2010 Workforce Analysis:
Unemployed, Discouraged, Given Up

Austin, Texas places a premium on livability, the pursuit of quality of life and the prosperity of its citizens. This empirical analysis lays the foundation for proactive decision making, job creation and social service delivery activities.

April 26, 2010

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Executive Summary

In 2010, the United States is undergoing a statistical recovery from a national recession, the worst turndown in the American Economy since the Great Depression of the 1929-1930s. Yet the nation and its cities continue to suffer from high unemployment and discouragement in the overall workforce. Chronic joblessness is rising. “Call them the New Poor: people long accustomed to the comforts of middle-class life who are now relying on public assistance for the first time in their lives – potentially for years to come” New York Times February 21, 2010.

What does unemployment look like in Austin, Texas? How can we use this information to craft workable solutions and specific economic strategies to regenerate the local workforce, for the short and long term? This analysis looks at best available data to estimate how many people in Austin are currently unemployed, or, are effectively discouraged to the point of no longer looking for work. It also produces a fresh look at characteristics of the unemployed including education, and homelessness. The impact on migrants, high school drop outs and released former prisoners are discussed.

Findings from this research will enable economic practitioners, local elected decision makers, business and government leaders, and social service delivery providers to develop fresh strategies to assist each component of the workforce to find and maintain jobs. The results will provide citizens with a perspective on the role of economic development to expand existing businesses, incubate start ups, to
recruit new businesses and the responsible use of incentives to develop a long range blueprint for economic sustainability. In a comprehensive effort to create accurate information on the number of persons without employment, and to design a customized solution of job creation, recruitment, education and training, and social service delivery for those affected, EGRSO is presenting this report of current unemployment and discouragement statistics.

Our conclusion is that Austin’s combined official, and unofficial unemployment, is approximately 37,829 people (8.7%). The Report will provide the framework for public discussions on a new strategic approach to re-skill and re-employ the full local workforce; this based upon a vision of making Austin, America’s most Livable City, an implementation plan utilizing public private partnerships to leverage limited tax dollars, and lastly a forecasting system using good data which includes a stratified education and capability analysis of those not working, either seeking, or not seeking employment.
Existing Conditions

The 2010 City of Austin population is estimated at 783,295 persons. This is indicated in the table below which illustrates the 2000 and 2010 City of Austin Demographics.

City of Austin Demographics

Population and Land Area Summary

<table>
<thead>
<tr>
<th>Geographic Entity</th>
<th>Population</th>
<th>Land Area (Square Mi.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Austin</td>
<td>656,562</td>
<td>783,295</td>
</tr>
<tr>
<td>City of Austin Full Purpose</td>
<td>639,185</td>
<td>772,085</td>
</tr>
<tr>
<td>City of Austin Limited Purpose</td>
<td>17,377</td>
<td>11,210</td>
</tr>
<tr>
<td>Extra Territorial Jurisdiction (ETJ)*</td>
<td>128,925</td>
<td>185,350</td>
</tr>
<tr>
<td>Travis County</td>
<td>812,280</td>
<td>1,031,033</td>
</tr>
<tr>
<td>Austin--Round Rock MSA</td>
<td>1,249,763</td>
<td>1,747,607</td>
</tr>
</tbody>
</table>

*includes area within the 2-mile ETJ and the 5-mile ETJ.


The “labor force” is the estimated number of persons within the overall Population who would normally be working: it is a calculation of people within the ages of 18-65. The Texas Workforce Commission utilizes 55% of the total City of Austin population, or approximately 432,986 persons as the labor force for the City.
Official Unemployment Rates

The December 2009 unemployment rate for Austin was 6.2%. The unemployment rate is the percent of persons in the workforce who have filed for federal and state unemployment compensation. In Austin this percentage translates into 26,918 people officially unemployed out of the 432,986 person local labor force. This is further described below.

City of Austin had a 6.2% Unemployment Rate as of December 2009

- 432,986 Total Labor Force
- 406,068 Total Labor Force Employed
- 26,918 Unemployed

Travis County had a 6.6% Unemployment Rate as of December 2009 which represents 37,464 of the 564,698 labor force.

- 564,698 Total Labor Force
- 527,234 Total Labor Force Employed
- 37,464 Unemployed

Un Official Unemployment

Not included in the official unemployment numbers are categories of the unemployed that are unemployed but not officially recognized. Generally these are persons that have given up, are discouraged and not seeking employment, and, persons who fall outside of the official count such as migrants, the homeless, high school drop outs and to a degree, persons released from jails or prisons. These populations are evaluated and estimated below.
Undocumented Migrants

The estimated number of undocumented and unemployed migrants in Austin is 3,534. The inclusion of undocumented persons who are unemployed increases the overall Austin unemployment rate to 33,005. The estimate was created as follows. By applying the 6.2% standard unemployment rate to the 57,000 estimated undocumented migrants in Austin, an additional but unreported 3,534 persons are forecast to be unemployed. The methodology below is an estimate of the best available data. As a footnote, this overall report will carry a co-efficient of error of 5% plus or minus, to provide a range of those unemployed.

Undocumented migrants in Austin.

Approximately 17% of the City’s total population is foreign-born; 136,000 individuals. Possibly as many as 57,000 and factoring in a rate of 6.2% of Austin’s unemployed, the result is 3,534 of these are undocumented.

Source: Ryan Robinson, City of Austin Demographer
Ryan.robinson@ci.austin.tx.us

US Census Bureau, American Community Survey, 2008
www.census.gov

PEW Hispanic Research Center
http://perhispanic.org

This estimate is based upon the following. Roughly one fourth of Austin’s foreign-born community is made up of naturalized citizens. At the national level, the PEW Hispanic Research Center has estimated that as much as 60% (81,600) of the non-citizen community could be undocumented. For the purpose of this Austin based estimate, 42% (57,000) of the total foreign born component, of the total population of 783,295 persons was utilized.
Homeless

The Homeless are an important human resource not counted in the official unemployment rate. The homeless population is diverse, with all ages, with physical and mental issues, and with a range of specific social service delivery needs. The homeless population, which is estimated at 3,500 to 4,000 persons, is a critical piece of undocumented hard core unemployment. If the most conservative estimate of 3,500 homeless persons is utilized then the homeless population that could be employed (the work force) is (55% of the total population) 1,925 persons. If the higher estimate of homeless is used (4,000) then 2,200 persons (the work force) could be employed. This is raw data. It does not taken into consideration health condition of the homeless, potential retraining required, the need for social services to attend work such as day care for children or other issues. In summary, unemployed homeless persons who could be employed are calculated to be in the range of 1,925 to 2,200 persons. Background information on those persons described as homeless is described below from the Community Action Network report, Front Steps, 2008

Summary of Findings

Number and/or percentage of actual homeless in Austin.
Approximately 3,500 to 4,000 individuals.

The ages of Austin’s homeless ranges from 21 yrs to 61 yrs of age.

Top reasons for homelessness:
- Unable to pay rent/mortgage
- Unemployment
- Divorce/separation
- Incarceration
- Physical or cognitive disability
- Mental health issues/mental illness
- Alcohol/drug abuse or addiction
- Moved to Austin to find work

Services to increase stability:
- Job training
- Employment assistance
- Mental health counseling
- Substance abuse counseling
- Food stamps
- Disability benefits assistance
- Transportation
- Transitional housing/shelter

Source: Richard Troxel, House the Homeless.

2009 Voices of Homeless Persons Report
www.AustinECHO.org

When including elements of the homeless population as a potential employable “workforce”, and also including undocumented and unemployed migrants, total unemployment in Austin increases by nearly a third (2%). The new range of estimates of the unemployed rises from 34,930 persons (or 8.0%) at the low end to 35,535 (or 8.2%) on the high end (when including these unreported but unemployed persons).
High School Drop Outs

Two other groups of the estimated unemployed population are included in the overall evaluation. They are those members of the labor force who are undocumented but with a likely high rate of unemployment. These groups are high school drop outs, and persons recently released from prison and jails. Both categories have hiring limitations that are exacerbated in a recession. The Economy is not absorbing lower skilled positions which these groups might create in the fields of home building, construction, automobile production, and manufacturing.

A further analysis follows. The 2008 Austin Independent School District (AISD) drop out rate is estimated to be 12.4% or 2,553 youth. This is illustrated below. Similar to the simple algorithm applied earlier, in this analysis an unemployment rate of 6.2% is applied to the drop out population. Within the high school drop out population it is estimated that at least 158 (6.2%) of the youth are unemployed. This number raises the total unemployed population range from a low of to 35,088 to a high of 35,693 persons not in the labor force. Below is the most current available data on the drop out rate for Austin.

**Texas Education Agency**
**2008-2009 Academic Excellence Indicator System**

**High School dropout rates in Austin.**
For the 2008-2009 school year AISDs High School (grades 9-12) dropout rate was 12.4% up from 11.5% in 2007.

- 20,592 Total Student Count
- 2,553 Total Dropouts
The number of unemployed drop outs utilized in this report is conservative (158 out of 2553 youth). Other related factors: High School dropout rates vary widely across the urban region. Nine (9) individual independent school districts overlap with the City of Austin jurisdiction. Because Travis County unemployment rate is 6.6% compared to the City of Austin 6.2%, the inclusion of city/county overlapping school district(s) drop out information is nominal and will not compromise the evaluation.

**Released Prisoners**

Prisoners released from Austin jails are a significant population of hard to employ residents that will be more fully explored. Repeat offenders are the category that is most likely to be unemployed. For 2009, the number of repeat offenders was 44,222 persons. This number is utilized because it is unlikely that the repeat offenders released from Austin jails were on the official unemployment roles. That is because being in jail time inhibits time at work and therefore employment that qualifies persons for unemployment compensation.

Applying the 6.2% unemployment rate to the released repeat offenders suggests an additional unemployed population of 2,741 persons. This special need or rehabilitation population raises the unofficial unemployed population to a range of 37,829 (8.7%) to 38,434 (8.87%). A breakdown of the prisoner released population is shown below.
Austin Police Department

Prisoners released from Austin jails.

2008
- First time offenders - 18,620
- Repeat offenders - 41,541
- Total arrests - 60,161

2009
- First time offenders - 16,644
- Repeat offenders - 44,222
- Total arrests - 60,860

Source: Colleen Waters, Manager of Records Division
Austin Police Department
Colleen.waters@ci.austin.tx.us

In the evaluation it is recognized that some of the individuals who are arrested do not get released but are ultimately sentenced to serve time in jail. For Census purposes these individuals are counted and therefore are a factor in the definition of the labor force.

Education

What are other distinguishing characteristics of the unemployed that can be determined to better target aid in the economic regeneration of the workforce? In this section, the education level of the unemployed is evaluated. Research from the Austin Chamber of Commerce and the U.S. Census Bureau, 2008 American Community Survey was used to estimate a stratification of the unemployed by educational attainment.
In Austin, what are the levels of education of the unemployed? The number of and education level of persons who filed for Unemployment Insurance during the last six (6) months of 2009 is illustrated below:

### Snapshot of Unemployment by Education Attainment

<table>
<thead>
<tr>
<th>Grade Level</th>
<th>Population</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than High School</td>
<td>2,239</td>
<td>13.1 %</td>
</tr>
<tr>
<td>High School Graduate</td>
<td>4,693</td>
<td>27.5%</td>
</tr>
<tr>
<td>College Degree</td>
<td>5,189</td>
<td>30.4%</td>
</tr>
<tr>
<td>Advanced Degree</td>
<td>1,548</td>
<td>9.1 %</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17,068</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: WorkSource February 2010

The information provided from the Austin Chamber of Commerce and WorkSource is based upon a national profile of the unemployed and applied as percentages to the local unemployment population. The information indicates that persons with college degrees led the population segments who lost their jobs. This is the ‘new poor.’ The findings produced will be an important component of strategic economic planning for the revitalization of the Austin Economy. The information being gathered will be used by EGRSO and economic partners to:

1. Identify companies and jobs that correspond generally to the education level and skill set of the unemployed populations described in the report.
2. Target effective small business development initiatives to fill identified needs.
3. Prioritize financial incentives for key industries that correspond to needs and economic goals.
4. Track the return on investment of the economic expansions and recruitment.
5. Develop accurate data and 2010 baseline information that will strengthen local decision making.
6. Identify and respond to new trends such as global commerce, consolidation of regional headquarters, and the expansion of the energy and green cluster industry groups.

According to regional education data from the U.S. Census Bureau, the Austin Metropolitan Statistical Area (MSA) in 2008 had approximately 32,500 unemployed. Of the 32,500 unemployed the following occurred:

2008 U.S. Census Bureau Educational Survey
Austin Metropolitan Statistical Area
Unemployed

- 15% had less than a high school diploma compared to current unemployment insurance filings at 13.1%.
- 25% had a high school degree compared to current filings of 27.5%.
- 33% had some college or associate degree compared to current filings of 30.4% and,
- 27% had a bachelor’s degree or higher compared to the current filings of 29%.

Source: Austin Chamber of Commerce

The regional findings parallel the City of Austin data. In this post recessionary period, persons with college and advanced education represent over 50% of the unemployment.
Recommendations Overall

1. Utilize this empirical data to refine job creation goals and solutions to improve ROI for the city.
2. Coordinate with social service delivery organizations that prep and service the unemployed.
3. Update policies with partners: State of Texas EDO, Austin and MECA Chambers of Commerce.
4. Emphasize incentive formulas that further rewards creation of jobs for hard to employ residents.
5. Include in the economic incentive formula that further rewards creation of jobs for single mothers and minorities.
6. Assist in obtaining new federal funds for Social Service Delivery agencies to train and re-skill residents.
7. Coordinate with Austin Chamber of Commerce recruitment of targeted cluster industries that fill a labor niche.
8. Expand Asian Chamber of Commerce recruitment.
   expansion of small ethnic businesses, and Asia commerce
9. Expand Hispanic Chamber of Commerce recruitment.
   expansion of small ethnic businesses, and global commerce to Spain, Central, South America and Philippines.
10. Expand Capital City African American Chamber of Commerce recruitment, expansion of small ethnic businesses, and commerce to the Caribbean and Africa.
11. Utilize the divisions of small business, redevelopment, music, and culture to tackle core job needs.
Summary

Austin’s combined official, and unofficial unemployment, is in the range of 37,829 people (8.7%) to 38,434 (8.87%) persons. This number does not reflect persons who are under employed or working part time. There are two conclusions reached in this report. First, that the populations identified as unemployed, given up and discouraged are empirically measurable. This information will be taken into account in future economic planning, specifically into the business expansion and business recruitment efforts. Second, a refined process of incentivised recruitment, and existing business expansion, will be customized to more specifically address the worst of the documented unemployment and related poverty. Families and individuals who require the most government subsidies and retraining will be more clearly targeted in new economic planning initiatives.

Officially, at the time of this research the City of Austin unemployment rate was 6.2%. This official federal barometer is the core indicator of joblessness. However, a closer look at existing conditions allows City leadership the opportunity to gather intelligence on the architecture of poverty, unemployment and craft worthy solutions.

As we drill down further for example, an analysis of 2009 - 2010 indicates that within the Austin private sector, over sixty (60) identified companies announced significant layoffs. Six (6) industry groups also lost significant jobs in the same period. This information from specific companies provides detailed data on the types of positions lost, the education and skill level of those positions, and the transferability information that can enable the City, EGRSD, Austin Chamber of Commerce and MAC Chambers to respond. Those
with the greatest number and highest rates of loss were in the fields of, natural resources, construction, manufacturing and wholesale trade. These combines sectors lost a total of 11,900 jobs. An estimated 1,600 jobs were lost in transportation, warehousing, utilities, retail trade, and information. Using this information provides focused targets for business recruitment and expansion. A fresh look at this information is a useful approach to tackling new and underlying poverty and unemployment issues in Austin. This information will be included in staff level decision making on overall economic impact evaluations, that today includes the Web LOCI software cost benefit analysis, the Matrix of Economic Development, and the economic development proposal contract requirements.

**Coefficient of error**

The report acknowledges that estimates of hard to reach populations such as, persons no longer obtaining unemployment compensation, undocumented migrants, high school drop outs, and released prisoners, may distort the projections. For a perspective on this estimate, a coefficient of error of 5% was applied. Utilizing a 5% plus or minus error factor suggests that 1,891 persons could be added to or subtracted from the low end of the estimate of 37,829 overall unemployed persons. The low range of jobless persons therefore can be 35,938 to 39,720. If the 5% coefficient of error were applied to the high end of the unemployment range in Austin, 1,921 persons could be added to or subtracted from the totals. The high range therefore can be 36,513 to 40,355 unemployed persons.
Sources

http://www.cdr.state.tx.us/researchers/researchers.asp

2010 Texas Workforce Commission: Michael Britt, Demographer
http://www.tracer2.com/cgi/dataAnalysis/LabForceReport.asp

2008 U.S. Census Bureau, Bureau of Labor Statistics, Educational Survey
2010 Austin Department of Planning, Demographics Division
2010 Austin Police Department Records Management
2010 Austin Chamber of Commerce Research Division
2010 Austin Education Information: Linelle Clark Brown Ph.D., AISD Dropout Prevention/Reduction Coordinator

2009 Jobs Report: Bob Roberts@Gracytitle.com
2010 Homeless Coalition: Richard Troxel, House the Homeless.
www.AustinECHO.org

2008 Voices of Homeless Persons Report