

INDICATORS

Texas Unemployment Rate

<b>Actual Series</b>		
February	2003	6.6%
January	2003	6.8%
February	2002	6.2%

Seasonally Adjusted

February	2003	6.6%
January	2003	6.4%
February	2002	6.2%

U.S. Unemployment Rate

<b>Actual Series</b>		
February	2003	6.4%
January	2003	6.5%
February	2002	6.1%

Seasonally Adjusted

February	2003	5.8%
January	2003	5.7%
February	2002	5.6%

Texas Nonagricultural Wage & Salary Employment

<b>Actual Series</b>		9,382,300
OTM Change		55,000
OTY Change		16,000

Seasonally Adjusted

		9,429,400
OTM Change		-1,600
OTY Change		3,100

Initial Claims for Unemployment Benefits

February	2003	83,427
January	2003	104,082
February	2002	77,674

Consumer Price Index (CPI)

<b>Annual Change</b>		
U.S.	(Feb.)	3.0%
Dallas-Fort Worth	(Jan.)	2.0%
Houston-Galveston	(Feb.)	4.7%

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Texas Nonagricultural Wage and Salary Employment (Seasonally Adjusted)

Total Nonagricultural Employment in Texas lost 1,600 positions in February after having increased by 10,800 in January. Government had the largest over-the-month gain in February at 3,900 jobs, while Construction and Manufacturing showed the largest over-the-month decreases with declines of 2,700 and 1,500 positions respectively. Total Nonagricultural Employment increased by 3,100 jobs over the year. This was the first time since September 2001 that annual job growth has been positive.

Government registered its largest February employment gain since 1995 with the addition of 3,900 jobs. The annual growth rate remained at 1.9 percent for the third consecutive month. A total of 30,600 jobs have been added in Government since February 2002.

Employment in Construction fell by 2,700 jobs in February. This was the largest February decrease in over a decade. The annual growth rate was positive at 0.2 percent for the second straight month after recording negative growth during 2002. A total of 900 jobs were added in Construction since February 2002.

Following a gain of 600 jobs in January, Manufacturing employment took a dip in February, losing 1,500 jobs. This monthly drop was well below the five-year average February job loss of 2,300. Annual growth, which has been negative for the past 26 months, has been gradually

improving over the last 11 months to reach -4.2 percent in February.

Professional and Business Services employment gained 3,500 jobs in February. This was the first positive February over-the-month change since 2000. The annual growth rate of -0.5 percent represented a loss of 4,900 jobs since February 2002.

Following a loss of 2,500 jobs in January, Leisure and Hospitality Services employment grew by 2,100 in February. The annual growth rate was 1.0 percent, a figure that was well below both the five- and ten-year averages for this industry.

Employment in Trade, Transportation and Utilities (TTU) rose by 700 jobs in February, its second straight over-the-month increase. This marked the first time since late 2000 that employment in TTU increased for two consecutive months. The annual growth rate for February of -0.7 percent was up slightly from January's rate of -0.8 percent.

Natural Resources and Mining employment fell for the fourth consecutive month, recording a loss of 100 jobs in February. Annual growth, which has gradually been increasing since August 2002, posted a rate of -4.3 percent in February.

Metropolitan Statistical Area (MSA) Employment (Not Seasonally Adjusted)

Total Nonagricultural Employment within the Metropolitan Statistical Areas added 44,300 jobs in February. Government accounted for 58 percent of the total MSA growth as school employees returned from the holiday break.

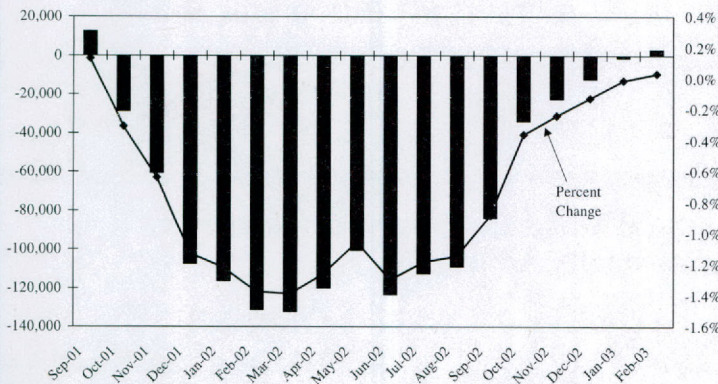
Employment in Construction grew by 2,800 jobs after five consecutive months of decline. The majority of the MSAs experienced over-the-month gains. The Houston MSA generated the bulk of the employment growth which was centered in *Construction of Buildings and Heavy and Civil Engineering Construction*.

Employment in Information fell by 2,600 jobs over the month throughout the MSAs. This decrease marked the 20<sup>th</sup> consecutive month of job losses in this industry. The Dallas MSA had the largest job loss, accounting for nearly half of the monthly employment decline.

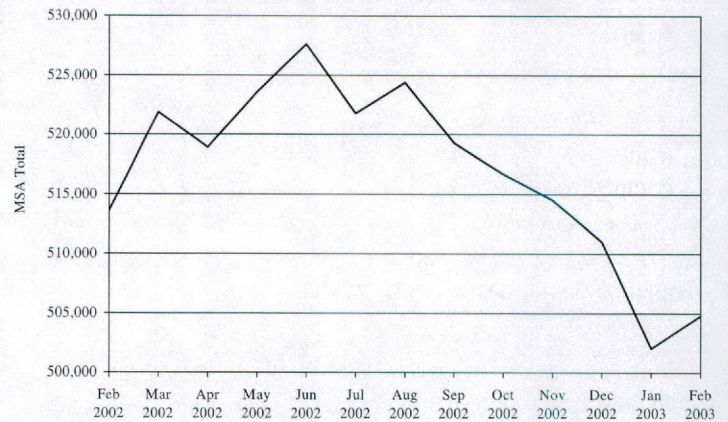
Education and Health Services employment grew by 6,400 jobs over the month in the MSAs. For the third consecutive year, the largest increase seen was in the Houston MSA which gained 1,700 jobs in Health Care and Social Assistance. Only the Beaumont-Port Arthur, Corpus Christi and Texarkana MSAs posted job losses in Education and Health Services in February.

After January's seasonal job loss, Leisure and Hospitality added 13,600 jobs in February. Sixty percent of the monthly growth occurred in the Dallas, Houston, and San Antonio MSAs. While most of the employment gains were concentrated in *Food Services and Drinking Places*, other increases were seen in *Accommodations and Amusement and Recreation*-related businesses.

Statewide Total Nonagricultural Employment Job Growth (Seasonally Adjusted)



MSA Monthly Construction Employment



TEXAS AND U.S. CIVILIAN LABOR FORCE ESTIMATES

TEXAS*					UNITED STATES**				
Actual		CLF	Employment	Unemp.	Rate	CLF	Employment	Unemp.	Rate
February	2003	10,841,800	10,126,400	715,400	6.6	145,693,000	136,433,000	9,260,000	6.4
January	2003	10,817,200	10,082,700	734,500	6.8	145,301,000	135,907,000	9,395,000	6.5
February	2002	10,586,500	9,934,100	652,400	6.2	144,266,000	135,443,000	8,823,000	6.1
Seas. Adjusted		CLF	Employment	Unemp.	Rate	CLF	Employment	Unemp.	Rate
February	2003	10,941,800	10,218,400	723,400	6.6	145,857,000	137,408,000	8,450,000	5.8
January	2003	10,895,600	10,194,800	700,800	6.4	145,838,000	137,536,000	8,302,000	5.7
February	2002	10,687,300	10,028,900	658,400	6.2	144,510,000	136,450,000	8,060,000	5.6

Note: Only the actual series estimates for Texas and the U.S. are comparable to sub-state estimates. Current month estimates for Texas are preliminary. All estimates are subject to revision. In seasonally adjusted estimates all elements of seasonality are factored out to achieve an estimate which reflects the basic underlying trend.

\*Source - Labor Market Information Department, Texas Workforce Commission (model-based methodology)

\*\*Source - Bureau of Labor Statistics, U.S. Department of Labor (Current Population Survey)

TEXAS NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT SEASONALLY ADJUSTED\*

INDUSTRY TITLE	Feb. 2003*	Jan. 2003	Feb. 2002	Jan. '03 to Feb. '03		Feb. '02 to Feb. '03	
				Absolute Change	Percent Change	Absolute Change	Percent Change
<b>TOTAL NONAG. W&amp;S EMPLOYMENT</b>	<b>9,429,400</b>	<b>9,431,000</b>	<b>9,426,300</b>	<b>-1,600</b>	<b>0.0</b>	<b>3,100</b>	<b>0.0</b>
<b>GOODS PRODUCING</b>							
Natural Resources & Mining	140,900	141,000	147,200	-100	-0.1	-6,300	-4.3
Construction	571,500	574,200	570,600	-2,700	-0.5	900	0.2
Manufacturing	929,000	930,500	969,600	-1,500	-0.2	-40,600	-4.2
<b>SERVICE-PROVIDING</b>							
Trade, Transportation, & Utilities	1,958,700	1,958,000	1,972,000	700	0.0	-13,300	-0.7
Financial Activities	583,600	583,500	579,900	100	0.0	3,700	0.6
Professional & Business Services	1,050,400	1,046,900	1,055,300	3,500	0.3	-4,900	-0.5
Education & Health Services	1,113,200	1,112,300	1,069,000	900	0.1	44,200	4.1
Leisure & Hospitality	847,000	844,900	839,000	2,100	0.2	8,000	1.0
Government	1,643,200	1,639,300	1,612,600	3,900	0.2	30,600	1.9

The number of nonagricultural jobs in Texas is without reference to place of residence of workers. Total Nonagricultural employment is independently seasonally adjusted and employment for the individual sectors is not additive to the total. Seasonally adjusted estimates are not calculated for all industry sectors.

\*Estimates for the current month are preliminary. All estimates are subject to revision.

+All elements of seasonality are factored out to achieve an estimate which reflects the basic underlying trend.

## Nursing Skills Under the Microscope

by John Villarreal

Facing today's globalized economy American workers no longer compete with only each other for high-wage or even low-wage jobs. To stay competitive in a global market, employers have sought various ways to cut costs and improve profit margins. One factor of production that has felt this pinch is labor. America's workers have seen high-wage, low-skill manufacturing jobs move across national borders and become low-wage, low-skill jobs for their foreign counterparts. If skilled labor shortages exist, then employers will look for workers from around the world to expand.

The shortage of skilled labor constitutes an apparent gap between the skills employers are looking for and those skills the American workforce can bring to market. If workers had industry-based standards or skill standards to guide education and training curriculum, then employers might not have to spend as much time and money on initial orientation and training. A process of establishing industry-based standards resulting in a skilled workforce cannot take place overnight. Once employers have identified skill standards, education and training providers can develop curriculum to effectively teach the skills employers are requiring. The whole process could very possibly take years to complete. Therefore, it is essential that employers across all industries are able to identify future occupational skill requirements and trends. One way to do this is by conducting a survey of employers and workers to gauge the value each group places on particular skills necessary to do a job.

### Nurses Face New Challenges in Today's Market

No one industry or occupation can operate in a vacuum. Globalization and technology have affected skill requirements for all workers and Registered Nurses (RNs) are no exception. Today's dynamic economy has also imposed changing skill requirements and new educational principles on nurses. It is important to note that the Bureau of Labor Statistics (BLS) has projected that RNs will experience the largest numerical growth, be one of the fastest growing in terms of percentage change, and be among the higher paying occupations between 2000 and 2010. The importance of having enough skilled RNs to provide care for an ever-growing population can therefore not be understated. For this reason, the nursing field was chosen for closer examination. To help gain a better understanding of how particular skills related to this occupation are valued, a survey was conducted of nursing employers. This data was then compared to information from an existing study of the opinions of working RNs regarding skills they felt were necessary to do their job.

The purpose of this study was threefold. First, to describe the opinions of employers about the relative importance of generic and specific skills used by nurses. Using the results of an employer survey, the second purpose was to compare the employer opinions with a previous study of nurses' opinions about the importance of various skills. Third, the results of the comparison were used to speculate about the implications of differences and place them into perspective. Within this scope, skills needed by RNs in an evolving and dynamic health care system are studied.

### Survey Instrument

A self-administered survey was used to gather the opinions of employers about the relative importance of generic and specific skills used by nurses. A survey, cover letter, and return envelope were mailed to 333 Human Resource Directors and Directors of Nursing throughout Texas. A web page (<http://www.twc.state.tx.us/lmi/surveys/rmskills/index.html>) was also created that contained a copy of the cover letter and a copy of the survey that could be printed and faxed or sent as an email attachment to [skills.survey@twc.state.tx.us](mailto:skills.survey@twc.state.tx.us). The surveys were mailed and the website and email address were launched on June 24, 2002. Respondents were asked to reply by July 12, 2002. Phone calls were made during the weeks of July 8<sup>th</sup>-12<sup>th</sup> and 15<sup>th</sup>-19<sup>th</sup> to remind the Human Resource Directors and Directors of Nursing about the survey.

### Analysis of Survey Results

In order to address the first purpose of this study, survey questions were developed to determine the level of importance placed on a variety of universal skills. The survey responses were then compared to O\*NET<sup>1</sup> survey responses of working RNs in order to address the

Table 1

Top 10 Skills Across All Categories

Employers		Employees (O*NET)	
Skill	Score	Skill	Score
Active Listening*	97	Speaking*	79
Speaking*	97	Service Orientation*	79
Problem Identification*	94	Reading Comprehension*	73
Information Gathering	94	Social Perceptiveness*	73
Time Management	94	Judgment and Decision Making	73
Reading Comprehension*	93	Critical Thinking	71
Writing*	93	Coordination	71
Instructing	93	Active Listening*	69
Service Orientation*	92	Problem Identification*	67
Active Learning <sup>□</sup>	91	Writing* <sup>□</sup>	65
Social Perceptiveness* <sup>□</sup>	91	Science <sup>□</sup>	65
Solution Appraisal <sup>□</sup>	91	Monitoring <sup>□</sup>	65

\*Skill is identified on both lists.

□Skills at the end of the list tied with the same score

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second research purpose. The results of the comparison were used to speculate about the implications of differences between the two groups. The following describes the results of the study and analysis of the data that was collected. Specific skills were addressed within six broad skill categories: Basic, Social, Complex Problem Solving, Technical, Systems, and Resource Management skills. Table 1 shows the top ten skills identified by each group across all categories.

Active Listening, Speaking, Reading Comprehension, and Writing were among the top five skills listed for both employers and nurses. Both groups agreed on some of the most important **Basic** skills, but they didn't agree on all skills. Employers indicated that Active Learning was extremely important, while nurses indicated that Critical Thinking was more important. This difference in opinion implies that employers value the ability to learn new information and grasp its implications. Working nurses, on the other hand, felt that it was more important for them to be able to use logic and analysis to identify strengths and weaknesses of different approaches.

Service Orientation and Social Perceptiveness are two **Social** skills that were valued the most by both nurses and Directors of Nursing/ Human Resource Directors. The highest employer score for a **Social** skill went to Instructing, while Service Orientation was most valued by nurses. Nurses identified Coordination as an important skill to perform their daily tasks but employers did not list it. It's not difficult to understand why a nurse would need to be service oriented and socially perceptive; although, employers more highly valued a nurse's ability to teach others how to do something. Working nurses felt that adjusting their actions in relation to the action of others was a more important skill to have.

The **Complex Problem Solving** skill category indicated that employers and nurses both felt that Problem Identification and Information Gathering were the two most important skills, respectively. Also, Solution Appraisal and Idea Evaluation were viewed by both groups as important skills for nurses. Employers viewed Synthesis/Reorganization, or the ability to reorganize information to better approach problems or tasks as an important skill for nurses. Implementation Planning was seen as a more important skill to working nurses as it deals with the practical approaches for implementing an idea. Even though these last two skills were rated differently between the groups, they are somewhat similar in definition.

Four of the top five **Technical** skills were common for both employers and nurses. Operation Monitoring, Equipment Selection, Product Inspection, and Operation and Control were all identified as the most important **Technical** skills by both groups. The survey results showed that employers felt that Technology Design was an important skill, but working nurses valued Operations Analysis more highly. On the

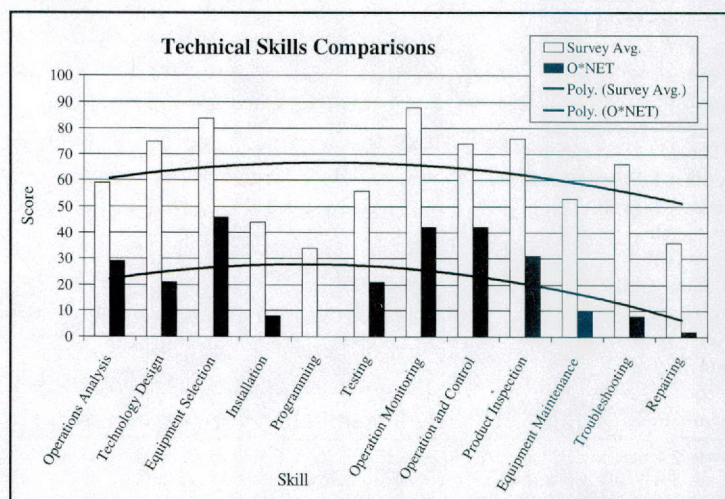
surface, one might not associate Technology Design with nursing. A closer examination of the definition illustrates that it has to do with adapting equipment and technology to serve user needs, which has practical nursing application.

Nurses also recognized two of the three **Systems** skills identified as important to employers. Identification of Key Causes, and Judgment and Decision Making skills were viewed by both groups as important for working nurses. Employers valued Systems Evaluation skills while nurses felt that Systems Perception was more important. Hence, employers valued a nurse's ability to look at many indicators of system performance, taking into account their accuracy. Nurses felt that determining when important changes have occurred in a system or are likely to occur was more important to carrying out their duties.

Time Management and Management of Personnel were both rated as the most important **Resource Management** skills by both employers and nurses. Both skills refer to management of others. As nurses earn experience and tenure, it can be ascertained that they will be asked to take on supervisory roles.

Table 1 indicates that employers and nurses valued **Basic**, **Social**, and **Complex Problem Solving** skills more than other categories. The top four skills for employers were either **Basic** or **Complex Problem Solving** skills. The top four for nurses were either **Basic** or **Social** skills. Hence, employers valued the capacity to solve ill-defined problems in complex, real world settings while nurses valued working with people to achieve goals. Employers appreciated the theoretical whereas nurses valued the practical application of skills. A majority of the largest discrepancies were in the **Technical** skills category. Nurses did not see **Technical** skills, as a whole, as very important to performing their daily tasks. Employers viewed some of these skills as important, but many scored below seventy. Table 2 illustrates the

Table 2



Continued on page 8

## Highlights of the Texas Labor Force (Not Seasonally Adjusted)

by Bryce Bayles, LMI Economist

The Texas actual series unemployment rate fell by two-tenths of a percentage point in February, slipping to 6.6 percent. Though lower, this was the highest rate for the month of February since 1994's 7.1 percent, which coincided with the early stages of the Texas economic expansion that followed the 1991-1992 national recession. February's decline matched the average (since 1978) January-to-February change. However, February's rate was four-tenths of a percentage point higher than last February's 6.2 percent. The U.S. unemployment rate slipped one-tenth of a percentage point over the month from 6.5 percent in January to 6.4 percent in February. The U.S. rate was three-tenths of a percentage point higher than last February's rate of 6.1 percent and was the highest national rate for the month since 1994 when it stood at 7.1 percent.

Employment increased by 43,700 from January's 10,082,700 to February's level of 10,126,400. February's gain was larger than the average increase of 17,800 which typically occurs between January and February and was the largest for the month of February since 1984's addition of 45,200. This February's increase was 31,100 greater than last year's gain of 12,700. Employment in Texas was at its highest recorded level for February and has remained above the 10 million mark for the last eleven months.

The number of unemployed Texans decreased by 19,100 in February, bringing January's level of 734,500 to 715,400 in February. February's decline was 6,400 below last year's reduction of 25,500 but was still larger than the average decrease of 15,200. February's unemployment level was the highest recorded for the month since 1987's figure of 747,700 and was more than 63,000 higher than February 2002's level of 652,400.

The number of claims for unemployment benefits without earnings dipped by 4,800 over the month from 179,100 in January to 174,300 in February. February's claims level was 8,100 below last year's figure of 182,400. Only the Natural Resources and Mining sector registered an over-the-month increase in claims for unemployment benefits. Of the industries that experienced over-the-month reductions in claims, Manufacturing saw the largest decline with 774 fewer claims followed by Professional and Business Services with 442 fewer claims.

### Civilian Labor Force Estimates for Texas Metropolitan Statistical Areas (In Thousands)

	February 2003*				January 2003				February 2002			
	C.L.F.	Emp.	Unemp.	Rate	C.L.F.	Emp.	Unemp.	Rate	C.L.F.	Emp.	Unemp.	Rate
State of Texas	10,841.8	10,126.4	715.4	6.6	10,817.2	10,082.7	734.5	6.8	10,586.5	9,934.1	652.4	6.2
Abilene	60.4	57.9	2.5	4.1	60.2	57.6	2.6	4.4	58.7	56.4	2.3	3.9
Amarillo	116.3	111.8	4.5	3.9	115.3	110.8	4.5	3.9	112.2	108.1	4.1	3.7
Austin-San Marcos	783.3	739.9	43.4	5.5	781.3	736.8	44.5	5.7	765.7	722.4	43.3	5.7
Beaumont-Port Arthur	181.4	165.5	15.9	8.8	180.6	164.0	16.6	9.2	176.7	163.2	13.5	7.7
Brazoria	112.7	103.6	9.1	8.1	111.7	102.8	8.9	8.0	110.2	103.1	7.1	6.5
Brownsville-Harlingen	143.5	128.7	14.8	10.3	144.4	129.0	15.4	10.6	136.3	122.6	13.7	10.0
Bryan-College Station	83.9	82.3	1.6	1.9	79.8	78.1	1.7	2.1	79.2	77.9	1.3	1.6
Corpus Christi	179.3	167.9	11.4	6.4	179.4	168.1	11.3	6.3	174.2	164.3	9.9	5.7
Dallas	2,039.9	1,893.6	146.3	7.2	2,040.6	1,891.5	149.1	7.3	2,026.7	1,884.2	142.5	7.0
El Paso	297.3	269.3	28.0	9.4	298.7	269.3	29.4	9.8	283.7	258.2	25.5	9.0
Fort Worth-Arlington	959.1	899.1	60.0	6.3	958.6	897.3	61.3	6.4	935.6	878.7	56.9	6.1
Galveston-Texas City	122.7	113.3	9.4	7.7	122.5	112.8	9.7	7.9	120.7	112.9	7.8	6.4
Houston	2,289.9	2,143.3	146.6	6.4	2,277.0	2,129.3	147.7	6.5	2,236.3	2,115.0	121.3	5.4
Killeen-Temple	123.9	117.0	6.9	5.6	123.2	116.1	7.1	5.8	119.1	112.9	6.2	5.2
Laredo	81.5	75.0	6.5	8.0	82.2	75.5	6.7	8.1	78.5	72.4	6.1	7.8
Longview-Marshall	108.3	101.3	7.0	6.4	108.7	101.4	7.3	6.7	105.4	98.5	6.9	6.5
Lubbock	131.5	127.3	4.2	3.2	130.1	126.0	4.1	3.2	126.7	123.2	3.5	2.7
McAllen-Edinburg-Mission	226.0	192.5	33.5	14.8	227.3	191.9	35.4	15.6	215.5	186.4	29.1	13.5
Odessa-Midland	127.2	119.8	7.4	5.8	125.7	118.2	7.5	5.9	120.9	114.4	6.5	5.4
San Angelo	50.8	49.0	1.8	3.6	51.2	49.2	2.0	3.9	50.5	48.8	1.7	3.3
San Antonio	821.2	778.6	42.6	5.2	814.4	770.0	44.4	5.5	794.3	754.8	39.5	5.0
Sherman-Denison	52.2	48.9	3.3	6.4	51.7	48.3	3.4	6.5	50.8	47.1	3.7	7.2
Texarkana		Not Available				Not Available			57.6	54.7	2.9	5.0
Tyler	96.3	92.0	4.3	4.5	96.6	91.9	4.7	4.9	93.5	89.1	4.4	4.7
Victoria	46.2	43.8	2.4	5.2	46.0	43.6	2.4	5.2	45.6	43.4	2.2	4.8
Waco	105.5	100.6	4.9	4.6	105.5	100.5	5.0	4.8	101.7	97.0	4.7	4.7
Wichita Falls	64.6	61.7	2.9	4.5	65.1	61.9	3.2	4.8	64.0	61.4	2.6	4.0

\*Estimates for the current month are preliminary. All estimates are subject to revision. Estimates reflect actual (not seasonally adjusted) data. Civilian Labor Force (C.L.F.) includes wage and salary workers, self-employed, unpaid family, domestics in private households, agricultural workers, workers involved in labor disputes and the unemployed, all by place of residence. Employment and Unemployment data are first rounded then added together to derive the rounded CLF total. Because of this rounding technique, this rounded total of the CLF may not agree with a rounding of the CLF total itself. Percent Unemployed is based upon unrounded Labor Force, Employment and Unemployment numbers. Estimates of the TWC are in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

## Employment and Unemployment Estimates for Texas Counties - February 2003

County	Emp.	Unemp.	Rate	County	Emp.	Unemp.	Rate	County	Emp.	Unemp.	Rate	County	Emp.	Unemp.	Rate
Anderson	18,132	1,109	5.8	Donley	1,656	40	2.4	Kaufman	32,764	3,574	9.8	Real	1,064	40	3.6
Andrews	4,946	287	5.5	Duval	4,197	447	9.6	Kendall	16,892	518	3.0	Red River	4,824	418	8.0
Angelina	34,274	2,327	6.4	Eastland	9,338	387	4.0	Kenedy	203	9	4.2	Reeves	5,127	812	13.7
Aransas	9,246	757	7.6	Ector	58,615	4,501	7.1	Kent	390	28	6.7	Refugio	2,595	75	2.8
Archer	4,266	133	3.0	Edwards	850	35	4.0	Kerr	17,691	581	3.2	Roberts	399	8	2.0
Armstrong	970	28	2.8	Ellis	53,650	3,684	6.4	Kimble	2,314	53	2.2	Robertson	5,847	352	5.7
Atascosa	17,101	1,248	6.8	El Paso	269,266	28,043	9.4	King	188	5	2.6	Rockwall	24,703	1,622	6.2
Austin	14,518	599	4.0	Erath	16,687	506	2.9	Kinney	1,189	131	9.9	Runnels	5,084	174	3.3
Bailey	3,154	269	7.9	Falls	7,643	312	3.9	Kleberg	12,255	733	5.6	Rusk	21,544	1,273	5.6
Bandera	8,348	287	3.3	Fannin	11,971	875	6.8	Knox	1,697	68	3.9	Sabine	3,365	558	14.2
Bastrop	30,218	2,009	6.2	Fayette	11,230	387	3.3	Lamar	20,524	1,783	8.0	San Augustine	2,922	199	6.4
Baylor	1,547	93	5.7	Fisher	1,740	93	5.1	Lamb	6,172	508	7.6	San Jacinto	8,576	468	5.2
Bee	9,999	677	6.3	Floyd	2,631	330	11.1	Lampasas	9,708	380	3.8	San Patricio	27,412	2,062	7.0
Bell	96,394	5,642	5.5	Foard	786	33	4.0	La Salle	2,609	151	5.5	San Saba	2,262	58	2.5
Bexar	673,375	37,925	5.3	Fort Bend	191,636	10,722	5.3	Lavaca	8,790	199	2.2	Schleicher	1,115	38	3.3
Blanco	3,929	163	4.0	Franklin	4,292	200	4.5	Lee	6,718	367	5.2	Scudder	6,223	246	3.8
Borden	339	22	6.1	Freestone	8,692	468	5.1	Leon	6,733	493	6.8	Shackelford	1,587	58	3.5
Bosque	6,238	418	6.3	Frio	5,360	458	7.9	Liberty	28,808	3,028	9.5	Shelby	9,369	802	7.9
Bowie	38,485	2,281	5.6	Gaines	6,224	350	5.3	Limestone	9,447	445	4.5	Sherman	1,490	18	1.2
Brazoria	103,565	9,093	8.1	Galveston	113,279	9,415	7.7	Lipscomb	1,613	50	3.0	Smith	92,042	4,289	4.5
Brazos	82,344	1,630	1.9	Garza	2,225	136	5.8	Live Oak	4,208	141	3.2	Somervell	1,826	194	9.6
Brewster	5,940	128	2.1	Gillespie	10,816	277	2.5	Llano	5,850	239	3.9	Starr	19,461	6,218	24.2
Briscoe	738	48	6.1	Glasscock	560	23	3.9	Loving	41	5	10.9	Stephens	3,712	377	9.2
Brooks	3,291	244	6.9	Goliad	2,638	138	5.0	Lubbock	127,343	4,243	3.2	Sterling	723	30	4.0
Brown	16,687	742	4.3	Gonzales	7,726	365	4.5	Lynn	2,539	176	6.5	Stonewall	697	20	2.8
Burleson	7,753	327	4.0	Gray	8,756	525	5.7	Mc Culloch	3,407	133	3.8	Sutton	2,109	55	2.5
Burnet	16,957	880	4.9	Grayson	48,889	3,315	6.4	Mc Lennan	100,624	4,900	4.6	Swisher	3,439	158	4.4
Caldwell	15,195	1,202	7.3	Gregg	56,897	4,107	6.7	Mc Mullen	268	15	5.3	Tarrant	775,776	51,999	6.3
Calhoun	7,064	737	9.4	Grimes	7,664	707	8.4	Madison	4,264	156	3.5	Taylor	57,861	2,505	4.1
Callahan	6,256	277	4.2	Guadalupe	47,435	1,857	3.8	Marion	3,170	330	9.4	Terrell	779	38	4.7
Cameron	128,666	14,765	10.3	Hale	15,077	1,152	7.1	Martin	1,578	91	5.5	Terry	4,393	413	8.6
Camp	5,314	426	7.4	Hall	1,632	98	5.7	Mason	1,694	28	1.6	Throckmorton	810	30	3.6
Carson	3,191	156	4.7	Hamilton	4,276	161	3.6	Matagorda	12,654	2,068	14.0	Titus	13,227	715	5.1
Cass	13,821	1,102	7.4	Hansford	2,360	68	2.8	Maverick	13,802	6,411	31.7	Tom Green	48,983	1,849	3.6
Castro	2,892	181	5.9	Hardeman	1,695	86	4.8	Medina	14,934	835	5.3	Travis	483,309	28,892	5.6
Chambers	12,289	676	5.2	Hardin	20,912	1,904	8.3	Menard	914	50	5.2	Trinity	7,609	259	3.3
Cherokee	19,143	845	4.2	Harris	1,747,574	123,039	6.6	Midland	61,154	2,876	4.5	Tyler	6,389	805	11.2
Childress	2,921	108	3.6	Harrison	27,997	1,815	6.1	Milam	9,180	714	7.2	Upshur	16,432	1,050	6.0
Clay	5,452	201	3.6	Hartley	3,072	39	1.3	Mills	2,390	43	1.8	Upton	1,307	60	4.4
Cochran	1,295	169	11.5	Haskell	2,770	153	5.2	Mitchell	2,931	151	4.9	Uvalde	10,244	916	8.2
Coke	1,399	30	2.1	Hays	54,381	2,864	5.0	Montague	6,550	480	6.8	Val Verde	18,677	1,635	8.0
Coleman	3,070	216	6.6	Hemphill	2,048	30	1.4	Montgomery	148,768	8,125	5.2	Van Zandt	21,722	1,315	5.7
Collin	297,924	21,046	6.6	Henderson	28,421	1,704	5.7	Moore	9,326	400	4.1	Victoria	43,826	2,395	5.2
Collingsworth	1,487	78	5.0	Hidalgo	192,501	33,463	14.8	Morris	5,710	613	9.7	Walker	22,537	687	3.0
Colorado	7,732	340	4.2	Hill	14,812	1,230	7.7	Motley	745	15	2.0	Waller	14,253	960	6.3
Comal	41,853	2,102	4.8	Hockley	9,871	526	5.1	Nacogdoches	25,142	1,011	3.9	Ward	3,217	297	8.5
Comanche	6,615	229	3.3	Hood	17,862	1,253	6.6	Navarro	20,980	1,424	6.4	Washington	15,320	490	3.1
Concho	1,406	25	1.7	Hopkins	13,956	833	5.6	Newton	5,047	942	15.7	Webb	75,036	6,499	8.0
Cooke	15,240	822	5.1	Houston	8,971	455	4.8	Nolan	6,699	395	5.6	Wharton	17,702	1,215	6.4
Coryell	20,564	1,265	5.8	Howard	13,521	707	5.0	Nueces	140,444	9,322	6.2	Wheeler	2,585	73	2.7
Cottle	711	63	8.1	Hudspeth	1,174	101	7.9	Ochiltree	4,488	156	3.4	Wichita	57,477	2,782	4.6
Crane	1,709	118	6.5	Hunt	34,800	2,611	7.0	Oldham	1,202	38	3.1	Wilbarger	7,169	244	3.3
Crockett	1,881	60	3.1	Hutchinson	7,805	757	8.8	Orange	36,300	4,100	10.1	Willacy	4,801	1,192	19.9
Crosby	2,577	214	7.7	Irion	693	25	3.5	Palo Pinto	10,910	737	6.3	Williamson	156,775	8,385	5.1
Culberson	992	111	10.1	Jack	4,046	128	3.1	Panola	7,233	626	8.0	Wilson	15,930	694	4.2
Dallam	3,294	94	2.8	Jackson	7,156	279	3.8	Parker	43,254	2,198	4.8	Winkler	2,697	277	9.3
Dallas	1,161,082	98,387	7.8	Jasper	13,104	1,805	12.1	Parmer	4,121	138	3.2	Wise	27,246	1,253	4.4
Dawson	4,548	418	8.4	Jeff Davis	1,547	28	1.8	Pecos	5,907	387	6.1	Wood	13,799	860	5.9
Deaf Smith	6,555	453	6.5	Jefferson	108,321	9,926	8.4	Polk	14,053	1,102	7.3	Yoakum	2,280	169	6.9
Delta	2,713	136	4.8	Jim Hogg	2,142	161	7.0	Potter	52,971	3,599	6.4	Young	7,885	501	6.0
Denton	260,266	13,641	5.0	Jim Wells	15,581	1,304	7.7	Presidio	2,891	765	20.9	Zapata	4,846	501	9.4
De Witt	8,803	375	4.1	Johnson	62,175	4,512	6.8	Rains	3,702	262	6.6	Zavala	4,151	820	16.5
Dickens	785	50	6.0	Jones	9,723	312	3.1	Randall	58,847	881	1.5				
Dimmit	3,278	468	12.5	Karnes	5,381	330	5.8	Reagan	1,499	43	2.8				

Estimates reflect actual (not seasonally adjusted) data. Estimates are preliminary and subject to revision. To obtain the civilian labor force, add total employment to total unemployment. Estimates of the TWC are in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.



*Continued from page 4*

difference in mean scores, with “quasi” trend lines included to show the importance of skills in relation to other skills in that category. The data reveal that even though there were vast differences between the mean scores for employers and nurses, their opinions bear out more agreement than disagreement.

### **Conclusions**

Of the six skills categories, employers placed a higher level of importance on **Basic, Complex Problem Solving,** and **Social** skills respectively. The skills that employers rated at the top of each of these categories all scored in the nineties on a scale of zero to one hundred. Two of the four **Resource Management** skills scored in the nineties as well. According to the survey results, employers placed a higher level of importance on skills in these four descriptive categories. And within each category, employers felt that these skills were the most important for their nurses to possess. So, how do Human Resource Directors and Directors of Nursing of Texas hospitals opinions differ from those of their working nurses?

At first glance, the scores for all skills across the six skill categories appeared vastly different. Survey responses indicated that across all skills categories, employers placed a much higher level of importance on skills than the RNs who responded to the O\*NET survey. One possible explanation is that employers generally place greater importance on skills than their employees. With more highly skilled workers, the less training and employee development employers will have to pay for in the future. Another possible explanation would be that Human Resource Directors and Directors of Nursing do not regularly perform the duties of an RN, therefore, they are not as “in touch” with skill requirements as their nurses. In comparing the two sets of importance scores, one must consider that these valuations come from two completely different groups. It can be expected that two groups as opposite as employers and employees would hold different opinions about a variety of topics. So, it’s not difficult to understand why the importance scores were so different for employers and working nurses across all skill definitions. Even though these scores were vastly different, there was agreement on the most important skill categories and the most important skills within each category. The few differences that appear are thought provoking, but a trend begins to emerge upon closer inspection.

The lists of most important skills identified by employers and working nurses had a lot in common with only a few notable differences. As stated earlier, nurses took a more practical approach to assigning importance of skills. Using logic to solve problems, adjusting action in relation to others, and developing an approach to implement an idea were just a few of the most important skills identified by nurses. Employers placed a higher value on understanding implications of new information for future use, teaching others, reorganizing

information to better approach problems, and adapting equipment to serve user needs. Working nurses appreciated the practical whereas employers favored the theoretical or abstract. Case in point, Mathematics was one skill that was rated highly among employers but not so highly rated by working nurses. One challenge to education and training providers may be to assist in closing these “gaps” in opinion by either changing the attitudes of employers or by providing more comprehensive training to RNs.

### **Recommendations for Future Research**

This study was primarily concerned with describing opinions of employers on the importance of various skills, but no attention was paid to why employers feel the way they do. A possible area of future study would be to build on the results of this study by attempting to answer why employers feel the way they do about certain skills. Also, one could build on the results of the O\*NET study to find justification for why working nurses feel the way they do about the importance of various skills. Both of the above suggestions would take considerable time and effort, but would go a long way in determining why opinions vary so much between employers and working nurses.

As doctor’s time becomes more expensive, employers are demanding more of their RNs. As health care costs rise, hospital employers will seek to find ways to cut those costs. Lowering labor costs through shifting duties to lower-paid employees is a real possibility. As new procedures and technology emerge, new skills will be required to keep pace with these changes. Registered Nurses are faced with many challenges in the dynamic health care industry, and greater skill development will only solidify their importance and ability to deliver quality health care.

For more information on this nursing survey, visit the LMI searchpage at [www.texasworkforce.org/lmi](http://www.texasworkforce.org/lmi) or contact John Villarreal at (512) 491-4818 or [john.villarreal@twc.state.tx.us](mailto:john.villarreal@twc.state.tx.us). If you are interested in a skills survey for your area, contact James Dossett at (512) 491-4874 or [james.dossett@twc.state.tx.us](mailto:james.dossett@twc.state.tx.us).

<sup>1</sup> The Occupational Information Network (O\*NET) is an electronic database that combines the descriptive detail of the Dictionary of Occupational Titles (DOT) coupled with other types of relevant labor market data. Information on O\*NET is available for over 950 occupations. All occupations are coded using the latest version of occupational classification taxonomy known as the Standard Occupational Classification system. All occupations on O\*NET are described by a universal set of forty-six skills. Only the importance of these universal skills varies by occupation.



## The New 2003 SOCRATES System

by John Romanek, Career Development Resources

On March 3, 2003, the Career Development Resources (CDR) unit of the Texas Workforce Commission (TWC) launched a newer Internet-based version of SOCRATES. SOCRATES is primarily designed for local Workforce Board planners and labor market analysts, as well as many other professionals, who want to perform analysis on industry and occupational characteristics for their area and the state of Texas. Designed primarily as an analytical tool for labor market targeting, SOCRATES helps to ensure that Boards can review and analyze many employment-related facets of their labor market and target workforce training programs to meet local labor market needs. The final narrative report generated from SOCRATES meets the labor market targeting requirements within the context of the TWC Local Workforce Board's Integrated Planning Guidelines and reflects all the decision points used by a region to produce their labor market analysis. This system has become the default, statewide, automated model for working through a multi-step planning and targeting process.

While originally designed to assist local Workforce Boards, SOCRATES offers so many features, analytical tools, technical guides highlighting applied labor market research and raw data crosswalk tables that the product audience has expanded to include any person or organization interested in learning more about their regional economy. SOCRATES provides considerable labor market data but also is designed to accommodate "local wisdom" from regional experts in each region whose fingers may be on the pulse of local economic development, recruiting, or economic research efforts.

SOCRATES is a one-of-a-kind labor market information system. The system is updated and improved throughout the year to offer a remedy for a number of tedious tasks and data collection efforts. Very few states have the comprehensive set of software tools that are brought together in this system. One of the greatest strengths underlying SOCRATES development is the relationship between TWC's Labor Market Information Department (LMI) and CDR. This relationship has been recognized by the U.S. Department of Labor and other states as the primary foundation which must be cultivated to assure that labor market and career information is made available to employers, students and jobseekers in ways that aid in planning education and workforce development programs, assist with career exploration and facilitate the career transition process. Many states have been unable to formulate and then sustain this interwoven approach. The LMI Department as well as TWC's Workforce Development division has been a tremendous force behind SOCRATES growth and utilization.

During this year, a year of transition, two major labor market information classification systems were almost entirely replaced: the North American Industry Classification System (NAICS) superseded the Standard Industrial Classification (SIC) system for industries, and the Standard Occupational Classification (SOC) system supplanted the Occupational Employment Statistics (OES) system for occupations. SOCRATES has been updated to make the transition nearly seamless with the automation of a variety of intricate crosswalking steps as well as the addition of several new filters and reports to assist labor market planners.

The newest module is the Employment Projections 2000-2010 reporting system, which features information on employment projections produced by TWC's LMI unit. It covers both industry and occupation categories and ranks key variables in "Top 25" tables and then allows for filtering within each report using special criteria needed for U.S. Department of Labor compliance. For example, within the occupations section of the projections module, the user can filter by percent female, wages, education and other employment data categories. Each report has the interactive feature of sorting in ascending or descending order. A new reporting system to compare regions will be available at the beginning of April 2003. An interactive graphing system will be available for many of the projections tables by mid-April.

One of the most useful features for economic developers is the County Narrative Profiles (CNP). CNP generates county-level narrative reports by accessing over 300 data items across 30 databases. It provides data on the industry and occupational composition of each county, as well as characteristics on educational attainment, demographics, earnings and income, and scores of quality of life variables. Users can extract narrative reports on single counties, local Workforce Board regions, or customize their own multi-county configurations. When multiple counties are chosen CNP recalculates the variables and rewrites that narrative into one complete report. When possible, CNP compares data items to state patterns and provides historical time referents. Web links from CNP are available throughout the text so that the user may stay abreast of the most recently reported data from the original supplying agencies.

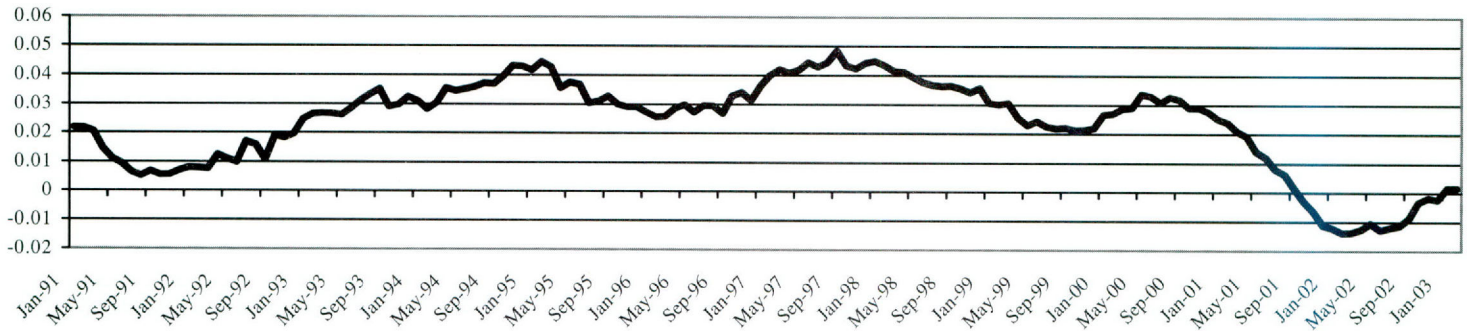
SOCRATES also offers an Occupational Profiles module which reports significantly detailed characteristics for any selected occupation based on the O\*NET taxonomy. The O\*NET database, which also features prominently in CDR's OSCAR desktop and Internet career exploration products, includes a broad set of occupation-specific knowledge, skills and abilities variables, and identifies important tasks, interests and work values associated with each occupation. The Profiles round out the O\*NET picture with regional, state and national labor market information, education and training requirements, identification of similar occupations, and relevant material from the Occupational Outlook Handbook. Users may include or exclude sections of the Profile to customize the report.

The Employer Contacts module has been updated to allow for the identification and review of firms with 5 or more employees. Newer descriptive fields are added along with active web links to each employer's site, when available. Users are allowed to web link directly to Yahoo's online map and location information for each selected employer. Organized by NAICS industry code, the Employer Contacts module allows for easy look-up of possible employers for the job seeker or future customers or suppliers for existing businesses.

SOCRATES and its modules have a variety of links to other Internet applications and systems; the Profile, for example, will soon link directly to the TWC's WorkInTexas.com system for real-time views of current job openings by regions detailed at the SOC occupational level. For free access to the system, the user can enjoy all these features by navigating on the web to: <http://socrates.cdr.state.tx.us> and for OSCAR to <http://www.ioscar.org/tx>. If you have any further questions and/or suggestions you can email: [john.romanek@cdr.state.tx.us](mailto:john.romanek@cdr.state.tx.us).

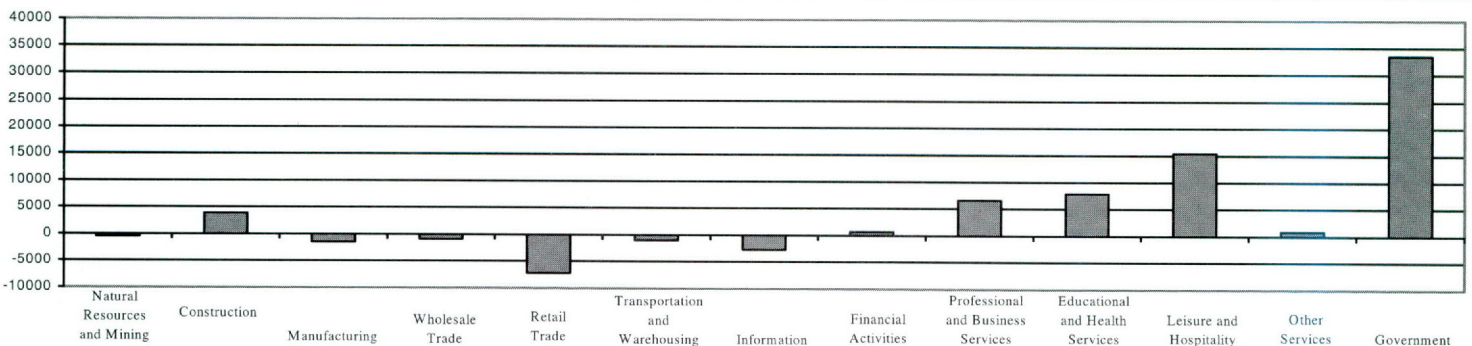
Texas Nonagricultural Wage and Salary Employment - (Not Seasonally Adjusted)

Annual Growth Rates



	Feb. '03*	Jan. '03	Feb. '02	Jan. '03 to Feb. '03	Feb. '02 to Feb. '03
				Change	Change
				% Change	% Change
<b>TOTAL NONFARM</b>	9,382,300	9,327,300	9,366,300	55,000	0.60%
<b>TOTAL PRIVATE (total nonfarm less government)</b>	7,712,800	7,691,300	7,728,300	21,500	0.30%
<b>GOODS PRODUCING</b>	1,629,700	1,627,900	1,674,200	1,800	0.10%
<b>Natural Resources and Mining (NAICS 1133 [logging], NAICS 21)</b>	140,500	141,000	146,900	-500	-0.40%
Mining (NAICS 21)	138,200	138,800	144,800	-600	-0.40%
Oil and Gas Extraction (NAICS 211)	62,800	63,100	64,500	-300	-0.50%
Support Activities for Mining (NAICS 213)	67,500	67,000	70,700	500	0.70%
<b>Construction (NAICS 23)</b>	563,500	559,700	563,200	3,800	0.70%
Construction of Buildings (NAICS 236)	145,300	144,000	146,200	1,300	0.90%
Heavy and Civil Engineering Construction (NAICS 237)	96,500	95,300	99,800	1,200	1.30%
Specialty Trade Contractors (NAICS 238)	321,700	320,400	317,200	1,300	0.40%
<b>Manufacturing (NAICS 31-33)</b>	925,700	927,200	964,100	-1,500	-0.20%
Durable Goods	571,300	572,500	604,400	-1,200	-0.20%
Wood Product Manufacturing (NAICS 321)	27,900	27,600	30,100	300	1.10%
Nonmetallic Mineral Product Manufacturing (NAICS 327)	43,500	43,600	44,100	-100	-0.20%
Primary Metal Manufacturing (NAICS 331)	25,200	25,100	26,300	100	0.40%
Fabricated Metal Product Manufacturing (NAICS 332)	107,300	107,700	116,500	-400	-0.40%
Machinery Manufacturing (NAICS 333)	80,300	81,100	83,800	-800	-1.00%
Computer and Electronic Product Manufacturing (NAICS 334)	121,500	122,400	137,900	-900	-0.70%
Electric Equipment, Appliance, and Component Mfg (NAICS 335)	19,100	18,900	20,200	200	1.10%
Transportation Equipment Manufacturing (NAICS 336)	80,400	79,700	78,500	700	0.90%
Furniture and Related Product Manufacturing (NAICS 337)	31,700	31,700	31,900	0	0.00%
Miscellaneous Manufacturing (NAICS 339)	34,400	34,700	35,100	-300	-0.90%
Nondurable Goods	354,400	354,700	359,700	-300	-0.10%
Food Manufacturing (NAICS 311)	94,700	95,000	93,200	-300	-0.30%
Beverage and Tobacco Product Manufacturing (NAICS 312)	11,100	11,000	11,100	100	0.90%
Apparel Manufacturing (NAICS 315)	17,200	17,800	21,100	-600	-3.40%
Paper Manufacturing (NAICS 322)	25,000	24,700	25,300	300	1.20%
Printing and Related Support Manufacturing (NAICS 323)	39,600	40,300	41,200	-700	-1.70%
Petroleum and Coal Products Manufacturing (NAICS 324)	24,300	24,300	24,400	0	0.00%
Chemical Manufacturing (NAICS 325)	79,000	78,900	79,900	100	0.10%
Plastics and Rubber Manufacturing (NAICS 326)	47,300	47,100	47,500	200	0.40%

Over-the-Month Change



\*Estimates for the current month are preliminary. All estimates are subject to revision. The number of nonagricultural jobs in Texas is without reference to place of residence of workers. Estimates of the TWC are in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

Texas Nonagricultural Wage and Salary Employment (Not Seasonally Adjusted)

	Feb. '03*	Jan. '03	Feb. '02	Jan. '03 to Feb. '03 Change	Feb. '02 to Feb. '03 % Change	Change	% Change
<b>SERVICE PROVIDING</b>	7,752,600	7,699,400	7,692,100	53,200	0.70%	60,500	0.80%
<b>Trade, Transportation, and Utilities (NAICS 42,44,45,48,49,22)</b>	1,933,200	1,942,300	1,946,300	-9,100	-0.50%	-13,100	-0.70%
<b>Wholesale Trade (NAICS 42)</b>	458,400	459,300	460,700	-900	-0.20%	-2,300	-0.50%
<i>Merchant Wholesalers, Durable Goods (NAICS 423)</i>	263,500	264,100	268,500	-600	-0.20%	-5,000	-1.90%
<i>Merchant Wholesalers, Nondurable Goods (NAICS 424)</i>	151,700	151,300	150,500	400	0.30%	1,200	0.80%
<b>Retail Trade (NAICS 44-45)</b>	1,097,000	1,104,200	1,096,100	-7,200	-0.70%	900	0.10%
<i>Motor Vehicle and Parts Dealers (NAICS 441)</i>	153,500	152,600	149,400	900	0.60%	4,100	2.70%
<i>Furniture and Home Furnishings Stores (NAICS 442)</i>	41,600	42,100	41,100	-500	-1.20%	500	1.20%
<i>Electronics and Appliance Stores (NAICS 443)</i>	42,900	43,300	43,100	-400	-0.90%	-200	-0.50%
<i>Building Material and Garden Equipment and Supplies (NAICS 444)</i>	82,000	81,700	79,000	300	0.40%	3,000	3.80%
<i>Food and Beverage Stores (NAICS 445)</i>	201,200	200,400	203,700	800	0.40%	-2,500	-1.20%
<i>Gasoline Stations (NAICS 447)</i>	68,300	68,200	70,000	100	0.10%	-1,700	-2.40%
<i>Clothing and Clothing Accessories Stores (NAICS 448)</i>	93,600	97,600	94,100	-4,000	-4.10%	-500	-0.50%
<i>Sporting Goods, Hobby, Book, and Music Stores (NAICS 451)</i>	37,800	41,000	38,300	-3,200	-7.80%	-500	-1.30%
<i>General Merchandise Stores (NAICS 452)</i>	230,800	232,200	231,000	-1,400	-0.60%	-200	-0.10%
<i>Miscellaneous Store Retailers (NAICS 453)</i>	64,500	64,400	65,400	100	0.20%	-900	-1.40%
<b>Transportation, Warehousing, and Utilities (NAICS 48-49,22)</b>	377,800	378,800	389,500	-1,000	-0.30%	-11,700	-3.00%
Transportation and Warehousing (NAICS 48,49)	326,400	327,000	338,100	-600	-0.20%	-11,700	-3.50%
<i>Air Transportation (NAICS 481)</i>	69,600	70,200	71,100	-600	-0.90%	-1,500	-2.10%
<i>Rail Transportation (NAICS 482)</i>	14,700	14,700	14,800	0	0.00%	-100	-0.70%
<i>Truck Transportation (NAICS 484)</i>	99,900	99,700	102,300	200	0.20%	-2,400	-2.30%
<i>Pipeline Transportation (NAICS 486)</i>	14,900	14,900	16,200	0	0.00%	-1,300	-8.00%
<i>Support Activities for Transportation (NAICS 488)</i>	54,600	54,900	56,000	-300	-0.50%	-1,400	-2.50%
<i>Couriers and Messengers (NAICS 492)</i>	35,300	35,700	34,200	-400	-1.10%	1,100	3.20%
<i>Warehousing and Storage (NAICS 493)</i>	21,200	21,000	20,400	200	1.00%	800	3.90%
Utilities (NAICS 22)	51,400	51,800	51,400	-400	-0.80%	0	0.00%
<b>Information (NAICS 51)</b>	236,200	238,900	256,300	-2,700	-1.10%	-20,100	-7.80%
<i>Publishing Industries (Except Internet) (NAICS 511)</i>	50,600	51,100	54,100	-500	-1.00%	-3,500	-6.50%
<i>Broadcasting (Except Internet) (NAICS 515)</i>	25,200	25,000	24,600	200	0.80%	600	2.40%
<i>Telecommunications (NAICS 517)</i>	103,300	104,600	118,600	-1,300	-1.20%	-15,300	-12.90%
<i>Internet Service Providers, Web Search Portals (NAICS 518)</i>	38,300	38,900	40,000	-600	-1.50%	-1,700	-4.30%
<b>Financial Activities (NAICS 52,53)</b>	580,100	579,400	575,900	700	0.10%	4,200	0.70%
Finance and Insurance (NAICS 52)	409,300	409,100	406,700	200	0.00%	2,600	0.60%
<i>Credit Intermediation and Related Activities (NAICS 522)</i>	199,100	198,700	196,900	400	0.20%	2,200	1.10%
<i>Insurance Carriers and Related Activities (NAICS 524)</i>	161,300	161,100	159,900	200	0.10%	1,400	0.90%
Real Estate and Rental and Leasing (NAICS 53)	170,800	170,300	169,200	500	0.30%	1,600	0.90%
<i>Real Estate (NAICS 531)</i>	108,800	108,800	108,800	0	0.00%	0	0.00%
<i>Rental and Leasing Services (NAICS 532)</i>	57,700	57,600	58,400	100	0.20%	-700	-1.20%
<b>Professional and Business Services (NAICS 54,55,56)</b>	1,039,900	1,033,300	1,042,000	6,600	0.60%	-2,100	-0.20%
Professional, Scientific and Technical Services (NAICS 54)	448,200	445,300	463,900	2,900	0.70%	-15,700	-3.40%
Management of Companies and Enterprises (NAICS 55)	36,100	35,700	36,300	400	1.10%	-200	-0.60%
Admin and Support and Waste Mgmt and Remediation (NAICS 56)	555,600	552,300	541,800	3,300	0.60%	13,800	2.50%
<i>Administrative and Support Services (NAICS 561)</i>	531,900	528,900	519,400	3,000	0.60%	12,500	2.40%
<b>Educational and Health Services (NAICS 61,62)</b>	1,112,700	1,104,800	1,066,200	7,900	0.70%	46,500	4.40%
Educational Services (NAICS 61)	140,900	136,300	134,500	4,600	3.40%	6,400	4.80%
Health Care and Social Assistance (NAICS 62)	971,800	968,500	931,700	3,300	0.30%	40,100	4.30%
<i>Ambulatory Health Care Services (NAICS 621)</i>	411,300	409,500	385,900	1,800	0.40%	25,400	6.60%
<i>Hospitals (NAICS 622)</i>	254,800	252,200	245,400	2,600	1.00%	9,400	3.80%
<i>Nursing and Residential Care Facilities (NAICS 623)</i>	144,700	145,600	142,800	-900	-0.60%	1,900	1.30%
<i>Social Assistance (NAICS 624)</i>	161,000	161,200	157,600	-200	-0.10%	3,400	2.20%
<b>Leisure and Hospitality (NAICS 71,72)</b>	826,700	811,300	816,300	15,400	1.90%	10,400	1.30%
Arts, Entertainment, and Recreation (NAICS 71)	91,100	87,100	86,100	4,000	4.60%	5,000	5.80%
Accommodation and Food Services (NAICS 72)	735,600	724,200	730,200	11,400	1.60%	5,400	0.70%
<i>Accommodation (NAICS 721)</i>	86,200	84,800	86,700	1,400	1.70%	-500	-0.60%
<i>Food Services and Drinking Places (NAICS 722)</i>	649,400	639,400	643,500	10,000	1.60%	5,900	0.90%
<b>Other Services (NAICS 81)</b>	354,300	353,400	351,100	900	0.30%	3,200	0.90%
<i>Repair and Maintenance (NAICS 811)</i>	103,500	102,300	104,100	1,200	1.20%	-600	-0.60%
<i>Personal and Laundry Services (NAICS 812)</i>	90,600	91,800	91,400	-1,200	-1.30%	-800	-0.90%
<i>Religious, Grantmaking, Civic, Prof Organizations (NAICS 813)</i>	160,200	159,300	155,600	900	0.60%	4,600	3.00%
<b>Government (defined by ownerships 1,2,3)</b>	1,669,500	1,636,000	1,638,000	33,500	2.00%	31,500	1.90%
Federal Government	178,100	177,500	176,900	600	0.30%	1,200	0.70%
State Government	349,200	337,100	344,600	12,100	3.60%	4,600	1.30%
Local Government	1,142,200	1,121,400	1,116,500	20,800	1.90%	25,700	2.30%

\*Estimates for the current month are preliminary. All estimates are subject to revision. The number of nonagricultural jobs in Texas is without reference to place of residence of workers. Estimates of the TWC are in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.





## “ASK THE EXPERT”

### Q. How Does the Federal Reserve’s Lowering Interest Rates Affect the Economy? by Yoshi Fukasawa, Ph.D.

Created by Congress in 1913, the Federal Reserve System is the central bank responsible for general monetary and credit conditions in the United States. It is an independent agency within the U.S. government<sup>1</sup>. Although it serves public interest, the Federal Reserve System is owned by member commercial banks and supported only by the income generated from various operations within the system. The Federal Reserve has been given the nickname of the “Fed” by its many watchers.

Among several functions of the Fed, the most important is the formation and implementation of the nation’s monetary policy in pursuit of macroeconomic goals of full employment and price stability<sup>2</sup>. Monetary policy is implemented by the 12 voting members of the Open Market Committee: seven members of the Board of Governors; the president of the Federal Reserve Bank of New York, and the presidents of four other Federal Reserve Banks, who serve on an annually rotating basis. The Committee holds its regular meeting in Washington, D.C. approximately every six weeks.

The Fed attempts to achieve its macroeconomic goals by using mainly three tools, called the monetary instruments: the discount rate, the reserve requirement, and the open market operations. The discount rate is an interest rate charged on a loan made by a Federal Reserve Bank to a depository institution. This is the only interest rate officially set by the Fed, but considered by some economists to serve as a signal of a monetary policy to come<sup>3</sup>.

The reserve requirement represents the obligation of depository institutions such as commercial banks, savings and loan associations, and credit unions, to maintain a certain percentage of their deposit liabilities in reserves. Contrary to general public belief, the main purpose of the reserves is not to safeguard deposits. A change in the reserve requirement is another tool, albeit seldom used, for the Fed to change the supply of money in the economy. Today, the safety of deposits at virtually all commercial banks is insured by the Federal Deposit Insurance Corporation (FDIC).

Open market operations, the most frequently used and most effective tool among the three, are buying and selling of government securities, mainly U.S. Treasury bills and bonds, in an open market to change the amount of excess reserves held by depository institutions. The excess reserves are the actual reserves over the legally required amount. Financial institutions change their loan behavior depending on the excess reserves held: increasing loan activities when more excess reserves become available and reducing loans when excess reserves become exhausted. Financial institutions have an incentive to loan out as much excess reserves as possible to maximize their income, for money left idle in their vault does not generate income.

When faced with a threat of recession as a result of a faltering demand in the economy, the Fed attempts to reinvigorate the economy by prescribing what many economists call an “easy money” policy. An easy money policy is an action by the Fed to make more money and credit available so that the cost of using money, the interest rate, becomes lower. The Fed typically employs an open market operation, buying government securities at the Domestic Trading Desk of the Federal Reserve Bank of New York<sup>4</sup>. The Fed’s purchase of government securities immediately raises the total volume of reserves available in the banking system. A rise in reserves lowers the short-term

nominal interest rates such as the federal funds rate, the rate charged on overnight inter-bank loans. The Fed is said to set a “target rate” for the federal funds rate to gauge the level of reserves appropriate to a given monetary policy. Because prices are slower to change, a lower short-term nominal interest rate reduces its real interest rate, the interest rate adjusted for inflation.

Lowering of short-term real interest rates, and eventually long-term rates, can have a broad and deep impact throughout the economy. Lower real interest rates stimulate business investment by making more investment projects profitable, allowing for an expansion of capacity and efficiency. With a reduced cost of investment, more machines and equipment will be bought, new factories and warehouses built, and additional stores and apartment buildings opened. Businesses may also increase production because of a lower cost of financing inventories. A fall in interest rates thus peps up investment and production.

Lower interest rates may also affect businesses investment in another way. Because fixed-rate investments such as Certificates of Deposits (CDs) and other saving accounts now earn a lower return, the holders of wealth would switch their portfolios to more of variable-rate investments such as stocks. This increased demand for stocks may cause a stock market to rally. For this reason, investors in the stock market generally embrace the news of a lower interest rate. An increase in the value of stocks, in turn, makes it easier for businesses to issue more stocks or to borrow funds to finance additional investment.

Declining real interest rates also induce consumers to increase their purchase of durable goods by making it cheaper to buy the goods on credit. Consumers typically buy automobiles, appliances, and home furnishings on credit. The impact of a lower interest rate on the economy can be substantial, considering the fact that consumer spending accounts for about two-thirds of the nation’s total expenditures.

Lower interest rates, especially long-term rates, can also encourage potential home buyers to purchase or build a new house. Expectations of a future capital gain, a home price being perceived to rise faster than the inflation rate, can further entice the purchase of a new home. A steep, sustained rise in residential construction in the early 1990s, following a monetary expansion by the Fed, played an important role in the U.S. economic recovery from the 1990-91 recession.

A decline in interest rates also affects government finance. The nation’s public debt was over \$6 trillion in 2002<sup>5</sup>. The most significant impact of lower interest rates for federal government is the reduced cost of servicing the debt. Unlike federal government, most states, like Texas, must balance their budget each year. Throughout a given year, though, a state government often borrows to finance numerous projects or just to help synchronize its expenditures with expected revenues. This bond financing, especially for capital expenditures, is dependent on the interest rates. With a lower interest rate, it is easier and less costly for a government to finance building new schools, expanding highways, and constructing new prisons.

Lower interest rates can also affect the nation’s exports by reducing the value of our currency. A declining interest rate in the domestic economy dampens

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demand for U.S. dollars in foreign exchange market, causing a depreciation of our currency. The weak dollars make American-made products more competitive in the world market, promoting U.S. exports.

All the added spending—new investment, additional consumer spending, more government purchases, and increased exports—tend to increase the overall demand for goods and services in the nation's economy. An increase in the total demand stimulates production, creates more jobs, and generates additional income through a multiplier effect. An easy money policy thus helps to prevent our faltering economy from getting worse and to move into a more vigorous, expanding economy.

Although most economists agree on the cause and effect relationship of money policy, some controversy exists involving the effectiveness and desirability of such a policy. The first area of dispute deals with the actual amount of deposits and reserves at depository institutions. The Fed can directly control neither: the amount of deposits is decided by the customers of financial institutions; the actual use of reserves is determined by financial institutions. An easy money policy is less than fully effective if a bank with added reserves declines to make additional loans. Fewer loans imply less borrowing, less money, less spending, and less economic activities.

The second area of controversy involves a time lag associated with monetary policy. Some time usually lapses before monetary policy begins to produce its expected result in our economy. It is estimated that it takes at least 6 months and longer for monetary policy to have an impact on production, employment, income, and prices.<sup>6</sup> Worse yet, a time lag is variable and unpredictable. The lag may cause ill timing of monetary policy, producing undesirable effects. For instance, if the economy recovers sooner than expected, an easy money policy may begin to produce its stimulating impact when there is no longer a need for added spending. In fact, this added spending may magnify the cyclical movement of the economy. Because of this uncertainty related to a policy lag, some economists have advocated a constant money growth, arguing for the wisdom of leaving alone the natural fluctuations in the economy.

The third area of debate arises from the use of monetary policy when the economy enters a recession caused by a supply shock, such as natural disasters, agricultural crop failures and oil embargos. Money policy is ineffective in combating a decline in the aggregate supply. An easy money policy may help recover employment and output in the short-run, but may eventually rekindle inflation in our economy.

#### Notes

1. The single best source of information on the Federal Reserve System is the Board of Governors, Purposes & Functions, 8<sup>th</sup> ed. (Washington, D.C.: The Federal Reserve System, 1994)
2. Monetary policy is often coordinated with a fiscal policy designed and implemented by the Office of the President and the Congress to achieve the macroeconomic goals.
3. Michael B. McElroy, *The Macroeconomy*. (Upper Saddle River, NJ: Prentice Hall, 1996), p.175.
4. A day-to-day operation of the Trading Desk is described in detail in Ann-Marie Meulendyke, *U.S. Monetary Policy & Financial Markets* (New York: Federal Reserve Bank of New York, 1998), pp.173-185.
5. The Council of Economic Advisors, *Economic Report of the President, 2003* (Washington, D.C.: U.S. Government Printing Office, 2003), p. 424.
6. N. Gregory Mankiw, *Macroeconomics*, 5<sup>th</sup> ed. (New York: Worth Publishing, 2003), p. 382.

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The views expressed in the Ask the Expert column are not necessarily those of the Labor Market Information Department or the Texas Workforce Commission. Information on various topics is offered here as a service to our readers in the spirit of providing a broader understanding of the important economic issues facing the state.

## "HAPPENINGS AROUND THE STATE"

### **Infonxx to Add 2,000 Jobs**

SAN ANTONIO, Tex (San Antonio Business Journal)—A directory-assistance call center plans to add 2,000 jobs in northwest San Antonio in the next six months. Infonxx will move into the Bandera Cinema Building, a former six-screen theater, to accommodate the expansion.

According to Charlie Anderson, vice president of marketing for the Bethlehem, Pa. Company, "Our growth demands a large jump in overall staffing, and we're bringing the lion's share of those new jobs to San Antonio." Anderson also indicated that a business friendly environment and excellent potential in the regional workforce were reasons for the expansion in San Antonio.

### **1,200 at Continental to Lose Jobs**

HOUSTON, Tex (Houston Chronicle—Bill Hensel, Jr.)—Houston based Continental Airlines plans to cut senior management and 1,200 other jobs in a bid to save \$500 million annually. An estimated 125 pilots, 500 reservations agents, 350 airport agents and 225 other employees would be laid off.

"Congress has loaded up the wagon so much, the wheels won't turn," said Chairman Gordon Bethune. Taxes on the industry are 76 percent higher than they were at the time of the Persian Gulf War in 1991, he added, arguing that the airline industry is inordinately burdened by fees imposed after Sept. 11, 2001. Estimates are that the U.S. airlines have lost about \$19 billion

since late 2000. Continental has about 48,000 employees worldwide, with more than 19,000 in Houston.

### **Edinburg Lands Bilingual Call Center**

EDINBURGE, Tex (McAllen Monitor—Alma Walzer)—Merkafon Teleperformance plans on opening up a call center in June that will create 500 jobs in Edinburg. The region's large Spanish-speaking population was cited as a major reason for the Monterrey-based company moving to the area. "We are already working in the U.S.-Hispanic market," CEO Jesus Rodriguez said. "Here we have found a competitive advantage that will have us in front of other call centers in the world and the U.S."

The city of Edinburg is contributing \$500,000 in job training and skills development funding. Merkafon also has a site that employs 400 in Plano.

### **Supercenter Opens with Fanfare**

KILGORE, Tex (Longview News-Journal—Jennifer Whatley)—Wal-Mart has moved into its new Kilgore 184,000-square-foot Supercenter. "This is a big day for Kilgore," said Mayor Joe T. Parker to a crowd of 400.

"I would say we have approximately 340 associates working here now," said store manager John Kenna. Mr. Kenna, who was employed at the old Wal-Mart store for seven years, said that 250 additional full- and part-time employees were hired for the new center.

## Impact of Military Reserve Call-Ups on Labor Statistics

According to information released by the U. S. Department of Defense, about 150,000 reservists had been called into active duty as of mid-February. Though the Bureau of Labor Statistics (BLS) is not able to quantify the full impact of this call-up on its employment figures, some factors should be considered when using and analyzing labor market data.

### Nonagricultural Wage and Salary Employment Estimates

- Persons on active military duty for the entire survey reference period (week of the 12th) are not included on employer payrolls.
- Some reservists would have held jobs not covered by the payroll survey, such as the self employed or those in agriculture, and others may not have held jobs at all.
- Many of the reservists have been called up quite recently. Any who worked at all for their regular employer during the survey reference period would have been counted on the employer's payroll.
- If reservists are replaced by new workers on an employer's payroll, there would be no net change in the number of jobs counted. If reservists are not replaced, a net decline in the employer's job count would result.

### Labor Force Estimates

The Current Population Survey only measures the civilian noninstitutional population. Therefore, both active duty military personnel and reservists called into active duty status would not be counted among the ranks of the employed or unemployed.

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