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Dear Client:

Yes, *median* pay at Facebook really is about \$240,000 a year. The median is the midpoint at which half of workers make more and half make less. \$240,000 a year! *Median* employee pay at Alphabet (parent company of Google) is \$192,274. How do we know these eye-popping numbers? Congress required this disclosure to be made to the Securities Exchange Commission (SEC) starting this year as part of the Dodd-Frank law. The objective was to compare employee salaries to their CEO's compensation to "name and shame" bad CEO actors.

Since this was the first year for the requirement to take effect, enterprising reporter **Kathleen Pender dug up these numbers and published them this past weekend in the *San Francisco Chronicle***. The problem is that the law is a bit obscure as to what is included in the compensation. So Pender reports it is not quite apples-to-apples when you compare companies, even though the companies stand behind their SEC filings for their individual entities.

The employee totals are the most interesting numbers for Austin. The CEO's don't live here. Employee payrolls are of the utmost interest in the Austin area as these two companies are expanding their local workforces regularly.

But, let's quickly look at the CEO figures. Pender reports, "Facebook founder and CEO **Mark Zuckerberg made 32 times what the median Facebook worker earned**. But, Zuckerberg only took a \$1 salary last year and got no new stock grants (on top of the \$70 billion in Facebook stock he already owns). So where did the compensation figure come from? **His \$8.8 million in compensation last year was mainly for his personal security detail and private aircraft use.**

What about Alphabet's CEO's compensation? Pender further reports, "**its CEO and co-founder Larry Page took home his usual \$1, producing a pay ratio near zero.**" Other CEO's (not just tech) pull down annual salaries ranging in the eight-digit millions.

For this report, **we've selected just a couple of companies with a major, growing presence in Austin.** The law was designed to single out companies perceived to be bad actors. But, there are other ramifications. Some "**CEO's got pay envy**" and sought more bucks. As for employees, backlashes occurred when disgruntled workers found they were earning less than the median and **poaching of employees** is starting to occur. Stay tuned.

Speaking of employees, the creation of jobs by Austin businesses continues. No signs of a slowdown have yet appeared. So, buckle your seatbelts, put your trays in the upright and locked positions, and get ready for a continuation of this high-flying ride. It should be pointed out that the tech-oriented workforce already here, and those attracted to Austin, play an important part – even for companies that, on the surface appear to be all about normal retail operations. Home Depot, for example.

The big box home improvement giant is saying it could hire up to 500 people to work in its Austin corporate office in the Tech Ridge area. **Home Depot could be described as a classic bricks-and-mortar retailer. So, why is Austin’s tech-oriented culture attractive to the Atlanta-based company?**

It’s all about using tech to make Home Depot a more successful retailer. It claims **it is developing some of the most advanced software anywhere** to help customers shop whenever, wherever and however they want. It also wants to use the latest technology to coordinate its supply chain and delivery capabilities. You get the picture, tech is vital to selling nuts, bolts, lumber, light bulbs, etc. on a large scale. And Austin is in the middle of this effort.

In other quarters, it’s called “piling on.” And, this appears to be what is happening to the City of Austin’s controversial ordinance requiring most private Austin businesses to provide paid sick leave to employees. We told you *last* week that business organizations had filed a lawsuit challenging the ordinance. Well, *this* week, the Texas Attorney General is bringing the weight of the state into the fray by joining that lawsuit.

The ordinance, passed overwhelmingly by the Austin City Council in February, is slated to go into effect October 1, 2018. And, as we speak, city staff continues to work on how it will be implemented. **But a lot of legal wrangling and posturing may delay the implementation of the mandatory law.**

In the state’s filing this week **Attorney General Ken Paxton** said “Texas is concerned that the City of Austin’s sick leave ordinance **unlawfully regulates private employee wages in violation of Texas law.**” So the legal lines are drawn.

We also understand **Governor Greg Abbott** has publicly criticized the city’s action. Remember, months ago **local legislators said they were planning to introduce measures in opposition to the mandated sick-leave policy** when the next session of the Texas Legislature convenes in Austin in January.

Businesses who have a dog in this fight, and opposed the ordinance at the Council level when it was proposed, are now watching and waiting. **But, as it’s never over ’til it’s over, they are in limbo about what to do.** Maybe some clarity will soon emerge.

Williamson County was home to three neighborhoods with the most housing starts during 2017 in the five-county Austin-Round Rock metro area. In fact, six of the top ten neighborhoods were in Williamson, three in Travis (one neighborhood straddles both these counties), and Hays also had a couple of neighborhoods making the list of housing starts.

More than **2700 housing starts** were recorded in just ten neighborhoods in the Austin metro. **One neighborhood saw the most hammer-slamming with almost 500 of the 2700 starts.** Here are the specific metro neighborhoods with the most housing starts.

The **Siena** neighborhood in **Hutto** topped the list with 494 starts last year ... **Sonterra in Jarrell** (294 starts) and **Sun City Texas by Del Webb in Georgetown** (267 starts) made up the other two Williamson County neighborhoods.

Avalon (263 starts) in **Pflugerville**/Travis County ... **Shadow Creek** (256 starts), along with **Sunfield** (254 starts), both in **Buda**/Hays County ... and **Stonewater** (240 starts) in **Manor**/Travis County rounded out the Top Seven.

Santa Rita Ranch (229 starts) in **Liberty Hill**/Williamson County ... **Teravista** (219 starts) in **Georgetown** straddling Williamson and Travis County ... and **Rancho Siena** (200 starts) in **Liberty Hill**/Williamson County complete the Top Ten neighborhoods with the most housing starts in 2017.

You'll notice none of the Ten are inside the city limits of **Austin**, and none are in the other two Austin metro counties, **Bastrop** and **Caldwell**. The above totals cover the entire 2017 year.

The Austin area's strong job market has been well chronicled. In fact, we've mentioned many times about how the Austin economy is the envy of the nation. On top of this fact, Austin is on the top of many "Best Places to Live" lists. This has resulted in steady in-migration of people moving to this area. The rarity of this situation is underscored bigtime in a *Wall Street Journal* (WSJ) article this week headlined "Cities Will Pay You to Move There." Really.

Even in cities where the economy is humming right along, some are having difficulty attracting people to move there. So the *WSJ* noted some smaller towns "**instead of offering incentives to employers ... are giving it to workers – one by one.**" Examples:

An Ohio city promises **\$5,000 to help pay student loans**. A city in Indiana is offering **\$5,000 toward buying a home**. In one Nebraska town, the Chamber will **hold a ceremony to present an even bigger check**.

It is obvious Austin, as a place to live, stands out in many ways.

Back before UT Austin's Memorial Stadium expanded by adding a double-deck to the venerable horseshoe-shaped facility, UT System Chancellor Frank Erwin was asked why the south end zone wasn't enclosed to make a bowl-shaped stadium, like the Rose Bowl. He crustily replied that all those seats would be bad seats. So he pressed ahead to add the second deck, creating better sightline seats along the sidelines. Now UT Austin is planning to expand again – this time by enclosing the south end zone.

Actually the new plan appears to be more of a renovation, than a seating expansion. After all, bleacher-type metal seats have long been a fixture in the south end zone where the massive video LED board, dubbed the "Godzillatron," was located. **What is planned is a major upgrade with more than just fancier seats. Much more.** Consider UT Austin's words:

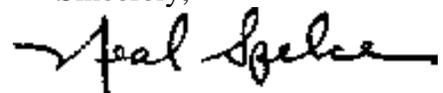
"The scope of this project is proposed to include new **exclusive suites, clubs,** open air concourses, restroom facilities, **new coaches offices,** a banquet kitchen, **premium loge and student seating, private game-day parking,** branding graphics, **Longhorn Network areas,** Sports Medicine/Nutrition areas, hydrotherapy and other support spaces." Talk about a massive modernization!

In fact, plans also call for **retro-fitting the entire 100,000+ seat stadium with WiFi, cell towers** "because it is what fans want today." (It's also what the Texas Aggies have in their stadium, built long after UT Austin's double-decking effort.)

All of this will cost millions of dollars when the final plans are locked-in. **Much of it – if not all – will be financed with contributions. You can expect wealthy alums and businesses to shell out big bucks for club seats and premium box seating, etc.** Sponsorships and marketing opportunities will abound throughout the south end zone facility of Darrell K Royal-Texas Memorial Stadium. Oh yeah, you can expect the latest and greatest video board to be installed. Construction could start in 2019, with completion planned for 2021.

Dr. Louis Overholster says he has found at football games that the knowledge of the game is usually in inverse proportion to the price of the seats!

Sincerely,



Editor/Publisher