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Dear Client:

The Texas Legislature, by most counts, will be working with a tight budget when it convenes in Austin this January. Realizing this, the UTSystem is still “unashamedly bold” in its future plans. Its pitch for a new 2-year budget reflects this approach. In fact, Chancellor Bill McRaven is leveraging the System’s size, diversity and quality to make a case for funding.

McRaven has already outlined his aggressive budget push in person to legislative leaders and staff in Governor **Greg Abbott’s** office. Next up will be **public budget hearings before the appropriate committees** during the 140-day legislative session that begins January 10, 2017. Without diving into the dollars, here is a small sampling of McRaven’s arguments:

“We are *by far* the largest university system in Texas by any measure, whether budget, annual research expenditures, number of students or number of graduates. We have eight academic and six health-related institutions, each different in size and mission, in who they serve, and in what they offer. UTAustin is one of only three Texas members of the elite Association of American Universities and just last month was recognized as the top Texas university globally.”

Of course, McRaven ticked off many more examples as he defended the UTSystem budget, saying “size, diversity and quality directly correlate to the size of the UTSystem Administration ... **we do more, and it takes more staff, than what other Texas systems may do ... we do a lot ... we have the largest and boldest agenda.**”

The bottom line: **he is seeking *increased* state funding for the two years beginning almost a year from now, in 2017.**

The UTSystem works hand-in-glove with UTAustin. And, of course, the UTSystem Board of Regents is the governing body that sets policy for the System and its member institutions. But, remember, **UTAustin has its own budget that must also be approved, and funded, by the Legislature.** All of this is complicated number-crunching vital to Austin’s economy – as well as the state’s.

As we mentioned at the top, legislative leaders will be looking at revenue projections guided somewhat by the reduced tax income from a struggling oil and gas business. **And in a pay-as-you-go state, it can’t do as the federal government does and exceed anticipated revenues.**

When you're dashing to catch a flight at the Austin airport, wouldn't you like to know how long it will take to go through security? In real time. Now you can do that. Here's how.

Austin-Bergstrom International Airport (ABIA) just launched a new service. Go online at www.abia.org, click on "Travel Tips," or go directly to <http://aus.tsa.inside.com>. **It will show you in big, bold type the line speeds starting from checkpoint entrances through passenger screening – at all three checkpoints.** This way you can pick the fastest-moving checkpoint.

Checkpoint 1 is on the east end of ticketing, past the Delta counter. Checkpoint 2 is at the center of the terminal, across from American Airlines' ticketing. Checkpoint 3 is on the west end, past JetBlue ticketing. Memorize the locations, because this is the way they are labelled.

Checkpoint times are updated online every 30 seconds. Obviously the times fluctuate greatly throughout the day, especially during peak travel times (5am - 8am ... 11am - 1pm ... 3:30pm - 5:30pm). So check frequently. This could really come in handy for the crowded holiday travel period. Kudos to ABIA.

As we have reported many times in the past, put your money down on Uber and Lyft returning to compete in the Austin market. The first tangible sign was seen this week. The decision-making is moving from the Austin City Council to the Texas Legislature.

An Austin area state senator, Republican **Charles Schwertner** from Georgetown, filed a bill that would **strip Texas cities of their power** to regulate ride-sharing (or ride-*hailing*, as some prefer) companies such as Uber and Lyft. Under his bill, the state would handle permitting of these companies.

The sticking point that resulted in Uber and Lyft leaving the Austin market – mandatory, fingerprint-based background checks – is *not* included in Schwertner's bill, though his legislation would mandate background checks for all ride-hailing drivers.

This is not a surprise. Schwertner has said he was going to do this. And another Republican Senator, **Don Huffines** from Dallas, has filed a similar bill. Of course legislation, more often than not, is changed as it moves through the legislative process. **But the battle is set to begin when the Texas Legislature convenes in Austin January 10, 2017 for a 140-day session.**

With the speculation swirling about possible positions in the Trump administration, watch to see if Austin Congressman Michael McCaul makes the cut. If so, there must be a special election to fill his seat that runs from West Austin east to Brenham, LaGrange and Katy.

Two Texas Congressmen who hoped to move up the ranks in the national GOP power structure were thwarted in their bids this week. Texas has the largest Republican delegation of any state in the US House of Representatives. And Texans are chairs of seven Congressional committees. Two Central Texas Congressman, however, didn't move up the ladder.

Austin Congressman **Roger Williams** is one of six members of the House to represent a slice of Austin. He had hoped to be elected by his fellow GOP members to chair the National Republican Congressional Committee. This is the campaign arm of the GOP House members. He lost this week to Congressman **Steve Shivers** of Ohio.

Bryan Congressman **Bill Flores** sought to become Vice Chair of the House Republicans. He lost to Congressman **Doug Collins** of Georgia. Of course, Williams and Flores keep their seats in Congress. They will simply not move up their party's leadership ladder in the House.

Political junkies are looking ahead to the mid-term USSenate elections in 2018 to determine if the makeup of the current slim GOP margin might change at that time. As they know, a party must have at least 60 votes in the 100-vote USSenate to have a filibuster-proof majority. The Republicans lost a couple of seats this time around and ended up with only 52, still a majority.

Since Senators are elected for 6-year terms, the seats up for election every two years result in a staggered imbalance. **In 2016, it was good for the Dems, as there were 24 GOP seats up for election and only 10 Dem seats.** In two years, the ratio flips to favor the GOP. **In 2018, 33 USSenate seats will be on the ballot and only 8 of those are currently held by Republicans.** Add to that: **about a half-dozen of the Dem seats up in 2018 are in states that voted Republican this year.** It will be a huge uphill climb in 2018 for the Democrats.

In local political races, the Austin City Council and the Texas Legislature will face a couple of more votes before the final local tally is known. In about a month the lone City Council seat involved in a runoff will be resolved. But it will be next year before the final seat in the Travis County legislative delegation is determined.

The runoff for Austin's City Council District 10 will occur next month. Incumbent **Sheri Gallo** led handily in the voting November 8, but she did not garner 50% of the vote. So she will face challenger **Alison Alter** in a runoff December 13, 2016.

It's not that cut and dried for the Texas Legislative seat won overwhelmingly by incumbent **Dawna Dukes**. She said she will resign her seat at the end of her term. But it was too late to remove her name from the ballot. **So she will step down in January. The Governor will call a special election.** And the race for State Rep, featuring a number of candidates, will begin.

***The Wall Street Journal* this week re-formatted its print edition, eliminating and combining some sections. The venerable national newspaper suffered a 21% decrease in ad revenue in the most recent quarter. This is happening to newspapers across the US, including the *Austin American-Statesman*. Here's an inside look at how this is happening at the *Statesman*.**

Yes, this is a story about how the world is changing. But for a perspective, you need to realize that Austin area residents have relied upon on a daily newspaper since 1873. **A daily print publication for Austin is in serious jeopardy due to finances.** And it's a recent phenomenon.

As recently as 20 years ago, the *Statesman* was quite profitable, relying on 80% of its revenue from advertising and 20% on what subscribers paid for the newspaper (known in the news biz as circulation). As much as 30% of the ad revenue came from classified ads. In the early 1990s, **the employment classified ads filled as many as 20 pages in the Sunday *Statesman*.** The entire classified ads now amount to a page or two, thanks to competition from Craigslist, Monster.com, etc.

The retail ads in the daily *Statesman* have dwindled dramatically, resulting in a smaller newspaper. They have been replaced by circulars packaged in the Sunday paper. But those circulars bring in less revenue. The price of the *Statesman* is \$2 per day, with \$3 for Sunday. This helps the bottom line, but **circulation, along with the ads, is dwindling.** Circulation probably peaked around 2000. Even though Austin is growing exponentially, the people who pay for the newspaper is dropping drastically.

There is no dearth of news and no lack of interest in what goes on here – city issues, state issues, UT's impact ... even sports are widely popular. If all goes digital, the vitally important question: **will there be enough revenue to support a strong news-gathering operation, especially as a government watchdog, something newspapers have traditionally provided?**

Following Tuesday's election, **Dr. Louis Overholster** kept repeating his favorite political quote to those who didn't vote for the winner: "The people have spoken – the SOBs!"

Sincerely,



Editor/Publisher