

Austin on verge of losing 7,500 jobs

State cuts will hurt but private sector to offset

Premium content from Austin Business Journal - by Jacob Dirr, ABJ Staff

Friday, May 6, 2011

Austin could lose about 7,500 state and local public-sector jobs, including university posts, over the next two years if Texas lawmakers slash billions in spending as proposed, according to a local economist.

But despite the state capital's economic pillars — government and higher education — being shaken, the private sector will make up the losses, said Jon Hockenyos, president of Austin-based Texas Perspectives Inc. He projects the local economy to create 8,100 net new jobs in 2011, followed by 4,700 in 2012. His projections were recently shared with the Austin City Council for budgeting purposes.

What impact a liquidation of public-sector jobs will have is unknown, coming after Austin has experienced continual public-sector growth over the past decade, Hockenyos said.

Hockenyos said he has been following the Texas legislative session closely, and his projections are conservative. Still, they may not be exact.

"Economists throw hand grenades and horseshoes, so I feel pretty good about coming close," he said.

The Austin area had about 70,990 state government employees in 2009, 27,540 of which were in higher education, according to a report created by **Tamara Plaut**, a former senior economist for the Texas Comptroller.

The report indicates that every state job supports almost a whole other job in the private sector, for example in the service industry, and that the total impact of state employment in Austin is 134,000 regional jobs.

In 2010, there were 170,600 total government jobs — including university, city, county and state — in the area, Hockenyos said. The current unemployment level in Travis County is 6.6 percent.

How easy or difficult it will be for government employees to retrain, retool and rejoin the workforce is unknown, said **Weston Sythoff**, a spokesman for [Workforce Solutions](#) – Capital Area Workforce Board.

The majority of state employees in Austin are high-level managers or low-level clerks, said **Andy Homer**, director of government relations for the Texas Public Employees Association.

The average state employee earns \$39,000 a year, with almost 30 percent taking home \$30,000 or less and 81 percent earning \$50,000 or less, Homer said.

The impacts of public-sector losses will stretch beyond the city's borders, he said. Many state employees who work in the heart of Austin live outside Travis County due to the increased cost of living and flat pay, Homer said.

"They are in Williamson and Bastrop counties, and some of the commutes are unbelievable," he said. "I know folks that commute to Austin from San Antonio."

A recent study published by Homer's organization indicated a large percentage of retirement-eligible state workers would quit if the state enacts proposed austerity measures.

About 85 percent of the workers who might be laid off after budget cuts are ineligible for retirement, Homer said.

Courtesy of JB Goodwin