



ONGOING JOBLESSNESS IN TEXAS

African American and Hispanic unemployment rates far exceed the white unemployment rate in the state

BY MARY GABLE AND DOUGLAS HALL

Five years after the beginning of the Great Recession, high unemployment rates are still taking a toll on families. In Texas, where the overall unemployment rate was 6.3 percent in the fourth quarter of 2012 (compared with a national average of 7.8 percent), African American and Hispanic families continue to bear the brunt of that economic pain.

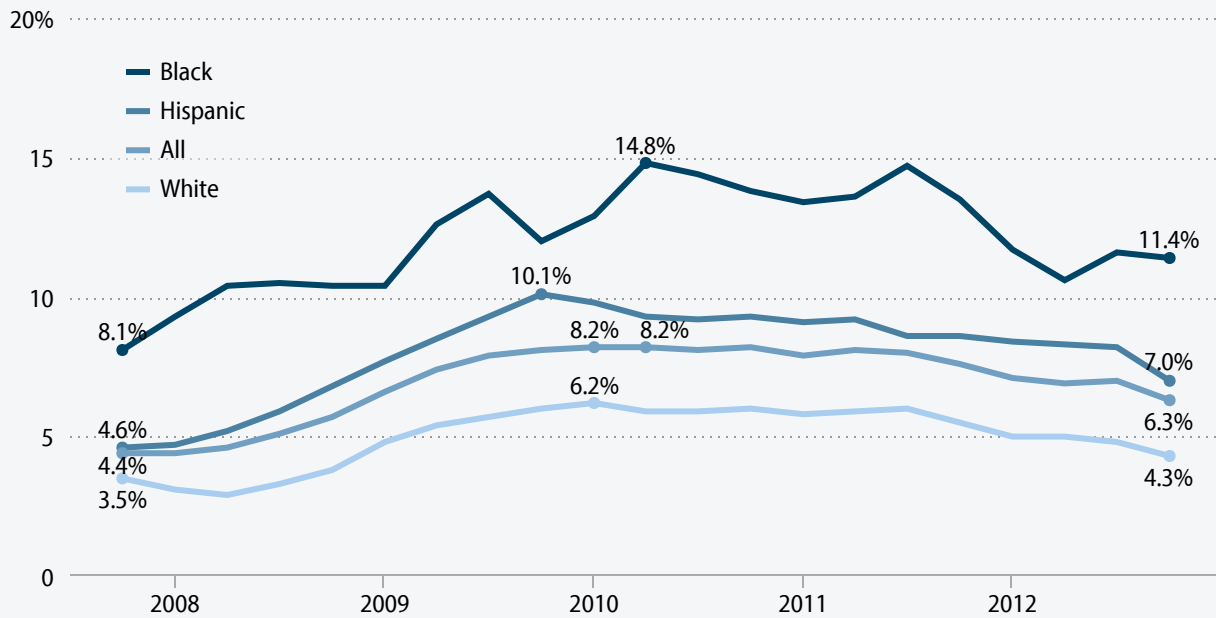
This research brief supplements a recent report by the Economic Policy Institute's Algernon Austin, *Unemployment Rates Are Projected to Remain High for Whites, Latinos, and African Americans throughout 2013*, which documents national trends in unemployment (Austin 2013). Drawing on federal Current Population Survey (CPS) data, this paper focuses on unemployment in Texas. It highlights the racial disparities that have pre-

vailed throughout the recession (defined here as including the official recession from December 2007 through June 2009 and the weak and ongoing recovery through the fourth quarter of 2012):

- The unemployment rate of African Americans in Texas is 11.4 percent, more than two and a half times that of whites in the state (4.3 percent), and has been well over twice the white rate for much of the last five years.
- For Hispanic workers in Texas, the unemployment rate is 7.0 percent, more than one and a half times the white unemployment rate of 4.3 percent, and (as with African American unemployment in the state) has far exceeded the white rate for much of the last five years.

FIGURE A **INTERACTIVE**

Unemployment rate in Texas, all and by race and ethnicity, 2007Q4–2012Q4



Note: Data are quarterly, beginning with 2007 Q4 and ending with 2012 Q4. Races and ethnicities are presented in mutually exclusive categories, i.e., white refers to non-Hispanic whites, black refers to non-Hispanic blacks, and Hispanic refers to Hispanics of any race.

Source: Authors' analysis of Bureau of Labor Statistics Local Area Unemployment Statistics and basic monthly Current Population Survey microdata

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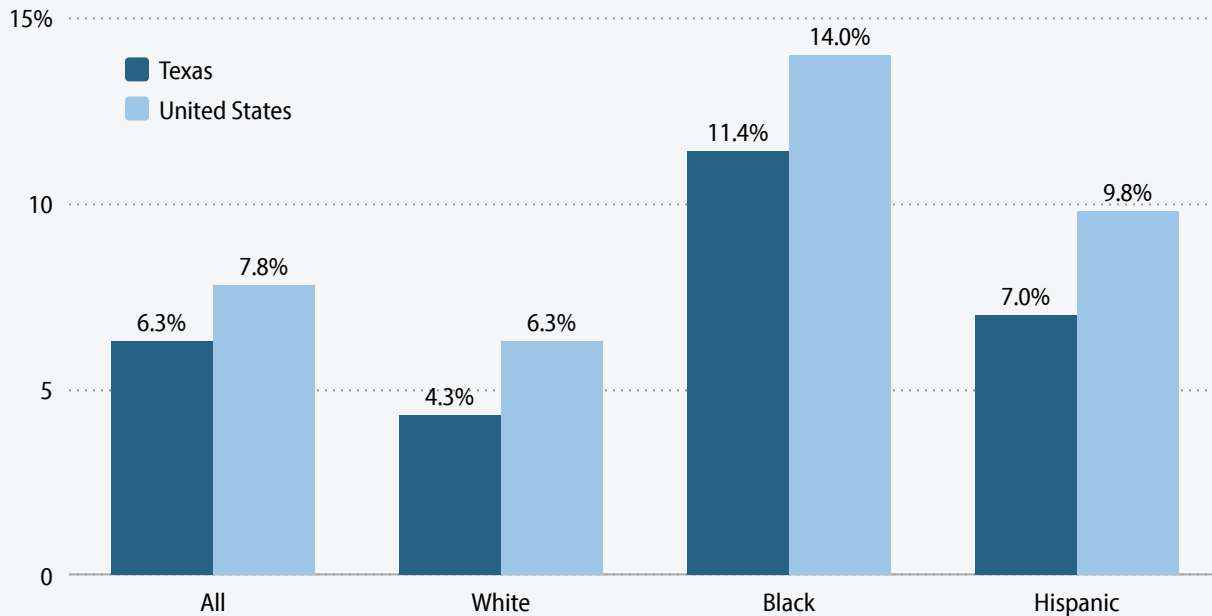
These data are the latest evidence exposing the myth of the “Texas Miracle,” studied by others at great length (McNichol and Johnson 2012). While Texas’s job growth seems impressive at first blush, scratching the surface quickly reveals that it has barely kept up with population growth: By February 2013, Texas still had a jobs deficit of nearly 590,000 jobs (the jobs needed to return to prerecession employment rates). Moreover, relatively large numbers of jobs created in Texas are in low-wage industries. Nearly half a million (452,000) workers with hourly wages in 2012 earned the minimum wage or less, an

increase of more than a quarter million workers from 2007, when the recession began (and when the first of three increases in the federal minimum wage took effect) (Bureau of Labor Statistics 2008 and 2013). In 2012, Texas had the second-highest share of wage workers paid the minimum wage or less, at 7.5 percent, behind only Idaho’s 7.7 percent (Bureau of Labor Statistics 2013).

A note about EPI’s interactive figures: All of the figures in this paper are available in an interactive format on epi.org. With an interactive figure, users can obtain specific data points by hovering a cursor over a line or bar, view the entire figure as a data table, and copy figure data into Excel.

FIGURE B **INTERACTIVE**

Unemployment rate, Texas compared with U.S., by race and ethnicity, 4th quarter 2012



Note: Races and ethnicities are presented in mutually exclusive categories, i.e., white refers to non-Hispanic whites, black refers to non-Hispanic blacks, and Hispanic refers to Hispanics of any race.

Source: Authors' analysis of Bureau of Labor Statistics Local Area Unemployment Statistics and basic monthly Current Population Survey microdata

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White unemployment in Texas

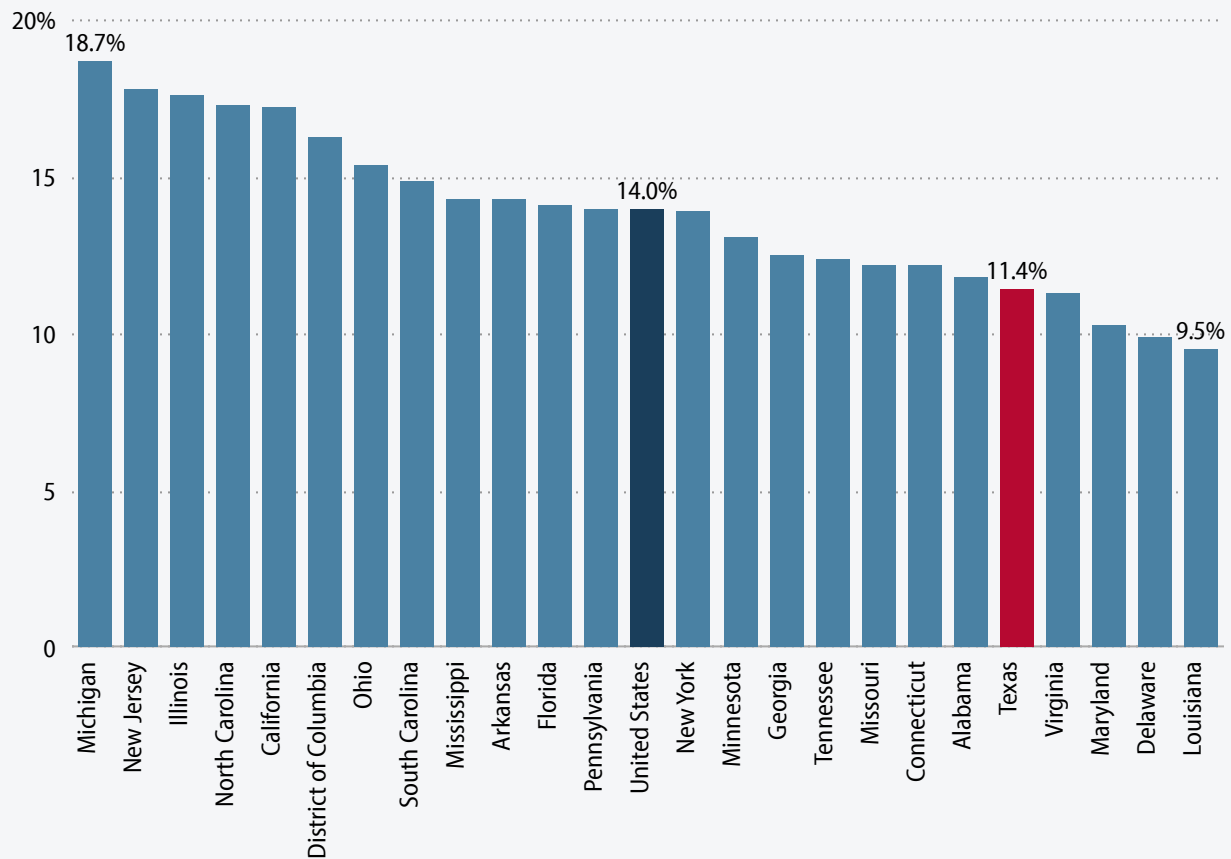
Texas's white workers escaped the prolonged, deep unemployment plaguing white workers in other states and black and Hispanic workers in Texas (and elsewhere). Yet they endured two years of unemployment rates at or near 6.0 percent (from the fourth quarter of 2009 through the third quarter of 2011), as seen in **Figure A**. Texas's white unemployment rate has declined steadily—though slowly—since peaking at 6.2 percent in the first quarter of 2010. In the fourth quarter of 2012, Texas's white unemployment rate of 4.3 percent was one of the lowest in the nation.

African American unemployment in Texas

African American unemployment rates in Texas throughout the recession have been devastatingly high. They hovered near or above 14.0 percent for most of 2010, peaking at 14.8 percent in the second quarter of 2010. Even after apparently turning the corner with significant, steady declines beginning in the fourth quarter of 2011, the black unemployment rate increased in the third quarter of 2012, reaching 11.6 percent. Texas's black unemployment rate of 11.4 percent in the fourth quarter of 2012 was more than two and a half times the unemployment rate of whites in the state. The gap between the black and white unemployment rates has been large and persistent. For much of the last five years, the unemployment rate of African Americans has far exceeded that

FIGURE C **INTERACTIVE**

Black unemployment rate in Texas compared with 23 other states and U.S., 4th quarter 2012



Note: Black refers to non-Hispanic blacks. This figure includes the 24 states (a total which includes the District of Columbia) with black populations large enough to measure the unemployment rate with Current Population Survey microdata.

Source: Authors' analysis of Bureau of Labor Statistics Local Area Unemployment Statistics and basic monthly Current Population Survey microdata

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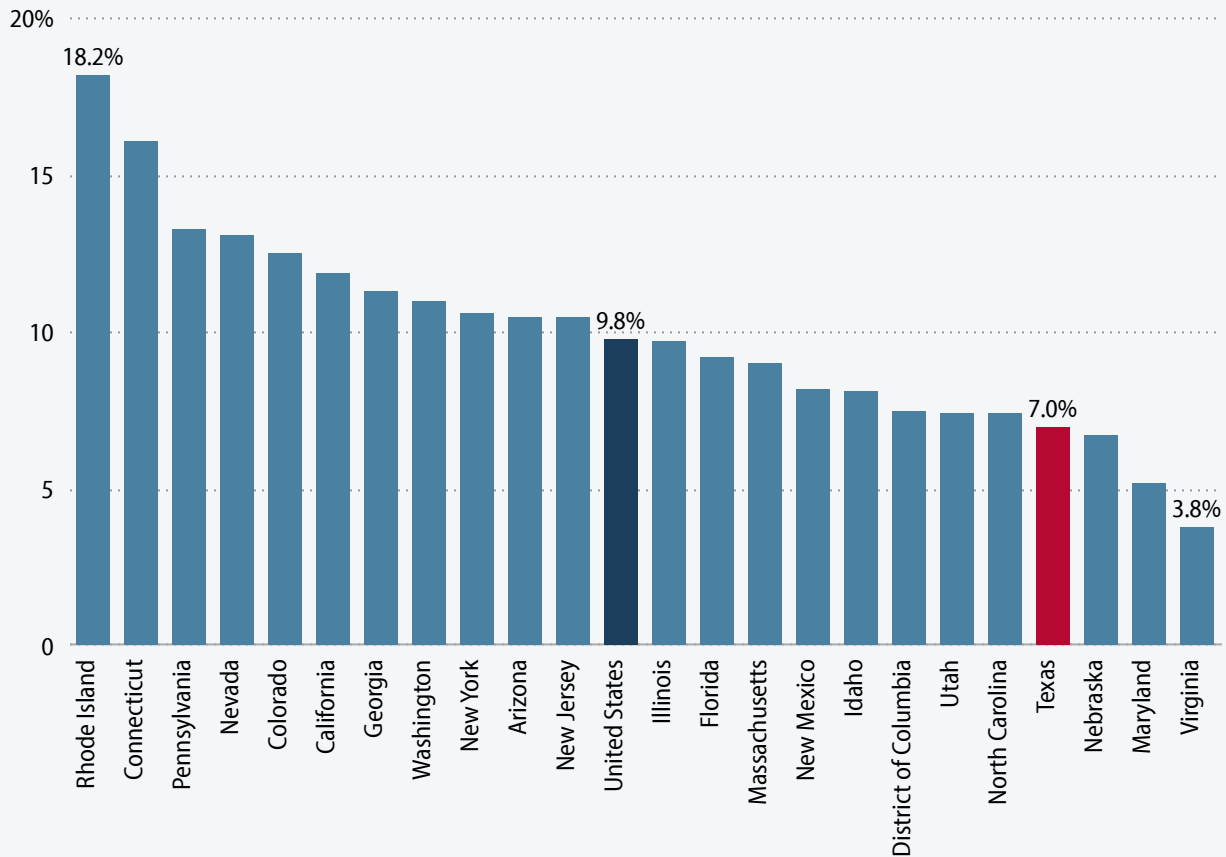
of whites. At its peak in the second quarter of 2010, the unemployment rate of black workers (14.8 percent) was two and a half times the white unemployment rate (5.9 percent). The disparity in unemployment rates between African Americans and non-Hispanic whites has occurred nationwide for the past 50 years (Austin 2012). Several factors—race, age (the white labor force is older), education, and geography—have likely played a role in its persistence.

As shown in **Figure B**, the black unemployment rate in Texas is 2.6 percentage points lower than the national black unemployment rate of 14.0 percent.

Figure C depicts the black unemployment rate in Texas compared with the black unemployment rate in each of the other 23 states for which the black population is large enough to measure the unemployment rate with CPS data. It shows that Texas has the fifth-lowest black unemployment rate among these states.

FIGURE D **INTERACTIVE**

Hispanic unemployment rate in Texas compared with 22 other states and U.S., 4th quarter 2012



Note: Hispanic refers to Hispanics of any race. This figure includes the 23 states (a total which includes the District of Columbia) with Hispanic populations large enough to measure the unemployment rate with Current Population Survey microdata.

Source: Authors' analysis of Bureau of Labor Statistics Local Area Unemployment Statistics and basic monthly Current Population Survey microdata

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Hispanic unemployment in Texas

Like African American Texans, the state's Hispanic workers have experienced persistent, high levels of unemployment. As shown in Figure A, Hispanic unemployment rates stayed at or above 9 percent for two years (from the third quarter of 2009 through the second quarter of 2011), peaking at 10.1 percent in the fourth quarter of 2009. Hispanic workers have since experienced a slow decline in unemployment rates, making a full recovery elusive. In the fourth quarter of 2012, the Hispanic

unemployment rate in Texas was 7.0 percent, which is much higher (by 2.7 percentage points) than the white unemployment rate in the state (4.3 percent). Since the beginning of the recession, Hispanics have continued to experience high unemployment rates relative to whites. The greatest disparity occurred at the peak of unemployment for Hispanic workers in the fourth quarter of 2009, when their 10.1 percent unemployment rate was 4.1 percentage points higher than the white unemployment rate (6.0 percent).

As shown in Figure B, the unemployment rate of Hispanic Texans is lower than the national unemployment rate of Hispanic workers (9.8 percent). **Figure D** shows the Hispanic unemployment rate in Texas compared with the Hispanic unemployment rate in each of the other 22 states for which the Hispanic population is large enough to measure the unemployment rate with CPS data. Among these states, Texas has the fourth-lowest Hispanic unemployment rate.

Conclusion

Texas's recovery from the depths of the Great Recession has been steady and slow. Yet despite significant reductions in overall unemployment, roughly one in nine African American workers and about one in 14 Hispanic workers in the state continue to be unemployed. Others have stopped looking for work and have fallen out of the labor force altogether, adding to the human cost of an economic collapse and slow economic recovery that has taken a much greater toll on African Americans and Hispanics than whites. The devastating impact on Texas workers of all races demands strong federal job-creation efforts, as highlighted in *From Free-fall to Stagnation: Five Years after the Start of the Great Recession, Extraordinary Policy Measures Are Still Needed, but Are Not Forthcoming*, by EPI's Josh Bivens, Andrew Fieldhouse, and Heidi Shierholz (February 2013).

Methodology note

Races and ethnicities are presented in mutually exclusive categories, i.e., white refers to non-Hispanic whites, black refers to non-Hispanic blacks, and Hispanic refers to Hispanics of any race. The Bureau of Labor Statistics publishes national annual white, black, and Hispanic unemployment rates; however, its estimates are not based upon mutually exclusive categories and thus will differ slightly from the figures published in this paper.

About the authors

Mary Gable joined the Economic Policy Institute in 2006. She coordinates activities of state and local organizations through the Economic Analysis and Research Network (EARN) and analyzes public policies affecting low-income people. She previously directed programs serving people in poverty nationwide and conducted an independent evaluation of New Jersey's welfare program. Her areas of interest include poverty, social services and welfare policy, child care, and low-wage work. She has a B.A. in political science from the University of Illinois at Urbana-Champaign, and an M.P.A. in social services and welfare policy and in gender and public policy from Columbia University.

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Acknowledgements

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