

## Perry's Texas has jobs, also good luck

**AP** Associated Press

By PAUL J. WEBER - Associated Press | AP – Tue, Jul 26, 2011

SAN ANTONIO (AP) — In Vernon, Calif., billboards and radio ads bought by the city in suburban Los Angeles portray [Texas Gov. Rick Perry](#) as some kind of unstoppable, job-lassoing marauder — an image Perry himself would no doubt embrace if he decided to run for president.

"This just in," begin the radio spots, which started airing in June, "Texas Gov. Rick Perry is urging Vernon's 1,800 employers to move their 55,000-plus jobs from California to Texas." Beneath the voiceover, an emergency siren wails.

When it comes to attracting jobs, are Perry and Texas really such a force to be reckoned with?

That question is stirring discussion around the country these days, especially in political circles, as Texas markets itself as a job mecca and as Perry ponders whether to run for president in an election that will be focused on jobs and the economy. During a decade that included a national recession, Texas added a million jobs, more than almost every other state combined.

Perry talks about his state's jobs record everywhere he goes as he weighs his future. He even mentions it where he doesn't go — like California's Vernon, where the city's businesses received letters from Perry urging an exodus to Texas, which Perry called, "America's new land of opportunity."

But the story behind the big Texas numbers is more complicated than the triumph of one state's conservative economic strategy of low taxes and minimal regulation, according to conservative, liberal and nonpartisan experts.

Rather, the surge reflects a combination of luck, location and a low cost of living, only some of which any politician can claim credit for. How much stems from a business-friendly environment or Perry specifically is debated by economists.

"In politics, economic development, and bird hunting the rule 'Shoot anything that flies, claim anything that falls' seems to apply," said Terry Clower, director of the Center for Economic Development and Research at the University of North Texas.

Also, the picture wasn't entirely rosy. Many of Texas' new jobs are low-paying. The state shares the nation's highest proportion of minimum-wage workers. And not everyone there is employed. The unemployment rate, at 8.2 percent last month, was higher than more than two dozen other states.

But Texas still has plenty to brag about. Since June 2009, when the U.S. emerged from the recession, Texas had 45 percent of the nation's job growth, according to the Federal Reserve Bank of Dallas.

According to employment data, a major source of the state's new jobs has been its perennial economic mainstay, oil and gas. Record oil prices that surged to \$145 a barrel in 2008 propped up the Texas economy while the rest of the country was sagging, said Mine Yucel, vice president of the Dallas Fed. Texas oil and gas employment grew by nearly 60 percent since January 2001. While accounting for only a small part of the state's work force, the industry generates robust pay checks and throws off income to other businesses that spurs more hiring.

But rich natural resources and price spikes don't say much about the wisdom of a state's governing philosophy. Nor do proximity to an international border and the Gulf of Mexico, with their trade and tourism benefits. Of Texas' good fortune, said Yucel, "Some of it is God-given."

Over the last decade, comparatively cheap housing and a low cost of living also helped to make Texas among the nation's fastest-growing states, with the population jumping 20.6 percent to 25 million. About one in five new residents moved from other states while about 25 percent were immigrants. Meanwhile, jobs in health care, government, and leisure and hospitality grew steadily, according to U.S. Bureau of Labor Statistics.

That influx is where Perry and his supporters cite the impact of Texas' low-tax, low-regulation policies.

"This isn't rocket science," Perry said this month at an announcement that video game maker Electronic Arts was bringing more than 300 new jobs to Austin. "You keep taxes relatively low, you have a regulatory climate that's fair and predictable, a

legal system that doesn't allow for oversuing and you have institutions of higher learning ... who allow for these innovative programs to be developed because of the curriculum that they put in the schools."

But the relationship between people arriving and jobs appearing is a murky one.

"It is a chicken-and-egg kind of thing," said Steve Murdock, the former Texas state demographer. "You won't get people without employment. Even if your job isn't what you wanted it to be, you go to where you find jobs. There haven't been a lot of other strong parts of the country to go."

Texas' standing as one of only seven states with no personal income tax is a well-known attraction. The Texas Public Policy Foundation, a conservative think tank with close ties to Perry, puts the state's overall tax burden at 8.4 percent, compared to 9.7 percent nationally. The state also has a business-friendly regulatory environment.

Perry claims credit for maintaining those longstanding policies since he became governor in 2000 and also for passing tort reform legislation in 2003 that limited medical lawsuits. Supporters point to a 57 percent jump in physician applications just three years later. However, Clower and other economists say businesses don't often rank tort reform as a top factor in choosing business locations.

Texas has one of the nation's most aggressive business recruitment funds. The Texas Enterprise Fund, created by Perry, has given businesses more than \$435 million in grants and financial incentives since 2003, according to Perry's office, which claims credit for 58,000 new jobs. Whether the funds often give money to companies that are actually making decisions for other reasons is much debated among economists. "Lots of states try to argue these are incentives, these are changing the game for a lot of companies. We don't find much evidence in that," said Thomas Cafcas, a researcher at the Washington-based nonprofit Good Jobs First.

Texas' low cost of living is attractive for workers, but also important because many new jobs don't pay much. About 9.5 percent of Texas hourly workers are paid at or below minimum wage, tying Mississippi for the highest percentage in the nation. Nationally, Texas ranked 34th in median household income from 2007 to 2009. Fortunately, the median house price in Texas last year was \$135,000, well below average nationally.

Mark Dotzour, chief economist of the Texas A&M University Real Estate Center, said there's nothing wrong with low-paying job growth. "Low-wage jobs are part of the global economy," he said. "The only people who cast aspersions on low-wage jobs are people who don't understand how the global economy works."

Perry's argument about the job attraction of Texas' schools may soon be put to the test. This year, the Texas Legislature stared down a \$27 billion state budget shortfall in part by cutting public school funding by \$4 billion. Class sizes will grow in many schools this year and popular electives will be eliminated.

Also, layoffs in public schools and state agencies could chip away at the state's 10-million plus jobs. Clower said some estimates put the cuts at **100,000 workers**.

But out in Vernon, Calif., city leaders are convinced Texas is worth fretting about. Its ads were mostly a message to budget-cutting California lawmakers that jobs in the city were at stake.

Even if other states don't fight back against Perry's claim to be the job creator, "that's what he'll be," MacFarlane said. "Perception is nine-tenths reality."

---

Associated Press writer April Castro in Austin, Texas, contributed to this report.