



Center for Public Policy Priorities

900 Lydia Street, Austin, Texas 78702

PH: 512.320.0222 FAX: 512.320.0227 www.cppp.org

NEWS RELEASE

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CONTACT: Don Baylor, 512-320-0222, X108
512-791-8213, or baylor@cppp.org

LABOR DAY REPORT: TEXAS' WAGES AMONG THE LOWEST & POVERTY AMONG THE HIGHEST, BUT SOME CONDITIONS ARE IMPROVING

Austin, TX— *The State of Working Texas 2007*, CPPP's annual Labor Day analysis on Texas wages and employment, paints a mixed picture of the state's economy. Although Texas holds the nation's highest uninsured rate and wages remain stagnant and well below the national average, Texas' unemployment rate has declined in most areas of the state. **To read the full report, visit <http://www.cppp.org/research.php?aid=707>.**

"Compared to last year, more Texans are back to work, as employers have continued to add jobs," said Don Baylor, CPPP Senior Policy Analyst. "However, Texans are earning much less than workers in other states, and they have less education and less access to critical work supports."

THE GOOD NEWS

Lower Unemployment Rate:

The statewide unemployment rate continued its steady decline, shifting from 5.4% in 2005 to 4.8% in 2006, as Texas outpaced the nation in job growth. The drop in unemployment was broad-based as areas with relatively low unemployment continued to see their unemployment rate decline further, and higher unemployment areas continued to see substantial reductions in unemployment. Several Metropolitan Statistical Areas (MSAs) fall below the 4.0% threshold, a figure suggesting an extremely tight labor market. These areas include Midland (the lowest at 3.2%); Amarillo (3.7%); Austin-Round Rock (3.8%); and Odessa (3.8%).

Drop in Share of Workers Earning Poverty Wages:

In 2006, 30.1% of Texas workers earned poverty wages (\$9.91/hour)—a decline from 2005 (32%) and the state's lowest level since 2002. However, Texas remains well above the national average, as only two other states have a higher share of workers with poverty wages.

THE BAD NEWS

Low and Stagnant Wages:

Texas median wages remain well below the national median, as a Texas worker earns about \$.86 for every dollar earned by a U.S. worker. In 2006, the median hourly wage is \$13.00, compared with \$14.81 nationally. Adjusted for inflation, Texas median wages rose slightly from 2005 to 2006, reflecting a slight uptick in the national median wage. Since 2000, Texas median wages have been largely stagnant, adjusted for inflation.

High Poverty Rate:

With 16% of Texans living below the poverty level, Texas' poverty rate is several percentage points higher than the national average and the country's sixth highest. Furthermore, 38% of Texans are considered "low income" (with earnings below 200% of the poverty level), compared with 31% nationwide. Over 8.7 million Texans are considered "low-income."

Educational Attainment: Nearly 1 in 5 Texas adults (age 25-54) lacks a high school education, ranking Texas 51st in the country. Texas' young adults are also undereducated, compared to their national peers, with only 30.8% enrolled in postsecondary education, ranking Texas 43rd.

Unemployment Insurance: Already low, Texas' Unemployment Insurance (UI) reciprocity rate—the share of unemployed receiving UI benefits—fell for the fifth consecutive year to 18.6%, the second lowest rate in the U.S.

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The Center for Public Policy Priorities is a Texas nonprofit, nonpartisan research organization.