

Petroleum-powered

By MICHAEL REED

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Parents who dream of sending their children to medical school may have reason to rethink those plans if the motive is purely financial. Oil and gas is king when it comes to pulling down hefty paychecks.

Not only that, based on numbers from the Bureau of Labor Statistics, its reign at the top of the region's income hierarchy is pretty lopsided. In fact, at an average of \$3,047 a week, oil and gas jobs pay more than three times as much as those in health and medical-related fields.

Obviously, the vast majority of the 194,863 people who work at hospitals and clinics in the Houston-Baytown-Sugar Land Metropolitan Statistical Area are not doctors, which might make the \$962 weekly average lower than some might have expected. However, most of the 80,823 workers in oil, gas and related fields, such as construction and legal, are not CEOs or upper-level executives either. Yet the average annual incomes show a difference of \$50,019 vs. \$158,457.

Employing even more people in the region, 204,226, the education sector, not surprisingly, averages considerably less at \$41,512 a year.

To some extent, the disparity is a reflection of the direct economic impact the three sectors have on the region, according to economic professor Steven Craig, of the University of Houston.

"The difference may be alarming to some, but the truth is the education guys would get a lot less without the oil and gas guys," he said. "Actually, the economy would be better off if the oil and gas employees got paid about 10 percent more, because that money would be coming here from sources outside of the region."

Local vs. outside funds

Craig explained that the education sector, while clearly an "expansive" area that provides many jobs in a broad range of categories other than teaching and administration, is paid for almost entirely by local funds. Even universities, such as Rice and UH, bring in limited outside money, primarily through federal funds and out-of-town tuition.

"If it works out that we have a more educated workforce that brings in more firms, even then, we are talking about a long-term thing," he said.

In the case of the medical sector, there is a significant amount of funding coming into the area through national companies and federal avenues, mostly to advance research. Additionally, patients are attracted from around the world by the reputation of the Texas Medical Center hospitals and other facilities throughout the area.

"Gabrielle Giffords (five months at TIRR Memorial Hermann Hospital) will have an impact," he said. "When you have people and their families coming here from Arkansas because of M.D. Anderson (Cancer Center), that's an impact."

And, a substantial impact at that. Back in 2000, for example, a study for TMC placed its institutions' total boost to the region at \$14 billion annually for such things as staff and visitor expenditures and increased regional production.

Still, the 10,871 health and medical-related employers, cited by the BLS – roughly eight times that of the other two major sectors – points to the large number of smaller clinics, private practices and laboratory facilities in the region. Each designed to provide local care, paid for with local money.

"Well, I guess knowing there are that many offices and that many places to work lets me feel good my chances," said Alexis Thomson, of Houston, who recently completed X-ray technician courses in Austin. "I wasn't expecting to get paid like a doctor when I started all of this."

\$3 billion-plus difference

While both the health-medical and education sectors employ considerably more than twice the number of people, the oil and gas industry pays \$3 billion-plus a year more in total wages each year than either of them, according to the BLS data.

"I can see why you'd ask, 'What about surgeons, who aren't actual employees of a hospital?'" said BLS economist James Howard, of the data. "As a leased employee of his own office or corporation, that doctor would still be reporting his income in the same region."

The data also takes into consideration the ratio of full- to part-time workers, and the number of upper- and lower-income employees that come into some categories of employment during certain fiscal quarters, he said. Because of these factors, simply dividing total income by the number of employees in computing some averages yields less accurate results than those provided.

And, in the final analysis, oil and gas remains the dominant force.

"It's one reflection of clearly being number one in the external demand for the product," Craig said. "A lot of that is making equipment for extraction to be used around the world, too. It is the most important industry in town."

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FUELING THE ECONOMY

During the most recent five-year period of available statistics, jobs in the oil/gas, medical and education sectors have grown in number and wages.

MEDICAL

Healthcare Services

Year	Total Wages	Avg. Weekly Wage	Avg. Annual Wage
2010	\$5,869,625,000	\$921	\$44,909
2005	\$4,077,789,000	\$847	\$44,044

Hospitals

Year	Total Wages	Avg. Weekly Wage	Avg. Annual Wage
2010	\$3,878,263,000	\$1,031	\$53,586
2005	\$2,796,460,000	\$864	\$44,924

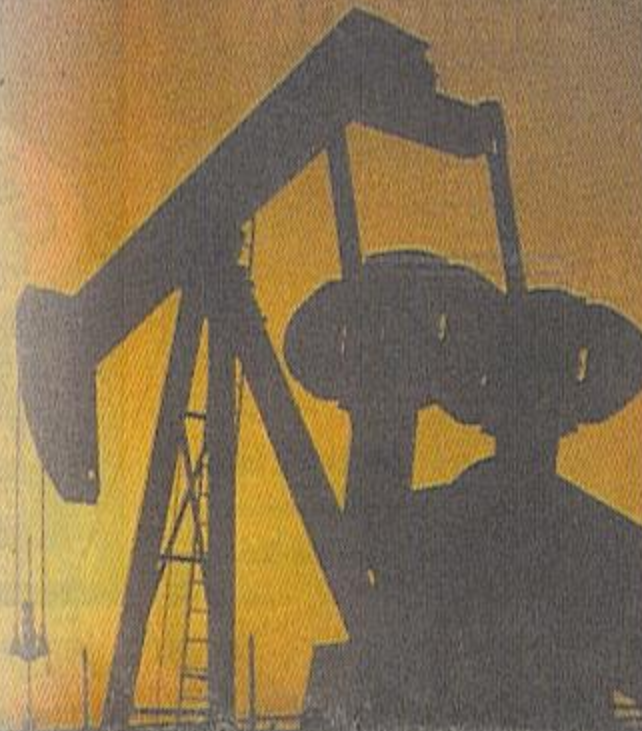
OIL & GAS EXTRACTION

Year	Total Wages	Avg. Weekly Wage	Avg. Annual Wage
2010	\$12,806,988,000	\$3,047	\$158,457
2005	\$9,696,512,000	\$2,654	\$138,025

EDUCATION (Numbers only for 2010)

County	Total Wages	Avg. Weekly Wage	Avg. Annual Wage
Harris	\$6,839,098,000	\$823	\$42,781
Montgomery	\$672,496,000	\$681	\$35,444
Fort Bend	\$589,375,000	\$787	\$40,900
Brazoria	\$376,912,000	\$660	\$34,320

NOTE: Liberty County data did not meet Bureau of Labor Statistics standards.



MEDICAL CENTER'S MUSCLE

Even a decade ago, the Texas Medical Center had an enormous effect on the region's financial well-being.

(Year 2000 Operations)

Direct local expenditures within region (millions):

- TMC and affiliates \$2,063.6
- Faculty and staff \$409.1
- Students \$133.2
- Visitors \$29.4

Total direct expenditures \$2,635.3

Secondary expenditures due to TMC

- Added regional production \$1,581.2
- Income-induced spending \$1,607.5
- Total regional expenditures \$5,824

Direct and indirect personal income \$3,861

Employment (number of workers)

- Direct 61,041, Indirect 81,560
- Total 142,601

Source: Texas Medical Center

COMPARING 2010 FOR THE THREE SECTORS

SECTOR	EMPLOYEES	ESTABLISHMENTS
Medical	194,863	10,871
Oil & Gas	80,823	1,759
Education	204,226	1,257

The oil industry looms large over the greater Houston economy.

DID YOU KNOW?

The average annual wage of an area oil/gas extraction worker is more than three times that of an area medical or education employee.

Annual Total Wages



Weekly Wage Average



Annual Wage Average



Source: Bureau of Labor Statistics