

Volume 22, Number 48

March 16, 2001

Dear Client:

The City of Austin is on track to record 133 traffic fatalities in 2001, compared to 77 in 2000 and 55 in 1999. Are more cops on the street, enforcing the traffic laws, the answer to this alarming increase in roadway carnage? The founder/publisher of *Texas Monthly*, **Mike Levy**, thinks so. And he minces no words as he places blame on the Austin City Council and the city staff.

Addressing his remarks in an e-mail direct to City Manager **Jesus Garza**, Levy says “These numbers reflect more than a public safety problem. We’re talking about a major health problem of epidemic proportion, and **not one peep of outrage or concern** from your office or from your bosses on the Council. The silence is deafening.”

“But, if a salamander’s carcass floats to the surface of Barton Springs, **Daryl (Slusher)** and **Beverly (Griffith)** are fighting and clawing and shoving each other to reach the microphones first,” Levy charges. “There is apparently little if any value and respect for the sanctity of human life on this Council. No one wants to talk about all of these **people being killed and injured on their watch by speeding and running red lights and drunk driving.**”

“Take the time to talk to the cops themselves and their commanders and they will tell you they know traffic safety is a major problem, but they are so **terribly understaffed, because public safety is not a true priority for this Council**, that all they can do is run from call to call,” suggests Levy. He also says the Austin Police Department’s (APD) actual strength is now down to below 1.4 cops per thousand, compared “to between 2.5 and 3.5 cops per thousand in other comparable cities. We’re **400 cops short** of what a city like Austin needs to have.”

Levy charges “APD’s traffic enforcement efforts, such as they are, are primarily during the day, despite the great need at night, especially against DWI offenders who are killing and hurting so many people.” He goes on to say “the so-called ‘55’ unit specifically charged with DWI enforcement is **down to half its original complement because of not enough cops**, and also because of **low morale** within the unit.”

The reason for the low morale, according to Levy: “Having to be in court during the day for tickets written at night and the **City’s not being willing to respond to this time burden** with a night court, compensating hours, etc.” As for the dramatically-increasing traffic fatalities, Levy says “the best deterrence is visibility and active enforcement.”

UTAustin is facing a significant obstacle in the form of soaring energy costs. Utility expenses for the campus will exceed budgeted amounts by a total of \$30-\$40 million for the next two fiscal years. Just how “significant” is this amount? “Let me just say that it is comparable to the total increase in funding for the whole University in a typical year,” says President **Larry Faulkner**.

“There is no way for us to absorb a cost of this magnitude without having to sacrifice significantly,” Faulkner told the University community. “**We have already committed reserves** dedicated to the management of utilities costs, and we have drawn down other reserves,” Faulkner reported. What else?

“We are raising funds internally by **recovering salaries from unfilled positions** for the remainder of this fiscal year (extending through 8/31/01),” Faulkner noted. “These funds are normally used by unit leaders to defray some annual operating costs and to modernize operations. That flexibility will be lost for this year. As the picture becomes clearer, other budgetary stringencies may have to be applied.”

Well, Mr. President, what about those millions and millions of dollars UTAustin is raising with its massive multi-year Capital Campaign? Why can’t you use some of those bucks? “Very few gifts are unrestricted – most reflect the donor’s vision for excellence in a specified program or discipline,” Faulkner pointed out. “**And I have never met a donor who wanted his gift to be used to pay the electric bill**. I am afraid this is a problem that we need to handle on our own.”

Okay, then, what else can be done? “From past experience, we know that tremendous savings are available through **energy conservation measures**, and we are mounting a renewed conservation effort,” he continued.

“At my request, Vice President **Pat Clubb** has convened a special task force on conservation, consisting of faculty, staff and students, to examine and to review measures that can be most effective. Significant steps have already been identified. **We need to act quickly in order to prepare for the summer session**, which is our time of maximum energy use.”

“We are not alone in meeting the challenge; almost all of the nation’s institutions of higher education and government agencies are affected,” Faulkner said. “Many of us experienced similar problems during the energy crisis of the 1970s. **I expect that we will return to a stable natural gas market within a year or two**. In the meantime, we will respond to the situation and, undoubtedly, learn from the experience.”

If you’re very observant, you may have noted the symbol of UTAustin, **the Tower, has been dark on Monday nights**. Faulkner ordered the lights shut down each Monday (until the beginning of Finals Week) as a **repeated reminder to conserve energy**. It’s more **symbolic** than anything, since it costs less than \$5 an hour to light the Tower. Faulkner admits there are no great cost savings in taking that step.

The Austin area had greater *actual* job growth in 2000 – by far – than the larger Fort Worth and San Antonio areas. And, as a *percentage*, no Texas metro area (except for much smaller McAllen) had a greater increase in employment growth rate than the Austin metro. Even though a slowdown was evident during the year, the metro area notched impressive numbers.

For instance, the over-the-year change in employment (2000, compared to 1999) showed **32,900 more people employed in the Austin metro area.** Fort Worth was up 23,600 and San Antonio increased 16,800. Waco had **zero** increase. And Abilene, Beaumont, Galveston, San Angelo and Sherman actually had **fewer** people employed in 2000 than in 1999.

For another perspective (still great for Austin!), look at the percentages. **Austin's job growth of 32,900 was a 5% increase.** Compare that to the other major metros: Dallas, up 4.3% ... El Paso, up 0.9% ... Fort Worth, up 3.0% ... Houston, up 2.9% ... and San Antonio, up 2.4%. As we mentioned, of all 27 metro areas in Texas, only much smaller McAllen, with a 5.2% job growth, showed a greater increase than we recorded in our 5-county metro area.

So what about *this* year? How are we doing so far? January numbers are the most recent to be released and the number of people employed in January 2001 was 736,400, compared to January 2000's 698,800 – **for a job growth of 37,600.** At least as far as January is concerned, we're increasing at a faster pace than last year. This takes into account the layoffs that occurred in January. And one final point that reinforces our strong job market: **Austin's January unemployment stood at 2.1%** of its workforce, compared to 2.3% the previous January.

Austin is in the Top Ten in the nation when it comes to the highest concentration of software employment in the US. But, Austin's Silicon Hills is not #1 and neither is San Jose's Silicon Valley. The top slot is held by Boulder, Colorado.

The research director for the Software & Information Industry Association (SIIA) says Boulder is growing because it is an "overflow" region for northern California. **Austin is ranked #7 on the list and San Jose is #2.**

SIIA's report measured computer programmers, database administrators, systems analysts and others as a percentage of the regional population. The Top Ten, in order: Boulder, San Jose, San Francisco, Washington, Boston, Raleigh-Durham-Chapel Hill, **Austin, Dallas**, Lowell, Mass and Stamford, Conn.

Austin and Dallas each has **more than double the national average of software employment.** Remember, Austin recently underwent an employment sea change when the number of those employed in high tech positions exceeded the number of those employed in government and education – quite an about-face for this formerly state government/state university town.

It has been more than a decade since the Savings and Loan crisis of the 1980s/early 1990s produced the greatest collapse of US financial institutions since the Great Depression. So, what does a fresh insight reveal about the total impact? Specifically, what was the total cost and how much of that cost was borne by the taxpayer and the thrift industry itself? Also, how do the actual costs compare with those predicted before and during the cleanup years?

Over time, misinformation about the cost of the crisis has been widespread. Some published reports have placed the cost at less than \$100 billion and others as high as \$500 billion. Now that the cleanup is nearly complete, two economists – **Timothy Curry** and **Lynn Shibut** (with the FDIC) – can answer the questions definitively about a **debacle that has consumed the nation for years**. You know it was a debacle because the number of federally insured thrift institutions declined by approximately 50% from 1/1/86 through year-end 1995.

During that 1986-1995 period 1,043 thrifts, with total assets of more than \$500 billion, failed. The large number of failures **overwhelmed the resources** of the Federal Savings and Loan Insurance Corporation (FSLIC), so US taxpayers were required to back up the commitment to insured depositors of the failed institutions.

As of 12/31/99, according to Curry and Shibut, the thrift crisis had **cost taxpayers approximately \$124 billion** and the **thrift industry another \$29 billion** – for an estimated total loss of approximately \$153 billion.

The losses were higher than those predicted in the late 1980s when the Resolution Trust Corporation (RTC) was established, but ended up below those forecasted during the early to mid-1990s, at the height of the crisis. What these numbers do not reveal are the **lives that were impacted by the failures of the S&Ls here in Austin** and other cities around the nation. Even in these good times, the scars are still evident to those who were battered by the debacle.

Dr. Louis Overholster believes there is no question voice-mail is a time-saving device. He points out that while they're telling you what you can do with your call, you're telling them what they can do with their system!

NEAL SPELCE AUSTIN LETTER (ISSN 1071-0612) is published weekly, except last two weeks of the year, for \$150 (plus tax) per year or \$249 (plus tax) for two years. To subscribe, call 512-498-9495. Periodical Postage Paid at Austin, TX 78767 by Austin Letter, Inc., 1407 Wild Cat Hollow, Austin, TX 78746. POSTMASTER: Send address changes to: Neal Spelce Austin Letter, P.O. Box 1905, Austin, TX 78767-1905.

Sincerely



Editor/Publisher