



SEPTEMBER 13, 2011

THE TEXAS ECONOMIC MODEL: More Low-Paying Jobs + Higher Unemployment = Increased Poverty

FRANCES DEVINEY, PH.D.
LESLIE HELMCAMP

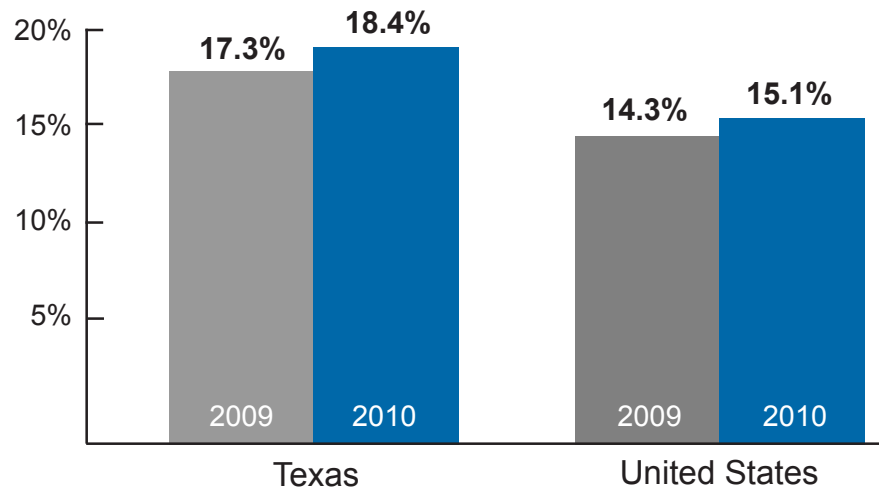
Believing in the American Dream is as much a part of being a Texan as remembering the Alamo. Texans believe that by working hard, we will earn decent wages and make a good life for our families.

Poverty, on the other hand, is a nightmare. New data on income and poverty from the Census Bureau's 2010 Current Population Survey shows many more Texans living that nightmare.

The 2010 Current Population Survey (CPS) poverty numbers show Texas has not been immune to the recession's impact. Our economic story is complex. Despite adding jobs, Texas' unemployment rate has nearly doubled, and our poverty rate climbed from 17.3 percent to 18.4 percent in 2010.¹ We have had job growth in part because our population grew dramatically. But job growth has not kept up with working-age population growth, driving up unemployment. And high unemployment combined with a lot of low-wage jobs drives up poverty.

Despite adding jobs, Texas' unemployment rate has nearly doubled.

Texas Poverty Higher, Growing Faster Than U.S



Source: CPPP analysis of Current Population Survey data, U.S. Census Bureau

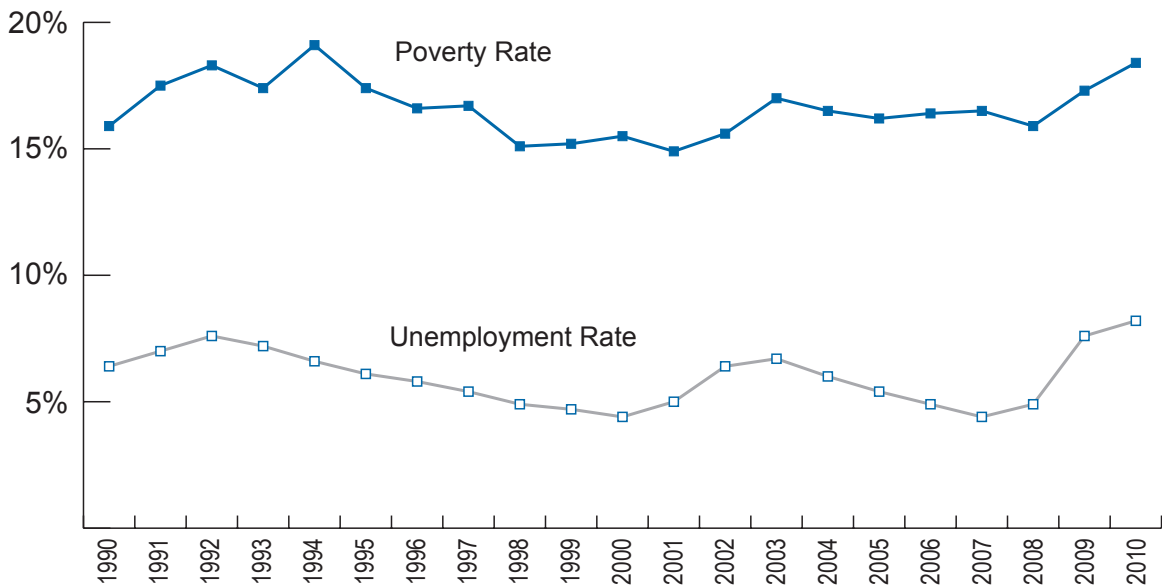
900 LYDIA STREET
AUSTIN, TEXAS 78702
T 512.320.0222
F 512.320.0227



Like us on Facebook, follow us on Twitter, and watch us on YouTube.

www.cppp.org

20 Years of Texas Poverty and Unemployment Tracking Together



Source: TWC annual unemployment data (% of workforce); Census Bureau's Current Population Survey (% of total population, all ages)

Texas' poverty rate is higher than the U.S. poverty rate and grew at a faster pace.

Unemployment and Poor Job Quality Drive Persistent Poverty

Once again, Texas saw both the percentage and number of people struggling to make ends meet climb. In 2010, 18.4 percent (or 4.6 million) of Texans were living in poverty (e.g., \$22,113 a year or less for a family of four)², up from 17.3 percent (or 4.3 million) in 2009. Not only is Texas' poverty rate higher than the U.S. poverty rate (15.1 percent), it also grew at a faster rate.

Texas' unemployment rate jumped from 7.6 percent in 2009 to 8.2 percent in 2010. As shown in the chart above, our poverty rate rises and falls with the unemployment rate. Of the nearly 1 million unemployed Texans in 2010, more than one in three—approximately 336,000 Texans—were unemployed 6 months or longer. In fact, the 2010 unemployment and poverty rates are at 15-year highs. The unemployment rate has continued to climb into 2011 to 8.4 percent (July 2011), marking 23 consecutive months that Texas' unemployment rate has exceeded 8 percent. This ties the modern-day stretch set in the wake of the 1980s oil and real estate bust.

Recent data revealed that Texas has the highest proportion of low-wage jobs in the country (nearly 10 percent of all hourly paid workers, tied with Mississippi). More than half a million Texas workers earn minimum wage or less.³ At the current minimum wage of \$7.25 per hour, a single parent working full time would earn just over \$15,000 a year before taxes. If that parent has two kids, then \$15,000 would be too low to meet basic needs, leaving them dependent upon public health insurance and free school lunch for the kids and the Supplemental Nutrition Assistance Program (SNAP, formerly known as Food Stamps) for the entire family.⁴

INCREASED POVERTY IN TEXAS

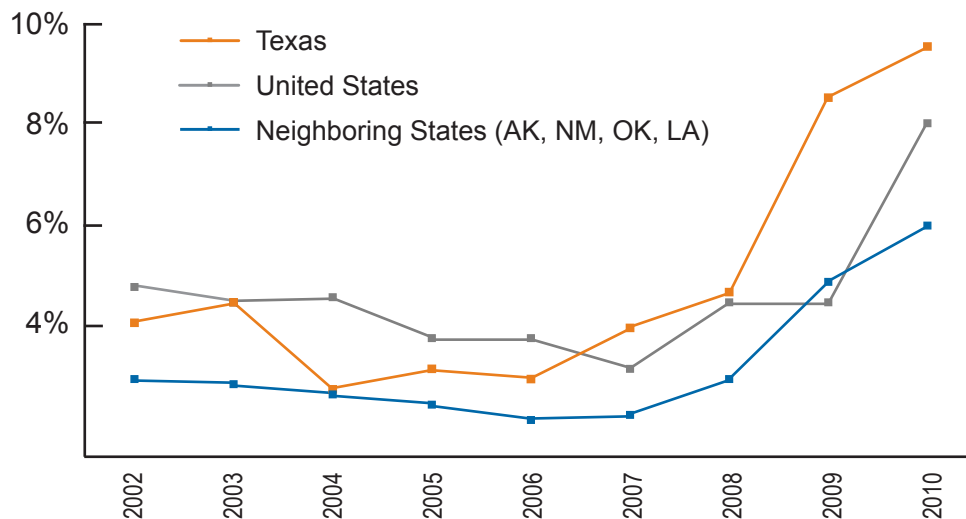
Understanding Data Releases on Poverty

The Current Population Survey (CPS) is the first round of poverty data to be released from the Census Bureau for 2010. The Census Bureau recommends looking at the CPS poverty numbers as preliminary for states, and points users to September 22 when it will release the 2010 American Community Survey data (ACS). The ACS surveys more Texas households, which allows it to provide a more comprehensive analysis for the state. Unlike the CPS, the ACS data will include estimates at the sub-state level, including larger counties (65,000+ people) and all metro areas, providing insight into the large variations in poverty in local communities across our state. CPPP will provide full state and local-level analyses of 2010 ACS data on poverty and income on September 22. For more information on how to use these different data sources and how CPPP plans to analyze them, see Memorandum, [“Understanding the new Census data on Poverty and Uninsured.”](#)

Texas' 2010

unemployment and poverty rates are at 15-year highs.

Texas' Low-Wage Workers Outpacing U.S. and Neighboring States, 2002-2010



Source: CPPP analysis of Bureau of Labor Statistics, *Characteristics of Minimum Wage Workers 2002-2010*.

Where Do We Go from Here?

These data make the case that we still have much work to do to make Texas a place that's better for all of us. We can either choose to prioritize short-term budgetary solutions that create a low-skill, high poverty workforce and erode the programs that protect health and nutrition.⁵ Or we can have a clear vision and plan for our future. We can build the middle class by investing now in early and secondary education to create a better educated, highly skilled workforce and protect the essential work support programs that help families build economic security and move into the middle class.

With priorities that protect us today and plan for tomorrow, together we can build a BETTER Texas.

For More Information

[Click here to access this paper online.](#)

Frances Deviney, Ph.D.
deviney@cphp.org
512-320-0222 ext. 106

Leslie Helmcamp
helmcamp@cphp.org
512-320-0222 ext. 113

Endnotes

1. Although this difference is not statistically significant, it does follow an upward trend since the beginning of the recession.
2. The 2010 Poverty Threshold of \$22,113 for a family of four is for two adults and two children. To view all 2010 poverty thresholds, visit <http://www.census.gov/hhes/www/poverty/data/threshld/>.
3. Bureau of Labor Statistics (March 28, 2011). Minimum Wage Workers in Texas – 2010. Retrieved on September 9, 2011 from http://www.bls.gov/ro6/fax/minwage_tx.htm.
4. For more information on expenses Texas families face, visit www.cphp.org/fbe.
5. During the 2011 Legislative session, Texas Legislators underfunded public education and passed legislation to weaken the programs that protect our health as short-term solutions to our revenue crisis. Due to our state's antiquated revenue system, we will face another revenue crisis when the Legislature returns in 2013.



CENTER for PUBLIC POLICY PRIORITIES

WORKING FOR A **BETTER TEXAS**™

For 25 years, the Center for Public Policy Priorities (CPPPP) has been a nonpartisan, nonprofit policy institute committed to improving public policies to better the economic and social conditions of low- and moderate-income Texans. To learn more, visit us at:

- www.cphp.org
- www.facebook.com/BetterTexas
- [@CPPPP_TX](https://twitter.com/CPPPP_TX)
- www.youtube.com/CPPPPvideo

900 LYDIA STREET
AUSTIN, TEXAS 78702

T 512.320.0222
F 512.320.0227



Like us on Facebook, follow us on
Twitter, and watch us on YouTube.

www.cphp.org