

Texas Employment Gains Aren't Simply a Low-Wage Jobs Story

Amid reports of the nation's weak economic recovery, high unemployment and slow job growth, attention has turned to Texas, the only large state on track to surpass its prerecession peak employment by year-end. Since the U.S. recession concluded in 2009, Texas employment has grown 3.3 percent, compared with 0.6 percent for the rest of the states.¹ Texas added 827,000 jobs, an 8.7 percent increase, between 2001 and 2010 and expanded in every category except manufacturing, information and construction. The nation lost 2.8 million jobs during that period, a 2.3 percent decline.

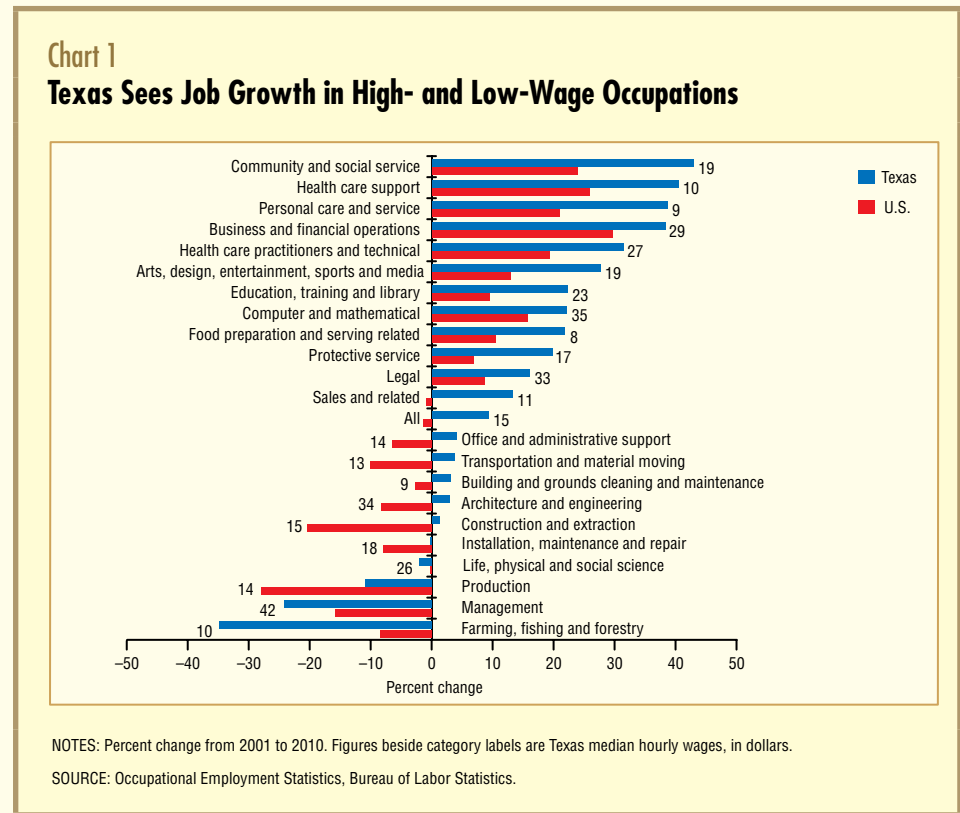
Texas has benefited from a range of factors, notably high commodity prices, particularly oil, and development of new drilling technologies. Rapidly growing exports, high population growth and robust in-migration of people and businesses also contributed. Relatively healthy banks and the lack of a housing bubble cushioned the blow of the recession.

State job gains, which have benefited from strong fundamentals, have been relatively rapid and broad based. Even so, the wage picture is mixed.

Of the 22 major occupational categories surveyed by the Bureau of Labor Statistics, employment rose in 18 of them in Texas versus 11 in the rest of the states between 2001 and 2010 (*Chart 1*).² Texas jobs grew fastest in community and social service, which has a median hourly wage of \$19, higher than the \$16 median for all U.S. jobs in 2010. Other rapidly growing categories include health care support, with a median wage of \$10; personal care and service, with a \$9 median, and business and financial operations, with a \$29 median.

While more lower-wage jobs were created, higher-paying positions grew at a faster rate in the state, making up an increasing proportion of total jobs. Texas jobs in occupational categories with wages above the U.S. median increased 11.9 percent from 2001 to 2010, while jobs with wages below the U.S. median rose 7.9 percent. That translates to 391,000 higher-wage jobs and 470,000 lower-wage ones. Positions in occupational categories paying more than the U.S. median accounted for 36.4 percent of total Texas jobs in 2010, up from 35.5 percent in 2001.

Despite the expanding share of high-wage



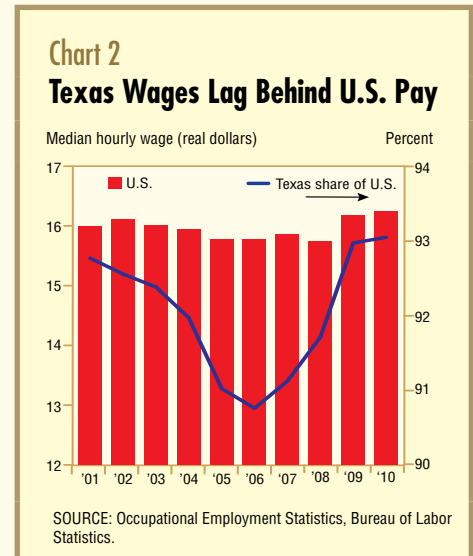
jobs, Texas pay started and finished the decade at about 93 percent of U.S. levels (*Chart 2*).³ Clearly, state wages fluctuated with the business cycle, falling during the jobless recovery of 2003–04 and rising in 2009–10. While real (inflation adjusted) wages in Texas increased from \$14.87 in 2001 to \$15.14 in 2010, they remain below U.S. levels. The difference reflects a lower cost of living. However, Texas workers are also younger and less educated, on average, and more likely to be foreign born.

While Texas wages trail those of the U.S., job creation does not appear to be disproportionately low-wage. State trends over time resemble those of the U.S., with lower wage levels best explained by demographic differences.

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Notes

¹ Texas employment uses Federal Reserve Bank of Dallas employment data, while employment for the rest of the states is calculated using U.S. National Survey data minus Texas employment. Using Bureau of Labor Statistics data for Texas and the sum of states, Texas employment has grown 3.2 percent, compared with 0.7 percent for the rest of the states.
² Occupational Employment Statistics from the Bureau of Labor



Statistics provide annual data on employment and wages by detailed occupation at the state and national levels. Wages are expressed in 2010 dollars and exclude the value of fringe benefits. Wages have been deflated using CPI-U, the Consumer Price Index for All Urban Consumers, in Chart 2.

³ In 2010, the Texas median hourly wage was \$15.14; the U.S. median was \$16.27.