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Dear Client:

The State Demographer for Texas forecasts the population of the fast-growing 5-county Austin-Round Rock metro area will double from 2010 to 2040. And, surprisingly, he predicts Williamson County will have a population greater than Travis County by that time.

If you haven't driven around Williamson County in recent years "surprisingly" is an operative word for you. **You'll be amazed at the growth. The population in Williamson County has gone from 249,967 in 2000 to 422,679 in 2010.** In fact each of the five counties – Bastrop, Caldwell, Hays, Travis and Williamson – has gone through a population growth spurt, although some counties have increased at a faster rate than the others.

But you ain't seen nothin' yet. How about the flip-flop between Travis and Williamson counties? State Demographer **Lloyd Potter's** forecast: **Travis County's population will go from 1,024,266 in 2010 to 1,181,101 in 2040.** But take a look at his prediction for the county that shares a boundary with Travis County on the north. **Williamson County will zoom – actually, more than triple – from 422,679 residents in 2010 to 1,363,538 in 2040.** This is amazing.

The other counties in the metro area will also grow by leaps and bounds. On the southern boundary of Travis County, **Hays County will much more than triple its population, going from 157,107 in 2010 to 581,488 in 2040.** But talk about substantial percentage growth, look to the east of Travis County where **Bastrop County will more than quadruple its 2010 population of 74,171 to 311,306 in 2040.** Only the smallest of the five counties will not show such substantial growth. **Caldwell County will still grow from 38,066 in 2010 to 64,262 in 2040.**

But Williamson County? My goodness! Look at it another way. **Williamson County will add almost a million residents in that period — 940,859 actually.** Travis County (with Austin the driving force) has been the hub for major growth, but according to the forecast **Travis will add only 156,835 from 2010 to 2040.**

The most obvious observation is that future **population growth in the metro area will be heavily concentrated in the suburbs.** Business opportunities will abound and the leaders of those counties, along with their cities such as Round Rock, Georgetown, Cedar Park, Leander, San Marcos, Bastrop, etc., will have their hands full accommodating such humongous growth.

If recent population growth in the Austin metro is a predictor of the make-up of the area's future population, then an even-more diverse racial and ethnic mix is likely. And one fast-growth category may surprise you.

For decades, those who study the USCensus and look at developing trends have predicted **minorities will become a majority in the Austin area.** They pointed to the obvious growth of those of Hispanic heritage as being the fastest-growing group.

Those predictions have borne out. So this is not much of a surprise. In fact, an analysis of total population growth by racial and ethnic groups from 2000 to 2010 show that – **by actual numbers, not percentages – the Hispanic category increased its numbers by more than any other category, including white.**

But if you are interested in trends, there is another development that can be considered significant. For this, let's turn to percentages. Examining USCensus data from 2000 to 2010 and looking at *percentage* growth by racial and ethnic groups, **the Asian category greatly exceeds all other categories.**

African Americans and Anglos grew by just over 20% and Hispanics increased their number by a bit over 60%. However, **Asians grew in number by around 85%. And this pushed the total Asian population in the 5-county metro in the definitive census of 2010 to 82,000.**

Of course, **these are broad categories.** For instance, the Hispanic category includes all those whose heritage encompasses Mexico, Cuba, all Latin American countries south of the Texas border. The same is true of the Asian category. So, what do you think is the largest sub-group in the Asian category? Well, using the definitive 2010 USCensus, here is the **breakout of Asians in Austin by the official census categories:**

Indians lead the number of Asians in Austin with a total of 29.9%. Chinese? Not too far behind at 23.1%. Those of Vietnamese heritage make up 15.2% of the Austin area Asian population, followed by *Korean* (11.0%), *Filipino* (5.4%) and *Japanese* (2.4%). The remainder, listed as "other," tally 13.0%.

This increase in the Asian category is a fairly recent phenomenon. For instance, the official 1990 census counted less than 20,000 Asians in the metro area. By the 2000 census the actual number doubled, jumping above 40,000. And it doubled again, zooming to 82,000 in 2010.

Is this increase unusual? Well, yes. In looking at 2010 Asian shares of the total population of large US cities, **Austin ranked 10th in the nation, at 6.3%. This is really significant,** especially when you consider six of the Top Ten were expected, as they were West Coast cities closest to Asia (San Francisco, San Jose, San Diego, Seattle, Los Angeles, Portland). The other three: New York, Boston, Philadelphia. So, yeah. **It's unusual. And it bears watching.**

What a difference a boom makes. Once again, an oil and gas boom appears to be rescuing the Texas economy and the budget for the state of Texas. But what would a session of the Texas Legislature be without a budget fight? Don't worry. More money than expected will probably not stop a battle over the budget when legislators come to Austin in January.

Already, half-way through the current two-year budget, a lot more money is pouring into the state's coffers. State Comptroller **Susan Combs** is charged with estimating revenue for Texas and for keeping track of the income. On August 31st 2012, she reported that **total tax collections were \$3.7 billion higher than estimated** just nine months ago. **This represents a 13% increase so far.**

(Remember, because the legislature meets only once every two years, it sets up state spending in two year cycles. **The state is at the mid-point of the current cycle.** The new two-year budget that will be adopted by the next session of the legislature begins a year from now, September 1st 2013.)

What a turnaround. **The State Legislature faced a budget deficit in 2011. Now it could be working with a record surplus in 2013** – maybe as much as an extra \$8-\$9 billion. Much of this amazing shift in financial fortunes can be attributed to much better than expected tax revenue collections as a result of soaring oil and gas production in West Texas and in the Eagle Ford shale play in South Texas.

And because of the nation-leading economic surge, other state revenue sources, such as **sales tax collections that are up by double digits**, the money continues an uninterrupted flow into state government with no immediate sign of slowing.

So, with gobs and gobs of money descending upon the State Capitol, why would there be a budget battle? Well, besides the obvious grab by state agencies and institutions for their piece of the pie, there is **the left-over, sometimes bitter, squabble over funds in the last session of the Legislature.** You'll recall the GOP leadership insisted on major cuts at each state agency, while adamantly refusing to raise taxes to meet the shortfall. And only a portion of the Rainy Day Fund was tapped.

Already, there are calls to **restore the cuts in education, at both the public school and higher education level.** There are billions for **Medicaid** that was left unpaid in the previous session. The cost of **responding to wildfires** that roared across West and Central Texas is on the agenda of some. You get the picture.

The precise political control of the Legislature will not be determined until the results of the November 6th 2012 General Election are known. But **most unbiased observers of the process predict the Republicans will maintain their iron-fisted control** of both the House and the Senate, with the Governor, Lieutenant Governor and Speaker of the House in the same GOP hands as during the last session.

Austin should sell its interest in a coal-fired plant that generates electricity for customers of Austin Energy. A report to that effect was released this week. But while environmentalists want the city to quit burning coal, a sale of Austin's share will not likely shut down the plant.

The Austin City Council may begin discussing the report soon, and a lot of factors will need to be considered. The most basic is that the coal-fired Fayette plant, near La Grange about 90 miles southeast of Austin, is **co-owned with the Lower Colorado River Authority (LCRA). And the LCRA will keep burning coal long after Austin bails out** (if it does). So any pollution that might ride the prevailing southeast winds will continue to come Austin's way.

Then there's another basic question. **How will that source of electricity be replaced and how much would it cost? About a third of the electricity used right now by Austin Energy customers comes from the Fayette plant.** And it's cheap. Really cheap. A lot cheaper than wind, solar or wood chips that currently provide a small part of Austin Energy's electrical supply.

The report suggests a **natural gas facility be built to replace the power from Fayette.** Natural gas is inexpensive. But how long will it take to build the plant and what will Austin Energy do in the meantime and what will it do to electric rates that were raised tremendously just this month? It will probably take years to replace the coal-fired electricity with natural gas-generated power.

Some environmentalists are even suggesting **Austin keep its share of the ownership of the coal-fired Fayette power plant and simply stop using the electricity** – thereby cutting down on production and emissions at the plant.

There's more. And as you pay the high electric bills each month for your home or business, you can realize the **importance of this looming decision.**

Dr. Louis Overholster says people who read food product labels weigh an average 9-less pounds and those who read the price tags weigh 20-pounds less!

Sincerely



Editor/Publisher