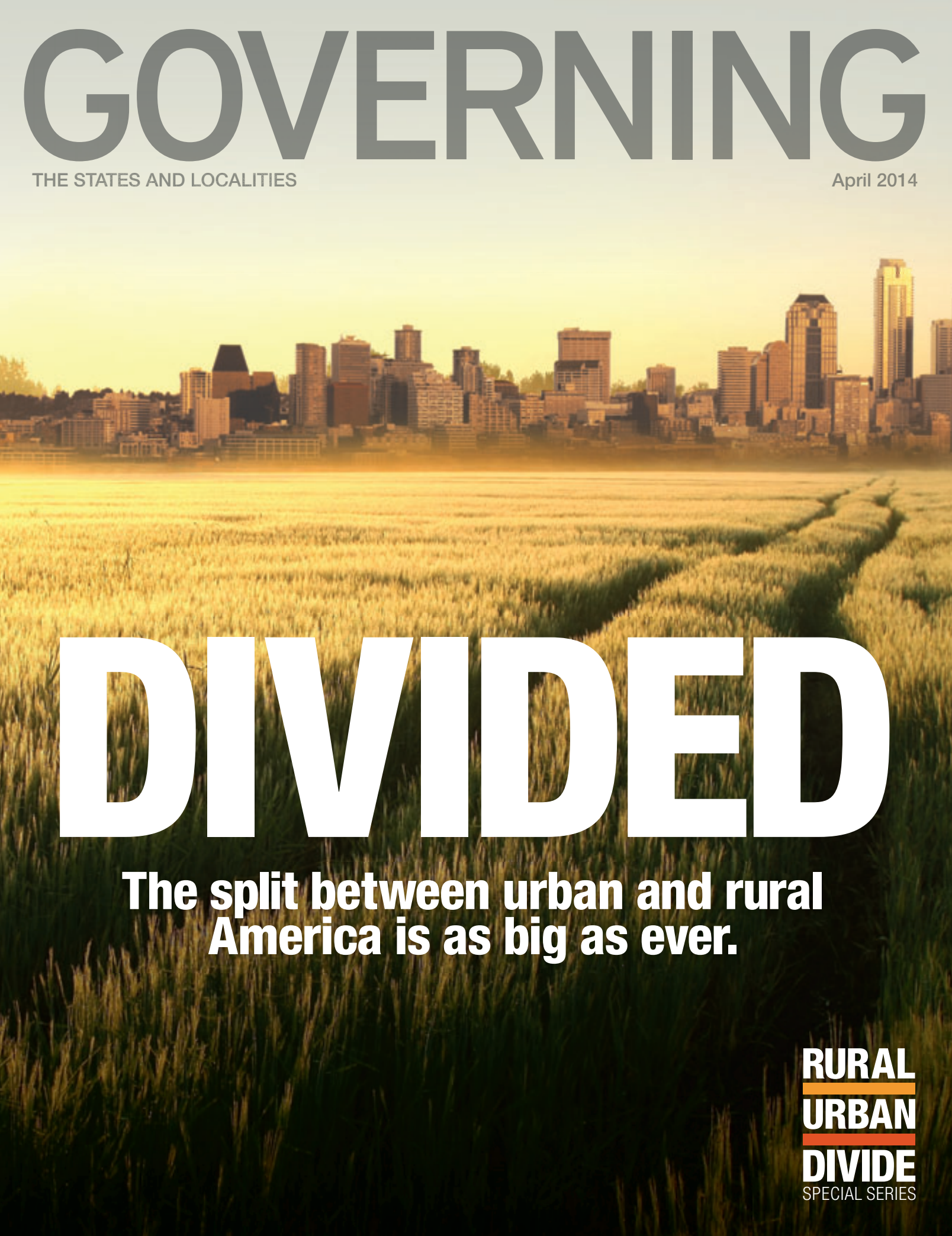
GOVERNING
THE STATES AND LOCALITIES
April 2014



DIVIDED

The split between urban and rural America is as big as ever.

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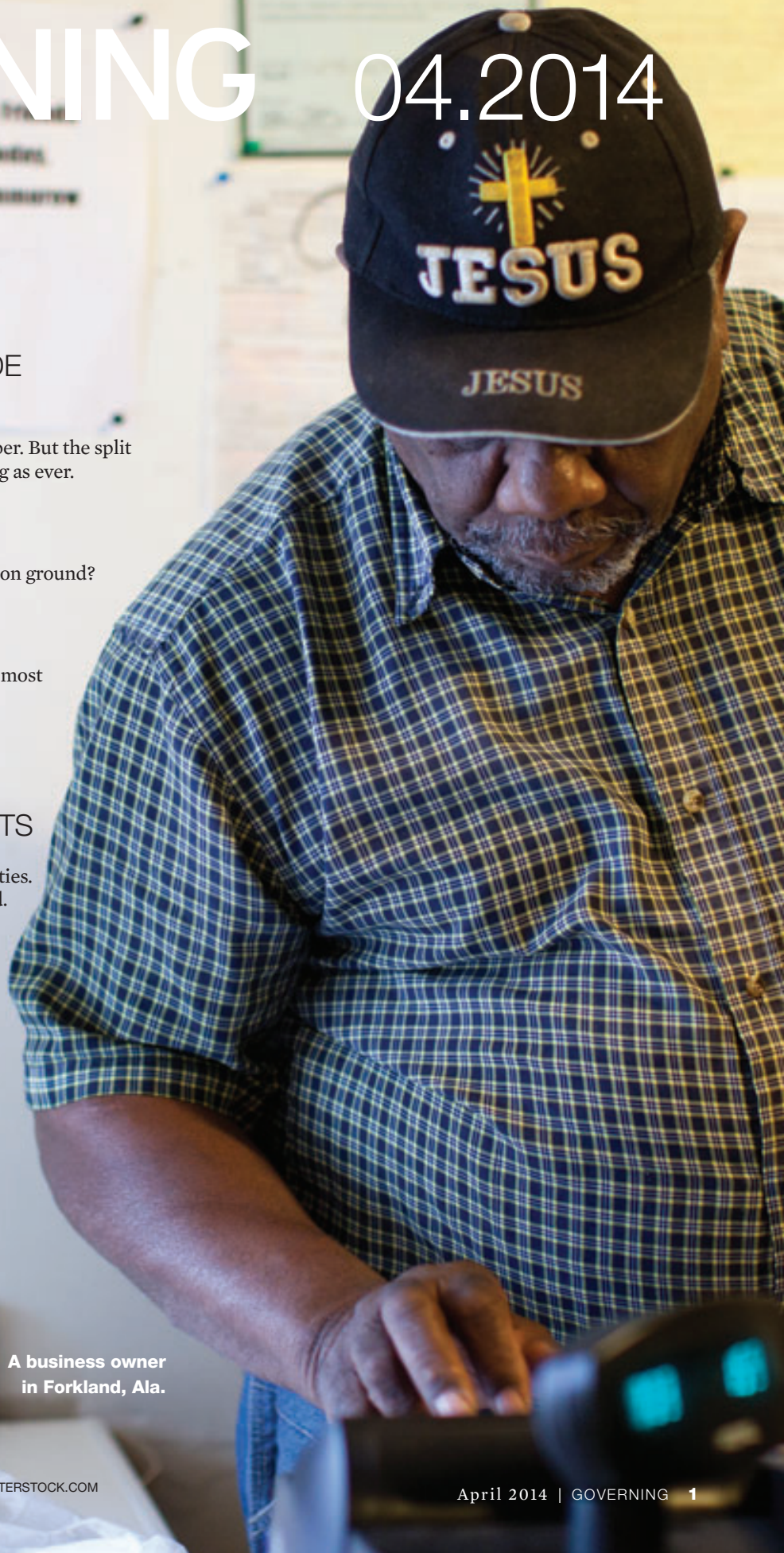
SPECIAL SERIES

VOL. 27, NO. 7

GOVERNING 04.2014

FEATURES



A business owner in Forkland, Ala.

PHOTO: DAVID KIDD
COVER ILLUSTRATION: MICHELLE HAMM; IMAGE: SHUTTERSTOCK.COM

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Connections We Value

I am thrilled to be the new publisher of *Governing*. I think I read the first issue of the magazine 27 years ago, and I know I've read almost every issue since then. Like many of our current readers, I was strongly connected to *Governing* during my time as a public official, speaking at the magazine's events and talking with its writers and editors. One of the highlights of my public service career was to be named a Public Official of the Year.

It's hard to overstate the importance of that connection to the people at *Governing* as well. They know that what career, appointed and elected government officials do is among the most important work there is—and frequently among the most difficult. An intricate web of state and local governments, more or less in cooperation with the federal government, is responsible for enabling the American people to govern themselves.

Mark Funkhouser, Publisher

From the first issue, *Governing* has seen itself as serving a critical supportive role. Through our print and electronic publications and our live events, we work to connect the people doing this work in government with information, ideas and allies. We help them to learn from each other's successes, alert them to problems and challenges, and share with them cautionary tales when programs and policies haven't worked.

As I take over this job from Erin Waters, I find that *Governing* as an institution has never been stronger, and in the disrupted world of 21st-century publishing, that's saying something. Month in and month out, the editorial team led by Zach Patton and Elizabeth Daigneau puts out a magazine that is relevant, timely and useful while working to find new ways to present information. Both the magazine and the website have benefited greatly, for example, from the amazing work of our data editor, Mike Maciag; Liz Farmer's article in this issue about rural wealth is made more interesting and accessible by the inclusion of Mike's data and graphics (see "Rich Counties, Strapped Governments," page 46).

In addition to keeping the magazine's quality at the high level our readers expect, our plans call for continuing to strengthen our website, making Governing.com even more useful by adding more articles and video. And we know that face-to-face interaction is a key ingredient in the spread of innovation, so we will continue to build on the quality and variety of our events.

A vital part of our success is the engagement of our readers. I hope to meet you at a *Governing* event, or you can let me know how we're doing at mfunkhouser@governing.com. It'll help us figure out how to navigate the next 27 years.

GOVERNING

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BENJAMIN RASMUSSEN

The Feedback Is Positive

As a participant in a [rapid improvement event (RIE) at the Denver Peak Academy, a city-run training program], I came away from the process excited about eliminating the unnecessary junk in my life as a whole ["Change from Within," February 2014]. I applied the lean process to how I manage items in my home, in my finances and in my relationships. This process is one that creates a work environment that requires individuals to take ownership of their role as a member of a much larger group, and in this instance, the city and county of Denver. I particularly liked the fact that once we were in that room we were all equals. This allowed me to say what I wanted without repercussions.

—John Doe on Governing.com

"I particularly liked the fact that once we were in that room we were all equals."—John Doe

This is my experience as well. It's one of the things that I found very valuable in the Peak RIE process.

One thing I would say, though, is that it's an uphill battle selling change of any kind to many city employees, especially ones with a considerable tenure. The pushback is pretty obvious during some RIE processes. It's amazing how some people want to hold onto processes simply because they're theirs, and because they feel threatened by being put under the microscope. I [attended] one event that went very, very well, and another that did not. It was painful to watch people who had really great ideas be silenced or made to feel badly because someone was so protective of a needless process. If changes proposed in these events are to be sustained, they need to be embraced from the top down as well as the bottom up.

—A City Worker on Governing.com

The most important aspect of a PEAK RIE process is that it elevates employee ownership to drive change.

—Roberta Monaco on Governing.com

A Good Start

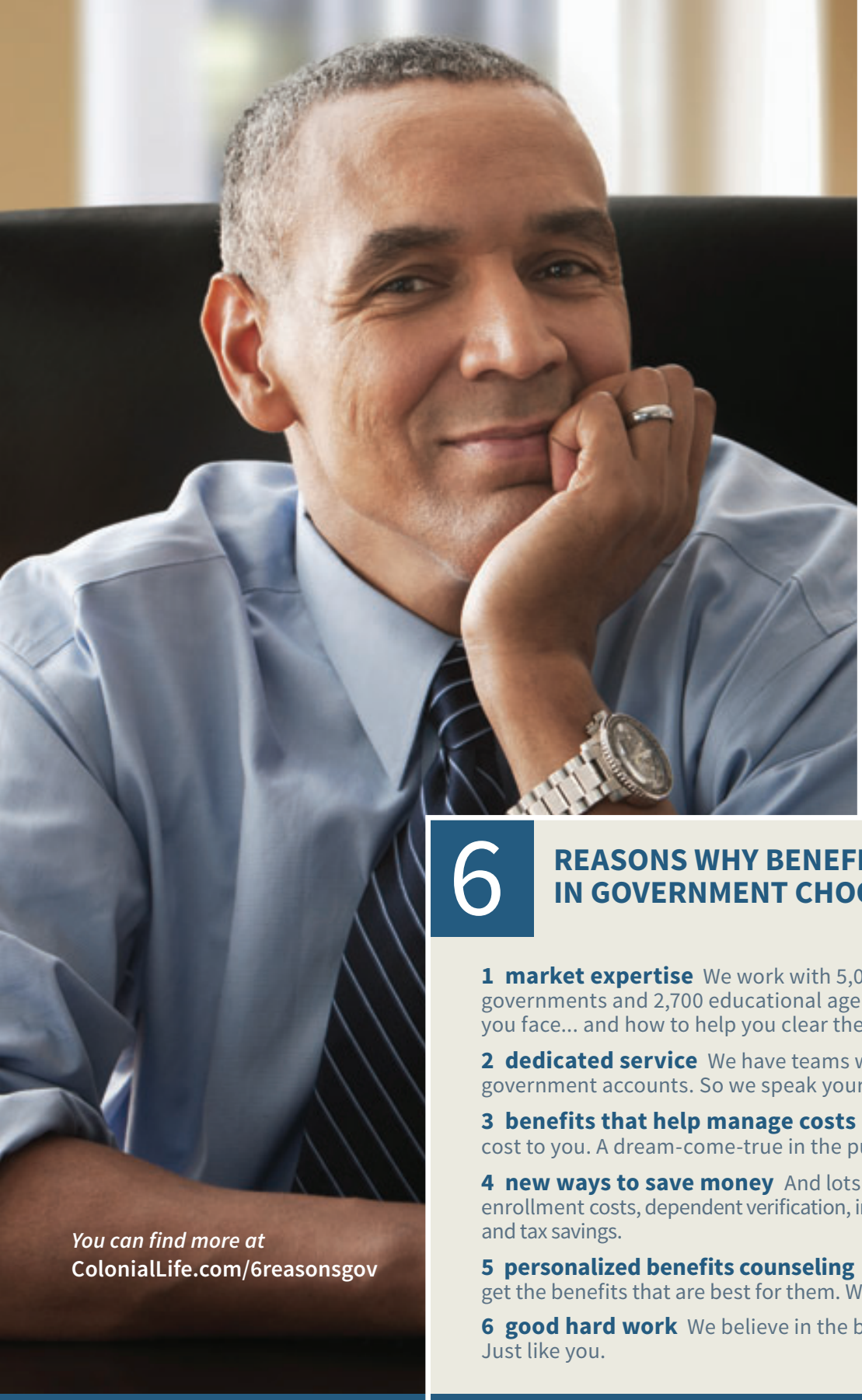
The American Indian and Alaskan Native tribes have long suffered from poor education, staggering unemployment, and even worse levels of violence and addictive substances ["Fighting Crime on the Rez" in Potomac Chronicle, February 2014]. The reduction in crime [by the Bureau of Indian Affairs] is an excellent start to bringing those communities up in our world, but the root causes of crime remain unaddressed. Building a sense of confidence that the BIA will actually DO something about crime pays big dividends. It will take more than crime reduction to cement a better relationship, but it's a start.

—Warrior53 on Governing.com

Unfortunately, people usually focus only on the challenges we face in Indian Country. Those are absolutely real issues and need the light on them so the people who have the ability to help know the real story.

In the midst of the challeges, though, there are great people doing amazing things; too often they go unrecognized. Thank you for highlighting the great work that was done, and specifically for your kind words for Charlie Addington.

—Darren Cruzan of the Bureau of Indian Affairs



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Fewer Flames and a Shift in Focus

THERE WAS A TIME when most 911 calls to fire departments involved emergencies in which something—a building, an automobile—was actually on fire. But for years now, medical calls to fire departments have greatly outnumbered the calls to put out flames. That's led to some ugly scrapes between localities and firefighters unions over downsizing. Some cities and towns across the country, however, are embracing strategies to change the job description without issuing pink slips—at least for now.

A number of localities are trying to use cars and trucks outfitted with medical gear and smaller crews to respond to medical calls in hopes of saving money and even improving response times. It's a welcome development for advocates of fire service reforms, who note the national average is 20 fire calls for every 80 emergency medical calls.

Asked by its city council to reduce fuel costs and find savings, the fire department in Boulder, Colo., came up with a plan that will dispatch a short-bed pickup truck as a first response to medical emergencies, instead of a full engine and crew. Over the next two years, the department will gather data on usage, response times and savings to decide whether the program is worth expanding beyond a two-year pilot. Spokane, Wash., is dispatching several Ford Explorers to less-serious medical calls, an idea borrowed from Oregon's Tualatin Valley, says Deputy Chief David Leavenworth.

Some departments are diving deeper into a medical role. Anaheim, Calif., is working more with local hospitals to provide some primary care and basic emergency medical treatment. Minneapolis is running a pilot program to explore ways the fire department can deepen relationships with area medical providers in light of the Affordable Care Act. Firefighters on Bald Head Island, N.C., are adding preventive care, stitching wounds and treating jellyfish stings so people won't have to seek medical care on the mainland. In Fargo, N.D., firefighters now spend far more of their time doing home inspections aimed at fire prevention and safety. Scottsdale, Ariz., is targeting places in the home where seniors may slip and fall.

It's a shift that's been ongoing in the United Kingdom, where some local fire departments are more akin to community centers that serve as places for fire prevention, recreation and basic medical care, says Tom Wieczorek, director of the International City/County Management Association's Center for Public Safety Management. "The change is [that] rather than having companies waiting for the alarm bell to ring, they're doing inspections, classes and getting out in the community," he says, "kind of like what we saw with community policing 20 years ago."

Some fire safety advocates say that, while these changes aren't bad on their face, fire departments must not lose sight of their most critical role. Desperate to save money, some cities have attempted to outfit emergency medical vehicles with fire suppression equipment and cut staffing levels perilously low in response to budget constraints and shifting demands, says Pat Morrison of the International Association of Fire Fighters. Deaths in cities that had slashed staff have been reported in Flint, Mich., and elsewhere.

But so far, these changes haven't met a lot of resistance from unions. And both fire chiefs and city leaders say they see change as inevitable. "We're seeing at least some acknowledgment that times are changing," Wieczorek says. *—Chris Kardish*

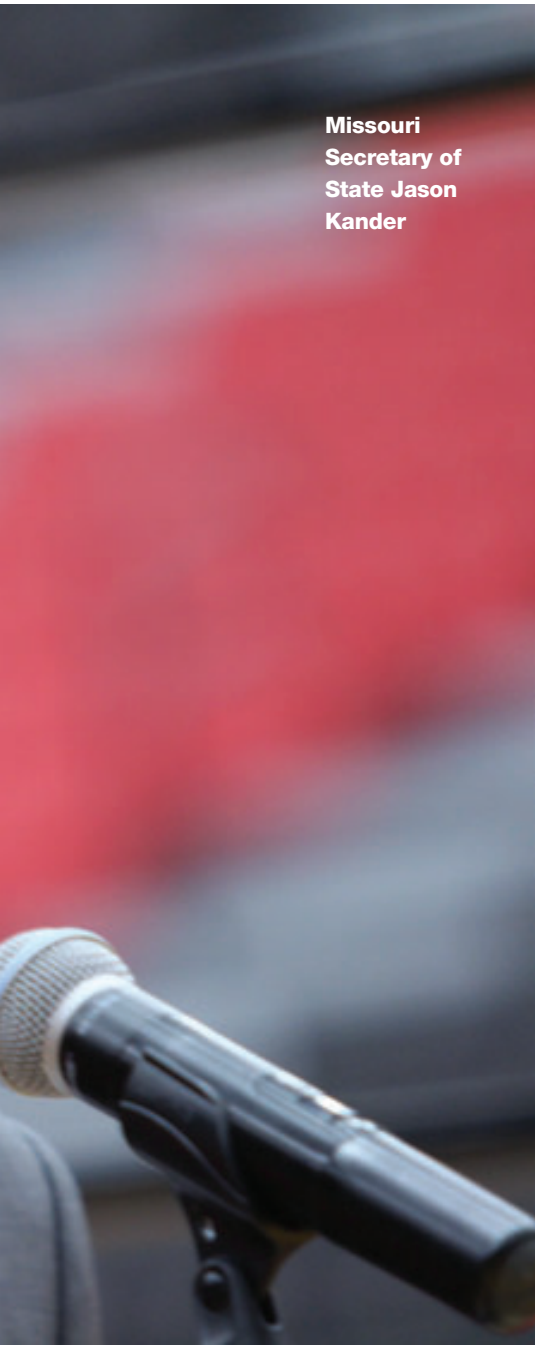
YOUNG AND IN CHARGE— AND TAKING ON ETHICS REFORM

BY AT LEAST TWO measures, Missouri has the weakest ethics laws in the country. It's the only state in the union that does not limit campaign contributions. And there's no cap on gifts from lobbyists to the lawmakers in Jefferson City.

That's something Jason Kander wants to change. As secretary of state, Kander is Missouri's top elections official. Since taking office in January 2013, he has made ethics reform a top priority. Now he's championing a set of regulations that could give Missouri some of the strongest ethics rules anywhere.

Kander's political identity has long been tied to themes of combating corruption and enforcing the law. The son of a cop and a juvenile probation officer, Kander volunteered for the Army National Guard after graduating from college. Later, after law school, he volunteered for a tour of duty in Afghanistan, where he investigated corruption in the Afghan government. Back home in Missouri, he was elected to the state House in 2008 and again in 2010, before running successfully for secretary of state in 2012. Today, at 32, he's the youngest statewide elected official in the nation.

In the House, Kander successfully passed a bill making it a felony to funnel



Missouri Secretary of State Jason Kander

MICHAEL BERSIN/SHOW ME PROGRESS

campaign contributions through different committees—the state's first campaign finance reform measure since 1991—although it was later struck down by the state Supreme Court because the reforms were tucked into a larger bill that had nothing to do with ethics. Now Kander is backing a new package of ethics reforms that are best described as sweeping. In addition to caps on campaign contributions and gifts from lobbyists, the bill would require a one-year waiting period before a lawmaker can work as a paid political consultant. One provision would prohibit the governor's office from promising lawmakers plum appointments in exchange for votes; another would create a special enforcement fund for the state ethics commission.

Since the court struck down Kander's legislation in 2010, he and Gov. Jay Nixon, a fellow Democrat, have called for another overhaul without success. "The vast majority of Missourians care greatly about this issue and would like to see the legislature address it," says Kander. "Really, the only place in the state of Missouri where this is a controversial issue is the capitol." Still, he acknowledges that the effort may be "an uphill battle."

The bill's current prospects don't look great. By the beginning of last month, the measure had only attracted two co-signers. Republicans control supermajorities in both the Missouri House and Senate, and they may be unwilling to give Kander what he wants, especially in an election year, says Brian Calfano, a political scientist at Missouri State University. "It is unlikely that anything Kander says or does will be what makes the difference here."

Still, some signs point to a potential bipartisan agreement. At least three different Republican senators have introduced separate bills this year dealing with campaign finance or restrictions on lobbyists. "Clearly the [Republican] majority would have to carry legislation if it's going to come to pass," says John Lamping, one of those Republican senators.

There's another more basic issue here as well: It's hard to get anyone to write themselves more rules. "I am realistic about the fact that it is not easy to get any legislative body to police itself," says Kander. "There is no interest group in Jefferson City called Big Ethics. I just remind legislators of both parties that this is something that the public expects of all of us."

—J.B. Wogan

THE BREAKDOWN

29k

Number of new pre-kindergarten slots New York City Mayor Bill de Blasio says he can create for children. He has proposed a higher income tax to pay for the expansion.

$2,394

Average monthly rent for a 700-square-foot, one-bedroom apartment in Williston, N.D., the city that, thanks to a fracking boom and housing shortage, has the highest rent in the United States.

0

Out of the 122 largest urban counties in the U.S., the number that have returned to pre-recession employment levels, according to a recent National Association of Counties analysis.

3rd

Kentucky's rank, after Michigan and Ohio, on the list of automobile-producing states. Per capita, Kentucky was actually the biggest auto producer for much of 2013.

SOURCES: *GOVERNING*, *THE NEW YORK TIMES*, *THE BILLINGS GAZETTE*

New Financial Regs Bring New Questions for Cities

IN AN EFFORT TO provide better guidance for cities engaging in financial deals, the federal government inadvertently ended up creating a slew of new questions instead. The issue is with "municipal advisers," a new category of financial advisers recently created to help municipalities (see "Bonds and the BFF Problem," page 67).

The backstory here is a long one. The condensed version is that the 2008 financial crisis showed regulators that governments needed someone looking out for their interests—and only their interests—in financial transactions with Wall Street. Historically, it's been common for those orchestrating the transaction to also dish out advice to the municipality entering into the deal. The problem? While most underwriters or brokers are fair and reasonable, there are many who are not.

Just look at Jefferson County, Ala., where officials were wooed in 2008 into entering into a complicated interest rate swap deal. The deal was put together by a JPMorgan Chase banker who later pleaded guilty to corruption charges related to It. The swap plan ultimately backfired and led Jefferson County into bankruptcy in 2011.

Regulations in the 2010 Dodd-Frank bank reform law established that municipalities would have their own advisers. The act left it up to the Securities and Exchange Commission (SEC) to actually define what a municipal adviser is and is not.

Fast forward to today, and it's becoming apparent that that's a lot easier said than done. After a long wait, the SEC this past fall issued its definition for who constitutes a municipal adviser. Essentially, it's a qualified financial professional (such as a banker or financial consultant) who counsels municipalities on financial deals like bond offerings. That person must be registered through the SEC as a municipal adviser and cannot have any other interest in the deal. The problem? Well, even with nearly 800 pages of explanation, there is still a lot of room for questions. (Originally slated for January, the SEC has delayed implementation of this rule until July.)

For one, notes federal securities lawyer Paul Maco, municipal advisers are a whole new class of advisers. But because governments have so often sought advice from other financial professionals, making them de facto municipal advisers, creating a new line in the sand can be confusing. "This is a new group of regulated people dropped into a regulated area with different categories among them," says Maco, an attorney with the international firm Bracewell & Giuliani. "So [for example], there's naturally some overlap between investment advisers or between broker/dealers."

The rule seeks to eliminate that overlap with this key difference: Municipal advisers have an explicit, sole fiduciary responsibility to their government clients. In other words, they are looking out only for the government's interests and have no other connection to a deal. In the same way a prospective homeowner would want her own real estate agent and wouldn't want to use the seller's agent, municipalities now must get advice on a transaction from someone who won't benefit financially in any way from the deal.

The concept seems to make sense. But in practice it's proving difficult. Governments are accustomed to getting advice from those assisting them in a financial deal. Issuers that are used to calling up their banker and asking her opinion about a transaction now must seek counsel elsewhere.

Adding more confusion, there are exceptions to the new rule. One applies to the request for proposals process. Professionals who are not a government's municipal adviser can still offer advice in a proposal response. Another exception: If a government already has an adviser in place for a transaction, underwriters and other professionals involved in that same transaction can also give advice. But therein lies yet another snag. According to the rule, issuers in this situation must still "rely on" the advice from their municipal adviser.

"So people are now saying, 'What does "rely on" mean?'" says Susan Gaffney, who served as the Government Finance Officers Association's Federal Liaison Center director for more than a decade. "Does it mean always use? Mostly use? Everybody's struggling with what does this all mean and does this change how I approach an issuer?"

The gray areas are getting much of the attention (and consternation) right now from municipalities and financial professionals. But the goals of the rule—creating a bright line between what constitutes advice and what doesn't, and defining who really should be providing that to the issuer—have government's best interest at heart. "There's going to be near-term pain over the understanding and getting this in place," says Matt Posner, an analyst for Municipal Market Advisors. "But it's for long-term good. We should have responsible advisers, and we should be able to educate those advisers and make them better."

—Liz Farmer

—A note that was sent—along with a gift certificate for a free large pizza and a 2-liter soda—from Chevron Corp. to each resident of Bobtown, Pa., after a natural gas well in the region exploded in February and burned for several days.

SOURCE: *PHILADELPHIA INQUIRER*; IMAGE: FLICKR/SETH W.

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By Alan Ehrenhalt

Cities, Families and Places to Play

Can urban policy convince young families to stay?

It's beyond dispute at this point that there's been a central city revival over the past decade or so. Downtowns throughout the country have seen increases in residential population, and commercial districts that were moribund in 2000 have come alive with restaurants and entertainment. If you're seeking evidence, just look around.

Real as the resurgence has been, however, it is one marked by a nest of nuances. Perhaps the most important of them has to do with children and families.

In the past few months, the urban policy websites that help define the debate over cities and their future have nearly all weighed in on a striking set of numbers, ones that focus on the relative absence of children under 18 in some of the most successful city centers. The numbers are straightforward: 13 percent of San Francisco is under 18; 15 percent of Seattle; and 17 percent of Boston. That compares to the national average of 24 percent.

In spring 2013, the Tulane University geographer Richard Campanella wrote an online essay lamenting the fact that children were notably scarce in the newly fashionable neighborhoods of New Orleans, including the one he himself lived in. "Unless gentrified neighborhoods make themselves into affordable and agreeable places to raise and educate the next generation," Campanella declared, "they will morph into dour historical theme parks with price tags only aging one-percenters can afford." Within a short time, Campanella's blog post had attracted hundreds of responses, most of them sympathizing with his argument.

Even some of those who have passionately championed the city revival are expressing their concerns over the issue. "In our rush to promote higher-density urbanism," the urbanist author Kaid Benfield recently asked in a piece for *Atlantic Cities*, "are we inadvertently creating child-free zones that are inhospitable to families with kids? ... If we're as committed to diversity as we like to say, shouldn't that include children?"

A playground in New York City's Central Park

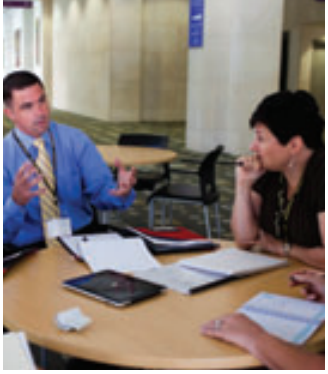
FLICKR/STEPHANE ENTEN

A little perspective is useful here. Cities are reviving at a time when the size of families throughout the country is shrinking. The percentage of U.S. residents under 18, which was 26 percent in 1990, has declined steadily since then and is projected to decline further over the coming years. Some of the cities with the lowest percentage of kids, including New York and San Francisco, saw smaller percentage declines in the past decade than the national average. Walk around Lower Manhattan or New York's Upper West Side on a weekend morning and you will see a parade of strollers; children haven't exactly disappeared from urban America's gentrified streets.

Still, there's no denying that the shortage of urban children is something to worry about. When some of the nation's most desirable cities show under-18 populations of one-sixth or less, an imbalance exists that threatens over time to turn otherwise healthy central cities into demographic outliers.

Washington, D.C., is a good example. Over the past decade, it has been growing at a pace far greater than most American cities. Almost all of the population increase has come from the age 24-35 cohort. Washington has the highest rate of one-person households in the country. And though it has seen a fair number of births compared to other cities—about 8,000 per year—D.C. has found it difficult to keep families living within the city once the children grow a little older. The statistics for other big cities, including those with impressive downtown revivals, are relatively similar.

The worrisome absence of children in reviving urban areas is not a phenomenon that public policy can easily address. There is no magic antidote to high rents and dysfunctional schools. But there is



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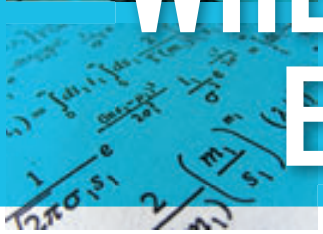
—President Barack Obama

WHERE EMPLOYERS AND EDUCATORS MEET.



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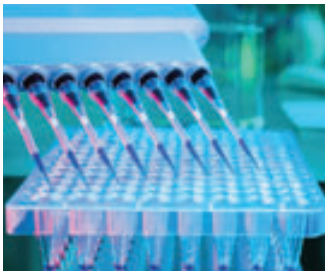

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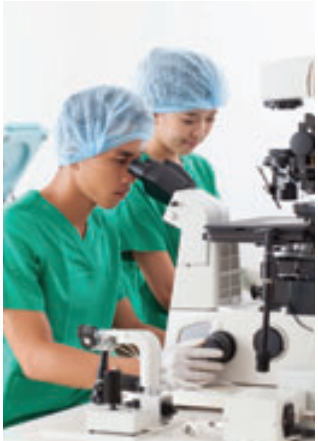

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one step that cities can take in the short run to make their central neighborhoods more family friendly. They can see to it that there are places for children to play.

Most of America's older cities are park-rich and playground-poor. They possess huge areas of sprawling parkland that make the city as a whole a greener place, but aren't easily accessible to families living in the inner neighborhoods. Darell Hammond, head of the children's advocacy group KaBOOM!, refers to huge swaths of territory in America's big cities as "play deserts." "Kids aren't playing the way they used to play," Hammond says. "And that has an impact on their health and the community's health."

There are good statistics on the play desert problem in America. According to a study in 2012 by the Trust for Public Lands, the most playground-friendly city in America is Madison, Wis., with a total of 7.1 playgrounds for every 10,000 residents. Cincinnati is second, with 5.1. By this yardstick, some of the more successfully gentrifying cities in America in recent years have abysmal numbers. Chicago stands at 1.9 playgrounds per 10,000 residents; Washington, D.C., at 1.7; San Francisco at 1.6 and Los Angeles close to the bottom at 1. If you plot the percentage of children in a big city against the number of playgrounds, you nearly always get a correlation. This is not to say what causes what, but it does make clear that quite a few cities desiring a reputation for family friendliness have failed to address a simple problem that is limiting their attractiveness to young families.

Los Angeles is one of those cities. Its confines include the magnificent 4,000-plus-acre Griffith Park, but many of the city's neighborhoods have no usable public playground at all. "In older parts of town," the chairman of the L.A. Parks Foundation wrote recently, "there are many dense miles of residences and commercial properties unbroken by green spaces."

In Los Angeles, play deserts are an old problem. For decades, they contributed to the sterility and monotony of the inner-city neighborhoods where poor people and minorities clustered. Most of those people remained in the city because they lacked the resources to settle further from the center. Now they have been joined by an affluent cohort of urban returnees who have the skills and political clout to pressure the city into creating more green space. Gentrifiers and inner-city old-timers have plenty to argue about, but this is one subject on which they should be unanimous. More green space is good for everybody.

And the need for more and better places to play is slowly becoming part of the national conversation about urban revival. "I think you have a convergence going on," says Darell Hammond, "about what it means to have family-friendly, child-friendly cities."

Two years ago, in the midst of a decline in real estate prices all over the city, Los Angeles purchased 181 acres of available land and used it to create 50 new neighborhood parks. More than 20 new parks have already opened. Most of them are less than an acre in size. But they are big enough to contain up-to-date equipment and to give local kids a place to play other than the street. Some of the parks are actually quite elaborate, like Drum Barracks Park, located on an old oil well site, which includes statues of camels that once lived nearby.

But you don't need camels to have a serious impact on your city's playground problem. Chicago is a good example. It doesn't so much have a shortage of playgrounds as a shortage of playgrounds any family would want to use. There are 525 city playgrounds in all, not counting those attached to public school grounds. A majority of them are in bad condition, with broken equipment, rotting wooden fixtures and no accessibility for the handicapped.

In spring 2013, the city announced a program called Chicago Plays, which promised to restore 300 playgrounds over five years. Fifty were scheduled for restoration by the end of the first year alone. "It's not a paint job," Mayor Rahm Emanuel declared in announcing the initiative. "It's a total redo of equipment. No other city is doing this." Emanuel promised that when the program was complete, every child in the city would be within a seven-minute walk of high-quality playground space.

The remarkable thing about Chicago Plays is how cheap it figures to be, at least compared to other family-friendly urban strategies. The city estimates that it can restore a dysfunctional playground to good shape for about $125,000. That means a total cost of $38 million over five years, all from existing Park District funds, no new money necessary.

New York City is going about playground enhancement in still another way. It is gradually making school playgrounds, normally closed outside school hours, into facilities open to the public virtually around the clock. Some 290 sites were selected for the city's Schoolyards to Playgrounds program in 2007, some of them needing nothing other than to be unlocked, and others requiring extensive renovation and capital improvement. By the end of 2013, 229 school playgrounds had been opened to the public, most of them in play desert neighborhoods in Brooklyn and Queens.

The crucial point is that here, too, the cost is minimal in the context of a city budget of roughly $75 billion. The initial capital cost projection was $117 million, with operating subsidies of $14.5 million a year. New York can afford that, especially given the tangible increase in urban livability that the program promises.

It would, needless to say, be a mistake to treat play deserts as the primary reason families with children move out of gentrified cities. Underperforming schools are the reason most often cited, and with justification. But when weak schools are paired with the absence of playgrounds, the pressure on young parents to decamp for the suburbs can be too much to resist.

No city should want a reputation as a place unfriendly to children. For a relatively trivial sum, it can take a step in the right direction. Any city that doesn't take that step is sending the wrong message. **G**

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By Donald F. Kettl

Is a Constitutional Convention in the Works?

States are considering whether to call one as a way to rein in the feds.

A scene from the signing of the U.S. Constitution by artist Howard Chandler Christy.

WIKIPEDIA.ORG

In attacking recent court decisions on gay marriage, Alabama Chief Justice Roy Moore told reporters, "The moral foundation of our country is under attack. Government has become oppressive." He went on to urge the nation's governors to push back by asking their state legislators to call for a convention to amend the U.S. Constitution. Moore is in good company. Faced with issues like balancing the federal budget, protecting gun rights, preserving state prerogatives in health care and insurance, and deciding who gets to marry whom, at least 20 states have already joined the "convention campaign."

One of the last pieces of the Constitution that James Madison proposed in 1787 was how to keep the document alive. He was very conscious of the uneasy compromise he and his colleagues were trying to frame throughout the Constitution, and he wanted to make extra sure that there was procedural room that would allow the document to bend without breaking. He was especially conscious of the need to balance national with state power, since the convention in which he was sitting had been called by the states because the Articles of Confederation had crumbled.

So Madison created Article V, which allowed Congress to propose amendments to the Constitution. But it also allowed states—if two-thirds of state legislatures agreed—to call for a convention as well. That, he thought, would allow a bottom-up check on top-down government.

The top-down amending process has been used 27 times, but there has never been an Article V convention called by the states. In fact, for the country's first century, it was barely tried. In the 20th century, however, concerns about the growth of federal power led to 697 state petitions, but only a 1980s attempt to force a balanced-budget amendment came close, with 32 of the 34 needed petitions. The amendment movement died down again until recently, when fierce tensions between the Obama administration and the conservative right sparked a fresh campaign to rein in federal power.

Leading the charge is the conservative American Legislative Exchange Council (ALEC), which has produced a handy manual for state legislators and which held a December conference that debated everything from term limits for members of Congress and the U.S. Supreme Court to a congressional override of Supreme Court decisions.

But because Article V is so brief, no one knows what will happen if a constitutional convention ever convenes. Does a state petition for a convention last forever? (Probably not—the consensus is that resolutions expire after seven years.) Do all state petitions need to call for a convention on the same issue, or is it enough for 34 states to call for a convention on, say, different issues? (They probably have to be on the same issue, most scholars agree.)

Then there is the toughest problem. Would a convention be limited to the issue on which it's called, or is the agenda up for grabs? Could a convention called on federal budgeting or term limits for federal officials include campaign finance reform? Constitutional scholars disagree, and there's frank conversation about the risks of a "runaway convention." Convention proponents point out that the states can block any proposal they don't agree with, since a convention could only *propose* amendments

to the Constitution (any amendment requires ratification by three-fourths of the states). But no one really knows what a convention can and can't do, or how it would work. And if a convention happens, there will be a huge public debate about the very foundation of American democracy itself. That's surely healthy—and enormously unpredictable.

Meanwhile, some liberals believe they could steer a convention to advance their own issues, even if it came about through ALEC's strategies. They'd love to overturn the Supreme Court's Citizens United decision on campaign finance and change the principle of corporations as legal "persons." Progressives are also convinced that there would be "intrinsic civic value" in encouraging the sort of citizen engagement that might be inspired by a convention, as one spokesperson put it. In fact, some forces on the left are quietly rooting for a grassroots conservative movement so they can slide their own agenda onto the convention floor.

And there's the rub for the convention debate. Liberals are concerned that the conservatives could amend the Constitution to beat back the role of government. Conservatives aren't sure they could keep liberal amendments off the table. No one knows just how a convention would work, how long it would last, what rules would guide debate and amendments, or what unexpected pieces might emerge.

Advocates of a convention keep tip-toeing up to the door, but the huge uncertainties have been keeping the last states from taking the jump into the vast unknown. The Article V debate, however, does provide a good barometer on the divisions in the American polity. And it also provides a reminder of just how fine a fabric the founders wove 227 years ago when they put the Constitution together—and how edgy partisans on all sides are about pulling threads that might unravel the basic compact. Democracy isn't for sissies; Madison and his colleagues made sure that it would always be a full-contact sport. G

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By Liz Farmer

'Do Not Get in Our Way'

The governors ask the feds for more flexibility.

Many state officials—perhaps not surprisingly—have long felt that they're better equipped to decide just how and where to spend their money. And after a year of federal government stalemates that culminated in a partial shutdown, states this year believe they have an even stronger argument—and they're being downright blunt about it. "Where the federal government will not act, states are stepping in," Oklahoma Gov. Mary Fallin, chair of the National Governors Association (NGA), said in a speech in Washington, D.C., this winter. "Please do not get in our way."

Fallin's remarks were part of the NGA's annual State of the States address, which contained as much back-patting as it did prodding. "Our message for 2014 is clear: States are leading and we encourage our federal partners to work more closely with us and to take note and to use the policy ideas coming from their state partners," she said.

Govs. John Hickenlooper and Mary Fallin

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Republican Fallin and NGA vice chair Colorado Gov. John Hickenlooper, a Democrat, hammered home their point by highlighting examples in recent years where states have made progress through innovation or cooperation. Hickenlooper, whose state was ravaged by floods in 2013, noted that the first calls for National Guard assistance he received were from Oklahoma, Utah and Wyoming—all states with Republican governors. "Governors don't really worry about the parties when we're trying to get things done," he said.

And what do they want to accomplish this year? The NGA's wish list includes reworking No Child Left Behind to give states more control, reauthorizing the Workforce Investment Act and thus restoring the 15 percent set-aside dedicated to state workforce innovation, and passing legislation that ensures long-term stability for the Highway Trust Fund so states and localities can invest in transportation projects. Approving the Marketplace Fairness Act, which would allow states to collect taxes on Internet sales, would also give states more flexibility.

Although Congress did pass an omnibus spending bill for 2014, Fallin noted major reauthorization bills governing key federal-state programs are stacking up. The federal Highway Trust Fund, for example, faces a fiscal cliff of sorts this year as expenses are projected to be more than its receipts.

The call for more flexibility is a familiar demand from governors. The NGA has for years pushed its agenda of flexible federalism, the idea that the federal government shouldn't fix its own problems on the backs of the states. One principle the association advocates regarding the federal deficit is that any reduction shouldn't be accomplished by shifting costs to states or imposing unfunded mandates.

With such a familiar refrain, is anyone really listening? The White House may be. (States aren't the only ones exasperated with the slow progress on Capitol Hill.) Hickenlooper said that during a private meeting with Obama, the president offered his cellphone number after hearing governors' frustrations over things like getting waivers for health care or trying to streamline the infrasturcture permitting process. If the feds are blocking governors from getting the job done, he said, he wants to know about it. "I think we all heard that with gratitude," Hickenlooper said. G

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By David Levine

The Unaffordable Care Act

Some states are seeing double-digit premium increases.

Among the many hopes expressed for the Affordable Care Act (ACA) was that it portended to slow the inexorable and exponential rise in health insurance premiums every year. Yet in many states, it's still business as usual. In California last year, according to *The New York Times*, Aetna proposed rate increases of as much as 22 percent; Anthem Blue Cross, 26 percent; and Blue Shield of California, 20 percent. And there wasn't a thing that the state insurance regulators could do about it. Other states have also seen rates rise by at least 20 percent for some policyholders.

This is happening even though, under the ACA, state insurance regulators are required to review any request for a rate increase of 10 percent or more. So what gives? It turns out that "reviewing" a request is not the same as being able to stop it. That power was actually removed from the final ACA bill. And that's the problem, according to California Insurance Commissioner Dave Jones, who said, "This is one of the critical missing pieces of national health-care reform," in his 2011 inaugural address.

Some advocates had hoped that the ACA would extend to all state insurance commissioners the power to block unreasonable increases in premiums. Rather, it left intact the current system, whereby state legislatures decide whether or not to hand that right to their commissioners. Most states have chosen to do just that. However, in California and 14 other states, all insurance commissioners can do is review increases. They can't actually do anything about them. In contrast, New York state's Insurance Department has the authority to reject excessive hikes. As a result, the state was able to keep rate increases in the individual and small group markets to below 10 percent in 2013.

"What's strange about California not having [the authority to reject unjustified rate increases] is that, since 1988, we have had that authority for auto, homeowners and property/casualty insurance, and that has saved people tens of billions in premiums," Jones says. "The absence of that authority [in health insurance] is extraordinarily frustrating. We review and determine if increases are excessive or unreasonable, but the most I can do is announce the finding. It is not binding. The ACA would have been much better if that authority was included in the act."

State commissioners who do have this hammer say they commiserate with Jones. "I have sympathy in his concern," says Michael F. Consedine, the Pennsylvania Insurance Commissioner. "One of the fundamental powers that insurance regulators should have is to regulate filings in their marketplace. Our marketplace and consumers are better off because of that power."

Of course, states' rights advocates argue that this decision is best left to the individual states, not the feds. But wherever the authority comes from, state regulators believe that regulatory authority should ultimately reside with them. "In my mind, and most of my colleagues agree, regulation is best left to the regulators right there in the trenches," Consedine says.

Jones, for his part, has decided to bypass Sacramento and go straight to voters for regulatory power through a ballot measure scheduled for the November elections. He has some deep-pocketed opposition, though. "Here in California, very powerful and well-resourced lobbies have successfully stopped four bills in last seven years," he says. "I hope the ballot measure will do what the legislature hasn't been able to do and extend the authority of the commissioner to include heath insurance and HMO products. Voters will have the opportunity to decide this question. I think it's well past time, and I am hopeful they will support it." G

California Insurance Commissioner Dave Jones lacks the power to reject what he views as unjustified rate increases.

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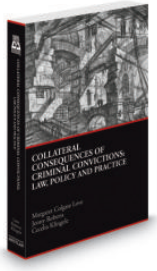

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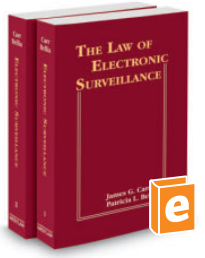

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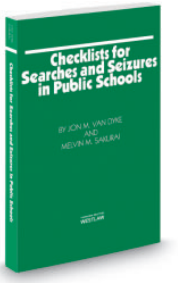

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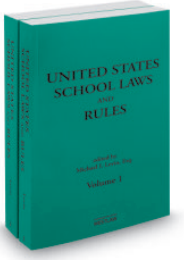

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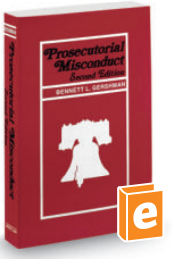

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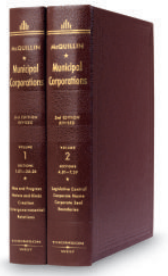

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By J.B. Wogan

A Little Help From the Feds

Cities want another stimulus-like round of funding for green projects.

When you think of the American Recovery and Reinvestment Act of 2009, chances are you conjure images of shovel-ready highway construction. But that one-time infusion of federal funds also enabled cities across the country to go green in a big way. Localities invested in everything from charging stations for electric vehicles to wind turbines and solar panels to LED streetlights and more energy-efficient infrastructure. Now cities are calling for more money.

A recent survey from the U.S. Conference of Mayors looked at how cities used the federal Energy Efficiency and Conservation Block Grant Program (EECBG), which distributed $2.7 billion under the economic stimulus package. About half of the money went directly to cities, with an average grant per city of about $1 million. The report shows that "cities made very good use of these funds," says Shane Bemis, mayor of Gresham, Ore. About 62 percent of respondents, the report found, used the federal funds to invest in new programs that weren't in their existing climate or energy plans. The report's authors highlighted the statistic to demonstrate that mayors leveraged federal aid to make new progress on energy efficiency and conservation: "The prevailing view at the time [the stimulus bill passed] was that many cities would simply substitute EECBG dollars for allocated local funding to existing city energy initiatives."

The vast majority of mayors (87 percent) said federal funds went to city projects and operations, such as making city-owned buildings more energy efficient and upgrading streetlights. Retrofits of government buildings were the most common use of the funds, though write-in responses detailed a variety of other projects, such as putting a wind turbine on top of a building and buying a solar-powered garbage and recycling container.

Bridgeport, Conn., used about $70,000 from the grant program to pay for a feasibility study on constructing an anaerobic digester, which recovers methane from food waste and other types of biodegradable material and converts the gas into heat and electricity. Currently, Bridgeport pays more than $2 million a year to haul its sewage to New Haven, where it is burned. Eventually the digester could save the city about $1 million in trucking fees and energy fees, says Bridgeport Mayor Bill Finch.

The mayors say the survey results underscore the effectiveness of the grant program and should persuade Congress to allocate more money in the future. Under a proposal in President Obama's March budget plan, the U.S. Department of Energy would provide $200 million in one-time performance grants to support state governments that want to cut energy waste and modernize their power grids. The White House outlined the same idea last year, though no competitive grant program for energy projects ever materialized. The push to reward energy efficiency, however, does appear in a current bipartisan bill that would focus on updating state and local building codes to encourage energy savings.

FLICKR/MIKE STEINHOFF

This anaerobic digester in Massachusetts converts gas and heat into electricity. A similar project is being built in Bridgeport, Conn.

So what happens to all these efforts if the federal government doesn't pony up again? Bridgeport's Finch says some cities may be forced to abandon bigger projects unless they can strike a deal with a private partner. "At the local level, so much of your budget is predetermined," he says. "Discretionary money is almost nonexistent unless you want to raise regressive property taxes. If you want to make these kinds of investments, it's almost got to come from the federal government."

For Bridgeport's part, Finch says the city is looking at the private market to partner. But, he adds, there are lots of ways cities can still go green for less. He cites recycling as one example, and says that smaller projects, like installing LED streetlights, will go forward no matter what—just at a slower pace. G

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By Alex Marshall

Learning to Build

If we want sophisticated infrastructure, we need skilled workers.

From the smartphone in our hands to the flat-screen TVs on our walls—and the Internet that now runs between them—we have a level of technological wizardry that would make Harry Potter envious. We all know that behind these gadgets and platforms is an amazing level of skill and knowledge: in the concepts that led to them, in the designs that take concept to reality and in the manufacturing that creates them.

Outside our homes is a built environment of roads, train lines, bridges, water, power and fiber-optic lines that also requires skills to conceive, design, build and maintain. For whatever reason, though, we don't often think about those types of skills. But we should. Because unlike smartphones or even trains, it's hard to import that know-how from China or elsewhere. It's crucial that we maintain those important skills at home.

For some time there have been signs that the overall quality and skill of our workforce is declining, and with it the quality of our infrastructure. In fact, the issue comes up a lot. At a recent symposium on high-speed rail that I organized at the US-Asia Institute in Washington, D.C., professor Tschangho John Kim of the University of Illinois said that the rail sector as a whole suffered from a lack of skilled workers. There are few training programs to educate workers from the front lines to upper management. Kim even noted that his university's "RailTEC," one of the oldest research and training centers in the country, was now perhaps the only university center dedicated to rail.

And it's not just rail. The number of potholes and cracks in an average street or sidewalk is much higher in the U.S. than in other rich nations. As I have said in previous columns, some of this relates to our fragmented political economy. When you have a private phone company, a cable company, a public water company and street departments all digging up and repairing the same street, coordination is difficult. Cracks and holes in the street are just one result of the challenge. But the skill of workers also is important.

Western Europe has for decades been building light, airy bridges that seem almost to levitate across a span. I'm not just talking about splashy mega projects such as the Millau Viaduct in France; I'm talking about simple city bridges. Here in the U.S., we often just pour out big bases of concrete on each bank, and slap some steel girders between them. It's not subtle.

"The skills of the designers and workers are certainly part of the equation," says Kenneth Kruckemeyer, a former instructor at the Massachusetts Institute of Technology and a self-titled transportation strategist. "For example, we throw material at a problem by using girders of constant thickness for the entire length of the beam—where a variable thickness or more complicated design would place the material only where needed through skilled design and careful workmanship."

The need for skilled laborers is a tough subject in the era of No Child Left Behind. But there are many good jobs waiting to be developed that rely on high skills that aren't learned as much in a standard classroom. Maybe a savvy city or state would zig while its brethren zag, and invest in serious worker training centers, what used to be called vocational education.

A decade ago I interviewed David Gunn, then head of Amtrak. Gunn is a railroad man's railroad man, and had won fame for turning around New York City transit and

France's Millau Viaduct, the tallest bridge in the world, illustrates a sophistication in infrastructure that has declined in the United States.

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then the London Underground. He said this country wasn't ready for high-speed rail because we didn't have the workers to build or maintain it. His words still read fresh:

"It is not helpful, in my opinion, to engage in these flights of fancy where you're going to build TGVs [France's high-speed rail system] all over the United States. We do not have the technical capabilities for doing it, we don't have the manufacturing to support it anymore and you don't have the people to run it. [France has] been working on their train system since the war. For 60 years, they've been incrementally creeping up speeds on electrification, on catenary design, or locomotive design. In the United States, which was the leader at the end of World War II, you can't even buy a coupler that is made in the United States. You can't just take this super sophisticated technology from over there, and bring it here and make it work. Because, I mean, you have to have people who actually have a toolbox and can stand there and make it work. This is what the big thinkers—planners and other people—often don't get. This is not a detail. It is a critical component of having a good operation."

Or maybe we don't need skilled workers anymore. China famously built the new San Francisco-Oakland Bay Bridge span that opened last year. Americans assembled and installed it. Is this the way of the future? Can we import workers for standard maintenance as well?

China and South Korea are examples of countries that in a generation or two have leapt from third-world standards, with little advanced infrastructure, to being well ahead of this country in several sectors. (Korea has a national high-speed rail system, ubiquitous high-speed broadband service and clean, quiet subways.) Can we leap as well, or must we, as Gunn says, walk before we run? Whatever the exact stages, we will need skilled labor and management, and the production of both should be a national priority. G

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By Tod Newcombe

A Drug Returns with a Vengeance

Heroin use is back on the rise. This time, it's hurting smaller cities.

The death of actor Philip Seymour Hoffman from a heroin overdose shed new light on a startling truth: The drug has not only resurfaced, but is back with a vengeance. And unlike the 1970s and 1980s when it devastated inner-city neighborhoods, this time heroin is spawning a whole new generation of addicts in rural areas and smaller, struggling cities.

The amount of heroin seized each year at the Mexican border increased 232 percent from 2008 to 2012. Meanwhile, the number of new heroin users jumped by almost 80 percent over a similar time period, according to surveys by the federal Substance Abuse and Mental Health Services Administration. This has put a lot of pressure on cities already suffering from years of economic decline. These cities, some with multiple generations of heroin users, are worried they don't have the resources to fight this latest scourge, which is being blamed on a successful crackdown by law enforcement on prescription painkillers.

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"People who use heroin find it debilitating, which makes it harder to hold down a job compared to other drugs you can abuse," says John Roman, a senior fellow with the Justice Policy Center at the Urban Institute. "That means more users are looking for ways to get money to purchase their drug. It drives up crime and disorder."

Large cities, including Baltimore, Minneapolis and Philadelphia, have seen increases in heroin overdoses in recent years. But the problem has hit smaller jurisdictions particularly hard: In Taunton, Mass., 64 people overdosed and five died in less than two months earlier this year. In Newburgh, N.Y., a city of 30,000 about a 90-minute drive north of New York City, gangs have taken to running open-air drug markets in recent years, making it one of the most dangerous small cities in America.

The return of heroin and the surge in overdoses has led a number of city police departments to not just increase crackdown efforts, but to also start carrying an antidote, naloxone, a nasal spray that can quickly reverse an opioid overdose. Several city police departments in Massachusetts mandate that their officers carry the kits with them, as do police departments in Indianapolis and Ocean County, N.J.

But the police are just one part of a city's public safety and criminal justice system that must cope with the upswing in heroin. The courts, corrections, parole and probation workers are also drawn into the battle. It puts cities that are less viable and have fewer resources at risk. There is no one simple solution, but Roman suggests cities consider drug courts. Started in 1989, drug courts are an effective tool that has been successful in just about every medium-to-large city and county court system at reducing drug-related recidivism, according to a study by the Urban Institute. Drug courts work to help nonviolent, substance-abusing offenders recover and return to productive lives. But there are not enough of them, according to Roman.

Despite the rise in heroin abuse, cities may still be able to combat the growing epidemic by focusing on antidrug education. Roman points to a recent study by the University of Michigan that found that less than 1 percent of high school students claimed to have had tried heroin. "They're scared of it," he says. G

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FOR THE FIRST TIME IN HISTORY, MORE PEOPLE WORLDWIDE LIVE IN CITIES THAN OUTSIDE THEM. Across the globe, urban areas add more than 60 million new residents every year. In the United States, of course, the rural-to-urban tipping point happened generations ago. Today, nearly 80 percent of Americans live in metropolitan areas. But it's a demographic shift that's ongoing.

It's the age of urban ascendance. But it's also an age of urban/rural discord. In an ever-flatter world, big cities often identify more with urban counterparts halfway across the globe than they do with rural leaders just down the road. Chicago woos jobs from Shanghai, but may not coordinate with small towns in downstate Illinois. Boston aligns itself more with Berlin and Beijing than with the Berkshires.

There's always been a gulf between rural and urban America. But that rift is widening—in politics, in funding, in economic mobility, on social issues. How government leaders respond to that rift can either help bridge the gap between cities and rural areas, or drive the country down an even more divergent and potentially debilitating path.

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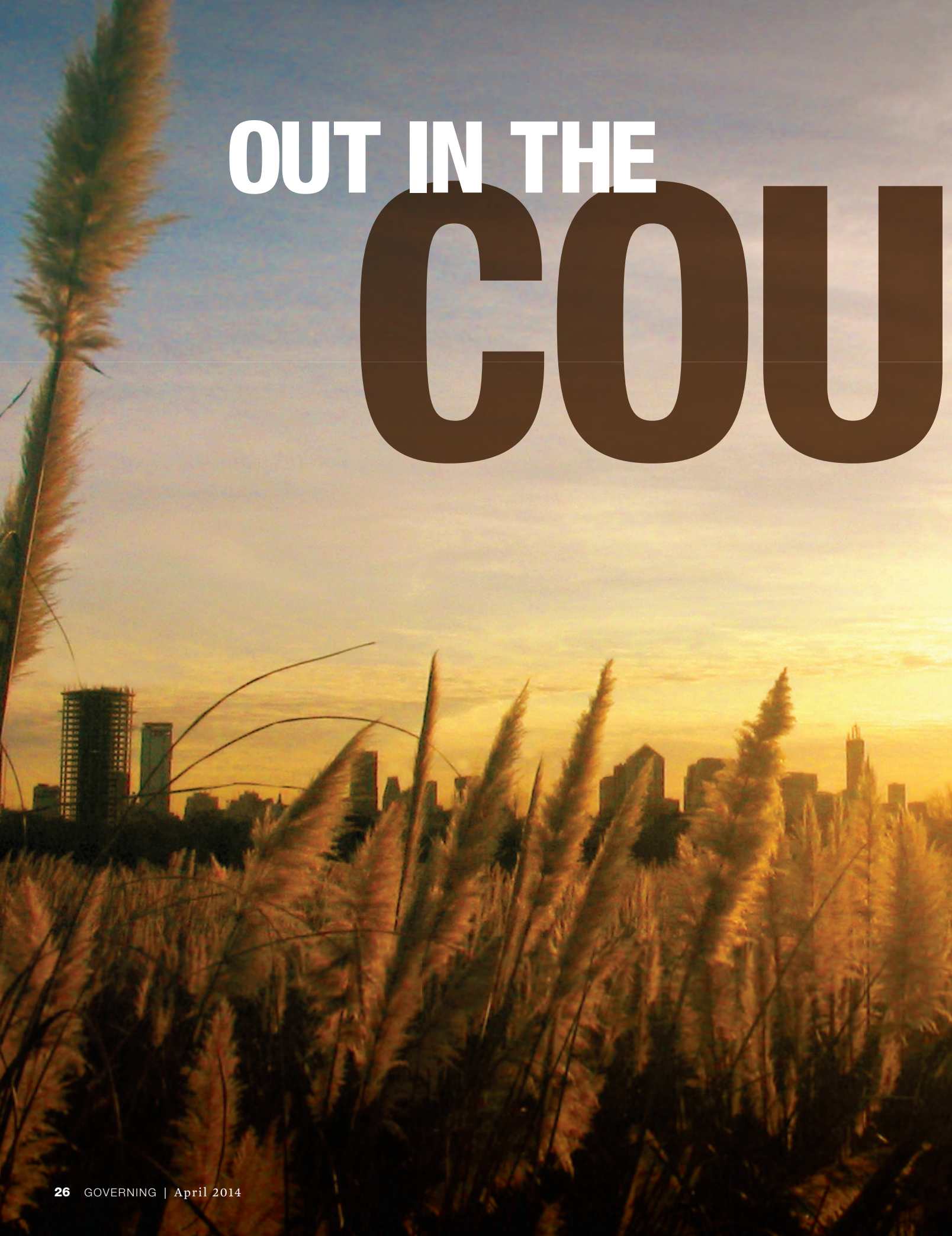
OUT IN THE COU



RURAL
URBAN
DIVIDE

NTRY

Rural lawmakers are dwindling in number. But the split between urban and rural politics is as big as ever.

By Alan Greenblatt

FLICKR/BRIANMKA

JIM WHEELER represents Gardnerville, a little town of 5,600 people about a half-hour east of Lake Tahoe, in the Nevada Assembly. Last fall, he gained instant national notoriety when a video surfaced in which he said he would vote to support slavery if that's what his constituents wanted. He was roundly criticized by media outlets both national and local, as well as leaders of his own party. Wheeler soon apologized.

But some of his other remarks on the tape triggered nearly as great a reaction, at least in Nevada. He suggested that Clark County in the southeast corner of the state—home to Las Vegas and 73 percent of Nevada's entire population—should be split off from the state. "This is the biggest divide in the state, North and South," Wheeler said. "Las Vegas wants everything, and they don't care about the rurals."

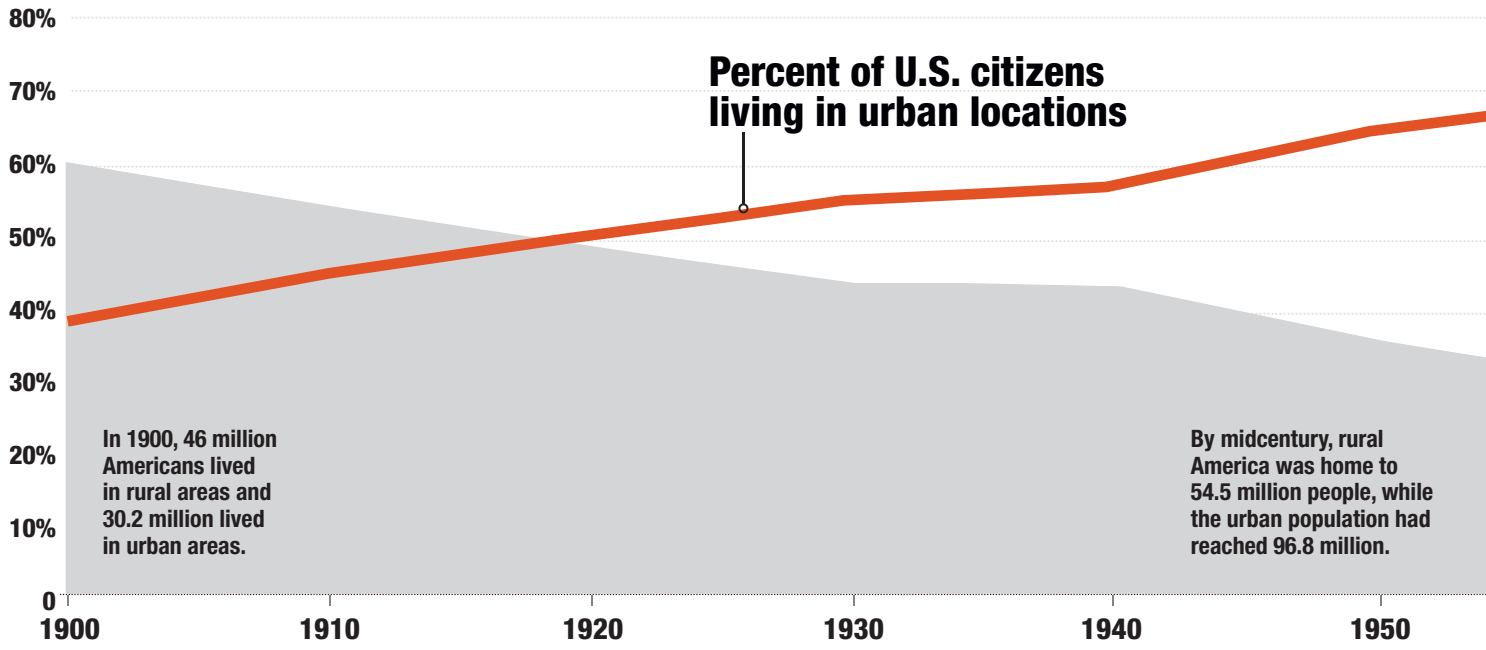
Ever since, legislators from southern Nevada have vowed to take revenge, strategizing about how they can get a larger share of state resources. It should be a snap. "Southern Nevada has had a majority of the legislators and now has a supermajority," says Jon Ralston, a prominent commentator on Nevada politics. "If the delegation [could] stick together, they could get anything they want."

That seldom seems to happen, though. If you looked at how state resources are allocated strictly in terms of where people live, Clark County is consistently shortchanged. For example, Nevada's antique school funding formula awards lots of extra money to counties basically for being sparsely populated and remote. Clark County, which is home to 2 million residents, gets a little more than $5,000 per pupil from the state, while Esmeralda County—home to less than a thousand people—gets more than $17,000. That's an extreme case, but consider that the commission designed to study equity in school funding is also disproportionately made up of people from the more rural north. That happens time and again in Nevada. Economic commissions might include agricultural representatives but no one from the gaming industry. Or they might give more seats to, say, Elko (population 18,200) than to Las Vegas.

Despite the massive growth in Las Vegas, people in Reno, Sparks and the vast rural parts of the state still feel entitled to more money than a metropolis made up largely of people from California, says Robert Lang, a professor with the urban affairs program at the University of Nevada, Las Vegas. "The native-borns are running the obscure, hard-to-fathom governance structure for one purpose: soaking this region and drawing as much resources as they can," he says. "Northerners do one of the most impressive rearguard actions of any minority."

Nevada is not unique. It isn't true everywhere, but to a surprising extent rural legislators—whose numbers have been in steep decline for decades—are still able to hit well above their weight in numerous states. Rural delegations tend to stick together and take advantage of splits that are common within metropolitan areas. Generally they are Republican, which means at times they are able to form partisan alliances that can run stronger these days than sectional ones. And, as the South did in Congress throughout much of the 20th century, rural areas are able to increase their clout simply by giving their representatives long careers and thus the power that seniority entails. "While it seems that the urban/rural divide is diminishing because of demographics—and there are certainly less purely rural districts—the ideology and the stances legislators take do reflect an urban/rural divide," says Lavea Brachman, who directs the Greater Ohio Policy Center, which advocates for urban areas.

Out of the Countryside, Into the City



Throughout the country, rural populations have either slipped or failed to keep pace with metropolitan growth. It's a trend that's been accelerating for most of the past century. A pair of Supreme Court decisions in the early 1960s ended the ability of rural areas to dominate state legislatures through the old system, in some states, of apportioning districts by counties rather than population. Since then, continued urban and especially suburban growth have meant that, even in farm states, purely rural districts have become scarce.

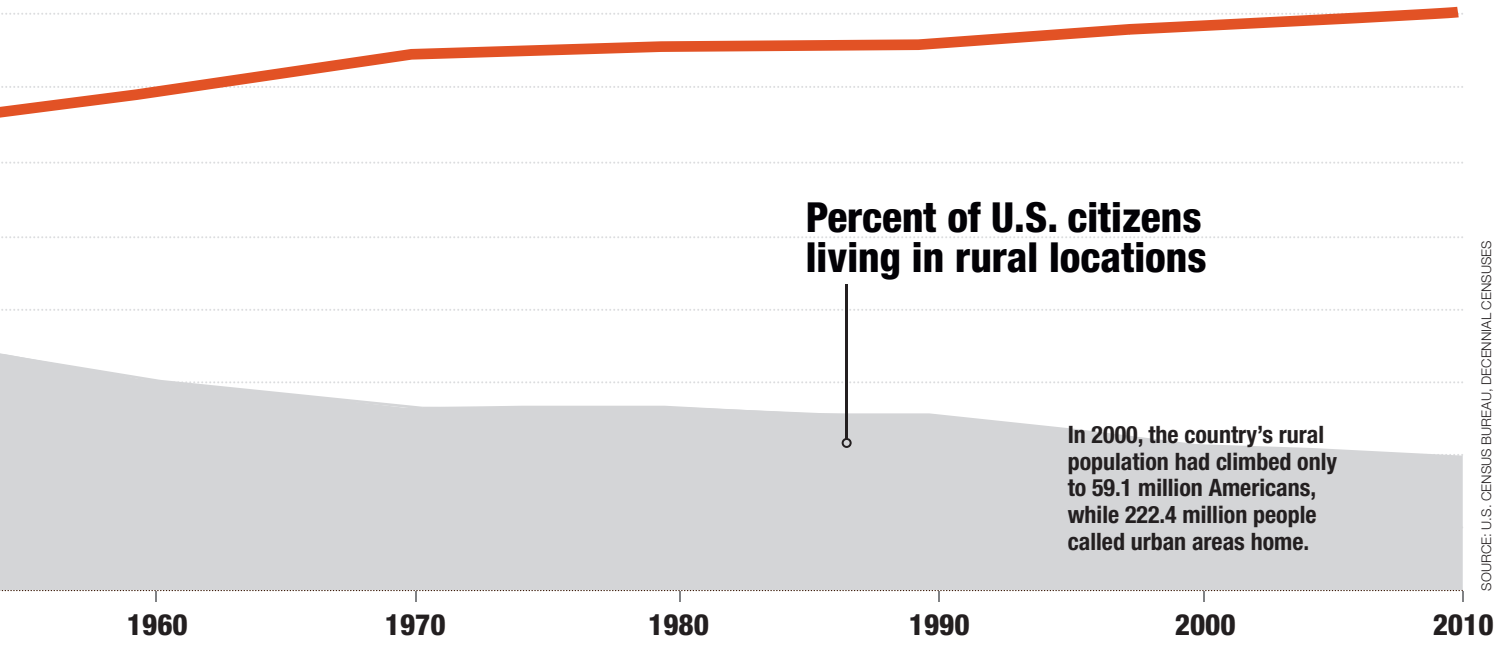
There are certainly states in which rural residents feel forlorn. The traditional geographic fights over money for roads and schools have been joined by cultural divides over issues such as same-sex marriage, environmental regulations and guns. In a number of states, particularly those dominated by Democratic majorities based in metropolitan areas, it's become fashionable in rural quarters to talk about secession. Last November, 11 Colorado counties voted on whether to split and form a 51st state. Five of those counties voted in favor of the idea. "We're rarely listened to when it comes to legislation," complains Ault Mayor Butch White.

Everyone knows secession is not going to happen. The state map of the United States is not going to change. For that reason, rural leaders know that they have to work with the cards they've been dealt. They don't look like winners—rural delegations don't dominate legislatures the way they used to—yet rural members in many states have become masters of coalition politics. Often, they're able to take home more than their share of the pot. "Rurals are still overrepresented, despite their anemic demographics," says Lang. "They've taken the legislature more seriously and can find consensus around regional issues. They don't fight over the things that divide a metro."

When it comes to geographical divides in states, nearly everyone seems to feel outmatched. Rural legislators are certainly aware of their declining numbers, with every round of redistricting leaving them with fewer districts to call their own. In some cases, rural legislators have to represent enormous areas because the population is so sparse. Texas Senate District 31, for example, now encompasses 37 counties, up from 26 during the last decade. The area that now makes up Nebraska's largest district, the north central 43rd, lost 7 percent of its population in the last Census. "There's always that feeling that Omaha and Lincoln get the lion's share and rural Nebraska gets the crumbs," says state Sen. Annette Dubas.

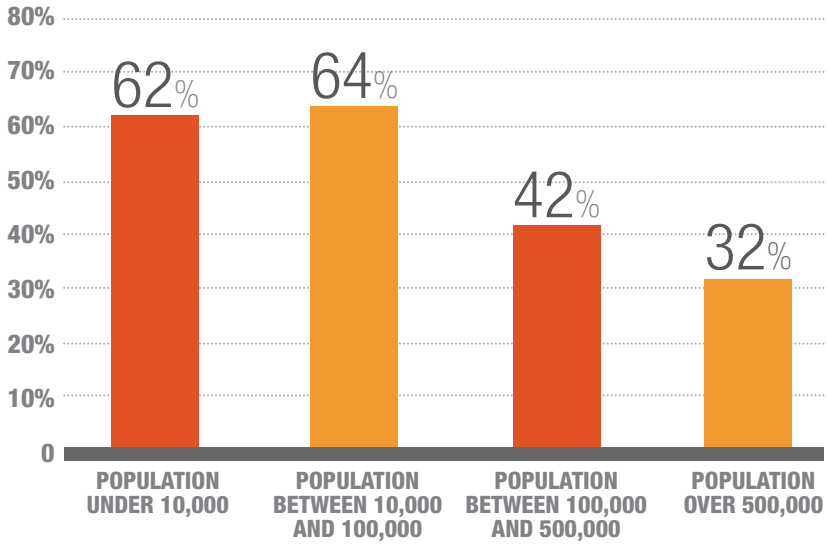
But politicians in the big cities are keenly aware of the resentment felt by out-state areas. "Yes, the urban delegations are larger [in Kentucky], but collectively the decisions in Frankfort show that the rural vote is still strong," says Dewey Clayton, a political scientist at the University of Louisville. "We [in Louisville] are looked upon as this den of iniquity, an area they would rarely go to and never live in."

Meanwhile, the suburbs—which are the fastest growing areas of most states and are often home to the largest share of the overall population—can't seem to get their act together. They haven't been able to dominate states in the way their numbers suggest they might. Regional cooperation just doesn't seem to be part of the American DNA, and that's seen most clearly in the type of squabbling and rivalries that take place among suburban neighbors. "In many areas, suburbs are the economic engines driving regions," says Lawrence Levy, dean of the National Center for Suburban Studies at Hofstra University in New York. "The problem is the suburbs are fragmented and have not learned how to



Rural Clout

Legislators representing smaller localities have greater success rates in passing locally oriented bills.



SOURCE: GERALD GAMM AND THAD KOUSSER, "NO STRENGTH IN NUMBERS: THE FAILURE OF BIG-CITY BILLS IN AMERICAN STATE LEGISLATURES"

use their clout. In most states, suburbs are the biggest bloc, but everyone else sees the suburbs as rich and greedy."

Indeed, urban and rural areas sometimes find common cause in working in tandem against suburbs. Increasing state aid to education, for instance, might look like a good idea to people in both large cities and tiny towns that don't boast property tax bases that can compare with more affluent suburbs. "Ironically, you may have rural legislators who have more things in common with urban legislators," says Tom Barrett, the mayor of Milwaukee, who has worked with rural legislators on education issues in Wisconsin. "We find on some issues that we can actually reach out to some of the rural legislators, who feel within their party that the suburban-exurban ones are not favoring them, either."

More often, though, that dynamic cuts the other way. Central cities are overwhelmingly Democratic (Democrats are mayors in 89 of the nation's largest 100 cities), while most rural legislators are Republican. Cities are also much more likely to be home to racial minorities, while most rural areas are predominantly white. As with income levels and voting habits, the suburbs present a more mixed picture when it comes to racial composition.

Rural Republicans can offer themselves up as a bloc within their party. All kinds of horse-trading can happen when it's time to divvy up capital construction dollars, for example, and suburban areas are split. "Most of the Democratic legislators are clustered in the cities," says former Ohio GOP Gov. Bob Taft. "If you're trying to get Republicans' votes, that gives some clout to the Republican legislators who represent rural areas."

Those rural areas don't suffer the kind of image problems that big cities and wealthy suburbs tend to have in state capitols. In fact, the opposite is often true. In lots of states, the population might have mostly moved to the metropolitan areas, but lots of people seem to feel romantic ties to the countryside and small towns. People may not live in rural areas, but they're still inclined to see that countryside receives its fair share—or maybe more—from the state. "There's still such a connection," says Nebraska Sen. Dubas. "Practically everybody comes from a small town or has relatives in small towns."

Individual legislators themselves may view the world through a split lens. With rural areas losing so much ground, many districts are split between half-empty rural counties and slices of suburbia that give them a population base. Ohio Republican Ross McGregor represents not only the entire city of Springfield but most of surrounding Clark County (a Clark County with 1.9 million fewer residents than the one in Nevada). "I step in and out of the rural universe daily representing this district," McGregor says.

In Maine, 90 percent of the population growth between 2000 and 2010 occurred in the state's three federally defined metro areas, which together now represent 70 percent of the state economy. Yet state funding formulas for education and economic development put those areas—Portland, Bangor and Lewiston-Auburn—at a big disadvantage. Charles Colgan, a former state economist, likes to say that Mainers work urban, live suburban, yet still think rural.

Clinton County, Ill., which is about 40 miles to the east of St. Louis, has 38,000 residents. That's only 5,000 more souls than lived in the county back in 1980. But if the county is not seeing a lot more population, it's getting more gun shops. Two have opened just this year. As in the rest of the state, demand for guns and gun safety training is going up. That's because Illinois last year gave up its status as the only state left in the country that didn't grant concealed carry permits to gun owners. The law was enacted despite strong opposition from Chicago Mayor Rahm Emanuel, one of the nation's leading supporters of gun control, and a veto from Democratic Gov. Pat Quinn, a product of the Cook County suburbs. "Chicago and Cook County held that up," says Kyle Moore, the mayor of Quincy, which hugs the Mississippi River just north of Mark Twain's hometown of Hannibal, Mo. "If my area would have voted on it alone, we would have had it 20 years ago."

There's a definite split between cities and rural counties when it comes to social issues, whether you're talking about guns, gay marriage or medical marijuana. In 2012, voters in 75 of Minnesota's 87 counties voted in favor of blocking recognition of same-sex marriage. But the other 12 counties, including those in the Minneapolis-St. Paul area, outvoted them. The cities have the people, and they are able to prevail in any number of statewide votes. But when it comes to money, rural advantages remain a powerful legacy. "A lot of the transportation funding systems were set up in more agrarian times," St. Paul Mayor Chris Coleman says. "In

Minnesota's case, those formulas are written into the constitution. I wouldn't even know how you would change them."

Urban leaders are often frustrated by the fact that, while they might dominate the state in terms of population and economic activity, they can't always convince rural legislators to give them a break—not only when it comes to slicing up the pie, but on matters such as use of red-light cameras that hardly seem to touch on rural life at all. "Rural communities really don't see a benefit from TIFs [tax-increment financing], and they don't support it," says Roy Buol, the mayor of Dubuque, Iowa. "You go into rural Iowa, they think they're being ripped off somehow."

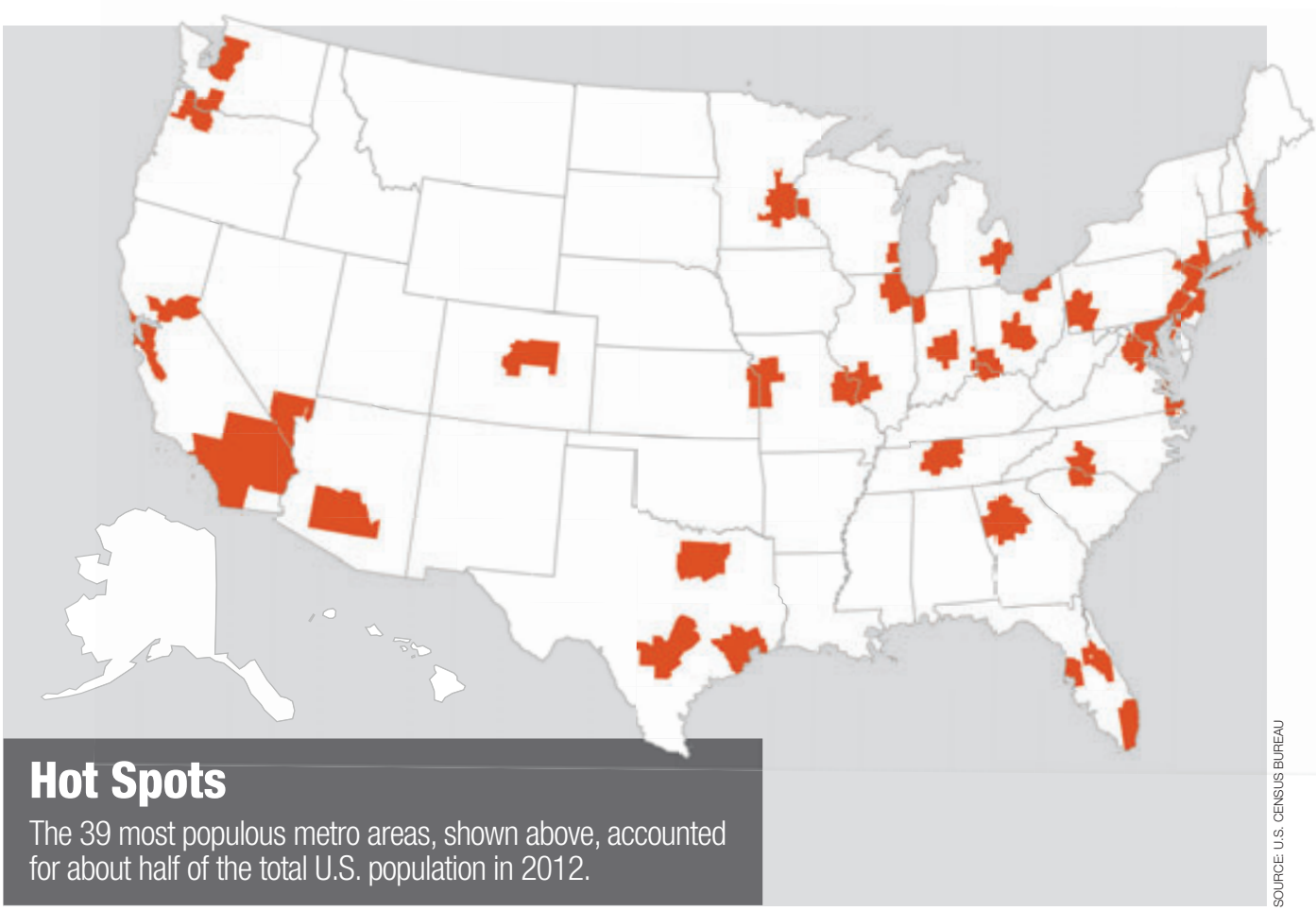
A study published last November in the *American Political Science Review* by political scientists Gerald Gamm and Thad Kousser found that major cities—those with populations above 100,000—had little luck passing state legislation. From 1880 until 2000, passage rates for bills that benefited big cities were consistently 24 to 34 percent less likely to pass than those that dealt directly with smaller cities and towns. "Year after year, while most bills affecting smaller districts pass, most big-city bills fail," Gamm and Kousser conclude.

After urban delegations got bigger, following the 1960s Supreme Court reapportionment decisions in Baker v. Carr and Gray v. Sanders, the big-city batting average only got worse. As they became more numerous, metropolitan legislators were more likely to break ranks, splitting not just on partisan votes but on measures meant to help out their own areas. "It appears that legislators from the rest of the state follow the cues of the big-city delegation and split when its members divide, often dooming bills," according to Kousser and Gamm.

Census estimates last year showed that rural America is not only failing to keep up, but is now actually losing population for the first time. Given the long period of relative decline, it would seem that rural areas would have to become marginalized within the politics of most states. "With their loss of political power, their loss of numbers, it's hard for them to make the case for their needs and they don't have the votes, oftentimes," says Jon Bailey of the Center for Rural Affairs in Lyons, Neb.

But you can't write rural America off just yet. The ability of rural legislators to hang together and form coalitions has preserved their status as important players in many states. Like so many back-country Davids, they are often still able to outmaneuver the urban and suburban Goliaths. People in Nevada still talk about how Bill Raggio, who reigned over 10 sessions as majority leader of the state Senate prior to his death in 2012, stood as a sentinel for northern Nevada, understanding the legislative process far more intricately than anyone Clark County managed to send to Carson City.

In Ohio, the very layout of the state gave rural legislators an advantage, at least before term limits. Rural legislators would spend much of their lives hanging around Columbus, often working their way into leadership, but senators and representatives from Cleveland quickly despaired of once again making the 300-mile round trip to the capitol. In most of the state, local



Hot Spots

The 39 most populous metro areas, shown above, accounted for about half of the total U.S. population in 2012.

SOURCE: U.S. CENSUS BUREAU

officials would work their way up to careers in state government, but ambitious politicians from Cleveland got out of state government as soon as they could to seek local posts. It's a tradition that continues to this day, with former House Speaker Armond Budish running this year for Cuyahoga County executive.

Cincinnati is even farther from Cleveland—it's much closer to Indianapolis or Louisville. People in the "three Cs" think of themselves as inhabiting separate worlds, so getting any of the state's major cities to collaborate—let alone bringing along Toledo, Akron or Youngstown—has always proved difficult. "It's very hard to get Cuyahoga County working with Columbus or Dayton, even though they've got an awful lot in common," says Ned Hill, dean of the college of urban affairs at Cleveland State University. "The regional interests break down very quickly."

The state's urban elites recognize this problem, at least. Over the past couple of years, leadership from the chambers of commerce of the eight largest metropolitan regions have begun holding monthly meetings, seeking ways in which they can work together. "We understand the need to have one voice on a lot of issues," says Carol Caruso, chief lobbyist for the Greater Cleveland Partnership. "We've made great progress in the last couple of years."

The work of this ad hoc group has mainly centered around policy, making good government recommendations in areas such as seeking efficiency. Caruso says she wouldn't hesitate to support projects to help out Wright-Patterson Air Force Base, which is just outside Dayton, and she says she gets support from all over the state for the NASA research center in Cleveland.

State lawmakers are supposed to be able to put parochial interests aside and have the greater interest of the state in mind when they formulate policies and decide where to invest their dollars. With metro areas not only home to most of the people but serving as the economic engines of most states, it makes sense to put money where it will do the most good. But bulldozers have to bulldoze in some specific place and legislators are known to judge any school funding proposal mainly by the spreadsheets that show how their own districts would do. "Obviously, it's a fair argument that if you're bringing in tax dollars you should get to keep them," says Quincy, Ill., Mayor Moore. "It's also important that we must invest in other areas of the state. We have to bring some of the rural areas up."

McGregor, who chairs the transportation subcommittee in the Ohio House, notes that his state has an advisory council that helps sign off on capital projects, making sure that limited dollars are allocated in ways that best serve the state as a whole. It's an attempt, he says, "just to try to take the politics out of where the money's being spent." Yet he concedes the attempt is not always 100 percent successful. "I think it would be exceptionally naive to think that there's no politics involved in anything we do." **G**

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JESSICA MULHOLLAND

COME TOGETHER

Can cities and rural counties find common ground?

David Shabazian works on rural/urban issues in Sacramento, Calif.

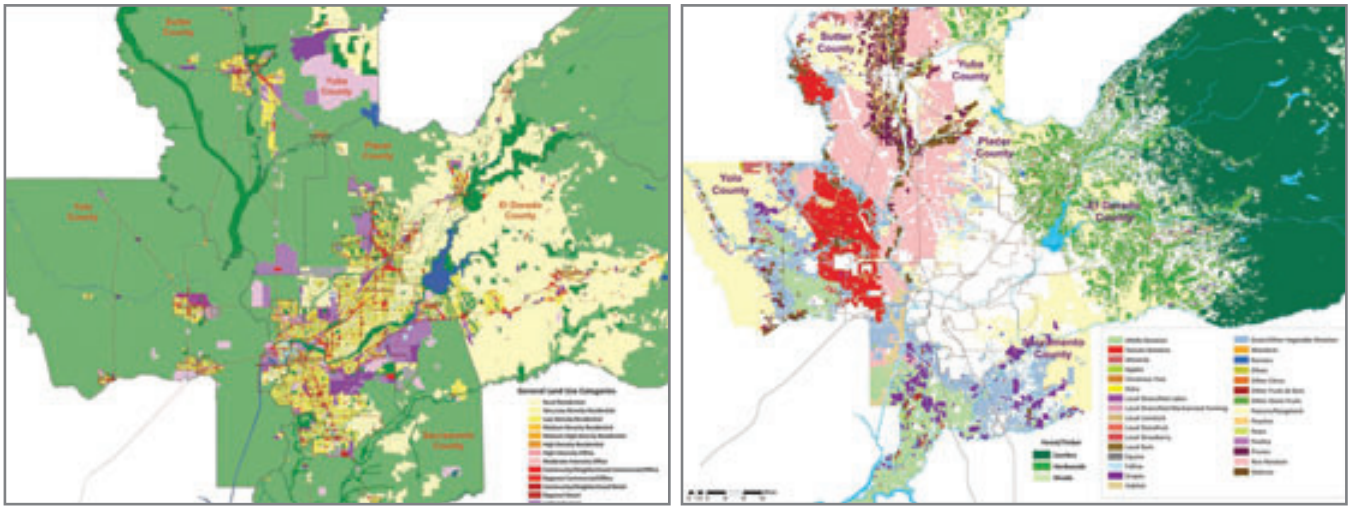
By J.B. Wogan

David Shabazian is an urban bureaucrat who understands rural life. He was raised on a farm, where his parents supplemented the family income by selling alfalfa, corn and wheat. The proceeds paid for his undergraduate degree in agricultural economics, but eventually the demands of running a farm were too much and the revenue collected too little, so his mother sold the land to a large operator.

As Shabazian witnessed structural changes sweeping through American agriculture, he also watched the city next door, Turlock, Calif., add population and land area until its outer limit reached the street in front of his old farm. He has seen the rural/urban divide, and for him, it was urban commuters competing with tractors on country roads.

Much of what Shabazian experienced in the San Joaquin Valley has happened across the United States. Scientific advancements in farm equipment, chemical herbicides, seed genetics and land cultivation techniques allowed farmers to increase the size of their farms and the rate of production without needing more manpower. In the past 30 years, the typical size of the American farm grew from fewer than 600 acres to at least 1,100 acres. The bigger farms thrived. A study by the U.S. Department of Agriculture in 2006 found that large and very large farms accounted for just 9 percent of farms in the United States, but 73 percent of the production value. Meanwhile urban expansion claimed more than 1 million acres per year between 1960 and 1990.

In a way, urban expansion claimed Shabazian too. After college, he became a city planner in Davis, which led to his current post as a rural/urban program manager for the Sacramento Area Council of Governments. Today he oversees a project called the Rural-Urban Connections Strategy (RUCS). Since its start in



SACRAMENTO AREA COUNCIL OF GOVERNMENTS

To change the dynamic of the rural/urban conversation, RUCS drew up a new map that replaced the large swath of "rural" land, left, with a more nuanced depiction, right, that reflects the varying uses of land surrounding Sacramento.

2007, the group has advised city and county officials on how to capitalize on the metropolitan region's agricultural sector while reducing traffic congestion on rural roads and improving cities' access to fresh food.

The Sacramento area includes six counties and 22 cities. About 70 percent of the land is either forest, open space or farms. Although that rural portion accounts for only 13 percent of the region's population, it has almost half of the road network. When the rural/urban program launched, Shabazian found that the region's planning maps suffered from what he called an urban bias. Central cities, suburbs and exurbs received 13 color designations, depending on density and whether the primary land use was residential, commercial or industrial. The doughnut surrounding Sacramento was one color: green. The message, he says, was that the urban areas came off as a vibrant mix of different uses, while the outlying area was a big, undifferentiated mass marked "rural." The RUCS staff drew a new map.

"We went field by field. You could see where you're growing peaches, wine grapes, alfalfa, whatever," he says. The outer circle of the new map showed an extensive palette for every imaginable use, from almonds and mandarin oranges to horse pastures and olive groves. No longer could urbanites mistake open space for unoccupied land. "That map was huge. People started to realize what we had here. It changed the conversation." Shabazian and his team found that agriculture in the region was a $1.66 billion industry and—unlike other parts of the local economy—it actually grew during the Great Recession.

Thanks in part to this more nuanced view, the Sacramento Metro Council can now shortlist significant rural road projects that connect everything from processing plants to city markets, and that serve the interests of the entire region. This hasn't translated to funding allocations yet, says Shabazian, but it's a first step in forging a common path for rural and urban communities.

Sacramento is not alone. Groups in places across the country are working to move away from old-school binary "rural or urban" thinking and instead find issues where the two groups can work together. To some extent, their work is merely the latest riff on regional governance. But recent political battles over water, fracking and gun regulation have highlighted the decades-old divide between cities and their rural counterparts (see "Out in the Country," page 26). With some counties in Colorado and Nevada agitating last year for the creation of new rural states—no longer tethered to Denver or Las Vegas—groups that occupy a middle ground may be more necessary than ever.

One such group is the Center of the American West, a think tank run out of the University of Colorado, Boulder. Since its inception in 1986, the center has published reports on the prevailing public policy topics of Western states: energy, water and air quality. During a speaking tour in the 1990s, Patty Limerick, a center co-founder, noticed a rift between the state's urban and rural communities. "Urbanites and suburbanites can become so complacent about their water supply and energy resources," Limerick says. People in developed parts of Colorado didn't think about the origins of those natural resources because "those places of are out of sight and out of mind." As a result, rural Coloradans resented their urban and suburban neighbors. Limerick wanted to promote a public conversation about urban/rural conflicts, but she knew it had to be more than a dry policy brief for government officials.

So she wrote a play. *The Urban/Rural Divorce in the American West* was a comic take on the divorce trial of its two main characters, Urbana Asphalt West and Sandy Greenhills West. "The presumption was that the urban interests and the rural interests had worked like a marriage," Limerick says. Country boy Sandy felt exploited and unappreciated. He complained that Urbana had despoiled his home with trash dumps and polluted air. The play outlined arguments from both sides about their contentious and sometimes opportunistic relationship. Limerick and two other

colleagues from the center performed more than a dozen shows in Colorado, Idaho and Oregon, each time casting local public officials and citizens as witnesses and the presiding judge. In a few townships, participants told Limerick the play came up during subsequent public meetings. "We would hear that our ridiculous metaphor was helping people talk about the issues."

Leslie Durgin, a former mayor of Boulder, remembers participating in one production in 1998 along with a state senator, the president of Coleman Natural foods and a U.S. district court judge. "It would bring people together who were not normally in contact with one another and who had different points of view," she says. Limerick and her colleagues would "insist on and engender respectful disagreement."

Although the center's play was somewhat unconventional, it fit the basic mold for how some rural/urban coalitions have tried to resolve intraregional conflict: by facilitating an informed debate. "We try to put out accurate, evidence-based research," says Mark Partridge, who heads a rural/urban policy program at Ohio State University. Through working papers, policy briefs and roundtable discussions, Partridge and his colleagues illustrate the trade-offs associated with new or popular prescriptions to economic and social ills, such as tax breaks for prospective shale drilling companies. "A lot of times," Partridge says, "we end up being a speed bump to bad policy."

Groups like Partridge's and the Center of the American West can be successful at spurring thoughtful discussion. But they rarely take the next step of advocating for specific policies—much less trying to implement them. Organizations that act as educators or conveners could risk alienating one faction or another if they took sides.

But it is possible to corral both rural and urban interests around a single idea, says Kevin Wisselink, a transportation planner for the city of Grand Rapids, Mich. Wisselink is a board member for United Growth for Kent County, a nonprofit in the Grand Rapids metro region. His group found a subject where city dwellers and rural residents shared a common interest: farmland preservation. City residents want access to fresh, local food; farmers want to protect their lifestyle and business. About 10 years ago, Wisselink's group pushed for county funding of a program that pays farmers not to allow commercial or high-density residential building on their land. In part because of their efforts, the Kent County Board of Commissioners budgeted four years of funding for the program.

The success—however modest—of groups in Kent County and Sacramento suggests that there are advantages to building rural/urban policy programs outside academia. Many of the working papers and journal articles published by Partridge's program at Ohio State University, for instance, use economic regressions and other analytical tools that aren't widely understood by the general public. Even if academic groups tried to boil down their research, says Durgin, the former Boulder mayor, "they would probably need a lot of translation and application assistance in rural areas or even for elected officials."

By contrast, the rural/urban data provided by the Sacramento Area Council of Governments is already making an impact. That's because the research comes from a quasi-governmental body and serves an audience of government leaders. Steve Cohn, a Sacramento councilman who chairs his region's council of governments, says the RUCS research has convinced him and other urban leaders to think more about housing, transportation and economic strategies that would help rural towns and counties. They want to concentrate new housing in urban cores, rather than consuming land that could be used for crop production. They're also trying to support road infrastructure for farms and wineries that bring tourists from outside the region—a local boon for everyone.

The Sacramento Area Council of Governments building

JESSICA MULHOLLAND

In Winters, a small town of 6,800 about 40 miles west of Sacramento, Shabazian's group is helping Mayor Cecilia Aguiar-Curry conduct a feasibility study on whether Winters and two other small towns could become a hub for agriculture-related packaging, processing, distribution, manufacturing, banking and insurance. Aguiar-Curry says RUCS data is already convincing some investors to relocate to her area. "I've lived my whole life here," she says. "For the longest time, we had lots of unused land." Now that open land is being utilized in coordinated ways, such as agriculture production that includes walnut farms. Today, says Aguiar-Curry, "as far as the eye can see, there's walnuts." G

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LIFE

Thomasville, Ala., Mayor Sheldon Day says small-town hospitals must evolve if they hope to survive.

SUPPORT

Hospitals may be rural America's single most important institution. They are also its most endangered.

By John Buntin

Photographs by David Kidd

Forkland, Ala., is about as remote and as poor as towns in the United States get. Located on the western edge of Alabama's "black belt"—50 miles south of Tuscaloosa—its 645 residents earn just over $10,000 per capita a year, less than half the state average. The town has just one store—a squat whitewashed building next to city hall—with a smattering of soft drinks, candy bars and potato chips on its otherwise empty shelves. What Forkland does have is kin and community. Get off Highway 43 and the potholed county roads that connect to it, and you'll find that sense of community down the red clay roads winding through the pines that lead to the shacks, single-wides and small homes where generations of family live. When newborns enter this world, they do so at nearby Bryan Whitfield Memorial Hospital.

Forkland is small, poor and overwhelmingly African-American. Next-door Demopolis is larger (population 7,500), wealthier and equally divided between blacks and whites. With two paper mills and a cement factory, Demopolis has a significant industrial economy. It also has another economic driver that supports and supplements local industry: health care. Bryan Whitfield isn't simply a vital provider of medical services for its residents and those in the surrounding areas. It is one of the region's largest employers with about 260 people on its payroll. To put the hospital's impact in context, its budget is more than three times larger than the city and county budget combined.

Like most rural hospitals, Bryan Whitfield is in many ways a creature of government. Built with the help of federal funds under the Hill-Burton Act of 1948, the hospital is organized under Alabama state law as an independent health authority. The city of Demopolis appoints five of the hospital board's nine members and, under the terms of a court settlement, appropriates $125,000 a year to provide indigent care to town residents. Marengo County, in which the hospital is situated, pays an even larger sum—$360,000 a year—under the terms of the same settlement. By far the biggest contributors to the hospital's bottom line, though, are Medicare and Medicaid. Roughly 75 percent of the hospital's $73 million-plus budget comes from those programs, a significantly higher percentage than the average hospital.

In rural Alabama, $73 million is a large number. Even so, Bryan Whitfield's profit margins are razor thin—and recently got thinner. About two years ago, the federal recovery audit program found that the hospital had improperly billed Medicare; the federal government demanded that the hospital repay $1.3 million immediately. That presented hospital administrator Mike Marshall with tough choices. In December, he announced that the board had voted to lay off 40 employees and shut down the hospital's labor and delivery unit, which delivered 231 babies last year, but which did not collect enough revenue to cover its costs. If the labor and delivery unit shuts down, the residents of Demopolis and the areas that surround it, like Forkland, will be forced to drive to Tuscaloosa, Selma or Meridian, Miss., to receive prenatal care and to give birth.

"Some simply won't make it," says Forkland Mayor Derrick Biggs. "You'll have the baby on the way."

Tiffany Ward, one of the two doctors in Demopolis who delivers babies, warns of even more dire consequences. Many pregnant women depend on neighbors or on public transport to get to a doctor's office for a checkup, she points out. With prenatal care and delivery services an hour or more away at best, she says, "babies are going to die."

Unborn babies aren't the only ones at risk. Many residents of Demopolis see the debate about the future of labor and delivery as a proxy for something larger—whether their community will be able to maintain a full-service hospital. Similar debates are playing out in rural communities around the country, engendered by the costs of health care for small populations, by the way the federal Affordable Care Act (ACA) affects hospital financing and by decisions about what mix of services can best serve the health needs of a community that can't afford to have it all.

The stakes are high—and not just in terms of the availability of medical services. "Health care is actually the fastest-growing job in rural America," notes Maggie Elehwany, government affairs and policy vice president of the National Rural Health Association (NRHA). "If the hospital closes, a lot of these towns wither on the vine."

Forkland Mayor Derrick Biggs, left, talks with the proprietor of Moore's One Stop snack shop, the only store in the small Alabama town.

The counties surrounding Demopolis are some of the nation's poorest.

The numbers are startling. Rural America is sicker, poorer, older and more overweight than the country as a whole. That puts financial pressure on the hospitals that serve it.

"They are in more isolated areas, which means they have lower patient volumes overall," says Adam Higman, a vice president with Soyring Consulting, a firm that works with rural hospitals. Lower volume leads to lower staffing levels, which makes it hard to roll out new technology and implement new rules. "You can't get the same utilization out of the equipment," Higman says. "Every case is a higher cost to them than it would be to another facility."

They are also more dependent on Medicaid and Medicare, which tend to reimburse providers at lower levels than private insurance. According to Keith Mueller, who heads a center for rural health policy analysis at the University of Iowa, some 18 percent of rural Americans are Medicaid recipients, compared with 15 percent of urban Americans. Doctors in rural America receive an average of 25 percent of their reimbursements from Medicaid, as compared with 20 percent for nonrural doctors.

Dr. Alex Curtis examines an expectant mother. He worries that some women would not have access to proper medical care if the Bryan Whitfield labor and delivery unit shuts down.

Not every rural hospital is struggling. In the energy-rich Mountain West and Great Plains, some rural hospitals enjoy monopoly positions that allow them to earn huge profits. But in areas where the economy is sluggish, as in rural Alabama, hospitals aren't just hurting, they are starting to close. The state has lost six hospitals in the past 18 months, more than in the previous 20 years, according to Don Williamson, the state health officer and acting head of the state's Medicaid agency. Another 22 hospitals are operating in the red. Many are serving areas with high numbers of uninsured patients, a combination that will make it extremely difficult for them to survive.

It's not just Alabama. More than 40 percent of rural hospitals nationwide are operating in the red, according to the NRHA. Even hospitals that are profitable typically operate with narrow profit margins. Many of these facilities are subsidized or owned outright by local or county governments, making what to do about

the local hospital one of the most challenging issues faced by local officials. It's a challenge greatly magnified by the controversies surrounding the ACA.

When the reform was signed into law four years ago, the expectation was that virtually all of the nation's 48 million uninsured would gain health insurance, either through subsidized health insurance policies purchased on health exchanges or through expanded state Medicaid programs. In anticipation of this outcome, significant changes were made to the Medicare and Medicaid payments system. Most notably, the ACA requires that the federal government begin making deep cuts in so-called Disproportionate Share Hospital (DSH) payments to hospitals serving areas with high numbers of Medicaid patients and people without insurance. Other adjustments that have benefited rural hospitals are already being phased out. That might have been tolerable if hospitals were seeing a surge of new customers with health insurance. They are not. The U.S. Supreme Court's summer 2012 ruling on the constitutionality of the ACA gave states the ability to opt out of Medicaid expansion. As of today, only 25 states (and the District of Columbia), have chosen to expand. The result, says Tennessee Hospital Association president Craig Becker, is a slow-motion disaster.

"Between the ACA and other cuts, we are looking at $7.4 billion in cuts over a 10-year period," says Becker. "The cuts"—which begin in earnest in 2016—"are so catastrophic to some of our hospitals, not only rural hospitals but some of our big city hospitals as well, that I don't know how they are going to survive, particularly without a [Medicaid] expansion in place."

The situation poses challenges for state and local government officials. State officials must contend with the politically hot question of expanding Medicaid. Local officials in communities such as Demopolis are looking at committing ever-larger amounts of public funds to the local hospital or risking the loss of valuable services. In the process, they are making life-and-death decisions, both literally and figuratively, for their constituents and their communities.

"We fell in love with this city," says Dr. Tiffany Ward. But if the labor and delivery room closes, she and her husband plan to leave Demopolis.

The debate over the future of Demopolis' labor and delivery unit is many things: a debate about the value of life; about a community's demands and its limits; and about the future of rural medical care, a future embodied by people like Tiffany Ward and her husband Johnny.

Ward is Demopolis' newest physician. At the age of 30, she is also by far its youngest—and the kind of physician smalltown America dreams of. She grew up in a town of 350 people in rural Nebraska. When she decided to become a doctor, she wanted to be a generalist, someone who delivered babies, performed surgery and provided care in a rural area. When she completed her residency, she was recruited to be a doctor in Demopolis. Ward and her husband decided to move, even though it meant that Johnny would have to give up his high-paying job. Three months after arriving in Demopolis, Tiffany read in the local paper that the board had voted to close the labor and delivery unit.

Ward felt betrayed. She felt that she had been clear about her passion for obstetrics, even discussing strategies for increasing the number of kids born at Bryan Whitfield with the hospital board. She and other physicians in the community also worried about the effect a closure would have on patients.

"Transportation is a problem," says Dr. Alex Curtis, who divides his time between private practice and Bryan Whitfield's emergency room. "We have women who live two or three miles

from the clinic and can't make it to their visit. We're now going to expect them to drive 50 miles?"

It's a concern that a significant number of Demopolis residents seem to share. On Jan. 30, the city council and county board of commissioners held an unusual joint meeting to explore whether some joint effort to preserve the unit might be possible. Among the ideas discussed was the possibility of enacting a small property tax increase or submitting a larger tax increase to voters as a whole.

It didn't happen. While the city offered $68,000 to keep labor and delivery open for an extra two months, the county board of commissioners balked at the suggestion that the county should make a matching contribution. Nor did county commissioners embrace the idea of raising property taxes.

"How would you like to run [for re-election] on the platform, 'I've raised taxes so we can help people from surrounding counties have babies here?'" asks hospital board member and local businessman Jay Shows, who notes that only 40 percent of the babies born at Bryan Whitfield are Marengo County residents. By a 3-2 vote, the board of commissioners voted the proposal down.

As Bryan Whitfield struggles to shut down unprofitable hospital operations, the town of Thomasville, 45 miles to the south, is doing something very different. It's preparing to open a brand-new hospital in 2016. The primary reason for doing so is economic. Thomasville is trying to supplement its paper and lumber mill economy with steel and pipe fabricators. It's betting that the city's location—100 miles north of the port of Mobile, which is expecting a surge in business after the widening of the Panama Canal is completed—will attract new industry. The documents on Mayor Sheldon Day's desk make it clear where he thinks such investment will come from: A brochure touting Thomasville's attractions is in Chinese.

According to Day, in the past seven years Thomasville has attracted $700 million in investments that Day says will create 1,500 new jobs. However, these are not low-risk jobs. Injuries are common and employers want treatment for injured workers to be readily available. "We recruited industries here with the understanding that a new hospital would be built," Day says.

Thomasville had a small, 49-bed private hospital—until its parent company went bankrupt three years ago. Now the city is partnering with a group of investors to build a facility that will be three times larger than the old one. The new hospital, however, will have only 29 beds. Instead of inpatient hospital beds, the new facility will have a large emergency room and spaces that can be used for more profitable undertakings, such as outpatient care.

"That's where the business is today, whether you like Obamacare or not," says Day. "At the end of the day, Obamacare is designed to keep people out of the hospital, which means outpatient services are what will be easier to get paid for."

The old hospital had a labor and delivery unit. The new hospital will not.

Back in Demopolis, hospital administrator Mike Marshall isn't surprised. "I came here from the for-profit sector," he says. "I told board members, 'If you want me to make this profitable, I can make it extremely profitable, but there are things

Bryan Whitfield administrator Mike Marshall says, "It's a community hospital, and we are trying to do everything we can to serve the needs of the community."

you will lose as a result of that.'" The challenge, says Marshall, is finding the right balance. Ultimately, he says, "it's a community hospital, and we are trying to do everything we can to serve the needs of the community."

Marshall's actions in Demopolis—and Thomasville's plans for the future—illustrate something important. At the national and state level, debates about Medicaid expansion and the impact of health-care reform on hospitals tend to portray outcomes in binary terms: Hospitals stay open or they close. Sometimes that is exactly what happens. After all, rural hospitals in states such as Alabama and Georgia, which did not expand their Medicaid program, are already beginning to fail—and more failures are a virtual certainty in other states that refuse to expand Medicaid coverage.

Republican Commissioner Dan England says, "We don't expect the fire department to fund itself." He believes hospitals shouldn't have to either.

What is more common, however, is that the mix of services rural hospitals offer will change. Instead of offering a full range of services, hospitals will focus on revenue opportunities. Rather than operating as stand-alone facilities, hospitals will join in the hospital industry's movement toward greater consolidation. Profitable rural hospitals, for instance, might join a for-profit chain, bringing the community the fiscal relief of a major new taxpayer but also a loss of control over what services will be available in the community. Other rural hospitals will affiliate with a larger institution that can offer technical assistance with the latest technological and quality initiatives as well as access to capital. This could bring real benefits, but it also creates the risk that facilities that once offered a full range of services become little more than glorified emergency rooms. That's better than nothing but worse than what many communities have now—hospitals that serve their communities as their communities want to be served.

In the end, the decision about what direction health services go will be made by elected officials. To get a new hospital, Thomasville passed a half-cent sales tax increase. Mayor Day estimates that it will raise at least half a million dollars a year for the new facility. Some in Demopolis hope for something similar, among them Dan England, the sole Republican on the Marengo County board of supervisors.

"It may surprise people, me being a Republican and all, but I think the hospital is kind of like the fire department," England says. "We don't expect the fire department to fund itself. There has to be public support."

But that doesn't mean that England is wholly enthusiastic about providing it. He'd prefer that the city of Demopolis step up.

Hospital administrator Mike Marshall and the majority of his board believe they are fighting for the community too. A positive cash flow isn't about greed. It's about maintaining the ability to recruit doctors, invest in equipment and undertake capital improvements. In short, it's about maintaining the hospital's viability.

"Look at the needs of the community," says Marshall, noting that the number of deliveries has been declining for years. The hospital, in short, is allocating $1.4 million a year to serve 145 residents. "Every year at budget time we talk about it," he says. "It has become such a drain that it is harming our ability as a hospital to be viable as a whole."

As for the idea that babies will die if labor and delivery closes, Marshall and his board don't buy it. "It will be a hardship on our citizens," says board member Shows. But "it is not the end of the world. And if they come in at 2 in the morning, we will deliver the baby."

As for Tiffany Ward, she has made her position clear: If the labor and delivery room closes, she's leaving. "We fell in love with this city," she says. Still, she says, "I don't want to waste a skill I went to school for 11 years for, either."

Demopolis Mayor Mike Grayson admits that, from a business perspective, keeping labor and delivery open doesn't make sense. But, he adds quickly, "I have yet to hear a good alternative."

What does seem clear is this. The decisions to come will only get more difficult—and not just in Demopolis. As Don Williamson, Alabama's health officer, points out, in rural areas there are not enough physicians, there is poor access to specialty physicians plus some of the more lucrative revenue-generating procedures are not available. "Keeping a rural hospital in play," Williamson says, "is a difficult, difficult thing." **G**

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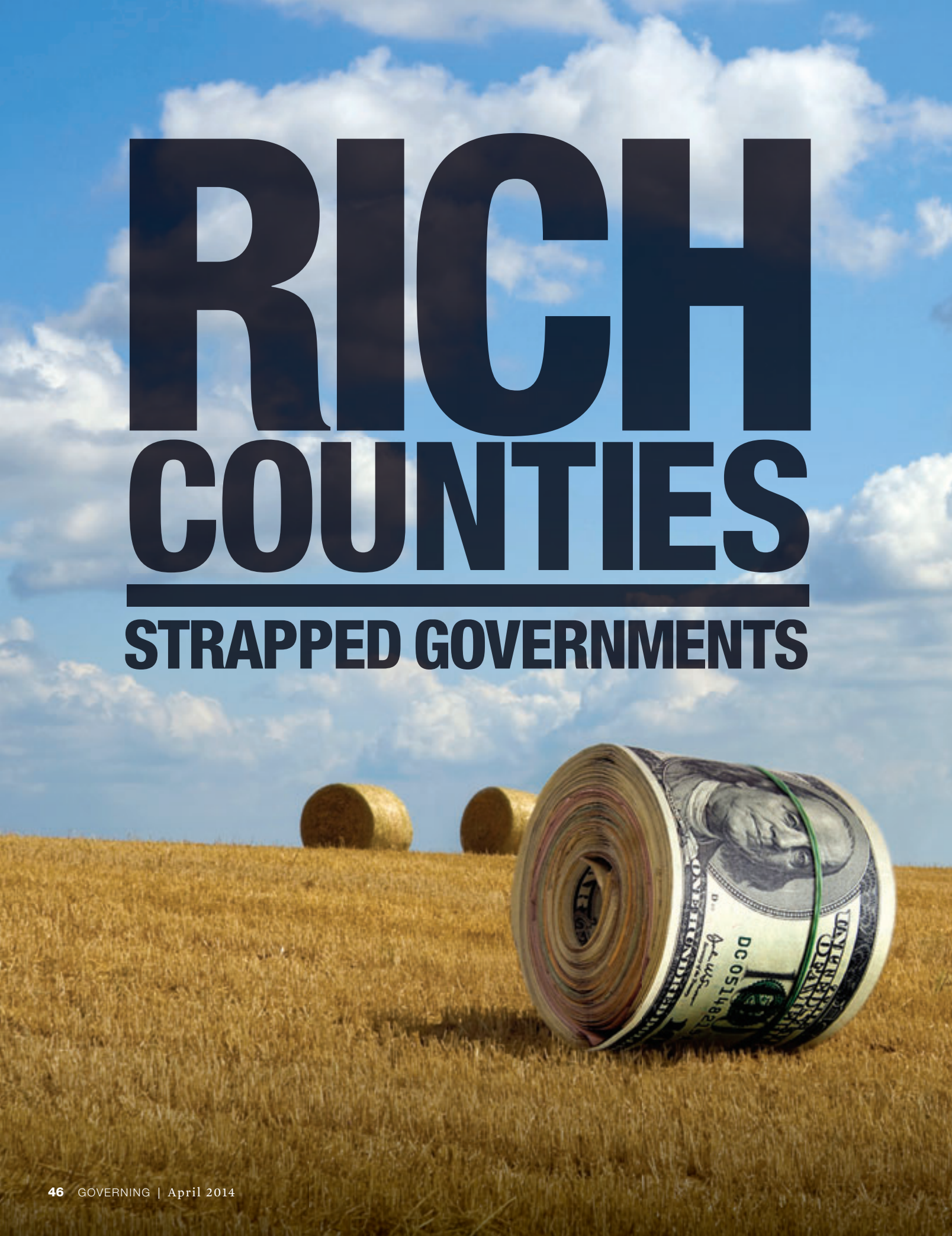
RICH COUNTIES

STRAPPED GOVERNMENTS



Boom times in oil and agriculture have brought new wealth to many rural counties. But public services remain underfunded.

In rural Wells County, in eastern North Dakota, local officials have been talking for years about the deteriorating condition of the roads. Of the roughly 1,400 miles of road that criss-cross thousands of acres of farmland, only about 110 are paved. And even those have been hard to maintain properly. State and federal funding have helped, but it hasn't been enough. County Commission Chairman Randi Suckut says the issue now is which roads they will have to turn back into gravel.

By Liz Farmer

SHUTTERSTOCK.COM

Rural communities across the country are struggling to pay for needed services, and roads are at the top of their lists. But most of those communities are relatively poor. Wells County is rich. Really rich. In the five years ending in 2012, the average personal income per capita in Wells grew by three-quarters, reaching about $78,000. That compares to a national average of $44,652 for last year. Local government is strapped for funds here because the citizens don't want to spend the money to pay for it.

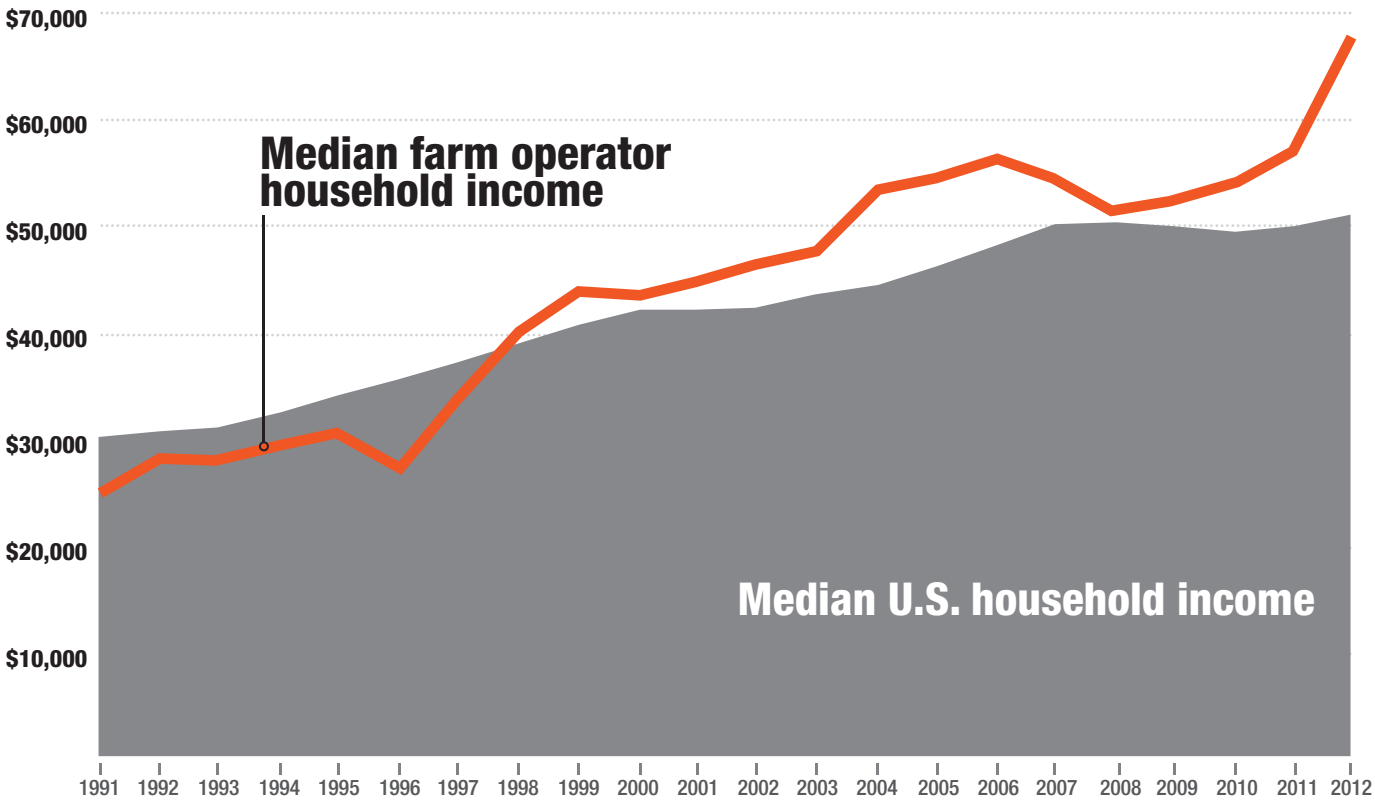
Rich communities in rural areas are more common these days than you might think. Of the 100 wealthiest counties in the country by income per capita, 60 are outside any metropolitan area. For many of these communities, the status is a relatively new one. As recently as 2007, only 22 of the 100 wealthiest counties were outside metro areas. But over the next five years, while most of the country was mired in the recession and its lingering aftermath, nonmetro counties recorded an average inflation-adjusted per capita personal income growth of nearly 11 percent, according to a *Governing* analysis of federal data (see map, pages 50-51). National per capita personal income, by comparison, actually dipped slightly over the same period.

But the money in bank accounts is not translating into more money for government. Instead, many of these counties are still operating on barebones budgets, struggling to pay for the services their economies require. In some areas, this has meant consolidation and downsizing, while in other areas government is spread thin trying to meet the needs of communities in transition. If the past few years have demonstrated anything in these counties, it's that wealth is not a cure-all for a government's limitations.

The rise in incomes in the newly rich counties, which generally paint a vertical strip down the center of the country, can largely be attributed to rising farm profits and the oil fracking boom. Incomes for farming households across the nation have increased by one-third over the last five years, and the country's total net farm income has nearly doubled, according to the U.S. Department of Agriculture. The picture is even more gilded for oil country—between 2011 and 2013, North Dakota alone collected about $3.5 billion in oil revenue, only a fraction of which filtered down to local governments. Mountrail County, in the state's northwest quadrant, tripled its number of jobs in five years, and has the enviable status of being the only county in the nation that did not experience a recession by any economic measure.

But local government funding needs are up against antitax sentiment in this red-state region of the country. "The only conversation people want to have about taxes is about how to lower them," says Richard McBride, a county commissioner in Kearney County, Neb., where personal incomes average

High on the Hog



NOTE: USDA Economic Research Service reports that changes to both survey methodologies and the economic situation of farm households occurred in 2012.
SOURCE: USDA'S AGRICULTURAL RESOURCE MANAGEMENT SURVEY AND U.S. CENSUS BUREAU'S CURRENT POPULATION SURVEY

$74,000 and the chief complaint among residents is rising property tax costs.

Localities are limited in the ways they can raise revenue. Property taxes, the bread and butter for most county governments, are often subject to statutory caps, which is why a rapid rise in property values in many places has not translated to a similar rise in revenue and local government spending. Mountrail County, for example, has seen the total assessed value of its properties quadruple since 2007, to $73.7 million. But property tax revenue has remained relatively flat because the county has reduced its property tax rate by about half.

Oil counties and farming counties are getting rich in different ways. Farming communities have, on the whole, seen a decline in population as farms have gotten bigger but required fewer workers. "There's been a tremendous amount of out-migration over the years," says Matt Chase, executive director of the National Association of Counties. The trend has also had the effect of lowering poverty statistics in some areas because it's generally poor people who are leaving. "It doesn't mean they've left and found jobs," Chase says. "The common conclusion is they've left for more urban areas."

As a result, governments in agriculture-based communities are adjusting to serving fewer people. "When you have one family that's basically running an operation that used to be run by five families, it makes a big impact on the schools and everything else," says Wells County's Suckut. Ten years ago, the county had five schools—now it's down to two.

Rural areas reaping the benefits of the oil boom have the opposite problem: how to accommodate rapid growth. The U.S. Census figures Mountrail's population at around 8,700. But by the estimate of County Auditor Joan Hollekim, it's closer to 14,000 when temporary workers' camps are filled every two weeks. The county government staff has dealt with high turnover as employees are quickly burning out from stress. It's also had to set up what amounts to government housing for its employees, as rents have escalated to as much as $3,000 per month. On the plus side, government salaries have gone up to stay somewhat competitive—the county auditor's salary has increased by 40 percent to about $72,600 in just five years.

But the common bond for these two booms is roads. Paying for their upkeep has plagued rural areas for years, but with the rise in economic activity, the issue has become even more pressing. Raising the property tax (or any other tax) to pay for the increasing wear and tear is essentially out of the question, so municipalities are relying on state and federal grants to help pay for repaving. But thanks again to the thriving local economy, construction costs have doubled, so those grants don't go as far as they used to.

The increasing wealth looks impressive on paper. But for the governments in these small rural counties, it's almost as if it's brought on more problems than it's worth. In Sully County, S.D., personal incomes average in the six figures. But the county seat of Onida can't come up with $260,000 to fix its main street. "All we can do is spot-fill here and there to get the worst of it," says County Commission Chairman William Floyd. "That's our main road through town and people deserve better than that." G

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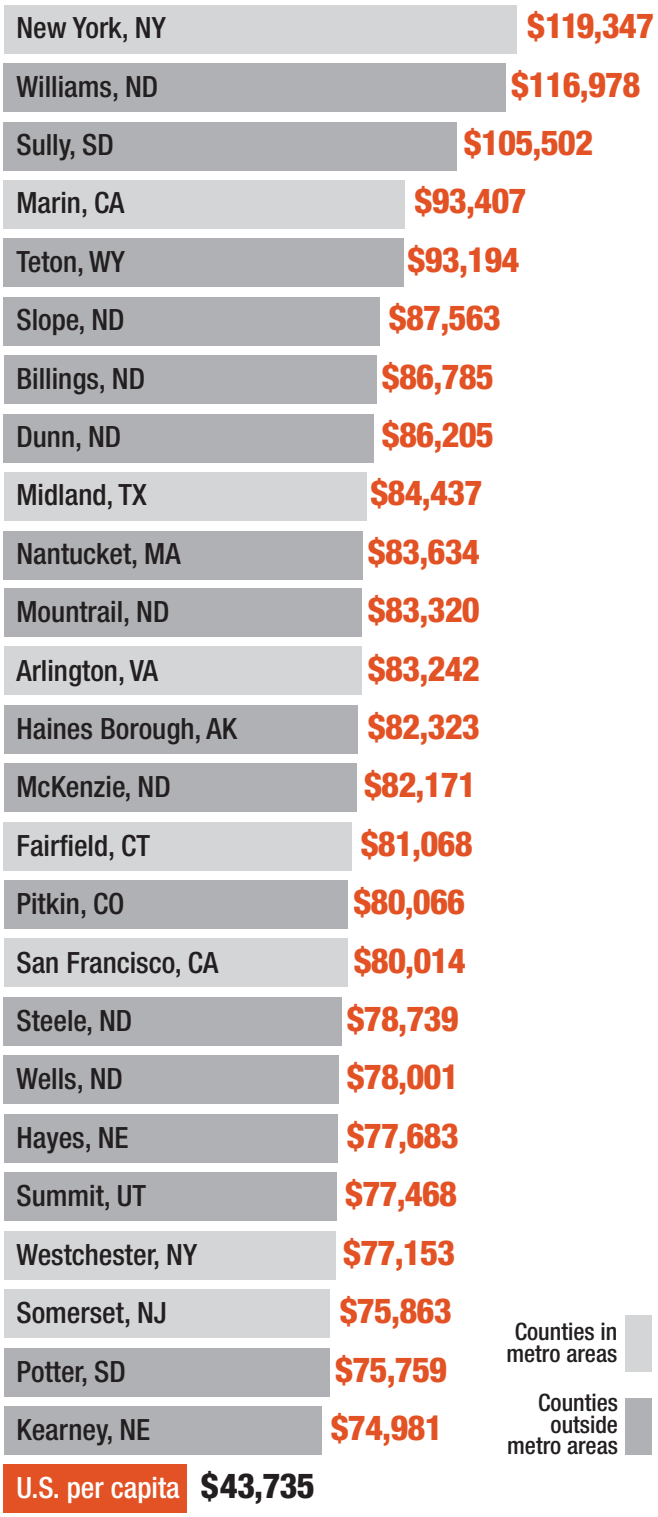
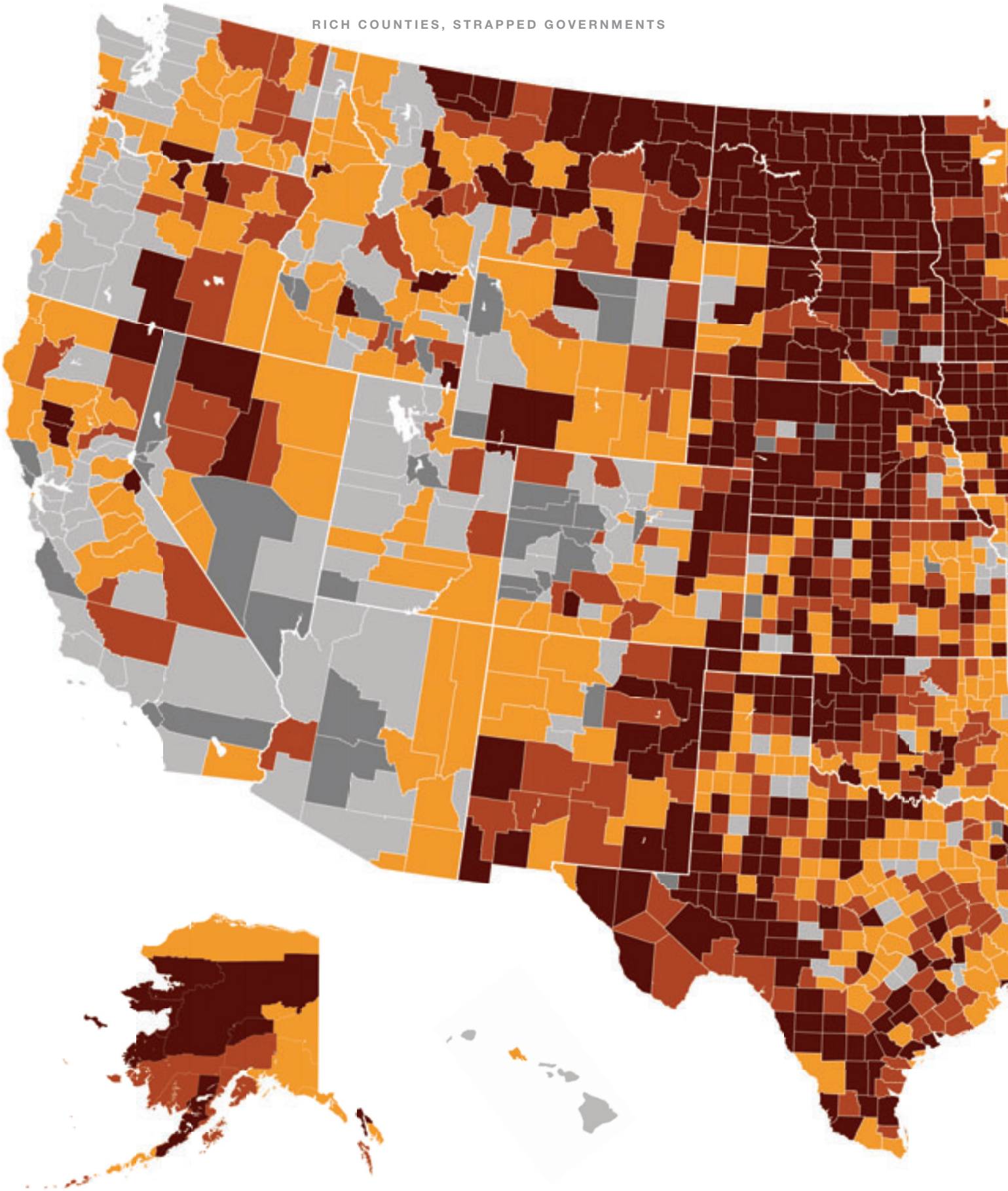
Data reporting by Mike Maciag

America's Richest Counties

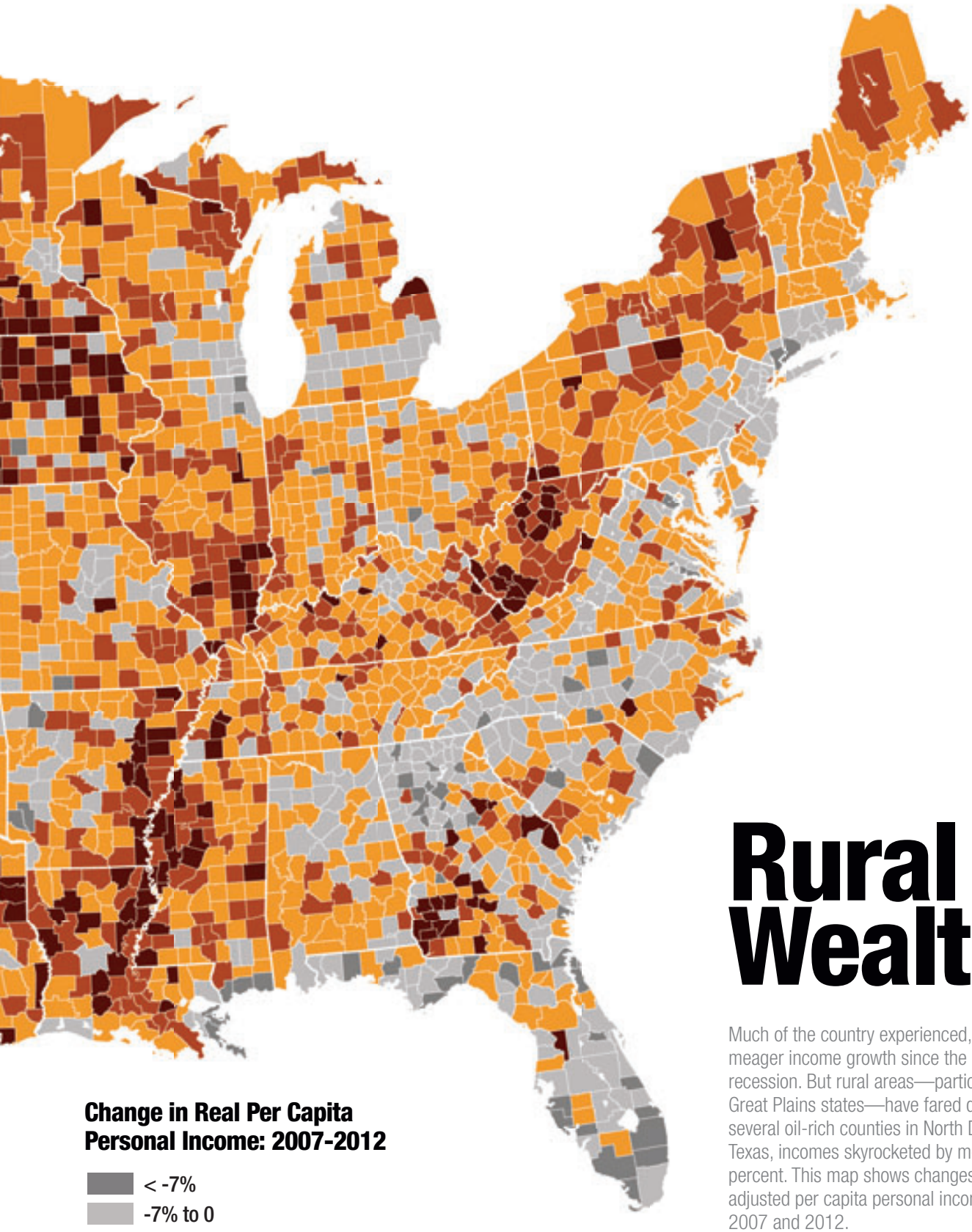
The following counties recorded the highest per capita personal income in 2012.



SOURCE: BUREAU OF ECONOMIC ANALYSIS; AMOUNTS NOT ADJUSTED FOR INFLATION



SOURCE: BUREAU OF ECONOMIC ANALYSIS (DATA ADJUSTED FOR INFLATION USING CPI-U)



Rural Wealth

Much of the country experienced, at best, meager income growth since the start of the recession. But rural areas—particularly the Great Plains states—have fared quite well. In several oil-rich counties in North Dakota and Texas, incomes skyrocketed by more than 25 percent. This map shows changes in inflation-adjusted per capita personal income between 2007 and 2012.

See an interactive map with data for your county at governing.com/**ruralurban**

The military man in charge of North Carolina's transportation overhaul.

ROAD WARRI

North Carolina Transportation Secretary Tony Tata

OR

By Chris Kardish

Photographs by David Kidd

Tony Tata is standing before a map of North Carolina the size of a small child, poring over the details of the state's transportation structure. Emphasizing the chain of command, Tata, the state's transportation secretary, points out each of North Carolina's 14 divisions, which in turn are home to three districts apiece with their own headquarters marked by a green dot. This rigid adherence to order came in handy just days before, when a winter storm brought air traffic to a halt and sent drivers barreling out of control on icy roadways. "It has a very military feel to it," he says, "in that you have people who sort of own terrain, then here at each of these green dots is where the resources are—vehicles, plows, spreaders."

One of Tata's first tasks as transportation secretary was scrapping a decades-old system that distributed money to counties without regard to need or impact.

The reason it sounds like a military operation is because that's Tata's background. He spent 28 years in the U.S. Army, finishing his last combat tour in Afghanistan in 2007 as the deputy commanding general of U.S. forces. He didn't have a day of experience in transportation when North Carolina Gov. Pat McCrory picked him to be the state's transportation chief in 2013. For that matter, he didn't have much experience in education when he was picked as superintendent of schools in Wake County, N.C., in 2011. Tony Tata is a man who gets top jobs even when he lacks the credentials the jobs are supposed to require. He is a one-man test case for the argument that the ability to command is more important than substantive knowledge when it comes to high-level jobs in state and local government.

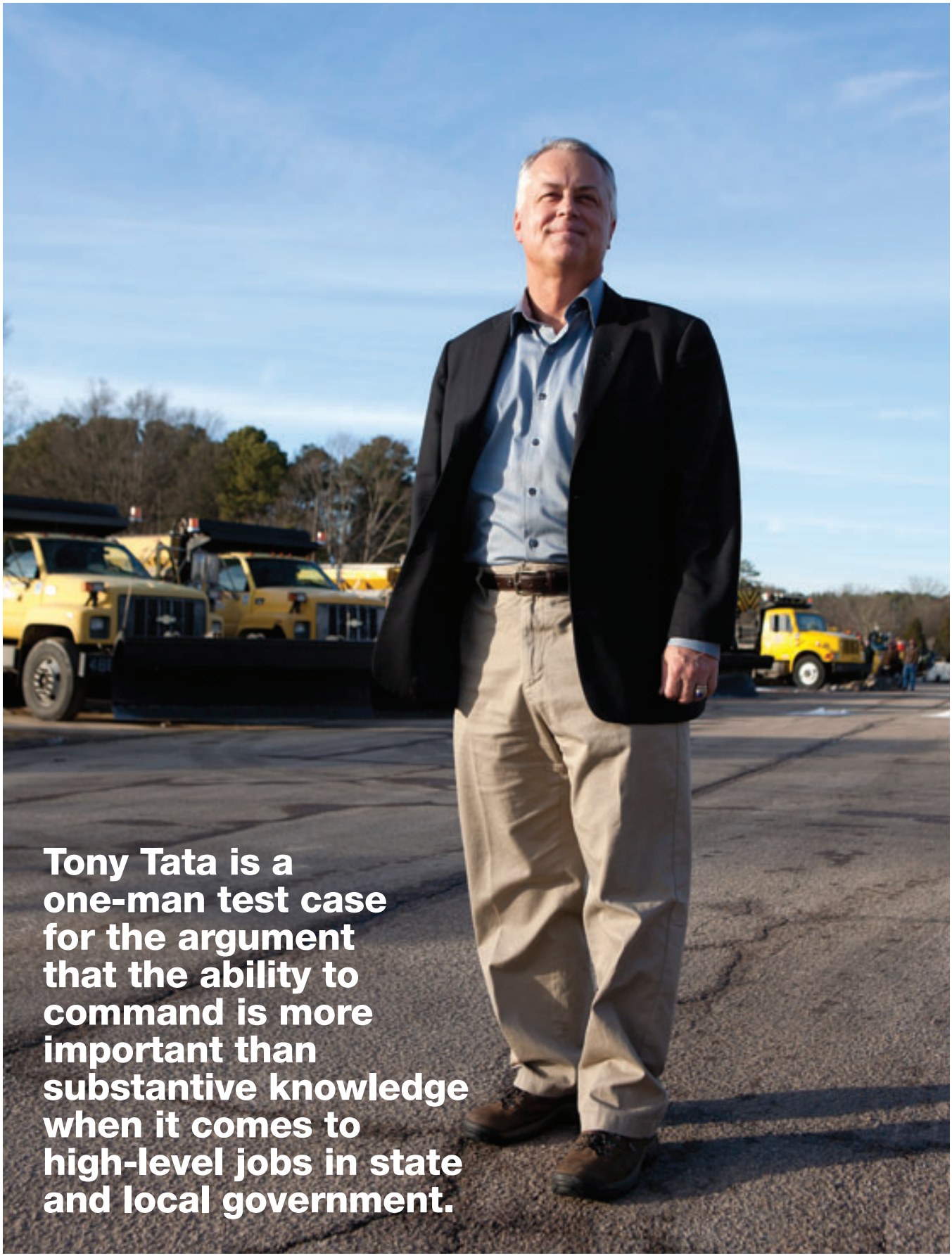
The governor who appointed Tata to his present job is convinced his unorthodox choice made sense. "The major skill you need for the Department of Transportation is leadership and an understanding of complex organizations," McCrory says. "The second skill is understanding infrastructure and logistics. That's what a DOT job is."

Inexperienced as he was, the 54-year-old Tata got off to a fast start in his transportation post last year. He immediately went to work on the governor's top transportation priority: rewriting the funding formula to direct more money to broader state and regional projects that will spur economic growth and ease urban congestion. That meant pushing meaty legislation through the state General Assembly and scrapping a decades-old system that distributed money to counties evenly without regard to need or impact. For cities like Charlotte, that was an easy sell; for rural places like Iredell or Gaston counties, it was harder to see the upside. But the bill passed with very little opposition, marking a strong first achievement for an appointee whose experience with infrastructure stopped at the battlefield.

Tata was a few months out of the Army, writing military novels in his spare time, when a chance acquaintance led him into civilian government. He had enrolled in a 10-week course for retiring officers, and at a dinner event, he met a recruiter for the Broad Superintendents Academy, an executive development program launched in 2002 by billionaire philanthropist Eli Broad. To Broad, the problem with education is leadership, and shaking up struggling schools requires new thinking at the top. The son of two educators, Tata accepted an offer to attend. The Broad Academy likes making unusual career connections. Tata's own class of 2009 included four military leaders and two private-sector executives. To date, about 13 percent of the academy's graduates have come from the military.

The perception that the Broad Academy brings in outsiders to push through controversial changes has earned it a vocal contingent of critics, who fear efforts toward greater school choice and accountability through student testing are smokescreens for privatization. But the academy has had a measurable impact: 21 of the nation's 75 largest school districts currently have superintendents or high-ranking district executives who have gone through the Broad Academy, according to *Education Week*.

Michelle Rhee, the former Washington, D.C., schools chancellor, is perhaps the most identifiable national figure linked to Broad's brand of school reform. When Tata was still at Broad in 2009, Rhee gave him a job in D.C. as chief of operations. She wasn't looking for standard credentials. Rather, she wanted to sharpen the other side of education—the myriad tasks around running schools, from procuring resources to supplying lunches and running facilities. "His leadership experience in a government agency—especially one as large, complex and demanding as the U.S. military—made him uniquely qualified," Rhee says.



Tony Tata is a one-man test case for the argument that the ability to command is more important than substantive knowledge when it comes to high-level jobs in state and local government.

As chief of operations, Tata received praise for a range of improvements, along with a flattering profile in *The Washington Post*. He got federal approval for more schools to serve free lunch to all students, instituted a breakfast program, extended dinner service to many low-income students and moved cafeterias away from prepackaged, heavily processed foods. He overhauled D.C. schools' inefficient warehouse operation, bringing in more private contractors. He went into schools before the academic year started, armed with a spreadsheet to make note of resource needs. He followed those visits with weekly conference calls open to all principals and business managers. "Before he arrived, I would call procurement the black hole," says Lynn Main, a D.C. school principal.

Speaking of his choice for transportation secretary, Gov. Pat McCrory contends, "The major skill you need for the Department of Transportation is leadership and an understanding of complex organizations."

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Tata had been working for Rhee for about a year when Wake County, N.C., which includes the city of Raleigh, came after him through a headhunter. Despite his thin résumé—and no background at all in running a school system on his own—he soon became the top choice of a school board that wanted a nontraditional superintendent. For the most vocal members of a narrow Republican majority, "nontraditional" meant a candidate who hadn't followed the typical educational career arc, from teacher to school leader to top-level district executive. They went as far as to relax the qualifications for the job, and Tata got it.

Nontraditional choices for superintendent are far from rare in American education these days. They began to attract attention in the mid-1990s, when John Stanford, a retired U.S. Army major general, took over Seattle schools and presided over three years of rising student scores. Since then, nontraditional candidates have accounted for an estimated 10 to 20 percent of superintendent posts in large cities. The nontraditional option is an easier sell in larger school districts, which often face more intractable problems and more intense demands for swift change.

When he took over in Raleigh, Tata had to put some ideology behind him. Previously he had been a contributor to the conservative blog Breitbart.com, and was publicly quoted claiming that Sarah Palin would be a better commander-in-chief than Barack Obama. But Tata began avoiding the spotlight when he started work as superintendent in Wake County in January of 2011. "I felt like I had to choose," he says. "I didn't want to be seen as someone who, by day, is working in the school system and by night is giving my opinion for or against this president, who some kids may look up to."

Ideology aside, Tata was enmeshed in controversy in Raleigh from the moment he arrived there. He had been selected as superintendent by a newly elected conservative school board, which asked him to soften the previous policy of promoting diversity and racial balance as a top priority. Tata came up with a school assignment plan that emphasized neighborhood schools, and it won board approval on a 6-2 vote.

Before the plan could take effect, though, Democrats regained a narrow majority on the school board. They saw their election as a strong message in favor of Raleigh's past policies, and against what Tata and the previous board were trying to do. "That [diversity plan] was part of our history," says Christine Kushner, who's now the board's chairwoman. She says the previous board "sought to undo a lot of that culture and history."

In summer 2012 the new Democratic majority voted to restore diversity as a factor in school assignment, and in September, after a year and a half, Tata was dismissed without cause. Democrats were at first tight-lipped on the reasons for Tata's ouster, but they later blamed a leadership style that did not "leave room for collaborative decision-making and input."

Several local opinion polls showed voters widely disapproved of Tata's firing. The Raleigh *News and Observer,* which North Carolina conservatives routinely accuse of liberal bias, said the move smacked of partisan politics and defended Tata's performance. At the time he left, poor students were making sizable gains on standardized tests and the number of schools performing below proficiency continued to fall. Tata's detractors say he wasn't in the

job long enough to take credit for any of those gains, but Tata nevertheless credits decisions such as redirecting more Title I money directly to the classroom and ensuring no budget cuts reached the classroom level. "I was hired by the Republican board, and there was some predisposition to wanting a traditional educator from those educators who came in, despite the fact that the district was performing," Tata says.

The dust had barely settled when McCrory, the newly elected Repubican governor, called Tata with an offer to join his cabinet. Moving him to transportation wasn't the original idea; McCrory had thought of Tata as a possible education adviser or public safety director. But he settled on Tata as the right man to push through an overhaul of the state's transportation funding formula. Democrats complained that it was a political choice dictated by Art Pope, a major contributor to both McCrory and the Republican school board in Raleigh. McCrory insisted on his choice, and Tata immediately went to work on the transportation bill.

The old transportation formula, passed in 1989, divided funding evenly among the state's 14 divisions, creating—in the minds of many mayors and a host of critics from both parties—an "equity formula" in name only. "There was no real incentive to think across division boundaries or even more regionally or statewide," Tata says. His directive was to design a formula that would create more high-impact projects to generate jobs and economic growth. The result was a 30-page bill that pooled money into statewide, regional and local projects, scoring submissions on key measures such as traffic congestion relief, travel time, job creation and the opportunity to connect multiple modes of transportation. In place of a more-or-less evenly divided pool of $6.4 billion over the next decade, 40 percent of funding will go toward statewide projects, 30 percent to regional projects and 30 percent to the local level.

Republicans and Democrats alike saw the need for changes, but it was clear that some—particularly rural lawmakers—would protest against the loss of guaranteed support for secondary roads, says Dan Blue, a Democrat. Blue co-sponsored the last funding overhaul in 1989 and, along with most Democrats, ultimately voted for the bill. Tata's office was receptive to certain changes, which adjusted the level of funding for each tier and added support for light-rail projects. That sensitivity to the concerns of individual legislators is not always the case with the Department of Transportation, Blue says. "I think Secretary Tata did a good job of shepherding it through, allaying some of the fears of some of the rural legislators, because they did give up a substantial amount."

To help explain and sell the overhaul, Tata enlisted staff members as legislative liaisons, paid frequent visits to legislative committee hearings and made PowerPoint presentations to individual lawmakers. "We had a full-court press on making sure people understood," he says. But as projects start to filter in and compete for money under the new formula, the challenge for McCrory's administration will shift to securing more transportation funding. Transportation tax revenue is expected to fall by $1.7 billion over the next decade while population continues to grow.

For now, though, Tata's primary focus is to score new projects, reaching out to local leaders across the state for feedback and continuing to explain the new plan, before it takes effect in July 2015. It's a job some local media critics have suggested Tata might lack the experience to handle. But many state legislators, Democrats and Republicans alike, don't see it that way.

"In a senior leadership position such as secretary of transportation, the ability to understand the role at a strategic level and assess and use people in subject-matter expertise is more important," says Rep. Bill Brawley, a Republican who heads the House Transportation Committee. "We don't really need a secretary to design and build roads. We need a secretary to recognize people who are very good at building and designing roads and mobilize the resources to make it happen." G

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A Second Wind

Conservatives were out in force last year trying to roll back alternative energy requirements in several states. They failed. Does that mean attitudes on green power are changing?

Last year could have been a rough one for wind power. As a renewable source of energy, it was under attack in 20 states—as were other alternative sources of energy. Leading the charge was a corps of well-financed conservative groups, and one front in their well-financed attack was Republican-led states. The target of their offensive? Mandates that have been passed over the last 15 years calling for alternative energy sources to be an ever-increasing part of the energy base in a state.

Given the way red states and the conservative groups lined up, it certainly looked like rollbacks in state renewable energy requirements—if not outright repeals—were inevitable. And yet, energy and politics have a strange way of playing out. Kansas in particular, one of the reddest of the red states and one with a big investment in wind energy, proved to be a test case in the power of conservatives to push through an anti-renewables agenda.

By Jonathan Walters

Photographs by David Kidd

The mandates in question are state renewable portfolio standards (RPS), which call for a certain percentage of a state's electricity to be generated through renewables, such as biomass, solar, thermal, hydro or wind. The first RPS law passed in Iowa way back in 1991. Since then, 29 states and the District of Columbia plus two territories have adopted RPS, while eight other states and two territories have set renewable energy goals.

Last year, however, there was an all-out attack on these portfolios in 20 of those 29 states. The effort was led by such conservative stalwarts as the Heartland Institute, Americans for Prosperity and the American Legislative Exchange Council (ALEC), which helped supply model legislation aimed at derailing the renewable boost. Bills in the 20 states were introduced to either modify, stall or kill RPS outright.

The reason for the 2013 flurry of attacks on RPS is that a host of state laws will be going into effect in the next few years, says Susan Williams Sloan, vice president of state policy for the American Wind Energy Association. The anti-RPS forces claim that these laws represent a multimillion dollar tax on utilities. That translates, they say, into a job-killing multimillion dollar tab for consumers who would be forced to pay higher rates for the higher-cost renewables when compared to such carbon-based fuels as coal and natural gas.

But the economics of renewable energy are complicated. Its cost varies depending on a wide array of factors and formulas, ranging from weather, topography and hydrology to whether the consequences of extracting and burning hydrocarbons ought to be considered when calculating the actual cost of coal, gas and oil. "There are so many factors that can affect electricity rates, from resources to demand," says Glen Andersen, energy program director with the National Conference of State Legislatures (NCSL). "It can be difficult to figure out why rates are actually going up."

The politics of renewables is proving to be equally complex—something that may have come as a surprise to those working to stall, roll back or kill RPS. In the 20 states where anti-RPS legislation was introduced last year, all the bills came up short. This sweeping rebuff, RPS supporters argue, is proof that the standards are a legitimate vehicle for encouraging the drive toward U.S. energy independence. They also argue that standards encourage cleaner energy generation, which has direct bearing on climate change.

That the argument would get caught up in the climate change debate was inevitable. And many say that is likely the reason why the fight has taken on an ideological tinge. But the phenomenon of renewables—wind power, in particular—is also highlighting a clear rift in conservative ranks. It is pitting the ideologically pure against the politically practical in a way that appears to be blowing wind's way.

The plain and politically topsy-turvy reality is that the fastest growth in wind power is taking place in some of the most conservative states—Nebraska, Oklahoma, Texas and, of course, Kansas. The battle in Kansas has its roots in a 2009 coal versus renewables compromise.

That compromise was brokered by interim Gov. Mark Parkinson, who took the reins when then-Gov. Kathleen Sebelius agreed to join the Obama administration as secretary of the Department of Health and Human Services. The debate was over the permitting of a new coal-fired power plant, which drew the opposition of environmental advocates and also advocates of renewables.

The deal that Parkinson hammered out was a permit for the coal plant in return for a renewable portfolio standard. Under the deal, the legislature passed a law mandating that by 2015, 15 percent of Kansas energy would come from renewables, with that percentage rising to 20 percent by 2020.

The ensuing debate over the standards in Kansas hasn't revolved around whether or not such percentages are reasonable: Most utilities have blown through the 15 percent and all but one Kansas utility has already rolled through the 20 percent goal. The debate is over cost and whether politicians ought to be meddling in markets. Also helping wage the wind wars are David and Charles Koch, the ultra-conservative billionaire brothers with extensive oil and gas holdings. The brothers, who live in Kansas, have in recent years begun to shift their political sights and agenda toward states.

The RPS battle in Kansas started percolating in 2012 and then got fierce in 2013, when the chair of the House Energy and Environment Committee, Dennis Hedke, a member of ALEC and a geologist with fossil fuel clients, championed a bill to cap the Kansas RPS at 15 percent (the Senate bill would have delayed implementation).

But what happened to that legislation is instructive, and raises obvious questions about how red-state Republicans proceed on the question of renewables. In the end, the anti-RPS forces lost by 23 to 17 in the Senate. The House voted 63 to 59 to send the

bill back to committee—this in a legislature where Republicans have an overwhelming supermajority in both chambers: 92 to 33 in the House and 32 to 8 in the Senate. In other words, plenty of Republican legislators bucked leadership in support of RPS.

John Eick, who handles energy, environment and agriculture policy for ALEC, speculates that the loss in Kansas was due to powerful alternative energy interests. "In Kansas [and other states] the wind and solar industries are pretty entrenched, so when the proposal came up, a lot of legislators felt heat from those industries."

Pro-RPS representatives have a much different read on the reasons for the bill's failure. For one thing, Kansas utilities sat

out the fight. That, in no small part, might have to do with statistics validated this year by the Kansas Corporation Commission, the utility regulatory body in the state. The findings show the impact of RPS on the cost of electricity to be negligible; less than one-sixteenth of a penny per kilowatt hour (the average household uses about 14,000 kilowatts per year). But utilities' seeming neutrality on changing RPS laws also might have something to do with the fact that utilities tend to plan 20 to 40 years out and therefore crave policy stability—whatever that policy might be, says NCSL's Andersen. Since the early and mid-1990s, those plans have begun to include incorporating RPS.

It wasn't only the clout of renewables that derailed the two bills, says Dorothy Barnett, executive director of the pro-renewables Climate + Energy Project, based in Hutchison, Kan. Rather, it was a broad coalition of supporters, ranging from Fortune 500 companies to individual landowners.

Heavy hitters like Mars candy, Siemens, Google and Facebook came out in favor of renewables for reasons ranging from corporate concerns about climate change to the public relations value of boasting a clean energy base. Also in the RPS corner were numerous local chambers of commerce. "You hear repeatedly from economic development officials that [renewables] are another tool in their business recruitment tool box," Barnett says. There can also be serious tax and revenue benefits from hosting a wind farm, she argues, noting that in Elk County, which has a $2.5 million annual budget, the 20-year payoff for hosting a wind farm is $1 million a year. It didn't hurt either that Kansas Gov. Sam Brownback is a strong backer of Kansas wind farms.

Faced with heavy pressure from corporations, chambers of commerce, local government officials and individual landowners—including farmers for whom wind energy has proven to be a boon—legislators in Kansas turned down the chance to cap renewable energy standards. At the same time, a recent poll commissioned by the Climate + Energy Project indicates overwhelming support for wind power in Kansas. The poll, conducted by North Star Opinion Research, indicates that among Kansas voters, 73 percent of Republicans, 75 percent of Independents and 82 percent of Democrats support the 2009 energy law. Two-thirds of those polled said they would support increasing the state's renewable energy threshold, even if it meant a $1 to $2 increase in their monthly bill.

Of course, parties from both sides of the debate have numbers to throw around. A joint study by the conservative think tanks the Beacon Hill Institute and the John Locke Foundation estimates that RPS will cost North Carolina electricity consumers $1.845 billion between 2008 and 2021. The report also challenged what it characterized as bloated job creation claims by pro-RPS forces. Such arguments—and eye-popping numbers—however, weren't enough to win over key House and Senate Republicans last session. They joined with Democrats to kill a bill sponsored by ALEC member and former Duke Energy employee, Rep. Mike Hager.

Hager blames the foundering of his Electricity Freedom Act on powerful political interests including poultry and pork farms, which are specifically designated as renewable energy producers in the North Carolina RPS law. "[They] don't want to end the gravy train," Hager was quoted as saying after the bill was bottled up in the House.

The rebuke in North Carolina—along with the sweep in the 19 other states by pro-RPS forces last year—seems to have taken the wind out of the sails of those seeking to stall, roll back or repeal renewable portfolio standards. This year only a handful of states are seeing continued action on RPS, but one of those is Kansas. There, anti-RPS forces are going the grassroots route, blanketing the airwaves with ads pounding RPS as anti-consumer and anti-economic development.

Meanwhile, notes the Climate + Energy Project's Barnett, neighboring state legislatures, including those in both Nebraska and Oklahoma, are trying to figure out how to boost wind energy, including offering tax breaks for in-state wind farms. So while Kansas has been debating renewables, Barnett says, "other states [have been] taking advantage of our mistakes." **G**

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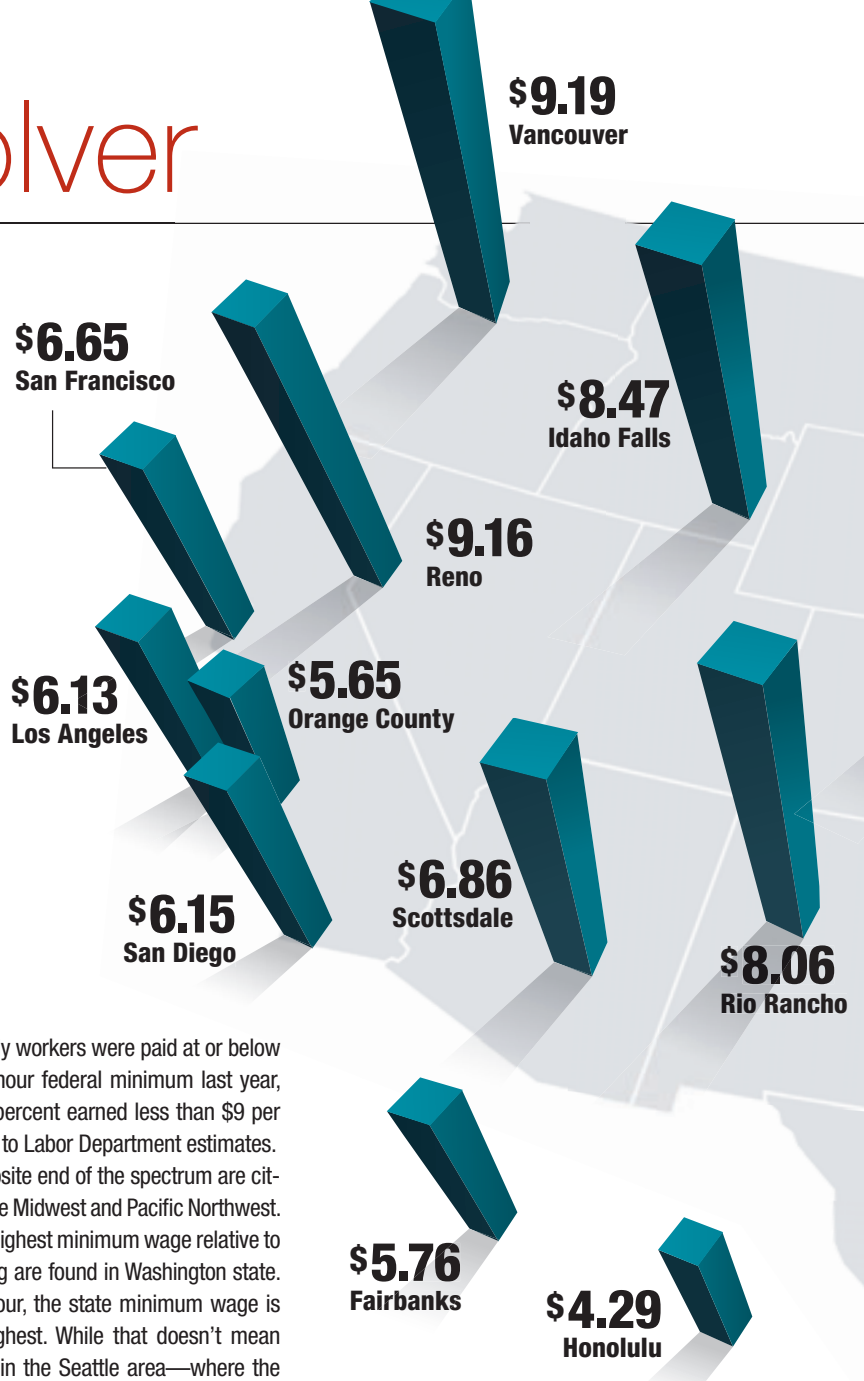
WAGE WARS

The minimum wage's buying power varies greatly across cities.



As the debate over the minimum wage heats up—fueled in no small part by President Obama calling on states and localities during his State of the Union address to forget waiting for Congress and raise minimum wages on their own—it's worth considering what the minimum wage might actually buy.

While minimum-wage workers feel the pinch everywhere, it's far more difficult to make a living in the nation's high-cost urban centers. Take New York City, where minimum-wage workers devote a sizable slice of their income each month to pay for some of the nation's most expensive housing. At least another $100 goes to subway fares. By the time they've paid above-average prices for groceries, there's little, if anything, left. Manhattan's current minimum wage of $8 per hour represents the lowest of any area when adjusted for cost of living, according to a *Governing* analysis of data for more than 300 U.S. localities.

For low-wage workers in expensive cities, housing costs are of greatest concern. Jim Martin, director of the nonprofit Association of Community Employment Programs for the Homeless (ACE) in New York, says affordable housing is so scarce that many clients end up living in shelters even after obtaining full-time jobs. And even if employers offer health coverage, some can't afford the paycheck deduction. "They're so at risk of getting back on that carousel of homelessness because of their wage," Martin says.

As is typical of those on the lower rungs of the economic ladder, most individuals completing ACE's employment training program land jobs in the service industry. Former ACE clients obtaining jobs in 2012 reported average starting wages of $8.81 per hour. Nationwide, 4.3 percent of hourly workers were paid at or below the $7.25 per hour federal minimum last year, and nearly 18 percent earned less than $9 per hour, according to Labor Department estimates.

On the opposite end of the spectrum are cities in parts of the Midwest and Pacific Northwest. Cities with the highest minimum wage relative to the cost of living are found in Washington state. At $9.32 per hour, the state minimum wage is the nation's highest. While that doesn't mean quite as much in the Seattle area—where the cost of living is a lot higher—its buying power is double that of New York in cities like Spokane and Vancouver.

For a long time, raising the minimum wage has largely been the work of state legislatures and Congress. But as the debate ramps up this year, the issue could increasingly be decided at the local level.

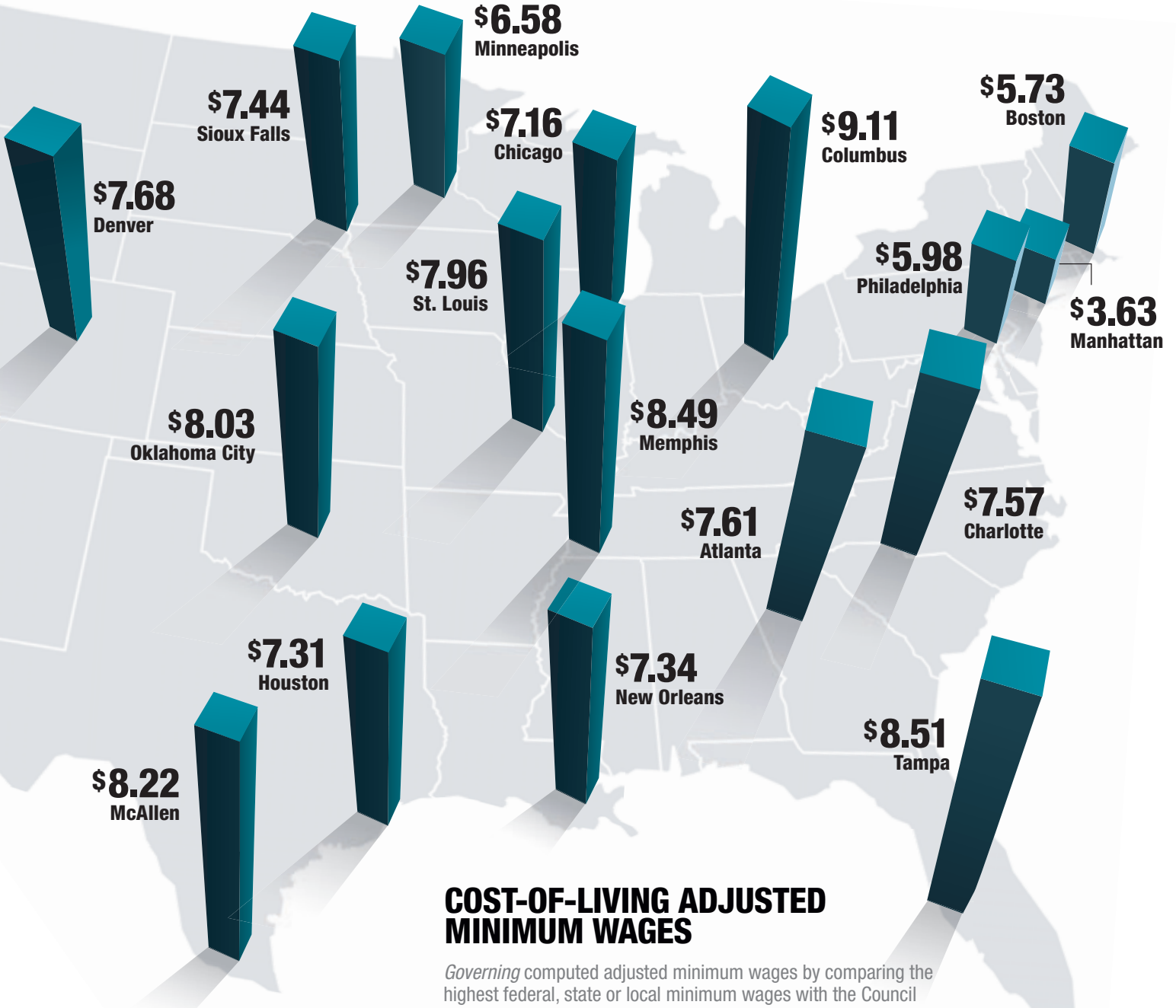
New York City Mayor Bill de Blasio is waging the most high-profile local campaign, lobbying the state legislature and Gov. Andrew Cuomo for authority to raise the city's wage, which by state statute is set to increase to $8.75 at the end of the year. In California, officials in Berkeley, Oakland, Richmond and San Diego are mulling minimum-wage increases of their own.

Sylvia Allegretto, an economist at the University of California, Berkeley, says she expects to see more movement at both the state and local levels. "They're aware that service industry workers can't really live and thrive in these high cost-of-living areas."

Still, local minimum-wage laws are rare—just eight cities and counties had ordinances in place earlier this year. Part of why they're not more common stems from legal barriers. Several mostly red states have laws barring local governments from establishing minimum wages, while the legality of local adoption is unclear in others.

Another reason they're not common is, not surprisingly, politics. Usually a coalition of union-backed groups pushes local officials to raise the minimum wage or leads a campaign to put the issue to voters. That leads the restaurant industry

By Mike Maciag



COST-OF-LIVING ADJUSTED MINIMUM WAGES

Governing computed adjusted minimum wages by comparing the highest federal, state or local minimum wages with the Council for Community and Economic Research's Cost of Living Index for cities. Data considers housing, food, utilities, transportation, health care, and goods and services costs. View data for more than 300 jurisdictions at governing.com/**minimumwage**

and local chambers of commerce to counter that local minimum wages will cost jobs and increase administrative costs for companies because wage and benefit requirements vary by jurisdiction. "It creates inequalities and inconsistencies within a company that can be very difficult to address," says Samantha Padgett, general counsel for the Florida Retail Federation.

The Mississippi Legislature passed a local preemption bill last year, stating the net effect of locally mandated wages would be "economically unstable" and result in a "decrease in the standard of living" for citizens.

As a result of state actions, some localities are enacting more limited "living wage" laws, setting a wage floor for government employees and private employers with city contracts. Baltimore passed the first such law in 1994, and about 130 other municipalities have since followed suit, according to the National Employment Law Project. **G**

Email mmaciag@governing.com

By Katherine Barrett and Richard Greene

Wait! Don't Hit Send

The email message you just shipped off may not be the one you meant to send.

When we were in college, we discovered we could always get a group of people into an animated conversation if we simply brought up old television programs. That was a shared universe for most of us, and episodes of "I Love Lucy" or "Leave It to Beaver" were the currency of the realm.

Want to accomplish the same thing with a group of men and women who work in the public sector (and we presume the private sector as well)? Start talking about the various reasons you loathe or fear email. The conversation that flows from there will likely be inclusive and possibly even include some unsavory language.

Let's get one thing straight first. Although most of this column addresses itself to the pitfalls and hazards of using email as a primary communications tool in managing states and localities, electronic communication certainly has been a boon for many. As James Honchar, Pennsylvania's deputy secretary for human resources, says, "Productivity and the ability to multitask and respond more quickly, both within state government and with the public, has increased exponentially. And with mobile devices, work that traditionally had to be set aside until an employee could return to the office is now able to be accomplished on the fly."

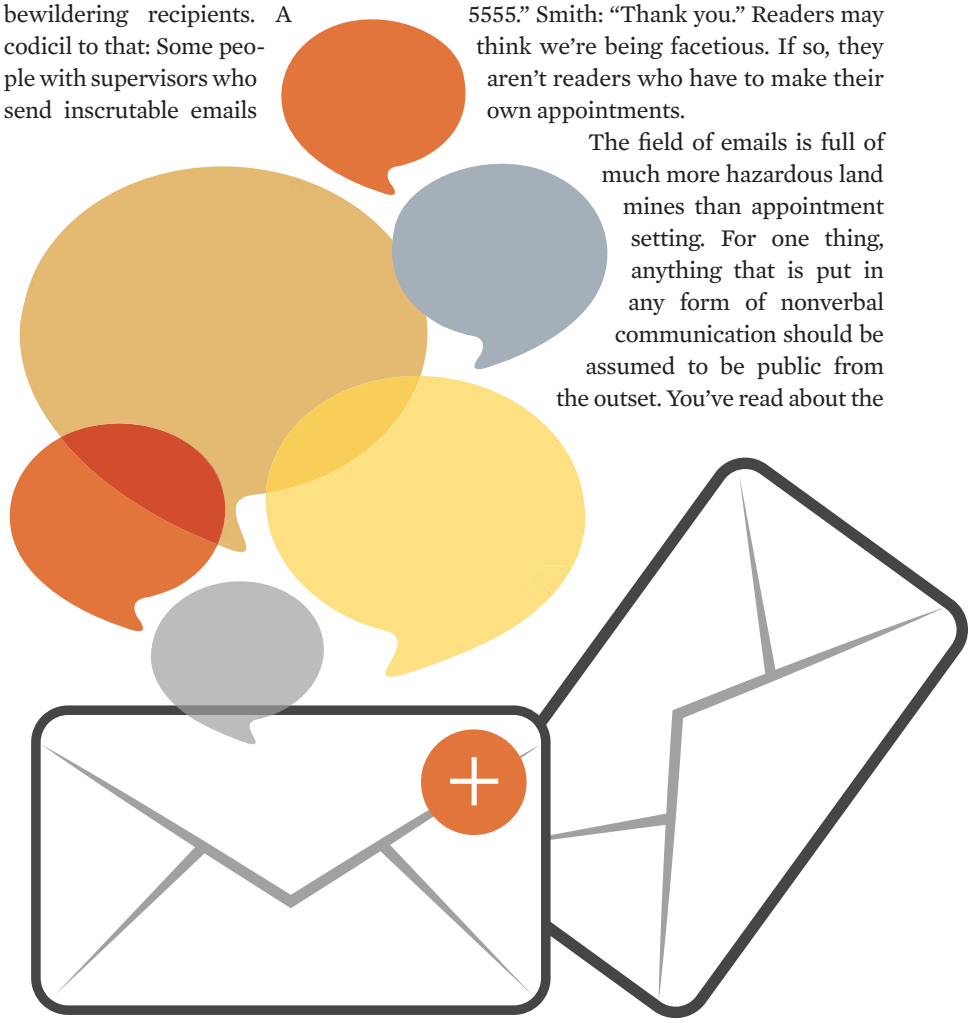
That's a pretty potent upside. Now for the downside. In our experience—and in the experience of many others to whom we've talked—the tone and texture of emails can often replace the intent to communicate in a silken fashion with something that reads more like electronic sand paper.

Jokes—even those with smiley faces—are often misinterpreted. Overly short emails can seem arrogant or uninformative. Overly long emails often aren't read. Lack of reasonable grammar and punctuation can cause confusion. Complicated thoughts that involve nuanced wording can provoke misunderstandings. (A number of people we chatted with indicated that they turn away from the keyboard and pick up the telephone when they realize they're having difficulty making their message clear. We've adopted that policy ourselves.)

To make matters worse, a fair number of people tend to send emails late at night, when they are trying to catch up with work. Most of us aren't at our most articulate at 2 in the morning and risk bewildering recipients. A codicil to that: Some people with supervisors who send inscrutable emails in the wee hours feel obliged to read and respond to them—resulting in restless nights with a cellphone under a pillow.

When emails aren't thought through carefully, they can require a flurry of subsequent emails to clarify matters. A series of messages can easily fall into the following pattern, between, let us say, Smith and Jones. Smith: "Can we talk?" Jones: "Yes." Smith: "When?" Jones: "Tuesday at 10." Smith: "Is that Eastern time?" Jones: "Yes." Smith: "Shall I call you?" Jones: "That's fine." Smith: "What number should I use?" Jones "555-555-5555." Smith: "Thank you." Readers may think we're being facetious. If so, they aren't readers who have to make their own appointments.

The field of emails is full of much more hazardous land mines than appointment setting. For one thing, anything that is put in any form of nonverbal communication should be assumed to be public from the outset. You've read about the



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many cases in which "disclosed" emails have had a role in getting a public official in deep, deep trouble. "Every single staff or elected person knows this," says William Leighty, a partner with DecideSmart LLC, who had been a chief of staff in Virginia's governor's office. "But they seem to do rather stupid things anyway because the electronic form of communication is so easy and timely."

One of the most frustrating things about email snafus is that most of them are avoidable. Who hasn't heard a tale of woe from a colleague who accidentally pressed "reply all" instead of "reply" and inadvertently insulted someone on a long list of recipients? When Leighty was chief of staff, for example, "I thought I was forwarding an email, but instead I replied all. I unfortunately called a legislator a 'jerk' in my email. He was a powerful individual, but fortunately he had a sense of humor."

Public employees must also be careful to differentiate emails that they should send from their personal account from those that they send from their email address at work. There's a real risk of embarrassment using a .gov email address to send a silly little poem to a mass of recipients (most of whom, by the way, don't have the time to read it anyhow).

Other abuses of email can emanate from the outside, not just from avoidable errors on the part of government employees. Some miscreants have used transparency laws in an attempt to obtain documents, communications and records for personal or marketing purposes. "We have received requests under the guise of Right to Know laws asking for every employee's email address," says Pennsylvania's Honchar. "Needless to say, a request like that, for a workforce of over 70,000 employees, if honored, can be abused."

Worst of all, employees can be inundated with spam, viruses, email solicitations and all sorts of those dirty little bugs that crawl around the Internet. G

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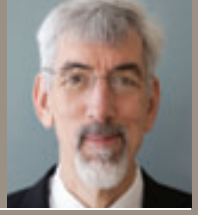

By Mark Funkhouser

The Numbers Public Managers Need

Powerful forces are aligning to reform financial reporting.

Back when I taught a graduate course in public finance, I would ask the budding young government managers on the first night of class why they were there. They would look at me a bit quizzically and tell me they were there because the class was required. Then I would tell them that the reason they were there was because they could not manage any organization, public or private, without understanding its finances.

But I would also tell them that for a host of reasons—including the lack of a single financial bottom line and government's (incorrectly) perceived imperviousness to market discipline—public-sector finances are much more difficult to understand, which leads to bad management decisions. Sometimes the people making those decisions simply do not understand their consequences, and sometimes the opaqueness of a jurisdiction's finances allow those consequences to be deliberately obscured.

> "The need for cleaner, clearer and simpler government financial documents has been apparent for years."

The need for cleaner, clearer and simpler government financial documents has been apparent for years, but the discussions largely have been among government finance professionals. In some respects, Paul Volcker, former chairman of the Federal Reserve, and Dick Ravitch, former lieutenant governor of New York, have begun to rescue budgeting and financial reporting from these professionals.

In 2011, they created the State Budget Crisis Task Force with the explicit objective of raising the profile of these issues. The final report, issued in January, recommends ending cash-basis budgeting, which allows all sorts of gimmicks and short-term measures that obscure actual financial conditions; having states develop multiyear financial plans; budgeting adequate reserve funds; never treating borrowed funds as revenue; developing rules for concise, timely and readable reports; and more.

It's fair to ask why government managers would pay attention to the work of the task force, since these issues have been raised before with little or no impact. I think that will change for several reasons. First, Volcker and Ravitch are both very savvy political players who can command the attention of government decision-makers. They convened four national dialogues on the topics in the report—invitation-only events held in prestigious venues such as the Federal Reserve Bank of New York—and said they hope that the "highly regarded participants" would help to disseminate and promote their recommendations.

Ravitch says that at this point in his life there is nothing that "has more gravitas" than getting the recommendations implemented, which he says he is committed to making happen because "I have 13 grandchildren and the fact that they won't get what I got really gripes me."

For his part, Volcker has created the Volcker Alliance, specifically aimed at spreading good management practices among governments. Shelley Metzenbaum, president of the alliance, says that its next steps are to create an action agenda around open, honest budgeting and reporting and aligning the dialogue to discuss best practices.

Those are indeed the conversations we need to have at all levels of government, and we need to have them now. G

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By Steve Towns

A Time for Code

Schools need to get serious about computer science.

Would it surprise you to know that most schools don't teach computer science—not even the basics? It should, especially given that there will be about 1 million more U.S. jobs in the tech sector in the next decade than computer science graduates to fill them, according to Code.org, a nonprofit launched last year to promote computer science in schools.

Failure to teach students basic theory behind how computer technology works has several implications—none of them positive.

First, employers are clamoring for qualified people to fill tech-related jobs. Yet students aren't introduced to this potentially high-paying field as they take the first steps toward a career. This is particularly true for women and minorities, two groups woefully underrepresented in technology jobs. Earlier exposure to computer science careers not only points more people toward the industry, it also eases stereotypes about who "belongs" in these jobs.

Second, the lack of computer science in earlier grades also makes it more difficult to attract students into computer science majors in college. In disciplines like math, we don't expect students to jump directly into advanced subjects like calculus. Expecting them to enter college-level computer science classes without a grounding in the basics is just as unrealistic.

Finally, and perhaps most important, basic education in computer science makes sense for all students—even kids who'll never earn a living writing software code. A few years ago, schools in Estonia, a global leader in science and technology education, began teaching kids as young as age 7 to write computer code. The idea wasn't to create an army of app developers; it was to help citizens develop smarter relationships with technology, computers and the Web.

With technology touching nearly all parts of everyday life, can we really afford a society where most people lack even a rudimentary understanding of the automated devices surrounding them?

It's estimated that only about 10 percent of K-12 schools teach computer science.

DAVID KIDD

In 2012, *Time* magazine reported that the only serious computing class available to most students is AP computer science, which focuses on Java programming. And even that course was offered at just 10 percent of American high schools.

Code.org says 33 of 50 states don't offer graduation credit for computer science courses. Where courses are offered, they're usually electives, which don't fulfill core math or science requirements and discourages bright college-bound students from taking them.

A few obstacles stand in the way of making computer science a core subject for students in the U.S., says Code.org's Roxanne Emadi. For one, policymakers often confuse "digital literacy" courses that teach students how to use programs like Microsoft Word and PowerPoint with real computer science instruction. In addition, computer science gets crowded out by schools' focus on other core subjects.

"Computer science is still new, and I think it's a challenge to convince lawmakers and school boards that it can be added to the curriculum without taking away from the core," Emadi says. "The good news is that in states where laws have been passed to let computer science count for either math or science credit, enrollment goes up in computer science courses, but it does not drop in math or science."

Five states added computer science to the core curriculum in 2013, says Emadi. And Code.org hopes to add more this year, including Arizona, California and New York. That's great news. We teach kids a range of basic sciences—from biology to physics to chemistry—so they can understand the world around them. It's time to add computer science to the list. G

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By Justin Marlowe

Bonds and the BFF Problem

A new rule tries to keep muni market players from getting too friendly.

The Beatles let us know that we all "get by with a little help from our friends." Those nine words from the Awesome Foursome capture the essence of the American municipal bond market. Some new developments, however, could redefine how friends help state and local governments get by in the muni market.

Like all markets, the municipal bond market is about buyers and sellers. The sellers are cities, counties, schools and other public entities that need to borrow money to build roads, bridges, hospitals and other major projects. The buyers are wealthy individuals, property-casualty insurance companies, mutual funds and others who like muni bonds for their secure, tax-free income. In concept, this market is simple and predictable.

Except that it's not. There are about a million bonds in the market. These bonds are sold by tens of thousands of governments and are backed by hundreds of different revenue streams. There is no central exchange where a buyer can go to find just the right bond. Different states apply different tax rules to the interest investors earn for holding muni bonds. For these and many other reasons, buyers and sellers work hard to find each other and even harder to agree on fair prices.

Fortunately, there are intermediaries—friends, if you will—who can help. Underwriters and financial advisers tell issuers how to design bonds that will appeal to just the right type of investors. Investors rely on broker-dealers, brokers-brokers and other market makers to deliver the bonds they want. Issuers and investors alike depend on third-party data providers for crucial insights on market prices and dynamics.

That's why some recent regulatory changes have set the stage for a major shake-up. The Municipal Securities Rulemaking Board (MSRB), which oversees advisers and bond dealers, is now implementing rules that redefine the roles and duties of municipal financial advisers (see "New Financial Regs Bring New Questions for Cities," page 12). Perhaps the biggest effect is that a bank or other institution that offers an issuer advice leading up to a bond sale cannot buy those bonds once they're sold. This rule is designed to prevent cozy friendships from morphing into the sort of corruption we saw in places like Jefferson County, Ala. That makes sense. At the same time, small issuers who access the markets infrequently depend heavily on advisers and other friends to make sense of this complicated market. This rule might limit their access to the market expertise they need just to get by.

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Meanwhile, both the MSRB and Securities and Exchange Commission (SEC) are considering new rules to promote "pre-trade transparency." These changes apply to brokers-brokers, alternative trading systems and other intermediaries who help investors buy and sell bonds that have been out for a while (in what is known as the "secondary market"). The systems these intermediaries have developed are a bit like Craigslist for the muni market. Sellers post bonds they'd like to sell and interested buyers respond. Sometimes trades happen, but usually they don't. Either way, the information these systems collect can tell us a lot about a bond's "fair" or "actual" market price.

The SEC and MSRB are considering ways to use that information to improve the market's transparency and efficiency—a worthy objective. Investors who use these systems, however, are wondering why they should have to share such valuable information with anyone other than their closest trading friends.

With these actions, the regulators are sending a clear message. If you sell bonds, your real friends are those who work only for you. If you buy bonds, get ready to share friends-only information with the rest of the market. These changes are designed to focus accountability on buyers and sellers, and to keep friends, both well intentioned and otherwise, at arm's length. G

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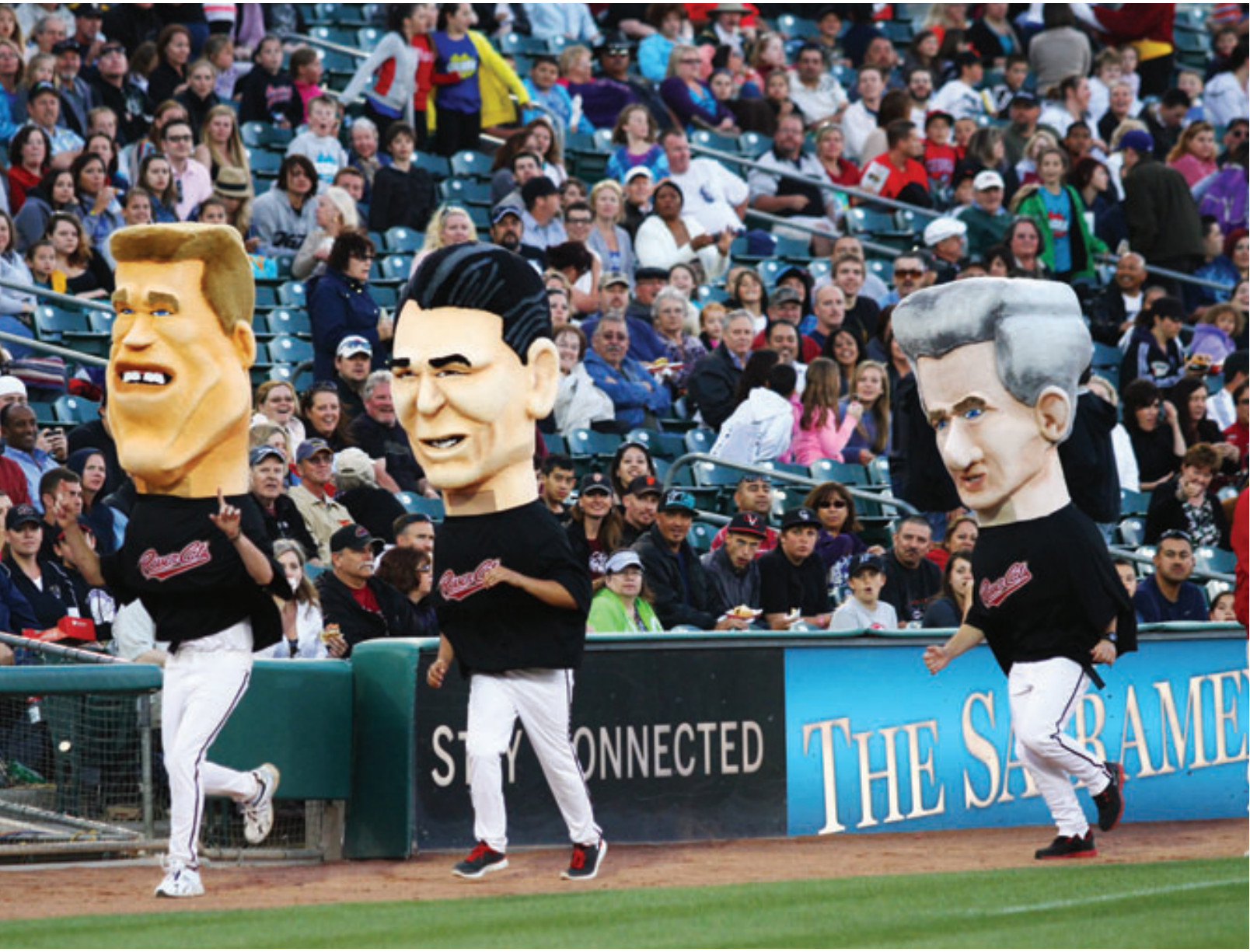
Last Look



SACRAMENTO RIVER CATS

The Washington Nationals have George, Abe, Tom, Teddy and Bill. The Rivers Cats, a Triple-A baseball team in Sacramento, have Ronnie, Arnie and Gray. The former are the Racing Presidents; every home game during the fourth inning, the quintet of former U.S. presidents race from the outfield to home plate. Similarly, the River Cats in Sacramento have the Heads of State race, where three giant mascots of past governors—Ronald Reagan, Arnold Schwarzenegger and Gray Davis—race around the stadium. Gray, the mascot named for California's 37th executive leader, had never won a race—at least until recently. But like the real Gov. Davis, Gray's single win was "recalled," says River Cats' spokesman Mark Ling. The governors race at every weekend home game.

—Elizabeth Daigneau

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BROKE

Taxpayers deserve durable, economical, and sustainable roads, but we have a system that favors one material over another. FHWA-recommended life-cycle cost analysis (LCCA) helps, but only when real costs are considered. Researchers at the Massachusetts Institute of Technology found that typical LCCAs can underestimate asphalt costs by an average of 95%. Want to stop breaking the bank? Visit Portland Cement Association's website at **www.think-harder.org/broke**.

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