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Dear Client:

Now that this week's parade, parties, and swearing-in have ended, it's time for legislating to begin. All sorts of issues will dominate the headlines for the next few months, but when you get right down to it, the only for-sure chore lawmakers have is to pass a budget for the next two years. And slicing the money pie will give them a lot to chew on.

Oh, there will be cussin' and discussin' such issues as gun rights that do not have a lot to do with spending or raising money. **But the major money issues such as water, education, transportation, Medicaid expansion, etc. will be big factors that impact a 2-year budget.** The Austin economy has a lot at stake on how they determine the money will be spent this fall, in all of 2016 and much of 2017.

Without question, **the next budget will be the biggest in the state's history.** So, let's break down the money picture, according to the only guideline for the Legislature, the State Comptroller's estimate of less than two weeks ago.

The current budget spends \$200 billion. The new estimate of future 2-year revenue is about \$221 billion. We don't want your eyes to glaze over by going into variables such as federal money and dedicated funds, but **you can generally assume lawmakers will be able to make decisions about spending around \$113 billion in general revenue** – still, a hunka change.

Now, consider with whom you are dealing – conservative Republicans dominate the House and Senate. And you have a GOP governor and lieutenant governor. They find it impossible to even utter the words “raising taxes.” In fact, many of them are on record as **supporting cutting costs and lowering the tax burden.** So no way should you expect a spending spree.

The *total* dollars may be sacrosanct or even reduced a bit, but you can expect to see dollars moved around in the pie chart of expenditures. For instance, there is **widespread agreement more money needs to be spent on Texas roadways. Increased spending on education and border security are priorities for many.**

Hot-button controversial issues lead to a lot of table-pounding and loud voices. Don't let these individual issues drown out what is most important – **the overall allocation of dollars to be spent by state government, much of it in the seat of state government, Austin.**

Don't know if you saw it, but the first day members of the Texas House and Senate arrived in Austin for their biennial legislative session, they were greeted by a welcoming billboard on IH35 – with a suggestion.

The billboard from the Texas Association of Business read: **Welcome back lawmakers! Don't you love this traffic? Please do something!**

Now that voters have decreed the downtown Austin rail proposal is dead (at least for the immediate future), what's going on with the Austin-Leander rail service that was launched in 2010. How's it doing? It's doing so well, it is expanding.

We're talking about Capital Metro's 32-mile MetroRail Red Line. **It runs between Leander on the northwestern boundary of Austin to the Austin Convention Center downtown.**

Since it began service in 2010, ridership has quadrupled. Well, that was pretty much expected as it started from scratch. **But in recent years – the last three years alone – ridership has jumped 225%.**

In fact, trains are often at standing-room only during rush hours. And during special events, **the trains are not only packed, but the waiting platforms are crowded.** Obviously, this discourages even more riders.

A permanent downtown station to replace the temporary facility at the Convention Center is planned. It will be financed to the tune of \$22 million out of a \$50 million grant to CapMetro that was awarded by TxDOT last June. Also, CapMetro secured a \$11.3 million federal grant from USDOT. Public input is now being sought in the planning stage.

Speaking of voters, there are now 35,796 fewer voters on the rolls in Travis County than during November's balloting. Why? They were purged – by law.

You see, the cancellation of voter records takes place every two years. The purpose is to **maintain accurate voter records.** So, were you purged? Here's how you know.

If you **did not vote in two consecutive general elections** and the USPostal Service has **returned your mailed voter certificates or other correspondence as undeliverable**, you were purged from the voter rolls.

You can regain your eligibility by **re-registering before the deadline (April 9, 2015)** for the next Joint General and Special Election May 9, 2015.

It won't be long now. The people to be interviewed for president of UTAustin are scheduled to be recommended to the UTSYSTEM Board of Regents by the end of the month.

But it won't be until the following month, **February, before the names are made public**, according to the student newspaper, *The Daily Texan*. You'll recall President **Bill Powers'** resignation has been accepted, with the plan for him to step down by the end of this school year.

If UTAustin's enrollment stays near the current level, the new president will preside over a student body of about 51,000 students with higher than average scores on entrance exams.

This fall, there were **51,313 students enrolled at UTAustin**. Not a peak. In fact this number represents a drop of 1.4% from the previous fall. **But the average SAT score for first-time freshmen went up by 42 points to 1914**. The national average is 1540; a perfect score is 2400. **The average UTAustin freshman scored 29 on the ACT** – 36 is perfect, the national average is between 20 and 21.

There are 1.6% more women than men in the student body. Ethnically, it breaks down this way: White, 46.9% ... Hispanic, 19.2% ... Asian 16.2% and Black 4.4%. What are they studying? Enrollment in **Natural Sciences** is 23.1% of the student body ... **Liberal Arts**, 18.3% ... **Engineering**, 14.7% ... **Business**, 10.5% and **Communication**, 9.2%.

The question of how low oil prices go before the state and local economy is really slammed has many variables. And in Texas, with a widely diverse economy, the different metros and regions will be affected differently. So, the real question is *when* will oil prices bottom out?

“My opinion is that **the price of oil will bottom out this spring** as speculators drive the price to the absolute bottom (whatever that may be),” opined Texas economist **Mark Dotzour**. “Marginal production in the United States will shut down first, because investor funding for new wells will dry up. **As US production slows, the price of oil will stabilize.**”

OPEC countries and Russia will suffer heavy damage with prices at these lowest levels. **“Internal social pressures will build to the point that these governments finally agree to cut production,”** Dotzour predicted. “This announcement will signal the bottom of the oil price decline.”

When will this happen? **“It will happen when the pain of low (oil) prices gets so intense that OPEC calls a special meeting and ‘adjusts’ its production schedule,”** said Dotzour. Meantime, the average Joe and Jane Sixpack are enjoying the low *gasoline* prices (we paid \$1.62 a gallon at Costco Sunday!). But they, too, will inch back up when oil prices go north.

Austin in our rear-view mirror – January 15th 1957, when Gov. Allan Shivers was almost late to the inauguration of his successor because of a bottle of whiskey.

Gov. Shivers had purchased the Pease Mansion, known as Woodlawn, at 1606 Niles Road in West Austin, to be his home upon leaving office. It was known as the Pease Mansion because **Governor Elisha Pease bought the house in 1857, following its construction in 1853.**

Four generations of the Pease family lived at Woodlawn until 1957 when **Niles Graham** sold the house to outgoing governor Shivers. Graham insisted on signing the closing papers almost 100 years to the day when the Peases first moved into Woodlawn. **Graham set the time at 10 am on the day Shivers was to leave the governor's office at 11 am, when his successor was to be inaugurated.**

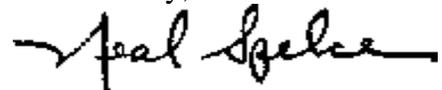
About the bottle of whiskey. When Shivers arrived at Woodlawn to sign the docs, Graham was seated with a bottle of whiskey on a card table on the front porch. **Graham poured drinks, then another, then another, etc., telling sentimental stories, with Shivers repeatedly insisting he had to leave.** Shivers got to the inauguration, barely on time – and a little tipsy.

Stop me if you've heard this story about George W. Bush after he was sworn in to his first term as governor following his defeat of incumbent Gov. Ann Richards.

Bush asked State Comptroller **John Sharp** if he would like to be called “Comp-troller” or “Con-troller.” Sharp said it didn't matter, either pronunciation was accepted. Bush pressed and **asked Sharp what Governor Richards called him. Sharp said “She called me darlin’.”**

When the legislature convened this week, **Dr. Louis Overholster** was once again reminded of the grizzled veteran House member confronting self-important new state Representatives and advising: “whenever another House member approaches you, says he has been watching you, and you are Speaker material, look down at your shoes -- because he is peeing on your leg!” Oldie but Goodie.

Sincerely,



Editor/Publisher