

Volume 29, Number 5

May 4, 2007

Dear Client:

The population growth of an area, Austin in particular, is usually generated by economic and quality of life forces. But, a *force of nature*? This is what has happened in Austin as well as the state of Texas.

The State Demographer of Texas (who holds a whole host of other prestigious academic posts) maintains that Katrina, the hurricane that devastated key parts of Louisiana, turned out to be a significant force in the Texas surge in permanent population. As **Steve Murdoch** put it: **“An influx of people entering Texas in the wake of Hurricane Katrina made Texas the fastest-growing state in the nation from 2000 to 2006.”**

This #1 designation is based on both **numerical and percentage increase in population**. So how does Murdoch determine that Hurricane Katrina had such an impact? Wasn't this sort of growth already underway when the hurricane hit?

Although Murdoch admits it is impossible to determine *exactly* how many people migrated to Texas from Louisiana, he broke down the numbers in a compelling fashion to bolster his contention. For instance, he points out that Texas' average **annual population increase of approximately 400,000 per year from 2000 to 2005, increased to 579,000 from 2005 to 2006.**

He then delved deeper into his numbers, separating out the *domestic* migrants (people coming to Texas from other states). Domestic migrants grew from roughly 60,000 from 2004 to 2005 to nearly 218,000 from 2005 to 2006. And he projected that **“Texas received at least 120,000 persons from Louisiana, and perhaps as many as 168,000 from 2005 to 2006.”** The Houston area felt the brunt of this growth, but Austin was also impacted.

Don't credit (blame?) Katrina solely for the increasing crowds. “Texas' population growth is extraordinary even without the effects of the hurricane,” said Murdoch. And don't expect the growth rate to taper off now that it's been two years since Katrina did her damage. Murdoch is projecting – hang on – that **Texas will add the equivalent of the 1990 populations of Houston, Dallas, San Antonio and Corpus Christi combined in the first decade of this millennium. Wow!** And lest you forget, the Austin-Round Rock metro has been one of the most dynamic growth regions so far this decade.

Okay, we're coming down to the wire. Your legislators are going home in a little more than three weeks and are not scheduled to return to Austin until 2009. The overriding concern: the state's budget for the next two years has not yet been approved, and that affects Austin.

The money the Texas Legislature allocates for education is vital to the future of Austin and the rest of the state. UTAustin president **Bill Powers** says "We face a simple but hard fact: **if we invest in public education, Texas will have a rosy future. If we don't, we won't.** We won't have a rosy future by *pretending* to support education, we have to *really support* it."

Powers heads up one of the best public higher education institutions in the nation. But he's not just talking about UTAustin. "**No single part of our education system can do the job alone,**" he says. "It is crucial that our **public schools** prepare K-12 students for college and for the workplace, that our **junior colleges** provide affordable education close to home, and that our **four-year colleges** provide high quality education." In other words, he says education – all across the spectrum – is vital to the state's future.

Powers continued: "We have a growing population, so we need to add capacity. We have a diverse population, so we need to educate more students from underserved populations. **I cannot emphasize strongly enough that we need to support our *entire* education system.**"

But, after all, Powers' main job is to guide UTAustin to the highest possible place. So, in preparation for this session of the Legislature, he and USDefense Secretary **Bob Gates** (who was president of TexasA&M at the time) teamed up to **make the case to the Legislature for both tier-one flagship universities.** They put forward some compelling arguments.

"Roughly speaking, a state dollar spent on higher education generally returns \$5.50 annually to the Texas economy," said Powers. "A state dollar spent at UT or A&M returns \$18 annually to the Texas economy! **It is hard to imagine a more efficient program for economic development.**"

Why are UTAustin and A&M so productive for Texas? Cutting-edge research. **The research dollars that pour into Austin and College Station from outside the state power the growth of the state's economy.** "UT and A&M brought nearly \$1 billion in federal research money to Texas last year alone," said Powers.

UTAustin's and TexasA&M's tremendous impact on the Texas economy is also due to the fact that the state funds such a small portion of the school's operation. For instance, "**general revenue provides only about 16% of our budget — down from 44% just 22 years ago,**" said Powers. "This means Texas taxpayers spend \$302 million annually from general revenue to get a \$1.8 *billion* university. That is a tremendous bargain. The same is true at A&M," he concluded. The next few weeks are critical to the budgeting for these two institutions.

We gave a heads-up to our clients in 1983 that the high-tech revolution was going to transform Austin's economy — long before the words “high” and “tech” were used in the same sentence. It came true, in spades. So what's the next big thing for Austin? And who will benefit?

We've been talking about it for some time now. It's the new energy emphasis. **Green energy.** For a long time, many in Austin poopoo-ed those “wacky environmentalists” with the quirky ideas. Oh sure, there are still some far-out extremists preaching who-knows-what. But don't let that, and politics, obscure where we are headed locally and as a nation. Austin is in the forefront of the green movement. **The future is green and the entrepreneurs and business people who jump onto the clean energy bandwagon now will profit for decades to come.**

Don't let the volatile, politically-charged discussion over global warming blind you to the economic potential that could be a huge part of this green energy wave. Believe me, this is a **real economic movement impacting the US and those in Austin are perfectly positioned to stay ahead of this curve.**

It's not going to take years for this green market to develop. Government regulators are poised to lower the boom, forcing tighter controls on emissions and tightening up other measures aimed at conserving energy or changing energy sources. **But, perhaps more importantly, many companies are already investing big bucks because, in their view, it is good business.** For instance, Wal-Mart is budgeting \$500 million a year for emissions-cutting measures. Bank of America and Toyota are also moving full-speed-ahead in this arena.

Austin is among the leaders of the nation's towns and cities in this movement. But other communities are installing solar panels for traffic signals and other lighting. They are also buying office furniture, cleaning supplies and other products made from renewable materials.

Makers of all sorts of Earth-friendly building products – from high-efficiency fluorescent bulbs to improved insulation – will benefit, according to our friends at *Kiplinger Forecasts*. Plus substitutes not only for lumber and wood, but also for glass, concrete and other materials whose production emits high levels of carbon dioxide will see their sales rise.

Renewable energy brokers, energy management consultants, and products and services to better manage energy supply and demand should thrive. Likewise for businesses aimed at cleaning up fossil fuel emissions and suppliers to the nuclear energy industry. The most obvious: those involved in the alternative energy business ranging from wind, solar, ethanol, geothermal, biomass, etc. Frankly, the list of business opportunities goes on and on.

Austin has a more-than-enthusiastic city government and young workers who generally are motivated to work in these types of businesses. In other words, the climate (no pun intended) is right for Austin firms to lead in – and possibly profit – from this movement.

Quick, where is the largest church (in terms of average weekly attendance) located in the US? And, how does that compare to the church in Austin on this same attendance list?

If you answered Houston, you are right. Now, what's the weekly average attendance at the Lakewood Church. Hint: it is more than UT's Erwin Center holds for a jam-packed basketball game or a **Bruce Springsteen** concert. **How about 30,000 worshipers each week** – beating by far, the 2nd largest US church – Saddleback Valley Community Church in Lake Forest, CA, that averages 22,000. Texas, by the way, has three of the ten largest megachurches in the nation.

What kind of church facility (and parking) do you need to handle such a crowd of followers? Well, in Lakewood's case, you **buy the former arena of the Houston Rockets basketball team, spend \$75 million to renovate the arena** and then pay \$12.1 million in rent to the City of Houston for the next 30 years. Other churches are scoping out former retail, industrial and other large facilities.

The other megachurches in Texas, with location and average weekly attendance: Fellowship Church, **Grapevine**, 19,500 ... The Potter's House, **Dallas**, 18,500 ... Second Baptist Church, **Houston**, 16,000 ... Prestonwood Baptist Church, **Plano**, 15,000 ... Windsor Village United Methodist Church, **Houston**, 13,498 ... Brentwood Baptist, **Houston**, 11,000 ... and New Light Christian Center, **Houston**, 10,000. Other Texas megachurches have less than 10,000 attendance.

The largest megachurch in Austin is Shoreline Christian Center, with an average weekly attendance of 8,000. No other Austin church surpasses 5,000 a week. The Hartford Institute for Religion Research defines megachurch as having weekly attendance of 2,000 persons or more at its weekly services. By that measure, there were **177 megachurches in Texas** in 2006. What's the allure? Many of the megachurches have **successfully attracted young people with an entertainment-based Christian culture**, including services that resemble rock concerts.

Dr. Louis Overholster says he's reached the age that when he gets down on his knees to pray, part of his prayer is to be able to get up again!

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., 4105 Bee Creek Rd, Spicewood, TX 78669. POSTMASTER: Send address changes to: Neal Spelce Austin Letter, P.O. Box 1905, Austin, TX 78767-1905.

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