

Texas Budget Projections for Pay Rates

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August 11, 2021

Executive Summary

A growing concern that has been prevalent in the last 2 year's has been the effects of the pandemic, and how it is possible to maintain an operating business line without fears of high turnover. Looking at Texas specifically, we've decided to focus our research and time on the Finance Industry within the Greater Houston Area. Our hope and focus is that our analytics and application will allow you to see the potential trends, and growth and why it's important to project and plan effectively by using our application and analytics.

Project objective:

Gain an understanding of the factors that change your Industry's wages, and plan for those factors and unforeseen circumstances to budget.

Motivation and Reasoning

Item 1

Unforeseen circumstances have caused disparity for companies in managing wages and unemployment, how was Texas affected?

Item 2

What were the factors that may have been detrimental or beneficial to the wages within Texas?

Item 3

How can we protect your human capital, to make sure you can plan accordingly?

Target audience

Finance Industry across Texas, with focus on the Greater Houston Area.

Want to expand to other industries to provide insight, and suggestions to project for the future

Exploration of the Market

Analysis of the Unknown for Unemployment

Trend 1

What are the unforeseen circumstances within the last 2 years?

Factors:

- Unemployment
- Inflation
- Pandemic (Covid-19-SARS-COV2)

Trend 2

How was Texas employment, and companies affected by these factors?

Effects:

- Unemployment went up
- Inflation went up
- Uncertainty for companies went up

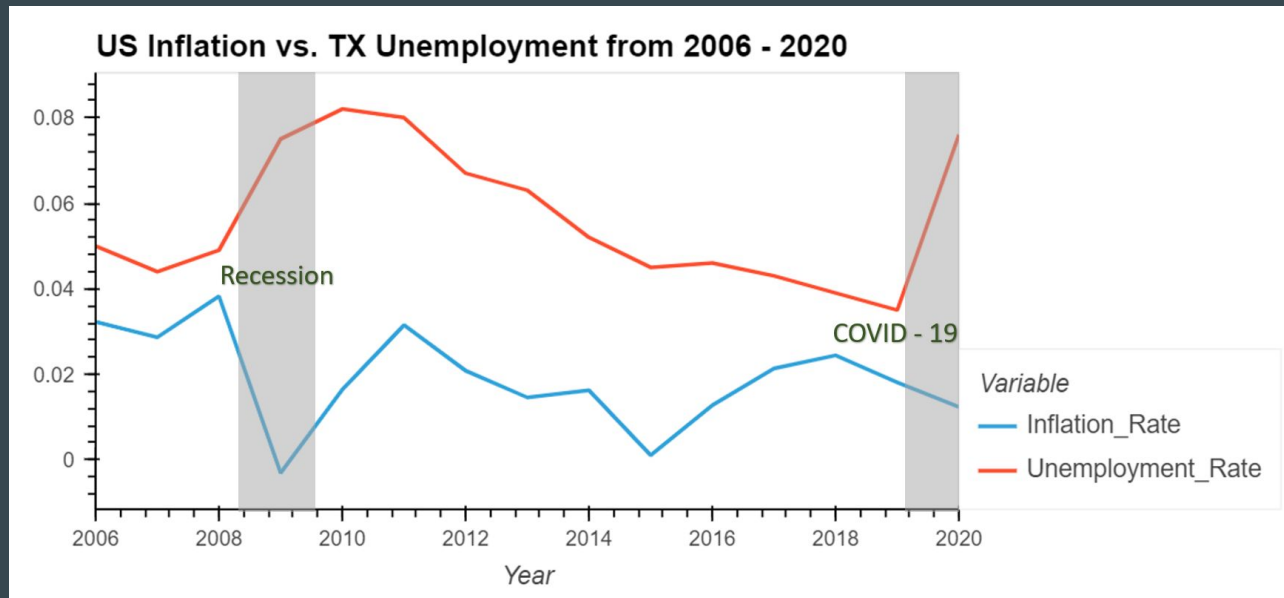
Trend analysis

Findings

Texas Unemployment was not only affected by COVID-19, but also the Inflation Rate

Client Implications:

- Wage Disparity had a lot of variable inputs
- Wages would need to be adjuster or companies would need to let go of their labor capital



Wage Analysis and Change?

Trend 1

What were the trends for wages in Texas for the Finance Sector Specifically, and how did that compare with the overall market?

Results:

- Positive overall for Finance Sector
- Overall wages were significantly Lower
- External changes and effects had some impact to the job market

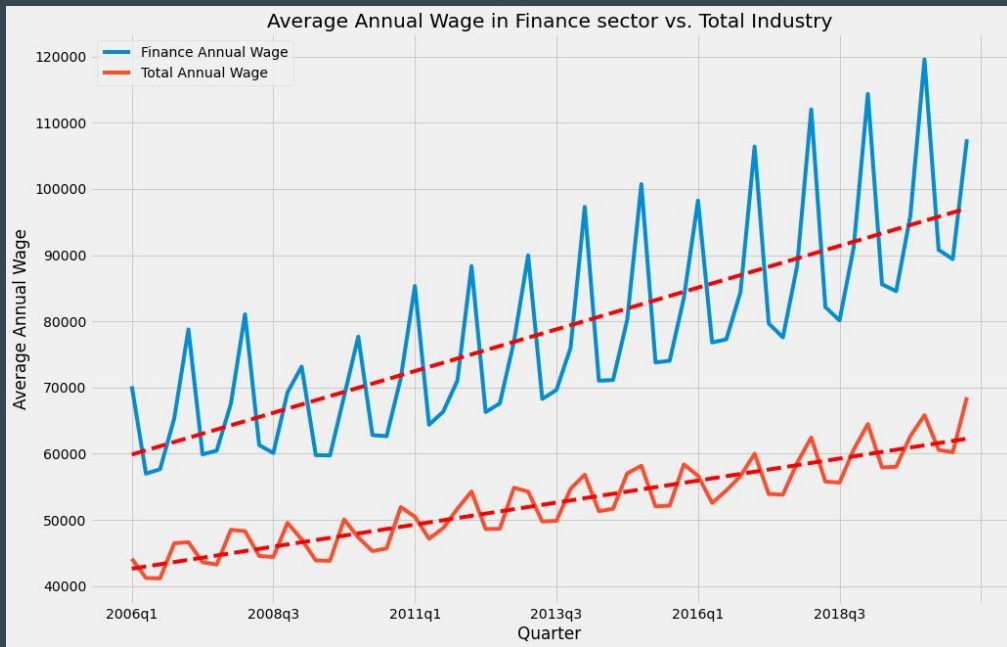
Trend 2

What is the impact of the Finance Firms versus the entire job market? How does this industry stack up in Texas as a whole?

Results:

- Finance Industry makes up a small % of total jobs in the market
- Wage disparity is apparent in the market

Wage Analysis



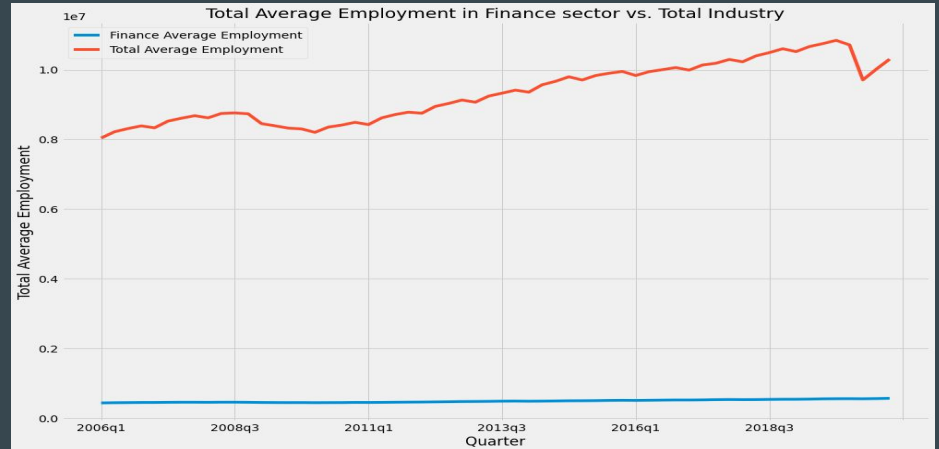
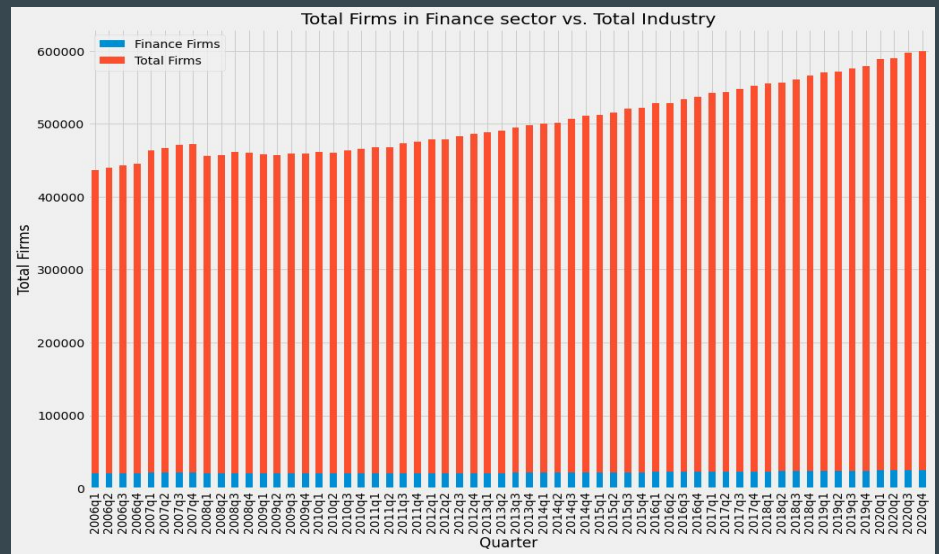
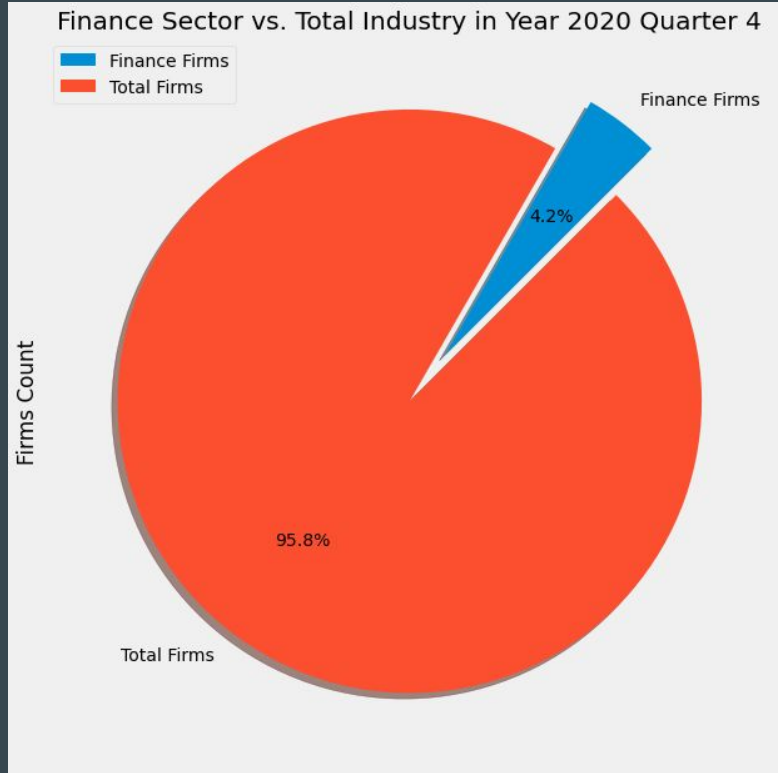
Findings

Overall positive trend upward for the Finance Industry as a whole, and follows the total Average Wage

Items to make note of:

- Dips are apparent for financial downturn
- Overall the disparity of the wages appears to have the Finance Industry way above the average yearly wages

Impact Analysis of Total Jobs in Finance Industry



Comparative Analysis: Wages vs. Inflation vs. Unemployment

Trend 1

Is there some kind of correlation with Texas Wages, Inflation, and Unemployment?

Client Implications:

- No correlation Present for Texas Wages and US Wages
- For Texas Wages and Texas Unemployment there was positive correlation

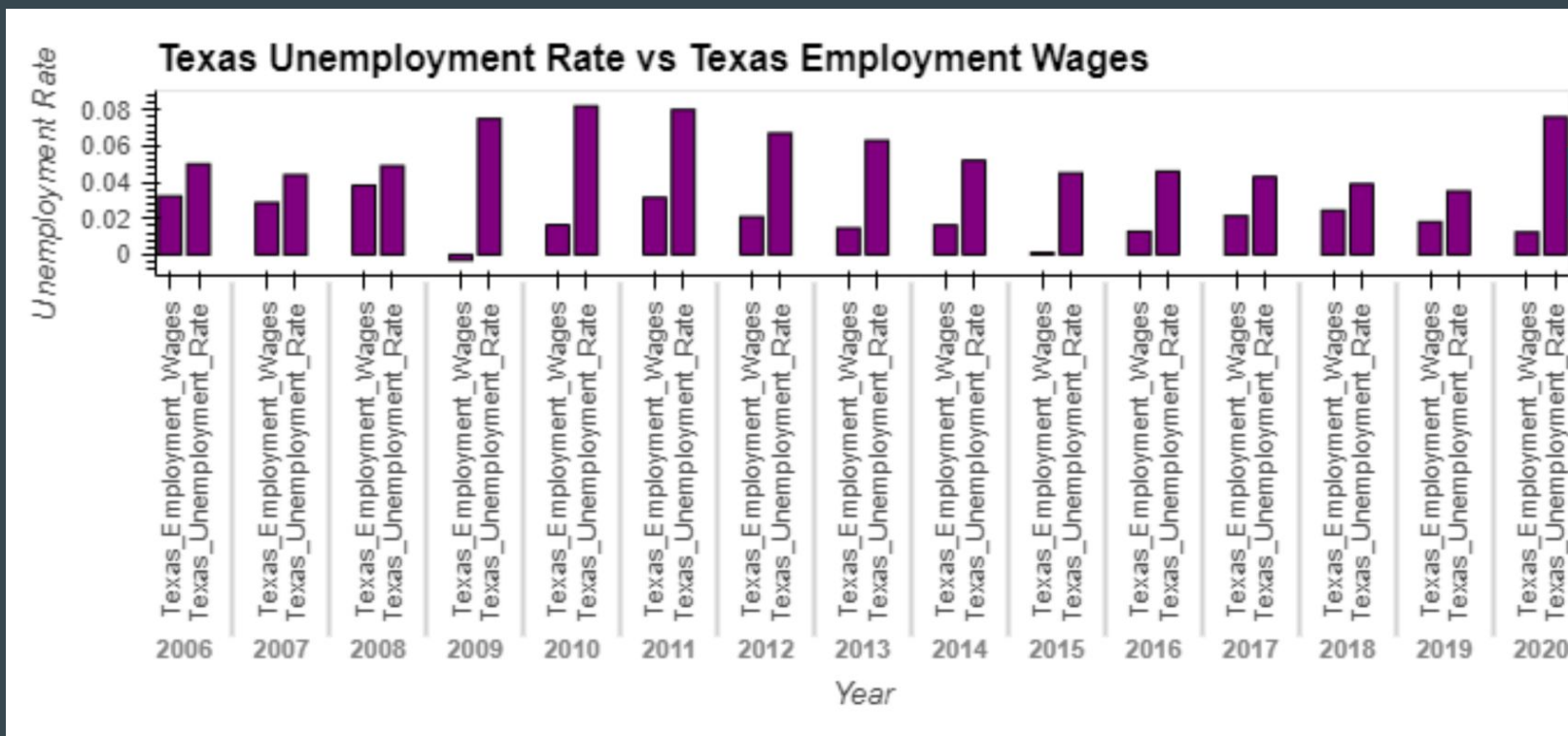
Trend 2

Will this have an effect on the future with the rise in uncertainty?

Client Implications:

- Yes, Inflation is going up
- Wages will need to be adjusted for even just inflation

Comparative Analysis



Wages and External Factors

Trend 1

What other factors are important to consider for maintaining your labor capital?

Factors:

- Work-life Balance
- Career Advancement
- Compensation and Benefits
- Continuous Learning
- Organizational stability

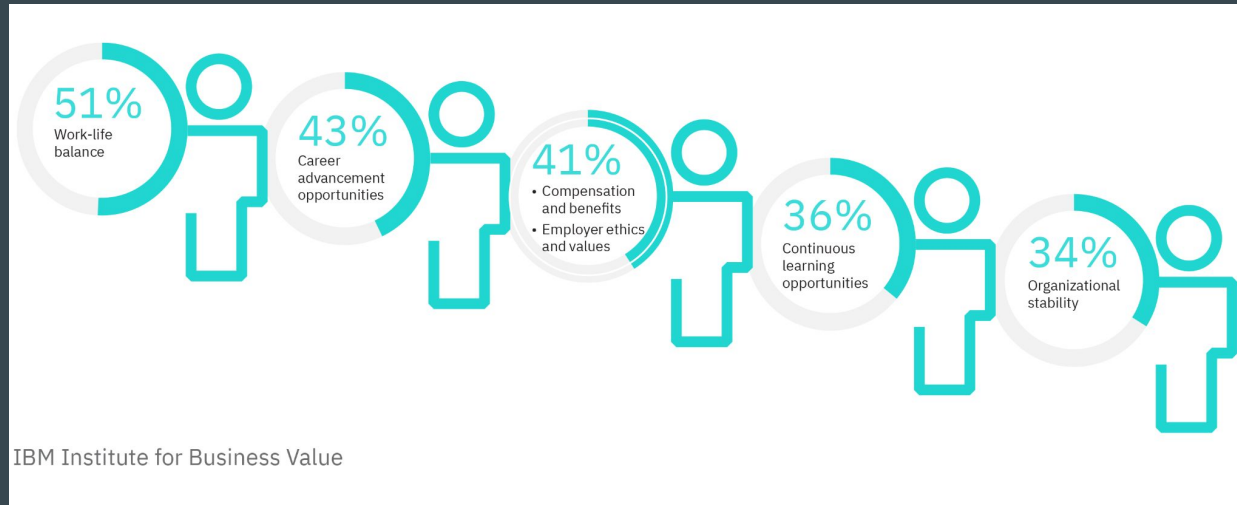
Trend 2

Will this play a factor in the future for projecting budget, and protecting your assets as a whole?

Depends:

- Employee makes own decision on own career
- Retention and ability to be flexible is reliant on the company itself

IBM's Institute of Business Value's Study and Review



IBM(Institute for Business Value) did a study of 14,000 consumers across 9 countries in Jan 2021 to figure out what was valued the most

Items to make note of:

- Work-life Balance appeared to be the highest
- Compensation and wages wasn't as high as we thought to maintain an employee within a company.

Wage Projections and Competition?

Trend 1

What will the wage market look like in the Greater Houston area within the next 3 years? Will you be prepared?

Analysis:

- Unforeseen Circumstances will have an effect
- Taking into account previous mentioned factors will provide results
- Market Comparison from the last 5-10 years will drive the projections

Trend 2

Where will the competition be, and where are the biggest areas to focus on in Texas?

Depends:

- The risks of only focusing on job flexibility in Texas
- Where are the biggest areas that may be competition for your labor force?

Regression Analysis 3 year projections

Taking into account the information provided from our correlation analysis we've projected the next 3 years from the forecasted data

Items to make note of:

- Factors and Unforeseen Circumstances didn't play a factor in the Finance Industry
- Wage and compensation changes for the Finance Industry was overall positive, but still needs to be accounted for



Texas Jobs - Finance Industry - Heat Map

Finance Sector: Average Employment and Annual Wage in Texas



Competition is a huge factor in maintaining understanding where employees potentially can go to and from. Dallas/Fort Worth area has a huge impact in comparison to the Greater Houston Area

Items to make note of:

- Greater Houston Area is one of the biggest in Texas, but is not as comparable as the Northern part of Texas
- The Finance Industry has such high averages, and makes it important to use this when projecting wages for the future

Takeaways - Results

Unforeseen Factors

- COVID - 19 caused a huge disruption
- Unemployment, and Inflation had an effect

Wages in the Industry

- Positive trend upward
- Finance Industry has a huge gap against average

External Factors

- Multiple Factors will cause wages to go up and down, the employee makes the ultimate choice
- There is a correlation between the Unforeseen Factors mentioned

Projections and Next Steps

- Wage projections help plan for budget for the Finance Industry
- Competition for employment in Texas needs to be seen as a factor as well, Dallas/Fort Worth will be the biggest competition.

Post Mortem

Difficulties?

- Scrubbing the Data
- Locating and making sure we were able to find useful data to our original questions

Additional Questions?

- Parsing this to look at all industries, and have it available to select specific areas and industries
- Is it possible to use actual company data and do a comparative analysis?

Additional Research?

- Scalable for any industry and area, but customize it to where it is easily accessible

Questions?

The Team



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Appendix 1 - Resources:

Data / Datasets:

- Texas Labor Market Information: <https://texaslmi.com/>
- US Bureau of Labor Statistics: <https://www.bls.gov/>

Analysis and Research:

- Unemployment for Texas
 - Texas Workforce Commission: <https://www.twc.texas.gov/news/texas-unemployment-rate-falls-65-percent-june>
 - Texas Tribune: <https://apps.texastribune.org/features/2020/texas-unemployment/>
 - YCharts - Unemployment Rate: https://ycharts.com/indicators/texas_unemployment_rate
 - Fred Economic Data: <https://fred.stlouisfed.org/series/TXUR>
 - National Conference of State Legislatures: <https://www.ncsl.org/research/labor-and-employment/state-unemployment-update.aspx>
 - Economic Policy Institute: <https://www.epi.org/indicators/state-unemployment-race-ethnicity/>
 - Dallas Federal Reserve: <https://www.dallasfed.org/research/econdata/txu.aspx>
- Pay Rate fluctuations in Texas
 - Texas Tribune: <https://www.dallasfed.org/research/econdata/txu.aspx>
 - US Bureau of Labor Statistics: https://www.bls.gov/regions/southwest/news-release/countyemploymentandwages_texas.htm
 - Payscale: <https://www.payscale.com/research/US/State=Texas/Salary>
 - Glassdoor: <https://www.glassdoor.com/research/remote-worker-pay-adjustments/>
 - Houston Chronicle: <https://www.houstonchronicle.com/politics/texas/article/A-15-minimum-wage-would-mean-raises-for-3-5-15908703.php>
- Pay Rate Disparity and making improvements
 - SHRM: <https://www.shrm.org/resourcesandtools/hr-topics/compensation/pages/developing-a-post-pandemic-pay-strategy.aspx>
 - International Labour Organization: <https://www.ilo.org/infostories/en-GB/Campaigns/Wages/globalwagereport#introduction>
 - Bloomberg: <https://www.bloomberg.com/news/articles/2021-03-08/pandemic-salaries-older-workers-are-more-afraid-to-ask-for-increases>
 - IBM: <https://www.ibm.com/thought-leadership/institute-business-value/report/employee-expectations-2021>
 - US Global Leadership Coalition: https://www.usglc.org/coronavirus/?gclid=Cj0KCOjw6ZOIBhDdARIsAMf8YyFCePDSEZlIDr-vPFW8d8qEROLlGYiyKlI-p9LzYa30fAbntPbIIn0aAhmyEALw_wcB

Appendix 2 - External Documents

Github Link:

Business Proposal:

Presentation: