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Dear Client:

An important, but little-noticed, step was taken this month that decades from now may be marked as the tipping point that resulted in UTAustin becoming an upper-classes/graduate school institution – with freshmen and sophomores an insignificant part of the university.

UTAustin already enjoys a **worldwide reputation as a great public institution of higher education. It is publicly on the record to become “the best.”** And it has a student body that ranks among the largest in size. But, in many cases, 50,000 students make it difficult to attain that lofty status due to such things as strained facilities, high faculty-student ratio, etc.

So, how could UTAustin re-shape itself to become the best of the best? One way is to **concentrate on teaching the very best college juniors, seniors and graduate students -- after they have proven themselves qualified to enroll in upper level classes.** The important first step taken this month could provide an outline of what a re-shaping might look like.

Austin Community College (ACC) and UTAustin will enter into a joint program this fall. Here's the way it will work. Each semester, participants in this new freshmen/sophomore effort will **take one course at UT and their remaining courses at ACC.** The students could participate in campus activities at UTAustin and ACC, as they will be **qualified enrollees at each institution.**

Once the student has **passed college-level math and English composition and earned the state-mandated 42 credits of core requirements – with a minimum of a 2.5 grade point average** – the student could transfer automatically to UTAustin. After transferring, and the student is taking all his/her courses at UT, once they earn enough credits that count toward an ACC associates' degree, they will have that conferred upon them while working toward a degree at UTAustin.

ACC would have the burden of teaching all but one course per semester for the freshmen and sophomores and, conversely, **the demands upon UTAustin for these students is dramatically diminished**, freeing up facilities, faculty, etc.

This is a baby first step. Only a few hundred students may enroll in the joint effort this fall. **But you can see if this program is an unqualified success – or even if it needs tweaking – it could expand.** Check out the next item for some critical *fine print* points in this program.

Thousands of high school graduates are turned away from UT Austin because they can't meet the stringent admission requirements. What about those who *do* qualify but are turned down? A new path for them to get a UT Austin degree may be the wave of UT Austin's future.

In its wisdom, the Texas Legislature years ago enacted a law that grants any Texas high school graduate, who ranked in their school's top 10%, the right to enroll in any of the state's 38 public universities. This obviously included UT Austin. But due to the pressure of so many Top 10% graduates clamoring to enroll, UT Austin received dispensation to limit its applicants to the Top 8%. This year about 1,400 applicants who ranked in the 9th or 10th percentile were denied admission. In most cases, these Texas high school graduates were well qualified to enroll at UT Austin, the state's flagship university.

Back to the previous story for just a minute, where the possibility was raised that freshmen/sophomore classes could greatly diminish in importance down the line at UT Austin. The new Austin Community College/UT Austin joint effort probably raised a question in your mind: **do the students who will enroll at both institutions, taking one course per semester at UT Austin and the rest at ACC, meet UT Austin's stringent requirements to enroll?** (FYI, a mind-blowing record 38,000 students applied at UT Austin for the 2013-14 freshman class!)

This is where the *fine print* comes in. The participants in this joint effort are **by invitation only**. Letters of invitation have gone out to the 1,400 high schoolers who were denied admission to UT Austin because they missed making the Top 8% at their high school by just thisssss much. Under state law they qualify for automatic admission at all of the 37 other Texas higher ed institutions. So, at this initial stage of the joint effort, the students who are being asked to participate have a high degree of success built in.

Of course this new program will have its share of critics. And the hypothesis that in the long term UT Austin may move away from the first two years of undergraduate education will probably create apoplexy among some. However, it should be noted that there has been no public utterance that this development is a likelihood. Just thinking out loud with you.

Two different reports bolster the fact that Austin is the best place in the US for recent college grads – especially if the grad is inclined to be an entrepreneur.

The first study concludes that, of all major metros with a population of more than 500,000, the **ultimate US place for opportunity for men and women in their 20s and early 30s is Austin**. San Jose, Washington DC, Boston and Houston follow, in order, in the report from The Business Journals that examined statistics for 102 markets. The 2nd report, by *Under30CEO* magazine, named **Austin #1 in the nation as the best place to be a young entrepreneur**.

The latest news this week about Texas' continuing drought was more of the same – and potentially worse. At the same time, the Texas Legislature is moving steadily forward toward funding a multi-billion-dollar water plan.

The latest US Drought *Monitor* report issued this week shows the **great majority of Texas is still experiencing some degree of drought conditions, ranging from “moderate” to “exceptional”** (the driest category). The seasonal Drought *Outlook* offered a similar picture for the period through June. Some areas are more serious than others. For instance, **Wichita Falls** reports it may not be able to pull water from its reservoirs in 180 days. Closer to home, **San Antonio** may impose the city's tightest-ever water-use restrictions within just a few weeks.

The Austin area, for the most part, is dependent upon water from the Highland Lakes. Just yesterday (3.28.13), **Lake Travis was about 40.4 feet below its historic March average** and, combined with the other storage reservoir, **Lake Buchanan, the two are only at 40% of capacity.**

Central Texas is now in the third consecutive year of drought – a level of parchedness that has only happened two other times since the 1950s. The last three-year drought was in the 1980s. Water inflows to Lakes Travis and Buchanan were the **fifth lowest on record in 2012** and the year before, **2011, inflows were the lowest in history** -- only about 10% of average.

The Austin Area Research Organization (AARO) reports that **in the last 50 years no new water has been developed in the Central Texas region while the population has tripled.** Furthermore, the population is expected to double over the next 40 years, giving the region **six times the population when the reservoirs were built.**

This is where the Texas legislature may step up. A \$2 billion measure awaits action in the State Senate after passing overwhelmingly in the House. As we have reported previously, the leaders who guide the outcome of the legislative session -- **the Governor, Lieutenant Governor and Speaker** -- **all have placed funding a water plan as a high priority, and the number most commonly bandied about is \$2 billion** to come from the Rainy Day Fund.

If finally funded, how would the money be doled out? Of course, the legislation could still be tweaked before final passage, but **the general plan is to make the funds available as low-interest loans** to local/regional entities, such as cities, counties, water authorities, etc. And this is where questions could arise.

For instance, will politics rear its ugly head? **Will crony-ism trump those with the greatest need? Or the most urgent need?** You can bet there will be more requests than there will be available funds. So, **who goes to the front of the line and what criteria will be used to tell needy entities “not now, there's not enough money to go around.”** You get the picture. But at least decision-makers are on a path to agree that a \$2 billion solution is a good first step.

“Please turn off and stow all electronic devices” may become a thing of the past on future airline flights.

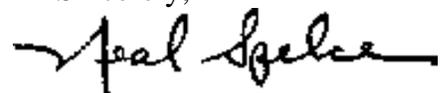
The New York Times is reporting that unnamed officials at the Federal Aviation Administration tell them they may soon **relax the rules for reading devices during takeoff or landing**. (Cell phones would *not* be included in the changes.) The reason: the FAA **cannot provide scientific evidence why the reading devices should be shut off**. And the agency is under tremendous pressure to let people use these devices.

If you fly American Airlines at Austin-Bergstrom International Airport, you may be part of an experiment being tried out at only four US airports.

American Airlines is testing a service that allows **passengers with no carry-on bags to board before the rest of economy class**. (First and business class travelers would still be the first to board.) The test is to determine if this policy could **shave minutes off boarding times** by helping to unclog the boarding lines while some passengers struggle with jamming the overhead bins. It might also allow the airline to squeeze in more flights.

Here we go again. For the 35th time. This edition of the newsletter begins our 35th year of sharing insights and perspectives on Austin business, economic and education issues, with a dose of pertinent public affairs. A lot has happened since 1979. That was the year Austinites voted to buy a portion of its electricity from the South Texas Nuclear Power Plant, just days following the partial meltdown of the Three Mile Island nuclear power plant. The words “high” and “tech” were not used in juxtaposition in Austin until 1983. In 1980, the official USCensus for the metro area was 585,000. Today it is 1.8 million!. Yessirree, a lot has changed as a result of a population that has tripled. And we are honored to have had a small role in presenting weekly insights to subscribers throughout this timeframe. Looking back over the years, **Dr. Louis Overholster** likes to remind me that his opinions may have changed, but not the fact that he is always right!

Sincerely,



Editor/Publisher