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CYBERSECURITY LESSONS LEARNED: What Every Elected Official Should Know

CYBERSECURITY IS TOP OF MIND AMONG YOUR PEERS.

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Getting It Done

Despite the tumultuousness of our politics at the national level, there’s a fourth trait that is common among our honorees: a focus on solid, measurable results. Massachusetts Gov. Charlie Baker got legislation passed that resulted in opioid prescriptions declining by 25 percent last year, double the decline nationally. And Utah’s budget director, Kristen Cox, led changes in her state’s crime lab that resulted in cases being processed 66 percent faster.

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Despite the tumultuousness of our politics at the national level, the public seems to know something about the people who lead their state and local governments. In survey after survey over decades, solid majorities have continued to express a level of trust and confidence in states and localities that they don’t feel for federal institutions.

Our honorees’ accomplishments embody that, as does their focus on getting good value for the taxpayer’s money. At the Metropolitan Atlanta Rapid Transit Authority, for example, CEO Keith Parker, whose agency was facing a predicted $33 million deficit when he took over, finished his first year with a $9 million surplus. And in Denver, Mayor Michael Hancock has produced more than $15 million in savings from an employee-led innovation program he put in place.

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That trust is being earned every day across the country. I travel a great deal, meeting and talking with public officials, and I can tell you that while the people we are honoring this year are exceptional, they are not the exception. They represent thousands of solid, professional public servants making sure that, despite all of our problems and conflicts, our governments work.

Publisher’s Desk

Mark Funkhouser, Publisher
Turn Data into Action

Building a System of Insight

Who are the decision-makers in your organization? Field workers, analysts, data scientists, or government executives? All of the above? Smart communities move from siloed data to a hub of information to be shared with others—a system of insight. Esri’s ArcGIS® platform provides the tools to quickly analyze information, communicate it to stakeholders, and move to effective action. As the expectation to make quicker decisions grows, empower your organization to build a complete data strategy.

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LETTERS

More on Voter ID

In the October feature “The Politics of Identification,” Daniel C. Vock wrote about recent court rulings that struck down two state voter ID laws for being racist. The article mainly focused on Texas, but also briefly looked at North Carolina. Because of that brevity, one North Carolina representative wrote in to expand on his state’s voter ID law and address the accusation by the Fourth Circuit that the legislature had passed the law precisely because of its discriminatory effects.

This feature leaves out salient facts, which I explore in greater depth in an article I presented to the American Bar Association titled “Was It Race or Reform?” However, in summary:

The Fourth Circuit conceded that there was no evidence that any member of the North Carolina General Assembly had any discriminatory intent. A sample of the Fourth Circuit’s reason for finding discriminatory intent was this: A GOP precinct chair, one of hundreds who spoke at public hearings, made a racist statement. The Fourth Circuit called him a “party leader” and attributed his statement to the legislators who heard him. North Carolina, a precinct chair is usually “elected” by one or two people with no contest.

The Fourth Circuit also left undisturbed the district court findings that the law did not have any actual discriminatory effect on anyone.

Four Supreme Court justices voted to stay the order of the Fourth Circuit.

And finally, the Fifth Circuit and the Justice Department approved a revised Texas voter ID law that had a similar feature (a reasonable impediment alternative), but those decisions were given no significance by the Fourth Circuit.


Is Free Education Really the Answer?

Staff writer Mattie Quinn looked at Tennessee’s effort to offer free community college to all residents in the October feature “Free for All.” The Tennessee Promise, as it is called, has helped a record number of people attend community college in the state. Under the program, students have to attend informational meetings while still in high school. Once in college, they have to complete eight hours of community service per semester, stay enrolled full time and maintain a 2.5 GPA.

The question is, how many students will take college seriously if they don’t have any skin in the game, i.e., have to pay something for their education? Will this just be another boondoggle program with low retention and high dropout rates after a semester or two?

—Gary Sokalow on Governing.com

Unintended Consequences

In his October Behind the Numbers feature “Does Ban-the-Box Do Any Good?,” Mike Maciag looked at two studies that suggest the laws, which are meant to help ex-offenders re-enter society, may actually hurt minorities overall. “The studies found an alarming unintended consequence,” he wrote. “Young African-American men without criminal histories, an already disadvantaged demographic, may find it even harder to receive job callbacks.” One study arrived at this conclusion by sending out 15,000 fictitious job applications before and after ban-the-box laws went into effect. Study authors used distinctive applicant names to imply race.

This is a double-blind test; statistically, the results are questionable at best.

—Matthew Walkeley on Facebook

This theme has been pedaled for a while now. Sure, there will be statistical discrimination to some degree, but the labor market is healthy and, on net, [ban-the-box laws are] a good development.

—Agdän Treschechenko on Facebook

Remember that every time you rush to make a rule to “fix” one problem, you will have unintended consequences in twice as many areas! Make more rules cautiously.

—Ed McGuire on Governing.com

In my years of working with young people, I saw not a need for a college education but a need for some practical work experience. Too many go from high school to college and have no concept of what a job is all about. Thus, when they get out of college, they do not have the basic background in how to work. Maybe a year or so of work experience after high school might do more good than [young people] immediately going to college. Afterward they can go for more education if they have an achievable career goal that requires it.

—George Qualls on Facebook
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Payback, Louisiana Style

Sometimes a politician can do favors for a friend and stick it to an enemy at the same time. That’s what Gov. John Bel Edwards is trying to do in Louisiana.

Edwards, a Democrat, wants the state to join some of its parishes in suing the oil and gas industry to pay for the restoration of environmentally damaged coastal land. To oversee the case, Edwards decided to hire Taylor Townsend, a former state legislator who just happens to chair the governor’s super PAC. Townsend put together a team of outside attorneys who, collectively, had given Edwards’ campaign $130,000 last year.

Needless to say, this led oil and gas officials to accuse Edwards of cronyism and doling out “massive legal fees for his friends and funders.” But the hiring also needled Jeff Landry, the Republican attorney general who many expect is preparing to challenge Edwards in the next election. Edwards and Landry have been feuding for a while now—well before the coastal land litigation came up. The attorney general has refused to approve more than 40 state contracts negotiated by the governor in part because of objections to language in the contracts barring LGBT discrimination. Edwards has challenged Landry’s authority to block his deals, but so far the rulings have gone Landry’s way.

So it was no great surprise that Landry would object to Edwards’ hiring some pals for the coastal land suit. In September, he moved to nullify the deal, calling it a violation of a state law restricting contingency legal fees. Edwards countered that the contract actually protects the state financially by denying the attorneys any payday unless they prevail and barring them from taking a percentage of the award. Still, more than three dozen legislators have objected to Edwards’ proposal.

“The issue exposes both a policy and political rift between Edwards and Landry,” says Jeffrey Sadow, a political scientist at Louisiana State University in Shreveport. “The governor drew tremendous monetary support from trial lawyers in his campaign, and this suing strategy permits Edwards to stake out a visible populist position. Landry’s actions also publicize him as standing up to this perceived abuse of power, and serve his policy goal to resist state intrusion on corporate citizens.”

Sadow doesn’t think Landry can prevent Edwards from hiring the lawyers that he wants indefinitely. And for his part, the governor has been unapologetic about offering a contract to political allies. “There is nothing dishonorable about hiring a qualified, competent attorney who happens to be a friend and supporter,” Edwards told The Baton Rouge Advocate. “Since when am I obligated to do business with people who don’t support me?”

Edwards’ critics point out that Townsend doesn’t have experience overseeing a case of this type. But the team the governor has put together is highly qualified, says Dane Ciolino, who teaches legal ethics at Loyola University in New Orleans. “With respect at least to some of those lawyers, it wasn’t raw political payback,” he says. “Many of the lawyers that were chosen by Gov. Edwards were among the first you would call for these sorts of issues.”

If the qualified attorneys happen to have been donors, Democrats say, so much the better. “As far as a governor or attorney general hiring a campaign contributor to work on a state case,” Ciolino says, “that’s a story that’s oft been told here in Louisiana.”

By Alan Greenblatt
Clumsy Reform

SUPPOSE YOU HAD a public health crisis in your state. Would you dismantle the public health system? It doesn’t sound like a good idea. But that’s exactly what Maine is doing.

Like much of the country, Maine is coping with high rates of opioid addiction and overdoses. The leading killer in the state, however, is still tobacco. Dealing with substance abuse and addiction has been the primary mission of the Healthy Maine Partnerships. Started with funds from a legal settlement negotiated with cigarette companies in the 1990s, the 27 regional agencies that make up the partnership have worked to reduce disability and death from a variety of causes, coordinating efforts among municipal health departments, hospitals and other health providers. “They’re great community projects,” says Gordon Smith of the Maine Medical Association. “In the last couple of years, some of them have worked with us on the huge opiate disaster we have.”

But in October, Republican Gov. Paul LePage pulled the plug on the programs. LePage cut off state funding and also warned that the name Healthy Maine Partnerships belonged to the state, so the regional agencies would have to rebrand themselves. When legislators asked for more information about all this, the governor informed them that he and his staff were too busy working on the state budget to respond.

The administration’s argument is that, rather than splitting health funding 27 ways, the state should give a small number of large grants to single institutions, such as a nonprofit known as MaineHealth, to run targeted programs on such issues as tobacco cessation and prevention of obesity. Those entities, in turn, will subcontract out work to regional agencies.

There’s nothing wrong with that approach, public health advocates concede. But the shift was made abruptly, and not all the new grants had even been awarded before the regional partnerships were disbanded. It also wasn’t clear who would control the money, let alone how it would be distributed around the state. “It creates a real break in our public health system,” says Becky Smith, head of government relations in Maine for the American Health Association.

In much of the state, the former partnerships have already laid off staff or closed shop altogether. Only the cities of Portland and Bangor have standing public health departments. The rest of the state’s cities, towns and villages have essentially been left with the job of re-creating a public health infrastructure from scratch. “I believe [Maine’s health] commissioner is as committed to public health as I am, and that from their standpoint, they’re trying to make it more efficient,” Gordon Smith says. “But I do worry that in making this significant change, some of the programs and activities will simply go away.”

Tobacco is still the leading killer in Maine.
A Maze Called Workers’ Comp

WORKERS’ COMPENSATION IS BROKEN
in Florida. Putting it back together will be a difficult, time-consuming and potentially fruitless task for legislators next year.

In recent months, courts have issued a series of rulings that have served to dismantle the state’s workers’ compensation law, which had its last major overhaul back in 2003. Most significantly, the Florida Supreme Court found that the law’s cap on attorneys’ fees is unconstitutional. It also found that the time limit placed on disability payments was too short. As a result, workers’ comp insurance premiums are set to spike. Depending on which estimate you trust, employers could be paying anywhere from 25 to 45 percent more over the next couple of years.

Business groups will pressure the legislature to come up with a new plan, but they recognize it’s going to be difficult. Workers’ comp affects many different players—employers, insurance companies, health providers and attorneys, not to mention workers themselves. Often there isn’t agreement even within a given sector about the right approach. Small businesses view workers’ comp issues differently than corporations, for instance. “Most groups want to see reform, but there are very different versions of what that would look like,” says Tom Feeney, president of Associated Industries of Florida, a business advocacy group.

That association alone has split into five different working groups, all seeking consensus on possible legislative proposals.

Assuming the internal squabbling works out, Feeney and his allies know that their complaints about excessive or unnecessary legal fees will receive serious pushback from the trial lawyers who take workers’ cases to court and can profit from large awards. “Attorneys’ fees are the driving force of interest to people on both sides—labor and the employers’ side,” says Alan Kalinoski, who chairs the workers’ compensation section of the Florida Bar Association.

Legislators aren’t going to like the feeling of being cross-buffeted by various powerful forces—labor, business, attorneys, insurance companies and health-care providers. Making matters more difficult is the fact that Florida is a term-limited state. No more than eight legislators are still around who lived through the big debate on the issue 13 years ago.

And any agreement that can be reached will have to pass muster with the courts, which have dramatically altered the legal landscape around the issue. The whole business of trying to make sure that workers are adequately compensated and treated for injury while keeping costs under control for employers is inherently difficult. It’s not clear how, given the new legal constraints, legislators are going to be able to strike a reasonable bargain. “There are a number of reasons this issue is more complex than what legislators typically deal with,” says Feeney, a former Florida House speaker. “I don’t think it’s a foregone conclusion that the legislature will act.”
A GENERATION AGO, it wasn’t unusual for the president of a public college or university to stay on the job for 10 or 15 years. Today, that kind of stability is pretty much gone.

Lately, every month has seemed to bring news of a president stepping down in strained circumstances. It happened in June at the University of Louisville, in August at the University of California, Davis, and in October at the City College of New York. The details vary, but it’s clear that the job of university president is becoming more precarious all the time, all over the country. Of the 81 public universities in America classified as “Research 1” institutions, 56 have experienced presidential turnover over the past five years.

There are several reasons for this. For one thing, budgets for public colleges and universities are under severe stress. Nearly all states have cut support for higher education, and many of them have at the same time imposed caps on tuition increases. Presidents find themselves constantly second-guessed about spending priorities by politicians, faculty, alumni, parents and students. Even as states cut back on funding, they are demanding greater accountability and looking for measurable improvements, such as increased graduation rates, while questioning the worth of academic programs that don’t seem to lead directly to job placement. “More and more we see universities being subject to very short-term assessments, almost in the way that publicly traded companies are judged—instantaneously, yet with tact—to any number of situations that quickly come to a boil, whether they are public safety issues or protests over fees. Social media can spread the word of any trouble beyond the campus in a hurry. That might include the president herself coming under scrutiny for using university funds on personal expenses or taking the heat when a controversial speaker comes to campus. Regardless of the source of the complaint, the average age of a university president is 62, so the learning curve on dealing with strategic communications through Twitter or Snapchat is often steep.

Being a university president has always been a big and demanding job, with a broad portfolio of responsibilities. Now, with financial and enrollment pressures mounting, and decisions being questioned by actors inside and outside the institution, maybe it’s not a huge surprise that many of them decide they’d be better off bringing in more money consulting, or might be happier heading back to the classroom.
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The issue carrying the most emotional freight in Rhode Island these days isn’t the scarcity of good jobs or the state’s fragile finances, important as those things are. The issue that resonates emotionally is the 6/10 connector.

The 6/10 is a two-mile stretch of multi-lane highway that connects a pair of interstates running through Providence and its suburbs. It carries 97,000 cars every day. Nobody likes it, and there’s no reason why anybody would. It’s a series of 11 decrepit bridges held up with ugly wooden and metal braces and buttresses. Nine of the bridges are more than 50 years old; seven of them have been labelled structurally deficient. The state, which owns the 6/10, has been talking about how to replace it for the past three decades.

The connector is not only obsolete, it’s also a living insult to the neighborhood of Olneyville, which it bisects. In the 1950s and 1960s, Olneyville was a thriving commercial district, sometimes referred to as Providence’s second downtown. Once the highway came in, though, Olneyville went into severe decline, ending up as a sterile and forbidding place where very few people wanted to live. Today, it has the lowest property values in the entire city.

For all these reasons, it’s been an unchallenged assumption for years that the 6/10 problem needed drastic action. Finally, last year, the legislature freed up several hundred million dollars to do the job. The question was what to do.

Early this year, city and state elected officials and transportation planners began to talk about how they might go beyond just fixing the 6/10 and design something that might knit back together the urban fabric that the connector essentially destroyed. Perhaps a wide boulevard with two lanes in each direction for traffic, but maybe also a little green space, a bus rapid transit corridor and amenities for pedestrians. It was a heady few months for everyone in Providence with an interest in the urban future.

Then, in early September, Gov. Gina Raimondo brought the process to a sudden end. There weren’t going to be any New Urbanist experiments for the 6/10. It was dangerous. Ugly and dysfunctional as it might be, it needed to be replaced as is. “I wish we had time and these bridges were in better shape,” the governor said. “We don’t have the luxury of time … We are going to move without further delay, without further discussion.”

Providence’s situation is unusual in some ways, but it foreshadows arguments that are going to be coming up in cities all over the country. Just about the only thing the two major parties agreed upon in the campaigns this fall was the need to spend a lot more money—hundreds of billions more—on the nation’s transportation infrastructure, both to create jobs and to replace roads and bridges that badly need an overhaul.

This is happening at a moment when the original hardware of the interstate highway system, much of it more than 50 years old, is reaching a critical stage of disrepair and/or congestion. A good number of cities are in the middle of long-running debates not too different from the one taking place now in Providence.

It’s possible to work out a rough scenario for how most of these confrontations are going to proceed: Mayors and city planning departments, convinced that old, unsightly and poorly located highways are holding back local economic development, will push for their demolition and replacement.
with grade-level thoroughfares that put aesthetics at least on par with the rapid movement of cars. Meanwhile, state transportation departments, dubious about speculative visions of urban revival, will push for simple road reconstruction that accommodates the largest possible volume of traffic. The states will have powerful lobbying help from construction companies and labor unions, which see more jobs in replacing highways than in demolishing them, and from suburban commuters concerned that the demolition of a major highway will leave them gridlocked on increasingly busy neighborhood streets.

The states will win most of these battles. They own most of the highways, as Rhode Island does in Providence, and they control nearly all the levers of funding. But before they start digging, states will throw mayors and urban planners a bone or two, adding small pockets of parkland and other green amenities that will make the rebuilt highways a little less unsightly.

This is the way things seem to be playing out in Arkansas. There, the issue is a six-mile stretch of Interstate 30 running through the heart of both Little Rock and North Little Rock across the Arkansas River. It carries 125,000 vehicles a day, is more than 50 years old and has been declared structurally deficient. The state transportation department wants to renovate the road and widen it from six lanes to 10, arguing that it will otherwise become intolerably congested in the years ahead. Planners in Little Rock question the need for 10 lanes. They have suggested that local residents might be better served by a boulevard that could still allow for substantial traffic while providing a primary recreation space for a city whose population will soon exceed 200,000.

The two sides are still negotiating, but the city has essentially agreed to drop its initial objections and let the state widen 1-30 by two lanes in each direction. In return, the state would eliminate one of the highway interchanges, making room for a park, and add elements touting as “boulevard-like” features that may include wide, tree-lined sidewalks.

Syracuse, NY, is confronting a similar decision about an urban portion of Interstate 81, a road in such poor repair that it needs to be either demolished or rebuilt within a relatively short time. City planners have been seeing boulevard visions for more than a decade, but the state highway department has been pushing for a reconstruction, and may get it. Still, Gov. Andrew Cuomo surprised some of his own transportation bureaucrats in August when he declared I-81 in Syracuse to be a “classic planning blunder” and implied that he might be open to a new round of creative ideas, perhaps including the highway’s demolition.

What’s different about the drama in Providence is that for a brief time the urbanists appeared to be winning the battle. This spring, Rhode Island’s state transportation director, Peter Alviti Jr., declared that the replacement of the 6/10 connector was “a singular opportunity, something that comes along once in a lifetime. We can take a vital piece of land and redesign it into something that suits the needs of all stakeholders.”

As for simply rebuilding the highway, Alviti called that “really, no plan” at all. But the state didn’t exactly buy the idea of turning the 6/10 into a leafy boulevard, either. It instead came up with an intriguing hybrid proposal: Replace the road with a tunnel and cover the tunnel with a large green canopy that could accommodate not only cars but also bike lanes and perhaps a bus rapid transit line. The city’s planning director praised this scheme as “a strong landscape strategy to create a memorable urban experience.”

Then the whole deal began to fall apart. In July, the federal government turned down the state’s request for $175 million to help pay for the project. A few weeks later, the Federal Highway Administration reported that parts of the connector, especially its overpasses, were in even worse shape than previously thought. “The deterioration of the bridges is accelerating,” Alviti told the governor, “and therefore immediate action is needed.” At that point Raimondo called a halt to the design process and simply ordered the 6/10 to be rebuilt in its current form.

Some of the urban activists didn’t buy the safety argument. They speculated that the governor had given in to the political demands of the “concrete coalition” of unions, traffic engineers and construction companies. “It’s electorally important for her to get construction workers on her side,” says James Kennedy, a widely respected environmentalist blogger. “If you’re a construction worker, you’re just thinking of what’s the next concrete project we can build.”

The game isn’t over. In October, Providence Mayor Jorge Elorza offered yet another idea, an elevated traffic circle with vehicles passing underneath, new bike paths, some rebuilt streets and more elements of a parkway than of the 6/10 as it now exists. The urban activists called it flawed, but better than nothing. The governor called the idea “intriguing,” and said he would consider it. “The mayor will get some of what he wants,” predicts Bob Plain, editor of the urbanist alternative newspaper RI Future.

Underlying the debates in all these cities is the question of what demolishing a highway really does to a city’s transportation system. Those who wish to replace rusty interstates with leafy boulevards are fond of citing Milwaukee and San Francisco, both of which tore down freeways in the past quarter-century and saw the surrounding neighborhoods come back to life without any serious traffic problems on the local streets. They somehow what more tentatively mention Boston’s Big Dig, which demolished a hideous elevated highway and reclaimed much of the city’s central core for pedestrian use—at a cost of $24 billion.

The truth, though, is that the sample size is just too small to draw any firm conclusions. Replacing monstrosities like the 6/10 or I-81 with boulevards might generate an urban windfall, or it might not. Some city bold enough to experiment will get a chance to find out.
Trump’s Health-Care Dilemma
Next year will see a renewed battle over the weaknesses of the Affordable Care Act.

The seeds of Donald Trump’s dramatic surge in the presidential campaign sprouted from fields that Barack Obama had plowed. The October “surprise”—the announcement that premiums for the Affordable Care Act (ACA) would increase 25 percent next year for the mid-level program—helped ignite his turnaround.

For now at least, the ACA is one of the relatively few areas in which President-elect Trump is in sync with virtually all of the Republican Party. He pledged to repeal every word of it, block grant Medicaid to the states, allow insurance companies to sell any policy anywhere, make health insurance premiums fully tax-deductible and expand the use of health savings accounts. Of all the opportunities that have emerged for Republicans in the aftermath of the election, the chance to wipe out Obama’s biggest achievement is surely the sweetest. But the time to savor the taste is short, because there are some very tough dilemmas buried in the coming debate.

The first is that, tempting as it will be for the Republicans to repeal the ACA in its entirety, there are many features of the program that citizens have come to like. Twenty million more Americans have health insurance coverage now than before its passage in 2010. Health insurance costs have dropped for many families. The public has enthusiastically embraced the program’s guarantees of coverage for pre-existing conditions and for children under the age of 26.

Second, if the Republicans repeal the hated individual mandate, which requires everyone to have health insurance or pay a penalty, it’s going to be tough to provide insurance for anyone who wants it while keeping costs under control. Insurance exchanges aren’t enrolling enough younger, healthier individuals who can shoulder some of the costs. If the individual mandate is wiped out, this problem would get worse. The new program would likely attract just those who think they need insurance the most. That would drive costs up more for families in the replacement program, create big demands for more federal subsidies, or both.

The third dilemma lies in the proposal to give insurance companies flexibility to sell their health plans across state lines. The logic is that more flexibility will bring more competition, lower prices and happier consumers. But this would also
bring federal regulatory changes in an arena that’s been a state function since the 1850s. There could be no bigger irony: The campaign to pull back federal regulations could insert the federal government more deeply into regulation of the states.

There’s a fourth dilemma, one that cuts to the core of state budgets. The expansion of the state-federal Medicaid program. That met huge resistance in many states with Republican governors, and 19 states opted out of Medicaid expansion. The result is a coverage gap that caught 3 million Americans, one of the big problems the ACA was designed to solve.

Fighting Medicaid expansion is important for Republican governors, not only for ideological reasons but also because they’re desperate to rein in the largest and fastest growing part of their budgets. But pushing back against Medicaid expansion and repealing the ACA could risk pushing 22 million Americans out of health insurance coverage, according to a Congressional Budget Office estimate. And that could boomerang into a bigger load on state budgets, as individuals without health insurance revert to more expensive health care in emergency rooms and fall back into the standard Medicaid program.

“The ACA as we know it would seem to be toast,” Larry Levitt, senior vice president at the Kaiser Family Foundation, told reporters after the election. That much seems certain. After having voted more than 60 times to repeal it, Republicans aren’t going to stop now that they control both the White House and Congress.

But there’s a difficult puzzle here. Will they replace the ACA with a plan that reaches very deeply into the choices of families and state governments, just in a different way? Or will they resolve the dilemma by taking back a major benefit, which many families might find hard to live without? Repeal of the ACA will be at the very top of the new administration’s agenda. The choices it frames, however, may define the way Trump deals with some of the most important governance questions facing the country.

By Alan Greenblatt

Changing Course

Tragedy reshapes a mayoral race in Louisiana.

Baton Rouge is ready for new leadership. The Dec. 10 mayoral election has been reshaped by a series of tragedies this summer.

On July 5, the death of Alton Sterling made Baton Rouge the site of yet more protests against police shootings. Less than three weeks later, those protests turned violent, when a man killed three law enforcement officers, critically wounding a fourth. Then in August, Louisiana was struck by floods that amounted to the nation’s worst natural disaster since Superstorm Sandy in 2012. Baton Rouge was one of the areas that was hardest hit, with thousands of homes damaged. “The period of time in which so much happened was just an enormous shock to the community,” says Adam Knapp, president of the local chamber of commerce.

Knapp suggests that an area that was divided and angry after the shootings came together during the floods, with strangers helping strangers. The mayor’s race has naturally been reshaped by the events. But not exactly the way one would think. Instead of uniting, the race has been a crowded and chaotic affair. A dozen candidates ran to replace Mayor Kip Holden, who had decided to step down after 18 years as mayor-president of East Baton Rouge Parish. Particularly after the shooting, Holden was criticized for not stepping up to provide leadership or even maintain much of a public presence.

With such a large field, candidates spent much of their time trying to appeal to limited constituencies in hopes of earning just enough support to make the runoff. Now, with just a month between the Nov. 8 primary and the election, there hasn’t been much time for the remaining candidates—former Democratic state Sen. Sharon Weston Broome and Republican state Sen. Mack “Bodi” White—to make the switch to a broader, more inclusive message.

Still, given the number of people who supported other candidates in the primary, a lot of votes are available to the candidate who best presents a message of inclusion and rebuilding. “Each candidate has to talk about recovery and the healing process,” Knapp says, “both flooding and the significant event that laid bare the problem of poverty in our community.”

To that end, Broome supports a local increase in the minimum wage, which White has criticized. She has also taken a harder stance than White, a former detective, in calling for an overhaul of police practices. While she talks about body cameras, he talks more broadly about training and improved community relations.

The next mayor will also have to address other issues that were paramount ahead of this summer’s events, notably traffic congestion. Infrastructure will be a key concern for the new mayor—both roads and the completion of a diversion canal and other waterways that could mitigate flooding.

But in the wake of so much suffering and unrest, the new mayor must strive to unite the city. “We need someone who wants to try to bring everybody together,” says Robert Monn, a journalism professor at Louisiana State University. “I’m not convinced that person is actually running.”

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A Shot In the Arm
Driven by the opioid epidemic, needle exchanges are gaining acceptance.

In January, Congress lifted a decades-long ban on federal funding for needle exchange programs and clinics. Since then, the number of programs has skyrocketed, driven in large part by the opioid epidemic. Programs have popped up in states that might never have considered them—or might even have actively opposed them—only 10 years ago. “Kentucky has gone from zero to 11 programs,” says Daniel Raymond, policy director at the Harm Reduction Coalition. “Florida authorized a program in Miami—and we thought they would never have one.”

The goal of needle exchanges, in which drug users hand in their used syringes for new sterile ones, is to reduce the number of infections from diseases like HIV and hepatitis—illnesses that are transmitted through the sharing of contaminated needles.

There’s long been a stigma surrounding needle exchange programs, with many believing that they condone and encourage illegal drug use. But that idea is fading rapidly. “There’s been a sea change,” says Raymond. “The stigma comes from unfamiliarity.”

Contrary to common misperceptions, he says, needle exchange programs aren’t crack dens or safe places to shoot up.

Much of the sea change is the result of the opioid epidemic that has devastated communities across the country. The Centers for Disease Control and Prevention estimates that, on average, 78 people die from opioid overdoses every day. Such frightening numbers have united policymakers across party lines. In July, 46 governors signed a compact pledging to make the epidemic a key issue for their states.

Needle exchange programs are increasingly seen as a key tool in dealing with the epidemic. Experts are hoping these programs will not only stop the spread of infectious diseases but also help curb drug overdoses. Many exchange programs incorporate services such as condom distribution, advice on avoiding overdoses, and referrals to substance abuse and mental health treatment centers.

Even early adopters are expanding their existing needle exchange programs. Delaware, Maryland and Massachusetts have had programs for years, but due to limitations they were unable to grow them until now. Maryland, for example, had one of the nation’s first needle exchange programs, but it was restricted to Baltimore. In October, the program was allowed to expand statewide. “We want to have a replicable model for the rest of the state, so we are working with the other localities in Maryland to put together their own programming,” says Leana Wen, Baltimore’s health commissioner.

Needle exchange programs have proved effective in stopping the spread of infectious diseases when they are part of a larger anti-addiction strategy. Raymond points to an HIV outbreak last year in Scott County, Ind., that has been contained since a needle exchange program was established, as well as a program in southeast Ohio that has seen a reduction in hepatitis C cases.

Much of the effectiveness of a needle exchange program depends, of course, on how it is designed and run. Wen advises her public health colleagues to reach out beyond their own profession. “Health centers cannot go at this alone,” she says. “They have to team up with faith centers and other advocacy organizations, those people who are trusted messengers.”

Obviously, needle exchanges alone won’t end the opioid epidemic or eliminate needle-spread infections, says Andrea Young, supervisor of an HIV/AIDS program in Dayton, Ohio. The city started a needle exchange program last year after a series of drug overdoses. It has served hundreds of residents and exchanged thousands of syringes—no doubt it has even saved lives. As, she says, “it’s one tool in our arsenal to keep the numbers down.”

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What’s Sustainability, Anyhow?

One city’s new open data dashboard helps to define an elusive idea.

What, really, does “sustainability” mean? Considering that the word is present in the aspirations of countless governments and in the goals of innumerable public programs, it would seem there’d be a standard definition out there. But ask, say, any sustainability director, and most will give different definitions. “Yeah,” laughs Lewis Leff, senior business process consultant for Austin’s Office of Sustainability, “we’ve struggled sometimes to define exactly what ‘sustainability’ means.”

That was, at least, until this October, when Austin rolled out a sort of public-facing progress report on how the city is doing in meeting its environmental goals. Austin’s sustainability dashboard tracks 50 indicators or data points across 10 categories: food and health, ecosystems, energy, water, zero waste, mobility, climate, equity and livability, the built environment, and economy and creativity. Each of these categories is tied to an aspect of the city’s sustainability plan or to a specific city program.

The public and city employees can easily see where Austin is meeting its stated goals, and where it isn’t.

The dashboard has also helped define sustainability, says Leff. “It’s one of those things that you can’t just put down in six or eight words. It’s just too big and broad and complex for that. It needs to be shown and displayed in a way that’s easier to understand.”

The dashboard does that by visually highlighting an indicator in each of the 10 categories at the top of the site. These indicators also carry labels identifying whether a stated goal was “Achieved” or “Needs Improvement.” For example, Austin wants to reduce carbon emissions from city operations to zero by 2020. To that end, the city is tracking how many metric tons it must cut each year to meet its zero goal. A badge at the top shows that Austin met its 2015 goal, the most recent year of metrics.

Similarly, the city wants to increase the amount of waste recycled at city buildings to 52 percent by 2020. But so far they’re only recycling 21 percent, so the city has marked this indicator as one that needs improvement. The other 40-plus indicators can be found under the various categories.

Created in 2010, Austin’s Office of Sustainability is tasked with monitoring and reporting on sustainability-related projects throughout city government. The dashboard helps do that. “Tracking the different indicators has led to broader conversations and has helped city managers make better data-informed decisions about the programs we have,” says Leff. “There’s more focus now on meeting the targets.”

The dashboard shows four years’ worth of data. In 2015, Austin met six out of its 10 goals. The four that were listed as needing improvement were zero waste, energy, the built environment, and economy and creativity.

While the dashboard has certainly helped begin to define “sustainability” in Austin, it’s still a work in progress. “We’re going to be gathering feedback over time,” says Leff, “making sure we’re on the right page, if we’re tracking the right things for the community and if there’s interest in tracking new measures.”

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By Elizabeth Daigneau
EVERY NEIGHBORHOOD HAS A Naturehood

DiscoverTheForest.org
No Cars Allowed

Portland’s new bridge carries everything but autos and trucks. Is it the future?

From a distance, it’s beautiful—white spears with delicate white strands holding up an arched roadway across the Willamette River. It’s only when you get closer that it hits you: no cars. There are buses, trains, cyclists and walkers, but no cars and no trucks. This is a big new bridge across a major river in a major American city, and cars were left off the invitation list. It’s probably the first of its kind in a century.

The Tilikum Crossing in Portland, Ore., is in a city and state that have been at the forefront of ambitious planning efforts for decades. Since at least 1973, when the state’s landmark growth boundary law was passed, Portland has made itself a denser, more urban city within a state that strongly prioritizes protecting both the environment and agriculture.

The bridge, which opened in 2015 (and whose name means “people” in the local Chinook language), fits into this agenda. Will other cities copy Portland? Will it work on its own terms? Before we can answer that, we need to understand better why Portland built it.

First, it wasn’t actually Portland that built it, but TriMet, the regional transit agency formed back in 1969. When you look at Portland, what you see is a state, region and city that have been innovative in government bureaucracy and institutions, which has allowed it to be creative and forward-thinking in policy and planning. TriMet, although regional in scope, is a state agency that answers to a board appointed by the governor.

So why do a bridge without car traffic? Planners told me this allowed them to pursue several priorities more directly. “For years the political calculus was that you had to get car and truck drivers on board to get political leaders to buy into projects for trains, bikers and so forth,” says Ethan Seltzer, a professor at Portland State University’s Toulan School of Urban Studies and Planning. “Tilikum says, ‘Not so fast. We can do transit projects on their own merits.’

Those merits were, first, that the transit system needed another crossing over the Willamette River. Another crossing allowed TriMet to construct more of a network of lines; before Tilikum, all the transit lines went over one old bridge to the north.

A second reason is earthquakes. Tilikum is the only bridge in the region built to modern seismic standards. If a big one hits, it may be the only one left standing.

And third, the bridge fits with and encourages the redevelopment of the east and west banks of the river, which are old industrial brownfield areas. The western side has already bloomed with tall condominiums, and the Oregon Health and Science University has many of its buildings on the west bank. The eastern redevelopment area has the Oregon Museum of Science and Industry.

These are all good reasons, but a bridge without cars has other advantages too. By building the bridge only for transit, the current roads, which are limited in capacity, will get very little new traffic. And you can move a lot more people across a bridge on trains, bikes, buses and foot...
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than you can by putting them into individual cars. This means you can put more businesses and homes in an area, with fewer parking lots and roads.

“A bridge should be about moving people,” says Veronica O. Davis, a member of the American Society of Civil Engineers’ Transportation Policy Committee. “To some extent, we’ve been using the wrong metrics,” she says, referring to her profession’s previous, longstanding inclination to look first at handling cars when judging bridge or road utility and efficiency. Davis says she expects other cities to follow Portland’s lead, either with new bridges or by retrofitting older ones for more transit.

That may be. But when I visited the new bridge recently, I couldn’t help but notice some missed opportunities. Viewed up close, it loses much of its grace. There’s too much cold, hard concrete. I know it may be sacrilegious to say, but I wonder if TriMet should have spent more money on it. The final price tag, $135 million, seems remarkably low. Could TriMet have built a lighter, easier bridge with more innovative materials and more skilled workmanship? Infrastructure should be built for the ages.

And the redevelopment at the ends of the bridge so far seems better in theory than in practice. On the western side, the lanes of the Tilikum quickly meet a tangle of highways and freeways. I saw few opportunities for creating inviting, vibrant spaces. The South Waterfront area of tall condos looked more like a part of Houston or Dallas, yet another example of the difficulty of building any new version of a walkable, urban area even in a place as progressive as Portland.

Give it time, planners told me.

Whatever happens, once again Portland and Oregon are setting a direction that others might follow. In a few decades, Portland has gone from a sleepy, faded industrial city of parking lots to a place people move to for its lifestyle of biking, transit and artisanal breweries. It’s got a booming economy and soaring real estate prices. The Tilikum fits into all of this. Time will tell if it fits in well.

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URBAN NOTEBOOK
By William Fulton

Split Personalities
Dense places are getting denser, even as sprawl picks up.

California keeps getting more crowded—and most of the arriving newcomers don’t live in single-family homes. Since 2010, builders in the state have constructed more apartments and condominiums than single-family dwellings—about 25,000 more, to be precise. But over 160,000 multifamily units have been built in California during that time, compared to only 135,000 single-family units.

But here’s something that may surprise you: More than half of the new multifamily apartment and condominium buildings are in just four cities—Los Angeles, San Diego, San Jose and San Francisco, the four largest in the state.

That’s a big change from historic trends, which showed that only about 20 percent of all multifamily units were built in the “big four” cities. Population growth in all four exceeds the state average—further evidence of a move toward more urban living. And it signals another trend: the concentration of dense urban development in a few cities and older suburbs.

There’s been a lot of dispute over the past few years as to whether the movement toward city living is real. Advocates point to growing population numbers in cities, while critics say that most people are still moving to the suburbs.

This either/or battle is a distraction. The important point is that both trends are happening—and this is making the central parts of America’s metropolitan regions more and more different from the edges. On the edges, people live in single-family homes and drive almost everywhere. In the center, people live in apartments and don’t drive very much. The edges have more people. But the center is generally where the political and business elite live, where amenities are located, and where good jobs are concentrated. It’s where most innovation occurs.

The bifurcation numbers are dramatic indeed. For example, in Southern California, multifamily units accounted for almost 80 percent of new construction in land-poor coastal regions such as Los Angeles and Orange counties. But in the land-rich counties farther inland, the percentage was almost completely reversed.

This growing bifurcation has profound consequences—not just for how cities function but also for how people relate to one another. The bifurcation is an almost perfect reflection of America’s deepest divides—political, social, cultural and ethnic. If you draw a political map of America, the dividing line between red and blue tends to fall just where the construction of single-family housing ends and the construction of multifamily housing begins. The denser places are, the bluer they are.

In many ways, this cultural dividing line isn’t new. The urban-rural divide goes all the way back to Thomas Jefferson and Alexander Hamilton, and it has emerged again and again in American history. It may well be that change and innovation can bridge this divide to some extent. The shared economy, for example, may well thrive in both the city and the suburbs. But it’s hard to imagine that America’s cultural divide will heal as the bifurcation grows.

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The City Accelerator is an initiative to speed the adoption of local government innovations to improve cities and the lives of their low-income residents.
In many ways, it’s a brutal time to be a public official. The past year has seen an exhausting slog of political scandals, personal attacks, negative headlines and anti-government outrage. Government, we’ve been told from both sides of the aisle, is broken.

Which is why it’s all the more vital to highlight the outstanding accomplishments of Governing’s 2016 Public Officials of the Year. These eight remarkable men and women know that public service isn’t about casting blame or pointing fingers. It’s about forging real solutions to real problems.

For our eight honorees, it’s about taking on issues of social inequality through new solutions for housing, public transit, early childhood development, and the health and wellness of an entire community. It’s about seeing a nationwide opioid crisis and coming together to address it. It’s about helping those struggling with mental illness, rather than locking them up in overcrowded jails. It’s about ensuring that taxpayer dollars are managed well, and that state revenues are aligned with the reality of the 21st-century economy.

True public service, as these eight exemplary leaders know, is about working together.

Governing is pleased to honor the achievements of these dedicated individuals, and we’re proud to recognize them as Public Officials of the Year.
It’s hard to find anyone who doesn’t like Charlie Baker. Since he took office as governor of Massachusetts two years ago, the Republican’s approval ratings have consistently been in the 70 percent range. He’s earned those numbers in what now seems like an old-fashioned way: finding common ground whenever he can with a legislature dominated by the other party. “We have a political climate these days where people seek differences because that’s where the bite is,” Baker says. “I spend most of my time doing just the opposite. I’m looking for places where we can find agreement.”

But the deals he’s been able to get through haven’t been mushy compromises. With Boston’s transit agency in trouble, Baker convinced Democrats to break with their union allies on an agency overhaul package and suspend a state law against outsourcing. Next year, he’ll have his sights set on the agency’s pension plan.

Despite these moves and his interest in expanding charter schools—something voters failed to approve last month, giving him a rare defeat—Baker isn’t reflexively anti-union. During his State of the State address this year, he thanked labor for helping him revamp the state’s troubled child welfare agency—the first time in memory any Massachusetts governor had singled out unions for praise in that setting.

Baker hasn’t just said nice things about members of the opposing party—he’s given them top jobs in his administration. “He appointed a lot of Democrats because he wanted to signal that he did want to work with them and he wanted to find the best people,” says Jim Stergios of the Pioneer Institute, a free-market think tank in Boston.

The 60-year-old Baker has a reputation as a technocrat, but he hasn’t limited himself to fixing problematic programs. As he was campaigning for the statehouse in 2014, he kept hearing stories about an issue that hadn’t been on his radar: opioid addiction. He had his staff run some numbers and he was appalled by what he found. Two-thirds of patients admitted to Massachusetts hospitals were prescribed pain medication, with unacceptably high percentages of them still taking the drugs months after they’d been released. “He’s a data-driven guy, but he’s not a robot,” says Maurice Cunningham, a University of Massachusetts political scientist. “He really cared about the people suffering and that pushed him to take action.”

In March, Baker signed a law that, among other things, limits new pain prescriptions to a week’s supply, sets up screening and education programs for kids, and requires doctors to check a state database to make sure patients aren’t getting pills from multiple sources. While working on reducing the opioid supply, Baker has approved millions of dollars for treatment and used his bully pulpit to limit the stigma associated with addiction.

The result is that opioid prescriptions in Massachusetts have decreased by 25 percent since last year—double the decline nationally. With addiction and overdoses a problem throughout the country, Baker’s approach has become a model for other states. He’s pushed his ideas to other governors, convincing all but four of them to sign on to a compact outlining steps states will take—the first such agreement that’s moved through the National Governors Association in a decade.

Baker’s success on many fronts led The Boston Globe to run a column in September with the ultimate counterintuitive headline: “Charlie Baker may be too popular for his own good.” The newspaper’s idea was that the governor should leverage his popularity to spend the rest of his term doing even bolder things.

He’s not going to argue. “At this point, we have a lot of the right tools in the toolbox,” Baker says. “But we’ve got a long way to go.”

—Alan Greenblatt
When Dow Constantine visited a Seattle brain research center in 2014, he experienced a revelation. Over the course of nearly two decades in public office, the 55-year-old Constantine had worked to address problems with violent crime, drug addiction and the correctional system. Now, as King County executive, he saw a way to use the latest science to prevent social pathologies from developing in the first place. “It all crystallized for me,” he says. “These were fundamental investments that we needed to make in order that we might avoid the later problems and later costs that I had been dealing with all these years.”

The result has been Best Starts for Kids, a comprehensive countywide initiative aimed at assisting parents and their children starting in the earliest months of life. Efforts encompass a wide variety of interventions, from developmental health screenings to home visits. To fund the programs, Constantine lobbied voters to approve a tax levy providing $400 million in revenue over six years. Most notably, the county’s localities agreed to let scientific research and regular reevaluation drive expenditures, rather than taking the usual approach of basing allocations on political boundary lines.

Best Starts is the latest in a long list of ambitious initiatives Constantine has pursued as county executive. A reduced-fare public transit program known as ORCA Lift provides discounts for low-income residents, one of the few such large-scale programs in the country. Less than two years after its launch, more than 35,000 riders had signed up. Following passage of the Affordable Care Act, the county formed a network of nonprofits, businesses and public agencies that helped cut its adult uninsured rate by more than half.

Managing King County is no small task. It’s one of the nation’s most populous counties, with 39 cities, including Seattle, and a diverse set of demographics. Constantine has often relied on partnerships to help implement his initiatives, as was the case with health insurance enrollment and ORCA Lift. “He’s been very effective in building constituencies and coalitions,” says Peter May, a University of Washington political science professor. “He really understands the nexus between policy, politics and implementation.”

Constantine, who lives in the same West Seattle neighborhood where he grew up, has been involved in local politics since joining a preservation effort as a law school student in the 1980s.

Shortly after he took office in 2009, Constantine tapped one of his election opponents to help push Lean management, a set of practices borrowed from the private sector emphasizing continuous improvements to enhance efficiency and quality of services. By strengthening collaboration between jail detention staff and health services personnel, for instance, the county reduced the number of inmates on round-the-clock suicide watch by 90 percent. Reforms to the county’s animal services division led to similarly drastic reductions in euthanasia rates.

King County faces a complex array of challenges. The region’s rapid growth has driven up housing costs, pushed less affluent families farther away from job opportunities and hindered mobility. On that front, Constantine scored a major victory last month with the passage of a ballot measure providing an estimated $54 billion in funding to greatly extend light rail and bus transportation to unserved areas of the region. It’s one more effort pushed by Constantine that will fundamentally reshape King County in the years to come.

—Mike Maciag
Often the most effective voice in government comes from someone who understands that government is far from perfect. That’s a big part of what drives Kristen Cox to produce the best possible product for taxpayers. “This is not our money, and I feel so strongly we had better watch out for every dollar we collect,” she says. “It’s like if I’m knocking on my neighbors’ doors and getting money from them, you bet I would be super-conscientious of how I spend it.”

Cox, who is 47, is a public servant who has never let her physical blindness interfere with her broad and consistent managerial vision. Even in a state known for its prudent financial management, Cox and her keep-it-simple approach to government have made a lasting impact. She’s schooled dozens of agency leaders in the Theory of Constraints management method, which is designed to root out bottlenecks in agency operations. The process of figuring out what to measure and how to track it has required a significant culture change. “She’s able to articulate her vision to cabinet members, and that’s incredibly important,” says Jonathan Ball, Utah’s legislative fiscal analyst. “Particularly on the Theory of Constraints, it takes a lot of endurance and a clear vision to engage people and explain something to them in a way that’s easy to understand.”

The list of improvements under the new management regime is impressive. The state crime lab is processing cases 66 percent faster, helping solve more crimes per year; the agriculture department now treats nearly twice as many invasive weeds annually, protecting more crops and infrastructure; the Utah Public Health Laboratory, which tests for infant diseases and contaminated drinking water, revamped its staff schedules to triple the number of tests it runs every week and significantly reduce its backlog.

But what has really set Utah apart from its peers is Cox’s work on the revenue side of the government ledger. Last year, Utah took an extra step and applied scenarios from the Federal Reserve’s stress testing of banks to the state’s own budget. The scenarios were for either a moderate or a severe recession—think 2001 versus 2008. The stress test predicts how the state’s revenues would react to economic conditions such as a soaring unemployment rate or declining gross domestic product. This has helped policymakers get a sense of how they might make different spending decisions on Medicaid, higher education and social services programs under the different scenarios.

Not only did the stress test tell policymakers that Utah has enough in reserves to weather a moderate downturn, but the process went so well that Cox and her colleagues are developing additional scenarios of their own to test along the spectrum of minor to severe recessions. For instance, what happens if the state’s biomedical industry slows down? Or if oil prices shoot back up? They are also looking at expanding the stress test to study multiyear recessions. While a few other states examine how their reserves might hold up in a downturn, none are doing so as extensively as Utah. Credit rating agencies have applauded Utah for this, noting that in a modest economic recovery, stress testing can be a particularly useful tool.

But to Cox, it’s just another—rather obvious—way to manage the taxpayers’ money responsibly. “It’s basically Finance 101 on how a household manages its budget,” she says. “Sometimes in government, we can overcomplicate things.”

—Liz Farmer

Kristen Cox
Executive Director, Utah Office of Management and Budget

PUBLIC OFFICIALS OF THE YEAR

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By many measures, Denver is experiencing a period of enviable prosperity. Since 2011, the population has increased 10 percent, total employment is up 19 percent and the household median income is up 12 percent. In that time, Denver has climbed to the top of national “best of” lists for attracting millennials and college graduates. This year it opened a 22.8-mile light rail line between the airport and downtown, which connects to a growing public transit network.

Michael Hancock is proud of Denver’s progress, but the mayor spends much of his time these days making sure that the upswing isn’t reserved for the wealthiest and best-educated in his community. “It’s important that we utilize the prosperity,” Hancock says, “to bring along those who may not have the skills or tools necessary to come along on their own.”

One statistic Hancock has memorized is 18 percent, which is the share of Denver residents who spend more than 30 percent of their income on rent or a mortgage. Denver’s recent economic boom has led to higher housing costs, placing a greater burden on those whose wages haven’t kept pace with monthly payments. The latest of Hancock’s efforts in this area is a 10-year, $150 million initiative to create or preserve at least 6,000 affordable housing units.

Hancock, who is 47 years old, knows firsthand about the problems low-income families face. He spent part of his childhood homeless, living in and out of motels with his mother and nine siblings. He lost a brother to AIDS and a sister to a murder-suicide. Before his political career began, Hancock worked with low-income families at the Denver Housing Authority and a local chapter of the Urban League. “The test of our progress,” he said at his State of the City address in January, “is … whether we provide enough for those who have little.”

Last year, the mayor led a campaign to renew and increase sales tax funding for a countywide pre-kindergarten program he helped create when he was city council president. The measure preserved tuition assistance for low-income families and is expected to lead to new class offerings for 3-year-olds and a revival of summer preschool.

Hancock’s success in raising new revenues for social programs built on a political win early in his first term: In 2012, he persuaded voters, by a large margin, to opt out of state-mandated caps on property tax spending. His affordable housing plan relies in part on this fundraising mechanism to pay for the creation and maintenance of low-cost residential units.

Hancock has also invested time and energy in improving the day-to-day tasks of government management. Several years ago, his administration rolled out the Denver Peak Academy, an employee-led innovation program housed in the budget office. As of June, the city claimed more than $15 million in savings from ideas proposed by the roughly 5,000 academy graduates who work for the city. The program combines process improvement and behavioral nudge techniques to shorten customer wait times, reduce waste and generally improve the quality of government services. “I don’t ever pretend that this is about me,” Hancock says. “I don’t pick up one trash can. I don’t sit with one client who needs benefits from the city. It’s really the employees who have captured the vision and executed it flawlessly.”

—J.B. Wogan

Michael Hancock
Mayor, Denver
In 1973, Steve Leifman was a college student interning for a Florida state senator in Tallahassee. One day, the office received a letter from a constituent claiming that her son was being held at a state psychiatric hospital over the family’s objections. Leifman was sent to investigate. When he arrived at the hospital, staff showed him to the patient’s room. There Leifman found the young man shackled to a bed. He was enormously overweight. Hospital staff had been injecting him with Thorazine, an anti-psychotic medication that causes weight gain. Thorazine can work as a treatment for psychosis. But the young man strapped to the bed was not psychotic. He was autistic.

Leifman was deeply shaken. Then a volunteer took him down to the basement to see where the truly psychotic patients were held. Eventually they reached a metal cage where a guard was hosing feces off several naked men. “It was one of those experiences that you never forget,” says Leifman. “The only thing I could think of while I was standing there was, ‘We treat animals better in the zoo.’”

Florida eventually closed most of its state mental hospitals. But when Leifman, a former public defender, became a county court judge in 1995, he realized where most of the patients had gone—to jails and prisons. In Miami-Dade County, which has the highest rate of mental illness in the entire nation, one-fifth of all the arrests involved people with mental problems. The Miami-Dade jail was the biggest psychiatric care facility in the state of Florida. Every few months saw incidences in which area law enforcement officers shot and killed someone who was suffering from mental illness.

Leifman set out to change this. He developed a “crisis intervention training” program to teach police how to handle people with mental disease. Working with area law enforcement, mental health providers and elected leaders, he created the Criminal Mental Health Project (CMHP), which diverts the mentally ill out of the criminal justice system and into community treatment. In 2004, Leifman and his allies persuaded Miami-Dade County voters to approve a $21 million bond issue to convert a shuttered jail into a mental health-care facility. This year, the county and Jackson Memorial Hospital approved another $20 million for a new state-of-the-art facility, with construction scheduled to start in 2017. In June, Gov. Rick Scott signed a law that requires communities across the state to develop CMHP-style models of coordinated care.

Many communities now try to keep people with mental illnesses out of the criminal justice system. What makes the Miami model distinctive,” The New England Journal of Medicine noted in an article hailing Miami as a national model, is “a comprehensive, coordinated response to what’s recognized as a shared community problem.” Leifman is now working with the American Psychiatric Association Foundation, the National Association of Counties and the Council of State Governments on a new initiative, Stepping Up, which seeks to bring the Miami model to places across the country.

“ariously that people are recovering, they are getting their lives back,” says the 57-year-old Leifman. “Communities are saving money and improving public safety in the process. It doesn’t get better than that.”

—John Buntin

Steven Leifman
County Judge, Miami-Dade County, Fla.
For decades, Atlanta’s transit system was an unloved afterthought in a car-centric region. The Metropolitan Atlanta Rapid Transit Authority (MARTA) struggled to attract riders, avoid big deficits and win some respect at the state Capitol downtown. All of that has changed, though, since Keith Parker took the helm of the agency in 2012.

Parker, 50, who previously led transit systems in Charlotte, N.C., and San Antonio, helped steer MARTA in a different direction almost as soon as he took over. The hardest part, Parker says, was just “convincing people to give us a shot.” His pitch to skeptics was: “Don’t give us anything. We’re not asking for anything from the state, from the cities, from local governments. We’re not asking for any new money, any new legislation, anything like that. Just give us a year to prove ourselves, and then we can talk about future investment.”

He launched a safety campaign on MARTA’s trains and buses, decreased wait times, reopened bathrooms, gave employees bonuses and finished his first year with a $9 million surplus, instead of the $33 million deficit that was projected before he came in. Parker also helped MARTA build trust with riders and the general public by focusing on some of the smaller parts of the customer experience. He tries to instill an approach of “routine excellence.” He figures that if buses are clean, if they run on time and if drivers are polite, other things will fall into place.

So far, the approach has worked. MARTA expanded its footprint for the first time in its history in 2014, when Clayton County voted to join the service area, just the third county in the Atlanta area to participate. Voters in Clayton approved the change by a 3-to-1 margin, even though it came with a 1-cent sales tax increase. MARTA now operates bus service in the county and is planning for a commuter rail line, or another high-capacity option, in the near future.

That paved the way for the vote by Atlanta residents this November to raise $2.4 billion for MARTA over the next 40 years. MARTA will use the money to modernize and expand its bus fleet, allowing the agency, Parker says, to dramatically change its bus service to attract new customers. The money will also help build new light rail lines and upgrade train stations and bus stops.

In the meantime, the agency is pushing efforts big and small in response to riders’ demands. That includes promoting transit-oriented development; helping attract employers including Mercedes-Benz, Kaiser Permanente and State Farm to new office space near MARTA rail stations; and developing a new smartphone app that will allow riders to use their phones to pay their fares. The agency has launched community gardens, soccer fields, farmer’s markets, and concerts by classical and jazz musicians in MARTA rail stations.

Parker didn’t come up with all of the ideas for MARTA’s turnaround himself. The agency’s board put together a strategic plan even before he was hired. And Parker spent three months before he started his job holding listening sessions with just about anyone who had a stake in MARTA’s future. “We listened very intently,” he says. He believes getting that feedback and investing in employees were crucial to turning around the agency.

Today, Parker is regarded by many as the man who saved MARTA, but he is focused on the work ahead. “We’re not doing any victory laps yet,” he says.

—Daniel C. Vock
When Deb Peters wants something, she keeps after it. “Most people who know me know I’m not a patient person,” she says. “I can be a little pushy and if things aren’t going my way, I have a tendency to get very frustrated.”

One issue in particular has frustrated the 42-year-old Republican for years: her state’s inability to collect sales taxes from purchases made online by its residents. As more consumers shop online, this issue has gained traction in legislatures throughout the country. By some estimates, states are collectively missing out on more than $23 billion annually in potential sales tax revenue. But progress has been minimal. States have lobbied Congress unsuccessfully for more than a decade to give them taxing authority over Internet commerce.

In South Dakota, Peters has watched her state—which does not tax income and is thus dependent on the sales tax—see a steady decline in sales tax growth. She has testified multiple times before Congress on the issue and has been a leader in the so-called streamlined sales tax effort to make state tax codes similar to one another so that paying online sales taxes would be simpler for retailers.

Finally, the impatient Peters got tired of waiting on Congress. This year, in consultation with the governor and state attorney general, she wrote and shepherded through legislation that allows South Dakota to make online sales tax collections. Anticipating a lawsuit, the legislation was written in a way that fast-tracks the case through the courts. That was prescient. The first day the law went into effect, retailers immediately obliged by suing. It’s possible the case will make its way to the U.S. Supreme Court as early as next year. Considering the gridlock in Congress on the issue, it represents a chance, however uncertain, for states to see a reversal of the court’s 1992 decision that limited them to taxing only those sales by retailers based within their borders.

Peters is president-elect of the National Conference of State Legislatures, and she has used her position at NCSL to make a broader push on the sales tax front. This year, 34 bills in 22 states have been introduced that would let states collect sales taxes from online transactions. About a half-dozen of those bills have moved forward, although South Dakota was the first state to enact a law. “She’s clearly a leader on this issue and doesn’t take the easy way out,” says Bill Pound, executive director of NCSL. “The reason South Dakota was so fast at [getting the case to court] was because of her.”

Peters’ role in this legislation is a departure from her usual one of being a hustler in the background. As chair of the Senate Appropriations Committee, her biggest job each year is to shepherd the state budget through to a floor vote. But as one of the longest-serving legislators and one known for her skill at consensus building, she’s often sought out for her leadership and advice.

Peters’ energy and determination have been evident since her first foray into state politics in 2004, when she and three other candidates—including two incumbents—were running for two seats in the South Dakota Legislature. Not only did Peters the newcomer win a seat, she was the top vote-getter.

—Liz Farmer
As the nation continues to struggle with the problem of health-care coverage for everyone, there’s been an emerging effort to move beyond insurance issues and focus on the social and demographic determinants of health. These markers, known collectively as “population health,” include such things as public safety, housing, nutrition and clean air.

Few local leaders have embraced population health more wholeheartedly than San Diego County’s Nick Macchione. As director of health and human services, he operates Live Well San Diego, an ambitious plan to get all community stakeholders to help residents live healthier, happier lives.

If that sounds painfully simple, that’s because Macchione wants it to be. Programs intended to help people, Macchione says, should be guided with “potent simplicity.” That doesn’t make them easy to run.

But what started out as a 10-year vision is now a way of life for San Diegans. Live Well San Diego encompasses everything from a countywide 5k race, support groups for caregivers, mammograms and mental health screenings, to cooking classes and insurance counseling. County employees, health-care organizations, private businesses and ordinary residents have pitched in to pursue the program’s goals. Macchione and his colleagues like to point out that life expectancy in San Diego County is now 82.3 years, far above the national average. That can’t be traced directly to Live Well San Diego, but it’s an effective motivator.

Other jurisdictions seem to be taking notice. San Diego County has teamed up with Allegheny County in Pennsylvania and Maricopa County in Arizona, as well as six states in Mexico, to help them implement their own Live Well programs.

But it’s not all sunshine and healthy living. San Diego County has the fourth-largest homeless population in the country. That statistic is one of the reasons the county merged its health and human services department with its housing department in July, creating one superagency under Macchione’s leadership. The idea that housing and health are intrinsically linked is starting to gain serious momentum around the country, and San Diego County is ahead of the curve.

Macchione, who is 48, understands the impact effective social services programs can have because he once relied on them. His family left Italy when he was a toddler, and he spent his youth in New Jersey housing projects with the children of other immigrants. “I grew up knowing food assistance could help supplement your diet, and receiving health care from the nuns in the parish,” he says. “I recognized the impact that government could have on your life in both positive and negative ways.”

After working for public agencies in New Jersey as an infectious disease specialist, Macchione moved to San Diego and became deputy human services director in 1998. With the agency merger that took effect this summer, he now manages more than 6,000 employees and an annual budget of more than $2 billion. “He’s quite the empire builder,” says Greg Cox, a San Diego County supervisor. “It’s paid big dividends for us. He’s done a marvelous job at tearing down the silos that are so typical of many government agencies.”

—Mattie Quinn

Nick Macchione
Director of Health and Human Services, San Diego County, Calif.
LIFE AFTER COAL

Mining jobs are mostly gone in Appalachia. Local leaders have to move their communities beyond nostalgia for the old days and start preparing them for an uncertain future.

BY ALAN GREENBLATT
D

an Mosley’s father was a coal miner in Harlan County, in the hills of Eastern Kentucky. So were his grandparents, his uncles—all his people. Mosley went a different route, though. He became a successful banker, with a comfortable life. But he wasn’t blind to the fact that most of his family and friends who had once worked in the mines were now unemployed. Given the decline in coal production, there are thousands of former miners in his part of the state.

Mosley decided to run for county judge-executive. “The downturn of the coal industry has had an absolutely devastating impact on this economy,” he says. “We weren’t going to have anything left for my kids and maybe my grandkids if we didn’t get to work having a diversified economic development effort.”

The job has ended up being tougher than he expected. Mosley knew that coal’s decline meant less revenue coming into the county treasury, even as the demand for services was increasing. The drop has been faster than anticipated. In 2012, Harlan County collected $5.3 million in severance taxes from the coal industry. This year, it is expected to receive $1.7 million, but actual collections have come in $1 million lower—a sizable chunk of money in a county that’s down to fewer than 30,000 residents. The severance funds aren’t even enough to service the $14 million in debt that Mosley inherited, let alone do anything to boost the economy.

Mosley is just one among many political leaders in his part of the state facing the same predicament. When Bill Clinton left the White House in 2001, there were 30,000 coal mining jobs in Eastern Kentucky. By the time George W. Bush left office eight years later, that number had been cut in half. Now, as President Obama’s tenure reaches its end, the number of people still working in coal in the region is below 4,000.

All of coal country is shedding jobs. Consumption of coal to produce electricity is down nationwide by nearly a third since 2008. Production has fallen even more and continues to slide. Earlier this year, it reached a 35-year low. Among major coal companies, bankruptcy has become the default position. And, since the coal industry has a heavy supply chain, the multiplier effect for each mining job lost is substantial, from machinists and truck drivers to security guards and even restaurants seeing fewer customers walk in the door. “We have put all our eggs in one basket for decades in this region,” Mosley says, “and that basket has spilled.”

Coal country’s troubles reflect the type of economic pain that can hit an area that’s relied too long on any one sector or employer, whether it’s the local plant closing or timber or textiles falling prey to global competition. “Some of these places that are rural, that are isolated, that for a long time have relied on a single industry have seen forces beyond their control create major job losses,” says Kathy Nortdown, who until recently was the program director on economic development for the National Association of Counties.

Areas such as Eastern Kentucky had high rates of poverty even in the days when coal was king. Now, thousands of additional workers who were once accustomed to pulling in $80,000 or $90,000 a year are either unemployed or lucky to be making $12 an hour in retail. That’s why Mosley and local officials in coal-production regions from Alabama on up to Pennsylvania keep repeating one word as a kind of mantra: diversification. Places that have maintained an economic monoculture based on coal are trying to think of ways to broaden their employment base, while modernizing the skills of their residents. It’s easier said than done. Everyone understands that dozens of new employers won’t pop up overnight. And, with so many areas pursuing similar strategies—promoting tourism, chasing manufacturers, looking to expand the health-care business—competition is intense.

“There’s never going to be anything that’s going to come in, in my part of the world, employing 1,000 or 1,500 people,” says Michael Miller, who directs the Kentucky River Area Development District. “In saying that, every so often we make a little headline. Five people go to work here and 10 over there and 50 over here. We got to take our little successes and celebrate them for 15 to 20 minutes and then go back to work and try to have another little success somewhere down the road a ways.”

Health problems and societal ills go hand in hand with the disappearance of jobs. Appalachia suffers from high rates of obesity, smoking, diabetes, heart disease and prescription drug abuse. Harlan County itself ranks 3,139th out of the nation’s 3,143 counties in life expectancy for both men and women. For all these reasons, demands on government in coal country—for health programs, job assistance, public safety and education—are growing just at the moment the tax base is shrinking.

This isn’t just a problem for Appalachia. Wyoming, which is now far and away the nation’s leading coal producer, will start the year facing a shortfall of $157 million, or more than 5 percent of its budget, due in large part to an unprecedented drop in coal production. There, too, the declining market for coal has brought added burdens on government.

But production isn’t falling quite as rapidly out West as it is in the central Appalachian region. That’s mainly because underground mining in Kentucky or West Virginia can cost four times as much per ton as surface mining in Montana or Wyoming. “Even if natural gas prices go up, it’s not going to be Eastern Kentucky coal that’s going to bounce back—it’s going to be Wyoming,” says Jason Bailey, executive director of the Kentucky Center for Economic Policy, a nonpartisan research group. “There’s not a future for Eastern Kentucky coal.”

Bailey’s blunt talk is unusual. Politicians and industry spokesmen in Appalachia continually decry the “war on coal,” blaming the Obama administration and federal regulations for strangling the sector. There’s little doubt that environmentalists would like to shutter the coal industry down entirely, in hopes of improving air quality and curbing greenhouse gas emissions. Former New York City Mayor Michael Bloomberg alone has donated $50 million to the Sierra Club’s “Beyond Coal” campaign, which seeks to eliminate coal-fired power plants altogether. Just in the past two years, 135 coal-fired plants have shut down nationwide.

But environmentalists aren’t coal’s biggest enemies. Natural gas is. Coal production’s decline started well before Obama released his Clean Power Plan, designed to cut down on greenhouse gas emissions. Environmental Protection Agency regulations for controlling mercury and other toxic emissions didn’t kick in until this past June. It was under the old rules that coal hit the skids. According
to a recent study from Case Western Reserve University, as coal use plummeted between 2008 and 2015, shale gas production in- creased by a factor of more than 30, while its price dropped in half. The drop in demand for coal, from overseas customers as well as domestic ones, was devastating. And the price and technological advantages enjoyed by natural gas are only accelerating. "If you're a power plant operator and you see gas supply is continuing to increase and natural gas can do the job cheaper—by a lot—the de- cision to switch from coal is pretty easy," says Walter Culver, who co-authored the study. "As we look toward the future, we see no natural-gas options that will permit coal to recover."

Depending on how deep and lasting local levels of decline have been, coal communities are at different stages of grief—denial, anger, depression. In Appalachia, Bailey says, there's growing acceptance that there won't be a boom this time around to follow the coal bust.

During the presidential campaign, Donald Trump promised to restore the coal industry to its former health. "Let me tell you: The miners—they're going to start to work again, believe me," Trump said this spring. "You're going to be proud again to be miners." Along with other Republicans, he castigated Hillary Clinton for saying, "We're going to put a lot of coal miners and coal compa- nies out of business." She was trying to express, however clumsily, a desire to assist Appalachia, referring to her $30 billion plan to help retrofit the economy in coal-producing regions through heavy investment in infrastructure, schools and tax incentives for com- panies that do business in coal communities. Her proposal barely got a hearing in the area it was designed to help. Trump beat Clinton by 30 percentage points in Kentucky, while Republicans took control of the state House for the first time in more than 90 years. "Eastern Kentucky was a large part of the story," says Stephen Voss, a political scientist at the University of Kentucky. "It's a region, along with the rest of Appalachia, that has moved to the Republican Party because of energy policy."

Trump has made clear his intention to scrap Obama's Clean Power Plan, which would have cut back on carbon emissions from power plants. Coal stocks rallied strongly in the days fol- lowing Trump's election. But beyond a general desire to promote fossil-fuel development, Trump hasn't even outlined his ideas for helping mining areas, or how they could overcome market forces that were dragging them down long before Obama's presidency. In any event, it's not certain that Congress would rush to embrace any aid package. This year, U.S. Rep. Hal Rogers, a Republican who represents Eastern Kentucky and chairs the House Appropriations Committee, gained no traction with a $1 billion package to invest in coal. Rogers said this spring, "Any hour of every day doing nothing but economic development," he says. "That's what we've lacked in the past and it's flat-out cost us in doing additional recruiting here."

Even a decade ago, in the wake of wars in the Middle East that lifted up prices for energy commodities, the region's coal fetched up to $100 a ton. Now, Kentucky coal prices are below the cost of extraction, which is roughly $60 per ton. About 85 percent of the coal mined in Kentucky last year was shipped to 89 power plants. Of that amount, 16 percent was sent to plants that have since closed or are scheduled to stop using coal by 2019. In Harlan County, there are fewer people working in coal mines today than the number of miners who were scabs and kept working during the strike-affl icted Depression years. Across Kentucky as a whole, employment in the coal business is lower than it's been since the 19th century.

Hence Mosley's focus on diversification. Like his peers in other Appalachian areas, he is hoping to attract new enterprises to his county. Harlan was so stuck in a coal mindset that it never even thought in terms of formal economic development efforts until the last few years. In October, Mosley hired the county's first full-time, certified economic development manager. "We need somebody every hour of every day doing nothing but economic development," he says. "That's what we've lacked in the past and it's flat-out cost us in doing additional recruiting here."

So far, the success stories are small-scale affairs. The county is applying for grants to help convert an old industrial site it owns into a wood pellet facility. Earlier this year, it saw the opening of a teleworks hub, which trains residents and connects them with distant companies for support jobs they can do on the phone. That's put about three dozen people to work over the past few months. "Some people who were in the coal business opened a firewood bundling facility," Mosley says. "They have a contract with different retailers. That's put several people to work."

When you've lost hundreds of jobs, "several" doesn't sound like much. And every time a new company comes to town, it can take 18 to 24 months of visits and board meetings and a long
The story is the same all over coal country. In the next breath after diversification, local officials often say the word “tourism” — ecotourism, cultural tourism, adventure tourism. The beauty of tourism is that it brings in people to spend money without being much of a burden on infrastructure. “Folks are looking at tourism, trail towns or the history of mining,” says Bailey of the Kentucky Center for Economic Policy.

But there are only so many places that can offer heritage tours or install zipline thrill rides and expect to draw enough visitors to support a substantial number of jobs, especially when there are going to be lots of competitors within a given region. Tourism jobs tend to be seasonal and don’t pay very well anyway. That’s why another huge piece of the puzzle for communities seeking to reinvent their economies is education. Any country with a community college is talking about using it to train residents to suit any job that might come along, whether it’s a skill such as welding or an effort to turn coal miners into digital code writers.

The Kentucky Valley Education Cooperative, which includes 19 school districts in the southeastern part of the state, was originally formed to pool their purchasing power and save money on basics such as toilet paper. Now it runs all kinds of joint training ventures—participating in computer hackathons for rural health, instructing kids on aviation and aeronautics, helping students combine coal spores with algae to create a new biofuel. The results have been impressive. The percentage of high school students who are assessed as ready for college or careers is nearly 90 percent — up from less than 60 percent five years ago. “We aren’t so crazy to think we can just train people for jobs that don’t exist,” says Jeff Hawkins, the cooperative’s director. “We have to train them in technical areas for jobs that they can get immediately.”

That points to a chicken-and-egg problem for communities such as Harlan that are attempting to reboot their economies. Do they invest in education and training in hopes of creating a pool of workers that will lure new companies, or do they try to bring in companies first and then promise they can train enough residents to do the kind of work that’s needed? Mosley admits that the county has spent money in the past training people for jobs that did not exist locally. It doesn’t take long for that to seem like a losing game.

But Mosley insists that former coal workers have talents transferable to other industries. People who still picture coal miners as holding picks and shovels in their hands haven’t kept up with the field. Mechanization eliminated a lot of jobs, but it gave workers a broad set of skills—part miner, part electrician, part engineer—that equips them to handle surprise at every turn. “Their work ethic is second to none,” Mosley says. “These people will crawl into the side of a mountain and never see the light of day to feed their family. Imagine what they could do for a company with good working conditions.”

Training those people in new lines of work—and making that work available—is a real test. Despite the long and now seemingly permanent decline in the industry, mining is still central to the Appalachian identity, in the same way that people in Kansas think of themselves as farmers or people in the Pacific Northwest see themselves as loggers. “Coal has moved a lot of people out of poverty into the middle class,” says Davis of the Center for Rural Strategies. “It’s been a friend. It’s just not our future.”

It won’t be easy growing a new economy in fits and starts, a few dozen jobs at a time, but it’s imperative that places like Harlan County start the process. Trump will be a friend to coal, but whether Washington can revive struggling coal regions remains in doubt. Earlier federal help, from the War on Poverty in the 1960s to Promise Zones in the past decade, has done some good but never succeeded in remaking Appalachia. “We’re never going to get to where we need to be until we realize that our solutions have to come from us,” says Hawkins of the education cooperative. “We have to break the pattern of people coming from somewhere else and telling us what we need to do, and then leaving three or four years later.”

Calhoun, Harlan County’s new economic development director, just relocated from Texas. He’s worked in the field long enough to remember when Houston was decimated in the early 1980s because oil hit $9 a barrel. “The situation there taught us that diversification is the answer,” Calhoun says. “The city of Houston began to attract new types of businesses. That’s why the latest oil crisis in Texas is not as severe.”

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Email agreenblatt@governing.com
Los Angeles is spending billion of dollars on an airport overhaul, which is spurring cities all over the country to follow its lead.

By Daniel C. Vock

Photographs by David Kidd

The Tom Bradley International Terminal is the first part of a complete overhaul of the Los Angeles Airport.
Runway billions to revamp its airport. The move for the country to make similar investments.
Twenty miles from downtown Los Angeles, squeezed between the Pacific Ocean and one of Southern California’s busiest freeways, sits 3,400 acres of bare pavement and neglected jet-age architecture that make up Los Angeles International Airport. These features are the first glimpse travelers get of a city with lofty aspirations. It’s not a pretty sight.

For decades, LAX has been known for crowded gates, drab terminals, scarce amenities and ungodly traffic. It’s a place that international visitors and lifelong Angelenos alike avoid if at all possible. That’s a troubling prospect for a region that thrives on tourism, international trade with Asia and Latin America, and industries such as defense and aerospace manufacturing that are heavily intertwined with global travel.

“There is no calling card like it to people who will invest, who will travel, who will study in your city than an airport,” says Los Angeles Mayor Eric Garcetti. “It is the first taste, the last taste, the first view, the last view. If you’re greeted with traffic, cigarette smoke, honking cars, people giving tickets and gridlock, you’ll say, ‘Oh, I guess this is what L.A. is like.’” That’s not the impression the mayor wishes to leave. Garcetti wants to refashion the airport around enhanced customer experiences that could put LAX in the top tier of airports globally, right next to Hong Kong, Munich, Seoul, Singapore and Tokyo. It is an incredibly ambitious goal, considering LAX ranks near the bottom of the world’s 100 biggest airports in passenger satisfaction.

The first step in the process was a complete overhaul of LAX’s Tom Bradley International Terminal, a job which was finished three years ago. The revamped terminal includes 18 gates, half of which can handle the massive double-decker Airbus A380 jets, and a great hall the size of three football fields. The jagged roof, meant to evoke the waves of the Pacific Ocean, reaches heights of up to 110 feet. That allows arriving jets, and a great hall the size of three football fields. The jagged roof, meant to evoke the waves of the Pacific Ocean, reaches heights of up to 110 feet. That allows arriving jets, and a great hall the size of three football fields. The jagged roof, meant to evoke the waves of the Pacific Ocean, reaches heights of up to 110 feet. That allows arriving jets, and a great hall the size of three football fields. The jagged roof, meant to evoke the waves of the Pacific Ocean, reaches heights of up to 110 feet. That allows arriving jets, and a great hall the size of three football fields. The jagged roof, meant to evoke the waves of the Pacific Ocean, reaches heights of up to 110 feet. That allows arriving jets, and a great hall the size of three football fields. The jagged roof, meant to evoke the waves of the Pacific Ocean, reaches heights of up to 110 feet. That allows arriving jets, and a great hall the size of three football fields. The jagged roof, meant to evoke the waves of the Pacific Ocean, reaches heights of up to 110 feet. That allows arriving jets, and a great hall the size of three football fields. The jagged roof, meant to evoke the waves of the Pacific Ocean, reaches heights of up to 110 feet. That allows arriving jets, and a great hall the size of three football fields. The jagged roof, meant to evoke the waves of the Pacific Ocean, reaches heights of up to 110 feet. That allows arriving jets, and a great hall the size of three football fields. The jagged roof, meant to evoke the waves of the Pacific Ocean, reaches heights of up to 110 feet. That allows arriving jets, and a great hall the size of three football fields. The jagged roof, meant to evoke the waves of the Pacific Ocean, reaches heights of up to 110 feet. That allows arriving jets, and a great hall the size of three football fields. The jagged roof, meant to evoke the waves of the Pacific Ocean, reaches heights of up to 110 feet. That allows arriving jets, and a great hall the size of three football fields. The jagged roof, meant to evoke the waves of the Pacific Ocean, reaches heights of up to 110 feet. That allows arriving jets, and a great hall the size of three football fields. The jagged roof, meant to evoke the waves of the Pacific Ocean, reaches heights of up to 110 feet. That allows arriving jets, and a great hall the size of three football fields. The jagged roof, meant to evoke the waves of the Pacific Ocean, reaches heights of up to 110 feet. That allows arriving jets, and a great hall the size of three football fields. The jagged roof, meant to evoke the waves of the Pacific Ocean, reaches heights of up to 110 feet. That allows arriving jets, and a great hall the size of three football fields. The jagged roof, mean
The carriers shoulder the bulk of the cost of running airports, by renting terminal space and by paying weight-based landing fees for incoming flights. But the carriers also have a lot of say over infrastructure improvements. If they choose to, they can block new construction. Or they can cooperate and, as with many of the LAX improvements, even provide the initial money to pay for big projects (which the airport will pay back over time).

Since the turn of this century, airlines have had to contend with two recessions and sky-high oil prices. Bankruptcies and mergers have left four dominant domestic airlines: American, Delta, United and Southwest. As the airlines have tried to climb back to solvency, they’ve focused on becoming more efficient. One result of that has been further concentration of flights to major hubs such as Atlanta, Chicago, Dallas and Los Angeles.

But it’s not flight destinations that have forced airlines and airports to take a new look at their facilities. It’s the way flights are operated. To save money on their two biggest expenses—labor and fuel—airlines are flying bigger, fuller planes, but fewer of them. So a city that once had three flights a day to its hub airport, served by 80-seat regional jets, might now have only two flights a day on larger aircraft. The arrangement helps the airline save money on jet fuel, pilots and baggage handlers. In many cases, though, the airlines have also trimmed the excess capacity that they once provided in hopes of gaining a competitive advantage. With so much consolidation in the industry, they face less competition from one another. There’s no sense losing money on empty seats, so the airlines are basically scheduling only flights they can fill.

Airlines might have been expected to increase the number of flights with the steep drop in oil prices over the last couple of years, but this has not happened. One reason, says Earl Heffrintray, lead airport analyst for Moody’s Investors Service, is a worsening pilot shortage caused by increased training requirements for new co-pilots and the mandatory retirement of baby boomer pilots at age 65. “If you have a limited supply of pilots, you want to fly them on larger planes. Smaller planes are the ones that are falling out, because you can make more money on the bigger ones,” Heffrintray says.

What all this means is that many larger airports, including LAX, are handling more passengers than ever, even though they have fewer flights going in and out than they did before the Great Recession or even before the 2001 terrorist attacks. As a result, many of their existing gates are now inadequate. If a waiting room that was designed to accommodate 50-seat shuttles now suddenly starts handling 70- or 110-seat jets, there aren’t enough places for people to sit with their carry-on baggage. Boarding lines spill beyond the gate area. Waiting times increase for nearby bathrooms and restaurants. The consequence is that many airports are having to remodel their terminals to handle the more concentrated bunches of passengers.

They are also adding new gates. “The capital improvements we saw over the last four to five years have been fixing existing facilities, making them look more modern and having a better passenger experience,” Heffrintray says. “The next wave of capital, which is really looking to take off next year, is going to start with gate expansions. We’re seeing a real change in what airports are spending their money on going into the next year.”

Although many of the improvements were in the works for years, the recent financial strength of the airline industry is also fueling the building spree, says Khalid Usman, a vice president with the consulting firm Oliver Wyman who has worked on airport renovations. “In 2015, the U.S. airline industry's combined profitability was $25 billion. That’s historically the highest number we’ve ever seen in the entire history of U.S. aviation,” says Usman. “That kind of profit is unknown in this type of industry. If you look at the prior 17 years [combined], that was actually negative $32 billion. It’s an industry that is very cyclical.”

With the return of airline profitability, San Francisco International Airport, which has seen more than a 50 percent annual traffic increase over the last nine years, has launched a five-year, $5.7 billion plan for adding and refurbishing gates, consolidating rental car facilities and extending its AirTrain. Atlanta’s Hartsfield-Jackson International, the busiest passenger airport in the world, is planning for more growth with a $6 billion effort that will add 15 gates, renovate parking garages and remodel its concourses to bring more sunlight into the buildings. Charlotte Douglas International Airport in North Carolina, which is also benefiting from

One of the goals at LAX is to enhance the travel experience.
surging traffic, is building nine new gates along with an expanded pre-security lobby, a new runway and a new traffic control tower.

For Los Angeles, the catalyst for the recent wave of upgrades was the arrival of the Airbus A380 in 2007. Nearly 100 Southern California suppliers contributed to the construction of the world’s largest jumbo jet, which is as tall as an eight-story building and has wings 260 feet across. Despite an early commitment to LAX, Airbus later said the A380 would make its U.S. debut at John F. Kennedy International Airport in New York City. Los Angeles protested, and Airbus settled on a compromise: Two A380s touched down simultaneously at JFK and at LAX.

But LAX didn’t have any good place to put the A380s once they landed. LAX crews were able to widen taxiways and make other improvements to the airfield to handle the jet’s size, but there was nowhere to park them at the terminals. Because the double-decker planes are so big, they require three jet bridges for passengers to board or disembark. The large wingspans also require a lot of space between gates. So the new jets had to park at remote gates at a far corner of the airfield. “A passenger is getting on an A380 in Dubai or Abu Dhabi in what could be a ‘gold-plated’ boarding bridge,” says Roger Johnson, the LAX official overseeing the physical improvements to the airport. “Then at LAX, they arrive in a concrete bunker, walk onto a concrete ramp and get onto a bus to get to a tunnel. That was one of the driving forces behind the Tom Bradley International Terminal.”

The stakes were high. Los Angeles’ economic development agency concluded in 2007 that the A380 and Boeing’s Dreamliner 787 were “competitive threats” to the entire region. Airlines operating the 550-seat A380s would send the jets to airports that could handle them. Meanwhile, the fuel efficiency of Boeing’s new long-haul jet, which carries half the passengers of the A380, could make it easier for overseas flights to skip over LAX completely. That was especially bad news, because overseas flights are highly lucrative. The economic development agency estimated that scheduling one daily transoceanic flight to LAX in 2006 generated $156 million in wages and added $623 million a year to the region’s economic output. “Southern California,” the agency concluded, “can ill afford to lose the competition for overseas routes.”

Luckily for Los Angeles, the A380 arrived at about the same time the airport settled long-disputed lawsuits over its master plan. Finally, the airport could start building. The first task was replacing most of the international terminal.
Garrett now uses the new international terminal as a selling point to lure even more international flights to LAX. “We would fall all over ourselves to bring a company that would produce $300 million a year. It’d be all over the news,” Garrett says. “But people forget that one flight is worth about $1 billion a year.” Airlines seem to like L.A.’s pitch. LAX now handles more A380 flights (14 a day) than any other airport in this country. It is the only U.S. airport with three daily nonstop flights to and from China. And LAX has surpassed its rival JFK in connections to Asia, with 207 flights a week as of last year, compared to 121 for the New York airport.

Many of the flashy features in the Tom Bradley International Terminal are being included in renovations to the airport’s other terminals. They aren’t just designed to show off. Most of them have practical purposes as well.

As part of United Airlines’ renovation of its terminal at LAX, it is including “smart lanes” at its TSA security checkpoint. United is taking a page out of the playbook of Delta, which first tested the idea in Atlanta. With smart lanes, passengers each get their own counter space, side-by-side with those of other passengers, to load their items into bins. The system allows people to go at their own pace, because they’re not stuck in line behind someone who might be slower. United officials say the smart lanes will reduce security wait times by 25 percent.

LAX is also one of a few dozen airports currently working with U.S. Customs and Border Protection to use technology to speed up the process of clearing customs. The automated passport control system lets arriving passengers use kiosks for their initial screening. Airport managers hope better use of technology, among many other things, will help boost the customer experience. Last year, LAX trailed only LaGuardia and Newark airports in J.D. Power’s rankings for lowest customer satisfaction among U.S. airports.

Mike Taylor, a J.D. Power airport analyst, says technology is one way to make customers happier. “The highest-rated portion of the airport experience is check-in,” he says, “because it’s become more and more automated over the years.”

But terminal improvements can only go so far in making customers happier. Only 30 percent of passengers’ satisfaction is associated with the structure itself. “A new building will not solve all of your problems,” Taylor says. “It won’t solve all your problems because the same traffic pattern is present when you step outside the building, the same congestion.” The frustration with getting in and out of airports is only getting worse as airports become more crowded.

That’s what the next phase of LAX’s improvements is meant to address.

LAX is the third-busiest airport for passengers in the country, but that doesn’t tell the whole story. Atlanta and Chicago’s O’Hare airports handle more passengers, but many of them simply pass through as they transfer to other flights. LAX, on the other hand, is the top airport in the country for starting and ending trips. In other words, it has to get more passengers in and out than any comparable facility in the country.
The traffic problems at LAX are made worse by the fact that just about the only way to get to the terminals is with a car, bus or van, and all of those vehicles follow the same double-decker road in a U-shape past all nine terminals. Forty percent of the vehicles are commercial shuttles for hotels, rental car agencies or parking lot operators. One trip around the loop can easily take more than half an hour.

The growing popularity of air travel is making the traffic worse. Vehicles made more than 90,000 trips a day through LAX’s main terminal loop this summer, and that number grew to nearly 95,000 on holiday weekends. “It’s reached a state where it’s untenable,” says Deborah Flint, the CEO of Los Angeles World Airports, the agency that runs LAX. “The only real, effective option is to bring the mass transit connections to the airport.”

So Los Angeles is joining a growing list of cities building new rail connections to their airports. Denver; Oakland, Calif.; Phoenix; and Washington, DC’s Dulles Airport all either completed rail connections recently or are building them now. Garcetti says one reason he pushed to bring in Flint, who previously led the Oakland International Airport, and L.A. Metro CEO Phillip Washington, who headed Denver’s transit system, is that both had experience creating rail connections to their respective airports.

LAX’s rail connection will be especially ambitious, because it depends on both the construction of an automated “people-mover” train at the airport and the completion of a new north-south light rail route by L.A. Metro.

The 2.25-mile people-mover route would run down the center of the U-shaped terminal area, so passengers from both sides would be able to cross over pedestrian bridges to get on at one of three stations. The free trains would arrive every two minutes.

The automated people-mover trains would stop at an intermodal center, which would have parking and shuttle services. It would be convenient to reach by car. But drivers could turn around or park before they get trapped in traffic near the terminals. Once they’re at the facility, passengers would be able to check in, print their boarding passes and get information before they catch the people-mover to the terminals. From the intermodal center, the people-mover would then go to the Metro station, which would also offer several bus connections. Work is already halfway completed on the 8.5-mile rail line, which is part of a much larger Metro expansion effort that began in 2008. The first trains are scheduled to start running along the Crenshaw/LAX line in 2019.

Finally, nine minutes after leaving the first station, the people-mover would stop at a consolidated rental car facility, which would bring some two dozen of LAX’s far-flung rental car lots under one roof. Both the automated people-mover and the rental car facility would be operated as public-private partnerships.

The overarching idea of the $1 billion project is to move as much traffic as possible away from the central terminal area. Just relocating the commercial shuttles to one of the intermodal facilities could have a huge impact, since they make up so much of the traffic that circles the terminals now. Rental car companies alone currently account for 3,200 shuttle trips a day around the loop, which would be eliminated.

Giving passengers transportation options is key to attracting the most desirable customers, especially those coming from overseas. “International passengers—there were over 20 million of them [at LAX] last year—expect an international city gateway that is connected to many different transportation options,” says Flint. “It’s par for the course for a major city like Los Angeles.”

For Garcetti, who has made infrastructure projects big and small a major focus of his administration, there is also an element of pride at stake in connecting LAX to a rail line, something that’s been promised for generations. “When I was campaigning and saying I would, after 50 years of talk, finally bring public transportation to the airport, it was an applause line from the furthest point away from the airport in the city to the next-door neighbors,” he says. “It’s not only an amenity, it’s a symbol of what we couldn’t do and we wondered if we ever would do. Are we capable of big projects? Are we capable of building again? That was a core part of our identity, but it was slipping through our fingers. I think this is a way of solidifying that.”

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Problem Solver

Struggle in the Park

Hurting for money, America’s state parks are seeking new funding models.

When Connecticut’s parks were hit with a 10 percent funding cut earlier this year, park officials needed to take some drastic steps. They closed several campgrounds for the season as early as July. Lifeguards oversaw beaches less frequently. And, at some sites, crews stopped mowing the grass.

Connecticut’s state park system is one of only three in the nation that are almost completely dependent on the state general fund for operations, so the funding reduction dealt a particularly severe blow. But it’s a scenario that’s increasingly common around the country as state parks cope with budget cutbacks. It’s spurred a search for new sources of revenue and a push for more sustainable funding models.

Across all 50 states, parks generate an average of 45 percent of funding for their operating expenses, according to data from the National Association of State Park Directors. But in Connecticut, parks keep practically none of the approximately $6 million they raise in revenue each year.

The money is funneled to the general fund, and it’s up to the legislature to decide how to dedicate a portion of the money that is raised back into the system. It’s likely that Connecticut state Sen. Ted Kennedy Jr., who co-chairs the Senate environment committee, says all options should be on the table in the search for new revenue streams. He has supported asking for a voluntary $5 parks donation as part of motor vehicle registration, and he says lawmakers should consider collecting fees for single-use plastic bags or expanding the list of beverages subject to container deposits. “If we can say the money is going to a dedicated fund,” he says, “people will buy into that as opposed to it being just another fee.”

Eighteen states offer vanity license plates to raise revenue for parks. All but five states solicit donations. Adding a tax to gasoline or real estate transactions is another common approach. A number of states also apply various types of registration fees.

Ledford attributes differences in the way park systems are funded in large part to their varying missions. State park systems that are responsible for conservation efforts and maintaining large tracts of land don’t generate as much as those focused more on recreation.

Advocates point out the economic activity and other benefits that parks support. One University of Connecticut study estimated that state-managed parks and forests drive up the value of nearby homes, yielding an additional $3.1 to $5.4 million in property taxes annually. “We’re really fundamentally looking at state parks in the wrong way,” Kennedy says. “We need to be thinking of how we are going to use these parks as central assets to grow business, grow our economy and grow our state as a tourist destination.”

Eric Hammerling, executive director of the Connecticut Forest and Park Association, says that his group wants the park system to seek new sources of revenue, but also wants the legislature to dedicate a portion of the money that is raised back into the system. It’s likely that park visitors already assume fees they pay go directly to the parks instead of the state’s general fund. “If parks were able to keep all or a portion of those funds,” Hammerling says, “they would have an incentive to think a bit more entrepreneurially.”

New Hampshire is the only state where parks are entirely self-funded, with the exception of capital expenditures. One way the parks there have managed without any added state funding is by greatly expanding their retail sales program. About 30 stores operate throughout New Hampshire’s campgrounds and beaches. In the last
How State Park Operations Are Funded

By Mike Maciag

In fiscal year, the state collected $4.8 million in retail sales, or about 30 percent of total park revenues. A state-owned ski resort and natural gorge attraction serve as other reliable sources of park revenue.

Because New Hampshire state parks are self-funded, park officials have a pretty good idea of how much money they’ll be working with each year. “We’ve been in this model for a long time, so we can take the ups and downs,” says Amy Bassett, of the state’s Division of Travel and Tourism Development.

New Hampshire’s user fees are higher than those in most other states—the cost of annual park passes ranges from $60 to $175. Some in Connecticut have called for higher user fees as a partial solution to their problem. Kennedy cites raising the price of wedding rentals for the Gillette Castle overlooking the Connecticut River—currently, they cost just $285.

In some places, local governments have stepped in to prop up ailing park systems. Budget cuts closed five of Alabama’s less-trafficked state parks in 2015, but all have since reopened through partnerships. The state leased some of the parks to local jurisdictions, which took over management. Other localities offered to assist with cleanup efforts.

If there’s good news for state parks, it’s that they continue to enjoy strong public support. In November, Alabama voters passed an amendment to the state constitution making it illegal to use funds either generated by or earmarked for state parks for other purposes. Rhode Island voters approved a bond issue funding improvements at state parks, while Missouri voters renewed a sales tax supporting state parks, historic sites and conservation programs.

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FIGURES REPRESENT FUNDING SOURCES FOR OPERATING EXPENSES FOR FY 2014-2015. SOURCE: NATIONAL ASSOCIATION OF STATE PARK DIRECTORS ANNUAL INFORMATION EXCHANGE.
Some of the most widespread and successful pacts have existed for some time and are expanding in their relevance and utility. For instance, the Interstate Commission for Adult Offender Supervision emanated from a compact that was established back in 1937 to help states work together to keep track of men and women who were on probation and parole. But enforcement of the compact was weak and the states weren’t sending in enough money to staff the effort. “It was an enforcement problem, a money problem and an information problem,” says Harry Hageman, executive director of the commission.

In the late 1990s, an operating body was established to enforce it. The rules were written into federal law, with the feds providing a budget. Resources increased when a rule was passed requiring fees from the states. Most recently, in 2008, the compact set up a system to electronically track

By Katherine Barrett and Richard Greene

Collective Edge
Compacts are becoming a top tool for managing interstate activities.

They call them interstate compacts. The idea is for states—from a handful to all 50—to join together contractually to ease a collective load. There are hundreds of these deals and counting, says Colmon Elridge, director of the Council of State Governments’ National Center for Interstate Compacts, which is the primary driving force behind a number of these agreements.

While they may cover diverse state activities such as recognizing each other’s driver’s licenses or medical licenses, they’re not generally well known—either by the public or within government circles. “Most legislators have no idea their states are in a number of compacts,” says Elridge.

Of course, even though legislators and taxpayers alike may not be aware of this powerful management technique, almost everyone sees some of the benefits they deliver. Consider the driver’s license compact, which has been around since the early 1960s. Most states are formal members of this agreement, which allows states to share data about drivers and traffic violations across borders.

In some instances, these compacts only include states with a distinct commonality of interests. The Interstate Oil and Gas Compact, for example, has a standard set of regulations that help members work together in ways that maximize their output of natural resources. Similarly, compacts can help contiguous states that are working on multistate infrastructure projects to smooth the process.

Although the growth of interstate compacts is in high gear now, their history dates back to the days before there were even states. England’s King George III formed a coalition of colonies to help him settle land disputes without having to deal with 13 distinct sets of rules.

Some of the most widespread and successful pacts have existed for some time and are expanding in their relevance and utility. For instance, the Interstate Commission for Adult Offender Supervision emanated from a compact that was established back in 1937 to help states work together to keep track of men and women who were on probation and parole. But enforcement of the compact was weak and the states weren’t sending in enough money to staff the effort. “It was an enforcement problem, a money problem and an information problem,” says Harry Hageman, executive director of the commission.

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The Language of Government
Communicating with constituents is vitally important.

Many public officials feel that much of the cynicism and distrust surrounding government exists because they haven’t properly “told their story.” Yet when the occasional media report surfaces about a jurisdiction engaging in marketing or public relations professionals, the tone is usually critical, as if this is something that governments should not do.

“Sure that is odd when you consider that, more and more, public officials are being urged to see their constituents as customers. After all, what successful business does not do marketing? Certainly a case can be made that public officials should not spend public money to simply promote themselves. But devoting time and resources to communicating with constituents, understanding their needs and explaining what government is doing is vitally important. We could probably legitimize it by calling it transparency.”

With those thoughts in mind, it is worth considering the ideas in Jonah Berger’s recent book, Contagious: Why Things Catch On. Berger is a marketing professor at the University of Pennsylvania’s Wharton School. He went to college to become an environmental engineer, but he began to wonder whether he could apply the tools of the hard sciences to complex social phenomena. Along the way, he discovered Malcolm Gladwell’s The Tipping Point. He found the ideas in Gladwell’s book powerful but mostly descriptive. He wanted to know why some ideas catch on and others do not. After more than a decade of research, he’s got some answers.

“Tipping Point”

To begin with, Berger says, word of mouth—whether face-to-face or through social media—is 10 times as effective as advertising. To begin with, Berger says, word of mouth—whether face-to-face or through social media—is 10 times as effective as advertising. Policy is complicated, so public officials need to communicate complex ideas in the language of the people, they want to reach. This is made more difficult by what Berger calls “the curse of knowledge.” We know a lot about what we’re trying to communicate and we think it is clear to others when it is not. (This bit of advice really hit home. When Berger told me that, I thought of all the times back when I was a mayor that my wife would tell me after a speaking engagement that I needed to do a better job of “connecting the dots.”)

Berger has developed a set of principles of effective word-of-mouth marketing that, he says, “cause things to be talked about, shared and imitated.” Triggers, or cues that bring a particular idea to mind, are one example. Emotional content is another, because when we care about something we share it. And there is practical value. People tend to pass along information that they think will be helpful to others.

So the first step in effective word-of-mouth marketing is to listen carefully to the customers. Understand their issues and the language they use to speak about them, then use that same language to respond. It’s good advice for public officials who want to connect with citizens in an era of cynicism and distrust.

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offenders in all 50 states. Hageman reports that there are about a million records in the system, with about 120,000 offenders added each year.

The importance of this interstate cooperation can’t be overstated. “When you don’t track [probationers and parolees], people die,” says Hageman, citing the case of one offender from Texas who slipped out of the reach of the authorities and brutally killed a student at Ohio University.

More recently, in the fall of 2014, the Interstate Medical Licensure Compact Commission was formed. It allows physicians from one state to practice medicine in states that had passed legislation joining the compact. Right now, 11 states are members and the numbers continue to grow—even though the interstate licenses haven’t been issued yet. The plan is to make the system fully operational so licenses could be issued either when 17 states have signed up or in January 2017, whichever comes first. Not only does this compact have the capacity to help doctors to assist in the practice of medicine via electronic means in states hundreds or thousands of miles away.

As much as compacts have enormous promise for helping states work together, without need for a federal law that mandates that they do so, there are challenges. One of these, according to Elridge, is concern on the part of states that they’ll somehow give up their own powers if they agree to abide by the rules of the compact. Another wall in the way of these agreements is the dependency on state or federal budgeting. “Sometimes these things die on the vine for lack of funding,” says Elridge.

Another barrier is that compacts can be an essential management tool for the states to build efficiencies through easier collaboration. As basketball great Kareem Abdul-Jabbar said, “Five guys on the court working together can achieve more than five talented individuals who come and go as individuals.”

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"What successful business does not do marketing? Government could probably legitimize it by calling it transparency."

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Better Government
By Mark Funkhouser

December 2016

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Other OK to go
Reporting requirements are constantly evolving and becoming more complicated, creating challenges for public sector agencies that are already running lean. Manual tracking and reporting of finances and budgets don’t cut it anymore.

A July 2016 Governing Institute survey of 142 public sector finance and budget decision-makers uncovered roadblocks in reporting workflows, as well as how a reporting system can automate and increase efficiencies in the financial and budgeting process.

1 AGENCIES ARE RESPONSIBLE FOR A LARGE VOLUME AND VARIETY OF FINANCIAL REPORTING.

Respondents noted their agencies have to complete the following types of reports:

- Annual: 77%
- Revenue: 65%
- Quarterly: 50%
- Grant: 49%
- Performance: 42%
- Compliance: 44%
- Federal: 37%
- Workforce: 26%

Here are three reasons why:

1. New and difficult requirements are constantly being added to mandated formal reports.
2. Agencies are being asked to increase transparency, but financial data is hard to communicate to nonfinancial audiences.
3. Outdated IT systems struggle with evolving demands.

2 FINANCIAL REPORTING IS INCREASINGLY COMPLICATED.

63% of respondents say financial reporting has become more complex in the last 3 years.

3 LEGACY SYSTEMS ARE STILL PREVALENT.

Nearly half of agencies are replacing or updating their financial reporting systems, and over one-third of agencies still need to modernize or replace their financial systems.
Current financial systems lack key capabilities.

Top 3 desired functions:

1. Integration with other systems and tools
2. Automated reporting capabilities
3. Simplified interface and streamlined data outputs

Finding a solution for financial reporting woes

Modernization is gaining momentum and introducing critical benefits.

78% of agencies are adding automation to the reporting process.

For more information on how an automated reporting system can improve financial and budget reporting for your agency, download “5 Trends Creating New Demands on Government Reporting” at www.governing.com/papers or visit www.workiva.com/trends.

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Cyber-Regulating Banks

Is New York’s new mandate the right move?

New York Gov. Andrew Cuomo announced in September a first-in-the-nation regulation designed to protect the state from the growing threat of cyberattacks. The proposed rule targets the state’s financial services institutions, requiring banks and insurance companies to establish a cybersecurity program and designate a chief information security officer.

The regulation comes on the heels of what has been a banner year for data breaches, with large-scale attacks occurring at government agencies, retail companies, tech firms and health-care service organizations. Barely a week after Cuomo introduced the regulation, Yahoo announced that data from at least 500 million user accounts had been stolen by a “state-sponsored actor.” Symantec, the Internet security firm, has similarly reported that 430 million new kinds of malware were detected in 2015, a 36 percent increase from the year before.

Unsurprisingly, cybersecurity is at the top of states’ to-do lists. So far, laws have focused on regulating the exposure of personally identifiable information. In 2003, California introduced the country’s first data breach notification law, requiring companies to notify their customers and any other parties about a breach. Since then, 46 states and the District of Columbia have enacted similar legislation. But the New York proposal ratchets up cybersecurity requirements for companies in a way that has not been legislated before.

The regulation, which was subject to a public comment period that ended last month and is expected to go into effect next month, lays out a clear framework for how financial companies are to identify, protect, detect, respond and recover from a cyberattack. It sets standards that have to be reviewed regularly and requires that third-party service providers’ cybersecurity programs are evaluated. In a statement, Cuomo said the regulation will help guarantee that the financial services industry upholds its obligation to protect consumers and ensure that its systems are sufficiently constructed to prevent cyberattacks to the fullest extent possible.

The mandate could provide a model for how states might regulate other industries when it comes to cybersecurity. But are such regulations necessary?

David Thaw, an assistant professor of law at the University of Pittsburgh and an expert on cybersecurity regulations, says no. He argues that New York’s proposed regulation won’t have much of an impact on the financial sector because existing federal regulations are already effective. A 1999 federal law, known as the Gramm-Leach-Bliley Act, requires banks to develop an information security plan that safeguards the security, confidentiality and integrity of customer information. “Financial institutions are already taking information security very seriously,” Thaw says.

But Cuomo proposed the new regulations in part to target smaller financial services companies and state-chartered banks, which generally fall outside the 1999 law. The governor wants to make sure small banks have the same level of protection and are required to protect consumer data to the same level as big banks.

Still, Thaw argues that what’s really needed is a comprehensive study of information security practices to find out what works and what doesn’t. Leaders haven’t really done that yet. “Having a single big breach or several big breaches doesn’t answer the question of whether we have a problem,” Thaw says. “You have to look at why the breaches happened and you have to know if the breach occurred after just a small number of attempts or whether it occurred after billions of attempts were made. We have to figure out the failure rate first.”

Thaw says that without that information, more regulations are useless. “When you make policy decisions, you don’t want to react emotionally,” he says, referring to recent breaches. “Policies can have unintended consequences.”

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Every four years the American Society of Civil Engineers (ASCE) deploys a team of experts to grade our national infrastructure. The team analyzes dozens of national data sources to determine the overall condition of our roads, bridges, tunnels and other key infrastructure. Their work is based on a simple concept. When governments invest in infrastructure, the grades improve.

Their most recent Report Card for America’s Infrastructure came out in 2013, and the results were grim. They gave the country’s infrastructure a grade of D+ and said we needed to spend $3.6 trillion just to bring our basic infrastructure back to suitable working condition.

When people talk about an “infrastructure crisis,” they usually quote these figures. The teams will be reporting again in 2017. But there are some problems with the ASCE numbers: It’s kind of a conflict of interest for the people who design public works to tell governments to spend more on roads, bridges and sewers. ASCE acknowledges that its approach is not perfect, but points out that no one else has come forward with a better one.

I have another issue with ASCE. Talking about “American infrastructure” is a bit like talking about “American cuisine.” No two places are the same because local tastes and traditions vary. In fact, many states and localities have ramped up their infrastructure investments in the past few years, mostly because low interest rates have allowed for cheap financing.

That’s why states and local governments need to tell their own stories about their own infrastructure and capital investment needs. And as it turns out, they can tell really compelling stories with their basic financial statements.

About 15 years ago the Governmental Accounting Standards Board (GASB) started requiring states and localities to report the value of their infrastructure assets. Governments can meet this requirement two ways. One is traditional depreciation; the other is a modified approach.

Let me start with the way traditional depreciation works: Consider a system of sewer tunnels built 50 years ago. The city government that owns those tunnels would determine how much it spent to build them, declare how long those tunnels are expected to last and then subtract a portion of the value of those tunnels each year through depreciation. If it builds new tunnels or replaces old tunnels, the rate of depreciation slows. Of course, there are lots of problems with this approach, most notably that many infrastructure assets can last 80 to 100 years. With such a long time frame, annual depreciation is often just a guess.

To solve this problem, GASB created an alternative method known as the “modified approach” or “preservation approach.” Under this strategy, the city would evaluate the condition of those tunnels, and then declare the condition at which it wants to maintain them. Engineers and other experts could weigh in on the declared condition, but ultimately it’s the city’s choice. If the city maintains those tunnels at the determined condition and reports how much it spent on that maintenance, the tunnels need not depreciate. If it fails to maintain them, however, they must be depreciated immediately.

Investors who buy state and local government bonds seem to like the modified approach. In fact, in a recent paper, my colleagues and I found that bonds from governments that use the modified method trade at much narrower price ranges compared to bonds from governments that depreciate. In other words, when a government uses the modified approach, investors are much more likely to agree on how to price its bonds. For governments this can ultimately translate into lower bond interest rates.

Currently, fewer than half the states and just a handful of big-city governments use the modified approach. That’s not a surprise. It’s time-consuming and tedious to implement. And once a government puts it in place, it must constantly reevaluate the condition of all its infrastructure.

That’s an expensive proposition. However, as we hear more and more about the infrastructure crisis, the time might be right for more governments to avail themselves of this powerful storytelling tool.
There are a lot of stairs in life, but few are as beautiful and colorful as San Francisco’s 16th Avenue Staircase. Located in the quiet, residential Sunset district, the staircase’s 163 step risers are covered in mosaic tiles that depict the sun, sky, oceans and beautiful gardens. The project, which began in 2003, was inspired by the Selarón staircase in Rio de Janeiro, a popular tourist destination. Artists Aileen Barr and Colette Crutcher spearheaded the project, which with the help of volunteers and a donation from the Mayor’s Neighborhood Beautification Fund, was completed just two years later in 2005. They aren’t San Francisco’s only tiled steps, though. A nearby neighborhood convinced Barr and Crutcher six years later to also festoon the steps in a city park with mosaic tiles. Known as the Hidden Garden Steps, that design features flowers, succulents and other native plants in a garden setting.

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