

THE

Neal Spelce

AUSTIN LETTER

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Dear Client:

Next week we begin our 30th year of publishing this newsletter. Let's use the past 30 years to look ahead another 30 years to see the significant changes that await us.

Hey, when you think about it, 30 years is just a finger-snap in time. Think how much has happened since 1979 when we began writing in this newsletter about the trends and perspectives affecting you, your life and your business or profession. **What will the next 30 years bring? Even more dramatic changes.**

First of all, your neighbors and the **folks with whom you do business are going to be vastly different from those to whom you have been accustomed.** And, we're going to be a lot more crowded, in spite of the huge land mass in Texas. According to the State Demographer, the 2040 Texas population will be 35.8 million, a 151% increase from the 1980 population of 14.2 million.

Let's break that down a bit. By 2040, the share of the Texas population 65 or older will nearly double – to 18%. Between 2000 and 2040, **the Hispanic population will triple in Texas urban areas and double in the rural areas.** The Hispanic population in Texas will grow by an unbelievable 530% from 1980 to 2040!

The White population will grow from 1980 to 2040 by more than 2 million, but the **percentage of Whites will drop** from 66% in 1980 to only 32% in 2040. The Black population will also grow, but the **percentage of Blacks will decrease** slightly from 12% in 1980 to 10% in 2040.

Texas currently is one of only four states where various ethnic minority populations outnumber Whites. Hawaii, New Mexico and California are the others. Texas became a “majority-minority” state in 2004.

The entire state is expected to continue to grow, with the urban areas growing the most and rural areas growing more slowly than urban areas. Texas still has the nation's largest rural population. **But faster urban growth means that the rural share of the state's population will fall, as it has in recent decades.** What conclusions can be drawn at this stage of the game as we look ahead for about 30 years? Texas population is aging, it is obviously going to be much more ethnically diverse and it will continue to be increasingly urban.

CORRECTION AND RETRACTION TO THE NEAL SPELCE AUSTIN LETTER – ALONG WITH A RED-FACED APOLOGY (3/28/08).

In this space here in the March 28, 2008 edition we ran a story talking about an election in May 2008 to provide property tax relief to homeowners over 65 and those who were disabled. The problem: **the election was held a year ago, as you can see from an item (posted below) on the Texas Secretary of State’s Web site. There will be no election on this issue in May 2008.** Not only do we apologize and retract the story, we are justifiably embarrassed at making such a stupid mistake. — Neal

Office of the Secretary of State

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Race Summary Report

May 2007 Constitutional Amendment Election

5/12/2007

RACE NAME	PARTY	CANVASS VOTES	PERCENT
Prop 1 To provide school tax relief to elderly or disabled taxpayers			
In Favor		815,596	87.73%
Against		113,983	12.26%

Speaking of scams, there has also been an increase in bad guys trying to take advantage of those who are having credit problems in these tightening credit times.

Offers for miraculous credit repair are very common today in radio, television, newspaper and direct mail advertising. And, of course, the Internet is home to countless credit repair sharks. Some require consumers to pay large fees upfront – upwards of \$1,500 – and in return may promise to **erase any blemishes on credit records, get new Social Security numbers for clients, or allow consumers to piggyback on someone else’s credit record.**

Whoa! **Carrie Hurt**, the President/CEO of the Better Business Bureau (BBB) serving Central Texas, points out that no one can legally remove accurate and timely negative information from a credit report, that it’s nearly impossible to get a new Social Security number, and that **piggybacking on someone else’s credit can be construed as loan fraud.**

“With the economy slowing and lenders becoming increasingly picky, many people are looking for fast, easy ways to fix or even erase damages to their credit history,” said Hurt. **“People need to be very careful when searching for or using a credit repair agency.”**

“In some cases,” she adds, “consumers are being charged for work they could have done on their own for free, and in the worst case scenarios, **consumers are unwittingly encouraged to engage in illegal activities.**”

Before contacting a credit repair service, consumers can **check them out first with BBB** by easily accessing BBB Reliability Reports, free of charge, at www.bbb.org.

Quick, which Central Texas town is ranked #2 in the nation’s “100 Best Places to Live and Launch 2008?” How about Georgetown.

Fortune Small Business reports that “Austin’s entrepreneurial community may be among the strongest in the country, but its heavy traffic and urbanization have driven some experienced business folks to look elsewhere. Enter Georgetown. **This suburb of Austin has transformed from a sleepy bedroom community into a city with its own identity and a rapidly growing business climate.**”

It continues: **“Georgetown has welcomed 270 new businesses over the past two years.** On a local level, Georgetown charges relatively low water and electricity rates and its property taxes are among the lowest in the region.” The article further cited Georgetown’s business tax structure, entrepreneurial camaraderie, and called it a “scenic suburb of Austin.” Others in the Top Five: #1 Bellevue, WA, #3 Buford, GA, #4 Marina del Rey, CA and #5 Bethesda, MD.

Delta Air Lines, an airline that carried more than 100,000 passengers in-and-out of Austin-Bergstrom International Airport (ABIA) in the first two months of this year, continues to struggle on more than one level.

While all passenger traffic at ABIA for the first two months of 2008 is up 8.5% overall, **Delta is one of only two airlines servicing ABIA showing a decline in passengers for this same period. Delta's decline is dramatic — down 14%.** And, scarily, the other airline showing a dip in passengers year-over-year for the same period is Northwest Airlines (down 5.2%). The scary part is Northwest (that carried only 36,034 ABIA passengers this year) has been in merger talks with Delta. Those negotiations have stumbled in recent weeks.

It's hard to find good news about Delta, a storied carrier that has a massive hub and home base in Atlanta. Delta is offering half its work force voluntary payouts, anticipating about 3% of the work force will take the payouts. If this estimate is correct, it will mean **Delta will cut about 2,000 jobs.** It has also identified **700 managerial and administrative jobs for elimination.**

The culprit: Delta said its 2008 jet fuel bill is now expected to increase by nearly \$900 million more than it budgeted for the year and \$2 billion more than 2007. As a result, Delta is talking about **reducing the number of its more expensive domestic flights** and increasing the more lucrative international flights.

Delta has not released specifics of this reduction in personnel and domestic flights, so there is no way to know how their actions will affect ABIA. **But the fact that Delta is losing Austin boardings at a time when other carriers appear to be thriving is not a good sign.** It could be that, as long as the Delta-Northwest merger talks were underway, there was little appetite to market aggressively in Austin (and maybe other markets as well). As of this writing those negotiations are stalled; looks like a wait-and-see situation.

Dr. Louis Overholster says he found a way to keep his staff from arguing with him in staff meetings: he moved the sessions from Monday morning to 4:30 pm Fridays!

Sincerely



Editor/Publisher