

## Employment Update

March 7, 2014

Today, the Texas Workforce Commission (TWC) released revised monthly estimates<sup>1</sup> of nonfarm payroll employment for '11, '12 and '13. The revised data reflect adjustments to total employment and to the sectors and subsectors the agency tracks. The revisions show that '12 was better than previously thought. In fact, '12 proved to be the second best year on record for job growth. The revisions also show how much Houston's economy slowed in '13.

Of special note, in December '12, the Greater Houston Partnership forecasted the region would add 76,000 jobs in '13. With today's data release, the Partnership's forecast proved to be off by only 200 jobs, essentially a rounding error in an economy with more than 2.8 million in nonfarm payroll employment.

### Revisions to Houston Metro Area Net Change in Payroll Employment

Year	Original Estimate	Revised Report	Net Change
'11	81,200	80,500	-700
'12	105,700	115,400	+9,700
'13	82,000	76,200	-5,800

Source: Texas Workforce Commission

### Five Best Years for Job Growth Since '81

Year	Net Change (12 Months Ending Dec)
'81	126,900
'12	115,400
'06	105,800
'97	104,600
'90	98,400

Source: Texas Workforce Commission

TWC significantly revised employment downward, meaning '13 ended with fewer jobs than originally thought, in eight sectors:

### Significant Downward Revisions to Employment by Sector

Sector	Employment
Administrative Services	-8,600

Health Care	-6,200
Retail Trade	-5,800
Engineering & Architectural Services	-2,100
Local Education	-2,000
Machinery Manufacturing	-1,800
Wholesale Trade	-1,500
Depository Credit Intermediation (Banking)	-1,100

Source: Texas Workforce Commission

The downward revision in health care employment is not surprising given the uncertainties associated with the Affordable Care Act. The downward revision in retail employment does not reflect a slowdown in activity. The revision is more likely due to inherent difficulties in estimating growth in that sector. The same holds true for wholesale trade. The slowdown in oilfield services led to a weakness in machinery manufacturing and thus the revision. The downward revisions to credit intermediation (banking) reflects restructuring of the industry due to uncertainty brought on by the Dodd–Frank Wall Street Reform and Consumer Protection Act and the trend to provide more services online. The significant downward revision in administrative services is a concern since the sector includes the employment services subcategory. Growth and contraction in employment services often portends growth or contraction in the economy as a whole.

#### Significant Upward Revisions to Employment by Sector

Sector	Employment
Restaurants and Food Services	+7,300
Specialty Trade Contractors (Construction)	+3,000
Non-Durable Goods Manufacturing	+3,000
Other Services	+3,000

Source: Texas Workforce Commission

The upward revisions for restaurants and food services suggest Houstonians still enjoy dining out. The improved employment numbers for specialty trades contractors says the data has finally caught up to what every driver sees from their car window. Construction is booming. And the revision to other services is more likely due to inherent difficulties in estimating growth in a sector dominated by small businesses.

Every major sector except finance recorded employment gains in '13. Those gains are summarized below.

Houston MSA Nonfarm Payroll Employment		
Industry/Sector	Change Dec '12 - Dec '13	
	Jobs	%
<i>Total Nonfarm</i>	76,200	2.8
Total Private	69,400	2.9
Goods Producing	16,000	3.0
Mining and Logging	4,300	4.2
Construction	4,700	2.6

Houston MSA Nonfarm Payroll Employment		
Industry/Sector	Change Dec '12 - Dec '13	
	Jobs	%
Manufacturing	7,000	2.8
Durable Goods	3,200	1.9
Nondurable Goods	3,800	4.7
Service Providing	60,200	2.7
Private Service Providing	53,400	2.9
Trade, Transportation, and Utilities	15,700	2.7
Wholesale Trade	6,300	4.3
Retail Trade	5,500	1.9
Transportation, Warehousing and Utilities	3,900	3.0
Information	900	2.8
Financial Activities	-800	-0.6
Finance and Insurance	-1,600	-1.8
Real Estate and Rental and Leasing	800	1.6
Professional and Business Services	10,200	2.4
Professional, Scientific, and Technical Services	6,800	3.4
Administrative Support and Waste Management	3,000	1.5
Educational and Health Services	6,100	1.8
Educational Services	2,200	4.5
Health Care and Social Assistance	3,900	1.4
Leisure and Hospitality	18,500	7.1
Other Services	2,800	2.9
Government	6,800	1.8

Source: Texas Workforce Commission

A more detailed look at the revisions and the January-to-January employment data will appear in the March issue of *Houston: The Economy at a Glance*.

<sup>1</sup> The employment estimates released throughout the year are based on a sample survey of area employers. Starting in the fall, TWC revises the job numbers based on data available from unemployment insurance accounts. In revising the data, TWC looked back over the previous 21 months. TWC “re-benchmarked” the data back to March '12. In some instances, the data were revised back to January '11.

For the latest data, click [here](#).

Prepared by Greater Houston Partnership Research Department

Patrick Jankowski, CCR  
 Vice President, Research  
 713-844-3616  
[pjankowski@houston.org](mailto:pjankowski@houston.org)

Jenny Philip  
 Manager, Economic Research  
 713-844-3615  
[jphilip@houston.org](mailto:jphilip@houston.org)