

THE

*Real Spelce*

# AUSTIN LETTER

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Dear Client:

**Years ago, a UTSYSTEM medical school was envisioned for Austin. This was considered ambitious at the time. But now that vision has exploded to where a medical school will simply be one component of a full-fledged academic health center.**

This plan is still in the formative stage so the details of a “full-fledged academic health center” have yet to be publicly revealed. **But if a medical school – which is a big deal in and of itself — is only a part of the vision, the ultimate plan may be quite grandiose.**

But there’s more. Look at other examples of academic health centers. **They have a way of growing as medical research, teaching and treatment methods expand exponentially** – overlapping with various disciplines. So, when the plans are finally publicly announced, you can anticipate they will grow beyond that over the decades ahead.

This is more than some fuzzy-headed dream. It has the backing and dedication of some **very powerful and experienced players pushing to make this a reality** – and the first steps have already been taken.

You’ll recall a 15-year academic affiliation agreement has been signed between the huge Austin medical complex under the **Seton Family of Hospitals** umbrella and one of this nation’s most prestigious medical educational institutions, Dallas-based **UTSouthwestern**. The well-funded and highly-regarded **UTSystem** is also a signatory to the agreement. Beyond this, **UTAustin**’s nationally-recognized research disciplines are waiting in the wings for future collaborations.

A major medical research enterprise located in Austin will be hugely important in many differing ways. The obvious way is the **attraction of top-flight medical personnel to Austin that will ultimately raise the level of medical care for the metro area.**

But it goes beyond this. It is difficult to overestimate the economic impact. We’re not just talking about the direct jobs that will be created, even though high-paying jobs will be an obvious part of the academic health center. The ancillary businesses and other enterprises that will be created will also have a far-flung economic influence. When all aspects are considered, this **expansion of academic medicine may be the most significant economic development to occur in the Austin area over the next few decades.**

**While on the topic of academia, UTAustin next month is likely to levy a significant tuition increase on its undergrads and grad students. When a tuition increase was levied recently in California, it turned nasty and violent on many campuses.**

The tuition increases in economically-challenged (this is an understatement) California are huge compared to what is being considered at UTAustin. But, as you may have noted in our 12/4/09 edition, we quoted a California observer as saying “...**and the students protesting tuition increases of more than 30% are trashing the buildings.**”

The situation at UTAustin is quite different. First of all, the recommended tuition increase is 3.95% per year for the 2010-11 and 2011-12 academic years. Even with an added \$65 fee backed by 75% of the students in a campus-wide vote to build a Student Activity Center, the **increased cost ranges from about 4% to a little over 5% – a far cry from California’s 30%.**

Secondly, the **recommendation was made by a panel of UTAustin students, faculty and administrators** that said “the increases are essential to enable the university to remain one of the nation’s premier institutions of higher education and pursue its goal of being one of the best public institutions in the nation.”

The panel noted that an increase was needed to “**avoid budget cuts** that would jeopardize the university’s quality of education and level of student services.” President **Bill Powers** will review the panel’s recommendations and submit his final tuition increase proposal to the UTSytem Regents by the end of January.

According to the committee, **without a tuition increase, the university would have to cut its budget** by a minimum of \$17.3 million in 2010-11 and \$14.2 million in 2011-12 “simply to balance the budget.” UTAustin VP/CFO **Kevin Hegarty** said the tuition increases would not eliminate the need to generate incremental funding for such items as salary increases, faculty hiring or increasing graduate student support. He recommends **re-allocating monies from lesser priorities** to fund salary increases, continuing to hire faculty and to increase graduate student support.

But can the students afford this financial hit? There is help for students who find this could be a steep financial hurdle. State law requires that 20% of the flat rate tuition increase for resident undergraduate students and 15% for resident graduate students be set aside to **provide financial aid grant assistance** to Texas residents. How does this translate into actual available dollars? It is estimated that the tuition **hikes will generate about \$3.2 million in financial aid funding each year.**

Why is this important to non-academic types? The answer to this question is in the previous story. **UTAustin is the single most important engine for the economic health for the Austin metro.** As UTAustin excels, it enhances the economic viability of the Austin area.

**As you look ahead to 2010, hurricane experts are predicting above-average hurricane activity, following a very quiet 2009 hurricane season. And Texas is included in this forecast.**

The Tropical Meteorology Project, now in its 27<sup>th</sup> year at Colorado State University, is suggesting that **between 11 and 16 named storms and six-to-eight hurricanes will occur between June 1 and November 30, 2010.** Of those, between three and five are expected to be big ones – at least Category 3 storms. Category 5 is the strongest hurricane category.

The hurricane experts are saying there is a **40% chance at least one major hurricane will strike the Gulf Coast between Brownsville, Texas and the Florida panhandle.** This is 10 percentage points above the long-term probability.

Also, the forecasters predict there is a **64% chance at least one major hurricane will strike a US coastline.** This is 12 percentage points above the long-term probability.

Why the increase? The co-head of the Project, **William Gray**, says “We anticipate the **current El Nino event to dissipate** by the 2010 hurricane season and **warm sea surface temperatures are likely to continue** in the tropical and North Atlantic during 2010 – conditions that contribute to an above-average season.” About seven weeks before the hurricane season officially begins, the Tropical Meteorology Project will release another report.

**Also, for 2010, you may start getting hit with hefty charges by rental car companies if you book a “just in case” car, then fail to rent the vehicle.**

Avis is expected to take the lead. **It will start requiring a credit card with reservations. Then, if you don’t cancel 24 hours in advance, you could be hit with penalties.** This policy may not be in force at all times – only at certain times of the year and at selected locations at first. Look for other car rental companies to follow suit.

**Those pesky airline fees could soon be taxed. Seems some members of Congress claim the fees are being imposed on passengers as a way to bypass paying taxes.**

Airlines pay a 7.5% tax on ticket revenues, but none on the various fees. If the fees are taxed, lawmakers say this would **generate about \$225 million more for the trust fund for airport improvements.** Look for Congressional hearings in 2010, maybe a Washington investigation.

**Businesses also want changes in the fees.** They’re a nightmare to budget for and tough to audit for employee abuses of company policies. So businesses are seeking voluntary standards.

**The fruitcake – that much cussed and discussed food item at Christmas time – has its roots in Texas since 1896. So, you see, it could be considered “patriotic” to give a fruitcake this holiday period! At least that could be the justification you use!**

The fruitcake didn't originate in Texas, but it has been baked by the same outfit in Texas for more than a century. The recipe was brought to Texas from Wiesbaden, Germany. And the Collin Street Bakery in Corsicana has become famous worldwide for its fruitcakes. It's quite an operation. In fact, **the bakery ships its Texas fruitcakes, pecan cakes and other delicious pastries to 196 countries.**

Texas Comptroller **Susan Combs** compiled some other interesting tidbits about Texas and the holidays. For instance, did you know that in 2007, **Texas producers contributed 75 million pounds of pecans** toward the record United States total crop of more than 385 million pounds?

And what about Christmas trees? **Texas has approximately 150 Christmas tree farms across the state, producing 200,000 trees annually on 2,500 acres.** Christmas trees have been grown commercially in Texas since 1977. Virginia and Afghan pines are the most common Christmas trees grown in Texas.

Abilene, Lubbock and Wichita Falls have a 3% chance of having a white Christmas and Amarillo has a 7% chance of having snow on December 25<sup>th</sup>. **Austin? Forget it. Austin and the other major cities have a nearly zero chance of a white Christmas,** according to climate data gathered over the years.

Speaking of the holidays, for the past 30 years we have taken a two week hiatus from publishing this newsletter. As a result, this will be the last newsletter that carries a 2009 date. Your next edition will be posted on our web site January 8<sup>th</sup>, 2010. We hope you enjoy your holidays and that 2010 will be a year of success and accomplishment for you. And if you travel during this period, keep in mind what happened to **Dr. Louis Overholster** at Austin-Bergstrom International Airport. He asked the attendant why mistletoe was hanging over the baggage check-in area at Austin's airport this holiday season. He was told: “So you can kiss your luggage goodbye!”

Sincerely



Editor/Publisher