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Dear Client:

**A shift in Austin's economy is taking place as we speak. It may not be discernible to some, but it is real nonetheless. Tech jobs are diminishing as a percentage of the employment in the Austin area. In fact, for the first time since the end of the last recession, tech job growth falls short of overall job growth. Let's look at what this economic change means.**

This is not a crisis, not by any means. As a matter of fact, some will argue that, **even with Austin's reputation as a tech job mecca, diversification of the types of jobs is a good thing.** You know, the old don't-put-all-your-eggs-in-one-basket cliché. And we're talking about the *percentage* of jobs in the tech sector diminishing, not the *total number* of jobs in a growing job market. The Austin tech job market is quite healthy.

This week, the Austin Chamber's VP/Research, **Beverly Kerr, said more than 5,800 high tech employers are in the Austin metro.** And, jobs in Austin's tech industries total nearly 129,700, or 13.6% of all jobs. Compared to 6.7% nationally. But in 2016, Austin tech jobs grew by only 1.1%. **"That's a smaller gain than the 3.3% increase for employment across all industries,"** noted Kerr.

Kerr tosses out one more example. She reports that in 2016, high tech jobs represent 13.6% of all Austin area jobs, **but only 4.7% of the year's net new jobs. Net new jobs.** This further illustrates that the growth of tech jobs is slowing.

Over the last few months, we have reported on the changing situation of Austin area jobs. (Check the April 14, 2017 edition in our Archives section, where we pointed out the Registered Nurses category was at the top of Job Listings one month.) **Healthcare jobs (some of them fall into the tech category) will likely grow exponentially in the coming years, if for no other reason than the magnet provided by DellMed.**

Job diversification is occurring in other areas as well. **Take tourism and travel** – just check out all the new hotels that are frequently full. Oh, yes, and try to move around downtown most weekends when various events draw free-spending travelers. Of course, underpinning all this job growth are the **government paychecks that regularly flow through the Austin economy** from state employees, UT Austin faculty and staff, other educational enterprises, city and county employees, etc. So, while tech jobs as a percentage of the whole may be slipping a bit, the **overall continuing job growth balance appears to be a good thing.**

**Another indication Austin is losing some of its economic dominance in our 5-county metro area: Austin's sales tax revenue showed a small *decline* in April, while Round Rock showed a noticeable *increase*, according to information released this week.**

The population growth in counties adjacent to Travis County has long been noted. Now **business development in those counties is following the population.** State Comptroller **Glenn Hegar**, in his monthly report about sales tax collections, singled out the Austin and Round Rock examples.

While noting a small *decrease* in Austin's April sales tax collections compared to a year ago, he reported *statewide* local tax collections for sales made in April were up 3.6%. **Sales tax collections are a good barometer of retail sales vitality.**

**Speaking of Austin "indicators," here is another example of how Austin city government is approaching proposed changes in downtown – particularly as it applies to street parking. A project called *Our Congress Avenue* is out there holding "walkabout sessions" up and down the Avenue, all in an effort to decide what Congress Avenue should look like in the future.**

Know what it is focusing on for the future? It is considering the availability of on-street parking and how it might affect use patterns if automobile use changes. Translation: it is going to take a look at bicycle usage, design factors (can you spell more p-a-r-k-l-e-t-s usurping parking spaces?), the width of sidewalks, etc. **Some feel all of this could add up to one big space – with cars banned -- from the Ann Richards Congress Avenue Bridge north to the capitol building.** If you're concerned about what happens on the Avenue, you need to pay attention.

**This is speculation. Pure speculation. No basis in direct fact. Based on observation only. Is Austin Mayor Steve Adler going to make a run for higher office? He is aggressively doing his job as Austin's mayor, not publicly raising campaign money for himself. (Although he hosted a fundraiser at his home for Hillary Clinton during her presidential campaign.) So, why speculate on the possibility he will seek another political job? Think about it.**

Adler is a partisan left-leaning Democrat and a wealthy lawyer. He is a fulltime mayor not practicing law. **He has been at the forefront on many issues – in Washington, on national cable newscasts, at the Legislature and making public appearances at the drop of a hat,** often times speaking to groups several times a day in addition to his mayoral duties.

**His no-holds-barred, in-your-face lawyerly approach – broken at times with a touch of humor -- makes him a darling of the left.** He has a dashing appearance, flowing greying hair and a wide-open smile. He "looks" the part. Higher office as a Democrat? Stay tuned.

**Austin has an urban forest reputation. Trees are a focus of builders and developers who plant trees, homeowners who acknowledge trees add value to their property, and even groups such as TreeFolks that distribute and plant thousands of trees for free throughout the city. And, of course, the City of Austin plants trees from downtown to its parks. Now the Texas Legislature is ready to weigh-in – again – to regulate what can be done to trees on private property.**

Such regulatory efforts failed in the 85<sup>th</sup> legislative session that ended Memorial Day. But this week, Governor **Greg Abbott** has resurrected the issue to be considered in a special 30-day session he called to begin July 18, 2017. One of his agenda items: **“preventing cities from regulating what property owners do with trees on private land.”**

Austin is one of about 50 Texas cities that have enacted “tree protection” ordinances that ban residents from cutting down certain trees on their properties. Some of the reasons for the ordinances include **fire protection, as well as preventing removal of massive, century-old trees.**

As with most close-to-home issues, there is disagreement – besides the standard “local control” arguments. For instance, well-meaning citizens can’t agree on **whether trees help contain the spread of fire or whether trees fuel wildfires.**

An examination of ordinances adopted by close-in, heavily-treed **West Lake Hills** offers one approach. For instance, in a publicly-stated effort to **balance fire safety with preserving the natural beauty of the landscape**, West Lake Hills changed its tree-removal ban to **allow a 30-foot vegetation-free buffer around homes and to protect trees outside that zone.**

The city claims this **allows residents and firefighters to safely exit and access the building in the event of a fire.** But this, too, has its detractors, such as firefighting pros who say this approach actually increases the risk of wildfire destruction.

**The approach legislation may take in the special session is still unknown.**

In fact, several bills tackled this issue in the previous session and none passed. It remains to be seen whether the various bill’s authors get together in the next month to come up with a single measure, or whether dueling bills will once again surface.

**Take a look at old-timey photos of the Austin area and you see how trees now dominate once-barren landscapes.** This dramatically illustrates how trees have become such an important part of the Austin experience. **But also take a look at photos of the 2011 wildfires that destroyed more than 1,500 homes** – mostly in Bastrop, but also on the western edges of Austin. The hills and canyons create firefighting problems and actually serve as wind tunnels forcing flames up the hills toward the many homes now dotting the area hillsides.

**The antipathy toward Austin by the GOP-dominated state leadership complicates this issue.** See the next item for a revealing look at the governor’s view of Austin’s politics.

**“As your governor, I will not allow Austin, Texas to Californiaize the Lone Star State.” Governor Greg Abbott made this statement this week. And, frankly, it reflects the view of many Republican leaders who will reconvene in special session July 18<sup>th</sup> to, once again, consider bills that will likely impact Austin. This is on top of other measures already passed.**

The governor’s public comments were noteworthy for their candor. As reported online by **Jonathan Tilove** (some of what the governor said was later in the print version of the *Austin American-Statesman*) the remarks were made in Belton at the Bell County Republican Dinner Monday. Here’s one quote that got the most media play:

**“As I was coming up here from Austin, Texas, tonight, I got to tell you, it’s great to be out of the People’s Republic of Austin. As you leave Austin and start heading north, you start feeling different. Once you cross the Travis County line, it starts smelling different. And you know what that fragrance is? It’s the smell of freedom that does not exist in Austin, Texas.**

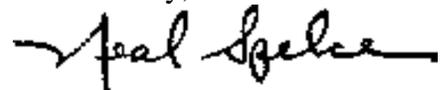
“That said, with your senators and legislators, I can tell you that today, Austin is more free than it was before the legislative session began because the state of Texas passed laws that **overrode the liberal agenda of Austin, Texas, that is trying to send Texas down the pathway of California.**”

Abbott was referring to the statewide ride-hailing law that resulted in Uber and Lyft resuming service in Austin. But he was also referring to a problem that “began festering in Austin, Texas and began to spread across the state.” **He was talking about a ban on sanctuary cities.**

**“This will stop officials like (Sheriff) Sanctuary Sally (Hernandez) in Travis County, Texas, who was releasing dangerous criminals out of jail, back out on the street,”** said the governor. Abbott had much more to say about Austin. But you get the picture.

Speaking of crime, **Dr. Louis Overholster** says he never killed a man, but read many obituaries with great pleasure.

Sincerely,



Editor/Publisher