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By **Laylan Copelin**

AMERICAN-STATESMAN STAFF

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Are Austin and Texas losing their high-tech mojo?

Hardly.

But while Texas is second only to California in total high-tech employment, the state's sheer size masks an underlying problem: Texas ranks only 16th per capita when it comes to high-tech workers.

Likewise, Houston, Dallas and Austin shed high-tech jobs overall during the past decade, and not one of those cities hit the top 10 of "The Best Cities for Technology Jobs," a recent study by NewGeography.com and Praxis Strategy Group that first appeared in Forbes.com.

That was the backdrop Thursday for a conversation at the Texas Public Policy Foundation's 10th annual policy orientation for the Texas Legislature. The foundation, the state's most prominent conservative think tank at the Capitol, is led by many of Gov. Rick Perry's allies.

Bill Peacock, the foundation's vice president for research and planning, said that the state's job creation record — a focal point in the presidential campaign — leads the nation but that the high-tech sector hasn't followed in lock step.

"Why is Texas doing so well in overall job growth but not in technology?" Peacock asked.

In Austin, for example, the region lost 19 percent of its high-tech jobs, including as many 17,000 in semiconductor, computer and circuit board manufacturing over the past decade.

By comparison, the NewGeography study ranked Seattle as having the steadiest and most sustained growth in tech jobs. Austin was 32nd in that study.

Although Austin is adding a vibrant software element in social media and Internet startups, it hasn't recouped all of the lost jobs.

Dell Inc., the region's largest high-tech employer, wasn't immune.

Dane Parker, the company's vice president of global facilities, said Dell added more than 1,000 jobs in the Central Texas region last year. Despite that, the company remains about 4,000 jobs short of

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Parker said.

As Dell emphasizes computer services, rather than just manufacturing, he said, "the jobs we are creating are not the same jobs we used to create."

The opportunities in high-tech are growing exponentially, Parker said. By 2014, 3 billion people are projected to be electronically connected by the Internet or mobile devices.

Parker cited one estimate that the digital universe — the amount of data created — doubles every 18 months. By 2020, the digital universe is expected to be 44 times larger than it was in 2009.

However, the competition for Austin and Texas is global, not just from other states.

"Governments all over the world realize technology is the answer to their economic problems," said Jeff Clark, executive director of the advocacy group TechAmerica Texas.

One reason is high wages.

In Texas, the average wage for a high-tech worker is \$84,000, Clark said, compared with the state's overall average of \$46,000.

Clark said companies tend to leave in pursuit of lower labor costs, predictable regulations, access to markets, incentives and a skilled workforce.

Given a recent Dell example, however, it will be difficult for Texas to match incentives offered by China.

Parker said Dell was offered the use of a building for five years and a "holiday" from taxes for the first few years. Subsidized housing was built for workers who also received a tax break on their income.

On the national front, Parker said, lowering the federal corporate tax rate would make the United States more competitive.

"Outside of Japan, this is the most expensive country to operate in," he said.

Parker said the tax code discourages corporations from returning overseas profits to invest in the United States.

"We lose 35 percent of everything we earn somewhere else," he said. "We've got a lot of capital, but we can't get it back" to the United States.

On the state side, Clark said Texas could improve its 31st ranking in research and development spending by restoring the sales tax exemption for the purchase of equipment used in high tech research.

"It's our No. 1 priority," Clark said of the 2013 state legislative session.

Parker and Clark also cited education and a skilled workforce as issues.

Clark said U.S. students rank 13th in science and 17th in math.

He suggested more money for Texas classrooms, including greater stipends for math and science teachers, and greater use of technology in schools. He also said the state should do more retraining of engineers whose skills are dated.

Parker said more Texas students need to pursue a college education.

With a high school degree, "Your career will begin and end in sales and tech support" at Dell, he said.

On immigration, Clark said the United States requires foreign students who graduate from American universities to leave the country after graduation before applying to work here

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