

Southwest Region Adding Emerging Technology Jobs



Area Development Site and Facility Planning

July 1, 2011 | Bastian, Lisa A

Arizona | New Mexico | Oklahoma | Texas

THE SOUTHWEST STATES are holding their own in this roller-coaster economy. "Traditional" industries as well as emerging technologies are all part of the mix of solutions they're using to take care of their businesses and citizens now - and plan for future successes as well as unexpected national economic fluctuations.

Renewable Energy Helps Spur Job Creation

New Mexico has vast renewable energy resources. In terms of resource size, the state ranks second in the nation for solar and twelfth for wind. It also has smaller yet significant geothermal and biomass resources. For many New Mexico communities hard hit by the recent recession, American Recovery and Reinvestment Act (ARRA) funds are a key component of economic stability as they create jobs and develop energy assets for existing and relocating companies.

In April, the state's Energy Conservation and Management Division (ECMD) released Building New Mexico's Clean Energy Economy. The report explains how \$43.7 million of federal funding is being spent on energy projects. As of April, nearly 30 of the 138 planned projects were completed, resulting in a total annual energy reduction of three million kilowatt-hours and 9,000 therms of heat. These finished renewable energy projects are also now annually generating more than one million kilowatt-hours of electricity and 2,000 therms of heat. Additionally, state statistics show that one job is created or retained for every \$22,000 spent on energy projects. Thus, according to the report, the \$43.7 in energy funding is expected to create 2,000 jobs for local economies.

In neighboring Arizona, Arizona State University (ASU) has won several grants (over

\$10 million) for alternative fuels development in recognition of its world-leader status in alternative energy research. One ASU spin-off, Fluidic Energy, has developed what some scientists say could be the greatest advancement in energy storage technology - a real game-changer. Recently the firm announced plans to build its new manufacturing and technology center in Phoenix - a move that is expected to create hundreds of next-generation jobs in the coming years.

Macro- & Micro-Scale Projects

For the first time in three years, Arizona is expected to begin gaining jobs in 2011. According to the Arizona Department of Commerce's biannual employment forecast, next year's job gains might be more improved with the creation of about 34,600 new jobs (representing 1.4 percent of the state's total).

Arizona is renowned for its strong aerospace and defense industries. Together they represent one of the largest sectors of the state's economy with an \$8.8 billion gross state product providing nearly 94,000 jobs. Just last October, Boeing announced \$247 million in new aerospace and defense business in Arizona.

While Arizona continues to support its corporate citizens producing mammoth-sized products, it also is deepening relationships with firms producing products at the opposite end of the size scale. In 2005, Arizona revamped the method used to tax capital-intensive export businesses. That meant state income taxes could be significantly lowered for many types of businesses. No doubt, this was a contributing factor to high-tech titan Intel's announcement that it would invest \$5 billion in a new fab plant to be located at the company's existing Chandler site. Company officials say it will be the most advanced high-volume semiconductor manufacturing facility in the world. Opening in 2013, it's expected to employ nearly 1,000 workers and create 14,000 temporary positions.

John Pemberton, manager of the facility, revealed that Intel selected Chandler (a Phoenix suburb) because of its prior experience with the city, as well as for the quality of its schools and universities. ASU, in particular, is a regional economic development driver for countless traditional and new technologies, and - as stated - the source of many spin-off businesses.

High-Tech Sector Continues to Grow

Jobs are also being added in Texas. Although the Texas economy grew "moderately" last year, it still outperformed most other states, says the Federal Reserve Bank of Dallas in its latest quarterly report, Southwest Economy. In 2010 jobs increased by 209,000, a growth rate of about 2 percent. The Dallas Fed forecasts Texas job growth

of 2.5 percent to 3.5 percent in 2011.

What's behind this healthy economy? High technology plays a significant role in the state's economy, and a recent Milken Institute study concluded that Texas has three of the top 25 U.S. high-tech centers - Dallas, Austin, and Houston.

The state's Emerging Technology Fund (ETF) attracts high-tech jobs plus scientists and researchers to Texas, and helps to "jump-start" businesses. To date, the ETF has awarded more than \$196.2 million for 132 early-stage companies, and \$173 million in grantmatching and research superiority funds to Texas universities.

Another economic program of note is the Texas Enterprise Fund (TEF), which was created to grow Texas businesses and jobs. To date, more than \$435.3 million in TEF monies have helped to generate 58,179 new jobs and bring \$14.6 billion of new capital investment to the state.

Recently the TEF announced it would invest \$4.2 million in GE Transportation's new high-tech locomotive facility to be built in Fort Worth, Texas. The plant will employ some 500 workers by 2012 with the potential of hiring an additional 275 people in subsequent years.

The state also retains a strong energy sector to carry it through lean economic times. Last year energy was "vital to growth" in the Texas economy, noted Dallas Fed researchers in a recent report. "Overall, the rig count for Texas increased 59 percent last year, and mining employment gained 10 percent." Texas also ranks among the 10 best states in the nation for projected solar job growth. Its solar industry employs 6,400 workers, and recruiters see a huge growth spurt in the near future.

In sum, the outlook for the regional Texas economy is "bright," said the Dallas Fed: "Leading indices rose sharply in February, suggesting continued economic expansion in 2011. Broad-based hiring across industries reflects employers' increasing confidence that a sustained expansion is under way. Exports and contract values may rebound after early weakness, and the single-family housing market is expected to improve in the second half of the year."

More Good News

In Oklahoma, the unemployment rate declined to 5.6 percent in April, and 8 of its 10 statewide economic sectors reported job gains. The manufacturing sector actually added 8,700 jobs from April 2010 to April 2011.

One of Oklahoma's most powerful economic engines is its aviation and aerospace

sector. The state is home to 113 airports, three military bases, and a Tulsa-based American Airlines facility. According to Dave Wagie, associate director for economic development with the Oklahoma Aerospace Institute, aviation firms are responsible for \$12.4 billion of economic impact in Oklahoma as well as over \$4 billion in exports to 170 nations.

To understand Oklahoma better, just look at its capital, Oklahoma City. Over the past two years, Oklahoma City's average unemployment rate was one of the lowest in the nation at 6.1 percent, at least three percentage points below the national average. And in 2009 the city ranked first on CNNMoney's list of the best places to launch a business in America.

In the past two decades, the metro area has attracted 600 employers. Its list of major employers includes INTEGRIS Health (6,200 workers), the FAA Aeronautical Center (5,600 workers), AT&T (3,193 workers), Dobson Communications (2,466 workers), and Dell Communications (2,000 workers), m - Lisa A. Bastian

Copyright S/H Publications Incorporated Dec 1998. Provided by ProQuest LLC. All inquiries regarding rights or concerns about this content should be directed to [Customer Service](#). For permission to reuse this article, contact [Copyright Clearance Center](#).

HighBeam Research is operated by Cengage Learning. © Copyright 2014. All rights reserved.

www.highbeam.com