

QUOTABLE: “Although the slowing in employment growth is broad based, the goods sector is weakest, reflecting the downturn in housing and job losses in manufacturing.”

—Mine Yücel, Vice President



WIND POWER: Texas Takes Lead in Yet Another Energy Source

For decades, Texas has been the nation’s leader in crude oil and natural gas production. Now, the state has climbed to the top in wind power.

The American Wind Energy Association reports that Texas had 3,953 megawatts of capacity at the end of the third quarter, topping California’s 2,376 megawatts. Texas had another 1,357 megawatts under construction, compared with 45 megawatts for California.

Texas has been rapidly adding wind power capacity in recent years, allowing it to vault over California in 2006. The state’s wind farms can now produce enough electricity to supply the average daily needs of more than 1 million of Texas’ 7.5 million households.

Most commercial wind power relies on giant turbines,

with blades 70 to 100 feet long mounted on towers as tall as 300 feet. These modern windmills incorporate computer technology that can adjust the blades’ angle of attack to boost efficiency.

The state’s greatest wind power potential lies in the Panhandle, along the Gulf Coast south of Galveston and in the mountain passes and ridges of southwest Texas’ Trans-Pecos region. Three of the nation’s five largest wind farms are in Texas, led by the 420-turbine Horse Hollow project that spreads across 47,000 acres near Abilene.

Like oil and gas, wind farms pay royalties to landowners, including farmers, ranchers, state agencies and the University of Texas System.

—Richard Alm



TEXAS PLACES: Kerrville Area’s Economy Rises with Retirees

Kerrville continues to attract retirees to its Hill Country setting. The influx has helped boost jobs, per capita personal income and land values in and around Kerrville, a town of 23,000 located 65 miles northwest of San Antonio.

Kerrville’s share of population over age 65 is three times the state average. As more retirees have moved in, jobs have been created in retail, financial services and health care. From 2003 to 2006, Kerr County employment growth averaged 4.3 percent a year, above Texas’ 2.9 percent.

Per capita income grew 4.8 percent from 2000 to 2005, topping the state’s 2.8 percent. In 2005, Kerr County per capita income was \$33,473, compared with \$32,460 for Texas.

Land values are rising too. According to Texas A&M’s

Real Estate Center, rural land values in the crescent formed by Kerr, Bandera, Blanco and Kendall counties doubled from 2002 to 2006. The average price of \$7,086 per acre ranks among the highest in a state that averages \$1,825 per acre.

Anecdotal reports suggest the Kerrville area has attracted many retirees from Houston, a number of whom receive royalty payments. Data back to 1974 show a strong correlation between the real price of West Texas Intermediate oil and Kerr County per capita income relative to the nation.

With the baby boom generation entering retirement years and energy prices high, Kerrville should see continued income and job gains.

—Michelle Hahn and Keith Phillips



SPORTS BIZ: Winning NFL Teams May Pay Off in the Pocketbook

By piling up wins in the regular season, the Dallas Cowboys could be giving the North Texas economy a boost. At least that’s the implication of a new study that finds metropolitan areas’ per capita personal income rises with the on-field success of their National Football League teams.

Other studies have detected income gains when the home team wins the Super Bowl, but economists Michael C. Davis of the University of Missouri–Rolla and Christian M. End of Xavier University in Ohio find a statistically significant impact from even regular season victories.

Their reasoning centers on psychological connections that lead to greater worker productivity. When NFL teams win, their fans take a more positive view of their own compe-

tencies in mental, social and motor skills.

“The joy experienced by fans of successful teams may ‘spill over’ and positively influence job satisfaction as well as their performance at work,” the authors suggest in an economic study prepared for an upcoming issue of the journal *Economic Inquiry*.

Davis and End find no similar gains from victories by major league baseball or National Basketball Association teams.

What about the state’s other team? The Houston Texans aren’t winning as often as the Cowboys—but the Davis and End study suggests they’re still making a positive contribution to the Houston area economy.

—Richard Alm