



DISTRESSED TEXAS

Unemployment high among African Americans and Hispanics in an uneven jobs recovery

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Much of the economic coverage of unemployment focuses on the national average. The United States, however, is a large country with a diverse population, and this overall average masks significant disparities in the unemployment rates of different states and various races and ethnicities. Some groups of people within states can have remarkably different unemployment rates depending on their state's labor market.¹

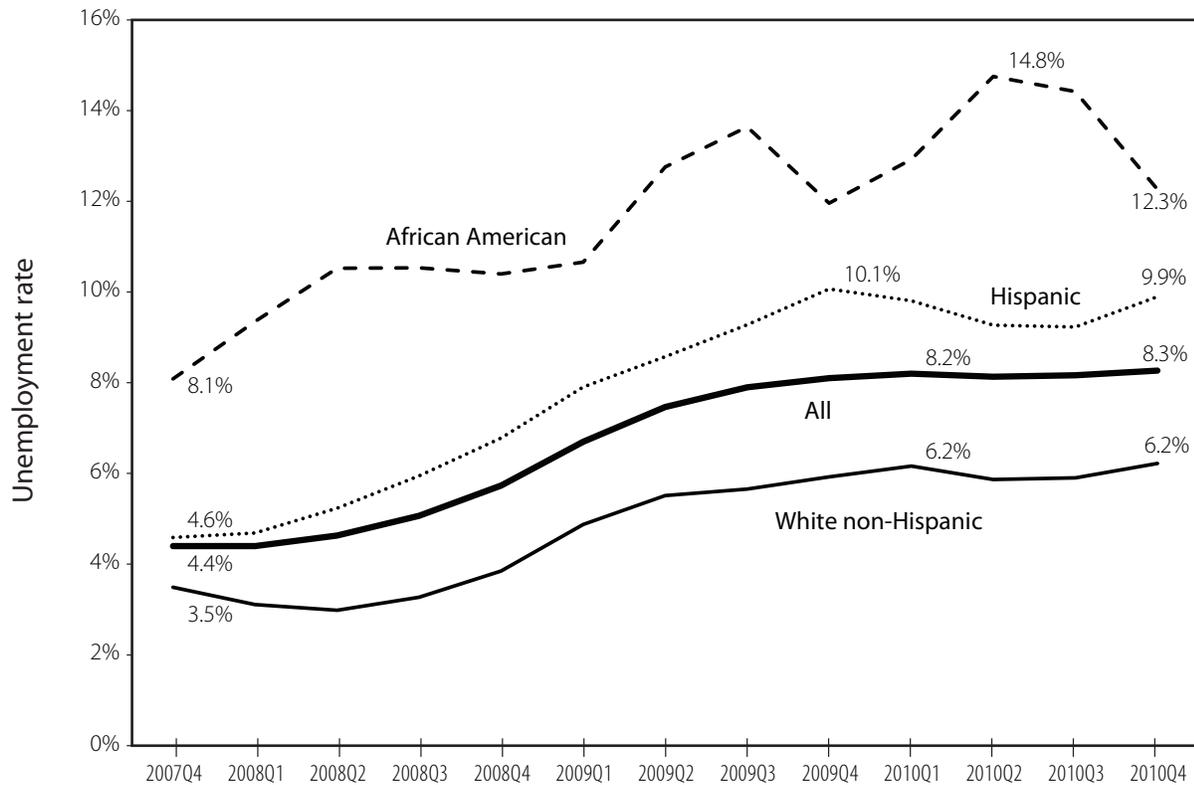
Debunking the myth of Texas prosperity

A review of unemployment in Texas highlights the complicated economic and fiscal situation confronting the state. In March 2011, there were 10,526,100 Texans employed, just 200 fewer than at the beginning of the recession. But this comparatively positive employment situation masks the impact of significant population growth since December 2007. Despite relatively steady employment throughout the recession, Texas now finds itself with 648,131 fewer jobs than needed to keep up with the growth of the working-age population, the third-largest employment shortfall among all states.² Moreover, by dramatically cutting state spending to cope with a projected 2012 fiscal deficit of \$13.4 billion (the third largest state deficit as a percentage of the state fiscal year 2011 budget), Texas is moving toward increased unemployment.³ The state's Legislative Budget Board projects that Texas will have 335,000 fewer jobs by 2013 if it adopts a proposed Texas House budget that would close the deficit only by imposing spending cuts, not revenue increases. For many Texans, the so-called "Texas Miracle" has morphed into a bitter Texas reality.

Behind the myth of economic prosperity in Texas lurks a dark reality. According to data from the Bureau of Labor Statistics, Texas is tied with Mississippi in having the largest share (9.5%) of hourly workers earning at or below the federal minimum wage. This compares with just 6.0% nationally. While Texas is home to 7.9% of hourly-wage workers in the United States, 12.6% of U.S. workers earning the minimum wage or less work in Texas. A large number of the state's new jobs are low-wage jobs. Between 2009 and 2010, the number of people working at or below the minimum wage in Texas grew by 76,000.⁴ This is hardly a foundation for a rosy economic future, either for Texas families or the state itself.

FIGURE A

Unemployment in Texas, by race/ethnicity, 2007Q4-2010Q4



Source: EPI analysis of U.S. Census Bureau's Current Population Survey, and Bureau of Labor Statistics' Local Area Unemployment Statistics.

Unemployment in Texas differs by race and ethnicity

In Texas, unemployment rates of African Americans and Hispanics continue to exceed the unemployment rate of non-Hispanic white Texans. In 2010, 13.6 percent of African Americans and 9.6% of Hispanics were unemployed, compared with 6.0% of white non-Hispanic Texans. These average unemployment rates place Texas among the states experiencing uneven recovery across the workforce.⁵

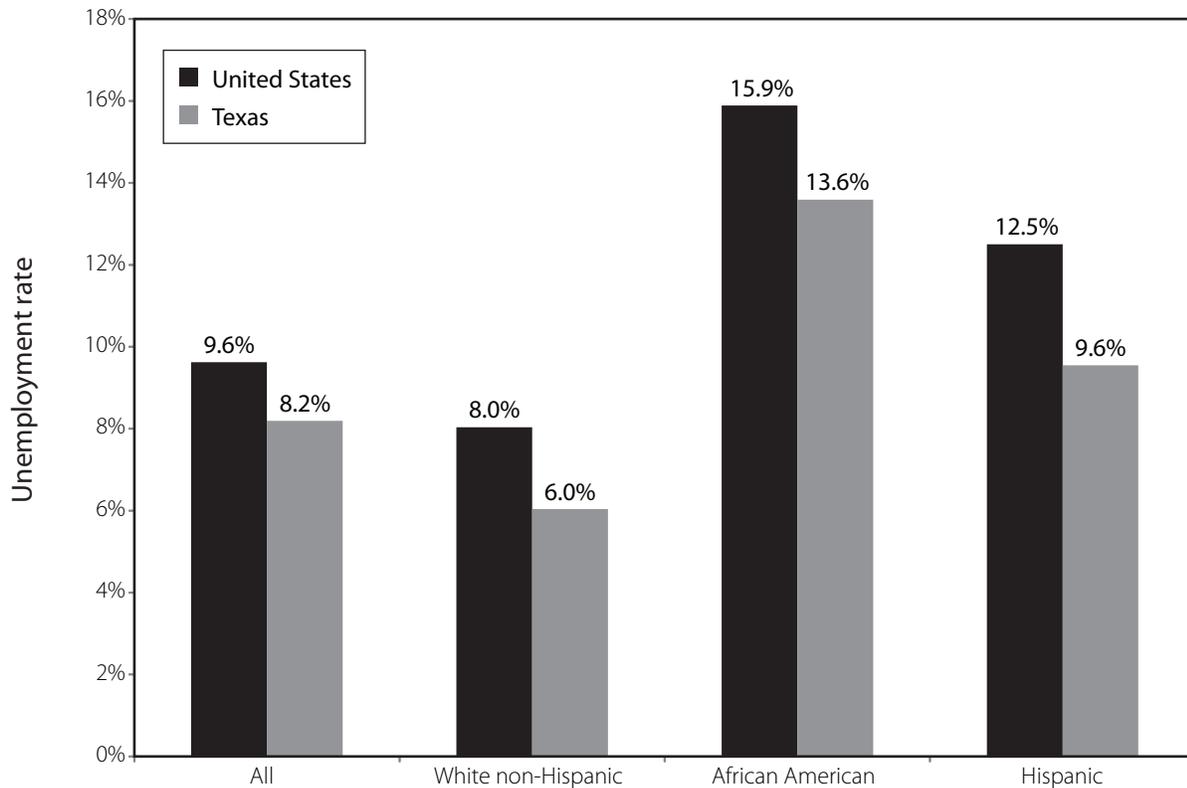
The relatively high unemployment among African Americans and Hispanics in Texas is noteworthy given their comparatively large (and growing) share of the state's population. In 2010, African Americans and Hispanics comprised, respectively, 11% and 38% of the population, following 22% and 42% increases (respectively) in population over the preceding decade. During this period, the state's overall population increased 20.6% and its non-Hispanic white population increased 4%.⁶

White non-Hispanic unemployment is constant

As seen in **Figure A**, unemployment in Texas differs significantly by race. The unemployment rate for non-Hispanic white Texans peaked at 6.2% in the first quarter of 2010, dipped only slightly, and returned to that level by the end of 2010. As seen in **Figure B**, the average unemployment rate for non-Hispanic whites in Texas was 6.0%—three-fourths the national average rate of 8.0%.

FIGURE B

**Unemployment in Texas compared with the United States,
by race/ethnicity, 2010 average**



Source: EPI analysis of U.S. Census Bureau's Current Population Survey, and Bureau of Labor Statistics' Local Area Unemployment Statistics.

African American unemployment remains high

The African American unemployment rate in Texas rose from 8.1% at the beginning of the Great Recession to a high of 14.8% in the second quarter of 2010. By the fourth quarter of 2010, African American unemployment in the state remained very high at 12.3%—almost twice the non-Hispanic white unemployment rate of 6.2% during that quarter.

As shown in Figure B, the average unemployment rate for African Americans in Texas in 2010 was 13.6%—more than 85% the average national African American unemployment rate (15.9%). But while African Americans in Texas experience lower unemployment than African Americans nationally, they do not enjoy as large a relative advantage as non-Hispanic white Texans, who have an unemployment rate that is 75% percent the average national rate for whites.

Hispanic unemployment is climbing

The Hispanic unemployment rate in Texas rose from 4.6% at the beginning of the Great Recession (a rate just slightly higher than the overall unemployment rate of 4.4%) to a peak of 10.1% for the last quarter of 2009. By the fourth quarter of 2010, it had declined somewhat, but remained at 9.9%, close to the double-digit unemployment mark.

As with the non-Hispanic white unemployment rate in Texas, the average Hispanic unemployment rate in Texas in 2010 (9.6%) was about three-fourths the average national Hispanic unemployment rate (12.5%). This comparatively low Hispanic unemployment rate likely reflects the fact that despite substantial growth in the Hispanic population in Texas since 2000, a significant share of the Hispanic population has lived in Texas for generations and is woven into the social and economic fabric of the state. The economic hardships faced by some more recent immigrants pose a much greater challenge to the state.

Conclusion

At first glance, it doesn't appear that the Texas economy has very far to go to recover from the Great Recession. But a closer examination of the state's economic and fiscal situation reveals dark clouds on the horizon. With unemployment rates that are higher than that of white Texans, African American and Hispanic workers in Texas have disproportionately felt the pain and uncertainty of the Great Recession. Their ability to make employment gains will be challenged by an overall population that is growing faster than jobs, giving Texas the third-largest jobs shortfall among all states. Ensuring a recovery that allows Texans of all races and ethnicities to prosper will challenge policymakers. With state coffers in Texas (as elsewhere) on empty, there is a continued need for strong and direct job creation efforts by the federal government.

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Endnotes

1. This paper builds on a national report by Algernon Austin, director of the Race, Ethnicity, and the Economy program at the Economic Policy Institute. See Algernon Austin, 2011, *Distressed States: Unemployment rate near 20% for some groups* (Economic Policy Institute), <http://www.epi.org/publications/entry/ib299/>.
2. Findings from EPI analysis of Bureau of Labor Statistics, Current Employment Statistics data, March 2011. The measure of "jobs shortfall" focuses on the number of jobs required if job growth kept pace with working-age population growth. For a visual presentation of "jobs shortfall," see the chart presenting the 11.2 million-job shortfall impeding national economic recovery in EPI's online series, *The State of Working America*: <http://www.stateofworkingamerica.org/charts/view/7>.
3. See Elizabeth McNichol, Phil Oliff, and Nicholas Johnson, 2011, *States Continue to Feel Recession's Impact*, (Center on Budget and Policy Priorities), Table 1: States with Projected 2012 Gaps.
4. Data from Bureau of Labor Statistics, 2011, *Characteristics of Minimum Wage Workers: 2010*. <http://www.bls.gov/cps/minwage2010.pdf>.
5. Findings from EPI analysis of U.S. Census Bureau's Current Population Survey data.
6. See *The New York Times*, "Mapping the 2010 Census," <http://projects.nytimes.com/census/2010/map?ref=us>, and U.S. Census Bureau, Census 2010, Table P2: Hispanic or Latino, and Not Hispanic or Latino by Race. The Asian population grew dramatically over the course of the decade (by 71%), but still represents a small portion of the state population (4%).