

By the Numbers: Texas Stimulus

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In February 2009, the American Recovery and Reinvestment Act (ARRA) was signed into law with the hope that increased federal spending would spur job creation and reinvigorate the national and state economies. Since the bill's enactment, however, the ARRA has failed to produce the kind of results many had suggested it would achieve.

Nationally, private sector employment has contracted by 2.4 million¹ positions since February 2009, while the total number of unemployed Americans has jumped from 12.7 million to 14.9 million.* To make matters worse, hopes for a quick recovery have largely faded as the nation's unemployment rate, currently at 9.6 percent, is projected to remain well-above 9 percent until 2012 by the Congressional Budget Office.²

In Texas, where an estimated \$18 billion in federal stimulus[†] is flowing through the state and local governments,³ the pace of recovery remains subdued despite some positive signals. According to the state's major economic and financial indicators:

Total non-farm employment has decreased. As compared to February 2009, total non-farm employment in the state has decreased by approximately 99,100 jobs, as of August 2010.

Private sector employment remains depressed. As compared to February 2009, employment in private sector-related industries[‡] has decreased by 204,500 jobs, as of August 2010.

Government-related employment is on the rise. As compared to February 2009, employment in government-related industries, namely the Government and Educational & Health Services sectors, has increased by 105,400 jobs, as of August 2010.

Texas' unemployment rate has increased by almost 2 percent. Texas' seasonally adjusted unemployment rate has increased from 6.5 percent in February 2009 to 8.3 percent in August 2010, an increase of 1.8 percent.

Per capita personal income has decreased slightly by nearly 1 percent. Per capita personal income—the income per person in a given population—decreased from \$38,187 in the first quarter of 2009 to \$37,857 in the fourth quarter of 2009 or nearly 1 percent, according to the latest available data.

Gross state product has grown slightly. The real Gross State Product (GSP) growth rate for Texas from the 1st quarter of 2009 to the 4th quarter of 2009—the latest data available—increased slightly by 1.5 percent, though some of this growth may be the result of increased government spending.[§]

While the indicators above are not an indictment of the success or failure of the stimulus, per se, it is fair to say that despite per capita state and local government stimulus spending of \$708.40, Texas' private sector job market remains weak and the overall economy is performing worse than expected, considering the nearly \$20 billion being pumped through the state.

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* Figure current as of August 2010.

† This figure does not include competitive grants that may also be awarded to universities, businesses and others.

‡ Private sector-related industries include such sectors as Natural Resources & Mining; Construction; Manufacturing; Trade, Transportation & Utilities; Information; Financial Activities; Professional & Business Services; Leisure & Hospitality; and Other Services.

§ According to the Bureau of Labor Statistics, components of the Gross State Product by state measurement include "wages and salaries that workers earn, the income earned by individual or joint entrepreneurs as well as by corporations, and business taxes such as sales, property, and Federal excise taxes—that count as a business expense."

Economic Growth/Decline Since Passage of ARRA

	National			State		
	Feb. 2009	Aug. 2010	Difference	Feb. 2009	Aug. 2010	Difference
Total Nonfarm Employment**	132,823,000	130,311,000	(2,512,000)	10,455,300	10,356,200	(99,100)
- Private Industries	91,169,000	88,259,000	(2,910,000)	7,340,800	7,136,300	(204,500)
- Government-Related Industries	41,654,000	42,052,000	398,000	3,114,500	3,219,900	105,400
Nonfarm Employment by Industry:						
- Natural Resources & Mining	747,000	741,000	(6,000)	221,800	221,500	(300)
- Construction	6,435,000	5,611,000	(824,000)	634,900	569,000	(65,900)
- Manufacturing	12,377,000	11,679,000	(698,000)	880,500	838,500	(42,000)
- Trade, Transportation, & Utilities	25,330,000	24,757,000	(573,000)	2,097,500	2,038,500	(59,000)
- Information	2,873,000	2,714,000	(159,000)	210,600	189,500	(21,100)
- Financial Activities	7,894,000	7,576,000	(318,000)	636,200	628,200	(8,000)
- Professional & Business Services	16,920,000	16,714,000	(206,000)	1,284,900	1,272,600	(12,300)
- Educational & Health Services	19,085,000	19,611,000	526,000	1,310,500	1,397,700	87,200
- Leisure & Hospitality	13,183,000	13,124,000	(59,000)	1,010,700	1,016,400	5,700
- Other Services	5,410,000	5,343,000	(67,000)	363,700	362,100	(1,600)
- Government	22,569,000	22,441,000	(128,000)	1,804,000	1,822,200	18,200
Unemployment Rate:	8.2%	9.6%	1.4%	6.5%	8.3%	1.8%
Per Capita Personal Income:	\$39,456 (1st Q 2009)	\$39,670 (4th Q 2009)	\$214	\$38,187 (1st Q 2009)	\$37,857 (4th Q 2009)	(\$330)
Gross Domestic/State Product (Billions, Current Dollars):	\$14,119 (1st Q 2009)	\$14,277.3 (4th Q 2009)	\$158.3	\$1,224.865 (1st Q 2009)	\$1,249.310 (4th Q 2009)	\$24.445
Per Capita Stimulus Spending		\$2,536.75			\$708.40	

* Total non-farm employment figures represent preliminary figures from the Bureau of Labor Statistics and the Texas Workforce Commission and are subject to change.
Source: Texas Comptroller of Public Accounts, Bureau of Economic Analysis, Bureau of Labor Statistics, Census Bureau, Texas Workforce Commission

As policymakers in Washington D.C. and around the state consider how to navigate through the current economic climate, it is important they remember that economic growth is not a function of government spending, at any level. The

current stimulus, or lack thereof, testifies to this fact. Rather job creation and the production of wealth are products of private sector innovation and efficiency when government gets out of the way and lets the private sector do its job. ★

¹ Bureau of Labor Statistics, "Employment, Hours, and Earnings from the Current Employment Statistics (National) Survey" (July 2010) <http://data.bls.gov/cgi-bin/survey/most?ce>.

² Congressional Budget Office, "CBO's Economic Projections for 2009 to 2020" (Jan. 2010) <http://www.cbo.gov/ftpdocs/108xx/doc10871/AppendixE.shtml#1045449>.

³ Texas Comptroller of Public Accounts, "Texas Ahead: Economic Outlook" (25 June 2010) <http://www.texasahead.org/economy/outlook.html>.

