

Economic Update

The Houston-Sugar Land-Baytown Metro Area stopped losing jobs in January of this year and has been adding jobs since then. Six months into the recovery, Houston has replaced one-seventh to one-fourth of the jobs it lost. Based on rate of job creation over the past half year, Houston could recover all the jobs lost in the recession in another 18 to 36 months.

The Texas Workforce Commission reports the 12-month job loss in the Houston metro fell to 9,700 jobs, or 0.4 percent, from July '09 to July '10. That is a considerable improvement over the 80,800 job loss (3.1 percent), reported for the 12 months ending July '09. During the recession, the worst period was for the 12 months ending November '09, when the region shed 103,800 jobs. Houston's 12-month job change should turn positive in the next month or two. The job market shows some signs of recovery, but it still has quite a way to go before reaching the previous peak. Looking back at employment by industry during the recession, a few trends stand out.

- Since August '08, when private sector employment began to decline, the oil and gas industry has added 3,200 jobs. The oilfield services sector has added jobs every month since April '10.
- Houston's manufacturing sector is slowly recovering. Employment peaked at 245,100 jobs in December '08, declined for 14 consecutive months, and is trending up, adding 4,000 jobs since the first of the year. The 12-month job loss has declined from 27,000 in January '10 to 1,100 in July '10.

The four major metro areas of Texas top the list of the nation's strongest economies in a mid-year review of state employment trends. Houston, Dallas-Fort Worth, Austin, and San Antonio claimed the top four spots respectively among the 100 major labor markets, and Texas overall ranked third in job creation. Houston has experienced a 6.43 percent change in private-sector employment from June '05 to June '10 with 129,800 raw change in jobs.

Nationwide, private employers hired more workers over the past three months. Companies added a net total of 67,000 jobs in August '10 and both June and July's private-sector job figures were upwardly revised. Temporary employment rose by nearly 17,000 which indicates employers are looking to boost their workforces.

Far fewer people in the U.S. applied for unemployment aid the first week in September '10 suggesting layoffs are easing. The number of unemployment benefits dropped to the lowest level in two months, an encouraging sign that companies aren't resorting to deeper layoffs. Hiring by private companies over the summer turned out to be better than expected and the pace indicated economic expansion. Even with an unemployment rate of 8.2 percent, the Lone Star State is still faring better than most of the nation according to the Texas Workforce Commission. The U.S. unemployment rate is 9.5 percent. The Texas unemployment rate has held steady during the past two months. Houston's unemployment rate was 8.3 percent.

Money Magazine ranks Fort Bend No. 5 among the fastest-growing U.S. counties in terms of job growth, up from No. 6 last year. Proximity to Houston's oil industry, engineering & energy firms, and healthcare companies are a plus.

The Houston-Sugar Land-Baytown Metro Area will lead the state in population growth, adding 3.53 million residents, between '09 and '35 which reflects a 1.84 percent annual growth rate. The Greater Houston Area is ranked No. 5 of U.S. metropolitan areas with population above 5 million with 6,022,719 residents as of August 4, 2010. It's also forecasted that Houston will add an additional 1.325 million jobs and account for almost one-fourth of Texas job growth during that time frame. That reflects a 1.57 percent annual growth rate. The long-term forecast for the state is positive and a return to steady, healthy growth is anticipated.

Hewitt Associates, HR consulting firm, reports that Houston employers plan to boost wages by an average of 3.3 percent next year for salaried workers and 3.2 percent for hourly workers. That's higher than the national average of 2.9 percent for salaried employees and 2.8 percent for hourly workers. Chalk it up to the energy industry, which perennially is among higher-paying sectors. Raises are still lean compared with 2005 to 2008, when 4 percent was the norm, or a decade ago when annual increases of 5 percent were typical. But they're a lot better than last year, when companies reported they planned overall raises of about 2 percent with executives getting zero. Another good sign is that fewer companies are planning salary freezes in 2011 (only 3 percent compared to 13 percent this year).

Houston ranks No. 10 among major U.S. metros for high-salary jobs. Nationwide, high-salary jobs – those that pay \$100,000 or more – are rising, particularly in the software, biotech, defense, financial services and energy sectors. Houston's recovering energy market is driving its demand of highly skills workers.

In 2nd quarter '10, the cost of living in Houston was 19 percent below the average for 27 metropolitan areas over 2 million population. Houston's low cost of living is mostly because of its bargain housing prices.

Rice University can claim bragging rights as the highest-ranked college in Texas, according to the U.S. News & World Report's 2011 guide to America's best colleges. Our town's Owls tied with Nashville, Tennessee based Vanderbilt University at No. 17 with an overall score of 82.

Legal Update

Department of State Releases September 2010 Visa Bulletin

The Visa Bulletin sets out per country priority date cutoffs that regulate the flow of adjustment of status (AOS) and consular immigrant visa applications. Foreign nationals may file applications to adjust their status to that of permanent resident, or to obtain approval of an immigrant visa application at an American embassy or consulate abroad, provided that their priority dates are prior to the cutoff dates specified by the DOS.

EB-1: All EB-1 categories remain current.

EB-2: Priority dates remain current for foreign nationals in the EB-2 category from all countries except China and India which is May 8, 2006.

EB-3: There is continued backlog in the EB-3 category. The priority date cutoffs are October 22, 2003 for China, January 1, 2002 for India, December 15, 2004 for the rest of the world. No employment-based immigrant visas are available in the EB-3 category for foreign nationals from Mexico.

New Mine Safety Bill Includes Dramatic Changes to Occupational Safety and Health Act of 1970

On June 29, 2010, House and Senate Democrats released a summary and new discussion draft of the Miner Safety and Health Act of 2010 (MSHA). In addition to expected major mine safety reforms, the discussion draft incorporates provisions from the Protecting America's Workers Act (PAWA), which would dramatically amend the Occupational Safety and Health Act of 1970 (OSH Act). If passed, these amendments would represent the first major legislative change to the OSH Act in the 40 years since it was enacted. Employers should be prepared for continued initiatives to expand workplace safety and health initiatives. Several significant workplace tragedies, including an explosion and employee fatalities at a Kleen Energy power plant in Connecticut in February, the April lethal explosions at a Gulf of Mexico oil rig, and the deaths of 29 coal miners in West Virginia's Upper Big Branch mine, brought the issue of workplace safety and health to the forefront in Congress.

OSHA Revisions Included in the MSHA Legislation

- Expansion of Whistleblower Protections
- Victims' Rights
- Abatement of Hazards Pending Contest
- Enhanced Civil Penalties
- Enhanced Criminal Penalties, Including Individual Criminal Liability
- Prejudgment Interest

Sources: Greater Houston Partnership; Houston Chronicle; Houston Business Journal; HR Houston; and Kerry Notestine, Shareholder at Littler Mendelson