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Dear Client:

Unsettling changes in healthcare appear to be the norm these days. Will this pervasive uncertainty impact UT Austin's Dell Medical School when it opens its doors in 2016?

Thoughtful questions abound around the entirety of US healthcare. More narrowly, how will *hospitals* deal with the changing healthcare landscape? How will *doctors* deal with it? Closer to home and UT Austin's ambitious medical school project, **will anyone want to get into the medical profession if it becomes a government-regulated utility?**

One way to explore answers to these questions is to see **how young people are viewing the massive changes going on in the medical field.** A report from the Association of American Medical Colleges (AAMC) provides a bit of insight and Texas A&M economist **Mark Dotzour says "the news is positive."**

The report notes that a record number of students have applied to and enrolled in medical schools in America in 2013. The number of applicants increased by 6.1% to 48,014. This total surpasses the previous record high experienced in 1996.

In fact, for the first time in history, the number of students enrolled for their first year of medical school exceeded 20,000. This survey supports the idea that there is a continued and growing interest in students wanting to become a doctor.

How does Dotzour explain this? "The older generations (including me) are unsettled by the massive change in many areas of our lives. **But the younger generations don't have the history and experience of 'what used to be.'** Clearly, some young people still want to become doctors and serve people," he concludes.

This AAMC survey appears to bolster the significant investments by the voters of Austin, the Seton Healthcare Family and UT Austin to support such a daunting undertaking as building a medical school and allied enterprises from scratch. And not just *any* medical school – one with a purpose that will build upon UT Austin's oft-stated premise that "What happens here changes the world." (Click on the "Archives" box at the top of the page and go to last week's April 11th 2013 issue for the details on the "official" launch of construction that will be staged onsite Monday, April 21st, at 15th and Red River Streets.)

For precisely four years running, sales tax revenue in Texas has increased each and every month. This is one barometer of a healthy economy. And the huge oil and gas boom in Texas is a major contributor to this increase.

Sales at retail operations are generally the bellwether of these reports. And retail sales are still healthy. But in recent reports from the State Comptroller, **the growth in sales tax revenues has been led by business spending in the oil and natural gas mining sector**, along with wholesale trade and construction sectors.

By most estimates, this oil and gas boom will continue for years, maybe decades. And, importantly, many are convinced the boom will get much boomier (if that's a word; but even if it's not, it tells the story)!

This is extremely good financial news for Texas – not just for those directly or even indirectly involved in oil and gas business. **Revenues are gushing into the coffers of the State of Texas, providing an ever-growing source of revenue to finance an ever-growing state.** As the home of more state offices/employees than any other region in the state, **the Austin area should feel a positive financial impact from all the oil and gas activity elsewhere in Texas.**

The positive outlook for Texas financial future is getting better and better as long as Russia continues to flex its empire-building muscles by bullying its neighbors. European nations are upset with Russia. This could help Texas in the long run.

Texas primarily, as well as other US states, has plenty of natural gas to sell. In fact, some estimates say that US gas reserves, now accessible via modern drilling methods (fracking), tally a **century's worth of supply!**

So how could this work? The US and other nations appear to have no appetite for military options to curtail Russia's aggressiveness. So, the plan is to increase the economic pressure on Russia. One element of that could be to cut Europe's heavy reliance on Russian gas by **increasing shipments of Liquefied National Gas (LNG) from Texas to Europe, where gas prices are higher than here.**

LNG plants on the Texas Gulf Coast have already been approved for exports and more are on the way. This will add to the already-increasing price of Texas gas and, in turn, generate more drilling rigs and payrolls (already at record highs), more investment and more revenue for state government.

This will not be a flash in the pan. **Ramping up gas exports will take years.** Meantime, West, South Texas and East Texas will continue the boom times. Houston and Midland-Odessa will thrive. **And the tax dollars will inure to the benefit of the Austin area economy.**

Another indicator of the dominance of the oil and gas sector on the Texas economy: job growth.

The increase in jobs in Texas in February was 2.7% annualized, compared with 1.5% for the US. And **the state's oil and gas industry ranked first in job creation**, according to the *Monthly Review of the Texas Economy*, published by the Real Estate Center at TexasA&M. And guess which Texas metro ranked first in *job creation*? **Oil and gas rich Midland was #1. Midland also had the state's best unemployment percentage.** Detect a pattern here?

Did you know that one of Austin's largest tech employers has a cash stockpile that more than triples the cash currently in the coffers of the US government? Two other tech giants also have more cash on hand than the Feds.

According to a report this week from the West Coast, **Apple Inc. had a \$158.8 billion cash stockpile. This more than triples the \$48.5 billion in cash held by the US government.**

While Apple's cash and cash equivalents are by far greater than other companies, two other tech titans also have more cash than the Feds' \$48.5 billion. **Microsoft has roughly \$84 billion and Google reports \$58 billion.**

Of course, many companies don't usually sit on piles of cold hard cash. **They hold short-term US Treasury notes and bills** (among other investment vehicles). And therein lies a bizarre bit of information. The short-term Treasuries actually represent **additional money owed to businesses by the government.**

Forbes explains it this way: "We could, at this point, suggest that **the Treasury actually has a negative amount of cash because the amount it appears to have is less than it owes Apple and Microsoft** in these short-term Treasuries."

Speaking of money, the Lower Colorado River Authority (LCRA) this week took a big step toward increasing the amount of stored water available to Central Texans. It is seeking a \$250 million loan to build a reservoir downstream from Austin.

The LCRA is looking to the State of Texas for the money, instead of the open market, because it says it could get more flexible terms and a lower interest rate. **If approved, the money will build a reservoir in Wharton County. This will lessen the load on the lakes Travis and Buchanan reservoirs.** And Wharton County, nearer the Gulf Coast, generally gets more rainfall than the Travis/Buchanan watershed in the Hill Country. The new reservoir project is still a few years from completion.

So, how much did Austin's two favorite movie celebrities -- Sandra Bullock and Matthew McConaughey -- earn in what was a big movie year for both of them? And which celeb earned more than three times as much as the other?

Sandra Bullock's big movie of the year, *Gravity*, won seven Academy Awards and Bullock was nominated for Best Actress for her starring role. **Matthew McConaughey won the Best Actor Oscar for his star turn in *Dallas Buyers Club*** that won three Academy Awards. Yep, it was a very good year for both of them. So, how much did they earn, according to *Parade's* annual "What People Earn" survey that was published this week?

Bullock took home the big bucks. Her estimated take: \$63 million. *Gravity* and *The Heat* were both among the Top 15 highest grossing films in the US in 2013. *Parade* noted about reports that she'll ultimately make \$70 million from *Gravity* alone, she said "That was news to me."

But don't feel sorry for McConaughey. *Parade* estimated he earned \$19 million. "His career reinvention, including his Oscar-winning role in *Dallas Buyers Club* and the HBO series *True Detective*, has been dubbed 'the McConaissance.' Not only did he lose his tan and about 38 pounds off his chiseled body for the *DBC* role, his upfront fee was less than \$200,000.

By the way, this annual survey is quite popular. "**There's no issue of *Parade* that's more talked about than our annual What People Earn survey,**" said Maggie Murphy, editor-in-chief of the magazine that is published in Sunday newspapers. Regular, everyday workers are profiled in the edition, alongside such novelists like **E. L. James** who earned an estimated \$51.7 million. Who? You know -- the mommy porn author who wrote *Fifty Shades of Grey*, making her #1 on *Forbes'* list of the world's top-earning authors. FYI, her real name: **Erika Leonard.**

Dr. Louis Overholster is quite a prankster. You may have been "pranked" by him as he occasionally sits in his parked car, with sunglasses on, and points a hair dryer at passing cars. He gets a chuckle out of how many Austin drivers quickly show down!

Sincerely,



Editor/Publisher