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Angie Carillo of Las Vegas, with her son
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In the Market for a New MMIS?

To help navigate these new waters, the Center for Digital Government and the Governing Institute, with underwriting support from Optum, created a handbook for MMIS reform. The handbook walks states through some of the important considerations when moving to a services-based approach to MMIS, including:

- The changes CMS is making to support a more modular and services-based model, including whether services qualify for the enhanced federal match
- The steps they need to take in the initial planning stage
- How to implement effective organizational change management
- The differences in deploying a services-based MMIS versus the conventional MMIS design, development and implementation
- How to tackle the procurement process

CONSIDER THIS before you proceed with a procurement:

- Traditional MMIS deployments typically take years to complete and requirements frequently change.
- The price tag can range from $50 million to more than $150 million.
- A 2012 analysis found “21 of the last 21 MMIS implementation projects over the last 10 years have been late, over budget, failed or some combination thereof.”

If this data makes traditional MMIS deployments sound complex and overwhelming, it’s because they are. What’s the solution? Breaking traditional MMIS deployment into logical pieces and moving some or all of those pieces to a service instead of a traditional system is gaining steam as an attractive option in the market — one that is now being backed by the U.S. Centers for Medicare & Medicaid Services (CMS).

Change can be scary, but this is a transition worth making. As a compilation of input from nearly a dozen states and organizations, this handbook is a great starting point for those states ready to reap the advantages of MMIS-as-a-service.

DOWNLOAD A COMPLIMENTARY PDF AT: www.governing.com/MMISHandbook
Our Demographic Bind

As I read Alan Greenblatt’s cover story “Tomorrowland” in this month’s issue about the profound demographic changes that have occurred in Nevada—and that are coming, inevitably and quickly, to the rest of the nation—I thought of an incident a few months ago. I was standing in line at a hotel, fuming about how long it was taking to check in, when the equally annoyed man behind me said, “What? Didn’t they know we were coming?”

We’ve known these demographic shifts were coming for decades. Today, the majority of school children are minorities, and the Census Bureau predicts that within 30 years, non-Hispanic whites will constitute less than half of the nation’s population.

Serious public policy challenges stem from this increasing diversity. In a piece he wrote for Governing back in 2007, Greenblatt described a study by social scientist Robert Putnam. Putnam had written that while “it would be unfortunate if a politically correct progressivism were to deny the reality of the challenge to social solidarity posed by diversity,” it would be “equally unfortunate if an ahistorical and ethnocentric conservatism were to deny that addressing that challenge is both feasible and desirable.” Why “desirable”? A significant body of research shows that diversity is a powerful driver of productivity, innovation and economic success.

In short, pluralism is both high risk and high return. It’s certainly difficult to manage, but when it’s managed well, it is a great strength. Part of managing diversity well is to integrate it into the power structure so that the political class and particularly the police—the enforcement arm of the political class—reflect the makeup of the community and therefore understand its concerns. Unfortunately many police departments do not mirror the demographic of their communities. But that can change, and we’ve seen it happen—as, for example, at the turn of the 20th century when cities went from having “Help Wanted” signs saying “No Irish Need Apply” to Irish Americans becoming a valuable part of police forces and political bodies.

Another important part of a successful strategy to convert diversity from a negative to a positive is to invest in public education. Greenblatt writes that on this score Las Vegas has potential, but “it will have to do a better job of nurturing human capital.”

In the tough economic environment that state and local governments face, the ability to handle this demographic dilemma well will be the winners.

In Innovation and Economic Success.

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In the tough economic environment that state and local governments face, the ability to handle this demographic dilemma well will be the winners.

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The Jury’s Still Out

In the August feature “The Big Behavior Bet,” Liz Farmer took a critical look at popular social impact bonds (SIBs) or “pay for success” programs. Just as enthusiasm for SIBs has grown, she wrote, “so has skepticism about the concept of partnering with the private sector to accomplish social goals.” Recently Congress has questioned the complicated structures of these contracts, and a report on the world’s first SIB program in the United Kingdom found that it had not reached the goals that would trigger early payments to investors.

The irony of supporting an idea so focused on outcomes when outcomes don’t always exist seems to be lost on social impact bond proponents. Having done some studying of SIBs, I am not a supporter. But I can still see where they may be useful in a very limited set of circumstances.

The SIB in Utah [providing early education opportunities] may have a chance at being effective. Among other things, it is actually preventative in nature, so there is strong baseline data from which to measure, and it has easily identifiable and measurable outcomes. The fact that it is preventative should not be underestimated. Reducing recidivism or homelessness is what is considered tertiary prevention, which is actually intervention. Anyone that thinks a few weeks or months of some kind of counseling is going to turn around years of neglect, abuse and hardship is going to be very disappointed.

I have been involved with pay for success and social impact investing for a couple of years. It is a rigorous, data-heavy process and that many jurisdictions cannot advance because (a) they are not employing evidence-based programs or practices, and (b) they do not collect data essential to “knowing” if what they are funding is making a difference in the lives of clients.

I have run headlong into the objections and concerns cited in the article. All are worthy of discussion. None, however, are sufficient to persuade me that we should stop using this financing tool to improve specific problems facing vulnerable individuals, families and their children.

— J.M. Graenedel on Governing.com

You Love/Hate Him

We received several letters and comments regarding Alan Greenblatt’s July profile “True Believer” about Wisconsin Gov. Scott Walker. The feedback was almost evenly divided as to whether the article had gone too easy or too hard on him. While that may say as much about a reader’s own political leanings, it still made for a spirited debate about the effectiveness of Walker’s leadership.

I would not have expected such a one-sided piece in a magazine devoted to professional governance as the one that was written about Scott Walker. It looked like a Service Employees International Union hit piece. The author might have mentioned the condition of the state that the governor inherited: the trajectory of tax increases, the overall business climate and the fact that teachers unions were allowed to bargain for virtually everything—not just wages and benefits. Wisconsin was in a hole.

Wisconsin has its challenges, but because of Walker’s leadership they pale in comparison to the state’s neighbor to the south, Illinois.

— Fred Birnbaum, Vice President, Idaho Freedom Foundation

To call Scott Walker an effective leader means either you’re as staunch a conservative as he is or you’re just plain blind. You need to visit this once great state and see firsthand how much damage he has done.

Is an effective leader one who tries to hide his work from the people? Is an effective leader one who drives his job creation agency, the entire University of Wisconsin system and the economy into the ground? His budgets have been a disaster. He put the taxpayers on the hook for almost $400 million in taxes and cost overruns for the new Milwaukee Bucks arena. We don’t have money for upkeep of roads and bridges, with many projects stalled or put off for years. He’s closed Women’s Health Centers across the state. He defunded Planned Parenthood. He won’t take federal aid for state Medicare expansion because he says that there’s no guarantee that the money will be there in the future.

I could go on and on. You need to do a closer inspection of Walker’s “effectiveness” as a governor. From your description of Walker, it appears you sorely need it.

— Timothy J. Burns, Wisconsin
**Freedom of Information/Public Records Request**

**Part I:** I hereby request to: [ ] Inspect [ ] Copy the following records:
(please be specific and include names, dates, keywords, and exact record type where possible)

Please provide all Everton City and Police Department social networking content from May of 2012 regarding special notices and street closures related to the Everton Memorial Day parade.

**Part II:** What format do you request? [X] Electronic [ ] Paper

**Part III:** Name of individual(s) requesting information: [ ] John [ ] Mary
Address: 1476 Freedom Way City: Everton State: CA Zip: 95630
Phone: (210) 867-5301 Email: jpublic@ymail.com

*For Internal Office Use Only*

Date Request Received: July 1, 2014 Request Status: Pending

Notes: Staff has invested more than ten hours scrolling through social media pages and collecting stored screenshots from department hard drives. Citizen comments no longer available. Uty Attorney issued subpoena to social network - response still pending after four weeks.

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Income inequality was a major issue in 2013 mayoral races. This year, San Francisco Mayor Ed Lee is one of the few candidates talking about it.

Whatever Happened to Inequality?

TWO YEARS AGO, voters in Boston, New York City, Seattle and several other large cities elected a new group of liberal mayors bent on scaling back income inequality. It was the same year that President Obama gave a speech on economic mobility, which he called “the defining challenge of our time.” While Obama proposed a higher minimum wage and expansion of tax credits for the working poor, mayors sought to test the limits of what local government could do to address macroeconomic problems rooted in national or international affairs, such as the inequities in the federal tax code or the competitive pressures brought on by global trade. Those elections have given rise to a series of local initiatives to raise the minimum wage, expand affordable housing, establish universal pre-kindergarten and mandate paid sick time for workers. But this time around, income inequality doesn’t seem to be the same rallying cry it was in 2013. Almost half the nation’s biggest cities—23 of 50—have mayoral elections this year. Next month alone, voters will cast ballots for mayors in Houston, Indianapolis, Philadelphia, San Francisco and several other large cities. But there hasn’t been a lot of talk from mayoral candidates about combating inequality. Consider one effort from New York City Mayor Bill de Blasio, who in May unveiled a 15-point “progressive agenda to combat income inequality” and called on civic leaders to sign onto his plan. The list of signatories is impressive—members of Congress, Minnesota Gov. Mark Dayton and 10 sitting mayors. But as of late August, only two mayoral candidates had given their endorsement: Mayors Pedro Segarra and Michael Brennan, who are running for re-election in Hartford, Conn., and Portland, Maine, respectively.

Income inequality is still a problem in his city. And even in conservative states, some mayoral candidates are focusing on programs that would help people on the lower end of the economic spectrum. For example, Charlotte Mayor Dan Clodfelter is pushing to expand public transit, an oft-cited solution when it comes to income inequality. In Hartford, Mayor Segarra argues that income inequality is still a problem in his city. But campaign rhetoric tends to reflect voters’ concerns, and his city’s unemployment rate is still above 10 percent—almost twice the state average. So when Segarra talks to voters, most don’t mention the broad topic of income inequality.

In Hartford, Mayor Segarra argues that income inequality is still a problem in his city. But campaign rhetoric tends to reflect voters’ concerns, and his city’s unemployment rate is still above 10 percent—almost twice the state average. So when Segarra talks to voters, most don’t mention the broad topic of income inequality. For them, the priority is “jobs, jobs, jobs,” he says. “It’s purely about jobs.”

—who running this year? Keep track of inequality. For them, the priority is “jobs, jobs, jobs,” he says. “It’s purely about jobs.”
Can Urban Innovation Teams Outlast Political Changes?

CIVIC INNOVATION has in recent years become a driving force for public policy in city halls across the country. Some efforts, like mass hackathons, are ad hoc. Others seem to attach more permanently to public agencies, including naming chief innovation officers, creating innovation teams, and carving out physical spaces or labs for collaborative experimentation.

Now the movement faces a critical test: How can the innovation efforts that have grown up in the past five years survive a change in political leadership?

Take the New Urban Mechanics model. It emerged early in the civic innovation movement, bringing an entrepreneurial spirit to public problems and providing structure to the messy business of experimenting with new ways of doing things. Boston launched the original urban mechanics shop in 2010; Philadelphia started its own version two years later. A third office—a university-based collaborative in the Utah Valley—came online two years after that.

Boston's office was created by the late Mayor Thomas Menino. (He had been derided at the start of his political career as an “urban mechanic” focused too intently on small problems.) But when Mayor Martin Walsh took office in January 2014, no one was sure what the new mayor would do with the innovation office—or whether he'd keep it at all. In town meetings, online conversations and mainstream media, supporters urged the incoming mayor to expand the city's innovation team.


The urban mechanics team itself wasn't sure how to move forward with the new mayor. “We had no idea how best to go about it,” says founder and co-chair Nigel Jacob. “Right in the midst of when things were switching over, our instinct was that the way we had been working would still be resonant with the new mayor.”

Jacob's hunch proved to be right. “He saw that there was a team here that was getting a lot of stuff done, and why would you stop them from doing that?” Walsh embraced Menino's creation and even injected it with a new energy, says Jacob. “He's been a huge proponent, and he talks about us all the time as a model. We're the urban mechanics shop in 2010; Philadelphia started its own version two years later. A third office—a university-based collaborative in the Utah Valley—came online two years after that.”

In Philadelphia, next month’s mayoral election means the city's entire civic innovation framework is currently in play, including its urban mechanics office and other philanthropically funded innovation teams. Maia Jachimowicz, the city’s director of policy, says the work continues apace with an eye to both finishing well and preparing the next administration for success. As outgoing Mayor Michael Nutter prepares to hand off his innovation infrastructure to his successor, Jachimowicz says it comes with a simple message. “We're saying, essentially, let's think about other ways we can improve the business of serving our citizens.”

Civic innovators themselves say the key to institutionalizing programs like these is to focus on results, and how the work made a meaningful difference in the lives of city residents and business. It’s also important to be able to adapt to the priorities of a new administration.

Boston, Walsh has grown the urban mechanics office mandate to include strategic involvement in housing, economic development and even social justice. The fact is, urban innovation efforts may already be so linked with good local governance that they’re likely to survive a change in leadership. It’s “the kind of innovation that any mayor with any sense would keep,” says Peter Levine, a political science professor at Tufts University, speaking about Boston’s model.

Transitions can’t be taken for granted, but innovation shops have momentum and optics on their side. Walsh, who heads the Committee of Seventy, an advocate for better government. “I don’t know too many mayors who would want to be perceived as the anti-innovation mayor.” —Paul W. Taylor
Amid rising costs and shrinking funds, public employee retirement systems are seeking sustainable ways to provide affordable, comprehensive health plans for their retirees. Like many organizations, Cobb County in the state of Georgia and the Alameda County Employees’ Retirement Association (ACERA) in California are finding that Towers Watson’s OneExchange® — a private exchange — helps save money and manage long-term liability, while offering retirees unparalleled customer service and a range of plans that meet their unique needs.

An Aging Population and Increasing Health Care Costs

Tony Hagler, Cobb County’s human resources director, and Kathy Foster, ACERA’s certified employee benefits specialist, are thousands of miles apart geographically, but they share common ground when it comes to using OneExchange for their growing population of Medicare-eligible retirees and dependents.

“We were like most organizations,” says Hagler. “The economy was going down and health care costs were climbing each year for our active and retired employees.” Cobb County also needed to meet funding obligations and reduce long-term liabilities related to other post-employment benefits (OPEB) and recent Government Accounting Standards Board (GASB) proposals. “We were looking for ways to still provide levels of service while cutting costs any way we could,” he says. ACERA had similar issues. “The costs for our retiree group Medicare coverage were becoming unsustainable, and we had constant complaints about customer service,” says Foster.

Solution at a Glance

**Challenge:** Public employment retirement systems need to provide high-quality health care plans for retirees in spite of rising health care costs, shrinking funds, the 2018 excise tax, OPEB liabilities and more.

**Solution:** Towers Watson’s OneExchange

**Results:** Using OneExchange, organizations are saving millions of dollars annually, while providing health care plans and customer service that match or exceed their former plans.
To meet the unique requirements of individual retirees, both organizations needed an exchange solution that offered a range of health plan choices. Cost and ease of use were critical, as was an efficient way to communicate the impending transition to retirees. “A lot of our members are used to traditional health plans, and they aren’t eager to change,” explains Foster. “It’s concerning because you want to be sure they understand the new plan and can work through the process of premium payments and re-imbursements, which is different with an exchange.”

**Prescription: Technology, Tools and Talking**

OneExchange allows Cobb County and ACERA retirees to review and compare supplemental Medicare coverage across plans, product types and carriers, either via phone with the help of a licensed benefit advisor or by using OneExchange’s online tools. “They offered a multitude of plans, not just their own individual plans like some exchanges,” explains Foster. OneExchange provides one-on-one advisory and enrollment services for retirees, as well as a suite of communication tools to help benefits teams prepare and inform their populations. OneExchange advisors walk retirees through the enrollment process, using finely tuned technology to help retirees find a plan that meets their health care and budget requirements.

In addition to its breadth of offerings and customer service, OneExchange’s proven history and expertise were deciding factors for both Cobb County and ACERA. “It’s important to our board that the service provider has public retirement fund experience and longevity. OneExchange is the longest running exchange,” says Foster. “They also have the largest number of benefit counselors who are trained in Medicare plans,” adds Hagler. “That was important to us because we wanted to help our retirees navigate that market, and we didn’t have that expertise in house,” he says.

Given that Hagler’s team had very little time to roll out a new system before the enrollment window for Medicare ended for the year, the transition process itself was particularly important — and impressive. “I’ve never had a vendor give us a plan — an actual document — that went step by step through a transition process. We just followed that plan, and it went flawlessly. I would love it if all transitions went that smoothly,” says Hagler.

Outcome: A Sustainable Program with Better Value for Retirees

Using OneExchange, both Cobb County and ACERA are able to provide better service to retirees, while reducing health care spending, capping long-term liabilities and alleviating the administrative burden associated with managing retiree health plans. Cobb County has saved about $3 million per year in costs. In ACERA’s first year with OneExchange, costs were about half those of the group plan. In addition, OneExchange’s communication tools and personalized services helped ACERA meet its goal of providing excellent customer service. “Post-enrollment surveys show that 98 percent are satisfied with the service — and 93 percent extremely so,” says Foster. “Once we made the transition, retirees who had initially complained in public meetings about the change came up and hugged me.”

**Tips for Success: Communicate, Communicate, Communicate**

When asked what they would suggest to other organizations moving to a health exchange, Hagler and Foster agreed communication before, during and after the transition is critical:

- **Educate staff.** Health exchange premiums, copays and deductibles are different from traditional group plans. Be sure your staff understands how the process works and its impact on the enrollee.
- **Prepare retirees.** Know what your members expect from their Medicare health plan. Conduct meetings to inform them about the exchange and how it differs from their old plan. Provide an enrollment timeline and the steps that retirees need to take during specific periods of the timeline.
- **Allow plenty of time to communicate the plan.** Retirees can be difficult to reach. They may have relocated, lack access to email and other technology, or are out of touch for some other reason. Organizations may have to rely on slower, more traditional mail services to announce changes and inform retirees.
- **Leverage existing tools.** Keep retirees informed by taking advantage of customizable fliers, direct mailers and other communication tools.

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Climate Change Fight Gets Cash from the Right

THERE’S STARTING TO BE big money in worrying about climate change.

Last year, hedge fund billionaire Tom Steyer spent about $75 million seeking to influence state and federal elections in favor of candidates worried about climate change. It’s still spending freely, but now he might be topped by another rich guy, Jay Faison, who says he’ll pony up $175 million toward the cause. In some ways, Faison’s task is harder: He’s devoting his efforts toward convincing his fellow Republicans to take the issue seriously.

Faison, a conservative Christian and a business entrepreneur in Charlotte, N.C., says he wants to use his money to help shift the conversation among Republicans when it comes to climate change. “We want to move people away from the, ‘Are we causing it?’ and into the, ‘How are we going to solve it?’” he told The Washington Post earlier this year.

It’s hard to remember now, but a decade ago concern about climate change was shared on a bipartisan basis. Over time, it’s become fairly rare to find GOP politicians embracing the issue. Ohio Gov. John Kasich has expressed concern over the years, but as part of his presidential run he’s felt compelled to sound more skeptical, worrying about job loss and referring to climate change as “some theory that’s not proven.”

Part of what has driven Republican doubts, environmentalists say, is the big money donations coming their way from the energy sector. Serious dollars from Faison offer a potential counterweight. “It’s a very positive development to have a Republican philanthropist who wants to support climate action candidates,” says Daniel Weiss of the League of Conservation Voters.

These days, however, even $175 million only makes so big a splash in the political pond. In the super PAC era, big donors are certainly welcomed, but they don’t necessarily stand out among the crowd. “At this point in time in politics, there are multiple billionaires on the block,” says Dave Levinthal of the Center for Public Integrity, a watchdog group. “There are dozens of people who will inject a million or multiple millions into campaigns.”

For all his money, Steyer’s impact was limited last year. His win-loss ratio was quite poor. And even if more money is flowing toward candidates, voter interest in climate change has remained remarkably ho-hum. In poll after poll, it has failed to register as a top priority, even among those convinced it’s real and a major threat.

Still, a huge influx of cash can certainly attract added attention—not just from politicians, but from reporters. “Real change comes from the grassroots, but the support of some big donors certainly helps,” says Jamie Henn, spokesman for the environmental group 350.org. “You’d think that when 97 percent of scientists and a majority of the public are clamoring for action, that would be enough to drive change, but sadly most politicians respond to money above all else.”

—Alan Greenblatt

Jay Faison says he’ll spend $175 million to persuade skeptical Republican lawmakers that climate change is a reality.
Old Enough to Light Up?

HOW OLD DO YOU have to be to buy cigarettes? Increasingly, that depends on where you live.

In most places, you can still buy cigarettes if you’re 18. But Hawaii recently became the first state to raise the minimum age for tobacco purchases to 21. The California Senate has passed similar legislation, while a handful of states have raised the age to 19.

The push to keep cigarettes out of the hands of youngsters as long as possible has more momentum at the local level. Notably, New York City raised the smoking age to 21 two years ago. Needham, Mass., was the first locality to raise the age to 21, back in 2005. Needham was all alone in this regard until 2012. Since then, more than five dozen communities in Massachusetts have followed suit, representing 27 percent of the state’s population, according to the Massachusetts Municipal Association.

“It’s really powerful, it’s growing,” says Geoff Beckwith, executive director of the association, which has received funding from the Massachusetts Department of Public Health to provide technical assistance to cities exploring antismoking measures. “Essentially you’re taking a product that’s addictive and saying you have to wait until 21.” Beckwith says. “The number of people who start smoking in their mid-20s is virtually zero.”

According to a 2012 report from the U.S. Surgeon General, less than one-third of smokers picked up the habit after age 18, while only 5 percent start after 24. A recent study found that teen smoking rates fell by nearly half in Needham in the first five years after the ordinance took effect, from 13 percent to 7 percent. By comparison, teen smoking in neighboring towns, which maintained the 18-year-old purchasing age, dropped by a fifth, from 15 percent to 12 percent.

A nationwide increase in the smoking age to 21 would cut tobacco use by 12 percent, according to the Institute of Medicine. “If we can keep the high school students from smoking, most of them will not become smokers,” says John Schachter, a spokesman for the Campaign for Tobacco-Free Kids.

Not everyone is getting on board the wait-till-21 bandwagon, however. The borough council of North Plainfield, N.J., rejected an ordinance in June. It’s pointless to ban sales to young adults who can simply cross the town line to buy cigarettes, Council President Lawrence La Ronde said at the time, adding that he would support a statewide measure. Other critics say that raising the legal age will simply increase illegal sales of cigarettes. “The black market doesn’t pay taxes and the black market doesn’t care how old you are,” says Bill Dembrowski, president of the California Retailers Association. “We want to be able to sell a product legally to the right people, and this legislation discourages that.”

The purchasing age has not historically been a big concern for antismoking advocates, who have focused more on raising taxes and creating smoke-free zones in work and public places. But now they believe the idea is catching on. It seems particularly relevant at a time when e-cigarettes may be enticing young people to smoke. E-cigarette smoking tripled among middle and high schoolers between 2013 and 2014 alone, according to the Centers for Disease Control and Prevention. In June, the American Medical Association adopted a policy encouraging laws banning sales of e-cigarette products to people under 21. “Tobacco companies know that people are more likely to become addicted to smoking if they start at a young age,” says state Sen. Ed Hernandez, sponsor of the California bill. “We can no longer afford to sit on the sidelines.”

— Alan Greenblatt

Some states are raising the legal smoking age.
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tate legislatures are mysterious institutions, but there are a few things most of us know about them. We know which party is in control. We know when one of the leaders gets in trouble with the law. We can find out, for the most part, who gives money to candidates and how much they choose to give.

What we don’t know, at least at the moment, is what sorts of people are filling the seats—which professions and occupations produce our state leadership. In particular, we don’t know much about how the professional makeup of legislatures has changed since Republicans took control of most statehouses in 2010. This isn’t a trivial issue, either. It matters quite a bit whether we are being governed by a coalition of lawyers and teachers or by an alliance of corporate executives and insurance brokers.

That’s why I was intrigued a few months ago when an enterprising reporter for the Arkansas Democrat-Gazette, Brian Fannen, reported that the farm bloc in that state’s legislature had doubled over the last decade, from nine lawmakers to 18 out of a total membership of 100, and that farmers were now the largest single occupational group in the state House and Senate. (The House speaker is a blackberry grower.) At the same time, the number of lawmakers, traditionally the legislature’s largest bloc, had dwindled from 23 to 14.

It’s an interesting little morsel of information, especially when you consider that fewer than 1 percent of Americans claim agriculture as their occupation, and only 2 percent live on farms. In one state, at the very least, agriculture seems likely to be wielding political influence far beyond its actual demographic presence.

Fannen traces the increased presence of farmer-legislators in Arkansas to the installation of Republicans as the state’s majority party in the past two elections. Farmers, especially those with the financial resources to run for office, are by and large conservatives. Therefore, the more Republican seats there are in certain legislatures, the more visible agriculture will be as a potent force in the policymaking process. It’s just one stray piece of evidence. It’s not that farmers have achieved disproportionate clout all across the country. But it’s a reminder that the cast of legislative characters in any state can change dramatically over the course of a few years, and that often there are political reasons why this happens.

The one source of comprehensive information on this subject is the National Conference of State Legislatures (NCSL), which does a 50-state survey of legislative occupations every decade or so. But the most recent NCSL information dates back to 2007, so it doesn’t reflect the Republican tidal waves in the 2010 and 2014 elections, events which almost certainly ushered in changes analogous to the clustering of farmers at the Arkansas Capitol in Little Rock. NCSL is currently working on a new survey, and when it is released we will know much more about this underinvestigated aspect of American political life.

In the meantime, though, there are a few historical points worth making. It has long been a common perception that lawyers make most of the laws in this country and often serve their own financial interests in the process. That image was reinforced earlier this year when New York Assembly Speaker Sheldon Silver and Senate Majority Leader Dean Skelos were both indicted on charges that they used their private law practices for corrupt purposes.

Reading about all the corruption cases involving lawyers in politics, and especially in legislatures, it’s easy to conclude that the average legislative body is a nest of shady attorneys eager to skim what they can out of the public treasury. But the number of lawyer-legislators has been declining for more than a generation just about everywhere in America. When NCSL started its occupational survey of legislatures in 1976, it found lawyers to be the single largest category, with 22.3 percent of the seats. By 2007, their numbers had declined to 15 percent. And more recent data from individual states suggest that the departure of lawyers from legislative service is accelerating.

When the Wisconsin Legislature met for its annual session this year, there were just 12 lawyers out of 99 members in the state Assembly, and only two in the 33-member Senate—the lowest numbers ever recorded. The Missouri Legislature counts 21 lawyers among a total membership of 197, the fewest since 1891. The South Carolina Senate has seen so many lawyers depart in recent years that its Judiciary Committee is now chaired by a textile executive—the first time a nonlawyer has ever held that position. The number of lawyers in key positions has declined as Republicans have consolidated their control, providing further evidence of the link between ideology and occupation in state politics.

Half a century ago, the notion that lawyers wrote most of the laws was pretty accurate. In New York state in 1969, lawyers constituted 61 percent of the legislative membership. In California, the figure was 48 percent. Small towns and rural counties were overrepresented in all levels of government at that time, and legislatures throughout the country were stacked with small-town attorneys who made their annual trek to the state capital at the behest of a Main Street business establishment back in their hometowns.
There are now more farmers and fewer lawyers making laws in Arkansas.

That began to change in the 1960s and 1970s for a variety of reasons. Legislative sessions came to take up more of the year, making it difficult for attorneys to keep up with their practices while they served in office. Legislative pay fell further and further behind the amount lawyers could earn on the private side. And lawyers were permitted to advertise for clients, challenging the traditional idea that serving in office was the best way to promote one's name and attract new business.

As the number of lawyer-legislators has steadily declined, two occupational categories have come to replace them. One is retirees. The same circumstances that have tilted lawyers out of elective office—longer sessions and low pay—have provided an opportunity for those who don’t have to worry about other jobs. NCSL didn’t even include the retiree category when it first surveyed the field in 1976, but retirees constituted 6.7 percent of the total in 1986, and their numbers had nearly doubled by 2007.

But the most important development of the past generation has been the number of officeholders who identify themselves as full-time legislators. As longer sessions became the norm even in many smaller states, legislative service attracted a larger share of politicians willing to do the job year round for the modest salary it generally offered. In 1976, only 2.7 percent of lawmakers listed legislating as their sole career; by 2007, the number was 16.4 percent, and full-time legislators had become the largest bloc in a majority of states. There is reason to believe the number will be quite a bit higher in the next survey; in Washington state, for example, where the sessions do not last all year, a recent survey nevertheless found 27 percent of the members to be working at their legislative jobs full-time.

It’s a mistake to place sole importance on who actually fills the legislative seats. Occupational groups that have fallen behind in raw numbers have found it relatively simple matter to influence legislative outcomes from the outside through campaign contributions. This has clearly been true of lawyers, and especially the trial lawyers who represent plaintiffs in civil litigation. As their physical presence in legislative chambers has diminished, their role in financing campaigns has increased.

Meanwhile, teachers and their affiliated pressure groups have played a similar game. The number of working K-12 and college educators serving in legislatures has always been small. In the 2007 NCSL survey, the two categories together amounted to less than 6 percent of legislative membership across the country. But teachers unions combined with trial lawyers to provide the financial support that made Democrats the majority party in American state legislatures as a whole for an entire generation, until the 2010 election turned the tables on them.

Arrayed against the teacher-lawyer alliance in most states has been the Republican business coalition backed financially by state chambers of commerce and related business pressure groups. Business has always been fairly well represented in legislative membership; if you add the categories of “business owner,” “business executive/man-ager” and “business non-manager” in the 2007 NCSL data, you get a combined total of more than 20 percent of all state legislators, although this is a lower figure than the one recorded in the 1976 survey. It’s reasonable to suppose that when the next batch of data comes in, the business categories will be up a few points, reflecting the Republican successes in the past two midterm elections.

The one thing we can say for sure about legislative bodies in any time or place is that their makeup depends on the incentives that propel some people rather than others into serving there. Those incentives change over time, and the ultimate legislative product changes along with them. That’s not to say that the Arkansas Legislature will be passing a raft of new farm subsidies over the next few years. But it is to acknowledge the likelihood that day-to-day legislating will reflect the altered membership.

Earlier this year, legislators in Arkan-sas increased funding for the state university’s department of agriculture. They also passed a bill protecting farmers from unscrupulous grain dealers. Coinci-dence? A lobbyist for the Arkansas Farm Bureau didn’t seem to think so. He told Fanney, the Arkansas Democrat-Gazette reporter, that he was expecting a season of “good public policy as it relates to what goes on at the farm.”

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A Wild Fire Fight
Who’s really in charge of putting out the flames in our forests?

United States Forest Service fire captain David Ruhl loved tackling big wildfires. So there was little surprise when he volunteered to leave his wife and two children behind in South Dakota’s Black Hills to help California during its monstrous fire season. In late July, while he was strategizing on how to fight a particularly nasty one in the Modoc National Forest, a wall of flames suddenly trapped him. Search teams found his body the next day.

Ruhl’s death was a tragic reminder of the enormous toll that the wildfires raging across the West have taken. But it was also a reminder of the remarkable partnerships that have emerged to fight them. Joining Ruhl were other feds, including expert interagency “hotshot” teams. They worked closely with local firefighters and Air Force C-130 air tankers. Private contractors provided pilots and more aircraft, ranging from small helicopters to giant air tankers. Coordinating everyone was Cal Fire, the state’s premier wildfire agency. It was a genuine mosaic of federalism, with the intricate boundaries lost amid the smoke of the worst fire season on record.

But this impressive show of collaboration was hard won. It represents decades of evolving strategies, from the 1950s, when fighting large-scale forest fires involved teams of hikers who drove to the scene in trucks, to today’s firefghters, who are aided by aerial tankers that can drop 20,000 gallons—enough for 800 10-minute showers—in a single attack.

The advances go beyond technique. Training has vastly improved and has become more standardized so that firefghters know what their colleagues know. Strategy has evolved to incorporate the “incident command system,” so that leaders can coordinate the complex interagency, intergovernmental and inter-sectoral teams that fighting these monster fires now requires.

These changes have also shifted the Forest Service’s budget. In 1995, fighting wildfires accounted for 18 percent of its spending. In 2015, that has grown to more than half the budget, and the agency now forecasts that firefighting will take 67 percent of its funds by 2025. “Instead of basically maintaining and restoring and making our forest more resilient,” U.S. Agriculture Secretary Tom Vilsack, who supervises the Forest Service, told NBC News, the agency became “one large fire department.” Some analysts even suggest—tongue only partly in cheek—that the U.S. Forest Service should be renamed the U.S. Fire Service.

As the drought in the West has worsened over the years, so too have fire seasons. Americans have grown used to watching dramatic footage of giant planes dropping water on raging, out-of-control fires, and they see those tankers as a sign of government action. Local residents increasingly expect a response that is federal and instant.

Nowhere was this more the case than during the 2011 Texas wildfires, which burned more than 3 million acres and devastated Bastrop County, near Austin.
Redistricting never really goes away. What is supposed to be a once-per-decade exercise keeps lawyers and legislators busy all the time. For instance, it's been five years since the 2010 Census, but legislatures in Florida and Virginia met in special sessions in August to draw fresh congressional maps. Lawmakers in both states ended up quickly punting to the courts, but Florida legislators will meet again this month to rewrite state Senate districts.

More activity is expected to be prompted by a pair of recent rulings from the U.S. Supreme Court. In a case involving Alabama districts, the justices ruled that legislators can create minority-dominated districts to satisfy federal Voting Rights Act concerns about racial representation, but they cannot keep cramming in additional minority voters in a way that dilutes their influence elsewhere.

That decision will likely inform pending cases in North Carolina and Texas. “When government officials consider race, they must do so in a nuanced way, rather than a blunt or hamhanded way,” says Justin Levitt, a professor at Loyola Law School in Los Angeles and author of the blog All About Redistricting. (Levitt has recently taken a high-level civil rights post at the U.S. Department of Justice.)

The other Supreme Court decision, involving an Arizona case, affirmed that changes in redistricting law can be made by citizen initiatives, not just legislatures. That gave the green light to so-called redistricting reformers. In Ohio, voters will decide next month whether to hand over responsibility for drawing state legislative districts to a commission. Similar attempts are now expected in other states, including South Dakota and Maryland, where GOP Gov. Larry Hogan appointed a task force to study the matter in August.

This term, the U.S. Supreme Court will hear a Texas case that challenges a principle employed by all states of drawing equal-sized districts based on total population, as opposed to, say, the voting-age population. If justices approve this challenge—which legal experts speculate at this point is unlikely—it would cause a bigger change in the way maps are drawn, rather than a blunt or hamhanded way,” says Justin Levitt, a professor at Loyola Law School in Los Angeles and author of the blog All About Redistricting. (Levitt has recently taken a high-level civil rights post at the U.S. Department of Justice.)

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By Alan Greenblatt

Redistricting on Repeat
Why are states still drawing maps mid-decade?

Texas Rep. Michael McCaul, who represents the area, hammered the U.S. Forest Service for failing to pre-position a giant DC-10 aerial tanker that the state could use whenever a wildfire should happen to erupt. When the Bastrop fire started, the Forest Service’s contractor fleet was busy in California, fighting an outbreak of wildfires there. The Forest Service shifted a DC-10 to Texas, but residents were infuriated as the plane sat idle for two days on a runway while Bastrop burned.

Why was the plane idle? The DC-10’s crew had to adhere to mandatory rest requirements. Furthermore, ground crews had to build a facility to supply flame retardant for the plane. But all that missed a larger issue, according to Tim Harbour, the Forest Service’s director of fire and aviation. At an oversight hearing that McCaul held in Austin after the disaster, Harbour pointed out that the Forest Service was only responsible for fighting the fires on its lands, which accounted for just 0.1 percent of all the land involved in the 2011 Texas fires. The agency had deployed its teams to help on nonfederal lands “because our friends in the Texas Forest Service asked us to help.” And they needed that help because Gov. Rick Perry had cut funding for the state’s own forest service.

But truthfully the feds would have been in Texas no matter what. After all, firefighting has become an interagency, intergovernmental affair—that’s why David Ruhl was 1,300 miles from home fighting fires. And there’s no doubt these interagency partnerships have vastly improved firefighting, but they have also blurred responsibilities, raised expectations for the federal government’s help and shifted local costs to the federal budget, even when the problems are caused by nature and the prime responsibility for attacking them rests in state and local hands.

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Is ‘Wellness’ Worth It?
While studies are mixed, one county government is chalk ing up some big savings.

Last year, the RAND Corp. published a study that rocked the “wellness” world. Common sense suggests that encouraging a workforce to develop better health habits—more exercise, good food, no smoking—would translate into healthier employees and lower health-care costs. A trio of Harvard economists even put a number on it in 2010: For every dollar invested, wellness programs returned just over $3 in health-care savings and just under $3 in reduced costs of absenteeism.

But RAND begged to differ. In its study, the think tank found that wellness programs that focused only on lifestyle incentives saved just 50 cents for every dollar invested. The message, though, wasn’t entirely negative. Employers that also offered disease management—in-depth services for those who already had chronic illnesses such as diabetes—did much better. They saved $3.80 for every dollar invested.

Wellness programs are widespread both in the private sector and in government, and indeed some have earned little by way of return on investment. But one government has gotten a lot of bang for its bucks. King County, Wash., provides a lifestyle program, Healthy Incentives, for its employees that offers sizable financial incentives and follow-up coaching for those who sign on. The plan also rewards employees who get their care through providers that were found to consistently provide the highest-quality care at the lowest prices.

In 2007, when the county changed its approach to health insurance, employee health-care costs were rising at a rate of three times the Consumer Price Index. In the first five years of the new program, the county invested $15 million and saved $46 million in health-care spending. Apart from the fiscal savings, the county can point to improved employee health habits. Smoking rates have dropped from 12 percent to less than 5 percent of employees. Meanwhile, some 2,000 employees who were classified as overweight or obese at the start of the program lost at least 5 percent of their weight, more than halving their risk of developing diabetes.

Employee participation in the program has also been impressive: 90 percent, compared to the general take-up rate for wellness programs of less than 50 percent. That’s not too surprising considering the incentives the county offers. Participants can shave $200 off their deductibles by simply filling out a health assessment form and another $200 for completing an “individual action plan,” such as attending a given number of Weight Watchers meetings at work. All totaled, a family can earn as much as $1,500 in incentives.

One key takeaway from King County’s experience is that wellness programs are successful if there are sizable incentives along with consistent coaching or follow-up. In encouraging employers to expand their wellness programs, the Affordable Care Act loosened federal regulations that limit the financial rewards employers can offer workers for reaching certain health goals, such as quitting smoking.

Still, it’s important to note that it may be too early to judge the lifestyle component of government wellness programs. By intervening early to reduce a risk factor such as obesity or smoking, a program may not yet see the savings it might gain 10 or 20 years from now in not having to pay for treatment of diabetes or emphysema. But a long-term view is what common sense suggests, and it ultimately may be the best judge of these programs.
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The Renewable Ripple Effect

A single ‘solarize’ campaign has kicked off solar power in Virginia.

Solar is cheaper than it’s ever been before. The cost of installing solar panels on the average home has plummeted 70 percent since 1998. Nevertheless, the upfront costs of installing panels still require a decent chunk of change. That’s where a program like Solarize Blacksburg comes into play.

Blacksburg, Va., a city of about 50,000, launched the program—the first of its kind in Virginia—early last year in an effort to get more city residents to go solar. Working with installers, the city, along with community partners, negotiated a substantial discount for homeowners, lowering costs by 10 percent to an average savings of $3,256 per installed solar array. Today, it costs about $26,000 to install 5 kilowatts on an average home, according to the National Renewable Energy Laboratory.

Solarize Blacksburg is not unique. Rather, it’s one of many “solarize” campaigns. The model started in 2009 as a grassroots effort to help residents of Portland, Ore., overcome the financial and logistical barriers to installing solar power. Since then, dozens of communities across the U.S. have launched their own versions of a neighborhood collective purchasing program.

Blacksburg’s version differs from past programs in that it “puts demand last,” says Chase Counts, energy efficiency program manager for the nonprofit Community Housing Partners, which helps run Solarize Blacksburg. Other solarize models typically start when a neighborhood or team of neighbors get together, form a co-op, and then vet and choose a contractor that will perform all of the solar installations. “We chose a different kind of model where we actually find the contractors upfront,” says Counts. “We get them to agree to specific pricing options, different technical specifications and then we drive the demand from there.”

And drive demand it did. Solarize Blacksburg saw residential solar quadruple in the six months after its launch. The results surprised program officials because they weren’t sure whether solar would catch on in the state at all. One reason for the skepticism is that Blacksburg is a college town, home to Virginia Tech, and therefore the housing is 70 percent renter-occupied. Another reason is that Virginia’s energy policies aren’t especially favorable for solar. “The solarize model has spread largely in states that had very friendly solar energy policies,” says Carol Davis, Blacksburg’s sustainability manager. Given the state’s regulatory framework, she says, “Solarize Blacksburg was a gamble.”

But Solarize Blacksburg and a follow-up program to it, Solarize Montgomery, were both enormously successful. More than 800 people combined signed up, largely because there was “so much pent-up demand for residential solar that hadn’t been tapped in the state,” says Davis.

Both Solarize Blacksburg and Solarize Montgomery, which is the county in which Blacksburg is located, were one-time programs. “We didn’t want to create the community impression that these solarize programs will be ongoing,” says Counts. “That might result in potential participants thinking, ‘Well, I won’t sign up this year because they are going to run it next year, so I will just wait again.’”

So Solarize Blacksburg and Solarize Montgomery were never meant to be ongoing. As city officials started planning the program, they looked at what had happened with other solarize programs. “While we were really excited about the prospect of this huge bump in residential solar when the program was live,” says Davis, “what we saw that came next was actually the most encouraging. After a program closes out, it seems to jump-start the adoption of solar in the community.”

In fact, a study by Yale and New York universities found that residents are more likely to install solar if other systems have already been installed in the community. Ten additional installations in a given ZIP code, the study found, increased the probability of adoption by 78 percent. “That’s why we’re not doing another program,” says Davis. “We gave solar a push. Now we want it to move on its own, and we’re seeing evidence that it is.”

In Montgomery County alone, solar use grew by 273 percent from December 2012 to July 2015. “Since we launched the Solarize campaign—we won’t take 100 percent of the credit, but we’ll take a good bit of the credit—residential solar has more than doubled across the whole state,” says Davis. Indeed, Solarize Blacksburg has had quite a ripple effect. To date, at least 25 other Virginia communities have followed Blacksburg’s lead and created solarize programs. Since 2012, residential solar has grown by 122 percent across the state.
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accident while on vacation in the region, and I liked it so much that I spent a day enjoying its pleasures rather than another day in nearby Barcelona.

The idea for Parc de Vallparadis stretches back at least as far as 1989. But the project didn’t get off the ground until 1996, when the first phase was begun under a master plan by the late Manuel Ribas Piera, an architect and town planner known for his passion for urban landscape. Proceeding in phases and declared finished two years ago, it has both a practical and a whimsical nature to it. It’s studded with unexpected small surprises, such as a miniature train line for children. There’s also a glass-walled elevator for those who are disabled or simply tired.

One vital player in creating the park was the European Union. The EU’s Cohesion Fund paid for virtually all of the park’s first phase, and overall almost 40 percent of the park’s low 18-million-euro cost. That’s an aspect of the EU that many people are not aware of: It is not just about free trade among nations and a common currency, but also about investing in infrastructure to bring all countries, particularly the poorer ones, up to a common level. We don’t have a comparable program here, except maybe the federal transportation funds that are sometimes made available for better sidewalks and bike paths.

Of Eyesores and Assets

If you look at a map of Terrassa, a medium-sized city about 20 miles from Barcelona in the Catalonia region of Spain, you’ll see a jagged green gash, about two miles long, running down the middle of the city. Until recently, this was a dark, imposing ravine that, despite cliffs studded with a historic castle, an ancient church and 19th-century brick mill buildings, was a place where few locals—much less outsiders—ventured. “It was a dirty, dangerous place where people were scared to walk,” a local taxi driver told me.

Today the ravine is a verdant canyon filled with walkways, bridges, small restaurants, playgrounds, lawns, trees and a pool at one end that you could practically float an aircraft carrier in. Parc de Vallparadis is clearly a well-loved and well-used space. Even on a late summer afternoon in the middle of a heat wave, it was filled with people. “My husband and I go there all the time,” said my taxi driver. “It’s the lungs of the city.”

A city planner could not have said it better. It’s Terrassa’s “Central Park,” uniting the city’s different neighborhoods as New York City’s park does. So how did a city turn something so bad into something so good? The answer is the usual one: a steady application of good sense, organization, patience, money, time, and intelligent and perceptive design. It’s something that American towns and cities should imitate more often.

What distinguishes Terrassa’s park is that such a cutting-edge and high-quality public amenity exists at all in a mid-sized city that economically is now basically a suburb. I stumbled across the park by accident while on vacation in the region, and I liked it so much that I spent a day enjoying its pleasures rather than another day in nearby Barcelona.

The idea for Parc de Vallparadis stretches back at least as far as 1989. But the project didn’t get off the ground until 1996, when the first phase was begun under a master plan by the late Manuel Ribas Piera, an architect and town planner known for his passion for urban landscape. Proceeding in phases and declared finished two years ago, it has both a practical and a whimsical nature to it. It’s studied with unexpected small surprises, such as a miniature train line for children. There’s also a glass-walled elevator for those who are disabled or simply tired.

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A portion of Terrassa, Spain’s popular Parc de Vallparadis

By Alex Marshall

Politics + Policy    ECONOMIC ENGINES

The way a mid-sized city in Spain built a signature park holds many lessons.
What’s also notable in the development of Terrassa’s park is the way the city coordinated with different departments, some of which were on regional and provincial levels. The politics of infrastructure seem particularly difficult in Catalonia, where the citizens speak their own language, Catalan, and have a factored relationship with the central government in Madrid.

This coordination was apparent in July, when three new commuter rail stops on a line to Barcelona opened, including one right next to the park and to a new branch of Terrassa’s university. The university building has a doorway that opens onto the park’s lower level, which includes a set of attractive bleachers clearly meant for students to hang out on; the tiers of seating could even be used for a class on a sunny day. Doing this required that the city coordinate with both regional transportation agencies and academic institutions.

We can do such projects here, but our coordination and design efforts are often clunky. There is a smoothness and attention to detail in Parc de Vallparadis. A fortiﬁed linking one side of the ravine to the other, for instance, has railings made of vertical gray bars with recessed lighting. The lights along the walkways are clear glass globes. These nice touches may be due to the greater skill of the park’s designers and craftspeople. Or the lack of them here may be due to our more fragmented layers of government that all too often produce fragmented infrastructure.

The most positive comparison I can think of is to New York City’s High Line, the old elevated train trestle that was turned into a park. It’s beautifully designed and is wildly successful. People forget that when the High Line was just a rusting, weed-covered eyesore, Mayor Rudolph Giuliani ordered it torn down, an order countermanded by Giuliani’s successor, Mayor Michael Bloomberg. Giuliani didn’t have the vision to see how great the High Line could be. That’s something else that is always needed—vision.

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Growing Out of Poverty
Planners grapple with how to help struggling neighborhoods.

In San Diego, half the neighborhoods are inhabited by mostly poor residents. During my recent stint as director of planning and economic development there, residents would often ask me how I planned to revitalize those neighborhoods. I tended to give an alarmingly honest answer: I wasn’t sure.

Officials who work in urban planning use every tool at their disposal to improve neighbor- hoods and cities. We strive to make them more healthful, equitable and attractive places to call home. But no matter how much transportation or development investments we put into some struggling neighborhoods, we can’t do the one thing that would most improve residents’ lives—put money in their pockets.

That represents something of a conundrum for those of us in the urban business. Today we’re celebrating the revival of cities and city neighbor- hoods. The population of big cities in the United States is going up for the first time in my lifetime. Urban neighborhoods across the country in cities large and small are teeming with life in a way that we haven’t seen for decades. Yet for every urban neighborhood that’s reviving, there are probably two or three that are still struggling or even declining.

There’s considerable evidence, for example, that the concentration of poverty is growing rapidly. And even as mayors across the country report a general economic revival, they also say that the revival is uneven.

In other words, cities are no different from the nation as a whole. The rich are getting richer while everybody else is muddling along. But in a city, this inequality plays itself out in very stark geographical terms: Some neighborhoods stay rich, some neighborhoods turn around, some neighborhoods stay poor and some poor neighborhoods get poorer.

While mayors from Seattle’s Ed Murray to New York’s Bill de Blasio have highlighted this inequality, is there really anything they can do about it? Is the rich-versus-poor division in our cities today the result of an overall trend toward inequality, or is it somehow part of the cause?

In large part, the answer boils down to the old people-versus-place question in urban policy. Do you focus on improving struggling neighborhoods in the hopes that everyone in the neighborhood will be better off? Or do you focus on helping people get a leg up, even if it means they leave the neighborhood? There’s considerable evidence that poor people living among more affluent folks generally do better. But there’s probably no way to move all people of modest means to affluent suburbs—and it’s really hard to encourage affluent folks to move into a poor neighborhood without starting a cycle of gentriﬁcation.

Ultimately the solution likely lies in creating more economic opportunity—not just improvements to the physical environment—in poor neighborhoods. The ongoing frustra- tion is whether that’s even possible when society at large is becoming so unequal and there are so few paths to upward mobility in any location. So while there’s no doubt that place-based efforts are integral to improving any neighborhood, urban planners can’t forget broader economic issues, such as job creation, that inﬂuence the shape of cities. Unless people who live in their neighborhoods have a way up, all those community development efforts may not do much good.

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Rocked by heavy immigration and demographic change, Nevada must retool its government to cope with the new reality. It's a sign of things to come in the rest of the country.

By Alan Greenblatt

Photographs by David Kidd
For years, the Day of the Dead in Las Vegas came and went without most people noticing. The Mexican holiday provides an occasion to honor and pray for departed loved ones, but despite rapid growth in Southern Nevada’s Hispanic population, there was no local commemoration. A few individuals went privately to cemeteries and left flowers or set up altars filled with offerings, or ofrendas, but that was about it.

Then a woman working for the state arts council persuaded a Catholic church to host a more formal event. It quickly outgrew the space and moved to Clark County’s cultural center, which is housed in an old elementary school. Now the celebration draws 9,000 people annually over the first two nights of November.

“That is the biggest event we do each year,” says Patrick Gaffney, cultural program supervisor for the Clark County Parks and Recreation Department. “People come here and they bring their traditions.”

There are lots of cultural traditions to commemorate in Clark County, and the number gets larger all the time. The center hosts everything from Chinese language summer camps to concerts featuring African, Arabic and Hawaiian musicians. The calendar of events reflects the enormous demographic changes that have come to Nevada in a relatively short time. Over the past 20 years, the number of Hispanics in the state has more than doubled. Hispanics and Asians are expected to make up half the population of Las Vegas within the next few years. (Clark County, which includes Las Vegas, has more than 2 million residents and accounts for three-quarters of the population of the entire state.)

It used to be neighboring California foreshadowing the ways in which the nation as a whole was heading. Now it’s Nevada that, perhaps more than any other state, offers a glimpse into the future. The change that has occurred so rapidly there—from having a population that was overwhelmingly white to one that will soon be mostly people of color—is under way in most of the nation, or will be in the coming decades. The Census Bureau has predicted the country as a whole will be majority nonwhite by the year 2043.

The “diversity explosion,” as Brookings Institution demographer William Frey calls it, is most pronounced among the young. Already, a majority of K-12 students across the nation belong to minority groups. According to Frey, since 2000 all but four states have actually seen a decline in their population of whites under 20, while all but two states have experienced growth among young people of color. “The continued dispersion of Latinos and Asians into Las Vegas and Nevada is emblematic of what’s happening everywhere,” Frey says.

You don’t have to embrace diversity to recognize that it’s coming. In this sense, Nevada might serve as a warning. Although Hispanic and education, in particular, Nevada is still catching up. “There’s no doubt we’re behind,” says Dale Erquiaga, the state superintendent of public instruction. “We were starting at the bottom and you add these demographic pressures, it’s not surprising the outcome is what it is.”

ack in 1950, when Nevada was the nation’s least populous state, it was practically all white. Twenty-five years ago, non-Hispanic whites still made up 70 percent of the Las Vegas population. Now, they’re down to 45 percent. Whites are still the single largest group within the city, but many of the county’s white residents are in sprawling suburbs such as Henderson, where they constitute three-quarters of the population of 270,000.

Although Latinos are the largest immigrant cohort, Asians and Nevada. They also lag behind Hispanics in other Mountain West states, according to a study published last year by the Guinn Center for Policy Priorities. And, in contrast to the common stereotype, a good share of Nevada’s fast-growing Asian population is struggling as well. “Our [service] infrastructure was so poor,” says Nancy Brune, the center’s executive director. “We were starting at the bottom and you add these demographic pressures, it’s not surprising the outcome is what it is.”

Raymart Bayanin moved to Las Vegas from the Philippines to study hospitality management at the College of Southern Nevada.
Pacific Islanders are the fastest-growing group. They have settled throughout the area, but many Asian-owned businesses are concentrated along Spring Mountain Road, west of the casino-lined Las Vegas Strip. There’s been considerable Chinese investment in local real estate, and Hawaiians sometimes refer to Vegas as “the ninth island” due to their proclivity to vacation and move there. But the dominant group among Asians is Filipinos. They make up more than half of Clark County’s Asian population; ballots in the county are now printed in Tagalog, the Filipino language, as well as English and Spanish.

Many of the Asians in Las Vegas have entrepreneurial aspirations. This summer, for example, Raymart Bayanin moved from the Philippines to Vegas to study hospitality management at the College of Southern Nevada, one of the nation’s largest community colleges. “If I will be a rich man, I have to have a business,” he says. That type of ambition has brought people to Nevada for generations. People have always believed they could strike it rich here, with old money and institutional ties mattering far less than in most places. The go-west ethos attracted both high rollers and poor people looking for a fresh start. Work in the mines and in unionized resorts, along with cheap housing costs, gave many new residents the chance to live a white-collar lifestyle on a blue-collar salary. “Regardless of your background, you get a chance here,” says Betsy Fretwell, Las Vegas’ city manager. “That’s helped not only minorities, but everyone.”

In the 1950s, African-Americans moved to Vegas to escape the cotton fields of the South. Now many of the menial jobs they once held in hotels—as well as many of their former homes in the historically black section of West Las Vegas—have been taken over by Hispanics. (African-Americans today make up 11 percent of Clark County’s population.) West Las Vegas still has businesses with names like Soul Brothers and Beulah’s Kitchen and Community Pantry, but it’s become predominantly Hispanic. “It’s hard to wrap your head around 89106 being anything but the black community,” says Lawrence Weekly, who is African-American and the only nonwhite serving on the county commission. Hispanics also dominate the east side of town, and much of the eastern valley. Many have roots in the Caribbean or Central America, particularly El Salvador and Guatemala. But the majority either arrived directly from Mexico or have ancestry there.

States are often slow to react to demographic change. That’s certainly the case in Nevada. The legislature meets for only 120 days every other year and has limited time to be visionary. When Republicans took over the legislature last year—giving the GOP control of all of Nevada’s political branches for the first time since 1929—few would have bet they’d spend the next session passing the largest tax increase in history. But that’s what happened. Lawmakers recognized that something had to be done about the state’s school governance laws, which were written for a very different population back in 1950. The legislature embraced most of a blizzard of education bills proposed by GOP Gov. Brian Sandoval. “This session was an adjustment for public education to who we are today,” says Erquiaga, the state schools chief.
The billion-dollar package will modernize the state’s education funding formula and offer new help to schools that serve heavily minority and poor populations. Nevada was one of the last states to devote money specifically to teaching English language learners (ELL)—the term for children growing up in homes where English is not the primary language. There was no money earmarked for ELL until 2013; this year’s package doubles the amount the state will spend, to $100 million over the two-year budget cycle. “We did a lot of catching up in terms of the resources needed for our population today,” Erquiaga says.

Still, Latino advocates and educational institutions complain that the increased funds, while certainly welcome, are not nearly enough. The state has long ranked near the bottom in terms of equity and per-pupil school spending. In order to have adequate if not excellent ELL programs, they claim, Nevada would have to spend something more like $350 million. Miami has about the same number of ELL students as the Las Vegas area, but spends more than twice as much on such programs. In Clark County, a quarter of the kids are ELL students, but only 5 percent of the teachers are qualified to teach them. Clark County teachers are predominantly white, even as the school population becomes much less so. Given how crowded schools are and how big some class sizes are—Clark County started the school year some 900 teachers short—it’s easy for a kid with limited language skills to get lost. “Our education system is just starting to adapt to the changes,” says Seth Rau, policy director for Nevada Succeeds, an education group backed by businesses. “I would argue that our system is just starting to react, 20 years too late.”

One reason policymakers were slow to make adjustments in education, as well as in other program areas, was the sheer speed and volume of population change. The Hispanics who moved to Clark County were part of a huge influx of newly arrived residents of all kinds who came in from California and other states, as well as other countries, in search of year-round sunshine, cheap housing and jobs. There was a boom in casinos that made it easy for people with poor education to find work cleaning rooms and cooking food, and with those people came lots of employment in residential construction.

Through the 1990s and into the first few years of this century, Clark County was consistently the fastest-growing metropolitan area in the country, and policy attention was focused on growth. When it came to education, the primary question was whether schools could be built fast enough. Contracts were being written that allowed a dozen elementary schools to be built at a time. Far less notice was paid to how the characteristics of students within the schools—and the population in general—were changing. “When you’re tripling the number of park acres and going from eight firehouses to 18,” says Fretwell, the city manager, “a lot of attention gets focused on growth and the development needs of the community.”

After that, she notes, the city had to concentrate on slashing its budget some 20 percent. The 2008 economic collapse hit supposedly recession-proof Las Vegas hard. Casinos lost business as most Americans had less money to devote to travel and tourism. The area was also home to several of the nation’s most foreclosure-plagued ZIP codes, drying up construction and real estate.
which had been mainstays of the local economy. Between 2003 and 2006, one out of every four Hispanics employed in Nevada worked in construction, according to a recent report from the University of Nevada, Las Vegas (UNLV). As construction and hotel jobs went away, the unemployment rate for Hispanics in the state peaked at 18.6 percent in 2010. “When the economy was rocking and rolling, undocumented immigrants were here, but were added to the economy,” says Isaac Barron, a city councilman in North Las Vegas. “When the recession hit, they were someone to blame.”

There was an assumption by some that Hispanics would go back to wherever they came from, whether it was California, Cuba or Mexico. That didn’t happen. Thousands felt trapped by underwater mortgages. And it’s not as if there were a lot of other boom areas to go to. Besides, residents who had arrived during the prosperous years had started to put down roots. “Many didn’t expect people to leave,” says Sylvia Lazos, a law professor at UNLV. “They saw a big wave of immigrants and thought it was a migratory population that wouldn’t want to settle.” By now, it’s clear that’s not the case.

If the growing size of the minority population has finally got ten policymakers’ attention, its growing share of the vote has drawn notice as well. As recently as 1994, whites cast more than 90 percent of the ballots in Nevada. Next year, it will be more like 60 percent. It’s probably no coincidence that lawmakers decided to begin funding ELL programs just after Hispanics played a key role in President Obama’s 2012 victory in the state.

Hispanics and Asians have gotten more organized in recent years, but they still lag well behind in political representation. The number of Hispanics who have served on area school boards in recent years can be counted on the fingers of one hand. The first Latinos were elected to the state Assembly just five years ago. Plenty of public officials in Clark County are “firsts” of their ethnicity to serve in such roles in the entire region. “As Hispanics, we’ve only been taken seriously in recent years,” says Barron, one of only a couple of Hispanic officials elected locally in the entire Las Vegas Valley. “The fact that we haven’t had that much impact on day-to-day governance is a problem.”

Clark County agencies and municipalities in the area have gotten more aggressive about hiring bilingual staff. There are various outreach programs, including a standing quarterly meeting between Las Vegas Mayor Carolyn Goodman and minority groups. The county is directing more of its purchasing power toward minority-owned businesses, while Barron and other elected officials are hoping to see more Hispanics and Asians appointed to the numerous advisory boards in the area, which address issues such as libraries, planning and parking, and also serve as training grounds for the local political class. At the state level, Nevada has taken far less of an anti-immigrant stance than neighboring Arizona, allowing undocumented immigrants to obtain driver authorization cards. This year, Sandoval signed a bill allowing some undocumented immigrants to teach in the public schools.

The expression you’ll hear time and again from Latino and
Asian advocates is that things are starting to move in the right direction, but the area still has a long way to go. While the increased voting and buying power of minority groups is starting to be recognized, the size and extent of the population change really hasn’t sunk in, or at least isn’t being reflected in most policy areas. Federally funded job training programs can target veterans or youth, but not members of racial minorities; there doesn’t seem to be much local improvising on this score. Areas with predominantly Hispanic populations, such as the eastern part of the Las Vegas Valley, are almost entirely lacking in health services such as primary care clinics. “We’ve got a lot of work to do,” says Clark County Commissioner Chris Giunchigliani. “It would have to say, Hispanics are still vulnerable as a community, as are Asians.”

Las Vegas is still a new city. It has the potential—like older American cities such as Chicago or New York in prior centuries—to build upon immigrants as an economic engine. But it will have to do a better job nurturing that human capital. Only 30 percent of Nevadans have had a post-secondary education. In order to diversify its economy, the state will have to raise that percentage substantially, particularly among its minority population. “Company after company after company has stated that because of the low quality of education and our workforce, they wouldn’t come to Nevada,” says Leo Murrieta, executive director of the Center for Latino Prosperity.

This much should be clear about a town built on gambling: Not everyone who comes to Las Vegas wins. Consider the contrasting fortunes of two Hispanic women whose families moved from California during their senior years in high school. Angie Carillo came to Las Vegas in 2005, not long before the air went out of the housing bubble. She finished high school but soon was pregnant with her first child. She recently became homeless, having quit her job for want of child care. On a blazing hot day in August, she was feeding her kids ground beef, rice and bananas, courtesy of a Catholic Charities center. “They said it was cheaper than California and there were more jobs,” she says. “It is cheaper, but I don’t know about the jobs.”

In her 30s, Erika Borges still complains that her parents “dragged me here from L.A.” Unlike Carillo, however, she found her footing right away. Out of her group of friends from Los Angeles, Borges is the only one who didn’t get pregnant early and the only one to finish college, let alone attain a master’s degree. Now she’s working for Clark County—running the annual Day of the Dead celebration, in fact. Borges credits the help and support she received as a teen from a Latino youth group. “I’m living the dream,” she says.

Isaac Barron, who sits on the North Las Vegas City Council, hopes that more Hispanics will run for office. “The fact that we haven’t had that much impact on day-to-day governance is a problem,” he says.
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Parole Models
Probation and parole officers are rethinking how they relate to offenders.

By J.B. Wogan
Photographs by Leah Nash
Officer Andrew Skidmore meets with Aaron, a 24-year-old who has been under supervision for more than two years.
As a parole and probation officer in Multnomah County, Ore., Andrew Skidmore can be tough when he has to be. He is trained in hand-to-hand combat. He likes guns enough to have a detailed schematic of his Glock tacked to a wall in his downtown Portland office. He also keeps a black tactical vest with handcuffs, a baton and pepper spray. If he needs to make a forcible arrest of someone breaking the rules of community supervision, he can do it, no problem.

But Skidmore is trying a different method. Officers in Multnomah County don’t want former criminal offenders to think of their “POs” as adversaries. Skidmore sees himself as a mentor and role model. Today, he is meeting with Aaron, a 24-year-old who has been under supervision for more than two years for selling meth and possessing heroin. For much of that time, Aaron has been either homeless or in jail.

On home visits, Skidmore has to wear his vest with a gold star emblem and “PAROLE” in large white font. Here, he’s in jeans with an untrucked button-down shirt. In any given situation, Skidmore can choose whether to play the part of enforcer or counselor. When Aaron misses appointments or fails drug tests, Skidmore responds with mandatory community service, jail time or other sanctions. But when Aaron does what he’s asked, Skidmore peppers him with compliments.

After some perfunctory questions about housing and employment, Skidmore asks for the homework Aaron’s been assigned. He unfolds a crinkled set of worksheets subtitled “Friends Exercises.” The homework nudges Aaron to reconsider friendships that increase his chances of committing another crime. Aside from family, the people closest to Aaron are all drug users. Skidmore asks him how he can make friends who would be a better influence. Aaron looks frustrated. “I don’t know how to go about that,” he says.

Oftentimes, parole and probation officers are the only positive role models offenders have. About a decade ago, criminologists began asking if parole and probation visits were a missed opportu-
A New Way: How EPICS Works

Developed by the Corrections Institute at the University of Cincinnati, Effective Practices in Community Supervision (EPICS) provides a structured process for face-to-face meetings between officers and their clients. Officers can serve as positive role models and mentors for offenders, supplementing the support offenders already receive in counseling or drug treatment. Every EPICS session follows the same four steps:

1. Check-in
2. Review
3. Intervention
4. Homework

Check-in: Officers try to establish a collaborative rapport with clients. They ask about crises and acute needs. They also assess whether clients are meeting conditions as mandated by courts or parole boards.

Review: Officers discuss skills taught in a prior session, skills taught in outside counseling and treatment, and skills practiced in the last homework assignment. They also go over clients’ personal goals.

Intervention: Officers teach skills, such as cost-benefit analysis, using worksheets and roleplaying. Officers choose skills that address the offender’s highest risk factors, such as antisocial peer groups or personal beliefs that lead to criminal behavior.

Homework: Officers assign written exercises related to the intervention. They also encourage offenders to try using the new skill in a real-world context.

Though EPICS has spread quickly, the jury is still out on whether EPICS or other parole models have a lasting impact on reducing recidivism.
offenders was about 13 percent lower when officers received training in an EPICS-like model.

In Multnomah County, Taylor points to two indicators as evidence that EPICS may be working. First, demand for jail beds has gone down. Six years ago, the county would regularly report 600 jail beds in use on any given night. Now the number hovers around 380. Second, the county’s monthly recidivism figures are lower than in the next five largest counties in the state, despite the fact that Multnomah County encompasses a major urban area (Portland) and has more high-risk offenders than any other Oregon county. Taylor acknowledges that neither is definitive proof that EPICS has lowered recidivism, but he is betting it works. “Five years from now, somebody may say, ‘Well, you were part of a religion that had no merit,’” Taylor says. “We live with that risk.”

seven years ago, just as EPICS was gaining its first adherents, an influential Canadian study gave further impetus to the parole and probation reform movement. A group of clinical psychologists in Ontario published a journal article that challenged the traditional paradigm of supervision under parole and probation. The article called meetings between officers and offenders “the black box” because so much about the interaction was unknown. Visits with officers could last five minutes or 45 minutes. The appointments ranged from once a week to once a month. Aside from a few mandatory yes or no questions about housing, employment and run-ins with police, the content of conversations didn’t have to follow a prescribed structure. Instead, most of the format was left to the discretion of each individual officer.

James Bonta, the article’s lead author, argued for major change. Prior research already showed that community supervision was most effective when officers concentrated treatment on people at the highest risk of reoffending. Treatment itself worked best when it targeted specific problems that led to criminal behavior, such as substance abuse or spending time with antisocial peers. Officers could enhance the effects by tailoring interventions to the offender’s learning style. Some officers already did the things Bonta prescribed, but several studies showed that they were the exception rather than the rule.

Pat Schreiner, who is currently a community justice manager in Multnomah County, recalls the article as an indictment of the way many officers approached their jobs. At an earlier point in his career, Schreiner himself had practiced intensive surveillance, a type of supervision where officers closely monitor high-risk offenders and enforce compliance with conditions mandated by a judge or parole board. But articles like the one published by Bonta forced him to reflect on whether intensive surveillance actually reduced crime. Nothing he’d seen or read suggested that the extra monitoring and punishment cut down on relapses in criminal behavior. It’s a lesson he shares with new EPICS trainees today. “Just because I like what I’m doing, and I’m good at what I’m doing,” he says, “doesn’t mean I’m doing good.”

By contrast, EPICS adds structure to offender-officer interactions and helps officers target the catalysts of criminal behavior. The change “is beyond big,” says Stu Walker, a manager in Multnomah County who trains other officers in EPICS. Before becoming a manager, Walker used to work domestic violence cases as an officer. Even though he always tried to spark a change in clients’ behavior, he didn’t really know how to do it. The old way of helping clients, he says, was like trying to hit a precise target with a shotgun. “We were talking about housing, drug and alcohol use, the fight at the bar, restraining orders, employment status,” Walker says, “but not talking about the thinking that drove the behavior.”

“IT saw recidivism day after day. I saw my clients creating new victims of domestic violence,” he says, “I knew we weren’t doing it right.”

Walker is an EPICS convert. When the department instituted EPICS in 2011, he was vice president of the union that represents the county’s parole and probation officers, and he relayed
concerns from peers who didn’t trust EPICS. He himself initially voiced skepticism about the model. “If you don’t do it right, it can be too much like counseling,” Walker explains. (While EPICS demands that officers empathize and connect with their offenders, there’s a limit. “They’re supposed to be ‘friendly,’ but not ‘friends’ with offenders.”)

Almost five years into using EPICS, some officers still don’t like it. One officer calls it “a paint by numbers” because the model is so prescriptive, it can feel like there’s little room for improvisation or natural conversation. Every meeting follows four steps. Every step comes with its own protocol and training. Even though the clients are adults, officers have to assign homework and go over clients’ answers at the next session. To make sure officers use the model correctly, the department makes periodic audio recordings of sessions and grades officers on their performance. Multnomah County goes a step beyond most places with EPICS by incorporating “live coaching,” in which a trainer observes a client session and gives immediate feedback to the officer in person. Some officers say the feedback skews toward criticism and misses the productive moments that fall outside the EPICS framework.

Offenders don’t always like EPICS either. It can seem pedantic or contrived, especially with older offenders who’ve been in the system for years. When Chris Enquist, another parole officer, asks his client, Ricardo, why cost-benefit analysis might be a valuable skill, Ricardo bucks. “I don’t value any of this,” he says. “I value getting out of parole.” Enquist tries to establish a rapport with Ricardo, per his EPICS training, but Ricardo still sees Enquist as the enemy. “You seem like a nice guy.” Ricardo says, “but you’re a PO, dude. Everything I write down is a trap.”

Using another worksheet, Skidmore asks Aaron to list people he’d like to spend less time with. “Now you’ve written something here that I’ve never seen anyone write before,” Skidmore says, smiling. “I want you to explain what you mean.” One of the people Aaron has listed is himself. “I want to spend less time with myself,” Aaron says. “I want to get out of my own head.”

“I like that,” Skidmore says, nodding. “I’m glad you wrote that down.”

As Skidmore finishes the appointment, his voice grows quiet. He tells Aaron he’s leaving the department to work in another Oregon county. “Really?” Aaron asks, his voice cracking. He looks stunned. Skidmore doesn’t know when he’ll leave—it may be months—but he treats the conversation like a goodbye. Aaron has been sober for a little more than three months. He is still homeless, but he has plans in motion to move in with his sister and her husband. He’s talking about other goals, like finding a job one day and making friends who don’t use drugs. At the moment, his life seems to be on an upswing.

“What do I always tell you?” Skidmore asks.

“That I’m a smart guy.”

“‘That I’m a smart guy,’ as long as you stay sober.” He gives Aaron his contact information and asks him to keep in touch. “I’d like to know how you’re doing.”

Email jwogan@governing.com

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Trainers play the roles of offender and officer to demonstrate proper use of EPICS.

Officers use worksheets and flash cards to teach clients new skills, such as empathy and cost-benefit analysis.
Parting wisdom from mayors at the end of their tenure

By Zach Patton

(Left to right) Michael Nutter, Philadelphia; Annise Parker, Houston; Don Plusquellic, Akron, Ohio; Joseph P. Riley Jr., Charleston, S.C.; and Michael Coleman, Columbus, Ohio
By the time they leave office, mayors have accumulated a wealth of management experience and wisdom about what it takes to run a government. Governing recently sat down with five mayors who are leaving office this year to talk about what they’ve learned.

Philadelphia Mayor Michael Nutter, who took office in 2008, is term-limited out. So is Houston Mayor Annise Parker, who has been elected to three two-year terms since 2009. After 16 years as mayor of Columbus, Ohio, Michael Coleman will leave office at the end of this year. In Akron, Ohio, Don Plusquellic served more than 28 years as mayor before he stepped down in May. Charleston, S.C., Mayor Joseph P. Riley Jr., one of the nation’s longest-serving city leaders and widely considered the dean of American mayors, will have been in office for an unprecedented 40 years by the time he leaves in January. These interviews, conducted separately, have been edited and condensed for clarity.

What have you learned about yourself as a manager during your time as mayor?

Annise Parker: That I’m a good delegator, and [generally] choose good people to work for me. That was the hardest thing for me. I’m the straight-A student; I want to know everything. But as mayor, you can’t try to do that. The city would grind to a halt. You have to narrow the scope of what you want to do. I mean, we’ll do 50, 80, 100 things in the course of a day. But the mayor [alone] can’t do 50, 80, 100 things in the course of a day. What I tell new mayors is: Have a plan, work the plan, stick to the plan—even when things go haywire.

Don Plusquellic: My grandmother told me, “Donny, the vast majority of people in this life are going to be good, and even if you mess up they’re still going to be OK. But there’s a group of people that—no matter how hard you work, or what you do for them—they’re never going to be happy. And if you only remember the people that we were going to ruin our drinking water. They put ads on the TV showing brown water in Africa. I will never ever forgive myself for not just doing it. But we put it on the ballot. A small group of people, working with a union in the state, spent hundreds of thousands of dollars trying to convince people that we were going to ruin our drinking water. They put ads on the TV showing brown water in Africa. I broke down crying the night of the vote [when the measure failed]. I will go to my grave never forgiving myself that I mis-played it.

What about the best day?

Parker: No question, that’s the day you’re sworn into office. And then it’s all downhill. [Laughs]

Riley: The worst day was a recent day: The 17th of June, when a hateful, bigoted man from 120 miles away came into a church and killed nine people while they were studying the Bible because they were African-Americans. That is the worst day.

Plusquellic: For me, the worst day was when I took a proposal to lease our sewer system and put it up to a vote. We were going to get about $280 million to $300 million from the deal, and we were going to take the proceeds and provide a free college scholarship for every child graduating from an Akron high school. To this day, I will never ever forgive myself for not just doing it. But we put it on the ballot. A small group of people, working with a union in the state, spent hundreds of thousands of dollars trying to convince people that we were going to ruin our drinking water. They put ads on the TV showing brown water in Africa. I broke down crying the night of the vote [when the measure failed]. I will go to my grave never forgiving myself that I mis-played it.

Looking back, what was your worst day on the job?

Parker: Five months into office, I had the first death on duty of a city police officer. He rolled his car and didn’t have a seatbelt on. He was alive when they brought him to the hospital; I saw him and he talked to me as he was bleeding out. And I sat there with his wife all night while he died. It was the absolute worst day.

Riley: The worst day was a recent day: The 17th of June, when a hateful, bigoted man from 120 miles away came into a church and killed nine people while they were studying the Bible because they were African-Americans. That is the worst day.

Plusquellic: For me, the worst day was when I took a proposal to lease our sewer system and put it up to a vote. We were going to get about $280 million to $300 million from the deal, and we were going to take the proceeds and provide a free college scholarship for every child graduating from an Akron high school. To this day, I will never ever forgive myself for not just doing it. But we put it on the ballot. A small group of people, working with a union in the state, spent hundreds of thousands of dollars trying to convince people that we were going to ruin our drinking water. They put ads on the TV showing brown water in Africa. I broke down crying the night of the vote [when the measure failed]. I will go to my grave never forgiving myself that I mis-played it.

What is the best day?

Parker: No question, that’s the day you’re sworn into office. And then it’s all downhill. [Laughs]

Riley: There’s a lot of competition for this. But I think the best day was when we opened our waterfront park [in 1990]. We had worked to open it for 13 years. It could have become a high-rise development, but we were able to get the land. It was beautiful then, and it’s beautiful now. Of all the things mayors get to do, I think the creation of parks is among the most special. Parks are forever, and they belong to every citizen.
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How did the Great Recession affect you?

Nutter: As the great philosopher-king Mike Tyson says, “Everybody’s got a plan till you get punched in the face.” We got punched in the face by the recession. I had all these plans: We were going to hire 400 new police officers, we were going to do international travel. So, OK, you can’t do all of that. You regroup. Figure it out. You still have to reduce crime, you still have to educate kids, you still have to get people jobs. Money or no money, you still have to do those things.

Parker: I came into office in January 2010, and the first thing I had to do was cut $100 million out of my budget. So instead of doing things, most of what I had to do was undo things. I’m the mayor who closed swimming pools and shut libraries and laid people off.

Coleman: At the start of the recession, we passed a budget in November [2008], and by January we had $100 million that I had to cut. So especially in those times of crisis, you have to be frank and open with the people of your city about all the warts and problems. That sometimes helps in balancing out the demand with what the real world is really like.

It seems that the very definition of what it means to be a mayor has shifted in the past generation or two. How is it different today from when you took office?

Nutter: Cities are business enterprises. Increasingly, mayors are thinking about their cities more in that way. There’s an entrepreneurial spirit slowly making its way into city governments. Things like the Office of New Urban Mechanics. Try stuff, you’ll fail. Some things will work, some won’t.

Plusquellic: When I first came into office, Northern cities were losing businesses and jobs to the South. But Northern mayors didn’t understand that they needed to devote themselves to economic development. That just wasn’t something that was done. But today, if you’re not involved in helping businesses that already exist in your city and marketing to draw new blood in, in my opinion, you’re not doing your job. That’s the most significant thing that’s changed in the job of being mayor.

Coleman: Another thing is education, and mayors getting involved in education. Without mayoral intervention at some level, public education is going to have a hard way to change. You need the leader of the city to be involved—not necessarily to take over the school district—but to engage.

Plusquellic: Yeah, that’s true. We all say it, but you can’t have a good city without an educated workforce, and that begins with grade school and preschool. That’s a huge change in the last 20 years.

Riley: As a mayor, you have to do more than attend to the day-to-day responsibilities; you have to always be looking at building for the future. We’re in a time when Congress has not been as productive, I would argue, as in years past. So mayors have become the leaders. In cities, something either gets done or it doesn’t get done—and people know that’s up to the mayors.

What challenges do cities face now?

Nutter: [Philadelphia’s] poverty rate is at 26 percent—it’s been above 20 percent for the last 20 years. So we’re talking about intergenerational folks who are locked into a terrible situation. Those are still major issues for our city.

And every mayor’s biggest fear right now is that you could be the next Ferguson, the next Staten Island, the next Baltimore, just like that. Our communities of color... the recovery has just passed them by. So on the one hand you see all this recovery in the streets, and mayors make all these announcements. [But then minority residents think,] “But I still don’t have a job. My kid is still getting a bad education. My neighborhood looks like hell. What’s going on here?”

Any advice for new mayors?

Coleman: If Columbus is the same in five years as it is today, then my successor will have failed. A city that stays the same falls behind. You should never accept the status quo.

Parker: Every mayor has to have a brand. And mine is that I will tell you the truth. You may not like what I have to tell you, but you can trust me and you can believe what I tell you. When I was elected mayor, it made worldwide news. “Houston Elects a Lesbian Mayor.” [People said,] “How did it happen? In Houston?” But there’s this odd dynamic with people of, “If she told me the truth about that, she’s probably telling the truth about other things.”

Plusquellic: If you’re going to get in this business, then you need to make a commitment that you’re going to make some enemies. But do what you think is right, and eventually even your enemies will come around.

Nutter: If you have a deep-seated need to be loved and admired every day, you’re in the wrong business. You should go work in a pet shop.

Riley: Someone said that being alive gives you the opportunity to do two things every day: Be nice to people, and make the world a better place. Mayors have a wonderful opportunity to do both of those every day. Come to work and find ways to help make the community better, and be nice to them—whether that’s hugging a child in a school or looking a city worker in the eye and thanking them. It’s the best job in public service.

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The first time Dean Ledbetter heard about “complete streets,” he thought it was a crazy idea. Ledbetter, a North Carolina traffic engineer, had devoted his career to creating roads that allowed cars to move faster. Complete streets would slow cars down, reworking roads to accommodate bicyclists, transit users and pedestrians, including people pushing baby strollers and riding in wheelchairs. Ledbetter’s first reaction, he says, was, “Why would you want to ruin a perfectly good road?”

But the federal government, worried about North Carolina’s stubbornly high pedestrian fatality rate, started offering state traffic engineers like Ledbetter free classes on complete streets. He took the classes three times. The first time, he wrote off the idea. The second time, he figured it might be feasible in big cities like Charlotte and Raleigh. The third time, he started thinking about how he could use it in his own work.

The opportunity came when leaders from West Jefferson, a town of 1,300 people, approached him about improving its main downtown strip. Ledbetter suggested getting rid of two stoplights and replacing them with all-way stop signs.
West Jefferson may be a very small place, but its new approach reflects a movement that has gained strength quickly. The notion that roads should not be built just for cars and trucks is having profound effects on public spaces. Most famously, New York City has closed—for now—much of the area around Times Square to autos. Indianapolis has gone on a sidewalk-building spree. During a single week this August, Los Angeles adopted a new pedestrian-friendly master plan and San Francisco created a walkers’ enclave on Market Street, its busy downtown thoroughfare.

Protected bike lanes, virtually nonexistent in the United States a decade ago, are cropping up all over the country. The roster of local governments that have officially committed to complete streets now numbers more than 700. Still, even the most ambitious jurisdictions are a long way from seeing their vision fully realized. And elements of a backlash are starting to emerge.

The National Association of City Transportation Officials has released design guides specifically for bike infrastructure and urban street design. This template shows protected bike lanes, as well as sidewalk bump-outs and islands that are meant to protect pedestrians by slowing down traffic and giving walkers a safe place to stop when the light turns red.

save the state money and make the downtown easier to walk through. He also recommended repainting the road to make it look friendlier to pedestrians. If West Jefferson implemented these streetscape improvements, the town would get $250,000 in state money. Its board approved the deal on a 3-2 vote on a Monday night; by Thursday, the street was repainted and the traffic lights were gone.

The more attractive—and more walkable—downtown started bringing in more businesses. A wine shop and a brewery opened up, along with stores selling jewelry, kitchen gadgets and antiques. The number of vacant downtown storefronts dropped from 33 to three. Tourism increased dramatically. Of course, the street design was not the only factor in play. West Jefferson benefited from a decade-old plan to revitalize downtown, not to mention a wealth of local artistic talent that helped with the transformation. But promoting foot traffic was a catalyst for bigger changes.
There is no definitive template for what makes a complete street, but there are many common elements. Bike lanes, especially ones separated from automobile traffic, are the most obvious. The prototype for complete streets, the 2007 overhaul of Ninth Avenue in New York City, included a protected bike lane among its many new features. The revamped street showed other cities that bike lanes could be physically separated from vehicle traffic by more than painted lines. It is now almost common to see bike lanes cordoned off from cars using curbs, planters and other barriers, while also discouraging drivers from illegally parking in the lanes. Protected bike lanes are now found in 24 states and 53 U.S. cities.

Improvements aimed at pedestrians are an equally familiar feature of complete streets. Wide sidewalks make it easier for walkers to pass one another. Bigger sidewalks in commercial areas also encourage passersby to window-shop and allow restaurants to offer outdoor seating. Designing the sidewalks to bulge into intersections in bulb shapes or stick into the street with sharp corners means pedestrians have less pavement to cross before getting to the other side. The sharper angles make it harder for drivers to whip around corners at high speeds, reducing the risk to pedestrians and bicyclists. And pedestrian islands ensure walkers aren’t stranded halfway through the street when the light turns red.

But complete streets features don’t just favor pedestrians and bicyclists. Some features make travel smoother for motorists and transit users. One of the most common changes is to convert a four-lane road, with two lanes in each direction, into a three-lane road, with one lane in each direction and a central turn lane. Such “road diets,” advocates say, clear the travel lanes of turning cars that block traffic. Other features include bus shelters that keep riders out of the middle of the sidewalk, and bus bays that make it easier for bus drivers by letting them pull out of traffic when picking up fares.

Many of the complete streets ideas are borrowed from European cities where they have been successful, including Amsterdam, Copenhagen and Stockholm. Groups such as People for Bikes take U.S. public officials on European tours to build excitement. But what works well for dense cities filled with medieval architecture and pint-sized diesel hatchbacks does not always translate directly into solutions for American cityscapes. More and more, U.S. transportation and planning agencies are looking to each other for templates and practical experience in constructing complete streets.

One group encouraging experts to trade ideas is the National Association of City Transportation Officials (NACTO), which has released design guides specifically for bike infrastructure and urban street design. NACTO began developing those guides because traffic engineers were using templates that didn’t address many of the situations they faced, says Corinne Kisner, the group’s director of policy and special projects. “Existing guidance on street design was clearly heavily skewed toward highways and not urban streets,” she says. “NACTO saw that gap [and created] a document by cities and for cities that put people as the highest priority in a city street. The main principle of the urban street design guide is that streets are public spaces. They belong to the people. They should be designed with people in mind. That was fairly new in U.S. guidance.”

The hyperlocal focus of street design sometimes pits adventurous urban planners against veteran state engineers who have spent decades helping cars move faster. But Malcolm Dougherty, the director of the California Department of Transportation (CalTrans), says state agencies are increasingly incorporating complete streets principles into their playbooks too. Seventeen states now have complete streets policies. CalTrans, for example, includes NACTO’s standard guidelines when it is working through a detailed plan—its second—to absorb complete streets ideas in its everyday work. To facilitate the process, the agency is awarding $300 million in grants over two years. “Some cities we’re trying to keep up with. Some cities we’re trying to push and encourage,” Dougherty says.

Complete streets won major victories in California this summer with the adoption of the new Los Angeles transportation plan and San Francisco’s decision to close off portions of Market Street to private vehicles. But Dougherty admits that other California municipalities need considerable prodding to incorporate complete streets into their designs. “We’re trying to work with local communities to find out what they’re trying to accomplish,” Dougherty says. “How can our portion of the transportation system match what they’re trying to accomplish?”

Wisconsin’s experience with complete streets shows why matching those interests is so important. The state’s complete streets law attracted a determined core of critics who claimed that the state was trying to tell local governments how to plan for their own communities—sometimes forcing cities to make impractical decisions.

The Wisconsin law, passed in 2009, required all road projects using state or federal money to incorporate sidewalks and bike lanes, although the law included exceptions for, among other things, excessive cost or damage to the environment. In West Allis, a working-class Milwaukee suburb, the state proposed adding bike lanes to a six-lane highway that is one of the biggest commercial corridors in town. Many of the stores, fast-food restaurants and hotels either run right up to the street or rely on a single row of parking there. To accommodate the new bike lanes, the state would have had to widen the road by 10 feet. Some designs called for even more land to be taken. The city estimated the expansions would require the conversion of $10 million to $30 million of real estate into the highway right of way. “When we saw this, we were horrified,” says Peter Daniels, the city’s principal design engineer. Daniels also worried about the safety of cyclists on the road. If a neighboring town’s bike lanes on the same road are any indication, the lanes would not have been protected by anything more than stripes on asphalt, on a road with a 45 mph speed limit.

It was just one of many examples, according to Daniels, of the state overzealously promoting complete streets with projects that did not make sense. He fought another proposal in Milwaukee that would have required the city to remove more than 80 trees to make way for bike lanes. Meanwhile, West Allis has been build-
ing bike lanes and bike paths elsewhere in the city. To Daniels, the decision of where a city should put bike lanes and sidewalks should be based on how much use they will get and how much they would cost. “We can’t put bike lanes on every single road, because we can’t afford it and we can’t maintain it,” he says.

Daniels shared his frustrations with state Rep. Joe Sanfelippo, who represents West Allis in the Assembly. The lawmaker started pushing for changes through legislation, and Gov. Scott Walker eventually included a repeal of the state’s complete streets policy in his budget, claiming it would save money. In the end, legislators drastically scaled back the law so that the state would only have to “consider” whether to add bike lanes and sidewalks. Affected localities can now veto those proposals as well.

Dave Cieslewicz, a former Madison mayor who heads the Wisconsin Bike Federation, worries that the change will prevent the state from building networks of bike lanes. It could hinder the development of small-town commercial districts and block the construction of paved shoulders in rural areas, which benefit both cyclists and motorists. Repealing complete streets, he says, may discourage cyclists from riding their bikes and could lead to more cyclist injuries and deaths.

In North Carolina, traffic engineer Ledbetter has not wavered in his commitment to the complete streets idea. One of his most ambitious efforts was a proposed road diet for a four-lane highway near West Jefferson, which would allow the state to add bike lanes and a center turn lane. “There was no selling that to the town,” he says. It was the only four-lane road in the county, and local residents worried they would get stuck behind trucks with no way to pass them for miles. But Ledbetter has had better luck convincing other towns to get rid of their traffic lights, even though they can be a point of pride in small communities. Leaders in nearby towns have seen the improvements in West Jefferson that came from pedestrian-friendly streets, and they want to try something similar. In the last four years, Ledbetter’s office has convinced towns to retire 5 percent of the 280 stoplights in their eight-county region, and more are coming down.

That frees up Ledbetter’s maintenance crews to focus on areas with more congestion. “In most places in North Carolina, it’s the towns that are pushing the [Department of Transportation] to do these things,” Ledbetter says. “But in the mountain areas, it’s very much the DOT leading the charge in trying to improve pedestrian safety, which is really ironic. Most of my colleagues at the state can’t believe I’m out trying to sell complete streets projects to small towns.”

But whichever level of government supplies the momentum, the ideas seem to be taking hold. As some of the missteps in Wisconsin show, overhauling decades of street design is no easy task. But proponents of the new ideas are confident that the idea of complete streets will gradually evolve into an urban design pattern that might just as easily be called “complete networks.”

“We’re seeing the start of networks being built out, but it’s a big challenge,” says Zach Vanderkooy, the international programs manager for People for Bikes. Take bike lanes. Many cities, he notes, start by building one bike lane at a time, because every project, especially the first one, takes energy, time and political capital. When a project is complete, it may only cover part of a cyclist’s trip. But as more protected lanes are added, all of the parts of the bike network become more useful. “It takes a generation, really, to do this. We need patience to see how all of this connects,” he says. “That said, we’re fairly impatient.”

In the end, predicts Gabe Klein, a former city transportation director for Chicago and Washington, D.C., redesigned streets will allow city planners to build a new type of urban community. “We’re trying to create places where you use as little transportation as possible,” he says. Ideally residents would walk for less than five minutes to take care of most of their day-to-day tasks, from going to work to buying groceries to visiting the doctor. Good bike networks make it easy for residents to travel within three miles of their home; transit can serve them for trips longer than that. “The cities that are doing it right,” Klein says, “create this mesh of walkable, bikeable, transit-oriented places.”

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The California Public Employees’ Retirement System is trying to make its pension plans more conservative as the system enters its golden years.
Hedging Their Bets

Public pension systems have been desperately seeking the high returns of alternative investments. Now some are scaling back.

BY LIZ FARMER
In search of high returns, they have been turning to alternative investments. The focus has mainly been on hedge funds and private equities. Hedge funds are investment pools in high-risk assets that are aggressively managed for big or so-called absolute returns. Private equity funds pool money to buy companies with the goal of selling them or taking them public for a profit. Both funds’ managers typically charge 2 percent of the total investment value as a fee (roughly twice the rate of more traditional fund managers), and managers take a 20 percent cut of the profits. They are by their very nature opaque, built on secret investment formulas that make tracking money in the funds next to impossible. The investments have been sold to institutional investors as a way to diversify and lower a plan’s dependence on the swings of the stock market. But many are now questioning whether, for public pension plans—especially maturing plans that are paying out more than is coming in—these high-risk, high-fee investments are worth it.

CalPERS has decided that hedge funds aren’t. Last year, the system announced it was divesting the $4 billion it had in those funds as part of the system’s “flexible-de-risking” strategy, investor-speak for making the pension system more conservative as it enters its golden years. The pension board is also evaluating ways to step down its assumed rate of return, a move that would reduce the pressure to take investment risks.

CalPERS is among a few pension systems that are dialing back enthusiasm for alternative investments. But concerns have been mounting for years. The lack of transparency and high fees paid out in these types of investments have contributed to pay-to-play scandals in at least three states. An investigation by the U.S. Securities and Exchange Commission (SEC) into 400 hedge funds found that half charged bogus fees and expenses. This summer, 13 state treasurers penned a letter to the SEC calling for regulation requiring that private equity firms more clearly outline the types of fees they charge.

Still, becoming a more conservative investor—even to reduce risk—is politically difficult. When pension funds reduce the expectations of what they will earn per year on their investments, governments may have to increase the amount of money they—or their employees—pay into the fund. So in the current investment market where low-risk bonds offer minimal returns, some pension systems continue to shift their money into high-risk assets. But these attempts to beat the market come at the expense of transparency, and they may ultimately cost taxpayers more.

Most pension portfolios have a long-term investment return target between 7 and 8 percent a year. Historically, plans achieved that with relative ease. But a lot has changed in the past 20 years. In 1992, the median pension fund’s assumed rate of return was 8 percent, and U.S. Treasury securities paid out 7.67 percent, according to an analysis by the Pew Charitable Trusts and the Rockefeller Institute of Government. That means a pension portfolio’s overall investments only had to perform slightly better than the bond market—not a very big gamble. By 2012, pension plans had lowered their return assumptions to a median 7.75 percent, but the 30-year Treasury bond returns had plummeted to just under 3 percent. The pressure on pensions to boost investment returns intensified tenfold.

Other factors have made things worse. In the late 1990s and early 2000s, many governments took funding holidays. Thanks to robust returns on stock market investments, half of all state pension plans were fully funded, according to Pew research. Meanwhile, state legislators increased benefits for retirees without increasing funding—adding to the long-term liabilities of their pension plans. The 2008 recession soured the investment picture, but pension funding ratios were already on the decline. State plans were funded on average at 85 percent of liabilities in 2006, according to Pew. By 2014, it was 74 percent, a Governing analysis found.

With strained budgets, most governments have not rushed to put extra money into their retirement systems. That puts pressure on pension plans to make up the difference. “This whole system works as long as governments are willing to make their payments no matter what,” says Donald Boyd, director of fiscal studies at the Rockefeller Institute of Government. “So now pensions are relying more on investments than ever before. It makes you feel as if they’re trying to fix a problem that wasn’t making.”

According to data from the Boston College Center for Retirement Research (CRR), the typical pension fund a decade ago had about 1 percent of its assets sitting in alternative investments. By 2013, that had ballooned to 14 percent—a value of nearly $1 trillion. Some plans invest far more. Pennsylvania’s teachers and state employees plans—which both face benefits cuts as the state struggles to fund them—have more than 40 percent of their money in alternative assets, according to the CRR.

The appeal is in the returns the funds produce. In fiscal 2015, the pensions’ public equity portfolios (a.k.a. stocks) did not perform well. Private equity portfolios, however, came in with...
returns that were near or at double digits. Hedge fund returns were far lower, and most pension plans have reported their overall fiscal 2015 returns were less than 5 percent for the year.

One reason hedge funds may not be helping the bottom line could be their fees. Pension officials have maintained that the high fees associated with alternative investments are worth the above-average returns. But studies show that low-cost indexed funds (low-fee portfolios that replicate the movements of a specific financial market) can outperform hedge funds for a fraction of the cost. Recently, The Economist compared the return from an S&P 500-indexed portfolio and the average return from hedge funds. The analysis found that the indexed portfolio easily outperformed the hedge funds. In other words, as The Economist put it, “hedge funds are a very expensive way of buying widely available assets.” In keeping with that logic, Nevada Chief Investment Officer Steve Edmundson last year began moving the state pension funds’ stock and bond investments into securities that track market indexes.

For CalPERS, which has been invested in hedge funds for more than a decade, it was time to call it quits. The hedge fund program “wasn’t having a significant material impact,” says CalPERS spokesman Joe DeAnda. “At the same time it’s very complicated, very complex, and the fee structure is higher.” In order for the absolute returns to potentially have a larger impact, CalPERS would have to invest a lot more than $4 billion out of its $310 billion portfolio. “There wasn’t a strong desire to go that route,” DeAnda says.

If even greater concern for some is the lack of transparency in how these funds operate and in how they are charging fees. “With alternative investments, all I have is a contract. I can’t see the assets,” says Chris Tobe, a former Kentucky Retirement Systems trustee and author of Kentucky Fried Pensions, a book alleging a culture of corruption surrounding the fees the system paid to managers. “The numbers on it are the numbers [the managers] decide to give to me,” he adds. “I’m not allowed to look under the hood.”

Hank Kim, the executive director of the National Conference on Public Employee Retirement Systems, admits “it’s entirely appropriate” to ask whether a public plan should be investing in a very opaque arena. But he likens the situation to be in Coca-Cola shareholder asking the soft drink company to reveal its secret recipe. “The question is what is proprietary for a business,” he says. “For private equities and hedge funds, their business model is the secret sauce.”

The lack of transparency leads to a lot of confusion about where pension plans’ money is going. Fees to asset managers are inconsistently reported, which makes it impossible to reasonably compare pension plans. For example, South Carolina’s retirement system in 2013 paid $500 million in fees to asset managers—the same amount that New York City paid for a portfolio more than five times bigger. A follow-up report released earlier this year by the fund analysis firm CEM Benchmarking—and commissioned by the South Carolina Retirement System—found that the state discloses more fees than is typical. In fact, the report estimated, pension funds are disclosing less than half of the private equity costs they actually incur.

In worst-case scenarios, the secretive environment can lead to scandal. In the late 2000s, the SEC investigated funds in California and New York, alleging that investment firms made improper payments to politically connected middlemen in exchange for investments from the pension funds. In New Mexico, the state’s investment account and teacher pension fund lost an estimated $150 million as a result of politically driven investment decisions that underperformed. The scandal drew multiple lawsuits and a guilty plea to tax evasion by a former broker.

“With alternative investments, all I have is a contract,” says Chris Tobe, a former Kentucky Retirement Systems trustee. “I’m not allowed to look under the hood.”

As alternative asset managers openly target institutional investors, there may be an opening for public pensions to demand more transparency from them. While state treasurers have called on the SEC to apply pressure, some pension systems are already demanding better transparency. CalPERS, frustrated with the lack of uniformity in the data it receives from its private equity managers, developed its own reporting template. DeAnda says the system soon plans to use that data to publicly report its private equity cash flow.

Pension systems can also do a better job of disclosing all the fees they pay. Rhode Island’s treasurer recently pushed through a new investment policy requiring transparency from investment managers to disclose all fees, expenses and fund-level performance. It’s a turnaround from the previous treasurer, now-Gov. Gina Raimondo, who drew criticism by refusing to disclose information related to fees and performance while shifting more state investments into alternatives.

But pension systems cannot truly act independently of lawmakers. For instance, many need approval from lawmakers to lower their long-term investment return assumptions. While CalPERS does not have that restriction, politics is still at play in determining how quickly the system can implement some of its decisions. Its plan to lower its return assumption, for example, would take place over a decade. “If [pension plans] were really independent, they wouldn’t care what lawmakers thought,” Boyd says of the overall dilemma state and local pension plans face. “They’d lower their assumptions, become a lot more conservative and ask the governments to pony up now. It’s a very, very difficult situation to be in.”

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Familiarity Breeds Contempt

The longer we live someplace, the more we tend to find fault with it.

Longtime residents of any community tend to be diligent watchdogs of local change. They notice when a broken streetlight isn’t fixed. They follow the ways a new housing development alters familiar surroundings. They remember the good times—and the bad. For many, though, it’s the bad ones that stand out more than the good ones.

Citizen survey data support the notion that those who have resided in their communities longest tend to have more negative feelings about them. The National Research Center (NRC), a research firm that conducts citizen satisfaction surveys, provided Governing with data measuring citizens’ attitudes in roughly 300 localities nationwide. About two-thirds of those with residency of less than five years in a community rated the overall direction of their jurisdictions as “excellent” or “good,” compared to only 48 percent among those who had lived in an area for more than 20 years. Results for other questions yielded similar differences. So what’s behind longtime residents’ feelings? It’s hard to gauge from the survey data, and reasons are likely different in each community. Tom Miller, NRC’s president, suspects some residents gradually develop a lower tolerance for change, even in cities experiencing a transformation generally perceived as positive.

Consider Minneapolis, which has enjoyed a resurgence of both its economy and its downtown. The most recent citizen survey reported high marks for most measures, with 80 percent of those living there less than five years rating the city’s overall direction as “good” or “very good.” Those with 20 or more years of residency, though, weren’t quite as positive: 64 percent felt the same way.

Those numbers could be related to changes in the physical face of the city. “The redevelopment has been very rapid and prompt,” says Larry Jacobs, a University of Minnesota political science professor. “There’s a sense that the city is losing its traditional look as it’s being renovated.” Some longtime residents who aren’t as affluent may also feel left behind. Jacobs says, if they haven’t benefited from the area’s more recent economic gains.

In this way, the very characteristics of a community that attract new residents may serve as a source of frustration for those who’ve been around a while. Results for survey questions on confidence in government and treating all citizens fairly also show a drop off among longtime residents. It doesn’t appear to be a function of age, as there’s not as much variation in NRC survey data across age groups.

Ashley Kirzinger, who conducts citizen surveys at the University of Illinois at Springfield, says she’s found the same link in her research on local governments in Illinois. The longer people live in a community, the lower the ratings they’ll give a jurisdiction after controlling for age, education, income and race. Longtime residents are more aware of their surroundings than newer residents, Kirzinger says, so they’re likely to spot cracks in sidewalks, buildings falling into disrepair and other problems that some residents don’t notice or would classify as minor. “The factors most likely to affect your attitudes are things you encounter on a daily basis,” she says.

Ron Littlefeld, a former mayor of Chattanooga, Tenn., says some longtime residents may be holding onto negative experiences built up over time. “In politics, there’s the old saying of, ‘What have you done for me lately?’ he says. “They tend to remember the slights and disappointments.”

One way to attempt to alleviate their concerns, Littlefeld says, is to drill down further in the survey data or conduct focus groups to detect any common denominators underpinning their frustrations. Kirzinger’s research also shows that more civically engaged longtime residents tend to report more positive perceptions than those who are not as involved.

Not every city surveyed showed this decline in satisfaction among longtime residents. Boulder, Colo., for example, found in its latest survey that citizens across all lengths of residency reported similar attitudes about the city’s direction.

In the end, though, no jurisdiction will be able to please everyone. Forming more downbeat opinions over time isn’t a phenomenon that’s unique to local governments—attitudes toward jobs or other aspects of life evolve in a similar way. “The new eventually wears off,” Littlefeld says, “and people start to see things and be more starry-eyed with their place in life.”

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Can’t Get No Satisfaction

Longtime residents generally harbor somewhat more negative feelings about local governments and the direction of their communities than newer residents do. The National Research Center conducts citizen surveys for jurisdictions throughout the country to measure citizens’ attitudes. The charts below, representing aggregate totals for about 300 jurisdictions, detail how citizens responded when asked about government performance.

### “OVERALL DIRECTION”

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Around the country, there’s a disconnect between shelter mission and the dollars needed to manage it. Some shelters are forced to make hard decisions. Orange County, Calif., has recognized the conflict, but with inadequate infrastructure and not enough revenue to build a new shelter, it has had to euthanize animals.

New York City, like many others, appears to have traded extension of life for quality of life. The city’s goal is to achieve an 80 percent live-release rate. That may be why its large Manhattan shelter is poorly maintained and overcrowded, according to a recent audit. Some animals are housed in inadequate kennels along the hallways. What’s more, the shelter is understaffed, with single employees assigned to several functions when those tasks should be divided among individuals. “Animal Care and Control is running one, and all the more difficult to deliver in times of economic stress. “When you’re competing for limited resources, animals don’t necessarily get those resources,” says Corrie Stokes, auditor of Austin, Texas. Stokes knows whereof she speaks. Her office recently completed a thorough audit of the city’s animal care and control function.

Austin shelters have a goal that 90 percent of their animals will live. In other words, the city anticipates that nine out of 10 creatures that enter its shelters will stay on their own four legs indefinitely. But according to the audit, “animal services do not have sufficient facilities and resources allocated to meet the goal.” One older facility in the city, for instance, failed inspections in 2013 and 2014, with problems including structural deterioration, infestation and asbestos.

Going to the Dogs
Shelters struggle to fulfill their mission to protect animals.

One of the challenges in many government agencies is that leaders are expected to fulfill multiple missions, which sometimes conflict with one another. Consider departments of motor vehicles: They are required to keep the waiting lines moving fast while also ensuring accuracy. Similarly, social services agencies want to reach more eligible people even as they are under tremendous pressure to save dollars.

It all makes us think of an editor we once had who would place the following marginal note at the top of our copy: “Tighten this, and loosen it.” We never quite got what she really wanted, and our inclination was just to make some random changes, hoping they fell into the category of tightening while loosening.

We’ve come across an unfortunate example of this phenomenon in the departments of animal care and control. The big issue is whether these departments have a primary purpose of serving the community’s people or its animals. In the 1960s and 1970s, the animal control function prevailed. “Animal Control Services were built just to do a short impoundment,” recalls George Harding, executive director of the National Animal Care and Control Association. “The animal was to be held for a short amount of time and then adopted or euthanized.”

Slowly but surely public sentiment has evolved toward a “no-kill” policy for the animals in shelters. What that means is that the shelters are more orphanages than temporary way stations on the route to a new home or the crematorium. Shelters today, Harding says, “are bipolar in terms of their overall missions, and there is a tension as they move toward the middle.”

Notwithstanding the humane appeal of a no-kill policy, it’s a very expensive one, and all the more difficult to deliver. Around the country, there’s a disconnect between shelter mission and the dollars needed to manage it. Some shelters are forced to make hard decisions. Orange County, Calif., has recognized the conflict, but with inadequate infrastructure and not enough revenue to build a new shelter, it has had to euthanize animals.

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an operation that could make your stom-
ach turn,” said New York City Comptrol-
er Scott Stringer in an April news release.

Fortunately, New York has awakened to
many of these issues, and according to
Stringer, since his office’s audit of Animal
Care and Control, “the city has commit-
ted a significant amount of additional
money to [Animal Care and Control] to
help improve its facilities; we have also
been working with them to bring change
so they can become a model for how other
cities treat animals without homes.”

One of the big problems in funding the
trend toward using animal shelters as
maintenance facilities is one of political
leverage. While there’s certainly a power-
ful threat of support from the community
dedicated to the kind and fair treatment
don’t have the political backing that other
cash-poor agencies do.

Better governance of animal control
centers might be one route to alleviat-
ing some of the problems. The Office of
the New York Comptroller has recom-
I

The current conventional wisdom that liberals are
pro-government and conservatives are anti-
are frequently traced to President Ronald Reagan’s often-
invoked notion that government is the problem, not
the solution. But when he read Reagan’s first inaug-
ural address, delivered in 1981 in the middle of a

Near the end of his speech, Reagan invoked the first Republican president, Abra-
ham Lincoln. Lincoln had his own clear and, I think, conservative ideas of govern-
ment. He wrote that government should do the things that individuals could not do
for themselves, including “maintaining roads, bridges and the like” and dealing with
“noncompliance with contracts.”

Lincoln’s lawyer-like invocation of the evils of contract noncompliance hints at a
theme that Governing columnist Alex Marshall has made explicit in his most recent
book. In The Surprising Design of Market Economies, Marshall demonstrates that
free markets are created by, and cannot exist without, governments. Governments,
he writes, create the legal framework trading requires, provide police and courts
to enforce laws and contracts, and build the “commons”—roads, bridges, ports and
other facilities necessary for commerce.

The relationship of government to markets is an ongoing one that requires con-
tinual intervention from government to maintain order and stability. This is because
markets are inherently disruptive. The term “creative destruction” used by Joseph
Schumpeter in his 1942 book Capitalism, Socialism and Democracy, describes “the
process of industrial mutation that incessantly revolutionizes the economic structure
from within, incessantly destroying the old one, incessantly creating a new one.”
Schumpeter thought that the creative-destructive processes inherent in capitalism
would eventually lead to its destruction. The fact that this has not occurred—or at
least not yet—is the result of government’s continuing ability to intervene, moderat-
ing the disruptive impacts of the ever-changing market economy.
Schumpeter misunderstood the effectiveness with which the political process—
often as the result of clashes provoked by liberals—could preserve government’s
especially conservative functions. In 1932, in the terrible crisis of the Great Depres-
sion, the leading progressive of his time, Huey Long of Louisiana, argued in the
Senate floor that his was “no campaign to soak the rich; it is a campaign to save the
rich.” He was essentially working to prevent the collapse of capitalism. Is there a
more conservative idea than that? 

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Medicaid’s Technology Revolution

Are states ready to outsource the systems that run our biggest health-care program?

The technology upon which most states run their Medicaid programs is old, clunky and slow. To make matters worse, the expansion of Medicaid in a number of states under the Affordable Care Act has put more pressure on these aging systems. Now nearly a quarter of states are looking to modernize them, according to the Centers for Medicare and Medicaid Services. But officials aren’t eager to risk a lot of money on another system that will be old, clunky and slow by the time it’s completed.

For decades, states have built their Medicaid Management Information Systems (MMIS) all at once—and that makes sense. After all, a single, tightly integrated system seems like it would be the best way to run one of state government’s biggest and most complex programs. This big-bang approach, however, has a couple of serious flaws.

First and foremost, it’s extremely expensive. No matter the population of a state, it can cost anywhere from $75 million to $100 million to build a MMIS. Part of the huge price tag stems from the highly customized way in which each state designs these systems to conform to its specific business rules. They are also expensive to maintain and modify.

Second, it takes a long time—from three to seven years—to build a MMIS. One reason for the lengthy time frame is delays, which are often triggered by changes in the business rules and by new policies. Not surprisingly, states have been loath to overhaul their MMIS, with the result that many are now decades old. California, North Dakota, Oregon and Wyoming, for instance, built their systems before the age of the Internet.

So naturally, states are looking for a better way to create and manage these behemoth projects. One solution that’s been floated—and which could impact how governments handle technology for other big ventures—is to break MMIS into pieces and turn some of those pieces into a service. In April, the Centers for Medicare and Medicaid Services proposed updating the policies that govern the certification process for building a MMIS, and thus making it easier to develop separate modules for, say, claims management or pharmacy benefits, instead of building the entire system at once. The federal agency is also revising its development requirements so that states will find it easier—and less risky—to adopt alternatives, such as contracting for a service.

Wyoming is one state that’s eager to try something new. With just 90,000 enrollees, it has one of the smallest Medicaid programs in the country. Yet Wyoming would have to spend the same amount for a new MMIS as a much bigger state with an enrollment population many times Wyoming’s size. That’s because the current system is 30 years old; furthermore, the state doesn’t have the staff and resources to build another system from scratch. “We’re frustrated with the traditional approach,” says Teri Green, the state’s director of Medicaid Services. “The costs are out of control.”

Instead, the state hopes to purchase services rather than the hardware, software and tech support needed to maintain the complicated system. It’s a radical shift in thinking, but one that Green feels is both necessary and cost-effective in the long term. This approach would also allow the state’s Medicaid program to leverage current technologies right away, rather than having to wait the years it takes to build a traditional MMIS. Green adds that there are several vendors that can offer the services Wyoming is looking for, so “we won’t be held hostage by one vendor.”

But to change the current approach from buying Medicaid technology to buying Medicaid as a service isn’t going to be quick or easy. While states are frustrated with the current system, many are unsure about adopting a new approach, especially if there is any uncertainty about federal reimbursement. The Centers for Medicare and Medicaid Services have proposed updating the certification process for building MMIS, but it’s still a work in progress. Meanwhile, there are more vendors today that say they can provide modular services, but “when you look at the details of what they are offering, it still looks like a traditional, vertically integrated system,” says Nicole McNeal, a management consultant with the firm Public Knowledge.

If vendors have to adapt, though, so do states. In order for things to be done more simply and cheaply, state Medicaid rules will have to become less convoluted. “Otherwise,” says McNeal, “they will be caught in the same complex, expensive and lengthy planning and implementation process that has ruled MMIS in the past.”

Email tnewcombe@governing.com

By Tod Newcombe

TECH TALK

Changing the current approach from one of buying Medicaid technology to one of buying Medicaid as a service isn’t going to be quick or easy.”
Elected officials have a unique role in government cybersecurity efforts and are held accountable for protecting critical government resources and data. How prepared is your organization to defend itself against cyber-attacks?

A new guide from the Governing Institute and CGI, a leading IT and business process services provider, offers best practices and strategies to help elected officials boost their cybersecurity efforts. Read the "Guide to Cybersecurity as Risk Management: The Role of Elected Officials" for:

- Checklists of the top cybersecurity action items for elected and agency executives and lawmakers
- An overview of public sector threats, assets and adversaries
- In-depth recommendations for integrating cybersecurity into an organization's risk management framework

Download a complimentary copy of the guide at: www.governing.com/cybersecurity-guide
Moving Up
CFOs are finding there’s a clearer path to the top spot.

Dick Costolo, Twitter’s chief executive officer, announced in June he would be leaving the company. Few were surprised. Twitter’s stock price had fallen nearly 30 percent and shareholders were eager for a change. One initial favorite to succeed Costolo was Anthony Noto, Twitter’s chief financial officer and former CFO of the National Football League. (At press time, a new CEO had not yet been named.)

Of course, unless you’re into Silicon Valley corporate intrigue, you probably don’t care who the next “Top Tweeter” is. But the Costolo-Noto story is noteworthy, because it shows that in some major companies today the CFO has a clear path to become CEO. In fact, in the past few months AMC Theatres, Siemens, BASF, Sprouts Farmers Markets and Blue Earth, among others, all hired a CEO from the CFO ranks. It seems that a growing number of corporate boards not only want traditional CEO skills like decisive decision-making and persuasive communication, but also the dispassionate, reflective, analytical leadership style we associate with CFOs.

There’s a similar trend in local governments. Conventional wisdom says local government CFOs are exceptional bean counters. They become the CFO by knowing more than anyone about the complex rules on how government money is earned, spent and reported upon. They’re compliance experts, but they’re not necessarily the strategic thinkers, hard-nosed negotiators and community builders that many city councils want for their next top executive.

Still, more and more local government CFOs have made the leap to CEO. I reached out to four officials who have made the transition in the past couple of years to see how their time as CFO shaped their philosophy as CEO. Their answers are similar: All four talk about breadth. “A former CFO is going to know the full range of financial and managerial tools for making decisions,” says Mark Jinks, city manager of Alexandria, Va. “A CFO also has had an organization-wide perspective and has likely been a leader in negotiating many contracts and agreements—all skills a CEO needs.” In other words, CFOs are not necessarily just bean counters.

The four also talk about salience. In a post-Great Recession world, many city councils want to pursue long-term financial health, and not just talk about it. This is where the CFO excels as CEO. Heather Johnston, city manager in Burnsville, Minn., says that as a former CFO she is uniquely able to help her city focus on “not just how a decision impacts the city right now, but how to make decisions that are financially sustainable over time.”

So finance-oriented execs are particularly good at bringing the abstract part of financial health to life to inform decisions today. Bob Wingenroth, city manager of Surprise, Ariz., echoes this sentiment by saying, “Because of my past experience, I won’t present a potential solution unless I can figure out how the finances will work in the long term.”

Perhaps most interesting, they talk about creativity. John Caulfield, city manager in Lakewood, Wash., says, “I try not to let money get in the way of the way of a new or creative solution or program.” Each in their own way said their finance background helps them understand and communicate policy trade-offs, but then offer up creative ways to navigate those trade-offs. Money, then, is not a reason to say no, but rather a reason to think about what’s possible.

Breadth, salience and creativity—these are not the words we tend to associate with government CFOs. But if these four leaders are any indication, many more cities might look to their CFO ranks for a chief executive with precisely those skills.

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For $2.4 million, an adventurous buyer can become the proud owner of Johnsonville, Conn. The once bustling hamlet, now a ghost town, is for sale—again. Originally home to Connecticut’s twine industry in the 1830s, Johnsonville, which is located just 30 minutes from Hartford and two hours from Boston and New York City, has sat mostly deserted since the Industrial Revolution put it out of business. Industrialist Raymond Schmitt bought the property in the 1960s and began traveling New England looking for period buildings in an effort to turn the place into an 18th-century Victorian village. Today, its 62 acres house eight antique buildings, including a schoolhouse, general store, chapel and livery stable. But Johnsonville never took off as a tourist attraction, and after an argument with local officials, Schmitt abandoned the village in 1994. The current owner, Meyer Jabara Hotels, initially put the town up for auction last October. It sold for $1.9 million, but the winning bidder was unable to secure financing. Now Johnsonville’s back on the market, and according to the listing, “presents a unique redevelopment opportunity to combine the historic value of the 19th-century village with 21st-century living.” —Elizabeth Daigneau
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