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THE TEXAS TRIBUNE

Private-Sector Jobs Are a Major Factor in Employment Growth

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It is not a mirage or a miracle; it is a fact. Nearly half of all net jobs created in the United States since 2009 have been in Texas.



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PERRYEDIA

A curated site for information on Gov. Rick Perry's political career and policy positions: texastribune.org/perryedia.

It is also a fact that Texas' unemployment rate, currently at 8.4 percent, is the highest it has been since 1987, even though it is below the national rate of 9.1 percent.

As Gov. Rick Perry continues to tout Texas' low-tax, low-regulation business climate as the secret to the state's relative economic strength, critics have pointed to Texas' unemployment rate and low-wage jobs, noting that Texas ties Mississippi for the highest percentage of minimum wage workers.

The debate raises several questions: What jobs do Texans commonly hold right now? How much do those jobs pay?

And what jobs is Texas creating?

According to statistics from the Texas Workforce Commission, the annual median wage in 2010 for all occupations in Texas was \$31,500, or 7 percent less than the national median.

The most common occupation sectors in Texas were office and administrative service, sales, and food service. Of the three, office jobs had the highest median wage, at \$29,300. Food service had the lowest median wage of all occupation groups, at \$17,700 annually. Together these occupational groups made up more than a third of employed Texans.

But the same pattern can be observed in both national numbers and nearly every state, said Ray Perryman, chief executive of a nonpartisan economic research firm based in Waco. These broad categories encompass many jobs "necessary to run a modern economy," he said.

What sets Texas apart is that it is "the only large labor market state in the nation that's shown a positive growth in private-sector jobs," said Tom Pauken, chairman of the Texas Workforce Commission. Mr. Perry took office at the end of 2000, and since 2001 the nation as a whole has had a net loss of private-sector jobs, while Texas had a net gain of 825,400 private-sector jobs.

The fastest-growing industry in Texas is mining and logging, which grew by 19.4 percent, or 40,500 net jobs, over the last year. Rising energy demand, along with discoveries of natural gas in shale formations across Texas, have resulted in the expansion of hydraulic fracturing and offshore drilling operations, both environmentally controversial practices.

Energy extraction flourishes in Texas because of the "low taxes and low regulations," said Bill Peacock, the director of the conservative Texas Public Policy Foundation's economic center. Mr. Peacock said states cannot match Texas' success because those with resources have often prohibited offshore drilling or increased regulations on hydraulic fracturing.

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"People can come here and drill," he said.

Texas has a large low-wage work force and an undeniably high unemployment rate, said Don Baylor, a senior economic analyst at the liberal Center for Public Policy Priorities. But the "economy has diversified," he said, "so there are a lot more opportunities that exist now than before."

Three other industry sectors added more jobs than mining over the last year: trade, transportation and utilities increased by 57,900 net jobs; professional and business services by 53,400 net jobs; and leisure and hospitality by 44,900 net jobs.

Mr. Baylor said the Texas economy might suffer when budget cuts come in September and the state runs out of the federal stimulus funds that propped up the economy in the last budget cycle. Texas cut 9,400 government jobs in July. The Center for Public Policy Priorities estimates that the state will lose 49,000 government jobs as a result of budget cuts, primarily to education financing.

"Given the economic status of most of the country, arguments that the growth in Texas is somehow a bad thing are unlikely to be persuasive," Mr. Perryman said. While Mr. Perry's tax and regulatory policies have "improved the business climate," Mr. Perryman said, the governor cannot take credit for recent discoveries of shale formations, the price of oil or "many other factors that have provided Texas with a competitive advantage in recent years."

The work force commission projected in 2008 that Texas would add nearly two million jobs by 2018. Mr. Pauken said it is difficult to trust any predictions, given the current economic climate. "We're doing a good job of poaching jobs from other high-tax, high-regulatory states," he said. "But ultimately it's a zero-sum game if the nation at large is losing jobs to other nations."

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