening in such communities nationwide, as revealed in several economic base studies cited earlier. Floresville's case resonates with towns that are being effectively incorporated into the economic sphere of influence of larger cities, whether in Texas, Arizona, Ohio or Michigan, owing not to its scenic attractions but to its tranquility, low cost of living, and increasing provision of private and public services to serve its new demographic profile. Transportation improvements underlie this process of incorporation.

A survey-based economic base study reveals a great deal about a community's income generators, its ability to retain this income locally, and the opinions of its residents and businesses about the problems and future of the city. It also offers college professors and their students a valuable opportunity to learn about the region in which they are embedded, and hopefully give back to this region in return. Regarding this final point, the author was later assured that the report had wide readership among various city officials in Floresville, and that its recommendations for improving the quality of life and tourist attractions in the city were being implemented.

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