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Dear Client:

Everywhere you turn you see signs (literally) that an election is less than a month away. But, another election you may not have heard about is looming next year, and it could impact your pocketbook quite heavily.

“The board is considering returning to voters in 2003 to ask for more support,” says **Richard Fonte**, the president of Austin Community College. In this case, the ACC Board of Trustees is talking about **increased funding for the huge local institution**. ACC says it has come to a fork in the road. And, it’s starting to make the case that will ultimately be laid out for your consideration at the ballot box.

As ACC puts it: “In the simplest terms, the demand for ACC’s educational services has outpaced the public resources it receives. Unless a **higher level of public investment** is achieved, ACC will be forced to reduce its level of service to this community.”

Demand for ACC’s classes, programs and services, has never been greater. **Enrollments are at an all-time high**. Total credit, continuing education, and adult basic education headcount approached 75,000 last year, and more than 30,000 students are taking college credit classes this fall. However, each fall ACC turns away upward of 3,000 students who can’t get into the class they want.

In building a case for a “higher level of public investment,” ACC points out tuition is only one-third of its revenues, though ACC students pay one of the highest tuition rates in Texas. The largest source of revenue – state reimbursements for student contact hours – has declined from 60% of the budget in 1984 to 37% today. And, the dollar amount received per student from the state has also declined. **Local tax support accounts for about 24% of the budget**. and ACC reminds us that while the 5 cents per \$100 valuation approved by voters in 1986 was the state average at the time, it’s the lowest in the state and only 1/3 the average today.

Given that ACC’s tax rate is capped and state revenues are not growing to accommodate enrollment, ACC claims that “**future ACC budgets will be even more challenging unless additional public investment is forthcoming**.” So there you have their argument. ACC has some strong negatives (as well as internal bickering) to overcome. It must quickly move past those problems if it is to be successful getting a “higher level of public investment” in 2003.

Who is going to win the battle for the Texas governorship? The conventional wisdom is elections are won in the aerial battles waged over the TV airwaves. But, the carpet-bombing TV attack ads sometime obscure the stealth approach being waged under the public radar.

Even though many cuss the TV artillery for being so pervasive, there is proof the ads have an impact on voters. So it will continue (and increase – see our 10/4/02 issue). But, what you don't see could have a major impact on the election for governor, and that's something Democrat **Tony Sanchez** is banking on.

Sanchez is unleashing his stealth bombers all over South Texas, the areas that border Mexico and in the metro areas of Corpus Christi and San Antonio. **It's a massive Get Out the Vote (GOTV) effort aimed at the Hispanic voter,** and it doesn't rely only on TV. Foot soldiers are also a key.

A GOTV effort relies on direct mail, door-hangers, block meetings, and door-to-door contact. Also, there will be heavy telephoning to ID likely voters, as well as a massive follow-up effort to get those **folks to the polls during early voting or on Election Day.** This has been the plan since Dems started recruiting Sanchez.

Soon after the last election when the highly popular **George W. Bush** was re-elected governor overwhelmingly, Democratic Party insiders argued if only there had been a heavier turnout of minority voters, statewide Democrats who were *barely defeated* (like **John Sharp** for Lt. Gov.) **would have won in spite of the Bush landslide.** They recruited Sanchez as the magnet for Hispanic voters and Dem USSenate candidate **Ron Kirk** to appeal to African Americans.

Now with early voting underway, it's payoff time for the Dem's GOTV effort. You won't see the massive GOTV push (funded by Sanchez's personal funds, like the TV campaign) unless you're in a heavily Hispanic part of Texas. But, the **Dem GOTV effort is the key to a Sanchez victory.** In fact, it is so important, some Democratic Party insiders think even if Sanchez loses, it could still be the difference to elect D's in other down-ballot races.

What will be the impact of the guerilla warfare move this week when Democrat **Dan Morales** (a former Texas Attorney General and candidate for governor who was defeated earlier this year in the Dem primary by Sanchez) announced his support for Republican Governor **Rick Perry**? Will that cut into Sanchez's Hispanic vote?

Certainly that's Perry's hope. But, frankly, **it depends upon how actively involved Morales becomes on Perry's behalf.** If Morales campaigns the next three weeks criss-crossing the heavily Hispanic areas of Texas and cuts TV and radio spots for Perry, then it could have an impact. This remains to be seen. But remember this: polls have a way of overlooking stealth activities such as the GOTV push. So Perry's lead could be somewhat less when the GOTV effort is considered. Keep this in mind when you see claims and counter-claims about who's ahead. It all comes down to these last three weeks.

Austin business professionals, especially those involved in any way with real estate, should wake up each morning and utter a prayer of thanks for low interest rates. No matter how smart you are or how hard you work, low interest rates are saving you right now.

If you think this downturn is causing problems, just think what it would be – as it was a couple of decades ago – when the **prime interest rate skyrocketed past 20%!** Can you imagine operating in that environment today! Yes, you can thank your lucky stars that was then and this is now. (As a State Senator said about a Texas Governor years ago: “He’s living proof that it’s better to be lucky than smart!”)

Take the **current local residential real estate market**. Unemployment is uncharacteristically high (for Austin). There are plenty of vacancies in apartments, with deals being offered tenants daily. Consumer confidence is shaky. Etcetera. These are not good signs if you’re in the business of buying and selling homes.

However, while home sales are certainly not booming, they are not all that bad – thanks to low interest rates. For instance, year-to-date, **the number of homes sold through August in the Austin area is 11,601, compared to 11,726 last year at this time**, according to the Austin Board of Realtors.

There are other examples. Businesses, during a slackened revenue period, have low cost-of-borrowing expenses. Lines of credit are cheaper. Credit card rates are lower. Maybe you ought to send Federal Reserve Chief **Alan Greenspan** a thank you card.

If postal costs are an important part of your business, we have some news that will be of significance for your planning.

The US Postal Service will not raise its rates again until *well into 2004*. That’s the word directly from the Postmaster General, **John E. Potter**. This is a clarification. Earlier Potter said postal rates would not be raised until 2004. Some thought that meant January 2004. With this clarification, it means **rates won’t go up again until probably after April 2004**. The trigger: watch for the Postal Rate Commission to file a request for a rate hike. When it makes the filing, add a year to the date to come up with the likely effective date.

Remember the US Postal Service operates just like your business – with no government money. It was hit almost as hard as the airlines after 9/11/01 (anthrax sent through the mail), so the postal service raised rates and cut corners. **Closing the Austin downtown post office on Saturdays was one example of the cost-cutting measures**. Still, USPS will have a deficit during FY 2002, though with increased mail volume each day, the deficit will likely be less than first anticipated. And, you can anticipate a lessening of service in the years ahead. USPS will continue to downsize, cutting out \$5 billion in costs by 2006.

If you're not turned off by the political campaigns this election go-round, then you may be someone who might run for political office some day. If so, we've got a deal for you.

If you're interested in running for political office, or possibly managing political campaigns, then you may want to take a look at **Austin's non-partisan Leadership Academy for Public Service**. The curriculum includes practical and specific strategies for assessing, planning and organizing a campaign.

It doesn't require a major investment of your time – just three Wednesday evenings on 10/30/02, 11/6/02 and 11/13/02 (if you're a real political junkie, you can tape *West Wing* those nights). The Academy is co-sponsored by Leadership Austin and the Austin Area Research Organization (AARO). It was developed last year to **encourage more people to run for elected office** and increase the diversity of candidates through the five-county Austin metro area.

The distinguished faculty includes heavy political hitters such as **Pike Powers, Gerald Hill, Max Sherman, Elizabeth Christian, Ray Farabee, Harvey Kronberg, Bill Miller, Buck Wood, Wilhelmina Delco, George Christian, John Trevino, John Fitzpatrick** (who, by the way, was in the first class last year, then took what he learned and was elected to the Austin Independent School District Board of Trustees earlier this year), **Brewster McCracken** and **Dave McNeely**.

Each of these faculty members has either been an elected official or is a journalist or consultant who has run political campaigns at all levels. You would be learning from those who've "been there, done that" – not from some ivory tower theorist. **You'll get a realistic expectation of the experience of running for office**. If you want more info or want to register, contact **Lee Thomson**. She's the Executive Director of Leadership Austin, telephone 512-322-5679.

Speaking of politics, **Dr. Louis Overholster** got it right when he said: "I have come to the conclusion that politics are too serious to be left to the politicians!"

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