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Dear Client:

**The very public struggle over *funding* for UTAustin has been chronicled here and elsewhere. But another challenge — about *ideology* — is flying below the radar and it could have much more far-reaching implications for UTAustin's future than a biennial budget battle.**

Veteran political writer **Paul Burka** is claiming in the April 2011 issue of *Texas Monthly* (due on the stands any day now) that Governor “**Rick Perry is waging an undeclared war on higher education – in particular, on the state's two flagship institutions, The University of Texas and his own alma mater, Texas A&M.**” Pretty strong words.

Here's how Burka backs up his claim. He says “Perry has delegated higher education policy to the **Texas Public Policy Foundation (TPPF)**, an Austin-based conservative think tank, which has produced an **ideological blueprint** for how the state's universities should be governed.” The objectives are accountability, transparency, and productivity. And one of the reforms suggested by the TPPF is to “split research and teaching budgets.”

“This may not seem like a big deal,” writes Burka. “The idea is simply to increase transparency and accountability by **emphasizing teaching and research as separate efforts in higher education.** But many observers, myself included, suspect that **the real agenda is ultimately to curtail the role of research in higher education.**” Why? “Because it costs money,” he says.

Burka points out that a paper on the TPPF website says academic research consumes two thirds of every dollar spent in American universities. “**Once the public sees how much more money is spent on research than on teaching, it will demand that spending on research be cut,**” Burka concludes.

TPPF is proposing many reforms. “Several of the TPPF's recommendations have already been put into practice at Texas A&M,” Burka wrote. “**UT has resisted so far, but the administrators I spoke with believe the battle is likely to be a losing one.**”

**What about the two institutions' ruling bodies, their Boards of Regents?** We'll examine what Burka says about their role in making governance decisions. Also what did UTAustin president **Bill Powers** tell Burka about splitting the research and teaching budgets? Both of those key points will be examined in the next item.

**Proposed higher education ideological reforms are controversial, with strong feelings on both sides. But the debate has yet to reach the “big headline” stage. That could be changing.**

The pot was stirred this week when an influential UTAustin alum sent a mass emailing expressing his concerns about some of the reforms proposed by the Texas Public Policy Foundation (TPPF). Fort Worth attorney **Gordon Appleman** wrote: “I believe that The University of Texas at Austin and other institutions in the UT System are at risk of **serious, long-term, perhaps irreversible, degradation in academic stature...**”.

Appleman was critical of the newly-appointed Chair of the UTSYSTEM Board of Regents, the governor and TPPF. And he asked recipients of his 5-page email to “**contact persons interested in Texas higher education and tell them that you oppose the new direction for UT universities** as devised by the Governor, the Chairman, and others.” Appleman’s action is likely to widen the discussion, resulting in more media coverage.

Of course, **Paul Burka** writes in a very important media outlet, *Texas Monthly*, and his writings there will probably trigger other media to examine this story as well. Burka said the focus on separating “teaching and research” really “amounts to **a frontal attack on the classic model of a research university**” such as UTAustin and TexasA&M.

Burka went on to write: “‘Teaching and research are inextricably linked,’ UT president **Bill Powers** told me. ‘**Splitting the research and teaching budgets devalues the synergy between two essential components that are the essence of a world-class institution**’.” But beyond this quote, not many public utterances are coming out of the university community, possibly because the chairman of the UTSYSTEM Board of Regents had cautioned that administrators “remain positive” in their comments to the legislature.

New Regent Chair **Eugene Powell** was criticized for recent comments, but in an email explanation of his remarks he wrote that “**excellence at UT Austin must include strengthening and expanding its world-class research...**”. This didn’t satisfy Appleman. He moved forward with his email campaign.

**Make no mistake, the reform initiative of “accountability, transparency and productivity” has strong support.** At the very top, the governor embraces it. And remember, he has appointed all the members of the various Boards of Regents that will make most of the important ideological decisions. Further, it is likely the boards will cater to his wishes.

Why? Because, in the past after the boards defied the governor by naming **Francisco Cigarroa** (instead of former State Senator **John Montford**) Chancellor of the UTSYSTEM and **Robert Gates** (instead of former US Senator **Phil Gramm**) President of Texas A&M, his appointees since then appear to be much more loyal to the governor.

**Could it be that the Austin housing recovery may well be stronger than anticipated? The stars seem to be aligning for an apartment boom.**

Look at the fundamentals for strong apartment demand. **The only glitch in the fundamentals is that lease rates for apartments are generally high** and, with a surge in demand, will continue to increase. But the other factors are present in spades.

For instance, **tighter lending standards for homes tend to push prospects into apartments.** To get a mortgage in tight times, it usually takes a hefty down payment. And “tight times” by definition indicate **cash money may not be available for a big downy on a house.**

Apartment renters generally come from a younger demographic and that demographic is increasing at a dramatic rate in the Austin area. *The New York Times* reported January 12, 2011 **that more people ages 25-34 moved to Austin from 2007 to 2009 – than to any other city in the nation.**

All this is bolstered by what we have previously reported: the demand for apartments is increasing in Austin and **developers are moving quickly to build more units.**

**In Central Texas, a city often overlooked in economic reporting, Kyle, is bragging about some pretty spiffy economic numbers.**

Pointing out that Kyle has been one of the fastest growing cities in Texas – going from a small town of approximately **5,000 in the year 2000 to approaching 30,000 currently** – Mayor **Lucy Johnson** cites the following:

Even though most of the country has experienced downturns in jobs, sales tax receipts and property tax valuations, **Kyle has added jobs, seen steady increases in sales tax receipts at a rate exceeding 10% of previous years, and has increased the tax base by almost 50% since 2006,**” she pointed out.

Rated as the Most Affordable City in Central Texas, Mayor Johnson said **“economic growth doesn’t have to mean pricing out current residents from their homes.** We are proud that our rise in home values has come with better jobs and better opportunities for Kyle’s residents.”

**Update: The Federal Transit Administration and the City of Austin have officially begun the process of preparing an Environmental Impact Statement for Austin’s proposed 16.5 mile Urban Rail System in Central Austin.**

**The idea of a tunnel for Waller Creek, along with beautification of the creekside as it flows through downtown into Lady Bird Lake, has been around for more than 30 years. Where does it stand today?**

Wonder of all wonders! The project will be formally launched with a groundbreaking sometime in April. In just a few weeks, SJ Louis Construction of Texas will create an entrance shaft close to Fourth Street, just west of IH35 and use **specialized boring equipment to construct the approximately mile-long, 26-foot diameter tunnel.**

This action comes following a \$49.5 million construction contract that was approved by the Austin City Council last month. When the tunnel is complete and is capable of carrying massive amounts of floodwaters, **almost 28 acres will be removed from the 100-year floodplain.** This opens up all sorts of development possibilities that are currently restricted due to the floodplain designation.

“The Waller Creek Tunnel Project is a long-term investment in Austin’s future and an opportunity to **turn a forgotten, flood-prone creek into a vibrant part of downtown,**” exclaimed Council Member **Sheryl Cole.** An informational briefing on the project will be held from 4pm-5pm at the Hilton Garden Inn, 500 North IH35, Thursday 3/24/11.

By the way, two existing buildings will be removed adjacent to the mouth of Waller Creek as part of the project. In their place, a new 10,800 square foot **Parks and Recreation Boathouse (with public restrooms) will be built near the storm water lagoon of the tunnel.**

It will also feature a **public-accessible lobby, observation deck and vending area,** along with boat storage and office space. Construction is expected to last 12 to 14 months. During this construction, there may be periodic detours along portions of the Hike and Bike Trail

**Dr. Louis Overholster** likes the new word: Adminisphere. It refers to the rarefied organizational layers beginning just above the rank and file. Decisions that fall from the Adminisphere are often profoundly inappropriate or irrelevant to the problems they were designed to solve.

Sincerely



Editor/Publisher