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THE STATES AND LOCALITIES

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VOL. 25, NO. 11

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FEATURES

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COVER PHOTO: BARRY STAVER

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A Place for Sharing

Each February, *Governing* hosts an event in Washington, D.C., called Outlook in the States and Localities. Its purpose is to gather representatives of corporations, associations and industries interested in state and local issues. The event is also attended by those who work in the federal government and want a better understanding of what is happening or may happen in state and local government. Outlook is a productive two days—filled with great conversations, discussions and debates about the issues facing cities, counties and states, the role of federal government and the strategies needed to overcome the major obstacles before us.

As useful as the event is, we realized that this kind of idea-sharing should occur more often. So last year, *Governing* began hosting quarterly roundtables on specific topics, typically ones that coincide with what we're covering in our magazine. Interest in and attendance at these quarterly meetings has been great—to the point that this year we're hosting six instead of four.

Erin Waters, Publisher

The focus of our April meeting was infrastructure. Staff writer Ryan Holeywell, who wrote that month's cover story, attended the roundtable to share his insights with about 40 participants from state and local government, associations and professionals in the transportation and infrastructure industries. The practitioners are the experts, providing valuable background and knowledge, and they are integral to the success and usefulness of these sessions.

The June meeting centered on health care, and we spent considerable time discussing the potential consequences of the U.S. Supreme Court's ruling on the Patient Protection and Affordable Care Act. As more of the act's provisions take effect, it's clear that one level of government will be heavily impacted: counties, which are often on the front line of administering and delivering public health and welfare programs. But as this month's feature on counties points out [see *Squeezed*, page 32], these are challenging times for a level of government that hasn't bounced back from the recession as quickly as states.

But counties have proved to be remarkably resilient, and we will continue to showcase the ways in which they are working through this fiscal storm. In fact, this month's policy roundtable looks at another subject of vital importance to counties: pensions. If you are interested in learning more about future topics and attending a session, contact me at ewaters@governing.com and please, follow me on Twitter (@erinawaters).

GOVERNING

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Associate Editor Jessica Mulholland
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Marketing/Classified advertising@governing.com

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IDEA

REALITY

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Disclosing Public Pay

As an employee at a California state university, my salary has been available online for years [*How Public Should Public Salaries Be?*, July 2012]. Anyone in the community can see that I make $43,000 a year. This policy was in place before I started working at the university. It kind of creeped me out at first, but I have grown used to it. Opening salaries of public workers to the public is just a small step in making government more transparent and accountable. If you look at the big picture, I don't see how you could be against revealing that information to the people that pay you. Once this becomes the norm for government workers (as it is in many states) there will be few that complain. Those who actually like being a "civil servant" will continue to work no matter what because they believe in what they do.

—Mitch on Governing.com

Senior Planner. City of Indianapolis. $38,625. How hard was that? What do I have to fear by everyone knowing that?

—Paul Lambie
Indianapolis

There is a way that public employees can have privacy and the public can have their transparency. Employee number, title, salary and whatever else they want to publish. The actual name shouldn't be disclosed. That is where privacy trumps public right.

—Debra on Governing.com

Social Media and the School

I believe [social media] laws also need to extend to school districts to prevent them from forcing children to release passwords or open accounts for their viewing pleasure [*The Trouble With Twitter*, July 2012].

—Pamela Broviak
Geneva, Ill.

"As difficult as it is to operate in an environment of cuts, I really think that the criminal justice system and some of the reforms that are playing out in the sector are a unique bright spot in American government. It is one of the few areas where legislators [and] chief executives from both parties have been able to make really meaningful changes."

—Governing *contributor John Buntin, speaking on the radio show* DC Public Safety, *on how new approaches and attitudes in the states toward corrections are rehabilitating the system for the better.*

Card Troubles

While the money-saving convenience of providing tax refunds on debit cards is well explained in June's Observer [*Plastic Fantastic?*], the significant negative aspect of such practices was overlooked. Providing tax refunds via debit cards facilitates wholesale identity theft.

I believe that if no debit card refunds were provided, and checks or direct deposits were the sole means of dealing with refunds, the extent of fraud and theft currently being experienced would be less. However, I am realistic enough to understand that debit cards are here to stay. I favor technological improvements when they are implemented responsibly. I am not convinced government has handled the implementation of debit card tax refunds in a comprehensive and responsible manner. That failure may be encouraging tax fraud at levels never encountered before.

—Michael R. Ramage, General Counsel, Florida Department of Law Enforcement

One year ago this month, Governing *ran a cover story on North Dakota's oil boom. Staff writer Ryan Holeywell traveled to the northwest part of the state to find unprecedented growth—and in many cases, unanticipated problems. Since that time, the story has become one of the most popular articles on our website, garnering the most pageviews of any magazine cover story. It has ranked in our top five most viewed week after week ever since. If you missed it, read it at* ***governing.com/Dakota****.*

Correction: In the July issue of *Governing*, John Buntin's article *Let's Talk* stated that Barry Farm, a Washington, D.C., public housing development, had just one homicide in the past four years. Because of an editing error, that statistic was not updated as requested by the Metropolitan Police Department. In actuality, 10 homicides have been reported in Barry Farm since July 2008.

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By Ryan Holeywell

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For Drug Overdoses, Immunity and a Lifeline

WHEN SOMEONE OVERDOSES on an illegal drug, his concerned friend's first thought would probably be to call an ambulance. The friend's next thought, though, may be that reporting the overdose could lead to arrests and jail time. That could keep him from picking up the phone, putting the drug user's life in serious jeopardy.

Some states want to make sure that scenario doesn't happen. Illinois, Colorado and Florida this year have passed legislation that gives legal immunity to people who call 911 to report a companion's drug overdose.

The measures—widely referred to as "911 Good Samaritan" laws—are designed to eliminate legal concerns that may prevent people from seeking proper medical treatment. Under the laws, both the person calling 911 and his companion in need of medical treatment are granted immunity from drug prosecution. In 2007, New Mexico became the first state to pass such a measure. Since then, Connecticut, New York and Washington have passed similar laws, in addition to the three states that took action this year.

Nationwide, drug overdoses are on the rise. In 2009, the most recent year for which data is available, there were 41,592 deaths in the U.S. due to "poisoning," a category that primarily includes drug-related deaths. That figure has more than doubled since 2000, according to the Centers for Disease Control and Prevention. In 2009, more people ages 25 to 64 died from drug poisoning than from auto crashes.

The Drug Policy Alliance (DPA), an organization that works to reform drug policy, has pushed for the legislation across the country. "I think what we are really seeing right now is momentum," says Meghan Ralston, a harm reduction coordinator with the organization. "I think part of it is just the growing importance of dealing with drug overdoses and the collective unconscious realizing that we know how to deal with this problem, by enacting legislation that protects people who do the right thing."

The ways the laws are implemented vary based on each state's existing drug laws. In Colorado, people are protected from prosecution—not arrest—and only those in possession of small amounts of drugs are immune. "This is not a get-out-of-jail-free card," says Colorado state Sen. Irene Aguilar, who sponsored the bill. "We in no way wanted to let drug dealers off the hook with this legislation."

Supporters of the legislation say that in order for it to be effective, people need to be aware that the immunity provisions exist. Yet none of the Good Samaritan laws has a public education component. "One of the reasons these laws pass without a great deal of time and back and forth is that they generally do not have any appropriation or fund requirement attached to them," says Ralston.

The DPA is working on an education campaign to promote the new laws to people in drug rehabilitation programs, recently released prison inmates and others in high-risk demographics. The group is also working to educate relevant agencies about the legislation. For example, it wants public housing agencies to agree not to evict people who call 911 to report drug overdoses.

"We are hoping that we can change as many policies as possible through education, so that calling 911 will be second nature," says Evan Goldstein, a policy coordinator in the DPA's New York office. *—Leigh Ann Renzulli*

Call It the Low Line

WASHINGTON, D.C.'S DUPONT CIRCLE neighborhood is known for its cafés, galleries and trendy boutiques. But there's one feature of the area that even its longtime residents may not know about: a sprawling stretch of empty tunnels that have only briefly been open to the public in the past 50 years.

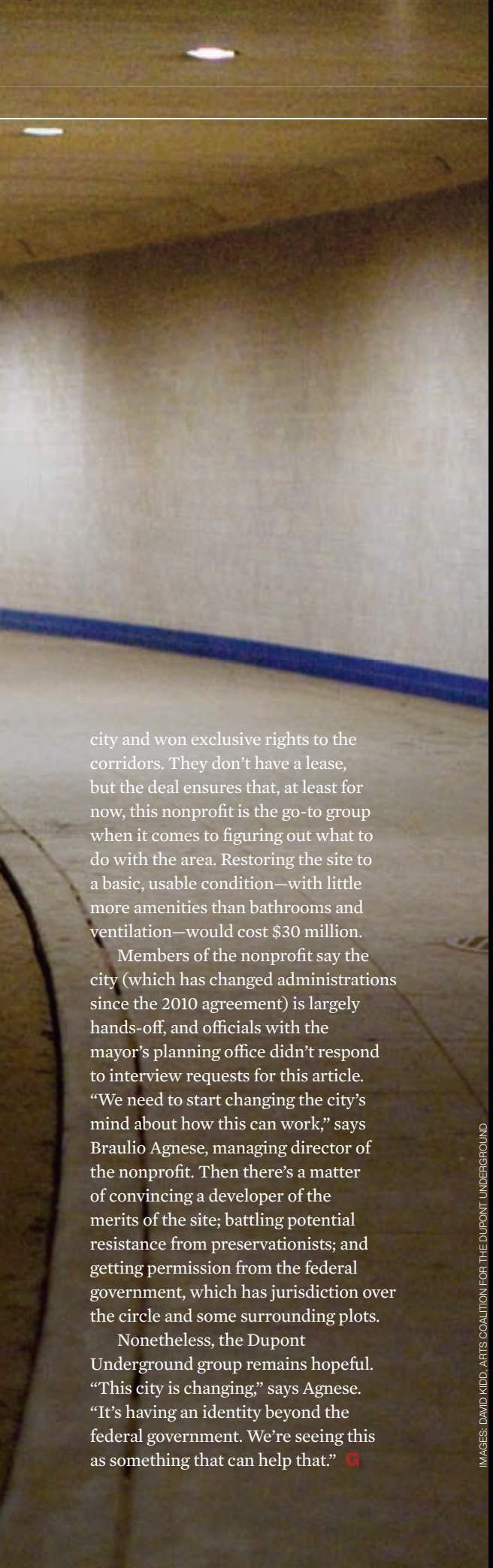
The tunnels, which lie just beneath the neighborhood's eponymous traffic circle, comprise 75,000 square feet of space under five blocks from N Street to S Street. Completed in 1949 to serve the city's streetcars, the tunnels closed in 1962 when buses replaced the rail lines. In the mid-1990s, a modest food court development in a portion of one of the tunnels proved ill-conceived and was shuttered within six months. Other than that, the tunnels have remained abandoned. The street-level entrances are boarded up, and most pedestrians walk by without even noticing they're there.

Now a group of architects and residents is seeking to develop the tunnels and reopen them as a mixed-use destination of cafés, bookstores, art galleries, pop-up retail, even a winery and wine bar. The nonprofit Arts Coalition for the Dupont Underground is the brainchild of Julian Hunt, an architect who says he's been fascinated by the space and envisioned big possibilities for it ever since he moved from Barcelona to Washington in 1995. Hunt and his colleagues want to capitalize on such infrastructure-reuse success stories as New York City's High Line, the popular and well regarded public park built on long-abandoned elevated rail beds on the city's West Side.

The parallel tunnels stretch for blocks below D.C.'s Dupont Circle.

Right now, accessing the Dupont catacombs isn't easy: The only way the public can see the space is on a free tour from the Arts Coalition. Visitors entering the tunnels are greeted by a cloud of darkness and stale musk. Some walls are decorated with decades-old graffiti, but mostly the place just feels empty. Much of the tunnel space forms a long-curving arc with barrel-vaulted concrete ceilings. Still, it feels surprisingly open and spacious, especially where the tunnels open up into the long-abandoned streetcar stations.

In 2010, Hunt's nonprofit responded to a request for proposals from the



city and won exclusive rights to the corridors. They don't have a lease, but the deal ensures that, at least for now, this nonprofit is the go-to group when it comes to figuring out what to do with the area. Restoring the site to a basic, usable condition—with little more amenities than bathrooms and ventilation—would cost $30 million.

Members of the nonprofit say the city (which has changed administrations since the 2010 agreement) is largely hands-off, and officials with the mayor's planning office didn't respond to interview requests for this article. "We need to start changing the city's mind about how this can work," says Braulio Agnese, managing director of the nonprofit. Then there's a matter of convincing a developer of the merits of the site; battling potential resistance from preservationists; and getting permission from the federal government, which has jurisdiction over the circle and some surrounding plots.

Nonetheless, the Dupont Underground group remains hopeful. "This city is changing," says Agnese. "It's having an identity beyond the federal government. We're seeing this as something that can help that." G

IMAGES: DAVID KIDD, ARTS COALITION FOR THE DUPONT UNDERGROUND

California at Center of Pension Reform Fight

IN THE FIGHT over pension reform, California has become ground zero. Voters in two Golden State cities this June overwhelmingly approved measures to curb the growth of their municipal pension obligations.

In San Jose, voters supported a plan that would require workers to either pay more money to keep their current retirement plan or accept a reduced pension. It also gives new employees less-generous pension benefits going forward. In San Diego, voters backed a plan that switches future employees from a defined benefit plan to something closer to a 401(k) and implements a five-year freeze on employee pay for the purposes of calculating benefits.

In San Diego, Mayor Jerry Sanders, who is term-limited and leaving office at the end of the year, was the chief architect and proponent of the plan, which could save the city nearly $950 million over the next 30 years. "I think when the public gets to weigh in, they say, 'We don't want to pay more for one group of employees while the rest of us are on 401(k)s,'" he says.

In both cities, the votes have roiled municipal workers, who feel they've been scapegoated by opportunistic politicians. Mike Zucchet, general manager of the San Diego Municipal Employees Association, says workers have already accepted concessions in recent years, but the advocates for pension reform refuse to acknowledge them and instead are tapping into voters' frustration. "It feels like an emotional debate."

One wrinkle to the San Diego situation is that voters can't actually pre-determine the outcome of future bargaining. So technically, they've only instructed the city to call for a five-year pay freeze in its initial negotiations with municipal workers. If that part of the plan doesn't go through, it could actually cost the city $13.5 million over the next 30 years, due to the costs associated with moving from a defined-benefit to a defined-contribution plan. Sanders says in the long run, that's still the fiscally prudent path. Labor groups in both cities have mounted legal challenges to the reforms. G

"I'd give him a B for governing. I'd give him an A for strangeness."

—Tom Slade, the ex-chairman of the Republican Party of Florida, referring to Florida Gov. Rick Scott. Slade is also the former co-chairman of Scott's campaign. Source: Bloomberg News

How Real is Anti-Planning Rhetoric?

AGENDA 21 has been heralded as everything from a revolution in growth planning to a covert Socialist attack on the American way of life. But the vast majority of people, it turns out, have never even heard of it.

Despite an ominous name that could have been ripped from the title of a sci-fi thriller, Agenda 21 is actually an arcane United Nations measure on sustainable growth, a nonbinding resolution from 1992 that encourages development in dense areas and conservation of open land. More recently, though, it's been taken up as a *cause célèbre* among conservative groups that see it as big government run amok. Opposition goes back at least a decade, but the enmity has increased—and gotten more vocal—over the past two years, as Tea Party representatives and others have drawn more focus to the measure. This January, a resolution passed by the Republican National Committee denounced Agenda 21 for its "destructive and insidious nature." The opposition even earned front-page coverage in *The New York Times* earlier this year.

Unsurprisingly, the issue has become the bane of many local planners' professional lives. Outcries over Agenda 21 have scrapped or threatened a number of infrastructure projects across the country, everything from bicycle lanes to high-speed rail. "We're used to having more conservative rural parts of the state versus the more liberal central part of the state," Maryland Planning Secretary Richard Hall told *Governing* earlier this year. "But I have never seen things this polarized."

In some cases, critics have portrayed urban planners as bound by the UN resolution; in actuality, the resolution is a reflection of many of the already-standard practices and beliefs embraced by the planning community. Some planners have said they weren't even familiar with the measure until it was brought up by opponents.

But for all the rancor surrounding Agenda 21, the measure remains essentially unknown to most people in the U.S. According to a new survey released by the American Planning Association (APA), 85 percent of Americans said they don't know enough about Agenda 21 to say whether they support it; only 6 percent of respondents said they actually oppose the policy. The poll questioned 1,308 U.S. adults in March. (The APA isn't unbiased: It has sought to downplay the Agenda 21 fervor. But the poll was conducted by Harris Interactive.)

Among those who said they oppose Agenda 21, about 14 percent were Republicans, 11 percent were Independents, and 2 percent were Democrats. (The rest didn't identify with any of those categories.) The results suggest that the volume of rhetoric likely exceeds the number of people who express it. "My takeaway is I genuinely believe the Agenda 21 phenomenon is highly manufactured," says Robin Rather, CEO of Collective Strength, a firm the APA hired to conduct the research. "It's not out there in the mainstream." **G**

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Opponents of Agenda 21 have called it a plot to destroy suburbs.

THE BREAKDOWN

>10,000

Number of "children and families" on Long Island, N.Y., facing a shortage of Good Humor ice cream bars earlier this summer, according to Nassau County Legislator David Denenberg, who launched a petition drive demanding the company increase production.

$2 billion

Expected budget reserves in North Dakota by the end of June 2013, thanks to unprecedented revenues from oil production in the state. North Dakota recently surpassed Alaska to become the nation's second biggest oil producer, following only Texas.

56.4%

Percentage of high schoolers in Memphis, Tenn., who watched more than three hours of television a day in 2011, the nation's highest rate, according to a new study released by the Centers for Disease Control and Prevention.

$18,667

Per-pupil spending in the District of Columbia, which in fiscal 2010 had the highest level of per-student expenditures in the U.S., much higher than the national average of $10,615.

SOURCES: REUTERS, STATELINE, CENTERS FOR DISEASE CONTROL AND PREVENTION, CENSUS BUREAU

By Paul W. Taylor

Socially Awkward

There's an odd fit between public finance and social media.

SEATTLE—Here, you do it. That's the handoff implicit in much of what many governments aspire to do through citizen engagement. Take crowdsourcing. Seattle recently crowdsourced balancing the budget with a game called Budget Gapster.

Seattle is one of many cities that offer an online budget simulation tool. Like these cities' games, Budget Gapster challenges residents to close, in this case, a $31.7 million shortfall by setting spending priorities and making tough cuts. But in a fresh—and deliberately frustrating—departure from other city simulators, a balanced budget in this game doesn't stay that way. Before the proverbial ink dries on the paper of one's balanced budget, real life intervenes—or at least a simulation of real life—forcing the player to make deeper cuts to account for say, storm cleanup, damaged bridges and decreased revenue forecasts.

Seattle's Budget Gapster simulates what it's really like balancing a budget.

Of course, it's only a game. It lacks the discipline, scope and stakes of efforts like participatory budgeting in which citizens actually help decide how real money is spent. Nonetheless, the game is intended to inform residents about the budgeting process. At the end, the program solicits the player's thoughts on spending priorities via an online form. And that's the disappointment. Newly informed residents can talk back to the city, but not to one another. Social media could change all that. But it's an open question as to whether budget writers are ready for that broader discussion.

Through our readers' panel, Governing Exchange, we compared views and practices of public finance workers with those of public employees in all of government. Significantly, public finance respondents were almost twice as likely as the wider group to question the appropriateness of using social media in the workplace—59 percent of public finance respondents said social media was a distraction compared to 32 percent of the larger group. Individual respondents thought social media "was a time waster" and posed a threat to the integrity of official government sites with the loss of the "fairness, decorum [and] professionalism that perhaps might benefit government business in the long view."

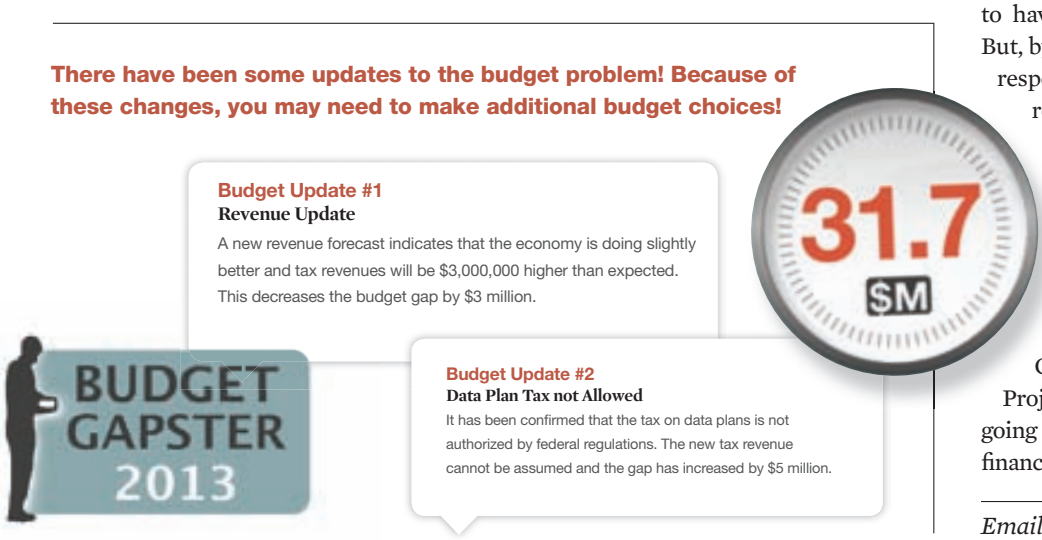
Such beliefs may help explain why public finance departments are less likely (35 percent) than government in general (50 percent) to use social media in their work. There was a similar gap in respondent perceptions about constituent demand for social media—46 percent in finance thought there was public support for more social media use compared to 60 percent. The larger group was likelier (69 percent) than the public finance respondents (45 percent) to cite a skills gap in their respective departments as a barrier to becoming effective in social media use.

Public finance respondents also said social media was a distant third (15 percent) to public meetings (27 percent) and email (49 percent) in effectively engaging constituents, results that are mirrored closely in the larger group. The other notable area of agreement was that half of both groups conceded that their departments were struggling with how to effectively use social media.

That struggle and an underlying professional disposition are seen in one other finding from the poll. By an 8-point margin, public finance departments are less likely than general government agencies to have social media policies in place. But, by a 19-point margin, public finance respondents are likelier to have actually read them.

Finance officials are good with numbers—and there are some large ones they must come to terms with. There are more than 150 million Facebook users and 100 million Twitter users in the U.S. According to the Pew Research Center's Internet & American Life Project, 64 percent of Americans are going social. It might be time for public finance professionals to go social too. G

Email ptaylor@governing.com



SEATTLE.GOV

By Donald F. Kettl

Pummeling Public Health

The return of forgotten diseases raises troubling questions.

Parental decisions, sanctioned by states, could have national health consequences.

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A century ago, whooping cough spread dread across the country, causing more than 5,000 deaths a year. But after scientists discovered that the pertussis bacteria caused the awful respiratory disease, with its characteristic "whoop" sound, researchers produced an enormously effective vaccine. Then they went a step further and combined that vaccine and the antibodies to diphtheria and tetanus into a single shot (DPT), putting an end to the three diseases that had terrorized kids for decadess.

But by the 1970s, parents were growing increasingly suspicious of the DPT vaccine, particularly that it was causing brain damage, including encephalopathy, a condition that can produce personality changes, tremors and seizures. After a 1982 NBC documentary won an Emmy Award for its tale of children said to be injured by the vaccine, an anti-vaccination epidemic was born, spurred further by a 1998 study that suggested the measles, mumps and rubella vaccine caused autism. (In 2010, that study was retracted by the journal that had published it.)

Today, untold thousands of children have never received these vaccinations. As a result, the dreaded diseases of the 1900s are making a comeback. In May, Washington state public health officials declared a health emergency as whooping cough galloped across the state. In just the first month, the disease infected more than 2,500 Washingtonians, with children ages 10-13 hit especially hard. Other states, including California and Wisconsin, have had outbreaks as well, but in Washington the infection rose to an epidemic.

How could a disease we thought we had licked have spread so fast? Part of the explanation comes from Washington parents who took advantage of a new law allowing them to opt out of vaccinations for their kids. Another part comes as a result of a new DPT vaccine designed in the 1990s to cause fewer side effects, but which declined in effectiveness over time, leaving adults with lower levels of protection.

Perhaps the biggest part of the problem, however, comes from underinvestment in public health. Financially strapped states, including Washington, have been struggling to support programs to immunize kids, advertise the benefits of the dreaded shots, track the spread of diseases of all kinds and manage the consequences. Becky Neff, a registered nurse in Skagit County, along the Puget Sound near the Canadian border, told a reporter, "It's the largest epidemic I've ever seen." How large? No one really knows, she explained, because the county has just two nurses compiling disease reports, compared with five just a few years ago. The nurses who are left "don't have time to call and say who's positive and negative."

The economic downturn has left a trail of debris in its wake, and public health has been especially hard hit. Rhode Island's free breast and cervical cancer screening programs have been suspended. In Washtenaw County, Mich., budget cuts forced the government to suspend new enrollment in a health coverage program for low-income residents who didn't qualify for Medicaid. In the last two years, the local public health workforce has dropped 15 percent, according to the National Association of County and City Health Officials.

Public health workers are usually the last noticed of the first responders. The public tends to dismiss them as disease-counters and shot-givers—until killer tomatoes strike (with a salmonella outbreak in 2008) or anthrax threatens (after the 9/11 terrorist attacks).

This year's whooping cough outbreak shows how fast disease can spread. The 1918 Spanish flu pandemic, which killed

more than 50 million people around the world, showed just how serious that can be. And in today's super-linked world, any disease anywhere can deposit itself on anyone's doorstep in just hours. In fact, just one airplane passenger from Hong Kong brought severe acute respiratory syndrome (SARS) to Toronto in 2003. The resulting outbreak virtually shut the city down and killed 44 people.

The Washington whooping cough emergency, fortunately, didn't rise to that scale. But it does raise two very worrisome points. First, disinvesting in public health now can pose serious consequences down the road. Whether we can accurately count the number of pre-teens struggling with whooping cough might not seem like a big deal, but if we suddenly have to track and manage the spread of a SARS-like disease, the lack of capacity would aggravate a grade-A crisis.

Second, if nervous parents push opt-out provisions on state policymakers, and if individual states loosen the requirements for vaccinations and other public health strategies, the individual decisions can quickly create far broader ripples. Many public health programs rely on the inelegantly named "herd" strategy. If almost everyone is immunized, a single whooping cough victim can easily be isolated. If large numbers of kids haven't been vaccinated, or if vaccines for their parents begin to wear off, one cough can quickly spread across the population.

Individual parents' decisions about vaccinating their kids might seem limited to their own families, but nothing could be further from the truth. It's no exaggeration to say that such parental decisions, sanctioned by individual states and repeated many times over, can have national consequences. Couple that with budget cuts at the heart of the nation's public health capacity. We see evidence everywhere of the huge consequences of the Great Recession, but Washington's whooping cough outbreak shows an important break in our first-response lines of defense. G

Email kettl@umd.edu

By Ryan Holeywell

If Cars Could Talk

As it turns out, they can … to one another.

Remember KITT, Michael Knight's talking 1982 Pontiac Trans Am in the TV show *Knight Rider*? While technology hasn't quite delivered on the idea of a car engaging in a casual conversation with its driver, it has progressed to a point in which cars can talk to one another.

The federal government is testing a new technology that allows automobiles to communicate with one another wirelessly along roadways and provide drivers with warnings that could help prevent collisions. The pilot program, which began this month in Ann Arbor, Mich., will help the feds decide whether to proceed with the technology, which they've been examining for about 10 years.

The idea is to equip cars with radios that can transmit up to 10 messages per second to vehicles around them using a signal similar to Wi-Fi. Known as connected vehicles, the cars would also have devices to interpret and convey those signals to drivers. Experts say the technology could help drivers prevent rear-end collisions, T-bone crashes and other types of accidents.

The government is testing vehicles that can talk to one another in real time.

U.S. DEPARTMENT OF TRANSPORTATION

The University of Michigan Transportation Research Institute is overseeing the one-year pilot, which includes 2,800 cars, trucks and buses equipped with the technology. The drivers were recruited by promises to donate to their local PTAs. Soccer moms who shuffle their kids to school and activities proved to be the perfect fit: They drive a lot, ensuring researchers get plenty of data.

The technology should have significant implications for local governments too. Traffic signals could change their timing based on the volume of vehicles on the roadway. The feds are working with manufacturers of traffic signal controllers to have transmitters built into their products in order to ease that transition, says Shelley Row, director of the U.S. Department of Transportation's (DOT) Intelligent Transportation Systems Joint Program Office. State and local governments wouldn't have to rewrite their traffic laws to accommodate the new technology, she says.

The National Highway Traffic Safety Administration (NHTSA) will use information learned from the pilot to decide in late 2013 if it should proceed with connected vehicles. It could scrap the project, allow automakers to voluntarily install the systems, or mandate it in all new vehicles. "If NHTSA chooses [the latter] route, the minute they make that decision, it will spark the industry," Row says. "We'll see the auto industry and the supplier industry move much more aggressively to make this come into being."

There are some privacy concerns with the new technology, but Row says the DOT is aware of them. The only time the system will be able to identify individual vehicles is when it needs to shut down their transmitters because of malfunctions, she says. "We have not designed a system to be used for enforcement. We worked with privacy advocacy groups from the first day of this program."

GOVERNING.com Find out what the feds are up to at governing.com/fedwatch

By David Levine

Life in the Express Lane

Louisiana cuts the rate of uninsured kids by linking food stamps with Medicaid.

Louisiana, one of the poorest states in the nation, has one of the richest histories in covering its children with health insurance. The rate of uninsured children dropped from 5 percent to 3.5 percent during the past two years, a record low in the state and a big drop from the 11.1 percent rate just eight years earlier, according to a survey for the state's Department of Health & Hospitals (DHH) by the Louisiana State University Public Policy Research Laboratory. Many factors have played a role in this success, including Louisiana's early embrace of "express lane eligibility" (ELE).

The ELE option allows Louisiana Medicaid staff to collaborate with the Department of Children and Family Services (DCFS) to find children who are eligible for the Supplemental Nutrition Assistance Program (SNAP) and automatically enroll those who meet the Medicaid eligibility requirement. This reduces the need for applicants to submit enrollment paperwork twice for each program.

As the first state to adopt ELE, Louisiana enrolled more than 10,000 children into Medicaid in February 2010, based on SNAP data. And when that first group of ELE children came up for renewal, 92 percent of those who had used their SNAP cards retained Medicaid, an Urban Institute report found.

ELE not only saves clients headaches, it also saves the government time and money. ELE-processed applications cost just $12 to $16, compared to $116 for traditionally processed applications. And ELE cost the state nothing to set up. The program was established with a $600,000 grant from the Robert Wood Johnson Foundation's MaxEnroll project. That investment cut costs by an estimated $8 million to $12 million the first year, a return of investment between 15 and 22 to 1.

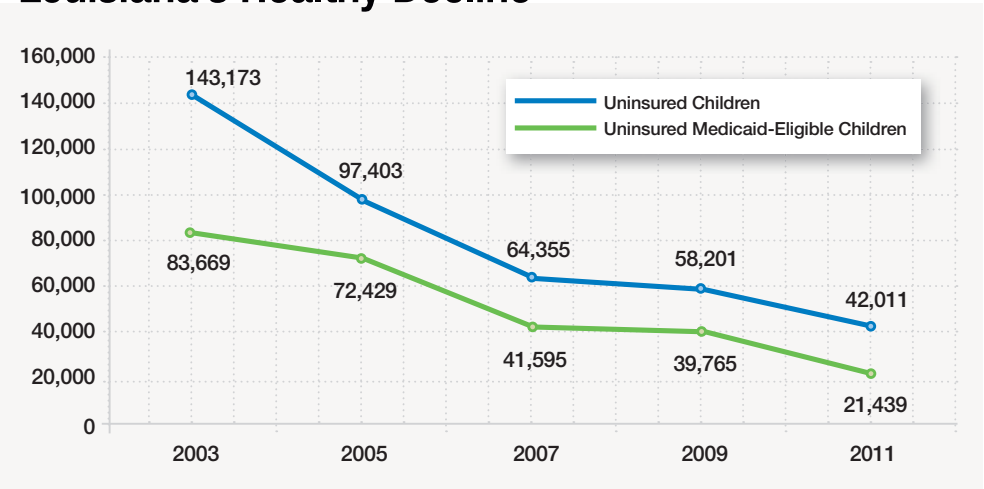
That's not to say it was easy to roll out. "Technology is not a magic wand—a lot of work goes into making it operate," says Ruth Kennedy, Louisiana's Medicaid director. Even though DHH and DCFS already shared the vision and a working computer interface, it took a year or more to sift through the rules, test the analytics and work through the glitches.

In the middle of it all, the Centers for Medicare & Medicaid Services pushed through new procedural rules that replaced the opt-out requirement with an opt-in mandate. "We did lose some children during that change, and another challenge was that the DCFS was already in the middle of a major system overhaul, so their resources were drained," says Diane Batts, acting Medicaid deputy director.

They plowed ahead, though. "Diane's philosophy is that you don't wait until everything is perfect before you implement. You do it in stages," says Kennedy. Now, the interface processes applications daily and locates those children who might need closer eligibility evaluation for face-to-face review.

Integrating departments through technology has long been part of the state's health and human services vision. "We already had legislation allowing us to use ELE before Congress approved it," says Kennedy. "We anticipated the value of this back in 2007."

Louisiana's Healthy Decline



By linking enrollment in the state's food stamp program with Medicaid, Louisiana has slashed the number of uninsured, Medicaid-eligible children.

Having an interface and a data exchange relationship between the agencies certainly helped Louisiana get off to a fast start. Since then, at least eight other states have begun implementing ELE, according to the Georgetown University Center for Children and Families. It likely wasn't easy for them either, and it won't be for other states looking to get into the express lane in the future. "It's not simple," Kennedy admits, "but the benefits are well worth what it takes to get you there." G

Email levkern@nycap.rr.com

LOUISIANA'S UNINSURED POPULATION, THE LOUISIANA DEPARTMENT OF HEALTH & HOSPITALS, JANUARY 2012

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By Elizabeth Daigneau

Degrees of Sustainability

The green economy is growing, and so is the need for a green education.

Three years ago, everyone started talking about green jobs. President Obama had pledged $500 million for environmental job training, and another $150 billion to create 5 million new sustainability-related jobs. The U.S Conference of Mayors was trumpeting a report that predicted there would be 4.2 million new green jobs introduced over the next 30 years.

Fast-forward to the present, and suddenly everyone is talking about green MBAs. Today, there are already 3.1 million workers employed in the green economy nationwide. The Bureau of Labor Statistics found that the bulk of those jobs are in the private sector, particularly in manufacturing, construction, transportation and waste services. The public sector had 860,000 green jobs in 2010, with local government providing more than half of them. As a result, sustainability knowledge is in demand, and a rapidly rising number of universities are offering degrees in sustainability and sustainability management.

Nearly 60 percent of all new academic programs or training opportunities in 2011 focused on green careers, according to the nonprofit Association for the Advancement of Sustainability in Higher Education. The annual review found that colleges and universities developed a total of 137 academic programs on sustainability in 2011, compared to 146 in 2010. More than $540 million was earmarked for green ed. Green job-training efforts increased 142 percent compared to 2009.

"Education is at the forefront of this change," said Deborah Cerminaro Eldridge, a professor at St. Petersburg College in Clearwater, Fla. Speaking about her college's own degree program in sustainability management at a *Governing* event in June, she predicted that the public sector's share of green jobs will continue to grow. From sustainability directors and environmental engineers to carbon analysts and energy efficiency consultants, "government is obviously a key player [in the field]," she said.

To that end, Eldridge called on more cities to partner with colleges for what is "essentially free labor." More than just funding green job-training programs, states and localities can give students meaningful, hands-on experiences in green projects and maybe, in return, find their future workforce. G

Email edaigneau@governing.com

SHUTTERSTOCK.COM

By Alex Marshall

SHUTTERSTOCK.COM

Street Litigation

The next big challenge for walkers and bikers? Legal protection from drivers.

At a street corner somewhere, a pedestrian, a bicyclist and an automobile driver enter an intersection. The person in the car turns and hits either the person on foot or the person on the bike, killing her.

Question: What happens to the driver? In most states, nothing. Unless the driver is drunk or can be shown to be speeding or driving recklessly, it is, in the words of Aaron Naparstek, founder of *Streetsblog*, "a free kill." The driver walks away without criminal charges, civil liabilities or administrative penalties.

This is crazy.

In the past decade, there has been a movement around the world to make towns and cities more hospitable to their primary occupants: people. Dubbed the livable city or complete streets movement, it has resulted in cities widening sidewalks, putting in bike lanes, converting parking lots and streets into pedestrian plazas, launching bicycle-sharing services, implementing high-speed bus lanes, reviving streetcar systems, tearing down freeways, and more. This is a global phenomenon, with American cities from Chattanooga, Tenn., to New York City playing catch-up to Seoul and Stockholm.

Without laws protecting bikers and walkers, however, the goal of having truly livable cities in America remains out of reach. Legal lines are more important than physical lines. Creating the right laws to govern the interactions among walkers, cyclists and drivers is more effective than painting new stripes for a bike lane.

"Ultimately, the thing that changes people's behavior are the penalties," says Steve Vaccaro, a lawyer in New York City who specializes in bicycle injuries.

Right now bikers—and, to some extent, pedestrians—are in a Catch-22. It's long been known that there is a "safety in numbers" phenomenon. The more people walk or bike, the more the drivers of cars look out for them. But people won't ride bicycles if it's not safe, and it's not safe because people don't ride bicycles. A big step forward is to put the primary responsibility for keeping streets safe on the drivers of the two- and 10-ton vehicles that routinely kill people.

There are several ways to strengthen consequences. There are increased criminal penalties, such as charges of manslaughter. There are increased civil penalties, such as liability for hospital bills, lost earnings, and pain and suffering. And there are increased administrative penalties, such as points on one's license or loss of license.

Personally, I think the way to go is increased civil liability. The countries where cycling is an integral part of life, such as Holland and Denmark, as well as much of the rest of continental Europe, have something in effect called "strict liability."

It means that if you, the driver, strike a pedestrian or cyclist, you are automatically at fault, even if the walker or cyclist literally jumps out in front of you. This may not seem fair, but a system where a cyclist and a driver are on equal footing is not a fair one either, because the results of any collision are so unequal. A system needs to acknowledge that it is the driver of a car or truck that is doing something inherently dangerous.

Bicycling in Holland, where such a system is in place, is an amazing experience. Cyclists there ride in heavy traffic, commuting to work, carrying groceries and children, secure that the drivers are looking out after them. Holland also has plenty of bike lanes, but it's not the bike lanes that keep cyclists safe. The car and truck drivers are held legally responsible for the potential consequences of their vehicles. It's appropriate too that if a cyclist in Holland strikes and hurts a pedestrian, the cyclist is presumed to be at fault.

The legal systems of continental Europe are different from ours, as is overall context. It's telling that the bike and pedestrian laws in Great Britain, our legal forefather, are more similar to ours when it comes to fault. Fortunately, there is a movement there to change this.

As we have 50 states, we also have 50 legal regimes on the subject. There are complications such as no-fault insurance, which about one-third of the states have. But laws giving drivers "strict liability" can be passed on both a state or local level. There may be an outcry, but it's only fair. Such a law would have a ripple effect, most importantly by getting the insurance companies on the side of those seeking to change driver behavior. Ultimately, if we are to be safe, we need the driver to look out for us, not for us to look out for the driver. G

Email alex@rpa.org

URBAN NOTEBOOK

By Tod Newcombe

Slow the Presses!

A new and uncertain era in news coverage has begun.

What happens to a city when its daily newspaper is no longer daily? The citizens of New Orleans and three cities in Alabama are about to find out. As you may or may not have heard, the owners of *The Times-Picayune*, *The Birmingham News*, Mobile's *Press-Register* and *The Huntsville Times* in May announced cutbacks in the print schedule to just three days a week.

While the newspaper industry has been shedding journalists ever since the Internet began siphoning off readers and advertisers in big numbers (and has shut down some papers entirely, as happened in Denver and Seattle), this is the first time papers from major cities have announced simultaneously to cut both staff and print frequency. Newspaper executives hope they can stay relevant (and remain profitable) by printing just a few times a week, while continuing to offer news 24/7 on their websites.

What has happened in Louisiana and Alabama could be just the tip of the iceberg. In April, the Pew Research Center's Project for Excellence in Journalism released a survey report of 38 news executives that found most predicted more daily newspapers would print less frequently in the next five years, with some cutting back to just once a week. These reductions in daily print schedules mark uncharted territory for coverage.

The combination of fewer reporters and less print frequency worries not just media advocates, but also public officials. Nearly three-quarters of American adults (72 percent) follow local news closely and "local newspapers are by far the source they rely on for much of the local information they need," the Pew survey found. To make matters worse, more than 50 percent of senior state and local executives think government coverage in newspapers is already inconsistent or weak, according to a survey conducted through *Governing*'s online community, Governing Exchange.

The Exchange survey also found that more than two-thirds of those polled think the cutbacks will either have some or a significant negative impact on how their community stays informed. Nearly 24 percent expect little impact, with digital coverage, online bloggers and TV news picking up the slack.

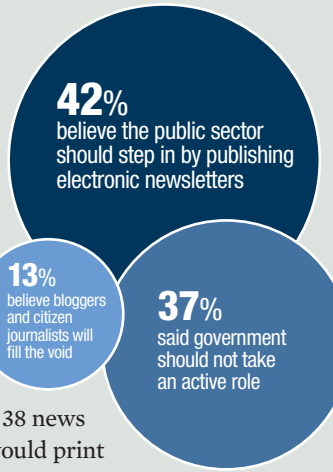
A big concern is how the cutbacks could affect the role of newspapers as government's watchdog. Louisiana was ranked by *Governing* as the most corrupt state in the country, based on the number of public corruption convictions. Alabama was ranked eighth. If two states needed more reporters and pages of newsprint, not fewer, they would be Louisiana and Alabama.

When it comes to solutions, however, public officials are split on whether government should take a more active role in keeping citizens informed, or leave it up to media markets to develop a sustainable way to deliver the news. The lasting impact on government is still unknown, but one thing is certain: The tradition of printing news on paper is changing in a big way. G

Email tnewcombe@governing.com

What's Next?

Public officials aren't sure what or who should replace newspapers' coverage of government.



SOURCE: GOVERNING EXCHANGE SURVEY, JUNE 2012. IMAGE: SHUTTERSTOCK.COM

Over-the-Co

A customer surveys the dozens of cannabis strains for sale in the retail room at RiverRock Wellness, a medical marijuana dispensary in Denver.

unter Culture

Thanks to tighter controls and stronger state regulations, medical marijuana is more mainstream than ever before. By Dylan Scott

Photographs by Barry Staver

"This could get you 10 years in prison," Norton Arbelaez quips as he opens a 50-gram bag of Jack Frost, one of the highly potent strains of cannabis in storage at RiverRock, the Denver medical marijuana dispensary that Arbelaez co-founded. The stench from the bag wafts through RiverRock's inventory room, where black plastic tubs filled with marijuana are stacked in cabinets to the ceiling. Back through the inventory room's locked door is the front retail area, where a long glass counter holds jars of the dispensary's colorfully named strains: Sour Tsunami, Bruce Banner, Hindu Banana Cheese. Dispensary customers—patients who have each received a "red card," a doctor referral for medicinal marijuana—browse through the jars, sometimes stopping to take a whiff, while RiverRock staff members explain the strains' various effects. One staffer, outfitted in blue surgical gloves, describes a strain's chemical properties and genetic history with the same calm, clinical tone of a doctor addressing a patient.

In many ways, the entire operation at RiverRock, a warehouse indistinguishable from the other industrial buildings in its central Denver neighborhood, feels like any retail establishment in the city. But there are a few minute details, a handful of reminders that the whole place is, technically, illegal—according to the federal government, anyway. For starters: Security cameras behind black domes watch every corner of every room, covering every inch of the 60,000-square-foot facility. As required under the complex regulatory scheme that state policymakers have crafted, the cameras' feeds are transmitted to video screens at the offices of the Colorado Medical Marijuana Enforcement Division a few miles away. No part of RiverRock's cultivation and distribution escapes the eyes of state regulators. Each of the hundreds of plants growing in the dispensary is tagged with a radio frequency identification chip. Employees must sign in every time they enter the inventory room. The route that the company's trucks take to its other Denver retail location has been precisely outlined and approved by the enforcement division. Even the size of the font on signs posted on the dispensary's doors is dictated by state law.

These meticulous regulations are the result of Colorado's decade-long debate over how to manage medical marijuana. When voters approved Amendment 20 in 2000, residents gained the right to possess cannabis for therapeutic use. But the distribution system was only loosely conceived. "Caregivers" were allowed to grow and provide marijuana for up to five people, but many patients still resorted to purchasing from the black market. A series of court battles ensued after the Colorado Department of Public Health and Environment loosened the caregiver restrictions in June 2009 (seeming to pave the way for dispensaries), only to reverse its decision four months later and then reverse it again following a state Supreme Court ruling a month after that.

Finally, the Colorado General Assembly convened in 2010 to develop a more organized regulatory model. As a result of its work, a 77-page green binder sits on Arbelaez's desk at RiverRock, filled with requirements that he and his staff must follow to the letter. "We've recognized that this is a business, and our voters have said that they want patients to have access to this medicine," says state Sen. Pat Steadman, who was intimately involved in drafting the legislation that set the rules for medical marijuana dispensaries. "We want to make sure there is a legitimate industry to serve this population, so we've created a tight chain of control from seed to sale."

Colorado's evolution reflects the broader lessons states have learned in the decade and a half since California became the first state to approve medical cannabis in 1996. In that time, California has gained a reputation as something of the Wild West for weed: no state regulatory model, notoriously lax enforcement and an undefined set of prescription criteria that makes obtaining a medical marijuana card little more than a wink-wink formality. But as more states have legalized medical marijuana—today it's legal to some degree in 17 states plus the District of Columbia—a more tightly controlled approach seems to be emerging. Ten states and D.C. have set up a system of authorized dispensaries, and 16 states have outlined specific conditions for which medical marijuana can be used. Even California has considered reining things in: Lawmakers moved this summer to develop the state's first comprehensive licensing and permitting structure.

Patients are allowed a courtesy sniff of RiverRock's various strains.

Plants take three to four months from seed to harvest, all under the watch of state regulators. "We're glorified florists," says RiverRock's Arbelaez.

When Colorado lawmakers in 2010 decided to set up a regulatory system for dispensing marijuana, they didn't have many models to follow. So they turned to Matthew Cook, then the state's senior director of enforcement at the Department of Revenue for its gaming, alcohol and tobacco industries. Cook's credentials included his years as a special agent at the U.S. Air Force Office of Special Investigations in the late 1970s and another 30 years in alcohol enforcement for the city of Colorado Springs and the state of Colorado.

"I understood the culture," Cook says. "You have to communicate with the people you regulate. They need to know where you are." Cook convened a workgroup of 32 people—district attorneys, law enforcement agencies and individuals already selling marijuana—that met twice monthly for eight hours. Each side shared its concerns. Public justice advocates wanted to eradicate illicit dealing; distributors were worried that overly aggressive enforcement would neuter their ability to run a sustainable business. Compromises were made. One rule required dispensaries to be 1,000 feet from schools. Another allowed growers to continue tending their plants even if their license was under review, thus preventing lost revenue if the ruling turned out to be in their favor.

Out of those meetings came 21 specific rule-making mandates, which state lawmakers formalized and passed and Gov. Bill Ritter signed into law in June 2010. In the two years since, nearly 600 medical marijuana centers have been licensed, serving more than 100,000 patients. The experiment hasn't been flawless. Localities are authorized to issue their own moratoriums on commercial centers, and 105 have done so. As a result, fewer dispensaries have opened than originally projected, and the state enforcement office, which is partly funded through licensing fees paid by dispensaries, has had less money than expected. A bill introduced this year sought to close a $5.7 million shortfall for the office.

Colorado still has by far the most licensed distributors in the country (California has more dispensaries, but many remain unauthorized and unregulated), and other states are learning from the relative success of its system. Cook has left public employment and started a consulting business, advising states such as Arizona

But no matter how controlled a state's medical marijuana policy may be, federal law still bans the cultivation, distribution and possession of marijuana for any purpose. The Obama administration has stated that it will not prosecute patients, but growers and distributors in medical marijuana states have still been targeted by multiple federal agencies, including the Justice Department and Internal Revenue Service (IRS). Medical marijuana businesses continue to operate in a legal gray zone. "In any other business, if you fail, you file for bankruptcy and move on. If you fail in this business, you go to jail," says Arbelaez, a patient himself and a former attorney who moved to Denver from New Orleans in 2009. "The one thing I can hold onto is complete compliance. The Colorado legal code is our only line of defense. It's the only way to show regulation is better than prohibition."

Patients must receive a doctor's referral—colloquially called a "red card"—to pass through RiverRock's secure front entrance.

RiverRock's staff are well versed in each plant's genetic makeup, informing patients what effects to expect from different strains.

and Connecticut as they've developed policies in the last two years. "The Colorado approach is probably the model approach at this point," says Robert Mikos, a law professor at Vanderbilt University who has analyzed medical marijuana laws. "They have much more control of the industry. Other states can look at that, and they can learn from Colorado's experience."

They have. The California Assembly this May passed a bill to create a statewide structure for regulation and bring the state closer in line with its peers. The bill faltered in the state Senate in June, but supportive lawmakers expect it will keep resurfacing until it passes. "It's a little late out of the gate," says state Assemblyman Tom Ammiano, who introduced the legislation. "It's going to make our system viable and credible in the long term. Some of us could have told you 15 years ago that this is what we would need."

Connecticut, which in June became the most recent state to pass legislation, has crafted what some analysts say is the most tightly regulated medical marijuana system yet—and state officials credit the lessons they learned from states like Colorado and New Mexico. Connecticut lawmakers set a strict list of conditions for which medical cannabis could be used, including a cap on the amount of marijuana that patients could possess and a limited number of licensed pharmacists who could distribute the drug. "What's emerged here is something that will work," says Michael Lawlor, Connecticut's undersecretary for criminal justice policy and planning, who helped draft the law. "Attitudes toward marijuana generally are evolving. People think of it less as a crime and more of a health issue—that this is something that police and prosecutors should not be involved in."

That perspective—that marijuana use is a health issue—is not shared by the federal government. Under the Controlled Substances Act of 1970, marijuana is considered a Schedule I narcotic, which means it has no medicinal value under federal law. "It's illegal. That's it," says Mark Kleiman, a public policy professor at the University of California in Los Angeles who has studied marijuana policy. But because the act prevents research universities, for example, from undertaking studies to verify marijuana's therapeutic value, Kleiman says he considers the law "legally incoherent." Thanks in part to the lack of a fully developed body of research, marijuana's medicinal value is still the subject of some debate—although a 1999 Institute of Medicine of the National Academies report, often cited by advocates, concluded that marijuana's active ingredient, THC, could potentially treat appetite loss and nausea, despite reservations about the health risks of smoking cannabis.

After years of drug enforcement raids under the George W. Bush administration, many advocates and policymakers expected a shift in federal enforcement when President Obama took office in 2009. A now infamous White House memo issued on Oct. 19, 2009, seemed to affirm that assumption. U.S. Deputy Attorney General David Ogden told federal prosecutors that they "should

not focus federal resources in your states on individuals whose actions are in clear and unambiguous compliance with existing state laws providing for the medical use of marijuana."

As states began to take more action—at least 10 states have passed or updated their policies since October 2009—the federal government started to walk back on the Ogden memo. U.S. district attorneys have since sent letters to officials in 11 states, clarifying that the federal government "remains firmly committed to enforcing the [Controlled Substances Act] in all states."

The letters have even, in some instances, appeared to imply that state employees could face criminal charges for enforcing state medical marijuana policies. In an April 2011 letter to Washington Gov. Christine Gregoire, for example, U.S. District Attorneys Jenny Durkan and Michael Ormsby wrote that "[s]tate employees who conducted activities mandated by the Washington legislative proposals would not be immune from liability." Gregoire vetoed the majority of a bill establishing a regulated dispensary system after receiving the letter.

A court ruling this January muddied the waters even further: Spurred by concerns about the legal risks to public workers if her state passed a medical marijuana policy, Arizona Gov. Jan Brewer sought a judgment on whether state employees administering the programs could be prosecuted. A U.S. district judge dismissed the suit as premature because no "genuine threat of imminent prosecution exists." The U.S. Justice Department supported the ruling.

A Justice spokesperson explains that the department is focused "on investigating and prosecuting significant drug traffickers, not state and local employees. However, as a matter of law, the Controlled Substances Act does not exempt state and local employees from potential enforcement action, and the department's communications with the states have appropriately noted that reality."

Other federal agencies have enforced anti-marijuana policy through less obvious channels. The IRS, for instance, has audited dozens of dispensaries in recent years, relying on a section of the federal tax code that prohibits companies from deducting expenses related to drug trafficking. The IRS has alleged that some California businesses owe millions of dollars in back taxes. "No business in America could survive if all of its expense deductions were disallowed," says Steve DeAngelo, owner of Oakland's Harborside Health Center, a marijuana dispensary that serves more than 100,000 customers, and from whom the feds are trying to reclaim $2.4 million. "This is not an attempt to tax us. It's an attempt to tax us out of existence."

Reports have also circulated that the U.S. Treasury Department is applying pressure to major banking institutions, such as Bank of America and Wells Fargo, to close the accounts of medical marijuana businesses. In response to Colorado dispensaries' banking struggles, state Sen. Steadman introduced a bill this year that would have allowed medical marijuana businesses

to form their own credit union, but it was rejected by the Senate Finance Committee.

"We have an opportunity in a federalist system to let states try different approaches," says Steadman. "There are times when I'd prefer the federal government stay out of our way. Something needs to give here, and that something is federal law."

As medical marijuana supporters like to point out, nearly half of the U.S. population already lives in a state where medicinal cannabis is legal. (Three more states—Arkansas, Massachusetts and North Dakota—could place medical marijuana initiatives on their ballots in November.) In opinion polls, Americans overwhelmingly support allowing marijuana for medical use; a November 2011 CBS News poll showed that 77 percent of people believe it should be allowed. Some recent research also suggests that legalizing medical marijuana hasn't affected overall drug use. A May study by the University of Colorado found that marijuana use among teens has remained steady or dropped slightly since 2000.

Against that backdrop, some advocates say it may be time for yet another shift in marijuana policy: outright legalization. A Gallup poll last fall showed for the first time that 50 percent of Americans support legalizing marijuana use. California's Proposition 19, which would have decriminalized possession of marijuana for personal use, failed in 2010, but it garnered 47 percent of the vote. Some observers think that California has essentially become a quasi-legalized system anyway. In a forthcoming book, four academics, including Kleiman, estimate that fewer than 5 percent of medical marijuana recommendations in California are issued to treat serious diseases.

Residents in Colorado and Washington state will vote on full legalization this fall, and advocacy groups in Colorado say their internal polling shows initial support around 60 percent. "The genie is out of the bottle," Steadman says.

Somewhere between legalization and prohibition is the concept of decriminalization, which reduces criminal penalties for possession to small administrative sanctions and prevents those caught with small amounts of marijuana from being arrested or jailed. So far, 16 states have decriminalized marijuana possession, along with some major cities (the Chicago City Council passed a policy in June). New York Gov. Andrew Cuomo made headlines this summer when he stated his support for decriminalization. Although his proposal stalled in the state Legislature, many advocates saw an endorsement from the governor of the second-biggest state in the union as an important symbolic gesture.

While medical marijuana interest groups are, of course, aware of the push for broader decriminalization and legalization, they generally concentrate on the therapeutic sliver of the marijuana debate. The focus is on better regulation, which they hope will convince skeptics that a system like Colorado's can work. "We are in favor of strict regulation," says RiverRock's Arbelaez, "because that is the only way to show legitimacy."

"Cannabis doesn't need to be fully legalized to legitimize itself," says Michael Elliott of the Medical Marijuana Industry Group, which represents about 50 Colorado dispensaries. "It's not a stepping stone for patients. This is a medicine."

That medicine is now fueling hundreds of tightly controlled, multimillion-dollar businesses just like RiverRock. At Arbelaez's operation, the feeling is a blend of upstart commerce and the communal *kumbayah* of cannabis culture. His greenhouses churn out marijuana with industrial efficiency, and Arbelaez and his partners have invested hundreds of thousands of dollars in their business. (He declines to say exactly how much.) But as he walks among the patients in the front retail room, shaking hands and greeting them by name, it's clear that he's familiar with their individual stories and how they came to use marijuana for therapy. "It all goes back to the medicine for us," he says. "We think of ourselves as social entrepreneurs." G

Water bongs, cannabis-based ointments and herbal tea are among the other products patients can purchase at RiverRock.

Email dscott@governing.com

SQUEEZED

Hit harder by the economic downturn than either cities or states, counties are feeling pressure from all sides, leading many to reexamine county functions altogether. Are counties an outdated concept—or are they the future?

BY ALAN GREENBLATT

Fulton County is coming apart. Over the past decade, four new cities have been carved out of the Georgia county, which is dominated by the county seat, Atlanta. As a result, Fulton County now provides a full set of services to fewer than 10 percent of its 920,000 residents. All but one of the new cities are in the northern part of the county, which is both more affluent and more white than Atlanta and the rest of the county. Northern Fulton residents have always felt that they receive less than their fair share of county services. Now that they depend on the county for so little, with their new cities providing most core services, they believe more than ever that their tax dollars are simply underwriting other county residents.

Not surprisingly, then, there's constant fighting when it comes to matters such as divvying up tax revenues or choosing representatives to sit on the regional transit board. More than that, there's a movement afoot among the northern communities to break off from the rest of Fulton County entirely, by reconstituting Milton County, the territory that went broke and was absorbed by Fulton back during the Great Depression. "There are certainly people working actively on splitting the county," says Joe Lockwood, mayor of the city of Milton. "There's a sense that the county's so big—it's 70 miles long—that it's inefficient and an unfair share of resources are going from one part of the county to another."

About 85 miles to the southeast of Atlanta, policymakers in Bibb County have been trying to take things in an entirely different direction. On July 31, Bibb County voters decided the fate of a proposed merger between the county and the city of Macon. The county had long held the record for the most failed city-county merger votes in the country, with five previous ballot measures having been rejected going all the way back to the 1920s. But supporters of the latest proposal argued that the right moment had finally arrived.

The arguments for merger were familiar: A large enough population could attract federal grants and economic development, while limiting the number of elected officials that companies have to deal with. Local merger supporters argued that having one government take the place of two would be more efficient and save money. "Bibb County and Macon are joined at the hip," says attorney Calder Pinkston, an organizer of a pro-merger group in the county. "We're all in the same boat."

The recession and its long aftermath are changing the shape of counties. Few are taking steps as drastic as those in Fulton and Bibb. Most are not shrinking their geographic footprints, and outright consolidation remains a tough sell. But plenty are undergoing changes that, in practical terms, mean they are pursuing similar courses to those in Georgia, for most of the same reasons.

It's not news that all levels of government are experiencing fiscal stress just now, with revenue intake still struggling to top levels last seen before the financial crisis in 2008. But counties are feeling a special pinch. They are typically funded largely by property taxes, which have taken a hit due to falling assessments in both the residential and commercial markets. Another big share of their funding comes from states and the feds, which have cut aid to localities deeply and consistently in recent years. "It's a terrible time for us," says Larry Naake, executive director of

the National Association of Counties. "I can't remember, in my 40 years of being involved in this, a worse time for us."

Counties typically face greater limitations than cities—and certainly more than states—when it comes to authority for raising revenues. And at a time when money is tight, Naake points out, counties are facing greater demands for resources in areas such as social services, health and public safety.

Even though the roles counties play are often little understood—officials joke about having to explain what counties do, not just to residents, but also to city managers—they are essential. Counties have cut salaries, staff levels and funding, not just for parks and the arts, but for just about everything. Still, their core responsibilities, including health care, prisons, roads and the judicial system, often come saddled with state or federal mandates. At any rate, they aren't the kind of things counties can get out of the business of delivering entirely. "Every person goes to bed in a county," says Paul McIntosh, who leads the California State Association of Counties. "It doesn't matter where they live. We provide more services to residents in a city than the city does."

The growing disconnect between the demand for services and the general county-level ability to pay for them has led to a round of structural changes in the ways that counties do their business. For one thing, counties are outsourcing and privatizing like never before. And they are collaborating more with other governments than they ever have, both with the municipalities and special districts within their borders and with other counties in their regions.

"County lines don't mean anything anymore," says Stephan Ritter, a county commissioner in rural Lyon County, Minn. "I shouldn't say that—they mean something—but people are realizing that it doesn't hurt to cross county lines to provide a service."

The post-county attitude Ritter is referring to comes from a consortium of counties in southwestern Minnesota that have banded together to provide health and human services through a single, unified agency. Counties in the area have long collaborated in offering such services, but they set up a single agency to handle all the client and patient loads at the beginning of last year. What started as a group of four counties has already grown to six, with the size of the population that's being served set to double by the start of 2013. "The bottom line is that most county human services departments do the same thing, in Minnesota anyway, and health departments do the same thing," says Chris Sorensen, chief administrative officer of Southwest Health and Human Services, the regional agency.

The size of Sorensen's staff has been in decline, but will rise with the increase in service area and population next year. Still, he expects his staff will grow by only about 55 percent to ultimately serve twice the population. He's already been able to keep costs under control through use of technology and savings in areas such as fleet management. The result is that the agency hasn't imposed a tax levy increase for two years and doesn't plan one next year either. Lyon County alone is saving more than $300,000 a year, Ritter says—not bad for a county of 25,000 people. And in addition to the cost savings, residents in southwestern Minnesota are receiving a level of medical services, including specialty care, which their individual counties could never afford to offer on their own.

Similar efforts are under way across the state. An even larger group of counties to the southeast is thinking not of combining departments but merging individual services where it might make sense, such as mental health. "In our own county, we now have a detox facility that serves four counties and an adult mental health crisis unit that services three counties," says Monty Martin, community human services director in Ramsey County, which includes St. Paul.

Minnesota is not alone. All over the country, counties are working with their neighbors on issues such as housing and transportation while contracting with their own cities to provide an ever-increasing array of services. In Ohio, Cuyahoga County Executive Ed FitzGerald, seeking to emulate the large amount of collaboration Los Angeles County enters into with its 88 local jurisdictions, outlined a plan earlier this year to offer a menu of services such as information technology and sewer maintenance to localities. He's already been taken up by 10 of them. In North Carolina, the city of Charlotte and Mecklenburg County have never fully consolidated their governments, but they've consolidated nearly all the service delivery, with no unincorporated territory left.

"Today, it's not just the county but cities that are looking for more efficiencies," says Dow Constantine, county executive in King County, Wash. "When there was plenty of money, it was easy to ignore the inefficiency of having 40 different governments perform essentially the same service."

Constantine recognizes that his county has long been seen as less than a perfect neighbor, not listening to the concerns expressed by municipalities in the Seattle area. That's one reason why true government consolidation within King County, as in most parts of the country, is a nonstarter. Still, even if people want to be able to maintain political control within their smaller jurisdictions, he suggests, that's no reason they can't act together regionally. Constantine has contracted with two dozen of the cities within King County to provide animal control, while reaching an agreement with Seattle to house its prison population.

Even as he looks for more ways to share services with other governments, Constantine has made a concerted effort to wring out savings from programs within his direct purview. Borrowing

Counties feel like they're at the end of a long daisy chain of decision-making, from the feds and states on down.

management techniques from the private sector, he has had various departments reexamine what they do, step by step, to ferret out duplication of effort and speed things up. Employees of various departments have been locked together in a room for a week at a time, finding out what all of them actually do to see projects through and correcting hiccups that don't really need to be there. To cite one example, King County has been able to reduce the turnaround time for receiving a vehicle license tab renewal down from three weeks on average to just four days.

Smart leaders in other counties are similarly striving to create cultures that seek long-term continual improvements, not just short-term savings. But counties haven't always been paragons of efficiency. Nearly a century ago, H. S. Gilbertson's book *The County* referred to them as "the jungle" and "the dark continent of American politics." Their problem wasn't just corruption, but incompetence and departments working at cross purposes, says University of South Florida political scientist J. Edwin Benton. There's been a long legacy of independently elected officials scoffing at budgets set by the county's legislative body or top administrative officer. "In Florida, if the county sheriff does not like the budget proposed by the county commission, he can appeal to the governor," Benton says. "Many times, they've been successful in appealing."

A number of counties are trying to get rid of elected positions that create budget silos. Miami-Dade County, Fla., was one of the earliest counties to pursue a charter revision that eliminated the elected sheriff. Other counties are pursuing different paths toward more centralized leadership, including Luzerne County, Pa.'s recent move to a county manager-council form of government and the decision in Macomb County, Mich., to reduce the size of the legislative body from 26 members to 13. FitzGerald's position as elected executive came about thanks to a charter revision that in turn was prompted, in part, by the raid on Cuyahoga County offices by 175 FBI agents back in 2008.

In some of these cases, scandals such as financial improprieties helped push the changes along. In others, the route toward merged services was accelerated by the retirement of top elected officials or staff, which helped limit the amount of turf protection that can make streamlining difficult. In many parts of the country, though, resistance to any structural changes remains real. Mitch Daniels, the Republican governor of Indiana, has enjoyed some success pushing proposals to allow or prod changes in local governance structure through the state Legislature, but has also encountered strong resistance to implementing such changes at the local level. On the other hand, residents in Evansville and Vanderburgh County will vote on a city-county merger this fall, and supporters there are optimistic.

"If we're willing to be a little less territorial, a little less tradition-bound, we can find ways to get more value for our shared constituencies," says Constantine, the King County executive.

Still, there's no denying that plenty of county officials sound frustrated these days. A number of well-regarded managers around the country have voted with their feet, deciding that now is the moment to retire. After all, the anti-tax, anti-government message remains potent and, if nothing else, limits flexibility on the revenue side of the ledger. Members of the public seem angry about the levels of services that strapped counties are able to offer. And counties feel like they're at the end of a long daisy chain of decision-making, from the feds and states on down, which typically leaves them with limited authority over certain program decisions and, lately, less money to carry out missions mandated from above.

In California, counties are girding for a realignment of some $6 billion worth of services, notably in public safety, which the state wants to bequeath to them. Funding for such services remains contingent on passage of a tax-increase measure on the November ballot. "We're in the earliest throes of probably one of the largest structural changes in state and local government in American history," says McIntosh at the California State Association of Counties. "We certainly have to obtain the constitutional protections we're seeking to lock down those funds, so future legislators can't mess with it."

California counties have learned the lessons of mission creep. Twenty years ago, the state gave counties responsibility for home medical services, which was a small program at the time. Costs have expanded and it's now an expense of several billion dollars statewide every year. Both cities and counties in California have turned to voters for protection from further changes to the ways Sacramento provides funding to localities.

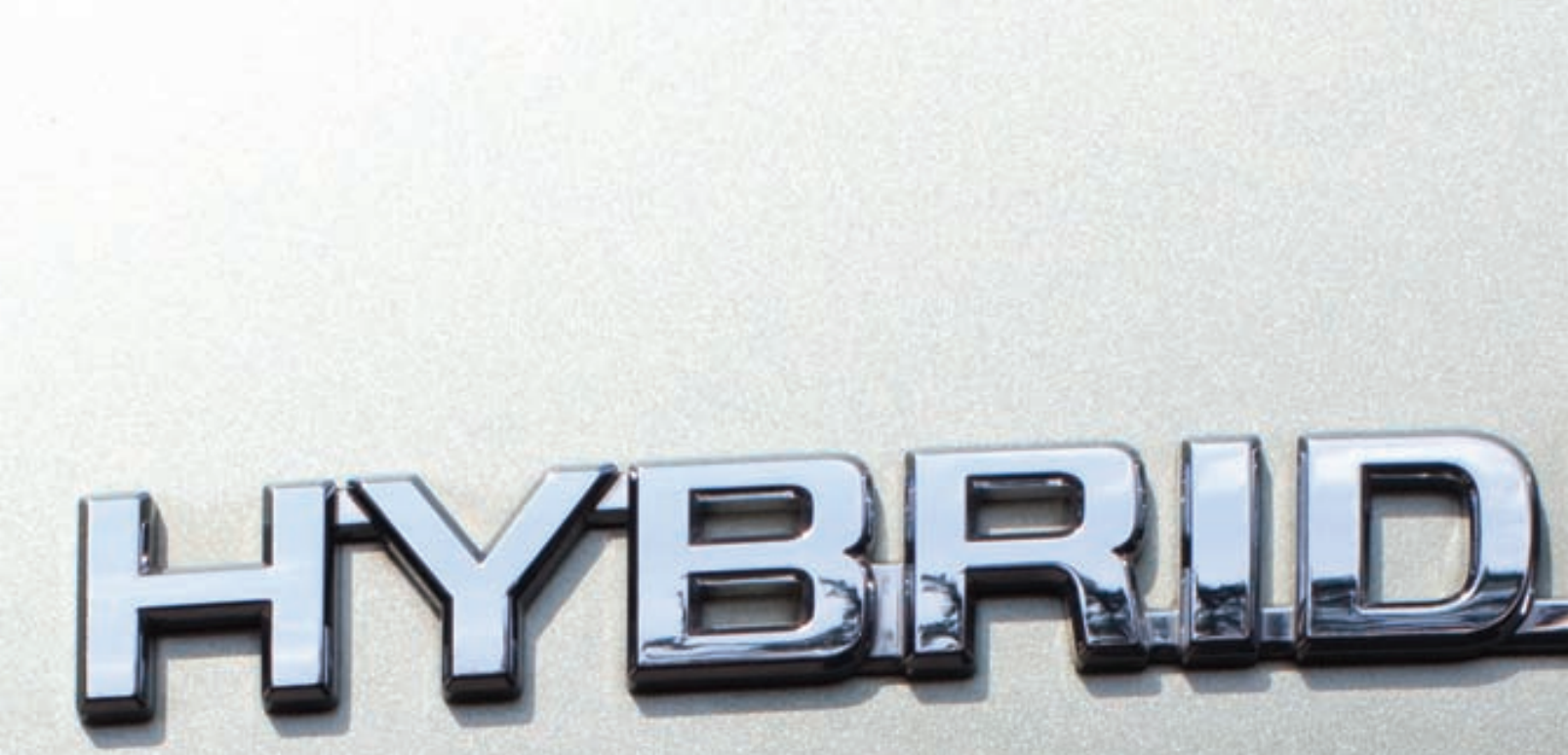
The state-local fiscal relationship in California has long been horribly complicated, made worse by Proposition 13 back in 1978. Since then, McIntosh says, there never seems to have been a time when counties didn't struggle financially. There have been occasional respites, but never a period when counties felt prosperous and officials no longer had to look over their shoulders. "Most counties have exhausted their ability to, quote, do with less," says Valerie Brown, a Sonoma County supervisor, in Northern California. "We've been doing it so long that almost all our programs are bare bones now."

When *Governing* surveyed the performance of the 40 largest counties a decade ago, the conclusion was rather bleak: "Any reasonable accounting of the problems and burdens of county government risks creating the impression that the men and women who choose careers in it must be masochists."

But today, those burdens have become so pervasive that they are starting to force what looks like needed change. Because of the long, lingering pressure on budgets across the country, counties have become more willing to rethink the way they do business, and who they're willing to do business with. It's almost as if they needed to have a financial gun to their head, says Benton, the University of South Florida professor, in order to discover a new willingness to work together on common problems with municipalities, their regional neighbors and their states.

"The longer that the misery continues and there is continuous pressure, I think we'll see more success at either consolidating departments or streamlining administrative processes," Benton says. "The gun will get closer and closer to the head, and we'll see more of it than we've seen in our lifetimes and perhaps our parents' lifetimes." G

Email alangreenblatt@yahoo.com



Pensions

Unable to continue making payments on traditional retirement benefits, officials are trading in the old model and looking for a more efficient option.

Riled-up citizens in San Diego and San Jose, Calif., have spoken: This spring, they voted overwhelmingly to shrink retirement benefits for current city employees as well as new hires.

Fiscally worried state officials have taken action too. As of July 1, Rhode Island cut retirement benefits for all state workers, including retirees.

And crisis-wary legislators are working to preclude potential disaster. Last year, Utah's legislators not only set up a hybrid for new employees, but also capped the state's contribution to their defined-benefit plan. If the plan's costs are higher than the cap, employees make up the difference.

There's a public pension crisis out there. Defined-benefit (DB) plans—the stalwart of public pension systems—are in trouble, both financially and politically. The $757 billion in unfunded liabilities that the plans now carry are a threat to the well-being of states and localities and their taxpayers. Meanwhile, the private sector has been shedding its DB plans for decades, replacing them with defined-contribution (DC) plans in the form of 401(k)s. That has left those employees with pension envy. As voters, they are no longer willing to bankroll benefits for public employees that they no longer get themselves.

To address the growing problem, jurisdictions have implemented or proposed a number of changes. Some are revising the defined-benefit plan itself—raising the retirement age or suspending cost-of-living adjustments. Some are looking at a more radical approach: doing away with the defined-benefit plan for new hires and offering them a defined-contribution plan only. But the middle ground—and a trend that seems to be growing—is to have a little of both: a defined-contribution plan backed up by a lower-level defined-benefit plan. Alternatively, some are opting for a cash balance program that combines aspects of both defined-benefit and defined-contribution approaches.

These are hybrid plans. While the trend may be fairly new, hybrids have been around for years. Indiana has had one since the 1950s. At last count, about a dozen states and a handful of cities have joined Indiana's ranks, offering their employees—usually just their new hires—hybrid plans.

DAVID KIDD

By Carol Anderson

The main impetus is to keep costs in check. States and localities see the unfunded liabilities of traditional defined-benefit plans as a threat to their budgets and credit ratings. If their employees had defined-contribution accounts instead—a version of 401(k)-style plans—they would eventually be relieved of that burden.

But a DC plan alone raises uncomfortable questions about retirement security for employees. Depending on how they are structured, DC accounts may have the same pitfalls as 401(k) plans have had in the private sector. Individuals are left to navigate the perils of the investing world on their own and could end up retiring in a down market, losing a big chunk of their nest egg. "We need to think of pensions not as wealth accumulation, but as old-age poverty insurance," says Keith Brainard, research director of the National Association of State Retirement Administrators.

It is a point Richard Hiller, senior vice president of the government market for the financial services organization TIAA-CREF, makes as well. In fact, Hiller objects to equating DC plans with 401(k)s in the first place. That "scares people who saw the losses suffered in 401(k) plans during the recession," he says. "But a properly designed DC plan should protect itself from those kinds of wild swings."

"You don't want people getting to retirement and looking to the state to be their safety net," says Hiller.

By "properly designed," he means one that provides a limited menu of low-cost investment choices that focus on generating adequate retirement income. Some of those choices would be annuities and life-cycle funds whose allocation changes over time as the member ages.

A proper DC plan also distributes income differently than a 401(k), he notes. Payouts can be designed to last for life rather than taken in a lump sum. In that way, it is "much more tightly designed to be a true retirement plan," Hiller says. Consequently, "the emphasis is on income replacement rather than on asset accumulation."

However well the DC plan is designed, there is still a need for a DB plan that provides a predictable level of retirement income—albeit one that is less generous than today's traditional plans. Maintaining a DB plan as part of a hybrid plan is particularly important in the public sector, Hiller notes. "When the government is the plan sponsor, what you don't want is people getting to retirement without adequate assets—then looking to the state to be their safety net."

A cash balance plan is an alternative to maintaining both DB and DC plans. It combines elements of both in a single plan. Like a traditional DB plan, contributions from employees and employers are pooled and professionally managed. But unlike a DB plan, the benefit is based on the amount accumulated in the account—not on a formula based on salary and years of service. Members get a guaranteed rate of return, but it's likely to yield lower yearly payouts than a traditional DB plan. In effect, the cash balance plan eventually converts the savings in the individual's account into an annuity, with a minimum rate of return guaranteed by the employer. Though they are on the hook for guaranteeing the return, the cash balance approach greatly lowers future liability.

Nebraska, which started out with a DC plan for most state workers (teachers and some other public employees are in DB plans), switched to cash balance in 2003. The plan is mandatory for new hires and optional for existing employees.

Where some states see a cash balance plan as downsizing their pension plans, Nebraska "improved our benefit by going from a DC to a cash balance plan," says Phyllis Chambers, who runs Nebraska's Public Employees' Retirement System. For Nebraska, cash balance is a necessary improvement over the straight DC system.

"Cash balance offers a good, stable retirement income with a guarantee," Chambers says, "so nobody's benefit goes down." After all, investing is not only tricky—even for the expert—it also leaves the person about to retire at the mercy of the market. With a DC "it's all about timing," Chambers points out, and timing was terrible for workers who wanted to retire in 2008-09. A number of Nebraska's DC members were forced to postpone

The High Cost of Making the Switch

THE IDEA OF MOVING from a traditional defined-benefit plan to a hybrid plan is to save public employers money. But at first it may actually increase costs.

With a hybrid, contributions to the DC component leave the system and go into separate individual accounts, says Keith Brainard of the National Association of State Retirement Administrators. That means they can't be used to help pay down any unfunded liability in the DB plan. As a result, jurisdictions with a hybrid may have to boost payments to the DB plan for a number of years.

Another cost difference: DC plans can be more expensive to administer because individual accounts require more attention. But DB plans do require monthly payments to retirees.

Despite these higher costs, DC plans can cut outlays over the long haul.

What to do? Steve Russo, who runs Indiana's retirement fund, has some advice: "If you never take the long-term view, you'll never make a decision that is best for the long term."—*C.A.*

retirement, Chambers says, because their account values had plunged by half. But that didn't happen to participants in the cash balance plan who receive a guaranteed 5 percent minimum return. When investment returns are above 5 percent (as they were for the first five years of the plan), members get a dividend. When returns drop below 5 percent (as in recent years), the state makes up the difference.

Even with the state on the hook for that guarantee, it adds up to a much lower potential liability than the teacher's defined-benefit plan. In order to meet those payouts now and in the future, the pension plan operates on the premise of an 8 percent assumed rate of return. When the portfolio doesn't meet that return, the shortfall becomes an obligation of the state.

All in all, Chambers says the cash balance form of a hybrid plan has worked out well for fiscally frugal Nebraska. Recently Louisiana and Kansas decided to follow suit and adopt cash balance plans for future employees.

Most hybrids are so new that it's hard to tell how well or poorly they're working—especially since they apply only to new hires in most states.

But Indiana has a long hybrid history. Its combination plan has changed little since its inception in 1955. It includes a modest DB component funded by the employer. On the DC side, employees (alone or in combination with the employer) must contribute at least 3 percent of their salary, with the option to kick in more. Employees, who also participate in Social Security, choose how to invest the DC funds from a limited number of options and assume the investment risk.

There is one unusual feature to the lineup of investment options available to employees: They can opt to invest their money with the state's defined-benefit portfolio. "They get what the DB portfolio earns, and that is a higher rate of return than they could get in any other plan," says Teresa Ghilarducci, a former public trustee with the Indiana fund (and currently chair of economic policy analysis in the Department of Economics at The New School for Social Research).

Although the system is healthy (the plan is 81 percent funded), the state wants to add a non-hybrid, DC-only option for new state employees. The state's objective, according to Steve Russo, executive director of Indiana's public employees' retirement fund, is to improve the management of risk and offer workers more choice. "We're keeping an eye on the future," Russo says. "We're trying to prevent a crisis so we don't have to act out of desperation."

Under the proposed DC-only option, the state would contribute funds into each employee's account equal to what would have gone into the DB portion of the hybrid. But members would assume all the investment risk and there would be no DB backup. New hires may prefer the DC-only option, Russo says, because the existing DB piece has a 10-year vesting period.

One of the selling points of a DC-only option is to give employees more leeway in choosing plans and investment options. "Giving people a choice is always better," Russo says. "But along with that comes the obligation to educate them before they make those choices."

He is referring to helping new employees choose between the state's current hybrid plan and the optional DC-only plan that the state hopes to implement. But the "obligation to educate" also applies to helping workers in a DC plan figure out how to invest.

As officials in Nebraska can attest, many employees are unsophisticated in that department and often make inappropriate or poor choices. Plan administrators can't dispense investment advice, so they may work with financial professionals by arranging seminars, webinars and individual counseling sessions as well as by providing general information in print and on websites.

The education effort is uncharted territory for many systems that are just getting started with the DC component of their plans. "It's so new—that's part of the problem," says David Daly with the National Pension Education Association. "Everybody's trying to decide how to handle it." To that, Daly adds that educating members "is something we'll certainly be looking at as more systems switch to hybrids and DC plans."

Ready or not, like it or not—hybrids are coming. Many state and local officials consider them a decent—even good—compromise for sharing the pain of the current era. **G**

Email carolj.anderson@verizon.net

A Counter-Revolution

WHILE MOST EMPLOYEES—and their unions—resist giving up a defined-benefit plan, employees in Orange County, Calif., are clamoring to ditch their DB plan and move to a hybrid.

County workers, through their labor organization, negotiated an enhanced DB benefit in 2004 by agreeing to pay the employer's cost of the increase. It turned out to be a bad bargain: Some employees now pay as much as 20 percent of their salary toward their pension.

"At the time, the economy was growing and the actuarial information showed that [the bigger benefit] would be reasonable and affordable," recalls Nick Berardino, general manager of the Orange County Employees Association, who participated in the negotiations. "We're in a very different place now."

Starting in 2010, new hires chose between the existing DB and a combination plan featuring a lower DB coupled with a DC account. Today the union and county want to extend the option to other employees, but that awaits federal approval.

"I don't say [the hybrid] is a better deal," Berardino says, "but it's cheaper [for workers]." The deal also "showed that, through collaboration and mutual respect, we could work with the county to come up with something that met both our needs." —*C.A.*

Holding the Safety Net

BY JONATHAN WALTERS

Administering services to vulnerable populations is hard work. (The average tenure for a state department of health and human services director is 18 months.) But tough public-sector jobs have a way of attracting top talent.

Here are four people worth watching.

DAVID KIDD

IMPROVING SERVICE AND MORALE

RUSS BARRON, ADMINISTRATOR, IDAHO DIVISION OF WELFARE, DEPARTMENT OF HEALTH AND WELFARE

When Russ Barron took the administrator job seven years ago, Idaho's health and welfare services were a mess. Customers were waiting weeks—in some cases, months—to receive the cards that would give them access to benefits. It was bad enough that the state was being penalized by the feds for the way the food stamp program was being run. "Even worse," Barron says, "our employees were blamed for sloppy casework. They were actually doing the best they could. They just didn't have the right tools to do good casework."

His first priority was to fix the food stamp application process. To find out the source of the problems, he traveled around the state and stopped in every regional or local office to talk to his employees. The trip turned up basic issues: a 22-year-old eligibility system that didn't actually help determine eligibility; Byzantine business practices; and a general malaise among staff, most of whom doubted that anything could or would change.

With an eye to solving the problem, Barron asked the Legislature for two things: money for more staff so they could provide short-term relief for customers and money for a new IT system to ensure the long-run effectiveness of the program. The Legislature told Barron that the state could only afford one and left it to him to choose.

Barron took IT. Without a new eligibility system, prospects for the future were hopeless. But he didn't give up on a short-term booster shot. With his top management team and staff by his side, he took the first steps toward changing the business processes, and with it, the culture at the agency. The first hurdle: getting staff to think in new terms about speed. With food stamps, federal regulations say the state has 30 days to determine eligibility. His staff had been working with that goal in mind, but Barron wanted that whittled down to seven days.

One of the ways to achieve that target has been the reinvention of how citizens apply for benefits. Applicants had been handed a sheet and asked to check off the benefits they wished to apply for—many of them checking almost every box. "All they know is that they need help, and they want all the help possible," Barron says. Unfortunately, they often applied for benefits for which they weren't eligible. Staff couldn't just erase a check mark. The agency had to do a formal denial that wasted time and meant the state had a high denial rate for benefits, which drew scrutiny from the feds.

Today, a caseworker walks applicants through the process. The goal is to ensure that they are eligible for everything they apply for.

But it is in food stamps where the agency has seen the most dramatic improvement. When Idaho finally flipped the switch on its new eligibility system, the waiting time for a food stamp electronic benefits card virtually evaporated; in most cases, applicants now receive same-day approval and have benefits the next day.

"That was hugely rewarding for our staff," Barron reports. "They could get their work done, and it was instant gratification as they saw the look on customers' faces."

CATCHING KIDS BEFORE THEY FALL

MAURA D. CORRIGAN, DIRECTOR,
MICHIGAN DEPARTMENT OF HUMAN SERVICES

Maura Corrigan has the equivalent of a large scoreboard outside her office—a spot well traveled by all her top staff. The board includes more than a dozen goals, from centralizing intake for child abuse and neglect complaints to increasing the number of licensed foster homes statewide and designing a family engagement model.

The scorecard is there in no small part because in 2008 the Department of Human Services (DHS) came under a federal consent decree that contained specific improvements in performance that the state needed to make in providing services for children and families. That decree turned out to be a key reason why Corrigan stepped down from the bench—she had been a judge on the state Supreme Court—and took Gov. Rick Snyder up on his offer to head Michigan's human services programs.

She has focused squarely on the basics—the state's woefully outdated information technology system and the problem of chronic understaffing. She has used the money that Snyder made available to hire 800 new staff and to overhaul the DHS IT system, giving caseworkers the tools they need to get out into the neighborhoods where their clients are.

At the same time, Corrigan and her staff have launched two pilot programs focused on helping foster kids succeed well into adulthood. To deal with chronic truancy, Corrigan is putting caseworkers in schools. That way, they can get involved with the whole family, not just the child, since truancy is often the result of problems on the home front. Right now, DHS is working with 19 schools in four troubled cities. The goal is to move into all 135 schools in these cities.

Another pilot program is aimed at recruiting young adults about to age out of foster care for college—and then seeing them through to graduation. Key to the program is the concept of "campus coaches"—staff who are on campus and available 24/7. If a student begins to slide into a crisis, there's help immediately available. It's an approach based on a painful and fundamental reality, Corrigan says. These are kids who have been taken away from their parents, are legally orphans and are on their own. If they have a problem, they don't have anybody to call.

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Corrigan's guiding principle for herself and the department is that "there are no throw-away kids and no throw-away people."

The campus coaches' strategy is starting to pay off. The first group of students, who started in 2008, is on track for a 50 percent graduation rate. Students in the 2009 cohort look like they will do even better, with a nearly 60 percent graduation rate.

Corrigan's guiding principle for herself and the department is to "make sure the benefits get to the neediest people, and to make people self-sufficient. There are no throw-away kids and no throw-away people."

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CURBING THE HIGH COST OF HEALTH CARE

TONY KECK, DIRECTOR, SOUTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES

Tony Keck, who arrived in South Carolina with the incoming Nikki Haley administration, is working on a handful of high-profile and ambitious initiatives to tame health-care costs—and still provide quality care. His aim is to find a way to use fee-for-service payments for some services and capitated payments for others. To figure out the best way to implement such a blend, he pulled together a coalition of very large health-care purchasers—the likes of Boeing, Walmart, General Electric and Verizon.

This isn't Keck's only attempt at cost taming. One tool he has been using is to trade a promise not to reduce reimbursement rates in return for a promise to cut usage. That was the tactic he used to cut down on induced premature births when neither the mother's nor baby's life was threatened. The babies often ended up needing expensive care in neonatal critical care units. Since 60 percent of premature births are covered by Medicaid, it was costing the state a good deal of money. Keck made a deal with obstetricians: Cut the number of neonatal critical care days, and he'd agree not to cut Medicaid reimbursements for deliveries. So far, it's working, he says.

Keck is also working to reduce obesity and its many costs to the health-care system. Again, he has pulled together a coalition of 30 organizations, including representatives from Medicaid, BlueCross BlueShield and the state Chamber of Commerce. By having such a broad range of influential members, Keck sees a unique chance to be effective. A member like Boeing, for instance, can work with providers on better health-care management. At the same time, the company can initiate its own preventive health programs internally.

> This country suffers "the craziest system where the people selling the product are the ones generating demand," says Keck.

"This has never been done before," Keck claims. Rather for decades the country has been suffering what Keck colorfully and succinctly describes as "the craziest system where the people who are selling the product are actually the ones generating the demand."

BRINGING KIDS HOME

JOETTE KATZ, COMMISSIONER, CONNECTICUT DEPARTMENT OF CHILDREN AND FAMILIES

Joette Katz stepped down as Connecticut Supreme Court Justice in 2011 to take on the job of commissioner of the Connecticut Department of Children and Families (DCF). Since being sworn in, she has worked through a list of changes and improvements to the department that read like a children and family services best-practices manual. For example, to provide ongoing staff training and development statewide, she created a DCF Academy of Family Workforce Development and Knowledge.

Her biggest change was reorganizing the department to undo the silos that decided how clients were handled. "You had a head of behavioral health, a head of child welfare, a head of juvenile justice," she says. "But it's the same kid!"

One of her biggest victories has been legislative. She lobbied for and won passage of a law allowing the department to share information about kids and families more easily among state agencies and with key players in the system, including foster parents. "That's huge," says Katz. "You're going to give a foster family a child but you can't tell them anything about that child, about the kid's background? People can do amazing things if they're informed."

Katz had her eye on another prize too: Bringing foster kids who had been placed out of state back to Connecticut and moving foster children in in-state institutional or congregate care (private residential quarters with shared living and dining space) back into family and community settings.

When Katz arrived, the state was spending 80 percent of its placement money on institutional care and 20 percent on community and foster care. She convened a summit of providers and advocates and made it clear she wanted to flip that ratio. She has also instituted a policy whereby she personally reviews all proposed placements of children under 12 in congregate care.

Bringing kids back to Connecticut proved to be remarkably easy; it was a matter of putting time and energy into the initiative, and also reassuring caseworkers and supervisors that it was OK to take what Katz calls an "educated risk" in placing kids in potentially less secure but also potentially healthier settings. Too many placements, she believes, were a reflexive and defensive maneuver rather than a reflective and active attempt at finding stable, therapeutic, in-state solutions.

She has had success in several age groups. When her agency focused on kids under age 12 in congregate care, the numbers plummeted from 212 a year ago to fewer than 70 today. For kids under age 6, there are now only two in institutional care.

Now, Katz is setting the agency's focus on 13- to 15-year-olds. Between issues like sexual abuse, mental health problems and involvement with juvenile justice—along with histories of bouncing from one congregate care setting to another—it's a much more difficult cohort, Katz acknowledges. This year, she has been emphasizing building capacity to find and offer specialized clinical services aimed specifically at children with more severe and more complicated problems.

Not all providers have been pleased with Katz's drive to get kids out of congregate care and into therapeutically proven, community-based programs. "We had 144 [institutional] beds," says Katz. "So I wasn't really popular when I said, 'They're expensive and I don't want them.'" The number now is half that.

The push on better placements is part of her fundamental effort to refocus the system on outcomes, whether that means launching a vocational education program for dropouts or ensuring better treatment for kids with severe mental health problems.

As for her commitment to the agency, she ignores the fact that most of those in her position are short-termers. She made a four-year commitment. G

Email jwalters@governing.com

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Get On the Bus

Several localities are embracing bus rapid transit, even if not everyone in the transportation community is sold on the idea.

Nashville officials are pursuing a transit line they say will be integral to the future of the region as the population grows. The 8-mile route, dubbed the East-West Connector, would link hospitals, the city's football stadium, its state Capitol and Vanderbilt University, among other destinations. Regional officials say that, if executed properly, the connector could be online as soon as 2015 and will serve more than 1.3 million riders annually. "Something like this has never been attempted in Nashville," says Mayor Karl Dean.

That something isn't a subway, light rail or even a streetcar. It's a bus. And its impact on Nashville could be huge. "People who work downtown will be able to get downtown faster and cheaper," Dean says. "That's the appeal." The East-West Connector isn't a traditional bus line either. Rather, it's bus rapid transit, or BRT. It focuses on taking bus service—historically unattractive and slow—and making it something riders want to use, as opposed to its current status as a mode of last resort.

Until now, just a handful of U.S. transit agencies have embraced BRT. That's changing. Longtime transit leaders like Chicago, New York City and

Cleveland's bus rapid transit system—called the HealthLine—launched in 2008. Today, it has a reputation as one of the country's best examples of BRT.

By Ryan Holeywell

Photographs by Ken Blaze

San Francisco are planning new BRT services, while less transit-focused places like Hartford, Conn.; Jacksonville, Fla.; and Montgomery County, Md., are pursuing it as well. Dean—who's visited several of the country's leading BRT systems—says it's no surprise that the mode is becoming increasingly prevalent. At a time when localities are struggling financially, it's a cost-effective option. In Nashville, officials say they can build the East-West Connector for $136 million—half the cost of a similar streetcar system—and serve almost as many riders. "This is a popular form of transit for cities that do not have sophisticated transit systems right now," says Dean. "Nashville has a good bus system, but it needs to expand. BRT is an attractive way of doing it."

tion. And some systems even have bus stops on elevated platforms so that time isn't wasted waiting for passengers to climb up and down the bus steps.

The other goal is to make buses feel safe and inviting. The exteriors of BRT buses often feature cosmetic enhancements to make them appear more modern. Stops are designed to be aesthetically pleasing and convenient, complete with landscaping and bicycle racks. And electronic displays let riders know how soon the next vehicle is coming.

Ground zero for BRT is Curitiba, Brazil, which first launched its BRT service in 1974 and has served as a model for practitioners worldwide. Subsequent systems have devel-

To save time, passengers purchase their tickets at the bus stop instead of onboard. BRT advocates attribute development in Cleveland to the presence of the line.

The idea for BRT is rooted in making two fundamental shifts in the way buses run. The first goal is to do everything possible to speed up rides, which is crucial to attracting new customers. As part of that effort, BRT buses generally run more frequently during peak travel times. Stops are spaced farther apart to ensure that buses don't pause too often for pickups and drop-offs. High-tech devices on traffic lights can detect buses and give them a little extra time to make a green light. Tickets are purchased at bus stops instead of on the bus to avoid delays as passengers fumble for change. Dedicated lanes are created to make sure buses don't get trapped in conges-

oped in China, India, Mexico and elsewhere. And while Los Angeles and Pittsburgh built the first precursors of American BRT in the '70s, it wasn't until recently that the systems caught on. Historically, the U.S. hasn't embraced BRT because of residents' attitudes toward transit. In South American cities that have strong BRT systems, "you have the majority of the population moving in buses," says Dario Hidalgo, director for research and practice at EMBARQ, which studies and promotes sustainable transportation. That makes it easier for transportation officials to get buy-in from the public when it's time to repurpose a lane.

Generally, the thinking among U.S. transit officials is that "choice riders"—those who don't have to take transit but opt to because of its convenience—are willing to ride subways, light rail and streetcars, but not buses. Advocates of BRT argue that bus service itself isn't the problem; it's the way the service is implemented. Offer riders buses that are fast, clean and safe, they say, and passengers will embrace them. "If you build it right, people will come," says Janette Sadik-Khan, New York City's transportation commissioner. "People aren't going to get on dirty buses that are slow."

In the 1990s, the Federal Transit Administration began organizing international trips for American transit officials to see BRT systems abroad. At the same time, BRT started to make sense for American cities, as growing congestion coupled with fiscal realities meant not everyone could hope to build light rail, which can cost as much as three times the price of a comparable BRT system. In the early 2000s, L.A. and Pittsburgh redoubled their BRT efforts, while later in the decade, places like Eugene, Ore., and Cleveland launched their own highly touted BRT services that today are considered the top American systems. The successes of those projects helped inspire local officials across the country, who could finally point to examples of successful BRT in American cities instead of looking abroad as they tried to make the case for BRT. Today, virtually every major metro area is considering or actively planning some degree of rapid bus service. "There's definitely an effort to equalize the playing field between bus and rail," says Gabe Klein, transportation commissioner in Chicago, which will launch the first of three BRT lines this fall. "The bus doesn't have to be second-class transportation."

The recent explosion of BRT has prompted a debate within the transit community, which is asking what exactly BRT service is, and more important, does a definition even matter? Last year, the Institute for Transportation and Development Policy (ITDP), a nonprofit that provides technical assistance and advocates for BRT, released a scorecard rating BRT services. Systems got points for things like high-frequency buses, limited local stops, fare collection that occurred off-board and having physically separated lanes. While several international systems received high marks, not a single U.S. city was rated above "bronze," and the group deemed that New York City's highly publicized BRT service wasn't really BRT at all. "We ruffled a lot of feathers," says Annie Weinstock, ITDP's U.S. BRT program director.

Transit officials generally take a big-tent approach to the BRT definition. They say every city is unique and that the same set of standards shouldn't be applied universally. But many respected voices in the BRT community believe that some agencies are trying to take advantage of the cachet that comes with BRT and inaccurately apply the label to their own fleets in an effort to get buy-in from passengers and grants from the federal government. (BRT service is eligible for more types of funding than traditional bus service.) Protecting the BRT brand, Weinstock says, is key. If the public feels like it's been misled, it may not support BRT in the future.

It's an important discussion to have right now, since so many cities are examining the service. While it's clear that a train

becomes a subway when it goes underground, what's less clear is when a bus becomes BRT. Benjamin de la Peña, associate director for urban development at the Rockefeller Foundation, says that ambiguity could make it easy for some agencies to take ambitious BRT projects and morph them into traditional bus routes as a way to save money. "It's really easy to water down," de la Peña says. In a case of the debate coming full circle, officials in the Washington, D.C., suburb of Montgomery County have started to deliberately refer to their project as RTV, or rapid transit vehicle, because they believe BRT doesn't describe the significance of their service.

Officials in local transit agencies almost universally say they don't want to get bogged down in the debate about the BRT definition. What's more important, they argue, are the ultimate payoffs: faster rides and greater ridership. If that happens, they say, the way the buses and service is configured isn't so important. The Federal Transit Administration has chosen not to weigh in on the debate, offering guidance on BRT best practices but not mandates on which elements must be included.

In New York City, officials developed a system that has embraced some BRT tenets, like off-board fare collection, signal priority for buses at some intersections and greater distances between stops. But it doesn't have bus lanes that are physically separated from normal traffic, which caused it to lose marks on ITDP's scorecard.

Sadik-Khan, the transportation commissioner, isn't too worried about that. The city has three BRT lines right now—the department describes them by its own term, Select Bus Service—and another three are in the works. Eventually the hope is to have 16 lines. While buses don't travel in separated lanes, they drive in

Next Stop: BRT

Montgomery County, Md.
The Washington, D.C., suburb hopes to build a 160-mile system.

Chicago
The city will launch a new line this fall, with two more in the works.

New York City
The first of three lines began service in 2008. Three more are planned for Brooklyn, Staten Island and the Bronx.

Connecticut
The state wants to link New Britain and Hartford by 2015.

Jacksonville, Fla.
The Obama administration has recommended $38 million for two lines.

El Paso, Texas
The city hopes to launch a 12-mile system by 2015.

Eugene, Ore.
The city has drawn accolades for service that began in 2007 and is planning a 9-mile extension.

BRT stations in Cleveland and elsewhere are designed to be clean and aesthetically pleasing so that they're more inviting to passengers.

Joseph Calabrese, general manager of Cleveland's transit agency

specially painted ones that cars are prohibited from using during peak hours. If they do, the buses snap a photo, and the drivers are ticketed. "It's the system that works for New York," Sadik-Khan says. "For New York, every single time we've put in a Select Bus Service route, we've seen an increase in ridership—amid a citywide decline in bus ridership."

Still, there are BRT skeptics. In Berkeley, Calif., downtown businesses opposed a proposal that would have linked the city to Oakland because they feared the loss of parking spaces and left-turn lanes, making it more difficult for customers to access their stores. Those old battles between drivers and transit riders often play out as communities develop BRT, because to be truly effective, BRT sometimes requires taking a lane from cars for at least part of the route.

Some in the light-rail community view BRT as a threat that actually undermines transit. While streetcars and subways are permanent, BRT is more susceptible to changes. Dan Malouff, a transportation planner for the Arlington County, Va., transportation department, recently posted a piece on his influential blog that eviscerated BRT, saying cities generally pursue it in order to "cut a corner" by avoiding rail, making the service susceptible to failure. "[A]s long as U.S. planners think of BRT as a cheap replacement for rail, then the U.S. will be very unlikely to ever produce BRT that is actually rail-like ... because that mindset inherently undervalues many of the specific features that are needed to produce a high-quality transit line, regardless of mode," he wrote.

And BRT's early stalwarts are showing signs of trouble. Earlier this year, the newspaper of Curitiba reported that from 2008 to 2011, the number of paid rides on its system fell by about 14 million, or 4.3 percent, and there were recent riots in Bogota, Colombia, by protesters frustrated with that city's slipping BRT service.

Regardless, BRT is a path that transit agencies are likely to continue to pursue as they try to stretch dollars. Nearly 85 percent of transit agencies had flat or decreased capital funding in the wake of the recession, according to a survey released by the American Public Transportation Association last year. Transit agencies save money with BRT because of lower infrastructure costs—they don't have to lay down track or dig underground—and there are lower personnel costs, since they can use the same types of drivers and mechanics that they use for existing buses.

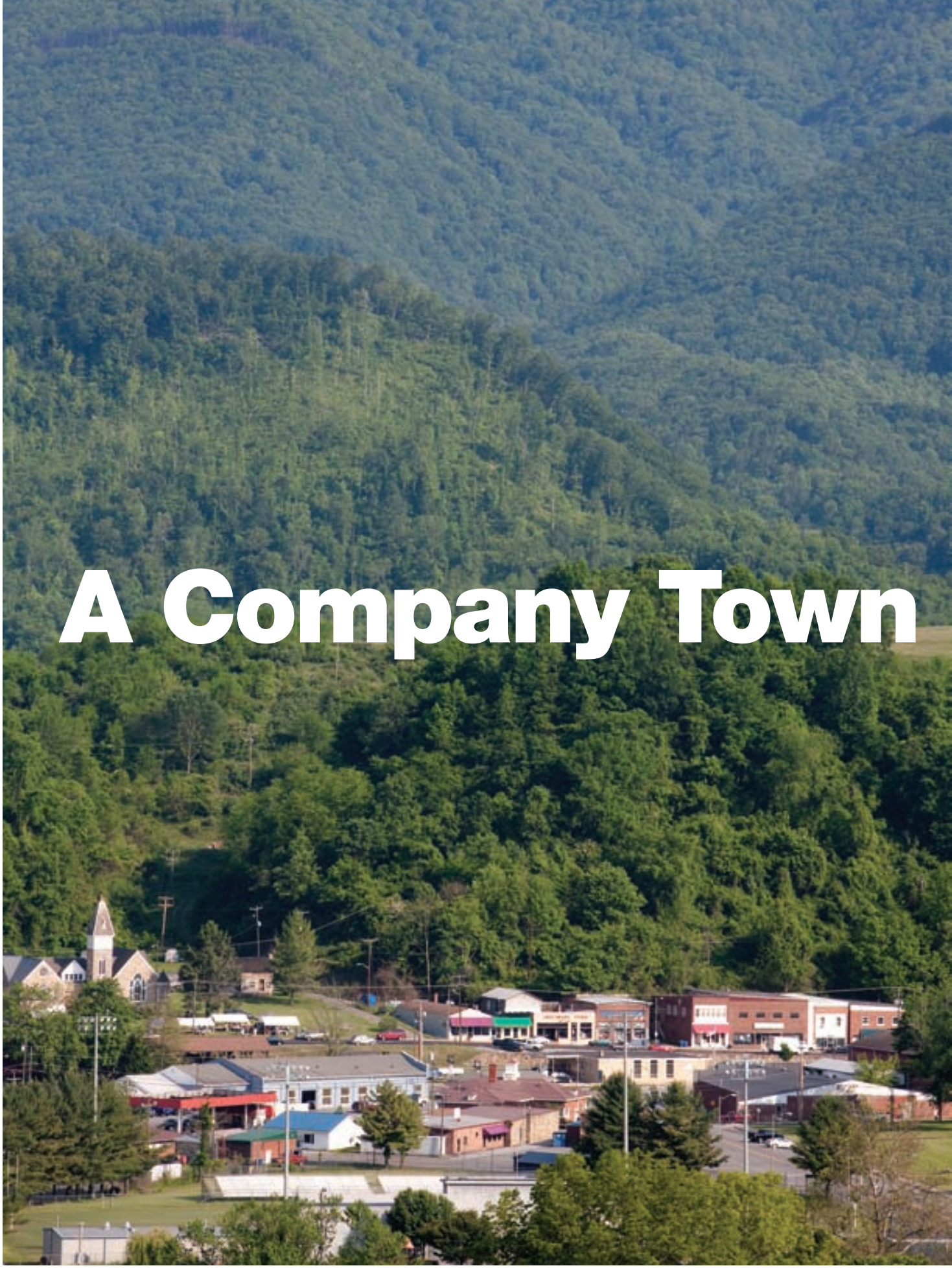
Cleveland, for example, opened its 7-mile BRT in 2008 at a cost of $200 million. Light rail would have cost nearly $1 billion, says Joseph Calabrese, general manager of the Greater Cleveland Regional Transit Authority. "A few people said it should be light rail or nothing," he says. "In that case, it would have been nothing."

In greater Eugene, Ore., the BRT system got its 10 millionth rider just five years after its launch. Today, daily ridership on the system known as EmX is triple what it was for comparable local service lines, says Ron Kilcoyne, general manager of the system. "We never projected when we'd hit our 10 millionth rider, but certainly we weren't expecting it to happen that quickly," says Kilcoyne. EmX has two corridors now, but officials hope to eventually expand to five.

Kilcoyne says it's crucial to understand that the goal isn't to create more BRT systems; it's to find a better way of moving people. "I think you really have to take a look at what the outcomes you're trying to achieve are," says Kilcoyne. "Because everything else—whether or not you build rail, or rely on buses, or a full-scale BRT—those are all means to the end. The end is speed, reliability and the ability to attract more customers." G

Email rholeywell@governing.com

A Company Town



Without a Company

In 1971, the Olin chemical company pulled out of Saltville, Va., leaving the tiny town to fend for itself.

By Tod Newcombe
Photographs by David Kidd

The town of Saltville looks a lot like it did 40 years ago. Nestled in the tree-covered hills of southwestern Virginia just a few miles from bustling Interstate 81, Saltville is an idyllic small town. Its streets are lined with churches and modest one- and two-story brick buildings.

Years ago, Saltville was a company town. If you lived in Saltville, you probably worked at the plant owned by the chemical conglomerate, Olin. And if you didn't work at the plant, then you worked at the company store, the company bank, the company hospital or the school built by the company. Olin owned and operated almost everything in Saltville. The mayor and town council worked for Olin, and its employees ran the town's water and sewer system, picked up the trash and, if the town's budget ran in the red at the end of the fiscal year, wrote a check to cover the deficit.

Olin workers even lived in company-built homes. "You could tell who lived in a house by its size," says town resident June Totten, the daughter of former Mayor W. J. Totten. "A one-floor house, which rented for $10 a month, was for the poorest work-

The Olin Corporation still dominated Saltville when the photograph of the alkali works (bottom left) was taken in 1969, but in two years the plant would be shuttered and eventually demolished. Today, only a few physical reminders of the company's past are visible as nature slowly returns.

DON SMITH

ers. Two-floor homes, which rented for $25 a month, went to the better paid workers." The company's paternalism was so extensive that it did everything from fixing broken window screens and painting the high school football stadium to providing free medical care for everyone in town. "It was a good company to work for," says Buddy Cahill, a former Olin maintenance worker, now 82 years old.

Saltville was named for the salt marshes in the area, and it was salt that Olin extracted to make soda ash, a product used in a variety of manufacturing processes. The plant and the town flourished during the first half of the 20th century, but by the 1960s, things were changing. Pollution from the plant had become a problem, and was poisoning the nearby North Fork of the Holston River. Virginia's Water Control Board and the newly formed U.S. Environmental Protection Agency enacted regulations to force the company to clean it up. At the same time, cheaper soda ash was coming from the West, and tensions between the company and the workers' newly formed union were rising—leading to at least one major strike. In response, the company began to divest itself of some of the services it provided the town, and in 1971, Olin announced it was closing the plant down.

Above: A company-built swing bridge still carries foot traffic across the North Fork of the Holston River.

Downtown Saltville: A section of track is all that's left of the company-owned railroad that once hauled products from the chemical plant on a daily basis.

June Totten holds a copy of *Life* magazine with a photograph of her father, W. J. Totten (in foreground), who was mayor of Saltville when the plant closed.

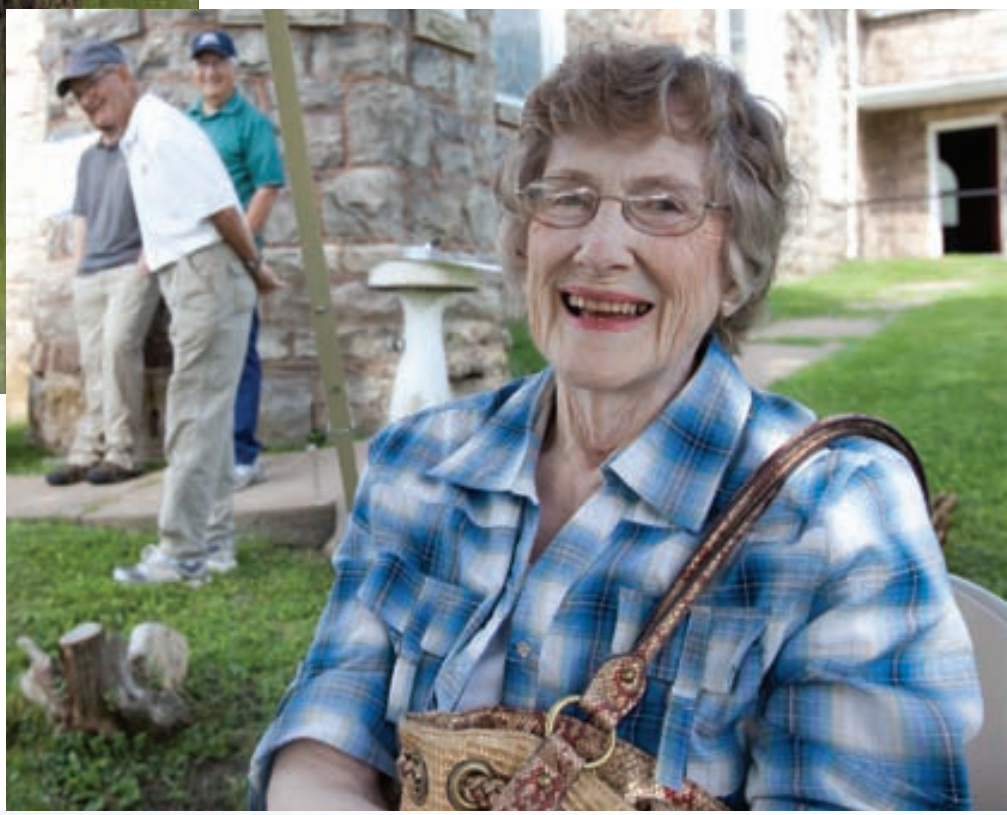
Below: Saltville Town Manager Mike Taylor recalls the plant closing as a "huge adjustment" for town government, which could no longer rely on the company to stabilize the tax base.

Today, Saltville is not a company town. Talk to people who remember it as one, and they recall an era when Olin and the town had an intimate, almost familial coexistence. They also remember Saltville at the time of the plant's closing, when shock and anxiety permeated the small town of 2,199. Workers worried that they wouldn't be able to find another job. Many had worked for Olin for decades and only had a sixth- or seventh-grade education. Buddy Cahill eventually got a job in construction. A few dozen workers took up the company's offer and moved to a different plant in a different state. Many simply retired. Newspaper articles from the 1970s describe a town determined to start over but troubled by an uptick in drinking, health problems and even a few suicides.

Despite predictions of a dying town, however, Saltville remained stable—its population is just above 2,200 today. Once very reliant on the company to run the government, Saltville's elected officials are now on their own. "After 1972, the town had to change its tax base and change into a public entity," says Mike Taylor, the town manager.

It also had to find a new employer. In the 40 years since the plant closed, three major businesses have moved into Saltville.

Below: Longtime resident Chris Helton's family owned the furniture store on Main Street.



Today, 40 years after losing its company town status, Saltville is a quiet place with parks and well-built (former company) homes. But reminders of its industrial past can still be found.

Taking advantage of the minerals in the area, the largest saltwater fish hatchery on the East Coast operates from here, and a company called Spectra Energy is storing vast amounts of America's newly abundant energy, natural gas, in the underground salt caverns. To just about everyone's delight, a firm has once again started extracting the town's most famous product, shipping out tons of sodium chloride by truck every day.

Evidence of government investment in Saltville is easy to see. In addition to the economic development, a well maintained park with trails and fishing has replaced salt ponds in the town center. But there are still challenges too. Some residents complain about the quality of services provided by the town government. Others worry about the decline in the numbers of young people who live there—the high school once enrolled more than 600 students, and today, is down to less than 300.

Saltville's history is on display in the downtown Museum of the Middle Appalachians. "If our window broke, the company fixed it. If we needed coal, the company brought it," reads one photo caption. But also on display is the high cost of being a company town. Museum Manager Harry R. Haynes says Olin has spent $100 million over the past 40 years trying to clean up the pollution left by its plant. Hundreds of acres remain fenced off and out of bounds. Signs along the North Fork of the Holston River caution against eating the fish. It's one of the legacies the town must bear for years to come. Because of it, Haynes says, "Saltville became known nationwide as the town ecology shut down." **G**

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High school students work on welding projects in an Advanced Agricultural Mechanics class.

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Starting Early

To combat dropout rates, some states require high schoolers to pick majors.

By Caroline Cournoyer

In 2007, Florida graduated 70 percent of its high school students. Four years later, the state's graduation rate increased 10 percent and the dropout rate decreased. Aside from the portion of Floridians walking around with diplomas, what changed in the interim? In fall 2007, the Sunshine State started requiring freshmen to choose a major of interest—an area of study that they hoped would help them in a career down the road.

Florida's decision to require students to "specialize" in a particular subject came on the heels of a nationwide trend in individual high schools and districts. Florida was among the first to require high school majors statewide. While somewhat controversial, the move has proved successful at getting students to leave high school the right way—as a graduate rather than a dropout.

Schools push and sometimes require students to pick concentrations upon entering high school with the hope that it will increase the graduation rate and decrease the dropout rate by making their educational experience more relevant to their interests and life after high school. Students' common complaint that school is boring and that they'll never use what they learn as an adult isn't a new one—but states are finally trying to address it.

South Carolina started offering "career pathways" in 2005; Mississippi tested the idea in 2007; and next fall, Georgia will follow Florida's lead and start requiring ninth-graders to choose what it's calling "career clusters."

States' motivation for these programs isn't just about graduation rates. They also hope to educate and train enough students in certain subjects to close the gap between the number of jobs available in a particular industry and the number of qualified job seekers. In Georgia, for example, Tricia Pridemore, director of the Governor's Office of Workforce Development, says

the state is in desperate need of skilled workers in manufacturing, carpentry and telecommunications. While students are free to choose whatever career cluster they want, state officials hope that preparing students for careers early on will fill at least some of the positions in demand.

In South Carolina, the top three most popular pathways are science, technology, engineering and math; health science; and arts, audio/visual technology and communications, according to Jay W. Ragley, the legislative and public affairs director for the state education department. South Carolina offers 16 pathways—ranging from agriculture to public administration to marketing—each of which breaks into more concentrations. Georgia will offer the same 16 pathways, but has added energy as its own cluster. The state is working with municipalities and utilities to offer students a hands-on learning experience, says David Turner, the state's director of career, technical and agricultural education.

In Florida, Georgia and South Carolina, certain clusters, such as nursing and automotives, allow students who complete the program to walk away from high school with an official trade certification in addition to their diploma.

Majors of interest, clusters, pathways—whatever a state chooses to call them—should not, however, be confused with traditional college majors. The number of classes that states typically require students to take in their specialization comes nowhere near the number of classes required for college majors. In most cases, states are simply adding structure to electives—the classes that students get to choose. In Florida, for example, students must take four classes toward their major of interest—one each year, according to Mary Jane Tappen, the state's K-12 deputy chancellor, and the same goes for South Carolina. But in Georgia, the state is only requiring students to pass three cluster classes throughout their four years.

Concerns have been raised that high school majors could keep students from graduating within four years if they decide to switch to a different area of interest. It's not uncommon for college students to take longer to finish after changing majors. But Florida's Tappen says, so far, that hasn't happened.

"Adults felt students would continuously change their mind and want to change [their specialization] every year," she says, "but we found that was not a problem."

Georgia officials don't expect students to hop from one pathway to another, either. "[Still], we have to get away from the idea that everything happens in four years," says Matt Cardoza, the communications director for the state's Department of Education.

However, schools do whatever they can to make sure students can take the cluster classes they want and need to graduate. In Georgia, Turner says this may mean offering cluster classes online, especially for rural school districts where they may not have teachers for all 17 clusters. In Florida, Tappen says this meant hiring additional teachers, and in some cases, reassigning teachers to instruct different classes.

The idea has generally been supported by teachers. "There are still pockets of resistance to it," says South Carolina's Ragley, "but those pockets get smaller and smaller every year as parents, students and teachers see the importance of this."

In South Carolina, the Legislature appropriated $21 million from the state's general fund to hire career specialists in every public high school. These faculty members—rather than teachers—shoulder the burden of working with students to select and complete their pathways. In Florida, the cost, if any, of implementing the program fell to the individual districts and schools. (The state, however, ended the program last spring when it adopted increased career and technology core requirements.) Georgia has provided no additional funding for the program and plans to use its existing staff to manage it. Turner says that most teachers are excited about it, but according to *The Atlanta Journal-Constitution*, some worry that it may take away from their classroom duties.

Students, overall, have also been enthusiastic about high school majors, and in many cases, more engaged in their cluster classes than any other, according to state officials. Even in South Carolina, where students aren't required to choose pathways, most do, says Ragley. "It's become part of the school culture."

And it's paying off. The improved graduation and dropout rates aren't as drastic in South Carolina as in Florida, but they're heading in the right directions. In the three years after the state started allowing students to pick concentrations, the dropout rate has declined, while the graduation rate has remained steady. **G**

Email ccournoyer@governing.com

THE TAKEAWAY:

- In fall 2007, Florida began requiring freshmen to choose a major of interest—an area of study they hoped would help them in a future career.
- This resulted in a 10 percent increase in the state's graduation rate and a decreased dropout rate.
- States hope these programs also will educate and train enough students in certain subjects to close the gap between the number of jobs available in a particular industry and the number of qualified job seekers.

By Katherine Barrett and Richard Greene

A Good Idea, Under the Weather

Gainsharing can save governments money, but the concept has fallen on hard times.

There's an interesting, if unhappy, phenomenon that seems to accompany tough economic times. Let's call it the "missing umbrella in the rain" syndrome. The general idea is that many of the most powerful management tools—the ones that can be of great use when government revenues are down—fall by the wayside in hard times.

This thinking was provoked when we started looking into the state of gainsharing for state and local governments, a program in which a central government permits savings on a particular project or effort to be shared with employees, teams or the agencies that were responsible for the unspent dollars. The approach can be used in a wide variety of ways, but at its heart, "it encourages organizations to work in teams," says Sally Selden, a professor at Lynchburg College. "Everybody benefits."

There were quite a few gainsharing efforts in the late '90s and the early years of this century. But a number of these programs have shut down since then—some as a result of changes in administration, the extreme tightness of money or an unwillingness to see any savings flow to employees that could flow instead to the general fund.

It's that latter rationale that David Ammons, professor of public administration and government at the University of North Carolina at Chapel Hill, finds faulty. "The logic of gainsharing should be at least as compelling in tough times as in good times," he says. "Most gainsharing programs operate from new savings, so they require no special appropriation. Most share only a portion of the savings as employee bonuses, so there is still a net savings to the government."

Montgomery County, Md., officials began a gainsharing program in 2009 with support from the unions as well as the county council and county executive branch. It focuses on teams of front-line employees who are trained to look for ways their agency or program can save money. The teams, usually with eight to 12 members, are then guided to develop full-blown proposals that are well researched and can be implemented relatively quickly.

When they're successful, all the people involved are rewarded with bonuses, capped at $5,000 apiece. Only programs with documented savings pay the bonus, which means the program pays for itself. Half of the savings are distributed to the team, so $100,000 in savings would yield $50,000 to be distributed in bonuses.

"It's not a quick process," says Kaye Beckley, business operations and performance manager for the Montgomery County's Office of Human Resources. "Bonuses are short term, but the changes in the organization are there for the long haul. That's the opportunity."

While many ideas are generated, only a few end up as full-blown proposals. Those have to go through an approval process. So far, about half a dozen proposals have made their way through the maze. The first was in the sign and signal shop of the Transportation Department. The idea focused on the department's scrap metal. In the past, the county paid a trash hauler $430 to take away the scrap metal that came from sign production or discarded signs. Employees came up with the idea to sell the metal instead to a scrap metal dealer. By separating metals with resale potential from those that had no value, the sign and signal shop was able to generate $1,819 from the salvager the first time it tried out the system. Once the program went into effect, documented savings were $15,000, with $7,500 to be divided among 65 employees.

Other ideas for gainsharing programs have cropped up in discussions of payment reform in health care. There, the goal is to change the incentive for physicians so that they move away from a system in which they earn more money by providing more services to one in which they earn bigger bucks through more efficient uses of resources and providing higher quality of care. Arizona, for example, is currently working with its managed care health plans to create a gainsharing model. The state is looking for new reimbursement policies in which health plans and physicians can receive incentives to reduce emergency room utilization and readmissions. How might they accomplish this? One suggested route: Physicians could be eligible for a portion of the gainshare savings if the extension of their office hours or the addition of same-day appointments results in decreased emergency room use for their patients.

> "Let's call it the 'missing umbrella in the rain' syndrome. The best ideas fall by the wayside in hard times."

Obviously, we see gainsharing—if implemented effectively (a very big "if")—as worthwhile. As such, we're disappointed to find that its use has been on the wane. At the same time, we recognize that there are potential pitfalls that need to be addressed before any state or locality undertakes a gainsharing program:

- Some gainsharing programs produce monthly reports that, among other things, show that some people are likely to earn a bonus based on gains the program is producing. However, in the last month or two, the reports may show the gains—and therefore the bonuses—disappearing, and that can be very demoralizing. Says Selden: "It's worse to create the expectation that you're going to reap a benefit and then have that dissipate."
- For gainsharing to work well, entities have to set up detailed processes and sometimes complex infrastructure. This can be expensive and time consuming.
- Entities that short-change training as the basis for gainsharing programs are unlikely to succeed.
- It is essential, even though it is very difficult, to get everyone—top to bottom—on board. That everybody, says Joseph Adler, director of the Office of Human Resources for Montgomery County, includes front-line employees, leadership, management and unions.
- At a time when employee compensation is being closely scrutinized, critics may rail at the idea that any more money should go into employees' pockets, particularly when services are being cut. Says the University of North Carolina's Ammons, "The whole idea goes down hard for critics who believe that governments already are entitled to their employees' best ideas and most diligent efforts, without paying more to get them." G

Email greenebarrett@gmail.com

By Brian Peteritas

A Pro Bono Plan

The Great Recession has left a growing number of people in need of legal assistance. As they struggle financially, they need more help in resolving foreclosures, credit problems and employment issues. But defendants in civil cases have no legal right to free representation like their criminal counterparts, and state and local funding for legal services has plunged. In an effort to get legal help to those in need, New York state is making pro bono work mandatory. Starting in 2013, the roughly 10,000 lawyers who apply to the bar each year will need to show that they have completed a minimum of 50 hours of free work. It is the first state to make pro bono legal work mandatory, and officials expect the requirement to provide about half a million hours of legal services. Don Saunders of the National Legal Aid and Defender Association told *The New York Times* that he thinks it could spur pro bono work in other states as well.

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North Dakota Can Babysit

A shortage of affordable child care can often slow economic growth and development. Faced with a major dearth of day-care options in localities where oil production has spurred major growth, North Dakota is launching a pilot program to address the problem. The state Department of Trust Lands has set aside $500,000 of its energy impact grant funding to create the necessary child-care facilities to keep pace with the growing number of families relocating to oil-producing areas. Cities in the designated areas that properly demonstrate need will be allowed to apply for a share of the funds—up to $125,000. The facilities can be operated by businesses or nonprofits. Alternatively, the funds can be used toward expanding current public child-care facilities or building new ones within the communities.

GOVERNING.com Find more ideas for creative programs at governing.com/ideas

By Steve Towns

Dancing Around the Truth

What one city's "Footloose" moment can teach other localities.

The city of Roseville, Calif., didn't really ban dancing last year—but that was the story rapidly spreading through local online forums and social networks. Luckily, the city was paying attention. Roseville e-government administrator Lon Peterson regularly monitors social media activity, and moved quickly to squelch the rumor—the city even went so far as to organize a community dance event at a municipal park.

The tale stemmed from a zoning dispute between the city and a local restaurant, which the city claimed was operating a dance club too close to a residential area. As the information traveled across the Internet, the story took on a life of its own, drawing comments from as far away as the Netherlands.

"It definitely got out there very quickly," says Peterson.

It didn't help that the incident coincided with the 2011 remake of *Footloose*, the classic 1984 film starring Kevin Bacon as a city kid who moves to a small town and challenges its ban on dancing. Soon headlines like "Footloose in Roseville?" were popping up everywhere.

Using city Twitter and Facebook accounts, Peterson told individual posters that Roseville simply was enforcing zoning laws found in most cities, and he provided links to city-prepared fact sheets denying that Roseville had any communitywide ban on dancing. The quick response helped nip the rumor in the bud, he says. "As we made the case, most everybody that we responded to said, 'Oh, OK,' and that was it."

The episode—as nutty as it sounds—offers a cautionary tale for public officials who think social media has little to do with the business of governing. In an era where citizens routinely use online reviews and comments to make decisions and form opinions, Peterson says cities can't ignore their online image.

CITY OF ROSEVILLE

Roseville, Calif., used social media to quickly put the kibosh on a rumor.

Roseville, an affluent Sacramento suburb, launched its social media accounts several years ago and now operates a main city Facebook page, along with separate pages covering topics like parks, libraries and utilities. The city also has several Twitter accounts.

Peterson uses a popular app called Hootsuite to simplify management of the multiple Facebook and Twitter accounts, and to track mentions of the city on those networks. To avoid public records issues, social media messages almost always link back to documents or news releases archived on the city website.

Besides protecting Roseville's online brand, its social media activity has been a great source of citizen feedback, both positive and negative. Even critical comments overwhelmingly are constructive, Peterson adds. But cities also must understand the commitment they're making before they open any social media accounts. Social media users expect near-instant response to questions or comments, so building a city Facebook page that's never checked probably does more harm than good for your online reputation.

Roseville created a nine-person social media working group, made up of individuals from city government, to ensure questions and comments are addressed within hours instead of days. Peterson carries an iPad almost everywhere in case an issue demands immediate attention. "If you're going to be there," he says, "you need to actively listen and respond."

But don't expect social media users to stop talking about your town just because you're not part of the conversation. "People are going to talk about you whether you're there or not," Peterson says. As more citizens get news and form opinions through online chatter, cities may find they can't afford to sit these discussions out. G

Email stowns@governing.com

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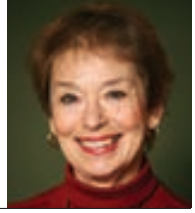
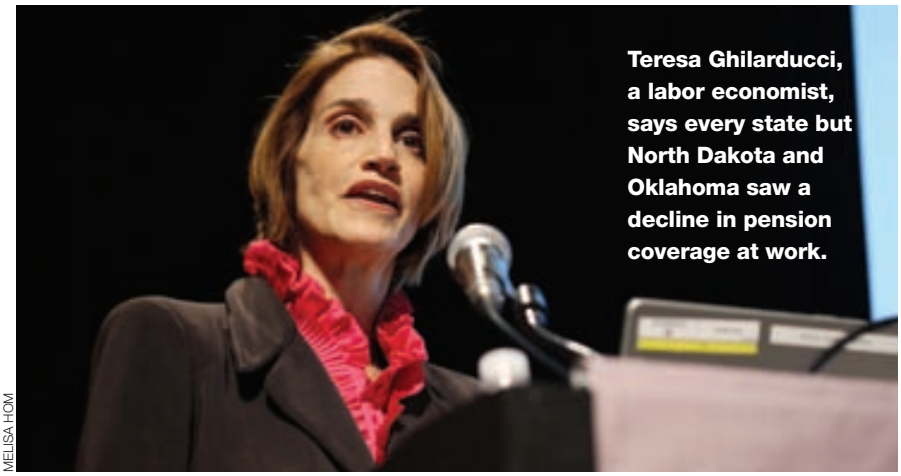
By Penelope Lemov



The Private-Sector Retirement Problem

The recession hit private workers hard. Will states and localities have to rescue them?

The financial meltdown hasn't been kind to private-sector retirement accounts. Those with 401(k) plans saw a chunk of their savings slip away. Moreover, the percentage of workers without any retirement savings grew, and that lack of pension coverage is set to become a huge state and local headache.



Teresa Ghilarducci, a labor economist, says every state but North Dakota and Oklahoma saw a decline in pension coverage at work.

MELISA HOM

Older workers near retirement lost 25 percent of their assets in the downturn, says Teresa Ghilarducci, director of the Schwartz Center for Economic Policy Analysis at The New School for Social Research. Even more alarming, 58 percent of private-sector workers have no pension savings at all. "For the last 10 years there's been a steady decline in coverage at work, whether it's a 401(k) or defined benefit," she says. "That's something we haven't seen in the last 40 years."

Meanwhile, when current workers ages 50 to 64 reach 65, more than 48 percent of them will be poor or near-poor, forecasts the U.S. Census Bureau's Survey of Income and Program Participation. "That's going to have repercussions for state and local governments," says Nari Rhee, a researcher at the Center for Labor Research and Education at the University of California, Berkeley. "They're responsible for providing services to the elderly who won't have means to support themselves." The problem is particularly serious in California where access in the private sector to retirement plans shrank from 50 percent in 2000 to 37 percent today, according to a June survey by Rhee.

Not surprisingly then, it's California that's trying to address the issue. The Legislature is debating a bill that's a rehash of a pre-2008 proposal. The latest iteration proposes that private-sector businesses that can't set up 401(k) plans for their workers—mostly small businesses—give their employees access to a retirement savings plan through a trust fund set up by the state. The state would establish a board to oversee the fund, and employees could contribute to an account in their name. Employers could administer it via a payroll deposit or other mechanism. When the employee retires, his or her savings account would convert to a lifetime annuity.

Employee accounts would be modeled after an individual retirement account rather than a 401(k). That means the amount each employee could put into the plan would be held to $5,000 a year or less, which self-limits the plan to lower-income workers, says Rhee. "For workers who make $100,000 a year, that's not going to be enough. For someone making $50,000, it starts to make more sense," she says.

The board would put management and investment of the retirement fund out for bid. According to a memo from the bill's sponsor, state Sen. Kevin de Leon, there would be no risk to taxpayers. "The measure will explicitly ensure that financial liability rests exclusively with the private-sector underwriter that guarantees the conservative rate of return." That rate is expected to be around 3 percent.

The financial industry isn't enthusiastic about the bill. It has concerns about competition from the public sector. The California Public Employees' Retirement System, the giant public pension plan, is considered one of the most likely—and likely to be successful—bidders.

There are also concerns, despite de Leon's assurances, about risks to taxpayers. What if investments don't perform well and employees decide to take their money out? What would stop them from bailing and leaving taxpayers with the check?

The bill may not make it through the California Legislature. But if it does, Ghilarducci foresees an immediate reaction in other states. "A handful of states will follow suit quickly," she says, noting that Connecticut, Massachusetts and New York City are also considering policies to expand private-sector pension access.

If it doesn't pass, it's back to the drawing board. Still, the potential mess is heading straight for state and local coffers. G

Email plemov@gmail.com

Girard Miller has accepted a position as the Chief Investment Officer for the Orange County (Calif.) Employees Retirement System.

Last Look

DAVID KIDD

The exterior walls of the Francis A. Gregory branch library, which opened in June in southeast Washington, D.C., reflect the wooded area behind the structure. Designed by David Adjaye, a renowned architect based in London, the 22,500-square-foot structure is intended to connect the urban forest to the underserved neighborhood around the new library. The series of diamond-shaped windows "frame the views of the park," according to a statement from the architect, "encouraging visitors toward the perimeter of the building to reflect and enjoy the views." **—Zach Patton**

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