

The Best States For Jobs

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The Texas jobs miracle has received a lot of attention since Rick Perry announced his candidacy for president in August. The numbers are impressive. Texas added 1.2 million net jobs since Perry took office as Texas Governor in December 2000, while the U.S. as a whole lost 1.1 million jobs during the same time.

The gains have been fueled by a 40% rise in education and health services jobs the past decade, as well as a 67% jump in mining jobs which includes the thriving oil industry. The jury is still out whether Perry can convince voters that his success in Texas can work on a national scale, but it remains that the Texas jobs story is far from over.

Texas leads the way when it comes to states that will add the most jobs over the next five years on a percentage basis. Total employment in Texas is forecasted to expand 2.9% annually through 2015 according to research firm Moody's Analytics. That represents 1.6 million new net jobs for the state over five years.

Texas offers a low tax, business friendly climate with a surging population that offers a nearly unlimited supply of young labor. Texas ranks sixth in our look at the Best States for Business and Careers. The state has aggressively courted companies to come to Texas to take advantage of these attributes. "Everyone is singing from the same hymn book at the Austin Chamber of Commerce," says Moody's Analytics chief economist Mark Zandi.

Governor Perry sent letters to roughly 90 Washington State companies including Amazon.com, Microsoft and Starbucks last year when Washington was considering a tax increase on the state's top earners. Perry wrote:

"As the State of Washington considers a multibillion-dollar tax increase for citizens and businesses ... I invite you to consider your future in America's new land of opportunity: the State of Texas," Perry wrote. "If Washington doesn't want your business, Texas does. Texas has no personal income tax and no interest in getting one."

The state uses its Texas Enterprise Fund to sweeten economic development deals for companies that are looking to relocate or expand. General Electric, eBay, Electronic Arts, 3M and TD Ameritrade have all announced expansion plans this year with help from the Texas Enterprise Fund.

The job picture in Texas is not all rosy. The state's population is growing so quickly that despite the job gains, unemployment is 8.5%, the highest in 24 years. It is double the rate from 2007. Minimum wage jobs represented 9.5% of Texas' hourly workforce last year which is the highest rate in the country.

The No. 2 state for job growth over the next five years is Nevada which Moody's forecasts will expand 2.9% annually (Texas nips Nevada if you do not round the growth rates). Nevada has been decimated by the collapse of the housing market and recession. Home prices are off 60% and unemployment has soared from 4.2% five years ago to a recent 13.4%, the highest in the U.S

Yet Nevada and the rest of the southwest remains an attractive spot for businesses thanks to low business costs relative to California, an abundance of land and its proximity to Mexico. Arizona (No. 3), New Mexico (No. 4) and Oklahoma (No. 8) all expect strong employment gains.

Most of the states expecting strong job gains have one thing in common: all but two (New Mexico and Oregon) are right-to-work states. These states give employees the right to decide if they want to join a union or not. There are 22 right-to-work states.

Economist Arthur Laffer pulled together economic data on states as part of a new book, *Eureka! How to Fix California*, being published in February by California think tank Pacific Research Institute. Laffer found that in the past decade right-to-work states outperformed their union-shop counterparts in almost every metric. Gross state product growth was 53% versus 42%. Personal incomes rose 50% compared to 39% for union states. Job growth was 2.8 % versus - 1.3% and the population increase was 12% opposed to 6%.

Companies are increasingly shunning union-shop states. Boeing is currently battling the National Labor Relations Board over its right to operate a \$750 million aircraft assembly line in South Carolina instead of Washington State. The NLRB claims Boeing located the plant in South Carolina in retaliation for Boeing union workers in Washington going on strike. Boeing cites lower business costs in its choice of South Carolina for the plant.

Courtesy of JB Goodwin