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Dear Client:

**All growth is not equal. Over the past 15 years Austin's population has increased by an impressive 67%. But when you break it down, one part of Austin had even greater growth.**

Don't worry. This is not going to be a boring statistical summary. We just want to pull out one number to illustrate an economic fact that is not generally discussed – and that is, while the overall economic health is important, some areas are more vibrant than others. Take for example, northwest Austin. **While 67% population growth in 15 years is strong in anybody's book, Northwest Austin – during the same period – saw a population increase of 86%.** So, bear in mind as you take note of stories about the overall economy, there are pockets within pockets that are up – and down – that, when added together, give you the average most often cited.

This is a prelude to some interesting information gleaned from **Daniel Kah**, a research director at Austin-based Angelou Economics, a firm that has tracked Austin's economy for many years now. Kah supported the figures above by pointing out the **median household income in Austin is \$53,000** – above the state and national numbers. And he made his point further by noting the median household income is the highest in Northwest Austin, at \$70,000.

While we're looking at the economy, you need to be aware of a trend that has matured to the level where the job dynamic has changed. For the past couple of years, the focus has been on high unemployment percentages. The unemployment rolls have tapered off steadily to where **we now are in the range of what economists like to call "full employment."** In other words, most of those who have been actively seeking a job have found work. Legitimate jobseekers include newcomers to the area and those finding their way into the marketplace.

The mature trend is this: **some Austin area employers are having a problem finding workers.** The pendulum has now shifted from a high unemployment percentage to low unemployment. A year ago the Austin metro area was recording unemployment figures around 5%; the percentage has now dropped to around 4%.

Jobs are continuing to be added in the Austin area – 19,000 this year and even more, 22,600, next year, according to Kah. And the **population will continue to grow by 30,000 to 40,000 each year.** But the trend is set: employers will continue to find it tougher hiring new workers.

**At one point in the not too distant past, Austin was home to more semiconductor manufacturing plants than any other city in the US. But as technology changes (seemingly at warp speed), those plants are now becoming out of date. What next?**

Technology employment in the Austin area has declined since 1999, according to **Daniel Kah**, research economist at Angelou Economics, whose founder **Angelos Angelou** headed the Greater Austin Chamber of Commerce (GACofC) Economic Development efforts during much of the initial high tech growth. Even with this decline, Kah says **Austin still has a large technology cluster that other places don't have**, so he predicts the semiconductor industry will continue to grow in Austin.

Kah *did* point out the semiconductor fabrication facilities in the area are becoming out of date and he says **the Austin region needs to get with it to land a plant that is the industry's new standard – a 300 millimeter fab**. Well, surprise, surprise, the full-court press on Samsung you've been reading/hearing about to locate its new facility here includes – a 300 millimeter fab.

**The Austin area is locked in a high stakes global competition for the plant that will cost Samsung about \$3.5 billion.** With such a high cost for a 300-millimeter fab, it's no wonder Samsung is listening to suitors who are offering to defray some of the cost with a variety of incentives that translate to Samsung's bottom line. Austin is competing with locations ranging from China to New York. As GACofC Chair and former Austin mayor **Kirk Watson** says: **"the competition is fierce and the contest far from won."**

If Austin is successful in wooing Samsung, it will be more than just a PR victory reinforcing the high tech leadership of the Silicon Hills of Austin. The plant would **create 900 new jobs**, generate \$456 million in annual expenditures and provide an annual boost of \$158 million in personal income.

The City of Austin, Travis County and the Manor Independent School District are putting forward a record-size incentive package to persuade Samsung this is the right location for the new plant. Why such a monumental effort? **"The time is long past when Austin won new investment only because of its cool culture, great environmental assets and smart workers,"** claims Watson. An "aggressive, top-to-bottom program (is) necessary if we are going to build a more robust, diversified economy in our five-county region."

Watson is also speaking of the GACofC's economic development effort dubbed "Opportunity Austin," that works year-round wooing jobs to Austin. One such effort takes place September 21 to 23, when a group of **site consultants will be winned and dined and shown the assets of the Austin area**.

These consultants work for companies, usually on a confidential basis, to scout and recommend sites for future locations. A favorable impression of Austin could pay future dividends.

**Okay, so everybody's talking about the high ranking of the Texas Longhorn football team, but let's not forget the fact UTAustin is a high ranking *academic* institution, not just a football factory.**

Was it some wag at Oklahoma University who said OU's goal was to have a university the football team could be proud of? This is certainly not the case at UTAustin, where the national recognition for its academic prowess continues to grow. In fact, with all the (justified) enthusiasm for **Mack Brown's** *football* team, it seems particularly appropriate at this time to review some of the accolades being bestowed upon **Larry Faulkner's** *academic* team.

Let's start with this quote: **"The University of Texas at Austin is on anybody's list of the top 10 public universities in the nation.** The Plan II liberal arts honors program is one of the nation's most renowned. Though it is also the capital of Texas, Austin ranks among the nation's best college towns."

The quote is from *The 2006 Fiske Guide to Colleges* which provides a subjective measure of the strengths and weaknesses of the top 300 colleges and universities in the US and Canada in terms of academic strength, social life and overall quality of life. It also rated UTAustin **among the 45 colleges and universities that qualify as "Best Buys"** based on its academic offerings in relation to cost of attendance.

The ranking that seems to get the most attention is the 2006 survey of America's Best Colleges by *USNews&WorldReport*. **It ranked UTAustin 30<sup>th</sup> in its "Great Schools, Great Prices" category.** This ranking couples a school's academic quality to the net cost of attendance for a student who receives the average level of financial aid.

*Washington Monthly*, a Washington DC-based political magazine, ranks UTAustin 23<sup>rd</sup> among national universities on community and national service. **"Other guides ask what colleges can do for you," the magazine says. "We ask what are colleges doing for the country."** It cited ROTC programs, graduates in the Peace Corps, grants used for community service projects, etc., even examining the number of students on Pell Grants, with a bonus for schools whose graduation rates are higher than expected for having so many low-income students.

The Princeton Review, a New York-based company known for its test preparation courses, education services and books, cited UTAustin as one of America's Best Value Colleges in a list of colleges designated as **one of the best overall bargains – based on cost and financial aid – among the most academically outstanding colleges in the nation.**

The Princeton findings, released in the 2006 edition of *The Best 361 Colleges*, is part of a **nationwide survey of about 110,000 college students** asked to rate their schools on several topics, such as academics/administration and college life. Oh, and back to football, it also said UTAustin ranked 10<sup>th</sup> for the number of students packing stadiums for sporting events.

**The CEO of Apple Computer and Pixar Animation Studios, Steve Jobs, has been drawing rave reviews from the high tech community – not for his work, but for his words.**

Jobs, a college dropout, delivered the commencement address this year at Stanford University. He spoke of dropping out, getting fired from the company he founded and facing death from pancreatic cancer (later cured) saying **“Your time is limited, so don’t waste it living someone else’s life.** Don’t be trapped by dogma – which is living with the results of other people’s thinking. Don’t let the noise of others’ opinions drown out your own inner voice. And most important, have the courage to follow your heart and intuition.” Then he ended with a story.

“When I was young,” Jobs said, “there was an amazing publication called *The Whole Earth Catalog*, which was one of the bibles of my generation. This was in the late 1960s, before personal computers and desktop publishing, so it was all **made with typewriters, scissors, and Polaroid cameras.**”

“It was sort of like Google in paperback form, 35 years before Google came along: It was idealistic, and overflowing with neat tools and great notions,” he continued. “When it had run its course, they put out a final issue. It was the 1970s, and I was your age. **On the back cover of their final issue was a photograph of an early-morning country road**, the kind you might find yourself hitchhiking on if you were so adventurous.”

Jobs concluded his commencement address: “Beneath it were the words: ‘Stay Hungry. Stay Foolish.’ It was their farewell message as they signed off. **Stay Hungry. Stay Foolish. And I have always wished that for myself.** And now, as you graduate to begin anew, I wish that for you. Stay Hungry. Stay Foolish.”

An annoying person seated at a nearby table in a restaurant was talking loudly on his cell phone when **Dr. Louis Overholster** interrupted him to ask him the type of cell phone. The man, agitated, told him and asked why he wanted to know. The good doctor smiled, and said “Now I know never to buy that cell phone. The reception must be terrible if you have to talk so loud to be heard!”

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