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Dear Client:

This week marked the beginning of a new presidential era at UTAustin. But as you might expect, some priorities remain the same.

Raising graduation rates is a big priority for UTAustin, as it is throughout The University of Texas System nine academic institutions. In fact, the UTSysstem Board of Regents at its upcoming meeting in Austin 2/8-9/06 is scheduled to review and adopt specific measures to improve graduation rates. Regents' chair **James Huffines** said of the problem: "we intend to act swiftly and decisively."

What is the scope of this problem? Consider that nationwide, 52% of first-time, full-time, degree-seeking public university students who began their education in 1996 took *six* years to graduate. **Rates at UT institutions were lower than this national average**, with five institutions recording *six*-year graduation rates below 37% for the same period.

You can't pinpoint one reason for the low graduation rates. Every student who drops out of college usually has multiple reasons for the decision. But lack of academic preparation and poor first-year college performance strongly predict who will fail to graduate. So one of the plans calls for **higher education institutions to work more closely with public schools**, so the schools better understand the skills students need to succeed in college.

Obviously, there is more to it than that. At large campuses like UTAustin, supplemental instruction and freshman interest groups have proven particularly successful in retaining students. **These freshmen are offered extra classes** taught by graduate students who have been trained both about the subject matter and how students learn.

It's rare these days to find students who zip through demanding colleges such as UTAustin in four years. But those who take six years to get a degree cause other problems on campus – such as overcrowding. If they get in and out in four years, instead of six, more students can be successfully taught without placing an undue burden on faculty and facilities. All you have to know when you see where UTAustin ranks among the nation's elite public institutions is that **a high faculty-to-student ratio continually lowers UTAustin's rankings**. If enrollment were reduced because of higher graduation rates, UTAustin would rank even higher.

So what is the enrollment target at UTAustin? At one time, the Forty Acres was the largest single university campus in the nation. But UTAustin officials felt bigger was not better and now the stated goal is to reduce enrollment.

After mushrooming to more than 50,000 students for several years, university officials created a Task Force on Enrollment Strategy. Following the report of the Task Force, the university's goal is to continue to **limit admissions each year until it reaches an enrollment of 48,000** – which still makes it a very large student body.

Where does enrollment stand now? **The total tally for fall 2005 was 49,791** (which includes 458 students who were displaced by Hurricane Katrina). Despite efforts to limit enrollment, the number of entering freshmen totaled 6,938.

The new president, former law school dean **Bill Powers**, is intimately familiar with the enrollment problems. **He's been here during the high enrollment periods.** He joined the law school faculty in 1977 and served as dean since 2000, until 2/1/06 when he assumed the presidency. (By the way, before getting his law degree from Harvard, Powers earned his bachelor's degree in chemistry from the University of California, Berkeley.)

One of the key components of enrollment management has to do with how much it costs a student to attend UTAustin. You may recall a major milestone of **Larry Faulkner's** presidency was to gain legislative approval so that tuition was no longer set by the state, but by the educational institutions themselves. UTAustin for years has been one of the biggest educational bargains in the nation.

The university's Tuition Policy Advisory Committee has recommended **average tuition increases of 5.5% and 3.9%** for resident undergraduate students for the next two academic years. Graduate and non-resident students would see similar increases. Part of the increased revenue would go to hire additional faculty to reduce the student/faculty ratio.

Tuition increases are not the only changes on UTAustin's horizons. President Powers this past year while serving as law dean, chaired a Task Force that **proposed major changes in UTAustin's core curriculum.** Powers' group endorsed some of the recommendations of the Commission of 125 (citizens who completed a two-year analysis of UTAustin in 2004).

They agreed UTAustin's core curriculum is outdated and that today's graduates require a broader education — particularly in the areas of science, technology, the humanities, global cultures, multicultural perspectives and leadership. The Task Force recommendations have been delivered to the UT Faculty Council for consideration.

All this underscores the fact that **President Powers will have a lot on his plate** while serving as CEO of one of the state's largest and most important enterprises.

For the second consecutive year, Austin has earned the #2 spot on *MovieMaker* magazine's list of the Top Ten American Cities to be a MovieMaker.

Austin has appeared on the annual ranking of the “**best places to live, work and make movies**” for six consecutive years. This year it trails only New York City.

MovieMaker magazine cites Austin as a **stalwart for making independent films**, saying “each year, the Austin Film Commission manages to outdo itself in bringing exciting new programs and initiatives to the city, from the smallest detail to the biggest.”

“Best of all, the city respects the passion and pocketbooks of its indie community,” says *MovieMaker*. “They know that moviemaking is a win-win situation, whether you’re making a multimillion-dollar feature film starring **Sandra Bullock** or a \$50 production with your dad’s digital camcorder.”

The director of the Austin Film Commission, **Gary Bond**, notes that “Austin has made the cut each year that *MovieMaker* has compiled this list. Thankfully, Austin’s government and residents realize the **important financial and cultural impact that filmmaking has on the community** and offer their utmost and continued support of the industry. That kind of enthusiastic support continues to draw filmmakers’ attention to us.”

Just three weeks ago, in our 1/13/06 edition, you learned that in 2005 (also for the sixth consecutive year) **Austin leads all Texas cities in film and television total production budgets**. What’s more it’s not even close. The Austin area counted more film production budget dollars (\$78 million) than all other Texas cities combined. Dallas-Fort Worth was 2nd with \$43 million. Put it another way, Austin carved out 56% of the film production pie in 2005.

Austin’s home-grown computer manufacturer, Dell Inc., is adding 5,000 jobs over the next two years – in India.

Late last year, Dell employed about 18,000 people in the Austin Area (down from a peak of about 22,000). For comparison, with the announcement this week, **Dell will have about 15,000 workers in India when all is said and done**. Currently Dell has three (soon-to-be-four) call centers, a product testing company and a global software development and back office work – all in India.

This shouldn’t come as a surprise as Dell execs almost a year ago indicated it would make India a hub for its software development and back office work. **Dell is also talking about setting up a manufacturing center in India**. This would help Dell increase sales in that large country. Dell has less market share of computers in India than it does worldwide.

At the risk of focusing too much on one institution in this edition, we felt we must share some interesting insights into what the president of UTAustin endures.

Before assuming the title of President/CEO of Houston Endowment 2/1/06, **Larry Faulkner** reflected on some unusual experiences encountered during his UTAustin presidency: “Whether I was **showing a photo of Bevo and explaining the expression ‘Keep Austin Weird’ to an audience in China**, or describing the economic power of higher education at an international symposium high above Lake Geneva, this job has provided many challenges and insights.”

He said his strongest memories are “rooted in Texas,” such as “parading into the Astrodome astride a horse; **donning a prayer shawl from the Dalai Lama at the Erwin Center**, gazing at the stars through great telescopes in the mountains of West Texas; watching the Longhorns compete with brilliance in Austin, Omaha, New Orleans, Atlanta and Pasadena.”

His recitation continued: “Meeting eager students and hopeful parents in their hometowns; **jousting with public leaders across committee tables in the State Capitol**. But above all – lighting the Tower at Commencement in the moment of success for each year’s graduates.”

Faulkner earned his undergraduate degree at UTAustin, left to move up the ranks in academia and returned eight years ago to lead this university. Continuing his reflection, Faulkner said “You welcomed Mary Ann and me back into The University of Texas family and that kindness has been one of the great pleasures of the job. **For me, as for thousands of people whose lives were shaped here, the Forty Acres will always be a special place.**”

Dr. Louis Overholster has a problem with the way many of his patients overeat and indulge themselves. He’s especially worried about this weekend’s Super Bowl Game. As he put it: “Super Bowl viewers will eat an estimated 3,000 calories on game day. Or as most of my patients call it, Sunday.” He said the game is a testament to strength, athleticism and physical fitness. “But my patients will watch this display from their couch as they drink beer and eat nachos!”

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