PUBLIC OFFICIALS *of the* YEAR

GOVERNING

THE STATES AND LOCALITIES

December 2013

John Kitzhaber
Governor, Oregon

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FEATURES

Virginia House Speaker William Howell, a Public Official of the Year, runs his law practice out of this log cabin he restored in the town of Falmouth.

PHOTO: DAVID KIDD
COVER PHOTO: LEAH NASH

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Noble Work

Adequately covering state and local government is a tall order. With 50 states, 19,000-plus municipalities and more than 3,000 counties, the true story of government can't be told from a desk or by just talking to a few individuals. That's why the *Governing* staff spends a lot of time traveling across the country to meet public officials. It's inspiring and helps us stay focused on our mission to provide information, guidance and ideas to the people making our communities work. If the general public saw the government we see, they would see a better government, the type of government we honor each year with our Public Officials of the Year issue.

I look forward to this issue all year long. Our honorees are just a few of the many public servants who are doing great work that, for the most part, goes unrecognized. I'm always glad that we have this opportunity to acknowledge the outstanding contributions of a few. Our hope is that in recognizing these individuals, we elevate the view—and nobility—of all your work.

Erin Waters, Publisher

When I wrote my June Publisher's Desk on "America's Got Talent," I received a lot of emails and letters in response. I wrote that government officials need to realize their leadership is what draws people to enter government. The majority of these emails and letters mentioned an excellent boss or leader, essentially the person these respondents think of when they need to remember their purpose day-to-day. A lot of you nominated these individuals. It took us many weeks to narrow down the hundreds of nominees to the nine honorees covered in this issue. Like the public servants in your notes, I hope the 2013 Public Officials of the Year will inspire you and motivate you to continue the important work you do.

Government officials often tell me their desire to meet our Public Officials and hear firsthand how they were able to achieve results under challenging circumstances or withstand the pressures and demands of public service. In 2013, we reached out to our past honorees and invited them to join our Leadership Forum series as speakers. Many did, and a breakfast was held at each of these forums. The rooms were always packed. It's a clear indication to us that more support and exchange of ideas for those in state and local government service is needed.

In 2014, we will expand the program and do more to connect you to one another. If you would like to attend any of these events, please contact me at ewaters@governing.com. I hope you enjoy the issue, and thank you for your service.

GOVERNING

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Establishing New Ways

I am a police lieutenant in Las Vegas, and I believe it is the job of law enforcement to partner with the community to prevent and reduce crime, and the fear of crime ["Social Science," October 2013]. This article portrays the police in general as innovative thinkers, who understand the value of enforcing the law while establishing partnerships with the community. [Author John Buntin] also describes my chosen profession as one that understands how to effectively think and solve problems, and look for new ways to do it.

In times like these, when funding is scarce and budgets continue to shrink, police organizations must find ways to save lives. The answers to these challenges will include some old ways of doing things, but clearly new ways need to be established. You described a new way that is being used and I look forward to tracking the results.

—Andy Walsh, Las Vegas Metropolitan Police Department

It's Not Investigative

However much I might like reading a strongly worded blog critiquing the government, that is ultimately not investigative journalism ["Statehouse Reporting Loses Its Bite" in Dispatch, October 2013]. Someone needs to be paid full-time to dig through municipal records, make the rounds at high-end political meetings and connect with potential sources and whistleblowers. So far, the Internet has failed to provide the means to accomplish this for all but the highest echelons of journalists.

—Bob Proctor on Facebook.com

GOVERNING .com Yardstick

The most-read stories online from the October issue:

1 / **Houston: The Surprising Contender in America's Urban Revival**

2 / **Millennials Face Hurdles Breaking into Public Sector**

3 / **Social Media Transforms the Way Chicago Fights Gang Violence**

4 / **How Will the Sharing Economy Change the Way Cities Function?**

5 / **Why Hemp is Making a Comeback**

6 / **Tuberculosis Outbreaks Spark New Worries Over an Age-Old Disease**

7 / **How the DOMA Ruling Could Affect State Programs**

8 / **Are Police and Fire Department Mergers Catching On?**

13.5%

Percent of teens ages 16 and 17 who voted in the Nov. 5 elections in Takoma Park, Md.

AS *GOVERNING* reported in Observer in October, the city recently lowered the voting age for local elections to 16 in hopes of increasing voter turnout. While overall turnout was still low—only 989 residents voted in the mayoral election—the 134 teens who voted is good news for long-term civic engagement, says Peter Levine, a professor of citizenship and public affairs at Tufts University. "Voting is habit forming," he says.

IN THE MAKING OF THIS ISSUE

DAVID KIDD

IN CASE YOU MISSED THE COVER, this month is our Public Officials of the Year issue. A lot goes into pulling it together each year, and it often includes *Governing* photographer David Kidd traveling to many of the honorees' hometowns to take their portraits. While he was in Louisville, Ky., photographing Mayor Greg Fischer (see page 44), Kidd met Barry Shaw, a security guard at the Louisville City Hall. Shaw is well known around the place for playing an African instrument called a kalimba or thumb harp. His music fills the building's rotunda throughout the day.

Was the Shutdown Actually Good for Morale?

WITH PARTISAN BICKERING, government shutdowns (both threatened and actual), and approval ratings at all-time lows, the headlines coming from Capitol Hill in recent years have been a little lacking in the feel-good department. But the bad vibes at the federal level may actually be encouraging more interest in working for government at the state and local levels.

For some, the bad PR in Washington has actually boosted their faith in local governments. Ben Stango, a member of the civic organization Young Involved Philadelphia, says the shutdown made him take even more pride in his city. "For us, what it did was to recapture the focus on the local work that's really tangible and that really matters in a way that the national stuff only rarely touches."

Juan Rodriguez, a graduate student in public policy at George Washington University (GW), calls the current environment at the federal level disappointing. He believes that partisan politics has eroded politicians' ability to achieve results for the general public and has made state and local government "more appealing to those who truly want to make a positive difference."

Still, the unflattering view of national politicians—Congress' approval rating hit a record low of 12 percent following the shutdown—has some worried that talented prospects will start looking for jobs in private firms and nonprofits, rather than the public sector. The membership association Network of Schools of Public Policy, Affairs, and Administration has said the "reputation of public service is at stake for the next generation of public servants." On the last day of the shutdown, former Office of Management and Budget Director Jim Nussle told the advocacy group Campaign to Fix the Debt, "We may have already lost a generation of public servants who were watching over the past three years and saying, 'Forget it.'"

So far the effect appears to be less dire (see "When I Grow Up...," page 66). Certainly, says Bill Adams, professor of public policy and public administration at GW's Trachtenberg School, another election cycle of stalemates and uncertainty could begin taking its toll. But, he notes, the private sector hasn't necessarily been a more attractive alternative, as layoffs, cutbacks and hiring freezes haven't just been limited to governments.

The job security and benefits that the public sector offers, particularly in providing stable retirement benefits to long-term workers, are also not to be discounted, Adams says. But perhaps the strongest reason, he says, is that it takes a certain kind of person to be attracted to public service in the first place. Many students who are drawn to public policy are motivated by altruism. "They're looking for a job where they can help make the world a better place … and their motivation is really inspiring," Adams says. "I don't know that they are so easily deterred by that recognition that there will be challenges along the way."

—Liz Farmer

FLICKR/ROB SHENK

A Bigger Land Bank

LAND BANKS have become an increasingly popular tool for cities dealing with empty lots and abandoned property. Now the model may be getting even bigger: Philadelphia could soon become the largest city to create a land bank program, as part of its effort to more efficiently acquire unused property and get it into the hands of developers who want to do something productive with it.

Advocates for the plan say it's crucial for the city, given the steep costs that abandoned property can impose on a community. A 2010 study found that vacant and abandoned property in Philadelphia reduced home values by an average of $8,000, required $20 million in annual upkeep and deprived city coffers of $2 million in annual tax revenue. "There's a real financial cost to not doing anything," says Rick Sauer, executive director of the Philadelphia Association of Community Development Corporations, which has long advocated for a land bank.

There are roughly 40,000 vacant parcels in Philadelphia. Of those, about 30,000 are owned privately, and 10,000 are owned by a handful of public agencies, each of which historically has had different policies for disposing of it. Because of that convoluted structure, even when someone wants to pay to develop an abandoned area, it's not always a smooth process. "If you're trying to assemble a larger site for development—20 or 30 parcels—you could have a dozen different owners," Sauer says. "It's really quite a nightmare."

Under Philadelphia's land bank proposal, ownership of the city's vacant property would be consolidated under one agency in order to make the purchasing process easier for potential buyers. The city might also be able to strategically buy some private land if it could help make a package of publicly owned parcels more marketable. A bill introduced by City Councilwoman Maria Quiñones-Sánchez is being considered, and it has the support of Mayor Michael Nutter's administration.

Philadelphia's concept isn't new, but given the city's size, it's likely that other places that have struggled with similar challenges will take notice. Already, there's been an explosion in land banking in just a few years. The earliest land banks began in Atlanta, Cleveland, Louisville and St. Louis. As recently as 2005 there was just a smattering of communities with land banks, but by 2011 there were nearly 80, according to data compiled by Frank Alexander, a law professor at Emory University who's an expert on land banking.

John Carpenter, deputy executive director of the Philadelphia Redevelopment Authority, says the creation of a land bank would represent the latest in a slew of improvements the city's made in recent years to the way it handles vacant property.

New changes to state law allows the city to acquire delinquent property without putting it on the open market to the highest bidder, which could help ensure it's not acquired by speculators. Though still owned by separate agencies, all the city's vacant properties are now located in a searchable database, complete with a map and available to the public. Previously, the price of those properties wasn't available up front, but now it is. Those changes have already made a big difference. "It wasn't that long ago they didn't have this in an electronic format and they were working with three-by-five cards," Sauer says. "It was very challenging."

But the final step—actually creating the land bank—is the critical one. By bringing the property under one agency with one board of directors, Sauer says, Philadelphia can make more strategic, coordinated plans about what to do with it.

—Ryan Holeywell

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In Boston, a Swan Song Blog

ANYTIME AN OUTGOING governor or mayor turns over operations to an incoming administration, there's usually a transition binder packed full of documents on policies, budgets, procedures and best practices. But when you're a mayor who's held the same office for 20 years, well, you're going to need a bigger binder. That's one reason why Boston Mayor Tom Menino launched what may be the first-ever transition blog.

On Jan. 6, state Rep. Martin Walsh, who was elected last month, will take office as Boston's first new mayor since 1993. But back on Sept. 28, 100 days before that transfer of power, Menino launched next.cityofboston.gov and has been posting a daily stream of detailed offerings about successful operational plans, policy briefs and other minutiae that cover the city's myriad functions. Recent postings include details on state relations, summer jobs and the "City Hall to Go" mobile government program. Other information includes a finance calendar (departmental budget requests begin in January), details on recycling contracts, and a video explaining the city's 311 hotline and how it works.

Lawrence Harmon, a columnist with *The Boston Globe*, praised Menino's efforts, calling the blog "a nicely packaged gift" to his successor. More than that, Harmon said, the mayor's blog "offers some relief for those who despair about the intentions and competence of elected officials."

Certainly, the degree of detail about the mayor's policies and how a big city operates is unique. That's what caught the eye of Lee Rainie, director of the Pew Research Center's Internet Project. He says the blog adds a degree of transparency that takes the mystery out of municipal governance. "It really shows what government is all about."

DAVID KIDD

Mayor Tom Menino will step down after 20 years in office in January.

Menino, now 70, served as Boston's mayor an unprecedented five terms and during that time oversaw a city that has experienced an urban renaissance, becoming the economic and cultural engine for the region. Never known as a tech-savvy pol, he nonetheless embraced technology by creating the office of New Urban Mechanics, which has helped put the city at the forefront of government innovation. Now, as the mayor winds down the final days of his term, he has given his successor—and the general public—a panoramic view of how government works.

—Tod Newcombe

The Last City in California

JURUPA VALLEY is the youngest city in California, but it could soon become one of the shortest-lived municipalities in history. Incorporated just two years ago, Jurupa may be insolvent after 2014, officials say, unless the state steps in to help.

One key difference makes this suburban city of 100,000 stand out from the likes of San Bernadino, Detroit and other bankrupt cities: Jurupa's fiscal insolvency really isn't its fault.

Just two days before Jurupa became a city in 2011, California legislators, in an effort to balance the state's budget, raided a fund that had been set up to help new municipalities. That fund, which derived its revenue from vehicle license fees, provided extra cash to newly incorporated cities in order to help balance a property tax inequity that new jurisdictions faced thanks to a state proposition passed in 2004. The revenue loss has also hurt other Riverside County cities, including Eastvale, Menifee and Wildomar. But it's hit Jurupa Valley the hardest. The city lost out on $6.8 million in its first year, or 47 percent of its budget.

"We're trying really hard to make state legislators understand we're not coming up there for a handout," says Mayor Verne Lauritzen. "Just fix what you did to us. We're not asking for anything special."

Over the past two years, the city has cut to the bone to stay alive—it contracts out all its services and it rents space in a strip mall for city hall offices—while unsuccessfully lobbying Sacramento to reinstate the fund for new cities. If the state doesn't reopen the fund, it's conceivable that Jurupa Valley could become the last city to incorporate in the state.

"We should have been dead a long time ago," Lauritzen says. "We have positioned ourselves to where we can last 18 months or so before we run out of money. So we have one more shot." *—Liz Farmer*

THE BREAKDOWN

5,478

Number of school bullying incidents in Tennessee last year, according to the first-ever investigation attempting to count such incidents.

4.6%

Estimated proportion of children nationwide enrolled in charter schools this year, up from 1 percent in the 2000-2001 school year.

8

Number of states that passed legislation this year limiting the use of surveillance drones, according to the American Civil Liberties Union.

1,317

Head of cattle reported stolen or missing in 2012 in California, a 22 percent increase from what was reported before the recession. Analysts say higher beef prices are to blame for increased cattle thefts across the West.

SOURCES: *THE TENNESSEAN*, NATIONAL ALLIANCE FOR PUBLIC CHARTER SCHOOLS, *IDAHO STATESMAN*/CALIFORNIA BUREAU OF LIVESTOCK IDENTIFICATION, *THE NEW YORK TIMES*; IMAGE: SHUTTERSTOCK.COM

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The "Dome Mobile" appeared around town before a November vote to save the iconic but now shuttered structure.

Vote Clouds Dome's Future

WHEN IT OPENED IN 1965, Houston's iconic Astrodome stadium was considered an engineering marvel that solved a long-standing question facing the community: how to make a summer sport like baseball comfortable in a place notorious for its oppressive heat. But ever since the Houston Astros left the stadium following the 1999 season, the facility itself has become the subject of much head-scratching, as the community has struggled to figure out what to do with a massive structure so neglected that it's been condemned by the fire marshal.

Last month, Harris County voters answered that question, voting against issuing up to $217 million in bonds to renovate the facility. The overhaul would have entailed removing the seats, sprucing up the facade and building a pedestrian promenade, among other improvements, to transform the Astrodome into a sort of mega-venue that could have held events too big for traditional convention centers.

Since 2000, Houston has experienced an arena bonanza, opening new venues for professional baseball, football, basketball and soccer, all while allowing the massive Astrodome to further deteriorate. At one point, a group of investors had the exclusive rights to re-develop the stadium into a hotel, but the plan fell apart. Over the years, plenty of groups submitted ideas for reusing the stadium. None of the plans went anywhere, mainly because they didn't come with funding.

If the county's plan had been a success, it would have been something of an anomaly. Few major stadiums in the U.S. have ever come back from the brink, and the "no" vote likely means the stadium is headed for demolition.

For some Houstonians, however, the sentimental attachment to the Astrodome can't be overstated. In an editorial supporting the referendum, the *Houston Chronicle* said the Astrodome was just as important to the city as the arch is to St. Louis or the opera house is to Sydney. "It sort of put Houston on the map," Rusty Bienvenue, executive director of Houston's chapter of the American Institute of Architects, told *Governing* in 2011.

Harris County Judge Ed Emmett—who campaigned for the rehab—said it was never a given that a new version of the dome would be a moneymaker. And if the facility didn't exist, he allows, the county wouldn't have pursued building a similar structure. In other words, it came down to sentimental value for the city. "The dome, in many ways, defines our community," Emmett says. "It's here, and it's an asset that belongs to the taxpayers of Harris County. If we have it, we think we should use it."

—Ryan Holeywell

By Alan Ehrenhalt

Tax Now, Pay Later

Tax amnesties raise revenue quickly, but they send taxpayers the wrong message.

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Louisiana's tax evaders got a special deal this fall, one the state hoped they couldn't refuse. For a period of two months, ending on Nov. 22, they could pay up whatever they owed from past years while avoiding any legal penalties and skipping half the accumulated interest payments.

In making the offer, the state suggested that this tax amnesty was not something the scofflaws could expect to see again soon on such favorable terms. Meanwhile, the penalties for breaking the law would only grow more onerous. This was a rare chance for tax delinquents to wipe out a big chunk of their overdue tax bill.

Except that in Louisiana, it's actually not that rare. Residents with even a short memory will recall that the state tried a similar tax holiday just four years ago, also warning that no opportunity like it would be forthcoming in the near future. And those looking to the future may notice in the fine print that tax amnesties are scheduled again in 2014 and 2015, albeit with terms that are not quite so generous.

Admittedly, Louisiana is an outlier—it can legitimately claim to be the tax amnesty capital of the United States. In the years since 1985, it has offered some form of amnesty six separate times. But it's really only a question of degree. Virtually all the states do this sort of thing. In fact, since the early 1980s, according to records of the Federation of Tax Administrators, there have been 119 amnesties in 45 states, with 33 of them employing the tactic more than once.

The current year is actually a relatively quiet one on the tax forgiveness front. Aside from Louisiana, only Connecticut launched a revenue amnesty program in 2013. But nearly every state now has amnesty as a carrot in its basket of delinquency tricks. It has been used across the country 17 times since 2010 alone, and 51 times since the turn of this century.

Why the enthusiasm for giving scofflaws a break? Indiana University economists John L. Mikesell and Justin M. Ross pointed out last year in the *National Tax Journal* that the original idea behind tax amnesties was to use them as part of a broad scheme of revenue reform, in which the state would overhaul its collection processes in the direction of greater efficiency, and usually toughen up its enforcement system in the bargain.

That's not what's been going on lately, as Mikesell and Ross make clear. States declare tax amnesty periods now because they're desperate for a one-time boost in revenue to balance their budgets. This is what was behind Louisiana's decision to offer amnesty in 2013. The state needed $200 million to avoid deep cuts in its health-care programs, especially Medicaid. An amnesty offered the potential of bringing in roughly that much in quick dollars. So amnesty was swiftly put back on the table, even though it had only been four years since the last such effort.

What's the problem here? After all, tax evaders get a chance to square their debts, the state gets a badly needed infusion of cash and Medicaid doesn't have to slash its services to poor people. No general tax increase is necessary. Is there something wrong with that?

Actually, there's quite a bit wrong with it. Amnesty, when you stop to think about it, rewards those who evade the law at the expense of those who meet their obligations on schedule. That's true of almost any kind of legal amnesty, not just one dealing with tax compliance. In this particular case, people who refuse to pay at deadline time are in effect granted a loan between then and the amnesty period, to be paid off at a discount under the terms the state has established. As Mikesell and Ross point out, "Amnesty understandably strikes the public as a special deal for evaders and therefore arguably violates principles of general fairness."

But it's more than that. In the long run, amnesty discourages timely compliance. Why pay my full bill when it's due if I can count on holding the money for three or four years and paying it off without penalty and at reduced interest down the road? I might as well hold on to the check. Every person who does that eats into the amount the state actually collects from its revenue system in the long run. Some studies even suggest that the mere discussion of an upcoming amnesty program discourages people from filing timely returns.

One of the most sensible critics of tax amnesty is a man who used to be in charge of it, former Louisiana Revenue Director John Kennedy, now the state treasurer. "If you do one every 20 years, you can clean up some accounts," Kennedy says. "But we're doing it too often. It seems like they do one every Thursday now. It's a disincentive to people paying their taxes."

If the primary goal of tax amnesty is to raise a pot of money quickly, then it generally meets the test. In real dollars, California raised $683 million from an amnesty program in 2005; New Jersey hauled in $661 million in 2009; and Louisiana's 2009 amnesty pulled in $439 million in previously uncollected taxes. But the current one has been a more difficult sell, in large part because so little time has passed. Louisiana tax experts said that the state would be lucky to amass the $200 million it needs to meet its health expenditure shortfall. Other states have had the same experience: The more often you declare a tax amnesty, particularly after you have promised to hold them only rarely, the less money each one is likely to take in.

And states have gone to the well more and more frequently as time has gone by. As Mikesell and Ross document, nearly all states used to wait a minimum of 10 years between amnesties. In the past decade, barely a quarter have waited that long.

Connecticut tried something new with its amnesty program this year, hoping a little more stick and a little less carrot will lift its tax program closer to the goal of economic policy respectability. When it comes to overdoing the amnesty temptation, Connecticut is in about the same boat as Louisiana. It previously conducted amnesties in 1995, 2002 and 2009. To make this one a little more lucrative in the short run, Connecticut stipulated that those who signed up during the initial window of opportunity, between Sept. 16 and Nov. 15, could pay as little as 3 percent in interest on an unpaid balance that is a year or more old, a 75 percent reduction in the bill as it comes due. After that, the interest liability would go up by as much as 25 percent over and above the original amount. The hope was that those who were seriously behind in their tax bills, both private citizens and corporations, would be more encouraged to go for the early discount in order to avoid the hike that followed.

> "Why the enthusiasm for giving scofflaws a break? The original idea behind tax amnesties was to use them to reform revenue collection."

Like the amnesty in Louisiana and most states, the one in Connecticut won't bring in a ton of money in relation to the state's overall budget. In fact, it will bring in less than most states rake in during amnesties. According to one estimate, Connecticut can expect to realize about $35 million from its two-month window of reduced tax liability. More than that, some are projecting that it will have to deduct about $7 million from its revenue gain after subtracting the debt and interest it would have collected in 2013-2014 in the absence of any amnesty scheme at all.

I've never claimed to be an expert on tax policy, and I certainly have no special wisdom to offer on the technical questions that any amnesty is bound to generate. But I do have a few thoughts on the never-ending inclination of financially pressed states to come up with one-shot solutions to budgetary problems that are supposed to be dealt with on an orderly long-term basis.

Nobody is disputing that tax amnesties bring an immediate revenue boost that state budget writers find extremely helpful in meeting their constitutional responsibilities to come up with a balanced fiscal ledger sheet every year. But the evidence is overwhelming that they do nothing to enhance a state's economic health in the long or medium term, and probably even end up as a net fiscal negative. "Almost everything that gets collected," says Ross, "they would have gotten anyway. I would guess that it produces no revenue in the long run."

In the past few years, including during the recent recession, most states have become a little more embarrassed about pulling some of their old short-term fiscal tricks, such as conducting a fire sale of state fiscal assets that more prudently ought to be retained. Where this is accompanied by a serious long-term effort to meet state structural imbalances, they deserve some credit. My fear is that the warnings of the economic policy specialists about one-shot savings have led only to more clever ways to pull these off, and that tax amnesties are becoming a perennially popular one-shot.

In the broadest sense, the problem isn't budget gimmicks but short-term political thinking. And it's no surprise that short-term thinking often prevails among legislatures and governmental administrations that are defined by two- and four-year political cycles. Plug an immediate hole now, the thinking goes, and worry about the long-term consequences later. Until a solution to that problem evolves, it's unlikely we will see an end to tax amnesties or any of their even less reputable one-shot cousins. G

Email aehrenhalt@governing.com

By Paul W. Taylor

Radio Active

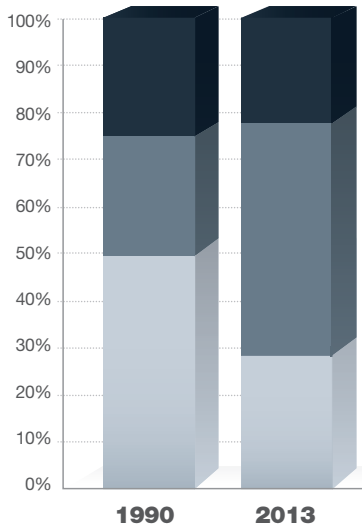
That other form of free media is about to change.

You may not listen as much as you once did, but something very interesting is about to happen on your radio dial (not that anyone has a dial anymore). The airwaves, which changed markedly in the last couple of decades, could do so again. Since 1990, 250 local AM stations have disappeared while the number of FM stations has almost doubled. Meanwhile, fledging Low Power FM (LPFM) stations have taken root in communities across the country.

In the coming months, hundreds of local community nonprofits will find out if their applications for licenses to run a new generation of 100-watt LPFM stations have been approved. At the same time, the Federal Communications Commission is taking a fresh look at AM radio with the intent of shoring up the country's oldest broadcast service. Among the FCC's five draft proposals is one that would allow AM programmers to apply for licenses for FM translators, where the audience remains relatively large.

Both initiatives are once-in-a-generation opportunities. The last FCC study of AM radio was a quarter century ago, when it showed that the hours people spent listening to radio had shifted away from AM, dropping to 30 percent from 50 percent. By 2010, that number had fallen to 17 percent overall and only 4 percent among young Americans. But AM radio defenders argue that the band still matters for at least three reasons:

- **Reliability.** In emergencies, transistor radios work when cellphones, Internet service and power go down.
- **Ubiquity.** People who don't have Internet access do have radios.
- **Equality.** Most female- and minority-owned radio stations are on the AM band and many AM stations serve ethnic and multilingual audiences.



Spectrum Shift

For more than 20 years, FM radio has been growing rapidly. But that has come at a cost to AM and community-based LPFM stations. That's now changing.

Changing Stations

	AM	FM	LPFM
1990	4,987	5,832	864
2013	4,738	9,458	788
Change	**- 5%**	**+ 62%**	**- 9%**

LPFM FM AM

Those last two reasons also motivated community activists to lobby for a second round of LPFM stations to be licensed to local, nonprofit groups. The push for more LPFM stations began originally as a response to the consolidation of ownership of commercial radio stations following the passage of the Telecommunications Act of 1996. An initial licensing window opened at the turn of this century, spawning new community stations from Opelousas, La., to Spokane, Wash.

While the music these and hundreds of other LPFM stations play is eclectic, their politics is similar. There is no ideological acid test in the licensing process, but what the LPFM activists have in common is a progressive worldview. Many LPFM stations carry locally produced and syndicated programming about ethnic and sexual minorities, feminism, the environment, social justice and income inequality.

The number of licensed LPFM stations could double, but it depends on how many can make it over the engineering, logistical, financial and organizational hurdles that prevented almost a third ofLPFMs in the original licensing window from ever hitting the air.

Still, there are at least three good reasons to pay attention to the community activism around these low power stations. For the first time, LPFM is urban. The FCC has opened up the country's largest cities to LPFM applicants over the objections of commercial (and public) stations in large markets, which feared potential technical interference and audience fragmentation. Second, at a time when citizen engagement is seen as antidote to toxic politics, LPFM is radio by and for engaged, dedicated groups of like-minded people who care about where they live and how decisions are made. Finally, the expansion of LPFM and the potential simulcast of AM stations to FM frequencies could infuse the passion of podcasting to terrestrial radio.

At a minimum, these new forms of local radio can add a wider variety of voices that can actually be heard by their neighbors. G

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SOURCES: DATA COMPILED BY *GOVERNING* FROM ARSTECHNICA AND THE FCC

By Donald F. Kettl

Redistricting Gone Mad

The roots of Washington's partisan gridlock can be traced to the halls of state capitols.

Fed up with nonstop congressional gridlock? You're not alone. A recent poll showed Americans had a higher opinion of root canals, head lice, cockroaches, Brussels sprouts, Genghis Khan and colonoscopies than of Congress. And that was before the government shutdown.

At the height of this fall's embarrassing crisis, the *New York Daily News* ran the headline, "D.C. cess-pols shut down government," to which *The Washington Post* responded, "The problem with that funny headline: These pols aren't from D.C." One *Post* writer went on to remind America, "You sent these wackos here."

The sad part is that these "wackos" don't need to worry much about being sent back home. In the 2012 races, 90 percent of members of the U.S. House of Representatives and 91 percent of members of the U.S. Senate won re-election. As John J. Pitney Jr., a Claremont McKenna College political scientist, told a reporter, "It wasn't a 'throw the bums out' election, it was a 'throw the bums in' election." The re-election rate in the House would have been even higher if redistricting hadn't pushed 13 House members into races against other incumbents.

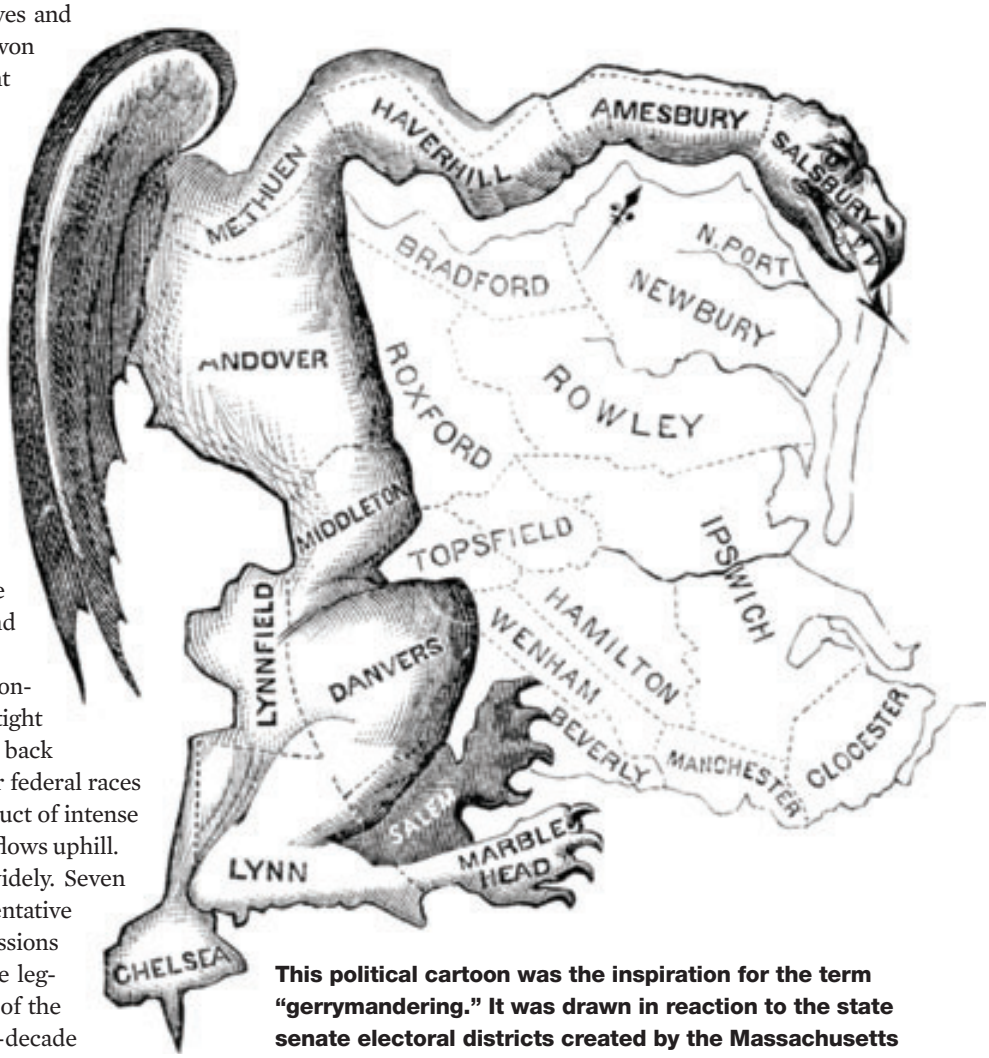
Once elected to the House, it's hard for most members to lose. *The Washington Post*'s Chris Cillizza found that 29 percent of House Republicans and an astounding 51 percent of House Democrats won their 2012 races with at least 67 percent of the vote. That means that 38 percent of the members of the House have little to fear at election time. The result, Cillizza says, is that "the incentive to cooperate with the other side and find bipartisan solutions is almost nil."

Who is to blame for so many members of Congress in super-safe seats and facing very few tight races? The roots of this imbalance run right back to state capitols. Drawing the boundaries for federal races is a state responsibility, and they're the product of intense state-level politics. It's a case where conflict flows uphill.

Within the states, redistricting varies widely. Seven states have it easy—they have just one representative to the House. Six other states rely on commissions to draw the boundaries. And in the rest, the legislature is in charge, and that's where most of the fireworks happen, especially after the once-a-decade Census starts the line drawing.

With the rise of personal computers, redistricting increasingly is a game anyone can play. All players have to do is download Census data—which they can do down to the block level—and then choose their favorite software (autoBound and DistrictBuilder are available for free) to create any kind of district. It's easy to punish your enemies and reward your friends.

Redistricting wars are nothing new, of course. In 1812, *The Boston Gazette* attacked Gov. Elbridge Gerry for drawing an especially contorted state senate district. At the time, the district was likened to a salamander, and thus the term "gerrymandering" was born. With sophisticated computer software, it's far easier to "gerrymander" districts, block by block, to protect incumbents



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This political cartoon was the inspiration for the term "gerrymandering." It was drawn in reaction to the state senate electoral districts created by the Massachusetts Legislature in 1812.

and reduce the number of truly competitive legislative races. And that's just what many states have done, setting the stage for all these nasty congressional battles over the budget.

Redistricting has made many Republican districts redder. Most of the Tea Party Republicans who forced Speaker John Boehner into a conservative corner are in super-safe seats with constituents cheering them on. And redistricting has similarly put many Democrats in districts that are only getting bluer.

Of course, it's much too simple to blame redistricting for the mess in Washington. For one, there are much deeper schisms at work. Racial and ethnic polarization is growing. Of the votes Mitt Romney received in 2012, nine of 10 came from white voters. Meanwhile, the Democrats have built up their base among Hispanics and have maintained their hold on black voters. Another schism is the growing separation of presidential politics from congressional races, which led the nation to re-elect a Democratic president while keeping Republicans in control of the House. Bridges between the president and Congress have crumbled, and recent battles haves only deepened the partisan polarization. The government shutdown also revealed a huge gap between the parties on the role of government itself.

These forces have made it harder to govern, and redistricting has only worked to shrink the incentives for both parties to compromise. Safe seats don't necessarily lead to extreme politics but, as political scientist Alan Abramowitz asked a reporter, "How do you build a coalition from the center out when there's no one in the middle?"

Redistricting in the states has helped erase the center and reinforce the extremes. In fact, the gridlock in Washington is simply the reflection of polarization in the states, and the recent budgetary escapades have only made it worse. We'll be able to govern in Washington again—but only when the states become more united. G

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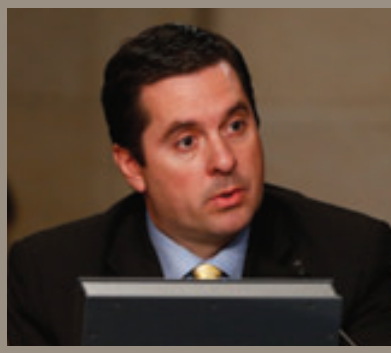
By Liz Farmer

Congress' Pension Play

Legislation could change pension filing requirements.

There's a bill in Congress that opponents say would create headaches for public pension managers and could make it harder to finance infrastructure development. So far the measure has sat quietly in committee. But that's no reason to brush it off, says one policy expert.

"People should take this seriously," says Jeff Hurley, a policy analyst for the National Conference of State Legislatures. "The federal government is looking at the unfunded liability of state and local [governments] and connecting that to [how] those governments serve the common needs of constituents by way of infrastructure. It is very scary."



California Rep. Devin Nunes

The bill—the Public Employee Pension Transparency Act (PEPTA)—would require state and local governments to file annual reports with the Treasury Department disclosing how they calculate their unfunded pension liabilities. Sponsored by Rep. Devin Nunes of California, the measure requires governments to use a rate of return pegged to a Treasury rate of 4 to 5 percent, instead of the more widely used 7 to 8 percent return rate. While not mandatory per se, the bill threatens to remove a vital infrastructure financing perk: Governments that don't participate couldn't issue municipal bonds tax-free.

Rep. Paul Ryan, who chairs the House Budget Committee, and Rep. Darrell Issa, who chairs the House Committee on Oversight and Government Reform, joined PEPTA in April as co-sponsors. Since then, eight more representatives have signed on and a companion bill has been introduced in the Senate.

This year marks the third time Nunes has introduced PEPTA, and he likely won't let the issue die. "He wants this to go somewhere," says Jack Dean, founder of the website Pension Tsunami, which takes a critical look at public pensions' mounting liabilities. "This problem is not going away. It's only going to get bigger."

PEPTA opponents say the bill's proposed accounting methods and requirements would add redundant work on top of other pension reporting changes that are already taking effect. New Governmental Accounting Standards Board reporting requirements, for example, now require that plans apply a market rate of return (typically 3 to 4 percent) to any portion of their plan that's not funded. The change should have little impact on well funded plans, but it will exacerbate the pension problem for poorly funded ones.

It's unlikely lawmakers would move on the measure in the waning weeks of this year, but pension reform could become a front-burner issue in 2014. That's what happened this past summer, when Detroit's bankruptcy brought attention to public pensions. The city's $18 billion in debt included $3.5 billion in pension liabilities, and those skeptical of current public pension plan reporting quickly seized on Detroit as the latest example of a broken system. A week after the filing, Sen. David Vitter of Louisiana moved forward on a bill to bar federal bailout of any city, state or county. His attempt failed, but it should put states and localities on alert, says Hurley.

"We saw increases in pension legislation and [related] amendments after Detroit," he says. "There's a worry that PEPTA could be part of a bigger measure."

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By David Levine

Check-Outs and Check-Ups

Health care comes to public libraries.

Despite years of cutbacks in staff, hours and financial support, the nation's 8,951 public libraries remain, for many communities, an important social center. More than just lending books and DVDs, libraries offer all kinds of programs on important issues, not the least of which is health. It's hard to find a library that doesn't offer some kind of wellness class. But it is rare to find a library system that offers actual health care.

DAVID KIDD

Nurses can be found at some public libraries.

Libraries have hired child psychologists, social workers and language teachers. But only one public library system is known to employ a full-time nurse: the 27-branch Pima County, Ariz., Public Library. Nurses from the county's Department of Health take turns working with library management and security personnel to assist customers with social, behavioral, physical and emotional problems, as well as performing health screenings and occasional immunization clinics.

"This has been a tremendous collaboration between the library and the health department," says Amber D. Mathewson, library service manager. "Public health nurses have direct contact with individuals who might not know about their services. Having nurses regularly visit libraries has helped to de-escalate incidences with individuals who are mentally ill and need to connect with services, and has helped individuals make connections that might have ended up in 911 calls."

Like Pima County, the Queens, N.Y., library system, which is one of the largest in the country with 62 locations, has an onsite health-care program. It partnered with the Joseph P. Addabbo Family Health Center, the Albert Einstein College of Medicine, and other health and community organizations to offer a program called Queens ConnectCare at eight libraries in the neighborhoods of Rockaway and Jamaica. Both these neighborhoods are government-designated health professional shortage areas. The program offers free health screenings for conditions like high blood pressure and blood sugar, and helps those who need it to make an appointment with an Addabbo physician.

Queens ConnectCare is about two years old, says Savitri Seupersad, the program's health outreach specialist, and it's funded by a grant from the New York State Health Foundation. Usually a class—say, Zumba fitness or healthy cooking—is scheduled to draw people in, and those who attend can get screened at the same time. "Screenings are the foundation of the program," says Seupersad. "As far as we know, we are the only library in the country to offer them like this." She says that there is at least one program offered almost every day at one or more of the library branches.

Much of the participating population is uninsured, and a significant number are undocumented, so they are unfamiliar with the health-care system. "We explain the process to them," she says. "A lot of our customers are concerned about the cost, and Addabbo has a sliding fee scale so people are billed based on their income. It's a good way for undocumented people to receive care."

Seupersad, who has a master's degree in public health from Hunter College, was initially surprised at the program's success. "I don't live in Queens, so I didn't know how heavily used the libraries are here," she says. "We can get 50 people at an exercise class. That's huge." But the high turnout for the programs was not a surprise to Susan Benton, president and CEO of the Urban Libraries Council. Libraries rank high on the list of government agencies people trust, she says. "Libraries are incredibly flexible and innovative in meeting the needs of the community they serve," Benton explains.

Albert Einstein College is analyzing the data out of Queens to determine whether wellness classes themselves have an impact on enrollment into primary care. Seupersad, for one, is already convinced that these programs have value. "[There] was more need than I realized when I started, and I think we are succeeding." G

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By Elizabeth Daigneau

'One Bin'

Houston wants to get rid of recycling bins altogether. It's a controversial idea.

"What if everything you put in a waste bin could be recycled? What if 'trash' became extinct? And what if you no longer had to sort your plastic cups from your glass jar from your banana peel?" Those were the questions posed by Houston Mayor Annise Parker earlier this year. Houston, which has a measly recycling rate of just 14 percent, was proposing to get rid of recycling bins altogether. By centrally processing and sorting waste, Parker suggested, the city could eventually divert up to 75 percent of all trash from landfills.

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Americans have been rcycling glass, cans, plastics, paper and cardboard for 40 years now. Yet recycling rates remain very low. U.S. cities only effectively recycle about 30 percent of their trash, according to the Environmental Protection Agency. So, Houston asks, why not "stop recycling"? Instead of multiple bins, multiple trucks and multiple routes, which in turn lead to increased operating costs and increased greenhouse gas emissions, Houston wants to cut all that and use one bin for recyclables and trash.

In March, Bloomberg Philanthropies gave Houston $1 million to begin work on a single-bin solution. The city got the ball rolling in June, issuing a request for qualifications. If all goes well, in two years the city hopes to have residents throwing trash and recyclables into one bin to be sorted at a new $100 million facility, which would be built and run by a private firm.

What's not to love about an idea that increases a city's recycling rate fivefold and simplifies the process for everyone? As it turns out, there's a lot not to like about it, according to the Texas Campaign for the Environment (TCE), a nonprofit advocacy group in the state. "The problem with this is obvious," Andrew Dobbs, TCE's program director, said in an October video explaining the group's opposition to the project. "When you mix clean recyclables in with dirty trash, it comes out dirty. This contamination robs recyclables of value," making them harder to sell.

In fact, China, the largest market for U.S. recyclables, has banned dirty "foreign rubbish." *The Christian Science Monitor* reported in June that, as a result, "cities and towns across the U.S. and Europe are finding there is no longer a ready market in China for their poorly sorted and often impure bales of plastics, paper, and other waste."

But even worse, Dobbs argues, is that Houston's One Bin For All program, as it is called, discourages recycling. "When you tell people not to think about their discards," he said, "you are sending them the wrong message. Reduction and reuse are the highest and best uses for every product." To that end, Dobbs points to Austin, which passed a zero waste plan in 2011. Dallas has also passed one; San Antonio has passed a "pathways to zero waste" plan; and Fort Worth is considering one. And for those who argue that zero waste plans are more philosophical than practical, the TCE counters that curbside recycling is a better solution. San Francisco, for example, already has an incredibly successful curbside recycling program: They recycle 80 percent of their waste.

There are other options as well. Several cities are trying pay-as-you-throw programs, where residents use designated bags and are charged based on the amount of trash they throw away. WasteZero, a private company that specializes in these programs, says its cities have seen a 45 to 50 percent reduction in solid waste since implementing pay-as-you-throw, and a commensurate increase in recycling rates.

Some environmentalists support Houston's One Bin plan. Elena Craft, a health scientist at the Environmental Defense Fund, told the *Houston Chronicle* that she thinks the idea "is an interesting and innovative approach to the issue. The City of Houston needed to take a proactive step to deal with its low recycling rate. I believe the concerns that have been raised by others can be addressed."

But ultimately what Houston wants has never been done before. For that reason, Laura Spanjian, the city's director of sustainability, is asking for patience, "Keep an open mind and support new ideas that are trying to do something better, if different." G

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By Alex Marshall

Tall and Out of Reach

Skyscrapers seem to be growing along with income inequality.

A new generation of "super tall" apartment buildings has emerged in New York City.

FLICKR/DUMBO711

Like tall, new, elegantly dressed kids in class, they poke their shoulders and heads above their classmates, peering out over and into Central Park. There is the just-completed One57, a 1,004-foot-tall building where a duplex inside its shimmering, multicolored glass walls costs $90 million. There's the under-construction 432 Park, designed by South American architect Rafael Viñoly, whose top floor at 1,398 feet will be higher than that of the Empire State Building's. And there's the planned 1,550-foot Nordstrom Tower, where the luxury department store will take up the first eight floors and residences most of the rest.

It's the latest trend in New York City: "super tall" residential skyscrapers. A half dozen or so, maybe more, are going up, and they are remaking the city's skyline. Not many other American cities are joining New York in this trend, but it's a different story across the waters.

Skyscraper construction has exploded over the last decade, particularly in Asia and the Middle East. China now has more than 1,200 skyscrapers, according to the nonprofit Council on Tall Buildings and Urban Habitat. These include close to 300 giants more than 200 meters high (656 feet) and 24 super tall ones that are more than 300 meters tall, roughly 1,000 feet. In the United Arab Emirates, a country of just 8 million people, there are more than 250 skyscrapers, of which 20 are super tall ones. Most of them are in the emirate of Dubai, including the Burj Khalifa, the tallest building in the world.

By comparison, the United States has 900 skyscrapers. These include 163 above 200 meters and 14 super tall ones. (These figures do not include those under construction.)

As these buildings have shot upward, something else has too, something perhaps less awe-inspiring than a quarter mile of glass: inequality of income and wealth. In the United States, it's an ongoing political debate about whether this matters and what to do about it. There are different ways to measure income and wealth inequality, but by any measure, places like China and Dubai rank extremely high in it.

In China, the richest 10 percent make 21 times more than the poorest 10 percent, according to United Nations statistics. In the United States, that number is 16 times. In Germany it's 7 times, and in Japan, it's 4.5 times. Germany and Japan have few skyscrapers. China and the United States have a lot. Is it any accident then that China and New York City, which have perhaps the greatest distance between their rich and poor, also lead the nation in skyscraper construction?

I don't think it is. I first wrote about this issue back in 2006, and what I noticed then was that nations that have relatively equitable incomes, much more so than the United States, have few skyscrapers, whereas nations with great wealth and great poverty have more.

I believe a city's skyline is a physical portrait of the distribution of wealth

and thus political power in a society. For example, cities and countries where the middle and lower classes have more political power tend to regulate skyscrapers out of existence. As cool as 1,000-foot buildings may look, they don't make particularly good neighbors. They blot out light and air to surrounding properties, and with them usually comes soaring real estate values.

But these are just theories. Can they be supported by evidence?

Jason Barr, an economist at Rutgers who was intrigued by my initial essay, has been collecting and analyzing data on the subject over the last few years. His work is not finished, but his latest findings suggests that there is a correlation between super tall skyscraper construction in New York City over the last century and years when the top 1 percent garnered the largest share of national wealth. For instance, inequality hit a peak in the late 1920s—when the Chrysler and Empire State buildings went up—and in the current decade, which is also witnessing a new round of skyscrapers.

Barr has also found evidence that doesn't fit my theory. Brazil, like China and New York, has great income inequality and relatively high wealth, but few skyscrapers. "There is this desire to really stand out," Barr says. "That doesn't seem to exist as much in some countries, and really seems to exist in others. I don't know what to tie it to yet."

Whatever the cause, the new skyscrapers in New York elicit awe and a bit of joy in me. They are stunning to look at from the greenery of Central Park. At the same time, it saddens me to think that the best apartments, those in the sky, will probably be empty most of the time.

As with the chateaus of France centuries ago or the great mansions of Newport, R.I., in the late 1800s, families that can afford multimillion dollar apartments usually own many homes, and occupy them briefly. G

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URBAN NOTEBOOK

By Tod Newcombe

Educating El Paso About New Urbanism

City officials hope to reinvent the sprawling city.

For more than 50 years, developers and city officials in El Paso, Texas, worked from the same page when designing and approving new commercial, institutional and residential developments. New buildings tended to be low-slung, sprawling complexes designed for cars and not the city's residents.

That's changing. El Paso officials want to reinvent the city using new urbanism—meaning a greater emphasis on dense, walkable neighborhoods, more green spaces and mixed-use buildings that are street-oriented. But there was a big problem early on: The local development community and architects were still designing the old-fashioned way. As a result, the city increasingly rejected projects, while the developers pushed back, complaining that city officials weren't doing a good job communicating what they wanted.

That's when City Manager Joyce Wilson finally turned, exasperated, to her development director Matthew McElroy and asked, "How do we get to a place where everybody gets this?"

The answer: Develop a training program for both public officials and the private sector on new urbanism. McElroy had already taken an accreditation course from the Congress for the New Urbanism (CNU), an organization that promotes mixed-use and sustainable neighborhood development. The course, developed in partnership with the University of Miami, teaches the core principles of new urbanism, including the common language and best practices of urbanism.

El Paso ended up offering a nine-week session on new urbanism to its department heads and engineers, and has since opened the course up to the private sector. The city also started requiring that any design firm that wants to do capital work with the city has to have someone on the team accredited in new urbanism practices.

CNU isn't the only organization offering new urbanism courses. The National Charrette Institute teaches project managers how to run a collaborative, public design process that incorporates sustainability, regional planning and transportation planning. Another organization, the PlaceMakers, offers online discussions, webinars and training around new urbanism.

For El Paso, the impact of new urbanism training has been dramatic. Where once the development and architectural community "just didn't get it," according to McElroy, it now really pushes "the quality of design quite a bit." The training has led to better designed corner street stores and has influenced a number of large-scale projects, including a new museum, arena, ballpark, cultural center and parks.

The result, says McElroy, is that new urbanism concepts have become institutionalized. El Paso now has a design review commission, something that wouldn't have existed a few years ago. "Design has become such a focal point," he says. G

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FLICKR/ERIC ENDERS

GOVERNING

PUBLIC OFFICIALS OF THE YEAR

Government at its best is about creating opportunities for all. Strong leadership means providing every citizen—everyone, in every community—with the chance to grow, prosper and thrive. It means connecting people with the resources they need to make a better life for themselves and for their families.

This year's nine Public Officials of the Year know the value of using government to help citizens. These men and women have each dedicated their careers to ensuring that no one is forgotten or left behind. They've revolutionized health care, imagining it not just as a system for delivering medical procedures but as a way to truly help improve lives through healthier communities. (And they're doing it light-years beyond federal health insurance reforms.) They've used sound management and cutting-edge data to make sure government programs are working for those who need them the most. They've pioneered innovative programs to help break the cycle of poverty. They've put aside party politics to enact bold new measures. And when tragedy hits, they've been there to connect residents with the help they needed.

Through their continued commitment to creating new opportunities and improving government, these nine officials have demonstrated the true power of public service. We're grateful for their outstanding leadership, and we're proud to honor their inspiring achievements.

LEAH NASH

Dr. Yes

John Kitzhaber

Governor, Oregon

As John Kitzhaber prepared to step down in 2003 after serving two terms as the governor of Oregon, he issued a warning. Oregon, he said, was on the verge of becoming "ungovernable." Feuds with Republicans in the legislature had resulted in 200 vetoes, earning Kitzhaber, a former emergency room physician, the nickname "Dr. No." When he left Salem, few expected he'd return.

"I was pretty burned out, pretty disillusioned," he says now. But when the economy collapsed in 2008, the former governor began to think about a return. The next year, he surprised political observers by announcing he would run for a third term. He won by a mere 21,000 votes, in the process becoming one of the nation's few third-term governors.

Kitzhaber immediately confronted a $3.5 billion revenue shortfall—a significant sum for a state with a general fund budget of $14 billion—as well as a House that was evenly divided between Democrats and Republicans. In Washington, it would have been a recipe for gridlock. In Salem, it became the basis for a remarkable series of bipartisan achievements. Democrats agreed to make steep cuts to balance the budget. Republicans agreed to pass House Bill 3650, one of the nation's most daring efforts to change the way health care is delivered. It's an ambitious bid to cut the growth of health-care costs by transforming Oregon's Medicaid system into a network of coordinated care organizations. The Salem-based *Statesman Journal* described the legislative session "as one of the most remarkable in the state's history."

Early successes seem to have whetted Kitzhaber's appetite for change. In the special legislative session that ended in October, Democrats voted for cuts to public employee pension funds, a change that will reduce the state's unfunded pension liability by a third. Republicans accepted tax increases on corporations and wealthy individuals. Both parties agreed to build on a previous education reform package by passing legislation that funded additional teachers and school days, as well as providing tuition relief.

What distinguishes Kitzhaber is his readiness to try new things, says Ray Scheppach, the former executive director of the National Governors Association, now a professor at the University of Virginia. "He is willing to take risks, to innovate and sometimes to fail," says Scheppach. "And that's a good thing." Consider HB 3650. It's an attempt to coordinate treatment for the sickest and costliest people while promoting health more broadly. It's also a gamble. In order to receive $1.9 billion over five years from the federal government, the state promised to reduce the annual rate of Medicaid growth per capita by 2 percent by 2015. If it fails, Oregon could face significant penalties.

Failure isn't something Kitzhaber appears to think about very much. Indeed, he's indicated that if he seeks and wins a fourth term, his top priority will be overhauling the tax code in a way that stabilizes revenues. He hasn't ruled out a sales or consumption tax, even though Oregonians have voted down sales taxes nine times since 1957. And Kitzhaber has indicated that he won't be pushing a proposal so much as an approach. "The role I play now is as convener," says Kitzhaber, who served as the state Senate president for eight years before first becoming governor in 1995. "I try to be a facilitator between the parties and develop a space for trust."

It's hard to disagree with the results. In the last special session, legislators approved all five of the bills he presented. Number of vetoes so far in the third term? Just four.

—John Buntin

Putting People Over Politics

William Howell

Speaker of the House of Delegates, Virginia

Virginia House Speaker William J. Howell found himself in a tough spot earlier this year. In the Senate, which was evenly split between Republicans and Democrats, GOP members took an opportunity to push through a controversial redistricting plan while one Democrat was away attending President Obama's inauguration.

If Howell, a Republican, didn't back the plan, he risked alienating members of his own party. Passing the GOP-friendly map, however, would have injected partisan rancor into the House and Senate that could easily have derailed top legislative priorities.

Under extreme pressure from both sides, Howell opted to kill the measure with a procedural move. It was one of several key moments in which the longtime speaker has guided the legislature through a productive session, often at his own political peril. (After he nixed the bill, the Republican caucus responded by shutting him out of a closed-door meeting.)

Transportation funding is another example. Year after year, Virginia lawmakers had failed to agree on new sustained funding; the last major overhaul was in 1986. This year Howell sat down with Minority Leader David Toscano to plot out a strategy. While the two had rarely worked closely in the past, Howell knew that any transportation bill would need true bipartisan support. "We differed on how to address the problem, so we got together and worked across party lines," Howell says. "A lot of my conservatives hate me saying that. But I think at the end of the day, it was the right thing to do."

Lawmakers eventually hammered out a sweeping new transportation bill, providing an estimated additional $5.9 billion over the next five years, primarily via a sales tax increase and by replacing the per-gallon fuel tax with a levy on the wholesale price of gas and diesel. "The speaker realized it was our last shot for four or five years to do something," Toscano says. "If we didn't put our political differences behind us, we would not have gotten anything."

Getting to the eventual deal was difficult for all involved, but it was Howell who arguably took the most heat throughout the legislative session. And had he not killed the redistricting measure, the transportation bill "probably" would have failed to garner enough Democratic votes, Howell says. Upon passage of the bill, Howell was again attacked by fellow Republicans and Tea Party groups. Tax activist Grover Norquist assailed him for a "misguided $6 billion tax hike."

Virginia's political observers describe Howell, who works as a wills and trust lawyer out of a log cabin office, as a statesman. While his views are politically right-of-center, he says he ultimately prefers reaching consensus. The hard-fought transportation bill, which he called the most difficult of his career, is proof that it's working. "It's a great illustration," he says, "of how the states can work differently and apart from what's happening up in Washington."

—Mike Maciag

DAVID KIDD

BENJAMIN RASMUSSEN

Hire Power

Kathy Nesbitt

Executive Director, Colorado Department of Personnel and Administration

Two years ago, Colorado was facing a workforce crisis familiar to governments across the country. One-third of its 33,000-person public labor force was eligible for retirement. At the same time, the state's 92-year-old hiring system was hopelessly antiquated. When Kathy Nesbitt took over as the state director of personnel in 2011, she had her work cut out for her.

Nesbitt, who had spent her career in private-sector labor relations, most recently as Kaiser Permanente's director of human resources in Denver, immediately set about overhauling Colorado's outdated system. Take, for example, the rule that supervisors could only interview three candidates for a job before making their selection. If they weren't wowed by anyone? Too bad. "It was so structured and so rigorous," Nesbitt says. "I was blown away by those types of rules being in place."

Making Nesbitt's reform efforts even more difficult was the fact that Colorado's rigid personnel system was actually enshrined in the state constitution and would require an amendment to make any changes. Three prior attempts to reform the state's hiring practices had failed. So Nesbitt started talking with people. She spent endless meetings with lawmakers to create a bipartisan bill in 2011. She and her team also met with the state employee labor union to help craft the language in a way that everyone could agree upon. She traveled across the state and met with more than 6,000 employees to talk about the proposed changes. Their support helped the amendment pass in 2012 with 56 percent of the vote.

Enacted this year, Nesbitt's "Talent Agenda" reforms have already made a major impact. Hiring times, which previously had taken up to three months, have been cut in half. Supervisors have greater flexibility in interviewing and hiring. A new merit-based pay system rewards an employee's performance as well as her years of service.

Part of Nesbitt's ingenuity and tenacity stem from her experience in the private sector, says MaryKathryn Hurd, the legislative liaison for the state Department of Health Care Policy and Financing. "She had the ability to look at the state system in ways that those who are in the system can't. When she'd get the response back that, 'This is how we've always done it,' she had the ability to say, 'That's not good enough.'"

Now Nesbitt is turning her attention to another challenge: retaining quality employees. She's focusing on performance management and keeping her workforce engaged. "We still have miles to go," she says.

—Liz Farmer

The People's Banker

José Cisneros

Treasurer, San Francisco

San Francisco's treasurer is elected to act as the city's banker, tax collector and investment officer. Yet in the last eight years, the office has become a laboratory for creative ideas to help families break the cycle of poverty. The man behind those efforts? José Cisneros.

This year Cisneros worked with the San Francisco school district to open college savings accounts for every kindergartner entering the public school system, with $50 in public funds deposited up front. The policy incorporates a cocktail of public and private funds meant to encourage parents to set aside money for their children's higher education costs. It's also supposed to have an aspirational effect: If children know their family is saving for college, then they might be more motivated to attend college (academic research backs this up). A handful of jurisdictions across the country are already looking at replicating Cisneros' model.

That's merely the latest of the treasurer's antipoverty initiatives. The first was the city's working families tax credit, launched in 2005. The goal was to increase local participation in the federal Earned Income Tax Credit; some 9,500 families have signed up for both tax credits as a result. Then there's Bank On San Francisco, Cisneros' innovative idea to work with banks to make it easier for low-income residents—people who typically would resort to predatory payday lenders and check cashers—to maintain checking accounts. To participate, banks waived overdraft fees and other charges. Since it launched in 2006, Bank On has helped more than 90,000 San Franciscans, and it has inspired a national trend. Today more than 100 cities across the country have adopted their own Bank On programs.

Cisneros has become a national leader on financial inclusion, says Reid Cramer, director of the Asset Building Program at the New America Foundation, a think tank in Washington, D.C. "It's been inspiring to see a public official expand the mandate of his office in such a productive way. He's taken ideas that were incubated in the stale halls of think tanks and academia and made them a reality."

How did the treasurer transform his office into a shop for antipoverty initiatives? "It's a really unusual combination of creativity and willingness to take risks," says Cliff Johnson, who oversees education and family policy for the National League of Cities. "Most treasurers wouldn't think this was part of their job at all."

But Cisneros says his office is the perfect place to think up policies that help low-income families move up the economic ladder. Ultimately, San Francisco's campaign against poverty is about addressing financial matters, he says. Because he regularly interacts with all of the city's major financial institutions, Cisneros was able to convince banks to offer safe, low-cost services for the Bank On program. At the same time, because his position is elected, he's positioned to communicate to low-income families the importance of saving. "Going through the election process gives me as a city leader a different kind of visibility," he says, and "a voice that is able to reach the people who need to hear this message." **—J.B. Wogan**

DAVID KIDD

SCOTT STEWART

Setting the Right Course

L. Brooks Patterson

County Executive, Oakland County, Mich.

Much attention has been given this year to the economic struggles of Detroit. But in Oakland County just to the north, it's a far different picture. One key reason is the leadership of Oakland County Executive Brooks Patterson.

After the 2000-2001 recession, much of Michigan struggled to recover and lagged behind the rest of the nation's economy. But the aftermath of the 2008 recession marked a turning point in southeast Michigan: Oakland County began to thrive while Detroit continued to decline. Oakland's resilience is due in large part to an idea Patterson first expressed more than 16 years ago. In his 1997 state of the county address, he outlined his vision for diversifying the economy by making the region a top draw for tech companies. The cultivation of Automation Alley is a big reason why Michigan began landing on top tech lists in the past five years, and why the state led the nation in tech job growth between 2009 and 2010.

As a membership-driven business association, Automation Alley connects the business community with the qualified workers it needs. It also turned out to be "a huge support network during one of the worst recessions we can all remember," Patterson says. For example, the association worked with a local tech college to create a program for retraining laid-off auto engineers; that program helped 90 people find new jobs during the downturn.

The focus on tech growth has paid dividends for Oakland County. In 2011 and 2012, Oakland gained 48,000 jobs, its best back-to-back years in nearly two decades. More than half of those new jobs were in high-wage industries. It's a recovery that University of Michigan economist George Fulton characterizes as "red hot." Fulton predicts that Oakland will add another 41,000 jobs through 2015.

But job growth is just part of the picture. In 2006, Patterson pushed to make Oakland the only county in the nation to implement a rolling three-year budget plan. That turned out to be another factor that helped the county weather the impending downturn. (The timing was fortuitous, Patterson says, "I'd rather be lucky than good.") Between 2007 and 2012, the county's property tax collections declined by roughly 40 percent, says Tamara Lowin, director of research at municipal specialist Belle Haven Investments. But, she adds, "prudent and conservative budgeting ensured that when they hit difficult times, [officials] were able to address their issues without devastating the level of services for their citizens."

Now in his 21st year on the job, Patterson still has an eye for innovation. In this year's state of the county address, he announced the launch of a new website to match people looking for job skills training with trade schools in the region. "He accepts the value of change and the importance of it," says Ken Rogers, executive director of Automation Alley. "I wouldn't work for a government official other than him."

—Liz Farmer

A Healthful Overhaul

Karen DeSalvo

Health Commissioner, New Orleans

New Orleans' system of health care had big problems even before Hurricane Katrina. But the 2005 storm laid bare the city's gap in access to quality community care. That's when Dr. Karen DeSalvo began helping the city rebuild better, stronger—and healthier.

When the hurricane hit, DeSalvo was serving as the chief of internal medicine at the Tulane School of Medicine (where she had earned her medical doctorate, as well as a master's in public health). In the immediate aftermath of the storm, she worked with a group of doctors practicing out of makeshift clinics around the city. Moved by those experiences, she shifted her focus to help New Orleans create an entirely new system for delivering primary care. DeSalvo was instrumental in developing a network of more than 100 neighborhood-based "medical homes" providing health-care access for uninsured, underinsured and low-income patients.

DeSalvo's success gained the attention of Mayor Mitch Landrieu, who in 2011 tapped her to be his health commissioner. But unlike health commissioners in the past, he wanted her to play a very different role: taking on the city's entire approach to public health and re-envisioning it from the ground up. DeSalvo wanted to transform the health department from a reactionary agency focused on clinical care into a comprehensive resource aimed at making New Orleans a healthier place to live. To accomplish that, she knew she needed to engage academics, business leaders and nonprofits. "We can work around issues of equity and access and quality and affordability that really are cross-cutting," she says, "and really do better on focusing on everyone in the city—not just one population or another."

The result? Fit NOLA, a sweeping initiative to improve the public's health and address New Orleans' chronically high rates of obesity, diabetes and high blood pressure. Launched last year, it brings together more than 100 organizations to encourage active lifestyles and improve access to nutritious foods. It's no mere get-fit campaign. Fit NOLA represents a radical new paradigm for the health department. DeSalvo's team is now focused on things like adding new bike lanes, building parks and bringing supermarkets to underserved areas.

The department today is more proactive and more receptive to working with the private sector, says Warner Thomas, the CEO of Ochsner Health System, the largest nonprofit health system in the state, which has supported the efforts with an incentivized wellness program, reduced prices at fitness centers and modifications to food options on its campuses. "I just see a much more collaborative department of public health for the city," Thomas says. "That's been a huge change since Karen has taken over leadership."

Similarly, DeSalvo worked with Edible Schoolyard New Orleans to create a wellness campaign. That kind of partnership would have been inconceivable in the past, says Executive Director Claudia Barker. "There was never any kind of initiative like this that embraced providers and people that work in schools and community centers."

DeSalvo initially planned to serve in the health department for only a year. But as she's watched the agency transform into a powerful new force for improving lives, she has felt compelled to stay on. "I did intend to stay for a year," she says. "But I underestimated how much I'd enjoy working for the people of New Orleans. It's a really special honor."

—Chris Kardish

MARY LOU UTTERMOHLEN

DAVID KIDD

Access for All

Anthony Brown

Lieutenant Governor, Maryland

Anthony Brown has seen firsthand the challenges of providing medical care for the poor. As a kid growing up on Long Island, N.Y., Brown watched his father, a doctor, struggle to maintain a practice committed to serving people who could not afford to pay for their treatment. The practice folded in just three years.

It's an experience that made a lasting impression on Brown. As Maryland's lieutenant governor since 2007, he has focused not only on addressing inequalities in primary care but also on the lack of resources that fuel them. That led Brown to spearhead a health policy initiative unlike anything else in the nation.

The new program, which Brown helped shape and push through the state legislature, came to life in January. The Health Enterprise Zones project provides $16 million in grants, tax breaks, loan assistance and other incentives to five health organizations in targeted areas around the state. That focus on underserved communities was familiar to Brown, a former Maryland House delegate since 1999 who had worked to strengthen development in economically depressed areas.

Brown's initiative is modeled after economic enterprise zones, as well as the Harlem Children's Zone project in New York, which provide intense, laser-focused resources to specially designated communities that need help. Applying that idea to medical care was an important innovation in a state like Maryland: Despite ranking among the highest states in primary-care physicians per capita, Maryland's African-American residents are far more likely to die as infants, lack prenatal care or suffer from costly illnesses such as diabetes and heart disease.

"I'm more inclined to support an incentive than a mandate," Brown says of the Health Enterprise Zones. "Although I understand the importance of mandates, I think if we can incentivize conduct and behavior we'll get more people to buy in to what we're trying to accomplish."

Indeed, Brown has led much of Gov. Martin O'Malley's health reform effort, working with the legislature to pass Medicaid expansion and create a state-based insurance exchange for residents to purchase private coverage. In addition, he's worked to curb domestic violence, improve services for veterans and boost access to higher education. "There is no one who has been as active in the policy arena as a lieutenant governor in my 28 years here that would even come close to Anthony Brown's involvement," says Maryland House Speaker Michael Busch.

Brown, who is one of the highest-ranking state or local public officials to have served in the Iraq War, is now running to fill O'Malley's seat when the governor is term-limited out in 2014. Brown says he plans to focus on infrastructure investments to boost the economy, career-readiness for the state's youth and continued health reform. "But what really underlies the work I do," he says, "is eliminating the gaps and inequities that exist in our economies and our communities." **—Chris Kardish**

DAVID KIDD

The Voice in the Storm

Emily Rahimi

Social Media Manager, New York City Fire Department

At 7 a.m. on Oct. 29, 2012, Emily Rahimi already had an inkling that she was in for a long day. In anticipation of Hurricane Sandy, New York City officials had closed the subway, so she hitched a ride with a co-worker to her job at the city fire department. "I expected to be here pretty late," says the 36-year-old social media manager behind @FDNY, the fire department's Twitter account. Rahimi didn't go home until 6 p.m. the following night.

In that 36-hour span, Rahimi became a one-woman response team for city residents stranded by Sandy, people who needed emergency assistance and couldn't get through to 911 dispatch. One man tweeted that his father, who had suffered a heart attack weeks earlier, had been unable to evacuate when the storm reached land. Now water was rushing into their apartment. "He said they were standing on the furniture," Rahimi recalls. Things got worse when much of the city lost power. One person tweeted a photo of four orange medical syringes that needed to be refrigerated. Someone else asked about locating a portable generator for his friend on a ventilator. "Knowing the stories behind these tweets," says Rahimi, "knowing how scared they were—made you want to help them."

On a typical day, Rahimi posts a handful of tweets about fires, general safety tips, rescue stories and other timely information about her department. She usually instructs people not to use Twitter as a replacement for calling 911 or 311. During the storm, however, many phone networks went down, and the callers who were able to get through overwhelmed the system: By 8 p.m., the city's 911 line was receiving 10,000 calls every half hour.

Amid the commotion, Rahimi took on the role of emergency coordinator, connecting dispatchers with people who weren't getting through by phone. She also reached out to everyone who tweeted, calming them and letting them know that help was on the way. All the while, she posted about the storm and corrected misinformation. "Rumors were spreading extremely quickly," she says. "A lot of news reports were extremely inaccurate."

Rahimi started out in magazine publishing in New York, but rethought her career following the Sept. 11 attacks. She volunteered for the Red Cross and Salvation Army at the World Trade Center site, delivering food and coffee to firefighters on overnight shifts. "I just loved the culture and camaraderie," she says. In 2005, she joined the fire department and convinced her superiors to let her create a Facebook page and Twitter account. Today @FDNY broadcasts to more than 79,000 followers, perhaps the largest audience of any municipal fire agency in the country.

Hurricane Sandy was not the first time that emergency responders used social media during a disaster, says Jenny Sokatch, a program specialist for the Federal Emergency Management Agency. "But it was the first time," Sokatch says, that Twitter "was used on such a large scale and got national attention." In a natural disaster when thousands of lives were at stake, it was an innovation that truly made a difference.

—J.B. Wogan

Data Driven

Greg Fischer

Mayor, Louisville, Ky.

Louisville, home of bourbon and thoroughbreds, is steeped in tradition. But today the Kentucky town has emerged as one of the country's "it" cities, with a thriving economy and a bold restaurant and arts scene. It's an energy that has extended to city hall, where Mayor Greg Fischer has become known as an executive who's focused on steering the city as it crafts a more modern identity.

After an unsuccessful U.S. Senate bid in 2008, Fischer was elected mayor in 2010. He had big shoes to fill: His predecessor, Jerry Abramson, had led Louisville for all but four years since 1986. But Fischer, a successful private-sector business leader, got to work quickly. His mandate to department directors was that their performance should, at a minimum, be in the top quartile of cities. "We're in a major transition time for the world right now," says Fischer. "I wanted to make sure our city was adapted as best we can to change with that."

While Fischer says his reason for seeking office was an "old-fashioned" commitment to public service, his approach has been decidedly new school. For example, while Lexington has historically been viewed as a rival, he's emphasized the need to collaborate. "We're only 60 miles apart," says Fischer. "We should be working together to make more pie, not stealing each other's pie."

The mayor's goal is to grow the number of small and medium-sized companies in the region that are exporting internationally. "I think he is very passionate and committed to the agenda, but he's also fixated on evidence-based results," says Amy Liu, a senior fellow at the Brookings Institution, which is working with Fischer on developing a business plan in concert with Lexington. "He's been asking really hard questions."

At the heart of his performance efforts is a focus on data. Fischer has implemented a version of the popular "stat" system used in other cities to help measure and improve Louisville's day-to-day performance. One of LouieStat's high-profile successes so far is the drastic reduction of fingerprinting errors made by employees at the city's jail, which dropped from more than 300 per month to fewer than 10. The city was also a first-round winner of a $4.8 million Bloomberg Philanthropies grant, which is being used to fund "innovation delivery teams" working to improve the city's approach to a host of issues, including recycling, animal control and abandoned properties.

Since Fischer took office, the city has launched a 311 mobile app and online applications to track crime, get permits and file taxes. Louisville has also sponsored hackathons and code-a-thons to help develop technology that engages citizens. As city council President Jim King says, "He tries to find ways to do things rather than ways not to do things."

Though his reputation emphasizes data and efficiency, Fischer often touts the concept of compassion. A city-sponsored service week garners thousands of volunteers annually, and the mayor often discusses the value of community service. "We have a great soul as a country and a heart as a country," Fischer says, "but if leaders aren't talking about that, it's easy to stray away from it."

Still, it all comes back to information. In October, Fischer signed an open-data executive order for the city, meaning government in Louisville will be even more transparent and accessible to citizens. In announcing the new policy, Fischer casually summed up the future of his city and other municipalities across the globe: "It's data, man."

—Ryan Holeywell

DAVID KIDD

BIG BUILDUP

DAVID KIDD

A section of Chicago's elevated train

BY RYAN HOLEYWELL

Chicago's infrastructure bank has been hailed as an innovative new financing model that could revolutionize the way cities across the country build new projects and manage risk. If only it could get off the ground.

ON A SPRING DAY at a union hall last year, Chicago Mayor Rahm Emanuel made the announcement that would thrust him into the forefront of the ongoing debate about the future of the country's infrastructure. With former boss Bill Clinton by his side, Emanuel unveiled a concept known as the Chicago Infrastructure Trust (CIT) that promised to tap private money to improve highways, transit systems, bridges, sewers and other public capital assets. The message was clear: If the federal and state governments couldn't or wouldn't help, Chicago would help itself—or at least get assistance from friends in places like Citigroup and JPMorgan, who had pledged their support. "Nothing is more crucial to our long-term competitiveness and job creation than infrastructure," Emanuel said.

Almost immediately, the announcement created buzz among members of the broader infrastructure community nationwide, who were optimistic that the Chicago plan—while fuzzy on specifics—could prove to be one worth emulating, especially given the stalemates that have prevented Washington from meeting local infrastructure demands in recent years. "Sometimes if you want something done right, you've got to do it yourself," Robert Puentes, an infrastructure expert with the Brookings Institution, wrote in *The New Republic* the day of the announcement.

The reaction in Emanuel's hometown wasn't as enthusiastic. The next-day headline in the *Chicago Tribune* called the details of the plan "sketchy" and highlighted the millions of dollars in campaign contributions that people from the financial sector—the very industry that could profit from the experiment—had given to the mayor.

Just weeks after Emanuel made his proposal, the city council put it into law, as city leaders stressed the importance of not wasting time in addressing the Windy City's needs. Over the ensuing months, Emanuel touted the concept to just about every major media outlet in the country. Eventually, the excitement about the plan died down. Today it's been more than a year and a half since the trust was created, and Emanuel has little to show for the program that some speculated would be his crowning achievement. The trust only last month approved its first deal. With so few tangible accomplishments so far, that raises a crucial question: Is Chicago's program really one worth replicating?

It's a question that matters, since the trust's advocates have made it clear that—despite its lack of a record at this point—they want to see versions of the Chicago program spring up in cities nationwide. "What we're trying to do is to get other cities to do the same thing," Clinton said during an appearance on MSNBC this summer. "Every mayor in the United States has an opportunity to do something without the financial support of the federal or state capitals," Emanuel added.

In May, the Clinton Global Initiative announced that it had teamed up with the U.S. Conference of Mayors to create a task force that will address the infrastructure issues facing cities. Seventeen big-city mayors serve on the task force—Emanuel is chair—and it will specifically explore ways to utilize urban infrastructure banks and entice private capital to invest in public infrastructure. "If Chicago can point the way for other cities to attract new forms of financing, it will have done a great service," Peter Orszag, a Citigroup executive and former White House official, who's advising the task force, wrote in a *Bloomberg* piece earlier this year. Today, it seems that whenever the question of how to pay for infrastructure is raised, Chicago's program is viewed as a solution—despite its glacially slow start. "I don't see anything that would constrain this from being expanded to other cities, big and small," says Martin Luby, a municipal finance professor at Chicago's DePaul University. "It all comes down to whether there's real investor interest in this."

The trust is essentially a venue for the city to develop public-private partnerships (P3s). According to trust documents and Emanuel himself, it's specifically designed to complete projects that the city couldn't finance using traditional methods like municipal bonds. Typically, when local governments want to pay for infrastructure, it's a straightforward process. Companies submit their best price for building a project, and the city issues low-interest, long-term municipal bonds to pay the winning bidder. With P3s, the

DAVID KIDD

A Slow Start

Since it was announced over a year ago, the CIT has yet to finalize financing for even one project.

MARCH 1, 2012
With former President Bill Clinton by his side, Emanuel announces the launch of the Chicago Infrastructure Trust.

APRIL 20, 2012
Chicago Inspector General Joseph Ferguson releases a letter outlining "serious concerns" about the CIT proposal, arguing it would be less transparent than other city agencies.

APRIL 24, 2012
The city council, on a 41-7 vote, passes an ordinance creating the trust.

JUNE 11, 2012
Emanuel names the five members who will serve on the trust's board, including Chairman James Bell, a former Boeing CFO.

AUG. 2, 2012
The CIT holds its first board meeting.

JAN. 29, 2013
The trust issues a request for qualifications seeking potential investors for the energy efficiency deal known as "Retrofit One."

FEB. 1, 2013
The trust picks Stephen Beitler, a former Green Beret and venture capitalist with political ties, to be CEO.

2012 2013

APRIL 24, 2013

The trust announces its website has been hacked and can't be recovered, so it launches a new one.

MAY 3, 2013

The Clinton Global Initiative and U.S. Conference of Mayors announces a 17-mayor task force, led by Emanuel, to promote private investment in public infrastructure.

JULY 9, 2013

A front page *Chicago Tribune* article questions the trust's slow progress, which had yet to launch any ventures more than a year after it was created.

JULY 19, 2013

The *Chicago Tribune* story reveals that Chicago Public Schools spent more than half a million dollars installing energy-efficient lighting in schools that would be closed. The trust had been seeking investors to reimburse the school system for the work.

JULY 19, 2013

The CIT publishes a contracting manual outlining many of the organization's basic procedures and goals.

NOV. 12, 2013

The trust initially approves its first deal, awaiting city council approval and an investor.

private sector puts equity into a project and expects a direct return on its investment. Generally that's a more expensive way for cities to borrow money. But Chicago has become more open to creative forms of financing, given recent dings to its credit rating.

Damon Silvers, a nonvoting member of the Chicago Infrastructure Trust's advisory board, says it doesn't usually make economic sense for governments to get equity financing from private capital instead of the municipal bond market. But, he says, in some cases the structure of the trust can provide much-needed flexibility. Advocates for the CIT say it holds promise for three key reasons. First, it could help shift risk from the city to the private sector for less conventional projects that might be unproven. For example, the trust's first deal, tentatively approved last month, involves spending $25 million on upgrades to city buildings designed to reduce the city's energy costs over time. Investors would pay for the retrofits up front, and in return, they'd get to keep a portion of those savings. But if the savings don't materialize, the investors would ostensibly take the hit, not the city.

The second reason, supporters say, is that the private sector has a better track record than the public sector at maintaining assets over the course of their lifetime. That's because when times get tough, maintenance budgets are often the first thing cities scrap to plug budget holes. But if investors have a stake in the long-term life of a piece of infrastructure, that would be less likely to happen. Municipal bond holders generally don't worry about the success of a project as much as a city's ability to repay a loan, says Michael Pagano, dean of the College of Urban Planning and Public Affairs at the University of Illinois at Chicago. But because investors in CIT projects would only earn a return from the projects in which they've directly invested, then they'd have a stake in facilitating successful ones.

Third, and perhaps most crucially, supporters of the plan say the city doesn't have the borrowing capacity to rely on municipal bonds alone, given the vast amount of infrastructure work facing Chicago and the city's sinking credit. In July, Moody's Investors Service downgraded the city's credit rating, citing its soaring pension costs, rising public safety demands and its unwillingness to raise taxes. The downgrade took the city's general obligation bond debt down three notches to "A3," and Moody's also gave Chicago a negative outlook. In 2015, the city faces a $1.1 billion pension bill. "We don't have enough resources to go around," says Lois Scott, the city's chief financial officer. "We just don't. Instead of complaining about the problem, we decided to do something." The trust may also give Chicago a way to take on debt while keeping the obligations off its balance sheet—a common reason governments pursue such deals. CIT managers say they're working to ensure that's exactly the case with the retrofit project, though city officials say off-balance sheet debt wasn't their primary motivator for creating the trust.

Despite the early promise, the CIT still hasn't finalized financing on even one project. And though it was pitched with great urgency in spring 2012, the CIT didn't get an executive director until February of this year. Moreover, the trust issued its first request for qualifications for the energy retrofit back in January. So even if the deal is completely finalized this month, it will have taken almost all of 2013, at a minimum, to finalize that first deal.

That project, dubbed Retrofit One, would have raised $115 million to pay for energy-efficiency retrofits at more than 100 city buildings, including lighting improvements in city schools and the conversion of a pump station from steam to electricity. But the work in the schools had already been completed. That development undermined the core argument that was made last year for the trust--that it will build things that otherwise would go unbuilt. (In another embarrassing hiccup, the Chicago Public Schools announced dozens of school closures earlier this year; the *Chicago Tribune* revealed that some of those buildings were among the ones that had already been outfitted with thousands of dollars worth of low-energy lighting that the trust was planning to finance.) Under a plan announced last month, the trust approved a drastically pared down version of the deal that would raise $25 million for improvements at 75 city facilities and would not include schools or the pump station. The city council must still approve the plan, and the trust must still select an investor.

Those involved with the trust say hurdles and hiccups are to be expected, given that they're creating an organization from scratch. "You really can't just snap your finger and say, 'This is what happens,'" says Steve Beitler, the trust's CEO. Much of his time has been spent doing basic things like establishing a website and getting office space. "I get on phone calls where sometimes there are 20 lawyers on the call." He says many of the legal questions the trust is sorting through right now won't have to be asked again for future transactions, which will make deals move more quickly. "The trust is, in every respect, a startup," he says.

Those obstacles aside, it's not clear whether Chicago's infrastructure bank is anything other than a high-profile way for the city to signal its openness to P3s, which have long been popular abroad and have gained increased use and attention over the last 15 years in places like Colorado, Texas and Virginia. Beitler, a former Green Beret who later founded a venture capitalist firm, is the first to admit what the trust is doing isn't entirely original. He says the CIT is trying to learn lessons from places like Australia, British Columbia, the United Kingdom and Virginia about how best to run organizations specifically tasked with arranging P3s. "Basically, I think, the amount of publicity is not warranted," he says, "and there are such great organizations that don't get anywhere near the publicity that is warranted for them."

But Beitler says the trust is unique in that it could pursue projects beyond those related to transportation, including utilities, energy or telecommunications. Beitler's especially excited about figuring out how the city can make money off underutilized property. The thinking is that Chicago may have city-owned buildings in areas where it would make more economic sense to have a different type of development on the same footprint. If the city could relocate its facilities elsewhere, it might be able to generate revenue based on higher property taxes and other fees a private developer could pay for the spot. The details haven't been fleshed out, but the trust already has an early version of a database containing all of Chicago's publicly owned property that it's analyzing.

There are also skeptics who don't buy the economic argument for the trust. Julie Roin, a University of Chicago law professor, says it's unclear why, exactly, the trust needs to tap private capital when the municipal bond market has historically worked well for cities. She says borrowing money from private investors is still borrowing; whether bondholders get paid back with city tax dollars or some other revenue stream tied to a public asset, at the end of the day, it's still public dollars being spent. "I think there's no difference between the two, other than the political optics," Roin says. Alderman John Arena, who voted against the trust, agrees. He says he wasn't impressed with a briefing that Beitler gave the council. "None of the examples they gave us were things that could not be bonded on the open market as it existed," Arena says. "It really felt like it wasn't fully cooked in terms of a concept."

There's also the question of what types of projects can really be financed by the endeavor. During the announcement of the trust, Clinton said "there's no limit to what you can do because of this device." That, however, runs counter to what both finance experts and officials involved with the trust say. In all likelihood, it will only be able to facilitate projects that offer up some sort of easily identifiable revenue stream to pay investors. Joseph Schwieterman, a public policy professor at DePaul University, says those opportunities may not be easy to find. "That's where we're all scratching our heads, to see where these revenue streams are. It's not clear where you have unexploited revenue opportunities."

Still, the undertaking has its critics. Emily Miller, policy and government affairs coordinator for the Chicago-based Better Government Association, was an early skeptic of the proposal. She says that while the energy retrofit seems like a smart idea, the trust doesn't seem to have an overarching goal and looks to be taking a scattershot, uncoordinated approach to the types of projects it's pursuing. "I don't know what the vision is," says Miller. "These pieces of ingenuity only work if it's part of a bigger picture."

And while the Chicago City Council overwhelming approved the legislation creating the trust, several aldermen remain highly critical of the program because they say it was crafted with too little transparency and too few protections for taxpayers. Moreover, there's been some speculation that Emanuel could be considering a 2016 presidential run, and the creation of the trust may have been a clever way for him to position himself as a national expert on infrastructure. (Emanuel, for his part, has repeatedly denied presidential aspirations.) "Rahm has that incredible PR machine ... making sure there's so much positive stuff out there that it puts everything into a good light, and you don't see through some of the issues that are out there," says Alderman Scott Waguespack.

Critics also like to point out Chicago's less-than-sterling reputation when it comes to P3s, best illustrated by its infamous parking meter debacle. Five years ago, then-Mayor Richard M. Daley locked the city into a deal in which Chicago got $1 billion from private investors to help balance its budget. In exchange, it gave up 75 years' worth of meter revenue. The city's inspector general found that the city leased the system for 46 percent less than what it was worth; in simple terms, it got ripped off to the tune of nearly $1 billion. The deal is still a subject of anger in Chicago, and officials say the memory of that deal is always in the back of their minds as they do their work.

MarySue Barrett, a nonvoting member of the trust's advisory board, says the board is largely focused on doing everything it can do to avoid another catastrophe like that. "We can't afford to have a project that's not a slam dunk," Barrett says. "It's not just about proving the detractors wrong," she continues. "There's a responsibility and an accountability all of us working on the trust feel. We know the world is watching." G

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LEAVING TOWN

Newark Mayor Cory Booker promised to rescue his troubled city. Did he deliver?

By J.B. Wogan

Photographs by Emile Wamsteker

Did you hear about the time Cory Booker chased down an armed robber in front of city hall? How about when he ran into a burning building to save a woman's life? Or when he shoveled snow from residents' driveways after a blizzard? All true. He also rode with cops on night patrol, answered citizen complaints over Twitter and lived for eight years in a high-rise apartment where many low-income tenants rely on federal housing assistance. The story of Booker's two terms running Newark reads like a tall tale or even a comic book: Cory Booker, Supermayor.

But Booker has moved on. In October he was elected to the U.S. Senate. With his departure from Newark comes an important question: Beyond the headline-grabbing heroics, what did he actually accomplish?

For much of the last half century, Newark has been the quintessential failed city, scarred by decades of disinvestment. By many measures, those troubles persist. Almost a third of the city's population lives below the federal poverty line. The local unemployment rate is nearly double the national average. And the murder rate remains about where it was before Booker was elected mayor.

Yet Booker argues that Newark has already turned a corner. "When I became mayor," he says, "our city had a reputation nationally for crime and corruption. Our population had been declining for 60 years. Businesses were leaving." Seven years later, he believes, the city's image has changed. "You don't have to convince people anymore about the promise of Newark. You don't have to twist people's arms to get them to be a part of it."

It's every mayor's job to be a cheerleader, but there is evidence to support Booker's rosy outlook. New grocery stores and hotels—the first in decades—have opened. Panasonic North America relocated its headquarters downtown, as did Audible.com, which provides audio information and entertainment. Prudential Financial is building a new tower. The city reported $1 billion in real estate development in 2011 and 2012—about a third of all development across the state in sheer square footage. Another $2 billion is in the pipeline for the next two years. Bolstered by a growing immigrant population, Newark finally bucked its 60-year depopulation trend in the 2010 Census. What Booker couldn't do with city resources, he sought to accomplish through public-private partnerships, attracting millions in philanthropic investments to further his policy agenda.

Booker is sworn in at his first inauguration as mayor in 2006.

In one sense, Booker did what all mayors try to do: fight crime, reduce poverty and expand economic development. Yet no other city of Newark's size could claim a mayor with Booker's national name recognition, a Twitter audience of 1.4 million followers, and friends that include Oprah Winfrey and Barack Obama. In short, Booker brought unusual resources to bear on his city's problems. Could the Supermayor rescue a national symbol of urban decline? It was a challenge Booker seemed to embrace wholeheartedly. "We started with a vision," he said in his state-of-the-city address in March, "that Newark would set a national standard for change—for transformation." This is the story of how Booker tried to set that change in motion.

Because Booker became mayor in 2006, his first term straddled the Great Recession, which meant dwindling sales and property tax revenues. To move the needle on an array of social ills, he would need money. But as in much of urban America, there wasn't a tax base sufficient to fund the services the city demanded. In fact, when Booker came into office, he inherited a $118 million budget deficit.

"We knew we could not simply get out of this in the traditional way," he says. "Even just cutting our budget, which we did—we're spending less money today than we did seven years ago—we knew we had to find new ways to bring resources to our city."

Capitalizing on his own personal celebrity, Booker turned to philanthropists, developers, businesses and government partners to implement a series of policies that his city couldn't afford on its own. He made a pitch for investing in a place that many on the outside knew only as a symbol of urban decline.

Newark may have more than its share of unfortunate attributes, but there's much to recommend it: six colleges and universities with more than 60,000 students and faculty; the fifth-busiest airport in the country; a regional transportation system that includes light rail and an Amtrak station; the nation's fourth-largest seaport; and the headquarters of such national corporations as Prudential, Manischewitz and the electric utility Public Service Enterprise Group.

The case for investing in Newark, effectively articulated by Booker and his staff, has translated into a host of new private development projects. For example, the Goldman Sachs Urban Investment Group put down $110 million for construction of the Teachers Village, a mixed-use building that will house three charter schools and condos above them. In surveys of Newark teachers, Goldman Sachs found that many choose to live outside the city because they can't find quality

The mayor takes a break from shoveling to help a citizen push his car out of the snow in 2010.

housing, something the village may change. The project is part of a "virtuous cycle," says Goldman Sachs Vice President Margaret Anadu. What was once a vacant parking lot is becoming an active civic space bringing young educators to live and work downtown. The village is only a small piece of a larger real estate boom, which includes two hotels, four grocery stores, several trendy restaurants, a remodeling of the city's only movie theater and, in the next two years, an estimated 2,500 units of affordable housing.

Booker's strategy for seeking help took many forms. It wasn't just about selling the city to businesses. It also meant leveraging financial support from the philanthropic sector. To do so, the city hired a philanthropy liaison, Jeremy Johnson, whose position is paid for by an outside funder, the Council of New Jersey Grantmakers. Newark is one of the only places in the country to designate someone on staff with the explicit role of engaging foundations for the funding of public projects. "You really need the leader of your city to believe that philanthropy can help and can work in tandem with government," Johnson says. Booker had explored the possibility of leveraging private foundation money when he launched a community service nonprofit called Newark Now as a municipal councilman in 2003. By the time he became mayor, he knew he wanted to expand upon that effort.

So far, Johnson has raised $48 million for the city through private foundations. One result is a prisoner re-entry initiative, which serves as a complement to the administration's emphasis on zero-tolerance policing. In Newark, some 1,700 people are released from state prison and another 1,400 from the local jail every month. These ex-offenders have rap sheets that act as barriers to employment, which explains why many return to criminal activity. "You have a generation of young people who are ambitious and talented," says Cornell Brooks, who heads the New Jersey Institute for Social Justice, "but who have the temptation of the street and the allure of college side-by-side." Early on, Booker looked for ways to tip the scales in favor of college and employment.

Through the philanthropy office, Newark leveraged grant money from the federal government and a private foundation to open an Office of Re-entry in 2009, which applies data analytics to track job placement and recidivism rates for people in the re-entry program. As of October, the office had interacted with more than 2,000 ex-offenders who came to the city voluntarily for help with writing résumés, acquiring interview appropriate clothes and finding stable housing. It had placed more than 1,200 of them in unsubsidized jobs that earn more than $9 an hour, nearly $2 above the minimum wage. The recidivism rate for program participants has been about 30 percent, half the rate for the average state parolee. Of course, the numbers of people returning from prison and jail still dwarf the number being helped. "It's at a scale

so much huger than what was there before," says Ingrid Johnson, the director of the re-entry office, "but it needs to be bigger."

The re-entry office is emblematic of what's worked under Booker and what's at risk with his leaving—it's still dependent on the goodwill of outsiders who wanted to see Booker and Newark succeed. Johnson's position, for example, requires outside money—federal funds allocated through the Workforce Investment Act—and her office relies upon short-term revenue sources and private-public partnerships. "I spend a good amount of my time at the beginning of each year chasing down money," she says.

Although the hiring of a philanthropy liaison has helped bring in private money for the public good, those funds are minor compared to the estimated $400 million attracted by Booker himself. "The mayor was a walking fundraising machine," Jeremy Johnson says. By far the best example of Booker's skill in attracting private money was his dinner conversation with Facebook founder Mark Zuckerberg at a retreat in Sun Valley, Idaho, in 2010. The talk resulted in $200 million for changes in the city school system, half donated by Zuckerberg and the other half raised separately by Booker. The money helped pay for a teacher contract that included performance-based bonuses for highly effective teachers.

Newark's green space expansion included two urban farms.

In some cases, what the Booker administration sought from outsiders went beyond money. It included physical labor and technical expertise. That factored into his strategy for addressing the city's green space problem—Newark ranks at the bottom among big cities in terms of parkland acreage per capita. As a solution, Booker invited the Trust for Public Land, a national conservation nonprofit, to turn three unused municipal tracts into playgrounds and a riverfront park. The trust not only raised money for the projects, but helped with the design and construction.

Although the nonprofit already had a long history of operating in Newark, says Adrian Benepe, the trust's vice president for parks, "things really ramped up both in terms of the number and scale of projects" when Booker came into office. "He was very open to these kinds of partnerships," Benepe says. "In some cities it's a struggle because of the political structure or the lack of trust of outsiders." By working with the trust, Newark was able to add or repair 50 acres of open green space, the largest parks expansion in a half-century.

But Booker's willingness to engage outsiders for help has come at some cost. "For a lot of people, that's the criticism: Not only was he an outsider, but he brought in outsiders," says Clement Price, director of the Institute on Ethnicity, Culture and the Modern Experience at Rutgers University. To some degree, the outsider critique takes on personal and racial dimensions. Booker grew up in a middle-class African-American family in Harrington Park, a suburb about 20 miles northeast of the city. As former Newark Mayor Sharpe James once quipped during a campaign event, "You have to learn to be black and we don't have time to teach you."

There are other ways Booker doesn't quite fit in. In a city where just 12.5 percent of the population has a college degree or more, he wears his advanced education on his sleeve, quoting aphorisms by the Dalai Lama and Plato on his Twitter feed, reciting the poetry of Langston Hughes and Maya Angelou in speeches, and warning that Newark's gang violence might bring on a decline reminiscent of the Roman Empire; it's everything one might expect from a mayor with a bachelor's degree from Stanford, a master's from Oxford (as a Rhodes Scholar) and a law degree from Yale.

Booker's image as an outsider led to his largest policy defeat, which came in 2010, when he proposed the creation of an independent water authority to pay for more than $500 million in infrastructure repairs. The municipal council refused on the grounds that the city shouldn't cede direct control of its water system to an outside group. That same resentment and distrust of outsiders came into play when the city offered incentives to Panasonic North America, which benefited from a $102 million tax break to build its new downtown headquarters. It also applied to the selection of Booker's department heads, many of whom were recruited from other cities. Former Council President and interim Mayor Luis Quintana argues that Booker erred by hiring his first police director, Garry McCarthy, from the New York City Police Department. "I always believe that within the city," Quintana says, "you can find talent."

A related strain of criticism, again prompted by Booker's frequent networking outside the city, is that he hasn't been around enough to manage day-to-day affairs. "Cory has been an absentee mayor, basically," says Ron Rice Sr., who represents Newark in the state Senate. Last year Newark's paper of record, *The Star-Ledger,* reported that over an 18-month period, Booker was out of state

and out of the New York City metropolitan area on 21.7 percent of the days. The newspaper gave examples that typify Booker's national celebrity status, such as appearing on *The Tonight Show* and *Meet the Press*. Although Newark was a topic of conversation in those interviews, it's up for debate whether his television appearances advanced the city's agenda. "Was he looking after his own profile or was he looking after Newark?" asks Price, the Rutgers professor. "It's possible he was doing both."

For the first time since 2006, Newark will head into a new year without Booker as mayor, and it's not yet clear what that means for a place he once swore to make a model for reversing the fortunes of declining American cities. "In a nation looking for hope and light," he proclaimed at a state-of-the-city address in 2010, "Newark will provide promise and a new urban paradigm."

Has it fulfilled that vision? It's impossible to miss the string of "firsts," whether it's the first population gain in 60 years or the first new neighborhood supermarket in decades or the first park to give residents recreational access to the Passaic riverfront. Entire new municipal departments have sprouted up, reflecting a different set of policy ambitions—not only the hiring of a philanthropy liaison and the creation of a prisoner re-entry office, but also a new sustainability office and the establishment of a community planning department. The city is poised to pass an overhaul of its zoning code, the first update of its kind in more than 50 years. "He's tried to modernize the machinery of government," says Roland Anglin, a professor of metropolitan studies at Rutgers.

Despite the fact that Booker's tenure was marked by the pursuit of funding sources outside Newark, he also presided over a restructuring of the budget that found more revenue in the city. The most recent budget—adopted this summer—uses less in state aid and other one-time infusions of cash, such as property sales, while reducing homeowners' property taxes by 13 percent. At the same time, the budget generates more revenue than even in pre-recession times because of improved tax collection rates and a shift in the tax burden that demands more from commercial property owners. After years of spending cuts, including layoffs in 2010 for 160 police officers and 1,000 municipal employees, the city is adding back 50 cops and five firefighters. There is also a new revenue stream—a rental car excise tax projected to raise $3 million next year.

Fifteen acres of riverfront parkland have recently opened.

Those gains may explain why a poll in late 2012 gave Booker a 70 percent favorability rating among likely voters in Newark. In the U.S. Senate campaign, Booker received endorsements from former political adversaries such as ex-mayor Sharpe James and city union leader Rahaman Muhammad. Just before the election, Whole Foods announced that it would build a store in downtown Newark—something Booker says is a sign of the city's new reputation as a community on the mend.

Juxtaposed with those milestones are the periodic updates that suggest Newark has a steep climb before anyone deems it the model city Booker envisioned. In late August, the city saw 10 homicides in 10 days. The number of robberies in 2011 and 2012 was greater than at any point in the last decade. The unemployment rate has dipped slightly from last year, but it's still hovering well above the national average, around 14 percent. The proportion of children who live below the poverty line remains staggeringly high at 43 percent.

"I think Cory has complicated legacies that he will leave," Price says. But at least by one measure, he adds, things are better now. "Newark was everybody's favorite casework of a failed city. Now people have become interested in Newark as a *recovering* city." G

The popular mayor carried 91 percent of the Newark vote in his successful campaign for the U.S. Senate in October.

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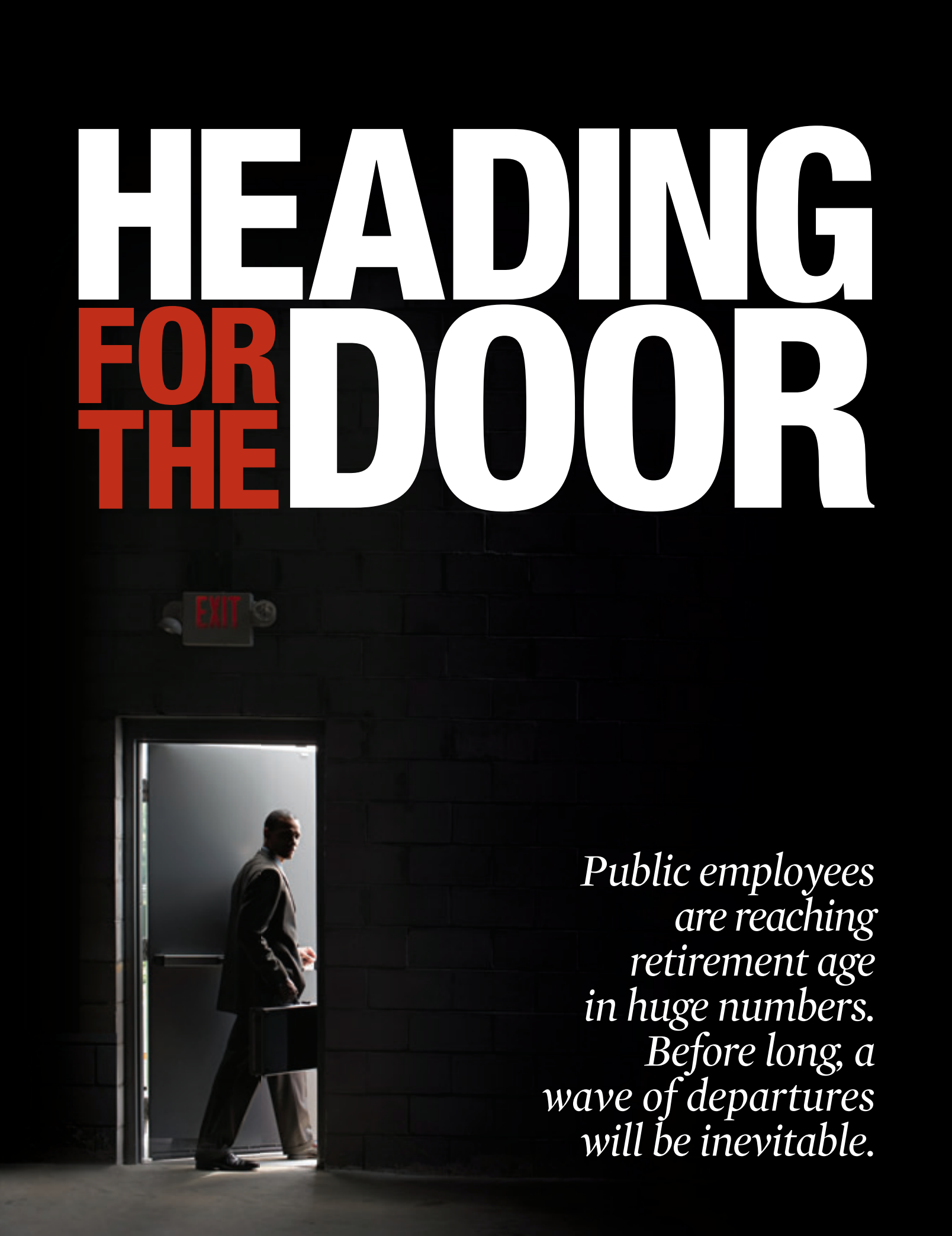
HEADING FOR THE DOOR



Public employees are reaching retirement age in huge numbers. Before long, a wave of departures will be inevitable.

BY MIKE MACIAG

The Connecticut Department of Correction is confronting a situation all too familiar these days in state and local government. By June, 40 percent of its correctional officers will be eligible to retire. All segments of the department's workforce of course—from high-ranking managers to maintenance staff—are aging. Many of them took jobs back in the early 1990s when several prison facilities opened to accommodate a growing incarcerated population. Now these employees are reaching the 20 years of service needed for retirement.

The department hasn't been hit with an onslaught of departures just yet. But state officials know that it's only a matter of time before retirements ratchet up. "We're afraid that when the economy really looks like it's back, we're going to see a lot of people leave," says Cheryl Cepelak, the department's deputy commissioner of administration. Normally, about 15 percent of all Connecticut executive branch employees who are eligible to retire do so in a given year.

For a long time, there have been warnings of a "silver tsunami" among public employees—a sudden wave of baby boomer retirements that could potentially cripple the workforce. So far, the wave hasn't hit with full force in most jurisdictions. *Governing* compiled retirement figures from a sample of 10 larger state pension systems with available data. Retirements for six systems were on pace to exceed last year's totals, but only the Employees' Retirement System of Georgia had registered more than a 10 percent year-over-year increase from 2012. Most others had recorded roughly the same tally of retirements as last year (see page 60).

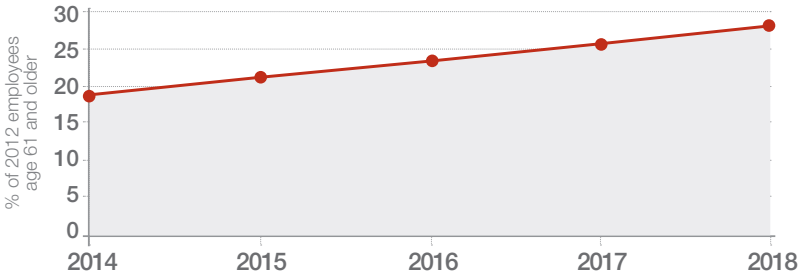
With the large number of employees becoming retirement-eligible, however, the current situation won't last long. Many state and local governments expect retirement paperwork to begin piling up soon, and some report signs that the tide is already rising. Public administration experts express concern that governments are ill prepared. If they aren't ready, agencies risk permanently losing decades of expertise, eroding their ability to serve the public for years to come.

In Connecticut, retirements are already escalating in some agencies. "We're seeing a very strong ramping up of people leaving, and that's pretty concerning to everybody," says Martin Anderson, the state's deputy commissioner of administrative services. Of particular worry for Anderson and other state human resources officials is the potential brain drain set to occur when longtime employees in leadership positions depart. More than a third of employees classified as managers in Connecticut state government are already eligible to retire.

As a whole, public employees tend to be older than those in the private sector. A review of data compiled for the Labor Department's 2012 Current Population Survey shows seven of the 20 industry classifications with the oldest workers consist primarily of public employees. Postal service workers stand out with the oldest median age of 52 years—matched only by those working in funeral homes, crematories and cemeteries. Other public employment categories with the oldest median ages include libraries (49.4 years), public finance (48.9 years), and public administration executive offices and legislative bodies (48.7 years). The national median age last year among all industries, public and private, was 42.3 years.

Projected Public-Sector Retirements

In 2014, 19 percent of the 2012 public administration workforce will have reached age 61, the average retirement age. By 2018, this figure rises to 28 percent of those working in 2012.



SOURCE: ADP RESEARCH INSTITUTE

While one can't predict precisely when the wave of retirements will strike, data does provide clues as to which agencies will be hit first. In many jurisdictions, public safety personnel are among the first to leave, mostly because of lower retirement age requirements. The California Public Employees' Retirement System (CalPERS), for example, reports that its state highway patrol members retired at an average age of 53 last fiscal year, while local police and fire employees retired at 54. By comparison, the average age of retirement for all CalPERS members was 60 years, a figure that hasn't budged since fiscal 2006-2007.

The Pennsylvania Office of Administration employs a retirement projection tool to analyze cross-sections of its workforce and evaluate historical trends. The latest figures indicate about 22 percent of education department employees are eligible to retire, but in just four years, that number will jump to 47 percent of the current workforce. As in Connecticut, Pennsylvania's state cor-

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State Retirement System Statistics

Governing compiled retirement data from a sample of 10 of the larger state pension systems. To compute the year-over-year percentage change, each system's retirements for months with available data for 2013 were compared with corresponding 2012 monthly totals (not the annual figures shown below). Counts represent calendar year totals.

STATE	2008	2009	2010	2011	2012	2013 (PARTIAL)	YEAR-OVER-YEAR CHANGE
California Public Employees' Retirement System	23,845	27,964	33,037	30,397	30,136	23,736	0%
Employees' Retirement System of Georgia	2,119	2,308	2,442	2,650	2,659	2,333	+27%
Employees Retirement System of Texas	4,894	4,740	5,090	6,320	6,277	5,522	+8.5%
Michigan State Employees Retirement System (Defined-benefit plan)	2,013	2,139	3,671	4,773	1,615	1,268	-1%
New Jersey Public Employees Retirement System	8,587	7,329	10,649	11,701	8,936	8,987	+2%
New York State and Local Retirement System	17,576	18,711	29,321	18,778	18,563	9,359	-27%
North Carolina Teachers' and State Employees' Retirement System	8,562	8,902	10,946	11,354	11,822	10,422	> +1%
Pennsylvania State Employees' Retirement System	4,145	4,035	4,995	6,508	4,775	4,056	+9%
State Retirement System of Illinois	2,294	2,228	2,632	3,198	4,658	2,385	-43%
Wisconsin Retirement System	8,814	8,094	8,580	15,618	9,677	8,423	+1%

NOTE: GEORGIA AND NEW YORK SYSTEM TOTALS ARE CURRENT THROUGH AUGUST; CALIFORNIA, TEXAS, MICHIGAN AND PENNSYLVANIA SYSTEMS TOTALS ARE CURRENT THROUGH SEPTEMBER; FIGURES FOR ALL OTHER SYSTEMS ARE CURRENT THROUGH OCTOBER. SRS OF ILLINOIS NUMBERS DO NOT INCLUDE RETIREES WHO ARE DECEASED.

rections department expects to fill its ranks soon with many new workers, as 42 percent will be eligible to retire within four years.

Similarly, information technology departments in some jurisdictions are gearing up for high turnover. The Cook County (Ill.) Human Resources Bureau reports 40 percent of county technology staff will be retirement-eligible by 2017. Many of the systems these employees support will soon be outdated, so the county has stepped up its recruitment efforts as it plans technology upgrades.

At the opposite end of the spectrum, senior-level public managers tend to hang onto their jobs longer. A survey conducted by the International City/County Management Association (ICMA) found that 63.3 percent of city and county managers and other appointed chief local officials were older than 50. Complicating this situation further is the fact that baby boomers around the same age often make up a department's entire management staff, creating the possibility of many decimating departures within a relatively short time.

In general, though, the prospect in most agencies is for a steady flow of retirements over a longer period, rather than a tsunami occurring all at once. It's worth noting that the baby boomer generation spans nearly two decades, with the youngest still under 50. Governments also go through uneven hiring cycles, offering varying benefits packages and setting different ages for retirement eligibility—all factors contributing to when they'll expect more departures.

"The assumption that the 8,000 to 10,000 people who turn 65 every day are going to announce they're out of here is just not the case," says Neil Reichenberg, executive director of the International Public Management Association for Human Resources. Alicia Munnell, director for the Center for Retirement Research at Boston College, says she expects most boomers employed in state and local governments to retire within five to 10 years, with the first noticeable spikes set to take place in the next three years.

One factor that has delayed the retirement wave is the recession and still sluggish economic recovery. A large percentage of baby boomers put their retirement plans on hold. But they are now five years older than they were when the recession started, and some are deciding that the time for retirement has finally come.

Nearly 38 percent of public-sector human resources professionals reported that eligible employees were postponing retirement in a survey earlier this year by the Center for State and Local Government Excellence. That was down from 46 percent in 2012.

Pensions and health benefits remain crucial influences on employee retirement choices, particularly when lawmakers publicly debate cuts. Even if pension law changes don't affect veteran employees, the mere threat of reductions may push some workers out the door. "Folks get nervous there will be fundamental changes to their retirement benefits or medical benefits," Connecticut's Anderson says, "so there's an incentive to leave now and lock in what you have." Jim Honchar, a deputy secretary in the Pennsylvania Office of Administration, says employees who began working in state government later in their careers and have yet to accumulate many years of service will be most likely to look elsewhere if there are significant cuts to pensions.

Industry Age Demographics

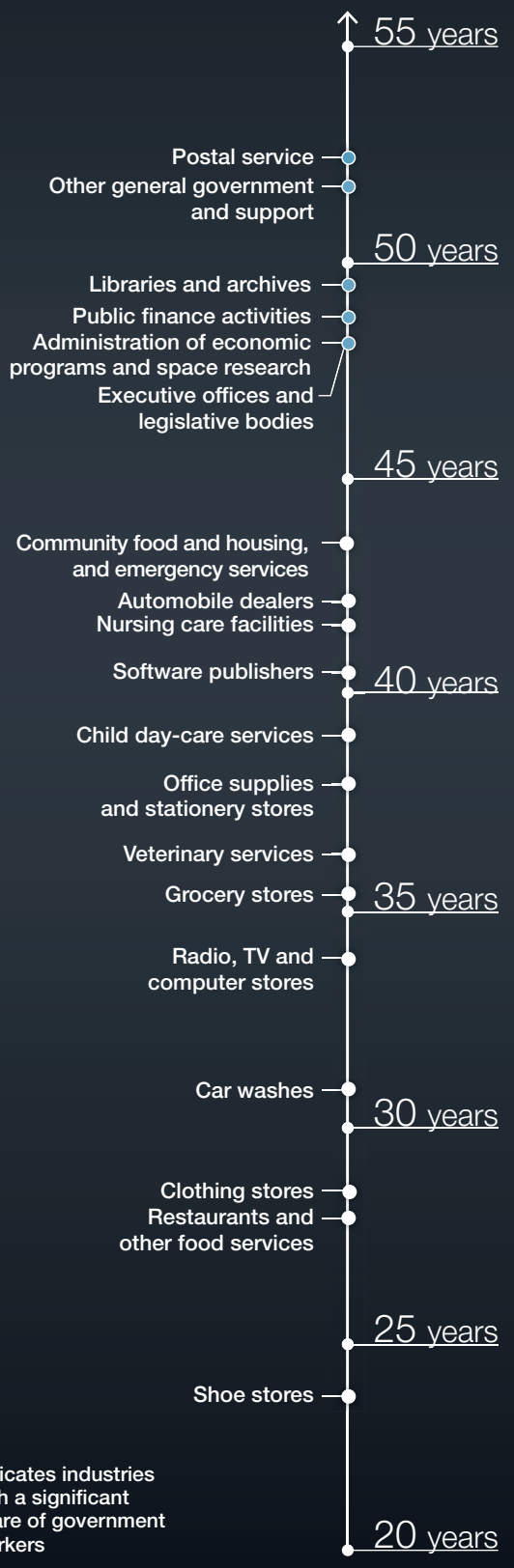
Baby Boomer Industries

Workers age 45 and older account for the largest share of the workforce in the following 25 industries, as defined by the Census Bureau's Industry Classification System.

INDUSTRY	PERCENT WORKERS AGE 45+
Postal service	72%
Other general government and support	70.7%
Funeral homes, cemeteries and crematories	66.1%
Bus service and urban transit	66.1%
Personal and household goods repair and maintenance	64.9%
Labor unions	64%
Religious organizations	63.9%
Sewage treatment facilities	63.6%
Sewing, needlework and piece goods stores	63.2%
Electric and gas (and other combinations)	62.7%
Carpet and rug mills	62%
Administration of economic programs and space research	61.9%
Offices of other health practitioners	61.5%
Textile product mills, except carpet and rug	61.3%
Public finance activities	61.1%
Fuel dealers	60.5%
Libraries and archives	60.5%
Aircraft and parts manufacturing	60.5%
Water, steam, air-conditioning and irrigation systems	60.3%
Wholesale electronic markets, agents and brokers	60%
Metalworking machinery manufacturing	59.4%
Pulp, paper and paperboard mills	59.3%
Executive offices and legislative bodies	59.2%
Miscellaneous paper and pulp products	58.8%
Real estate	58.6%

Median Ages by Industry

Public-sector employees tend to be older than private-sector workers.



SOURCE: U.S. BUREAU OF LABOR STATISTICS, 2012 CURRENT POPULATION SURVEY

One State's Silver Tsunami

Here's a snapshot of Pennsylvania state employees of larger agencies eligible to retire within four years, current as of October.

AGENCY	4-YEAR TOTAL ELIGIBLE	PERCENT ELIGIBLE WITHIN FOUR YEARS
Education	213	47%
Corrections	6,351	42%
Health	421	37%
Labor & Industry	1,678	36%
Liquor Control Board	1,031	34%
General Services	312	33%
Probation & Parole	361	31%
Revenue	573	31%
Public Welfare	4,773	31%
Conservation & Natural Resources	404	31%
Military & Veterans Affairs	597	28%
Environmental Protection	726	28%
Executive Offices	451	28%
Transportation	3,149	27%
State Police	1,340	23%
Statewide Totals	**23,795**	32%

SOURCE: PENNSYLVANIA OFFICE OF ADMINISTRATION

In some places, there is a cyclical quality to public employee retirements that can be traced to collective bargaining agreements or policy changes. The Employees' Retirement System of Georgia announced in August 2012 that it would end a 3 percent tax offset, effectively reducing pension payments for those who retired after June 1, 2013. State records suggest this caused many employees to head for the exits, with 2,060 retiring in the first half of this year to get in before the cutoff, compared to 1,355 during the first six months of 2012.

Honchar says he expects most of Pennsylvania's retirement-eligible employees to stay on for at least a few more years because the state's contract with American Federation of State, County and Municipal Employees (AFSCME) is backloaded in terms of pay raises. Once the contract nears expiration, the office expects a corresponding spike in retirements.

The large number of impending retirements is also generating a reevaluation of the jobs themselves. Kelly Powell Logan, the state's secretary of administration, says that as her office plans for a future with a substantially different workforce, it is assessing whether some core functions of government are better suited for the private sector. State government plans to move away from owning and operating data centers, for example. "We're certainly seeing a demographic change," she says. "If we continue to plan and make sure we're hiring for the right positions, it's not an insurmountable challenge."

Libraries offer a prime example of the link between retirement and the changing nature of government work. Sarabeth Kalajian, director of the Sarasota County (Fla.) Library System, says she views the silver tsunami as an opportunity to prepare her workforce for the future. "The role of public libraries in serving the community is changing," she says. Libraries will require more tech skills, such as Web design and social media. About 39 percent of Sarasota's library system employees will be retirement-eligible within five years.

Heidi Voorhees, president of the local government consulting firm Voorhees Associates, says local governments are already experiencing a labor shortage in public finance, IT and public works. "You have a demographic hole in the middle," she says. "Folks in their late 30s and 40s are in high demand, and there aren't enough of them to meet the demand."

To close the gap, governments frequently promote much younger employees to fill slots vacated by senior staff. Voorhees says they hit the ground running with the help of one-on-one mentoring arrangements typically lasting a few months. That's where baby boomers come in. If they don't want to call it quits just yet, there frequently are ample opportunities for boomers to train younger workers set to take their place. "A lot of them want to continue working in some capacity," Voorhees says. "It's a perfect match."

Many retirees end up returning to agencies part time or temporarily. Rules can complicate matters in some states, where retirees can't work for former employers if they're drawing a pension. Others, like Illinois, set limits for how many hours these public employees-turned-contractors can work for the government.

To future-proof its workforce, Pennsylvania offers up-and-comers a range of professional development programs. Sarasota County similarly administers a yearlong program to groom its leaders. The county also says it's filling more roles on an interim basis, allowing departments to better train managers. The public safety communications manager, for example, will retire next year, so the county hired an employee to train for the position for eight months.

But this level of preparation appears to be the exception rather than the norm across governments. Voorhees says most are not prepared for pending retirements, due in part to prior reductions in professional development budgets.

The one certainty is that boomers won't be working forever. When they do finally leave, governments must be ready. **G**

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A GUIDE FOR PUBLIC OFFICIALS

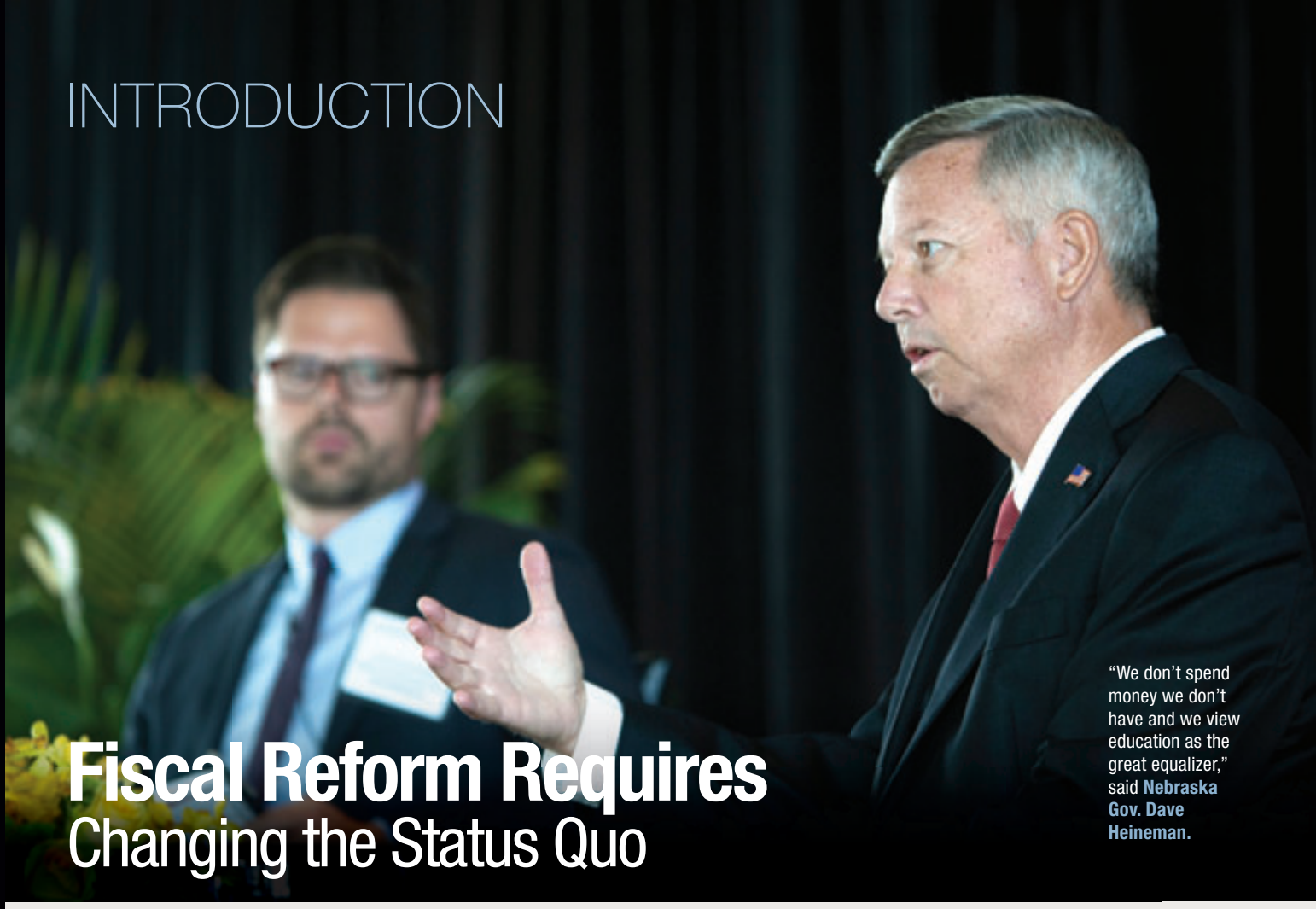
GOVERNING SUMMIT | COST OF GOVERNMENT

FOCUSING ON FISCAL REFORM

At the 2013 Cost of Government Summit, stakeholders came together to discuss solutions to the long-term fiscal issues facing state and local government.

Photos by David Kidd

INTRODUCTION



Fiscal Reform Requires Changing the Status Quo

"We don't spend money we don't have and we view education as the great equalizer," said **Nebraska Gov. Dave Heineman.**

America's states and localities have learned a lot over the past few years. Unlike the federal government, they have had to press forward, sometimes making wrenching changes, in order to balance their books and get their fiscal houses in order. The days of reflection and worry have been replaced by growing signs of productivity, hard decision-making and innovation. Now is their time to tackle the big fiscal problems that lie ahead.

This year's Cost of Government Summit, hosted by Governing, explicitly set out to find answers regarding how states and localities deal with a variety of fiscal issues, such as pension obligations, debt-burdened localities, workforce benefits and Medicaid expansion. State and local officials — along with key thought leaders from major institutions and the private sector — came together for answers to long-term fiscal concerns by examining how regional collaboration can improve economic conditions, crime and the environment. In addition, stakeholders looked at how generational tensions can be reconciled by promoting new approaches to workforce performance improvement.

The day-and-a-half event in September began by discussing the state perspective on fiscal conditions. Nebraska Gov. Dave Heineman gave attendees his take on what states needed to do after the worst fiscal crisis in more than 70 years. It starts with fundamentals, he said: "We don't spend money we don't have and we view education as the great equalizer." To those ends, Nebraska has generated a number of economic incentives and has cut taxes, while investing in higher education and maintaining the state's impressive graduation rate for high school students (currently 87.6 percent).

Governing a state in today's new fiscal environment requires trust and integrity. It also calls for trying to change the status quo.

Governing a state in today's new fiscal environment requires **trust and integrity**. It also calls for trying to change the status quo. Heineman made a bold push to reform the state's taxes, a measure that would have modernized the state's tax code, slashed income taxes and broadened the state's sales tax. In doing this, he received significant pushback from special interest groups and businesses that were opposed to his reforms. But now is the time for change. "We are in a new era of revenue growth," said Heineman. "That means lower spending but with a greater focus on education and jobs."

The Nebraska governor set the tone for the summit, which pursued practical as well as innovative solutions that state and local officials could take away for discussion and possible implementation. Here's a look at what transpired and the ideas that energized the 2013 Summit participants.

Paying for America: The Local View

While every level of government has been fiscally whipsawed by the Great Recession, none has suffered more than cities and counties. With their revenue structures increasingly out of sync with the economy, local governments have less autonomy in determining the taxes and fees they can charge. Some cities already have sky-high property taxes, leaving them with few choices other than reducing the cost of government. Meanwhile, federal decrees and mandates (think EPA-mandated water and sewer outflow upgrades) have remained intact. "We are squeezed on both sides," said Scott Smith, mayor of Mesa, Ariz.

Hobbled by their inability to generate new revenue, and unable to get much from Washington other than grants that come with specific and complex requirements, local governments are stuck with increasingly unsustainable budgets that have to cover a growing amount of workforce benefits, especially in the public safety arena. This may seem insurmountable, but is it?

Toni Preckwinkle, board president of Cook County, Ill., said her county has a plan that is helping her govern with a smaller workforce and constrained revenue. "We have instituted **performance management**; it's a big innovation in Cook County," she said. For the first time, department heads from finance, administration, health and economic development are sitting down together and setting goals. For example, the county got its property tax bills out before deadline for the first time in 34 years. The corrections system is reaching capacity, so leaders are using performance management to reduce the prison population without jeopardizing safety. "Performance management is critical to improving services with less," said Preckwinkle.

But Preckwinkle emphasized that before she could establish performance management, she had to re-establish the county's **credibility** with its taxpayers and employees. "I needed credibility first," she said. "I had to reduce my budget, I had to get labor's support despite having to cut the headcount by 2,400, and I had to maintain our public health and criminal justice systems without raising property or sales taxes."

Another tool local governments can use to get their fiscal house in order is **long-term budgeting**.

> **"Too many times, we take a narrow focus on the current and next fiscal year's budget. We need to change the paradigm. Finance people need to take the long-term view. In Michigan, we now do 40-year projections."**
>
> —John Nixon, Director, Michigan Department of Technology, Management & Budget

Harry E. Black, director of finance for the city of Baltimore, said the city government was very good at balancing its budget each year, but realized it wasn't sustainable over time. So the city created a 10-year financial plan. The result was a sobering realization that the city would be staring at a $725 million shortfall over the course of the decade. "With property taxes already too high, we had to undertake major tax reforms and reduce the cost of government," explained Black.

John E. Nixon, director of Michigan's Department of Technology, Management & Budget, echoed a similar view on the impact of long-term budgeting. "Too many times, we take a narrow focus on the current and next fiscal year's budget. We need to change the paradigm. Finance people need to take the long-term view. In Michigan, we now do 40-year projections."

Cities in Fiscal Distress:

Can State Intervention Help?

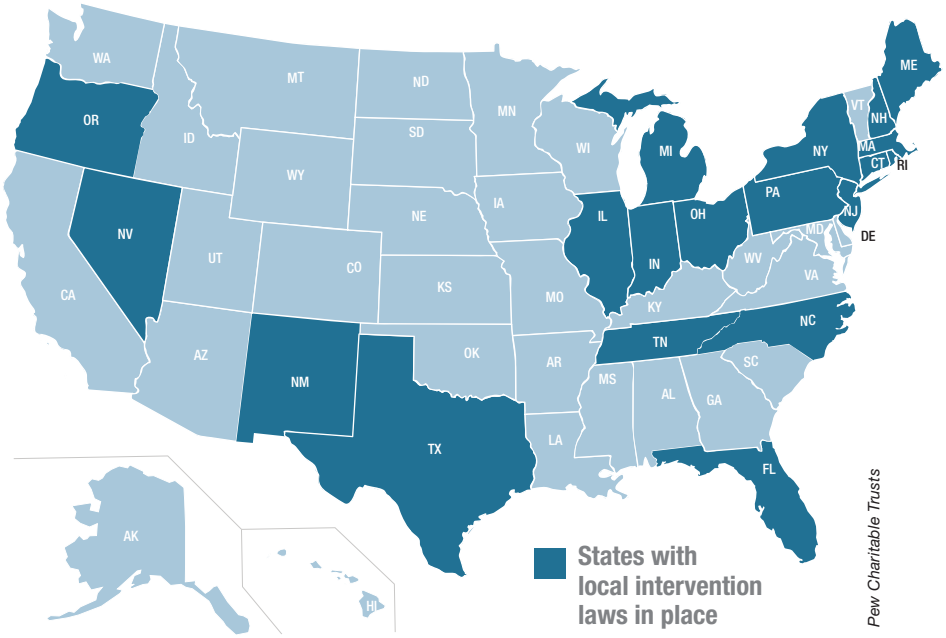
When a city is in deep fiscal distress, should the state intervene? And if so, by how much? The range of answers to these questions during the Summit's debate on the topic shows there's no easy solution to what's become a difficult, but visible problem in America.

As Andy Dillon, treasurer for the state of Michigan, pointed out, interventions are rare. His state has 1,000 units of government, with just 8 run by state-appointed emergency managers. According to a report by Pew Charitable Trusts, fewer than half of states have laws allowing them to intervene in municipal finances, with some less aggressive about intervening than others. California, for example has three cities in bankruptcy and several more in significant fiscal distress, yet the state hasn't intervened in any of those situations.

Dillon, who favors state intervention, pointed out that when the needs of citizens are not being met — such as health care, public safety and other vital services — a state has an obligation to intervene. Dillon asked: "What is the option without intervention?"

Dail Forsythe, senior fellow with the Wagner Graduate School of Public Service at New York University, cited New York City's fiscal turnaround in the 1970s as a great example of how state intervention can give a city breathing room and a roadmap back to fiscal solvency. "The state set up a long-term approach [to fixing New York's fiscal problems] that included an emergency control board that had analytic capacity; it stepped down methodically while keeping certain controls in place, should the city misbehave," said Forsythe.

A key point is that there are **degrees of intervention**. It is not a bailout, but it should be done depending on the severity of the local situation, taking into consideration revenue streams, union arrangements, even the geographic area of the jurisdiction. Ultimately, there needs to be a level of trust as well as a working relationship between local and state governments.



Pew Charitable Trusts

But there are arguments against state intervention too. Christopher A. Doherty, mayor of Scranton, Pa., said his city went into distress debt in 1992, but has yet to emerge from state intervention. "There are no laws to get out of distress; it has to go through the legislature," said Doherty. Doherty called for **more flexibility**, including state laws that give local governments leverage when it comes to negotiating with unions. In a similar vein, Calvin A. Kent, a professor of business at Marshall University, argued that states don't give cities the latitude to raise revenue. Limits on sales and property tax levies can stymie a local government's ability to use different options to deal with fiscal problems. And other limits can add to the problem. "States require cities to provide services that fall outside their ability to collect fees to cover them," he said.

A key point is that there are degrees of intervention. Ultimately, there needs to be a level of trust as well as a working relationship between local and state governments.

According to Pew, there are **four key factors to a successful state intervention**. First, states should design an intervention that returns day-to-day management of the city back to local officials as quickly as practical. This can reduce the tension that often arises when states intervene. Second, states and cities need to be proactive when it comes to detecting and tackling local financial problems. One way to do that is for cities to adopt multi-year financial plans. Third, states have to weigh the costs and benefits of an intervention during tough economic times. Balance is important. Finally, interventions need to be designed to involve all stakeholders and to be transparent when it comes to financial information.

Arkansas Medicaid Director Andrew Allison explained that by providing private insurance to the newly eligible, Arkansas saw an opportunity to pay for outcomes to help bend the cost curve of expanding Medicaid.

Medicaid and Health Exchanges:
What Does Success Look Like?

As the Affordable Care Act (ACA) begins to take effect, Summit attendees grappled with two critical components: the expansion (or not, in some states) of Medicaid and the health exchanges. Even though 26 states rejected the idea of expanding Medicaid, all 50 states have had to renovate their eligibility systems and build a new level of connectivity so they can work with the exchanges, which underpin the ACA's key component.

Arkansas Medicaid Director Andrew Allison explained why his state decided to expand Medicaid using the private insurance market. Because the state has such a large uninsured population, they worried that traditional expansion would have blown costs through the roof. By providing private insurance to the newly eligible, they saw an opportunity to pay **for outcomes** to help bend the cost curve. In Cook County, Ill., which serves as the health provider of last resort for a large portion of its most vulnerable population, the goal was to broaden coverage so people could enter the health system quickly and receive care sooner, according to Ivan Samstein, the county's chief financial officer. Spending more upfront, in a planned approach, could mean reducing more costly care when the patient shows up at the county hospital emergency room.

One way to do that is to **make your own market.** Cook County saw an opportunity to improve and expand home care services. It's the least organized part of the Medicaid health care system, according to Samstein, and presents an enormous opportunity to share information about patients and improve quality of care.

A second way to rein in costs is to **reorient the bureaucracy**. This means many things, but according to Matt Salo, executive director of the National Association of Medicaid Directors, it means moving away from the current and uncoordinated fee for service system, to a health system based on value, not volume. But that means breaking down silos, not just in government bureaucracy but also among physicians who have resisted such change.

Third, **change behavior.** For the uninsured, health care only comes when there's a crisis and that means heading to the emergency room. We have to change the system to make the health care experience one of value for these new patients, as well as existing ones. Their behavior will need to change so that they use their insurance and providers and not the ER. One way to modify behavior is by changing the co-payments so that individuals don't avoid doctor visits and don't wait until they are too sick before seeking help. Also, by building alternatives, such as after-hour clinics, patients are less likely to put off small health problems. Another way to modify behavior is by engaging physicians in the process, by having them focus on value rather than run a patient through numerous — and sometimes needless — tests that can try their patience with the system. But for that to happen, we need transparency in the Medicaid system to show who is doing this and how they do it.

Pensions and Other Benefits:
Mounting Cost Pressures

The growing cost of public pensions and other post-employment benefits (OPEBs) has been in center court as far as the cost of government goes. With nearly every state having made some kind of adjustment to its existing pension system, attention has shifted to the municipal level, where the growing cost of pensions has begun to crowd out other services and programs, creating a profound problem, according to Steven Malanga, senior fellow at the Manhattan Institute.

Changing the cost model for pensions isn't easy. In many states there are constitutional and legal protections that make reform hard. Not so with OPEBs. Unfortunately, funding for retiree health benefits is in even worse shape, as trust funds are non-existent and only a fraction of the money needed has been set aside, said Malanga.

But solutions are emerging and San Jose, Calif., could be one model. San Jose Councilmember Pete Constant explained that the city started by changing the pension system's **governance structure,** putting on the pension board a majority of members who were outside experts and had no direct connections to employee unions. Next, the new plan calls for all future non-safety workers to pay half the cost of their pension, which has a payout set at a maximum of 65 percent of their salary and a retirement age of 65 rather than 62. For current employees, the new pension plan will allow them to keep their pension credits, but they must contribute more to continue that benefit or choose a more modest plan for the remaining years on the job. Even retirees face changes. The city council also has the power to reduce cost of living increases during a declared fiscal emergency.

Developing a new pension model wasn't easy, according to Constant. But the city kept the process **transparent** and it strived to understand the complexities behind fiscal sustainability. Some cities and states are looking at the Defined Contribution model, prevalent in the private sector, as a less costly alternative to the traditional Defined Benefits plans that dominate in the public sector. Other options include getting a more realistic long-term assumption on the rate of return. The result can be better predictability on pension costs. Some advocate that local pension systems should be moved up to the state level. A larger, better **aggregated pool of investment** reduces risk and volatility. State pension plans also cost less to run and are better funded for locals. As for OPEBs, some cities are beginning to look to the newly launched **health exchanges** that are part of Obamacare as an alternative to trying to pay for retiree health care on their own.

To better manage the cost of pensions, San Jose, Calif., started by changing the pension system's governance structure, putting on the pension board a majority of members who were outside experts and had no direct connections to employee unions.

"We use data to understand what we are doing, how we are doing it and whether we can do the job better." Theresa Reno-Weber, Chief of Performance Improvement, Louisville

Optimizing High-Performance Government with Workforce Management

Under pressure to provide quality services with shrinking resources, governments not only have to attract and retain talented and motivated staff but ensure they have an optimized and integrated workforce. So what are the keys to success?

First, it starts with **motivation**, said John Nixon. Motivation begins with good communication. Next you invest in your employees. "When they feel they are being looked after and given a chance, you motivate them," he said. In addition, you need to invest in technology, not just to bend the cost curve, but to also provide staff with up-to-date tools. Presented in the right way, they won't see technology as a threat [to their jobs], but as a support system.

The city of Louisville uses data to drive performance improvement among its workers, according to Theresa Reno-Weber, the city's chief of performance improvement. "We use data to understand what we are doing, how we are doing it and whether we can do the job better." It's all about aligning service delivery with the workforce you have today, she said. To that end, the city has a **performance management** system that analyzes **consistent metrics** to measure improvement and then follows up to ensure improvements continue. One big result of data analysis and metrics: Louisville found that it lacked qualified project managers. The city is turning that problem around.

Key success factors for turning out a high-performing workforce:

- **New workers,** especially Millennials, can be attracted by using social media tools, which can deliver a positive image of the workplace. "Never underestimate the power of your image," said Reno-Weber.
- **Training** tends to be the first item to go when budgets are cut, but you have to train workers if you want them to become great managers.
- **Outsourcing can be viewed cynically as a cost-saving move.** But in Michigan, the state does "competitive bidding" for work, letting government staff compete with private sector sources for work. You also need to review what is core to the function of government, said Nixon. If it isn't, then it can be farmed out.
- **Find your innovators.** Michigan has its "bureaucracy-busting" crowdsourcing site that has allowed innovative ideas to emerge. Louisville puts its early adopters into a lean improvement program that has paid huge dividends.
- **Communicate.** Talk to your workers, not at them. Always make sure communication is two way.

Achieving Strength Through Regional Collaboration

Running local government is complex and expensive. If you had to pick four services that topped the list for their cost they could be: education, public safety, health care and economic development. All are big ticket items, but they are also potential candidates for cost control through regional collaboration.

William J. Bratton, former police chief of New York and Los Angeles, called policing "a phenomenal cost," to government but if properly focused, it can also represent a big cost savings. "But it [policing] has to be collaborating with the rest of the public safety community," he said. According to Bratton, the police have moved ahead of other local agencies in terms of establishing collaborative programs. He cited mutual aid pacts as well as the creation of fusion centers, which combine federal, state and local law enforcement resources to track, analyze and thwart major criminal and terrorist incidents.

When it comes to economic development, it's often a dog-eat-dog

world, especially between competing metro areas and states. But Catherine L. Ross, director of the Center for Quality Growth and Regional Development at Georgia Institute of Technology sees hope in the idea of mega regions collaborating on economic development initiatives. This can be especially true regarding infrastructure projects such as ports, which are extremely costly, but can benefit a large region, not just one jurisdiction.

Health care is a huge cost issue, especially for counties that provide public health services. Prince Georges County in the Washington, D.C., metro area has turned to collaboration to build a regional health care facility that reduces costs while allowing the county to compete economically with its wealthier neighbors, according to Rushern L. Baker, county executive. Similarly, Iowa badly needed to provide better mental health care services, but rather than try and set up programs in all 99 counties, it turned to collaboration to launch 15 regional centers, according to Linda Langston, president of the National Association of Counties and supervisor of Linn County, Iowa.

A well-developed council of governments or multi-county development organization can help move collaboration to a level where it can succeed. Likewise, trust between partners is a vital ingredient.

The panelists noted that collaboration is one thing and consolidation is another. Bratton said that while police have advanced their collaboration skills, he didn't see any movement towards consolidation of forces. Similarly, Baker and others cited deep resistance at the local level towards school consolidation. Efforts to consolidate schools can get mired in politics despite the fact that consolidation can have a positive impact on maintenance costs and the ability to attract good teachers.

A main takeaway is that a key component of successful collaboration is structure: A well-developed council of governments or multi-county development organization can help move collaboration to a level where it can succeed. Likewise, trust between partners is a vital ingredient. Sometimes collaboration means having to give something up, but trust can make the letting go less difficult.

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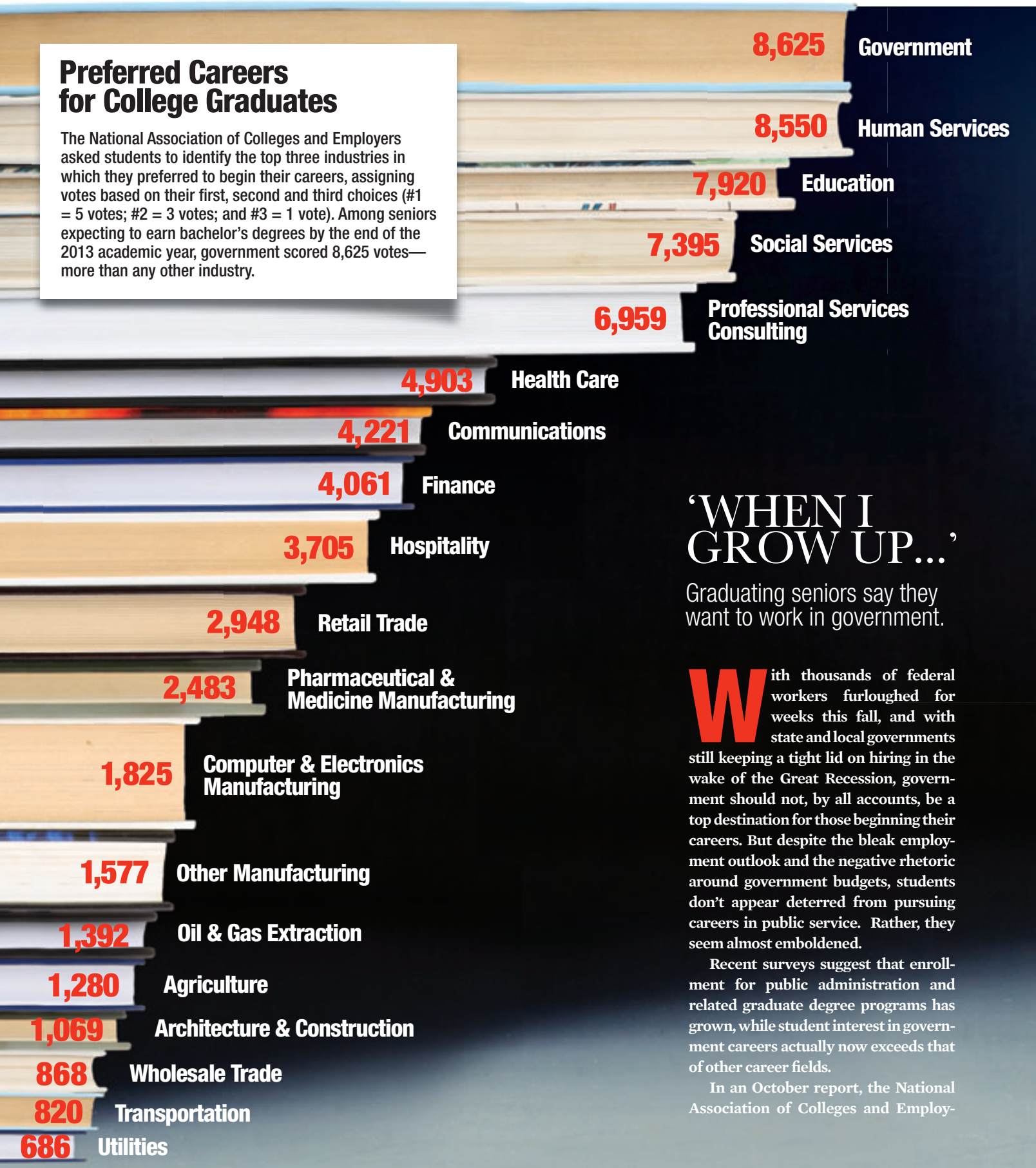
Preferred Careers for College Graduates

The National Association of Colleges and Employers asked students to identify the top three industries in which they preferred to begin their careers, assigning votes based on their first, second and third choices (#1 = 5 votes; #2 = 3 votes; and #3 = 1 vote). Among seniors expecting to earn bachelor's degrees by the end of the 2013 academic year, government scored 8,625 votes—more than any other industry.



'WHEN I GROW UP...'

Graduating seniors say they want to work in government.

With thousands of federal workers furloughed for weeks this fall, and with state and local governments still keeping a tight lid on hiring in the wake of the Great Recession, government should not, by all accounts, be a top destination for those beginning their careers. But despite the bleak employment outlook and the negative rhetoric around government budgets, students don't appear deterred from pursuing careers in public service. Rather, they seem almost emboldened.

Recent surveys suggest that enrollment for public administration and related graduate degree programs has grown, while student interest in government careers actually now exceeds that of other career fields.

In an October report, the National Association of Colleges and Employ-

By Mike Maciag

ers (NACE) asked graduating college seniors to identify their top three preferred industries for starting their careers. Government received the most votes of the 19 industries surveyed, with other public-sector-heavy fields not far behind: human services, education and social services. Nor are the results an aberration; a 2012 survey showed nearly identical rankings.

So why are so many students drawn to government work? One answer may be a shift in values. Edwin Koc, NACE's research director, says taking home a hefty paycheck and quickly climbing the career ladder are not as important to this generation of up-and-comers. They prize personal growth and opportunities to contribute to their communities over financial gain—two clear attributes of public service. "The last few classes that have graduated are distinctly different than those who graduated prior to the recession," Koc says.

Above all, new workers say they want to improve their communities. "The motivation to work in the public sector stems from a desire to help others," says Melissa Emerson, who teaches at Mississippi State University and serves on the American Society for Public Administration's national council. "Young people in America are socialized with that aspect in mind."

As students set their sights on working in government, public affairs schools saw a corresponding uptick in enrollment. A recent Council of Graduate Schools (CGS) study found first-time graduate enrollment for "public administration and services" climbed 5 percent in 2012, and increased by 3.6 percent on average over the previous five years. That's comparable to recent growth for new engineering students. It also outpaces business degree enrollment, which grew an average of 2.8 percent over the past five years.

Total graduate school enrollment for all degree fields—which includes students beyond their first year—swelled when the economy tanked, but has since leveled off. Last year, it dipped 2.3 percent. By contrast, overall graduate enrollment for public administration fields still rose 1.9 percent from 2011.

The Network of Schools of Public Policy, Affairs, and Administration also reports a steady increase in graduate school enrollment over the past five years. What's behind the increase varies, although the group says international students and online programs helped push up enrollment totals for some schools.

At the Ohio State University's John Glenn School of Public Affairs, graduate enrollment has surged 48 percent since 2008, outpacing enrollment of nearly every other program. To accommodate the growth, the school doubled its full-time tenure-track faculty in recent years and added support staff, says Kathleen Hallihan, the school's admissions director.

The number of graduate students attending the University of Nebraska at Omaha's College of Public Affairs and Community Service jumped 13.4 percent just in the past year compared with 9.1 percent growth universitywide. John Bartle, the school's dean, says the college expanded its social work and emergency management programs, for example, to keep up with student interest. "There's a desire to be helping communities and to put both their helpful instincts and knowledge to work," Bartle says.

The great unknown is whether governments will have jobs for these students. Even with the large segment of baby boomers set to eventually head for the exits, states and localities can't fill their ranks with as many new employees as they'd like (See "Heading for the Door," page 58). Some jurisdictions instituted hiring freezes that have persisted through this year.

Colleges report that many students with public administration training are instead pursuing careers in the nonprofit or private sectors. It's safe to assume that more and more of these students will land jobs outside of government if third-party firms continue to take over duties traditionally performed by public employees.

Regardless of where they end up, however, this current crop of recent graduates appears to be one that is keenly interested in serving the public. G

Email mmaciag@governing.com

First-Time Graduate School Enrollment Growth

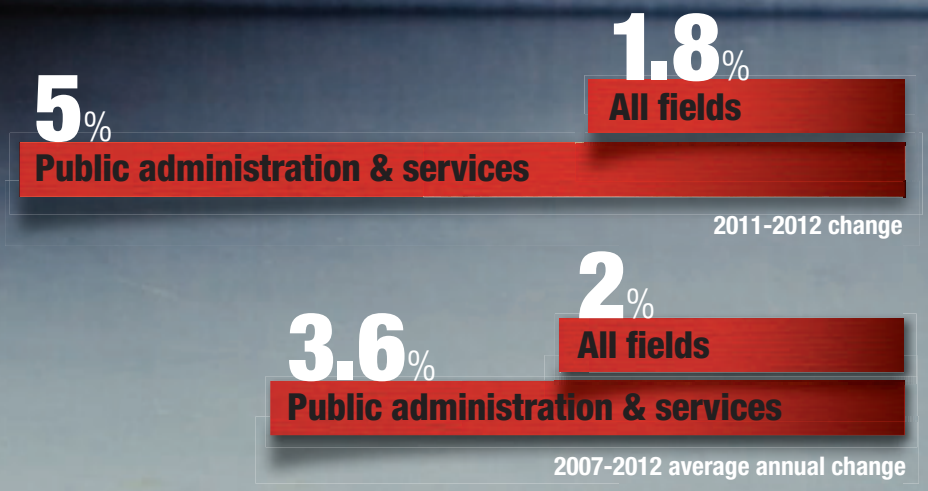


IMAGE: SHUTTERSTOCK.COM; SOURCE: COUNCIL OF GRADUATE SCHOOLS' "GRADUATE ENROLLMENT AND DEGREES" REPORT

By Katherine Barrett and Richard Greene

False Transparency

Open government is often more rhetoric than reality.

The easier it is for us to find important information about cities, counties and states, the better we're able to report on topics of interest to our readers. But transparency isn't just about us. It can help citizen organizations, good government bodies, advocacy groups, the press at large and even the general public. What's more, accessible information makes it easier for legislators and city council members to drill down to the facts, creating more capacity for informed decision-making.

To be sure, progress has been made on a number of transparency fronts, and we certainly appreciate the additional data we're able to find easily each year. That said, from our personal experience and conversations with experts in the field, much of the talk about heightened transparency in government is more rhetoric than reality.

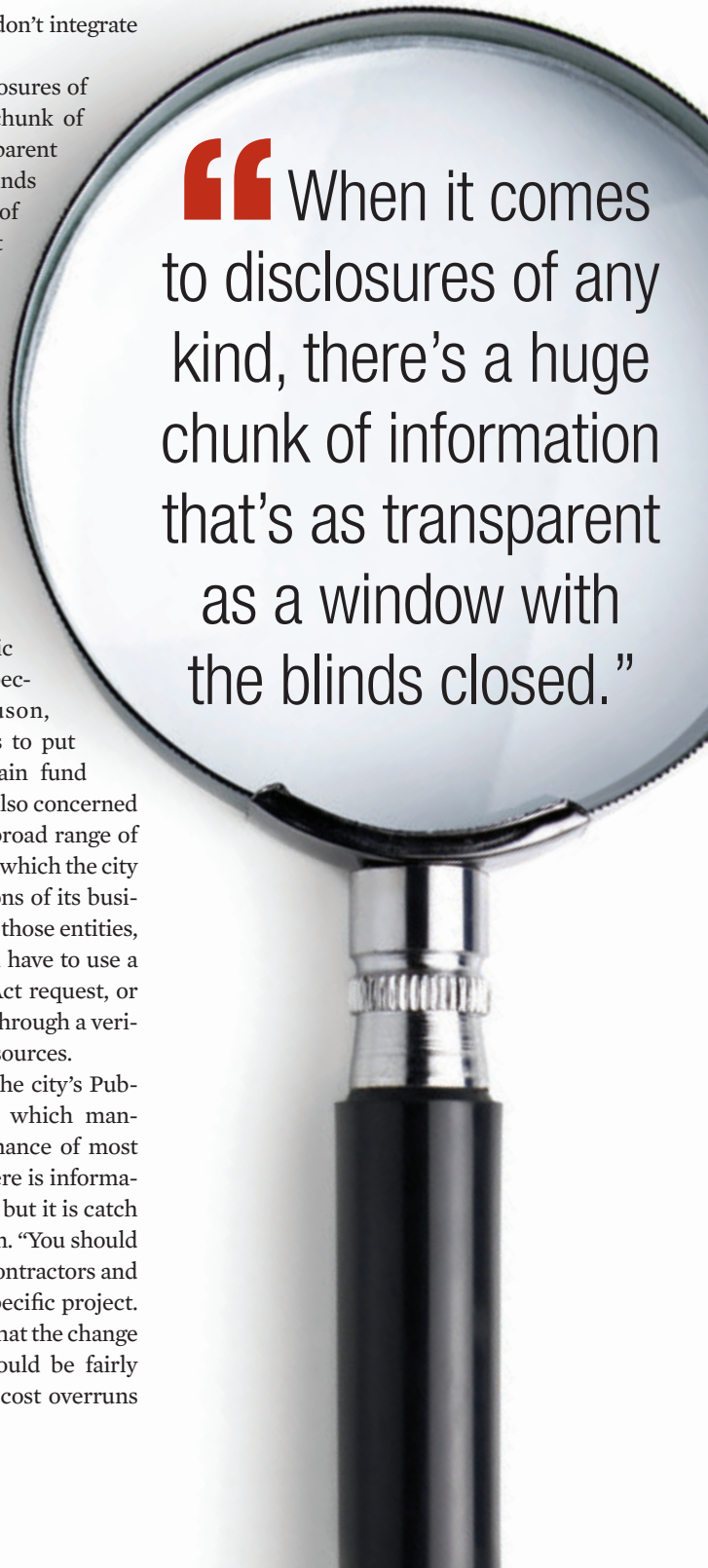
Take so-called "online spending transparency," or Web-based checkbooks that offer a clear and simple way to see where tax dollars are going. All 50 states have them. Optimally users would get, according to the nonprofit U.S. Public Interest Research Group (PIRG), a host of "checkbook-level information about expenditures including those made through contracts, grants, tax credits and other discretionary spending."

Sounds swell, and in fact, PIRG's studies of the 50 states have revealed consistent improvement. Each year, the organization has raised the bar on its criteria for grading the states. Still, in its most recent work, five states were given an F: California, Hawaii, North Dakota, Wisconsin and Wyoming. According to Phineas Baxandall, senior analyst for U.S. PIRG, in lagging and failing states—the dozen that got D's and F's—"you'll find PDFs instead of searchable, sortable databases; you'll find much more partial information about departments, and they generally don't integrate economic subsidies."

When it comes to disclosures of any kind there's a huge chunk of information that's as transparent as a window with the blinds closed. This includes a host of entities that generally don't get their cash through the general fund. Starting the list are affiliated not-for-profits set up to provide government services and often funded through so-called "corporate funds" or grants, as well as public-private partnerships, authorities and a variety of other quasi-governmental bodies.

This has been a hot topic in Chicago. The city's inspector general, Joe Ferguson, applauds Chicago's efforts to put information about the main fund onto its website. But he is also concerned with transparency in the broad range of associated entities through which the city conducts increasing portions of its business. For information from those entities, interested parties may still have to use a Freedom of Information Act request, or diligently wend their way through a veritable maze of information sources.

He cites, for example, the city's Public Building Commission, which manages building and maintenance of most municipal structures. "There is information put online proactively but it is catch as catch can," says Ferguson. "You should be able to see who all the contractors and subcontractors are for a specific project. You should be able to see what the change orders were. And you should be fairly quickly able to see where cost overruns are." For now, you can't.



> "When it comes to disclosures of any kind, there's a huge chunk of information that's as transparent as a window with the blinds closed."

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Information about job creation programs can also be hidden. The policy group Good Jobs First, under Executive Director Greg LeRoy, has been issuing report cards on how well states disclose company-specific deals to create new jobs. But he's concerned about the absence of outcome disclosures. It's one thing to disclose the existence of a new deal. It's another to share information about the outcomes, such as how many jobs actually came to be.

Another example: Eric Berman, former deputy comptroller of Massachusetts, points out that the money spent on state universities is often opaque. "If you want to find information about the University of California system," he says, "you might as well try to talk with God." Questions like the amount being spent on maintenance for the dorm system, or salaries for professors and administrators are extremely difficult to answer using publicly accessible information.

Finally, let's get back to the two of us and our cohorts in the press. More and more frequently we find that in order to talk to an elected or appointed public official, we need to go through public information offices.

This doesn't have to be a bad thing. PR offices can be efficient and extremely helpful. But sometimes they appear more concerned about protecting their bosses from chatting with the press, than serving the public that pays their salary.

The National Press Club issued a statement in July that is about the federal government, but we think applies equally to states and localities: "Public affairs offices increasingly require that reporters conduct all interviews through the press office." Such restrictions "were not in place so widely a few decades ago. Most reporters do not protest the practices, because they have never known another way."

We have. And we found it a better way to get important and interesting information to share with our readers. We liked it better back then. G

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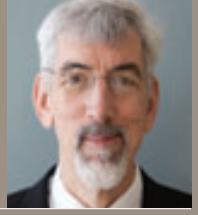

By Mark Funkhouser

'Operator Perry Loves You!'

Governments really are in a competition. A lot is at stake.

I frequently ride the bus to work in downtown Washington, D.C. It's usually standing room only among grim young professionals with their hair still wet from the shower and their eyes glued to their smartphones. But on one particular bus, the driver is so relentlessly upbeat and chipper, calling out a welcome to every rider as they board and bidding a great day to those getting off, that you see a surprised smile from many and a bemused glance up from the phone. "Taking off slow now, hold on!" "This is R Street, last stop before we go under the little bridge!" And then the clincher: "If nobody tells you they love you today, just remember, Operator Perry loves you!"

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Most D.C. bus drivers I've encountered are courteous and pleasant, but this guy is something special, and I doubt he got his approach from some kind of customer service training. But it works. And I'll bet you this: When the Metro transit system is looking for a tax or fare increase, the folks who ride Operator Perry's bus will be more likely to support it than those who don't.

At the recent launch of the new Center for Effective Public Management, former Vice President Al Gore talked about the effort he led to reinvent the federal government. He said the National Performance Review team had struggled over whether to use the word "customer" to talk about the people federal agencies serve. The pushback, of course, was that these people were citizens, owners of the federal government, and not merely its customers. But ultimately the team settled on the word because it wanted to emphasize the need for agencies to be responsive to the people they serve.

When the book *Reinventing Government* came out, I embraced most of David Osborne's and Ted Gaebler's ideas, but I really hated the use of that word, "customer." I've come around. When I was mayor of Kansas City, Mo., I held town hall meetings with municipal employees as well as with citizens. It was the middle of the recession; wages were frozen and we were laying off hundreds of city workers. I told them how proud I was of the important work they were doing. And I told them about this experience I'd had shortly after the election:

My wife and I were sitting outside a coffee shop in the city's upscale Plaza district while a city water crew was repairing a major section of the street. A well-dressed woman in a nice car pulled up to the barrier, obviously confused about which way to go. One of the crew members approached her car and gruffly waved at her to simply turn around, then turned back to his co-workers, and shrugged and laughed. The woman might have been from one of the city's wealthy suburbs, in which case the encounter wasn't gauged to bring her back to shop at the Plaza. Or she could have been a city resident, one who now might be less likely to vote for a tax increase and, even worse, who might now be thinking about moving out of the city.

My message to the municipal employees was that the city has to compete just like any business and that their wages—and perhaps their jobs—depended on us doing well in that competition. Osborne and Gaebler were right. Al Gore was right. And so is Operator Perry. G

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By Steve Towns

Rapid Response

It's time to start paying attention to FirstNet.

The federal government wants to create a single network for emergency communications.

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Within the next year or two, governors will need to decide if they want to join the federal government's new nationwide public safety communications network. And although the decision may seem far away, now is the time to prepare.

The First Responder Network Authority—the independent federal entity better known as FirstNet—is in the process of drawing up specific network designs for each state. Right now, a federal grant program is paying states to tally potential users and inventory radio towers and other gear that could be used by the network. Once those network plans hit governors' desks, the clock starts ticking. Under federal legislation signed last year, states have 90 days to opt into or out of the plan.

The goal of the new broadband network is to finally put the nation's emergency responders on a common communications platform, eliminating potentially deadly situations where police or fire agencies from different jurisdictions can't talk to each other during major disasters. In addition, the high-speed network opens the door to advanced public safety capabilities like piping live crime-scene video to mobile devices carried by police officers, or retrieving identity and criminal history information by simply snapping a photo of a suspect.

But to deliver on those promises FirstNet needs to offer a national service that's better than existing networks used by state and local agencies. Jeff Johnson, a retired fire chief who is now a member of the FirstNet Board of Directors, acknowledged as much during a meeting of state CIOs last month in Philadelphia. "We think the cost needs to be at or below what you currently pay for your networks," Johnson said, "and we need to bring benefits of a network that's built specifically for public safety."

That won't be easy. Such a network has never been built before. "We're going to get things wrong occasionally, and we'll need to backtrack," Johnson said. "Give us some room here."

But what if states don't like what they see? Rejecting the plan presents its own set of challenges. Opting out of FirstNet doesn't mean the network won't come to your state; it just means the feds won't build it for you. Instead, you'll build your own network—following standards that allow it to plug into the national network—and pick up at least 20 percent of the cost.

States opting out will have just 180 days to get their own network plans approved by the Federal Communications Commssion and the National Telecommunications and Information Administration, and then release a request for proposals for the project.

Furthermore, governors may not be able to make the opt-out decision alone, says Bill Schrier, who, as a senior policy adviser to the Washington state CIO, serves as point man for the FirstNet deployment there. "Let's suppose that it costs $100 million to build the network in Washington state," Schier says. "If the governor opts out, he needs to cough up at least $20 million. That typically would require legislative authorization."

Authorization would need to come quickly, too, because states that don't answer within the 90-day decision period will be automatically added to the federal network, Johnson said in Philadelphia.

No matter where your state stands on FirstNet, it's time to start paying attention. With a series of big decisions and tight deadlines on the horizon, governors and their advisers need to get up to speed.

Schrier's plan is to engage the feds early. "I'm hoping for an interactive process," he says. "Hopefully, they don't just take a bunch of data and dump a plan on my desk. I want them to ask questions and collaborate with us, so that when the design is done, we'll be able to properly advise the governor to support it."

That sounds like the right approach. G

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By Justin Marlowe

Building On a Wish Book

A county finds a way to make "pay as you go" work in funding large capital projects.

For those of us raised in the pre-Internet era, nothing conjures up holiday nostalgia like the old Sears *Wish Book*. The *Wish Book* was to holiday shopping what Amazon.com is today. In picture after beautiful, glossy picture, it showed us all the hottest holiday toys and gadgets we couldn't live without.

Many local governments' capital improvement plans are a lot like the *Wish Book*. They're full of plans for shiny new stuff like playgrounds, fire trucks and eco-friendly public buildings. They make it easy for citizens and elected officials to make their own wish list of must-have toys. But like our dreams of holidays past, local capital improvement plans leave much to the imagination, namely who will pick up the tab. Local governments used to count on the federal government and new local taxes for help. That holiday magic is probably gone forever.

As a result, some local governments have started to dabble with "pay as you go" capital finance. The premise of "paygo" is simple: Pay for capital projects not with borrowed money or new revenues, but by saving or freeing up money from existing sources. This approach seems obvious and is in keeping with pre-credit card days, but it suffers from several problems—both financial and political—that, until now, have made it a poor fit for larger local governments.

The main barrier to paygo is that it only works when line managers allow unspent funds to remain unspent. Most sizable capital projects require more money than can be set aside in a year or two. And yet, saving money over time defies the old "spend it or lose it" axiom of public budgeting.

That doesn't mean paygo can't be made to pay off. Maricopa County, Ariz., is a case in point. It has found a way to use paygo as the focal point of its roughly $500 million annual program of capital improvements. It has done this by building unique technical features into its budget. For instance, most general fund money unspent at year end is swept into a countywide capital projects fund. All departments can access this fund if they can make a strong business case for a particular capital project.

To encourage departments to plan and save accordingly, budget procedures make clear that projects with dedicated funding in agencies' proposed budgets are far more likely to receive the requisite capital projects money. Moreover, once a project is approved, a department can earmark and carry forward the funds needed to see that project to completion. Because of these features, money drives the long-term capital budget and not the other way around as in most local governments.

Politics is an even steeper challenge for paygo. Most elected officials would rather spend money on programs and services now—especially when it's time for re-election—than wait for bigger paygo projects later. Maricopa County works around this through planning. County officials identify projects and project funding sources in formal countywide five-year financial forecasts and in a five-year capital plan.

These transparent plans make clear that if elected officials redirect paygo money elsewhere, voters could raise objections. For that reason it's no surprise that elected officials have mostly stuck to these plans, and in doing so have met the county's capital needs with little or no new borrowing. In fact, in its most recent budget document the county pointed out that its debt per capita is only $85, compared to $1,352 per capita in similar Clark County, Nev.

There's another pay off—perhaps the most important one. Maricopa is one of the only big urban counties that did not suspend its capital improvement program during the Great Recession. In a politically conservative environment, that translates into big gains for incumbents.

Maricopa-style paygo is not perfect. One big issue is that it leaves open the question of "intergenerational equity." That is, why should today's citizens pay most of the costs for projects that will mostly benefit future citizens? But for now, unlike many other municipalities, it looks like Maricopa County is able to spread the joy of capital projects to good girls and boys everywhere. G

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Last Look

One hundred years ago, a group of automobile enthusiasts established the nation's first truly transcontinental road, the Lincoln Highway. The goal was to build a "Coast-to-Coast Rock Highway" from Times Square in New York City to Lincoln Park in San Francisco, and, in the words of its creator Carl Fisher, "stimulate as nothing else could the building of enduring highways everywhere that will ... mean much to American agriculture and American commerce." Named in honor of the nation's 16th president, it was incorporated in 1913—50 years to the day from the beginning of the Battle of Gettysburg—and was America's first national memorial to President Lincoln. Cobbled together from existing roads and along rivers and rail lines, the Lincoln Highway made its way through 14 states (the image above is from East Rochester, Ohio). But gradually it slipped into obscurity, and today it is estimated that only about 80 percent of the original route is still drivable. In celebration of its 100th year, about 275 participants drove what's left of the route in June, setting out from New York City and San Francisco, and meeting at the midpoint in Kearney, Neb.
—Elizabeth Daigneau

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