

Volume 26, Number 7

May 14, 2004

Dear Client:

**Working for the state was an attractive option for Austin area jobseekers during the economic downturn. Now that Austin's unemployment picture is improving faster than any other major Texas metro you can anticipate a shortage of state workers.**

It's not a crisis yet. But we like to keep you ahead of the curve. As more private sector jobs open up, the exodus from state government will accelerate. According to the National Bureau of Economic Statistics and the US Bureau of Labor Statistics, Texas state employees tend to be **more highly educated than their private sector counterparts, yet consistently earn less.** You don't have to be an economist to see what can happen.

The problem is more serious than just numbers. Those professions requiring specialized education, training or skills – such as education, health care, legal professions and engineering – make up 58% of the state work force, compared to just 31% in the private sector, according to **Stuart Greenfield**, a former state systems analyst and now a consulting economist.

And according to Greenfield, about **40% of these state workers will become eligible for retirement over the next 10 years**, versus just 20% in the private sector. This could be a real personnel double-whammy for state agencies. “Unless the state implements more innovative and aggressive personnel practices, it faces serious problems over the next decade,” said Greenfield.

State agencies are currently solving the shortage caused by “retirement” by **re-hiring the retirees**. But this leaves the state with a **stagnant work force** that's resistant to change. “Younger people with newer ideas who could promote change – they won't be coming in,” Greenfield observed.

You can see where this is headed. It won't be long before the Texas Public Employees Association will be leading the fight for a **state employee pay raise and a re-working of the benefits package**. This will cost money — a lot of money. All you have to do is watch the wrangling during this special tax session of the Texas Legislature to understand how difficult this will be when it is presented to lawmakers. Remember, no matter how you feel about government, **state employee paychecks are vital to the Austin area economy**. The paychecks are the strong underpinning – relatively free of recessionary pressures – that keep our local economy stable. What happens to this huge segment of our workforce is important to Austin.

**Video Lottery Terminals – call them what they are, slot machines – are big business, really big business. This is why the odds favor the legislature legalizing them in Texas.**

It's important to comprehend the muscle behind the slots to understand the forces at play to convince Texas legislators to legalize them as a new source of revenue while they grapple with the school finance problem. A lengthy article in *The New York Times Magazine* 5/9/04 was a major eye-opener about the size and power of the slot machine industry. Consider:

Nearly 40 million Americans played a slot machine in 2003. **Every day in the US, slot machines take in more than \$1 billion in wagers.** Each year, slots gross more than McDonald's, Wendy's, Burger King and Starbucks – combined.

All told, **North American casinos took in \$30 billion from slots in 2003** – an amount that dwarfs the \$9 billion in tickets sold in North American movie theaters that year. Accounting for more than \$7 out of every \$10 gambling revenues in casinos across the US, the once lowly slot machine is the top earner even in glitzy palaces along the Las Vegas strip. This is a big, powerful industry.

Who is dropping all these dollars? **Manufacturers design games primarily for women over 55 with lots of time and disposable income.** Although the number of men who are playing the slots is increasing, they tend to be on the far side of 60. The industry is moving now to develop slots that will appeal to a younger, male cohort. And they are designing games that let gamblers play in Spanish with the push of a button.

What is triggering this surge of money pouring into slot machines? Credit the computer chip and high-tech designers, artists and video engineers. In the old “one-armed bandit days”, the slots were limited to 22 stops and just over 10,000 possible combinations. Now some machines have **46 million combinations, enabling huge jackpots reaching into the millions of dollars.** The high tech advantage is what has led opponents to call slots “the crack cocaine of gambling.”

One authority on gambling disorders was quoted as saying “**no other form of gambling manipulates the human mind as beautifully as these machines.**” It can add up to big bucks in a hurry. The typical slots player initiates a new game every six seconds. That works out to 10 games per minute, 600 per hour. If the average player bets \$2 a spin, that player is wagering roughly \$1,200 an hour.

And the slots are programmed to keep you playing. Most new machines are designed so that the typical \$20 player will win enough small jackpots along the way to get **at least 15 or 20 minutes on a machine before needing to reach into her purse for another bill.** There are more frequent, but smaller, payouts.

With slots elevated to a high tech art, and generating such big bucks, is it any wonder a lot of those **profit dollars are being spent in Austin** right now lobbying for legalizing the machines.

**With tornadoes skipping around the nation this spring, can hurricanes be far behind? What are the odds a hurricane will make landfall in Texas this summer?**

Hurricane season is a long one. It starts in a couple of weeks, 6/1/04, and runs to 11/30/04. The months with the most frequency are August, September and October – but no month is safe during the six-month season. Storm researchers are predicting there will be 14 named tropical storms this year. This total includes eight hurricanes and three they fear will be *intense* hurricanes. These same experts predict there is a **40% probability of an intense hurricane to make landfall somewhere along the Gulf Coast** (average for the last century is 30%).

The full force of hurricanes isn't felt as far inland as Austin, but they do have an impact. Unreal amounts of rainfall – causing damage – have been felt here. Evacuees have fled to the Austin area, straining shelters. But, of course, our neighbors just down the road are the most at risk.

**It's not just the unrelenting high winds that cause problems.** For instance, a Tropical Storm whose winds are below 73 mph is never labeled a hurricane. But do you remember Tropical Storm Allison in 2001? It started early, June 5<sup>th</sup>, and spent days moving around the Texas Gulf Coast – even weakening from a tropical storm to a tropical depression. But Allison's impact was anything but weak.

Allison generated widespread heavy rains and flooding. Houston caught the brunt, with the Port of Houston recording 36.99 inches of rain. The storm also spawned 23 tornadoes. As it moved from Texas across the US all the way to the northeast, it was responsible for 41 deaths and at least \$5 billion in damage – making it the **deadliest and costliest US tropical storm of record**.

Another tropical storm, Claudette in 1979, dumped 43 inches of rain in 24 hours on Alvin, Texas – **a US record for rainfall in a 24-hour period**. Wind gusts from Hurricane Alicia in 1983 in downtown Houston littered the streets with broken glass as windows broke in high-rise buildings. **Alicia spawned 23 tornadoes**.

It was another time, without modern improvements, but the **deadliest weather disaster in US history occurred in Texas in 1900**. Storm tides of 8 to 15 feet inundated the whole of Galveston Island and other portions of the Texas coast. These tides were largely responsible for about 8,000 deaths (estimates ranged from 6,000 to 12,000). It hit Texas September 11, 1900. How strong was it? It was labeled a category four which means the winds were from 131-155 mph. Category five is the most extreme.

Yes, Florida and the Caribbean always get hammered by hurricanes each year. But, lest we forget – as the examples above indicated – **we here in Texas are susceptible to seeing serious weather effects during the hurricane season**. And, if you're checking historical possibilities, the Gulf Coast of Texas is long overdue for an intense hurricane.

**Air travel is expected to pick up this summer. Security will be tightened due to anticipated problems as the presidential election nears. Let's look at the 25 airports deemed most at risk for lengthy security-screening delays.**

Austin-Bergstrom International Airport (ABIA) is *not* one of the 25. But, obviously, every traveler who flies out of ABIA goes to another airport. Here is a list of the 25 airports that airlines and federal security officials say are **at risk for more lengthy security delays this summer** (some of them obvious, others less so):

Atlanta, Boston, Cleveland, Charlotte, Cincinnati, Denver, **Dallas-Fort Worth**, Detroit, Newark, Fort Lauderdale, Honolulu, Washington Dulles, **Houston Bush Intercontinental**, Indianapolis, New York Kennedy, Las Vegas, Los Angeles, Orlando, Miami, Milwaukee, Chicago O'Hare, Philadelphia, Phoenix, Seattle and Orange County, Calif. **Plan extra time to return to Austin from these airports.**

It becomes more important than ever to check the airport maps in the in-flight magazines. For instance, **if you're changing planes in Seattle, you may have to go through security again.** In Miami, to get to one American Airlines Admirals Club between flights, you must exit-and-return through security. A vacation destination security logjam can cause you to miss a flight. Fort Lauderdale is warning travelers that on Sundays/Mondays around 10 am, the security line wait could be up to an hour – after you go through all the hassles just to get to the line.

One tip: as you go through security, put all the metal objects on your body (watch, cell phone, keys, etc.) in a plastic see-through Ziploc food bag to quickly drop into the tray as you walk through the scanner. **Do this once and you'll wish everyone did it.** Another tip: since ABIA doesn't require additional screening when you go from one end of the terminal to the other, if you're flying Southwest and there is a long security line, look to the right at the security line for American Airlines. If it's shorter, head that way then double back.

**Dr. Louis Overholster** (like some other doctors and even judges) is supremely confident of his decisions. As he immodestly put it: "Once I thought I was wrong, but I was mistaken!"

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.

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