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Dear Client:

Might Mayor Kirk Watson's recent proposal to offer city employees a cash incentive to carpool or use public transportation be extended to the private sector? If so, how would such a system work? A legislative initiative in California could provide some answers.

Claiming that traffic jams cost Los Angeles area businesses \$560 million and 220,000 workday hours annually, California State Controller (it's spelled differently there) **Kathleen Connell** and Los Angeles state senator **Richard Polanco** recently introduced legislation in the California Legislature to give tax credits to qualified employers and employees who use alternative work schedules to reduce traffic congestion during peak rush hours.

The bill applies to Los Angeles, Orange, and Ventura Counties in Southern California, and San Francisco and surrounding counties in Northern California. It would offer a \$500 income tax credit to each employer and employee who participates in a pilot program, which would sunset in five years.

In order to qualify, full-time employees would have to telecommute three days per week or work a compressed schedule. They must also travel a minimum of nine miles to their workplace and commute at times other than between 6:30 am - 8:30 am and 4:00 pm - 6:00 pm. Part-time employees could also qualify if they aggregate telecommuting time.

Obviously, an income tax credit approach such as California's would not translate directly to Texas because Texas doesn't have a personal income tax. However, the Legislature could offer **franchise and sales tax credits to employers** in traffic-congested non-attainment areas for using alternative work schedules, compressed workweeks, and weekend workdays.

Tax credits probably wouldn't work for employees, however, since individuals don't file state or local tax returns in Texas. A possible alternative incentive for individuals might entail **reducing motor vehicle registration fees**.

The California Legislature is expected to act on the proposal by the end of August. Given the state's \$13 billion budget surplus, there would appear to be money in the kitty to fund it (a potential problem for Texas). While Texans don't always like to look to the West Coast for innovative solutions to similar problems here, this idea might be worth a look.

Want to know the direction of the summer and fall presidential campaign? Here are some clues. All you need to do is carefully analyze a recent CNN/USA Today/Gallup Poll.

As was widely reported, the poll gives **Governor George W. Bush** a 48-44% lead among likely voters, but a narrower 46-44% edge among registered voters. A total of 1,059 adults were surveyed, 528 of whom described themselves as likely voters. The margin of error is 3%, so the race is virtually deadlocked.

In fact, the numbers are not that different from those reflected in CNN's first survey back in May 1998, when Bush polled 50% to **Vice President Al Gore's** 46% among registered voters. However, Bush has fallen a long way from his high-water mark of 59% in April 1999, and his lead has eroded 3% since the last week of May. Gore, on the other hand, has remained in the 40-46% range since last November.

Going a bit more deeply into the survey, Bush and Gore are presently splitting the Independent vote (37% Gore, 36% Bush), with **Ralph Nader** drawing 12% and **Pat Buchanan** 4%.

These numbers are potentially significant, since independents comprise about one-third of the vote (give-or-take a few points) and are generally believed to determine the outcome. Indeed, **Ross Perot's** strong independent appeal undid former President **George Bush's** 1992 re-election bid and put President **Bill Clinton** in the White House.

It is not as clear how Nader and Buchanan will affect this year's results. One would think that Nader pulls from Gore's base, but the survey doesn't bear that out. Only 4% of Democrats favor Nader (2% of Republicans do). By the same token, **Buchanan doesn't appear to hurt Bush** among Republicans (only 2% chose him).

The real impact of these third party candidacies, at least right now, is to **split the independent vote**, making the November election that much more unpredictable.

The survey also found that President Clinton continues to enjoy a 60% approval rating. This shouldn't be surprising: an astounding 85% of respondents gave the country's economic conditions high marks, and one follows the other. Moreover, respondents seem to think economic prosperity is slightly more likely to continue under Gore than Bush (39-35%), and that Gore would do a better job balancing the budget (47-41%).

On the other hand, they think Bush would improve social security (46-38%) and is stronger on moral values (37-25%). Based on these figures, it's not hard to see the outlines of the respective campaigns: **Gore will emphasize the economy and fiscal responsibility, Bush social security reform and moral vision.**

The country's small business owners want tax relief, affordable health care, and Social Security reform. That's the word from the National Federation of Independent Business (NFIB), which *Forbes* magazine has called the most politically influential business organization in the country. NFIB identified the following issues as its federal legislative policy agenda for 2000:

1) Use the non-Social Security surplus to pay for **tax relief**, reduce the **national debt**, and shore up **Social Security**; 2) Allow employees to invest a portion of their Social Security payroll taxes in personal investment accounts; 3) Reform the EPA and OSHA to emphasize employer assistance rather than enforcement; 4) Provide tax credits for workforce training in order to alleviate worker shortages; and 5) Abolish the current federal income tax and replace it with either a flat tax or broad-based consumption tax.

It should be noted that NFIB members tend to vote for GOP candidates. With more than 600,000 members nationwide, representing more than 7 million employees, the association **packs a considerable political punch.**

That clout is felt in Texas, as well. NFIB/Texas, for example, formed the backbone of Governor Bush's first campaign for Governor, and its endorsement of Lieutenant Governor **Rick Perry** may have been the deciding factor in his narrow election victory over **John Sharp**. During the last session of the Legislature, NFIB's political influence paid off when the Legislature **exempted many small businesses** from the state franchise tax.

Given Governor Bush's close political and philosophical ties with NFIB in the past, you can expect his **political agenda to parallel that of small business.** However, it is significant that Bush's tax relief plan does not include the flat tax or consumption tax.

Significant disparities in wages and earnings still exist between men and women in the same professions, according to a recent US Department of Labor study.

While women have made up some ground in the last 20 years — up from 62.5% of men's earnings in 1979 to 76.5% in 1999 — there remains a substantial gap. Labor also reports the earnings gap is more dramatic for minority women. For example, Black women earn just 64% of the pay of their white male counterparts, Hispanic women only 55%.

Despite the earnings gap, women are entering traditionally male professions at an increasing pace. The gender gap in the top ten highest-paying professions, however, ranges from 38% for women physicians (who now comprise 27.2% of the total number of physicians) to 9.5% for women pharmacists (46.7% of all pharmacists). It would be interesting to see how **Austin** men and women compare in these professions. We might have a **larger issue in wage discrimination than the rich-poor divide.**

The average American gets one piece of personal mail — along with 21 pieces of junk mail. If you're between 35 and 49 and have a higher income or education level, you get even more junk mail than that, according to the US Postal Service.

Most people know you can get off the marketers' lists (just register for the Direct Mail Marketing Association's mail preference service and opt out), but many people don't want to be totally left out of the direct mail game. A new study of the mail preference service registrants, published by *American Demographics*, shows that one-third of them would like to select categorically which offers they receive. In other words, pet owners could theoretically sign up for canine fashion and accessories catalogues, but not baby gear, lingerie, or men's suits.

Of course, managing all of this would require a **clearinghouse of immense size and complexity**, and it is unclear who would actually do the work required to match up the junk mail with millions of individual preferences. Nevertheless, there is undoubtedly a smart **dot.com entrepreneur out there who could do it**.

If you just paid your first huge summer electric bill and are wondering how Austin's electricity costs line up with other Texas cities, take heart: you can stay cool for less in Austin than almost anywhere else in the Lone Star State.

According to Austin Energy and the Public Utility Commission, Austin's per kilowatt hour cost for electricity, based on April usage of 1000 kWh, is **less than that of eight other Texas utilities**. In fact, Austinites spend \$67.57 less than ratepayers in El Paso (\$94.36), Corpus Christi (\$80.65), Abilene (\$78.89), Houston (\$78.45), San Antonio (\$74.83), Dallas (\$73.26), and two electric co-ops, Guadalupe Valley (\$70.07) and Bluebonnet (\$69.67).

Dr. Louis Overholster cites this as the best possible example of "thinking outside the box:" Look at the way noise is marketed as music!

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