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University towns: hot job markets

Low jobless rates in college towns may have contributed to strong jobs growth nationwide.

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NEW YORK — From Bryan-College Station, Texas, to Madison, Wis., America's college towns are producing more than diplomas - they have become job machines.

The cap-and-gown nests, in fact, have some of the fastest economic growth and lowest jobless rates in the nation. This reflects a change in the way many universities now think of themselves: The ivory towers have been replaced by research parks working on cutting-edge technologies from stem-cell research to fuel cells.

In the Monitor

"In this recovery and expansion, the strongest-growing areas are education, government, and healthcare, and you tend to see all these things in college towns," says Fiona Sigalla, an economist at the Federal Reserve Bank of Dallas. "They are also places that have not seen major restructurings like our manufacturing and high-technology service sectors, which are a drag on economic growth."

These trends continued last month when the economy created 262,000 new jobs, the most in the past four months. Although the unemployment rate rose to 5.4 percent from 5.2 percent in January, this is attributed to the better job market encouraging more people to look for work.

The newly created jobs include 20,000 in professional, scientific, and technical services; 18,000 in education and health services; and another 21,000 for K-12 teachers.

"It's very clear that most of the jobs we have created and will create in the future will require higher skills and higher levels of education," says Mark Zandi, chief economist at Economy.com.

That observation is illustrated in the Bureau of Labor Statistics report on unemployment rates in metropolitan areas. As of last December, 107 cities had rates below 4 percent. The four lowest are: Bryan-College Station, home to Texas A&M, with a 1.8 percent unemployment rate; Charlottesville, Va., the University of Virginia (1.9 percent); Gainesville, Fla., the University of Florida (2 percent); and, Madison, Wis., the University of Wisconsin (2.1 percent).

Commercial forays

Many of the cities have thrived because professors and researchers have taken their knowledge base and stretched it to commercial development. That's happened to some extent at Texas A&M where researchers Oliver Murphy and Duncan Hitchens formed a company called Lynntech. In 1990, the two started the company with a fax machine and a telephone in a shed. Now, it has 141 employees helping with development and commercial production of scientific ideas.

"We try to hire locally," says Mr. Hitchens.

University towns are also major suppliers of healthcare and medical research. That's the case in Madison, where 7 out of 10 of the largest private employers are either in the healthcare or pharmaceutical industries. Many of those businesses are located in a cluster. "We are thinking about building a streetcar to physically connect them," says Mayor David Cieslewicz.

The city is also hoping to attract future employers by emphasizing its "healthy population," a concept that might lure businesses who are spending an increasing amount on medical care. One potential bump in this plan: Madison has one of the highest rates of binge drinking.

Even though the city has had a low unemployment rate for years, Madison sees other potential clouds on the horizon. The governor has called for cutting 10,000 state jobs over the next four years, and last year the state university system pared its budget by \$250 million. Now, Mayor Cieslewicz says, "We've identified the need to give a greater emphasis to the private sector, particularly the spinoff companies."

Overall, the state of Wisconsin has six cities with unemployment rates under 4 percent. Not surprisingly, each city hosts a college or university. Although the economies in each city is diverse, most have growing service sectors, says Pepi Randolph, the president of Forward Wisconsin, the state's economic development arm. "You would also find small business is thriving here," he says.

Pricey locales

Beyond Wisconsin, some areas are thriving even though they have a high cost of living. In Irvine, Calif., home to a University of California campus, the unemployment rate is 4 percent, even though the median cost of a home is close to \$500,000.

"Salaries are higher because they have to be able to compete in the housing market," says Beth Krom, Irvine's mayor.

One of the reasons people want to live and work in Irvine, a master-planned community, is because of the lifestyle, says Ms. Krom. It has dozens of community parks, miles of

hiking and biking trails, and scores of sports leagues for children. "It's a great place to raise a family," she says.

Another reason salaries are higher is because the university is on the cutting edge of technology, competing for some of the state's new stem-cell research dollars and working with industry on fuel-cell technology. The buzz has helped attract yet more companies: Recently Gateway moved from San Diego to Irvine.

Even though college towns have low unemployment rates, it hasn't stopped local officials from trying to create even more jobs. That's the case in Bryan, Texas, where Dennis Goehring says the 1.8 percent unemployment rate shouldn't scare anyone away. "People will migrate to jobs," he says.

And in Madison, Cieslewicz says the city has more jobs than people. But not all those jobs fit college graduates: The city has noticed an outmigration of people in their 20s. He says, "The city is famous for its PhD cabdrivers."