



From the office of Texas Workforce Commission

# Chairman Tom Pauken

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Opinion/Editorial

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## **“Back to Basics” PAC Paints Distorted Picture of Texas Economy** by **Tom Pauken**

In a print ad published in 41 newspapers across the state of Texas on October 5<sup>th</sup>, the so-called Back to Basics political action committee (PAC) claims that “the Texas unemployment rate has even grown more than the nation’s as a whole.” This is the same charge that Democratic State Representative Jim Dunnam made at a hearing on September 27, 2010 when I testified as Chairman of the Texas Workforce Commission before the House Select Committee on Federal Economic Stabilization Funding. I explained then to Chairman Dunnam that he was making a faulty comparison and that, in point of fact, the Texas economy was faring better than any other large labor market state and the nation at large.

Had the anti-Perry PAC bothered to consult with the Texas Workforce Commission, it would have discovered that the data being used by Representative Dunnam – which it parrots in order to make the Texas economy look worse than the national economy - made for a misleading and disingenuous comparison. To use an analogy, what Representative Dunnam and the Back to Basics PAC are attempting to do is to compare apples and oranges. They take data from a period from February 2009 through August 2010, which purports to show that the Texas unemployment rate grew faster than the national rate (even though the Texas unemployment rate was—and remains—much lower than the national unemployment percentage).

At the hearing chaired by Representative Dunnam, the Director of our Labor Market and Career Information (LMCI) division and I both pointed out that this was a distorted comparison. If one is truly serious about comparing the impact of the recession on Texas versus the nation at large, there is a much better way to go about it to get an accurate comparison.

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Here is what LMCI Director Richard Froeschle has to say on the subject:

“If one feels compelled to compare changes in the unemployment rate between the U.S. and Texas to illustrate the impact of the recession, the better metric might be the increase from the last pre-recession month of each area to the present time period. Thus, the difference in the November 2007 (last month pre-recession) unemployment rate of 4.7% in the U.S. to the August 2010 rate of 9.6% is 4.9 percentage points or an increase in the rate of 104.2 percent. For Texas, the last pre-recession month was September 2008 in which the unemployment rate was 5.2%. The August 2010 rate in Texas was 8.3%, which represents an increase of 3.1 percentage points or an increase in the rate of 59.6 percent. This clearly shows that from an unemployment rate perspective Texas has felt a lesser impact from the recession than did the nation as a whole. One could argue that there must be a whole lot more right going on in Texas than in the nation as a whole for us to experience this lesser impact from the recession.”

These clearly are difficult economic times. America faces its most serious economic crisis since the time of the Great Depression, and Texas has felt the adverse effects of this nasty, national recession.

Nonetheless, to try to claim that the Texas economy is doing worse than the nation as a whole is pure demagoguery and doesn't stand up to any serious evidentiary test. Rich Froeschle has it right when he says,

“...there must be a whole lot more right going on in Texas than in the nation as a whole...”

*Tom Pauken, a former Reagan administration official, is the chairman of the Texas Workforce Commission.*

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*The Texas Workforce Commission is a state agency dedicated to helping Texas employers, workers and communities prosper economically. For details on TWC and the programs it offers in coordination with its network of local workforce development boards, call (512) 463-8556 or visit [www.texasworkforce.org](http://www.texasworkforce.org).*