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The Pension Hammer

In this issue’s profile of John Arnold, the billionaire philanthropist who has become obsessed with public employee pensions, reporter Liz Farmer writes that he is “a mathematics whiz whose remarkable skill with numbers” is the basis of his fortune. Frankly, though, you don’t have to be a math genius to understand the unsustainability of public pensions. Under the status quo, we’re ultimately headed for insolvency, even for well-managed plans. That’s because the big number that swamps all others is the ratio of active public employees to retirees. It has declined from more than 7-to-1 in the 1950s to less than 2-to-1 today.

Pensions have three sources of funds: employer contributions, employee contributions and returns on investments. For elected officials, it is very difficult to increase employer contributions—taxpayer money—without cutting services or raising taxes. Therefore, as employee contributions have declined as a percentage of pensions’ revenues, the funds have chased higher market returns, at the cost of significantly higher risk. This can only end in tears. If you roll the dice enough times you will eventually come up snake eyes.

It’s hard to overestimate the threat this situation poses for public employee unions. They are going to have to confront the fact that their members’ pensions, as currently structured, are not only mathematically unsustainable but also politically unsustainable. There is a broader and growing retirement crisis in America. The millions of folks who have no pensions or savings for retirement are going to have very little sympathy for public employees whose pensions look very good in comparison to what these taxpayers have to live on. It’s a hammer that unions’ opponents can use to smash them.

For decades, the country has been having an extended debate over access to health care and health insurance. I think that in a very few years we will come to understand that retirement security is an even bigger and more complicated issue. And we will discover that, as with health insurance, we probably need a national framework for pensions and retirement security. Leaving it to individual governments to deal with on their own won’t work. It’s hard to overestimate the threat this situation poses for public employee unions. They are going to have to confront the fact that their members’ pensions, as currently structured, are not only mathematically unsustainable but also politically unsustainable. There is a broader and growing retirement crisis in America. The millions of folks who have no pensions or savings for retirement are going to have very little sympathy for public employees whose pensions look very good in comparison to what these taxpayers have to live on. It’s a hammer that unions’ opponents can use to smash them.

In her story, Farmer writes that while Arnold may be all the reporter’s pupil, he is “a mathematics whiz who has become obsessed with public employee pensions, and I hope he soon turns his full attention to the broader evil things that his opponents, particularly in the public-sector unions, claim he is, John Arnold just may represent something new or down the road.

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Money Doesn’t Equal Success

In the February feature “Urban Opposition,” Alan Greenblatt looked back at the relationship mayors had established with the Obama administration. “President Obama,” he wrote, “turned to cities as partners to a large extent because he found mayors far more receptive to progressive policies.” Through guidance, technical support and a relatively modest infusion of cash, cities and the White House collaborated on education, paid sick leave, the minimum wage and transportation, among other things. One reader questioned if the administration’s approach was the most effective strategy.

One of the realities is that when the federal government has money to disburse, people hustle to get in line to get what they think is their fair share. Ask yourself how many of these federal-city partnerships would be viable without the money?

My preference would be for the federal government to share revenue with state and local governments on a block basis, without micromanaging every dollar. While giving away money has some value, giving away money that is used effectively is far more valuable. Spending it the way Washington thinks it ought to be spent is just a dumb idea that breeds cronyism and corruption.

—Tony Pavone, San Francisco

Driving vs. Riding

In February’s Behind the Numbers, “Clocking the Commute,” Mike Maciag analyzed Census data that showed, across all metro areas, public transportation riders spend longer traveling to work than those who drive. Several readers took issue with the data and others defended their preferred mode of transportation.

This is ridiculous. You’re not telling us if someone driving from point X to point Y is making the trip faster than the same person taking transit from point X to point Y. You could just as well be saying, “People with longer commutes take transit. People with shorter commutes drive.”

—jbriz on Governing.com

True! But [public transportation] is a great time to get reacquainted with books. You know, the old-fashioned kind you don’t have to worry about people stealing from you. I miss Chicago and taking public transportation everywhere.

—Sherie Sanders on Facebook

[The longer commute] is why I drive when I live only five minutes from a train.

—Deanna Kusmatha Johnson on Facebook

Pay Them, But Fairly

In February’s Observer, “Home from the Capitol,” Alan Greenblatt reported that more and more legislators have been calling it quits, blaming time away from the family and low pay as the reasons for their decisions.

As a former school board chair, I can relate. It’s not about the money, but it is impossible to perform optimally when every policymaker has to hold down a full-time job at the same time. Fewer and fewer people see running for local office as worth the immense time and sacrifice.

—Brenda K. Foster on Facebook

The opposite is true here in Pennsylvania, where lawmakers make $85,000 a year with per diems and full pensions. There is a middle ground that makes sense. I believe state legislators should make the median income for the district they represent—live off the same amount their constituents do.

I get paying people for what is a full-time position. Still, it’s a calling not a career. At least that’s the way I see it.

—Ronald William on Facebook

Corrections:

In the March feature “One Small Step to College,” the Nevada State Treasurer’s Chief of Staff Grant Hewitt was mistakenly identified as Greg Hewitt.

Similarly, Oregon Auditor Kyle Ross’ last name was misspelled in the February Smart Management column, “Flipping the Safety Switch.” It was incorrectly spelled Rosse.
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Leaving Money on the Table

There’s a lot of talk in Washington about spending more—perhaps $1 trillion more—on infrastructure over the next decade. It’s too bad a free-spending approach wasn’t taken sooner.

Interest rates are starting to tick up after years of historically low levels. That means that any capital projects that get underway in coming years are inevitably going to cost more than they would have if states and other jurisdictions had been more aggressive about taking on debt at those now-disappearing bargain rates. Financing for new projects between 2011 and 2015 cost half as much as during the previous decade. Rather than taking advantage of this opportunity, though, states retrenched. As interest rates plunged, the volume of borrowing actually dropped. Back in 2009, state and local government spending on capital projects, encouraged by the federal stimulus and the Build America Bonds program, represented 2.6 percent of GDP. By 2014, its share dropped to 1.9 percent—a decline of nearly 25 percent. Borrowing rose last year, but most of that was refinancing old debt, not money for new projects. “There was an opportunity to lock in interest rates for a 20- to 30-year period to address these infrastructure problems that everyone seems to recognize,” laments Ron Fisher, an economist at Michigan State University.

Politically, though, it was very difficult to take on new debt. Some states have imposed caps on the amount of capital debt that can be added in a given year. Meanwhile, the cost of addressing leaky lead pipes and failing dams and bridges continues to rise. And now states and localities have to worry that their borrowing costs will go up not only due to rising interest rates, but as a result of new federal rules eroding or erasing the tax exemptions of the bonds they issue. Perhaps such tax breaks will be maintained. And interest rates haven’t risen dramatically yet, despite the Federal Reserve’s recent hike. Nevertheless—with the notable exception of public colleges and universities—government agencies missed a golden opportunity to go on a building spree. “We squandered a decade of low interest rates to get some of this stuff done,” says John Engler, a former governor of Michigan and until recently president of the Business Roundtable.
MOST REPUBLICANS IN CONGRESS want to turn Medicaid into a block grant program. That may not happen, but the possibility is real enough that it’s worth thinking about how such a massive change might play out. One way to do that is to think back to the last time Congress converted a federal-state entitlement into a flat block grant to states.

The 1996 welfare reform law ended cash assistance for the poor as an entitlement, as was suggested by the program’s new name, Temporary Assistance for Needy Families (TANF). The new law set a time limit for eligibility and also set up work requirements. With the program turned into a block grant, states enjoyed new flexibility for redesigning their programs. Many copied the efforts of states that had already received federal permission to experiment, most notably Wisconsin.

There’s no question that block-granting welfare succeeded in lowering caseloads. By 2006, the public assistance program had 10 million fewer recipients than in 1996, a drop of well more than half. Some of that was due to improvements in the economy, but declining welfare rolls became an annual occurrence, regardless of the economic climate in a given year.

The percentage of single mothers who were working increased dramatically. The 1996 law also changed the financial incentive for states. Where they previously tended to expand coverage because the federal government would pick up half the cost, now they were on the line for any budget increases. But equally important, any savings they found would remain in their own hands, rather than having to be split with Washington. And there was no “race to the bottom” in providing coverage, as many had predicted. Maintenance of effort requirements, mandating states to spend at least 75 percent as much on benefits as they did before passage of the 1996 law, kept TANF benefit levels from falling precipitously.

Policymakers hope that the same sorts of changes can bring about real savings in Medicaid. But the TANF story also contains enough warnings to make the current crop of state leaders nervous. The percentage of poor families who receive assistance has gone down, and the number of people who are out of the program and unemployed has gone up. Congress has gradually weakened one of the initial goals of the law, which was a requirement that half of TANF recipients work. “States have figured out all kinds of tricky ways to gut the work requirement,” says Ron Haskins, who helped craft the 1996 law as a Capitol Hill staffer. “There’s virtually no work requirement.”

The dollar value of federal TANF grants, meanwhile, has plummeted dramatically. The block grant was capped and not adjusted for inflation. The federal share is now worth only about two-thirds its 1996 value in real terms. This could be an even costlier dynamic for states under Medicaid. Health costs tend to rise faster than inflation. Case-loads also go up during recessions and as the poverty level rises. “States would wind up either having to reduce the number of things that are covered, or they would cut people off, or both,” says Haskins, now a senior fellow at the Brookings Institution.

Medicaid is already swallowing up significant shares of state budgets, while crowding out other spending at the county level in many places. Turning the program into a block grant would certainly drive up both state and local costs.

House Republicans have made plain their appetite for turning Medicaid into a block grant. The Senate is a bigger question. With Health and Human Services Secretary Tom Price in favor of the approach, governors and other state officials need to prepare for its possible enactment. It will be their job to talk Congress out of leaving them responsible for a crushing share of the Medicaid burden.

GOVERNING • April 2017

The last time a program was turned into a block grant was during Bill Clinton’s presidency in 1996.

Observer

Block Grant Jitters
Deficit in Dallas

DALLAS HAS ENJOYED enormous success in recent years. Texas’ third-largest city has seen the fastest job growth of any major metropolitan area in the country, as well as the second-fastest population growth. But despite its good fortune, Dallas has created a huge problem for itself—one so big that even bankruptcy isn’t off the table.

The problem is the city’s pension funding, particularly the cost of its commitments to public safety workers. The public safety pension fund has a shortfall somewhere in the neighborhood of $8 billion. The pension board would like the city to pitch in more than $1 billion—an amount almost equal to the city’s entire general fund. Meanwhile, Dallas is facing a lawsuit over back pay for police and firefighters that could cost the city up to $4 billion.

The pension mess came about through a familiar set of circumstances. Back in the early 1990s, workers were offered generous benefits that included a guaranteed return rate of 8.5 percent on individual savings accounts. In order to pay for such benefits, the board engaged in some risky investments. “They had some investments in real estate that unfortunately turned out to be disastrous,” says James Spiotto, managing director of Chapman Strategic Advisors. “They promised a high return. They earned far less than that.”

Not surprisingly, problems this big have triggered a good deal of acrimony. Mayor Mike Rawlings has been unable to convince public safety workers that they were earned far less than that. “They earned far less than that,” Spiotto says.

Mayor Mike Rawlings has been unable to bring state legislators to pitch in more than $1 billion—an amount somewhere in the neighborhood of $8 billion. The public safety pension fund has a shortfall of $4 billion. The pension board would like the city to pitch in more than $1 billion—an amount almost equal to the city’s entire general fund. Meanwhile, Dallas is facing a lawsuit over back pay for police and firefighters that could cost the city up to $4 billion.

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Most states now are run by Republicans. Virtually all big cities, by contrast, have Democratic mayors. That has led to a lot of conflict and a considerable number of state laws preempting local initiatives. But while many Democratic mayors are struggling to get a hearing from Republican legislators, a fair number have been able to forge working partnerships with GOP governors.

Maybe this isn’t so surprising. More often than legislators, mayors and governors tend to be pragmatists by nature. Given the importance of major cities to the economic health of their states, governors share a common interest in promoting development. That has led to some productive partnerships, including one between Boston Mayor Marty Walsh and Massachusetts Gov. Charlie Baker to convince General Electric to move its headquarters to Boston. *GE* said the fact that the Democratic mayor and his staff and the Republican governor and his staff were in this together gave them a really strong sense that there was a culture of focus on the work here, and not the partisanship,” says Baker.

In Georgia, Republican Gov. Nathan Deal and Atlanta Mayor Kasim Reed get along so famously that when there’s a policy disagreement between them, the press frames it as a rare schism between two “BFFs.” Here too, the desire to work together has been rooted in economic development. Democrat Reed was able to use his contacts in the Obama administration to help secure federal funding for a $700 million dredging and expansion of Savannah’s harbor. “Kasim Reed has had a good relationship with Nathan Deal,” says Charles Bullock, a political scientist at the University of Georgia. “That mostly would fall under the heading of promoting development.”

Governors and mayors share more than an interest in economic vitality: They share constituents. Unlike legislators, many of whom represent districts far from major population centers, governors have to run statewide. A Republican like Deal isn’t going to carry Atlanta, but he doesn’t want to get blown out there, either. “If you’re going to be successful in Georgia state politics, you don’t have to win the Atlanta vote, but you have to do reasonably well there,” Bullock says.

In Tennessee, Republican Gov. Bill Haslam and Nashville Mayor Megan Barry, a liberal Democrat, have both expressed dismay over legislative efforts to regulate transgender bathroom use, efforts that have drawn opposition from corporations. Barry has become a cheerleader for Haslam’s transportation package, which includes a provision to allow local referenda on tax increases to pay for mass transit—something Barry desperately wants. Since Haslam’s package includes broader tax increases, support from Nashville’s political and civic leadership could help him find some needed votes from the legislature’s urban delegations.

Democratic mayors and Republican governors won’t always be able to see eye-to-eye, particularly on contentious issues such as immigration and refugee policy. But when it comes to the economy and infrastructure, pragmatism is the glue that binds them. “Both the governor and the mayor are really in some sense problem solvers,” says John Geer, a political scientist at Vanderbilt University in Nashville. “They’re willing to work together because they recognize it’s in their shared interest to get things done.”

Observer

ACROSS THE AISLE

In Georgia, Gov. Deal and Atlanta Mayor Reed get along so well the media has dubbed them BFFs.
An orderly revolution in waste control.

Since 1962, we’ve been designing, manufacturing and refining receptacles for waste and recycling. Now, our Victor Stanley Relay™ Sensor and Service, which continuously monitors fill level, is boosting time and cost efficiencies for municipalities across the country. Relay also conveys system temperature, weight, location via GPS and collection status, in real-time and historically, allowing for planning, scheduling, and routing collections much more efficiently—an estimated 20–40% reduction in collection expenses. Whether you retrofit or make it part of new orders, Relay says a lot about how your community handles waste.
Over more than three decades in Texas politics, Sylvester Turner has absorbed a lot of blows and been called a lot of names. He has survived them all. In 2015, on his third try, he was elected mayor of Houston. But there’s one insult Turner never thought he would encounter. He never expected anyone to call him a proponent of racism.

For 27 years, as an African-American member of the Texas House, Turner was an outspoken liberal voice. In his last term there, the progressive activist group Equality Texas gave him an A+ rating for his work on LGBT issues. But that was before he chose to intervene in the Battle of Fountain View.

Fountain View is an affluent neighborhood of Houston, close to the fashionable Galleria shopping district. It is 87 percent white and 3 percent black. Its poverty rate is a minuscule 7 percent.

Last year, the Houston Housing Authority proposed to spend $53 million on a new public housing project in the community: 233 units, of which 70 percent would be reserved for families with incomes below 60 percent of the local median. The project drew some vehement opposition from white residents, who argued that it would place an undue burden on the neighborhood’s public elementary school.

Last August, somewhat surprisingly, Turner announced that he would not let the city council move forward with the project. Turner argued that his own core constituency—low-income African-Americans—didn’t want to be dispersed to affluent neighborhoods around the city. They wanted new housing built in their own neighborhoods, where it could strengthen the bonds of community and culture that they prized and that they had seen eroding for the past generation.

The negative reaction to Turner’s decision from the city’s liberal housing advocates was no surprise. The surprise was the response from the federal government. The Department of Housing and Urban Development (HUD) under President Obama all but accused Turner of being a segregationist. In a letter to him, it asserted that his decision “was motivated in whole or in part by the race, color or national origin of the likely tenants.” HUD alleged that over the previous four years 85 percent of the low-income housing tax credit proposals approved by the city were in majority-minority tracts. It charged that Houston was in violation of the Fair Housing Act of 1968 and demanded that it begin implementing a series of corrective actions.

Turner did not back down. “Our underprivileged families should have the right to choose where they want to live,” he said, “and that choice should also include the right to stay in the neighborhood where they have grown up.… I categorically reject the notion that in order for poor children to participate in the American dream that I have to move them from where they are and place them somewhere else. The answer is to invest in the communities where they are.”

Some of this may have been politics, but some of it evoked the mayor’s personal history. The son of a housepainter and a maid, Turner grew up in a family of 11 in a two-bedroom apartment in Acres Homes,
The idea that Sylvester Turner is a segregationist would seem to defy common sense. But HUD's position was reflective of an elite opinion about housing and segregation that has developed over the past several years. It has become an article of faith in progressive policy circles that the way to improve the lives of people living in high-poverty neighborhoods is to move them to more affluent places with much smaller minority populations. There's some evidence for this point of view, but it's not nearly as definitive as its advocates like to assert.

The data on dispersing the poor from the historic homes to distant parts of a metro area come almost entirely from two experiments: the Gautreaux residential mobility program, which was launched in Chicago in 1976 and ended in 1999, and the Moving to Opportunity project, which was implemented in five cities in the 1990s. The literature on both is enormous; there's no way I can do it justice here. But a few points are worth making.

Gautreaux moved some of its participants to wealthy suburbs and some to more modest city neighborhoods. Those in the suburban group were generally safer and happier than the others, and their children did better in school. This data on improvement in job opportunities was mixed. It's assumed that both groups would have been worse off had they stayed in their original communities, but nobody knows because there was no control group in the experiment. A second Gautreaux project undertaken in 2002 proved to be discouraging; after several years, a substantial share of the participants had chosen to return to their original neighborhoods.

Moving to Opportunity, seeking to build on the good news from Gautreaux, tracked residents of poor neighborhoods who were given vouchers and counseling to help them move to more affluent parts of the same metro areas. The results after more than a decade were disappointing. Participants in the program appeared to be healthier and more optimistic than those who remained behind, but there was little improvement in earnings or educational attainment. Some recent studies have suggested that it did yield more positive results for children whose families moved when they were young.

What's beyond dispute is that both of these were modest social experiments. Gautreaux in its first phase moved a total of 7,000 families; Moving to Opportunity moved 4,600. Neither one sheds any light on what it would mean to make dispersal of the poor a formal policy in a city the size of Houston, where about half a million people live below the federal poverty line.

The placement and selection of public housing tenants have been volatile issues for most of the past century, ever since public housing has existed. Perhaps the most notorious example of disastrous housing policy was the one implemented in the 1950s in Chicago, where huge concentrations of prewar tenement slums were bulldozed and its inhabitants were relocated to high-rise buildings whose very names became symbols of racial insensitivity: Robert Taylor Homes, Cabrini Green, Stateway Gardens. All of them grew to be dangerous and dilapidated warehouses for dysfunctional families.

The tragedy of Chicago's public housing is recognized as the most significant blot on the legacy of Richard J. Daley, who was mayor when most of the high-rise towers were opened. There were impassioned pleas from liberal housing activists to do something entirely different: move the city's poor African-American population into smaller, less-segregated sites scattered through the Chicago area. Daley's failure to do this came to be seen almost universally as a root cause of the social disaster that public housing in Chicago became.

I was just a child on Chicago's South Side at the time, but even then I perceived some ground-level realities that the conventional wisdom ignored. One was that massive scattered-site public housing was politically impossible; any mayor who attempted to implement it would never have won another election, and the decision would have been reversed. Daley himself, no flaring liberal by any means, came to be seen by many white voters as too close to the black community, and he actually lost the white vote when he ran for re-election in 1963. The second reality is that scattered-site projects would have led to sustained violence perpetrated by residents of white neighborhoods. That's not an excuse for bigoted behavior; it's just a true statement about a particular place and time.

The racial climate in the Houston of 2017 is, thank goodness, not comparable to the one that prevailed in the Chicago of 1957. It's very unlikely that public housing in Fountain View would lead to criminal conduct on the part of its current residents. I bring up Chicago only to make the point that progressives who design public housing schemes often ignore the realities that exist in big American cities.

In Chicago 60 years ago, the reality was white racial prejudice. In Houston today, it may be the attachment of many African-Americans to the communities they live in.

The whole Fountain View dispute may be most at this point; it seems unlikely that HUD under President Trump and its new secretary, Ben Carson, will see things the way the Obama administration did. Still, things are in a state of flux.

In recent weeks, Turner has appeared to be softening a bit; he has expressed a willingness to consider several new housing projects in neighborhoods with demographics closer to those of Fountain View than to those of Acres Homes. But when it comes to the fundamental issues, Turner is not about to change. “You can’t force elitist views on communities,” he said to me in a recent interview. “I will fight you if you tell me that children in poor neighborhoods can only rise up if they move. I will fight you tooth and nail.”

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Politics + Policy | POTOMAC CHRONICLE

The New Nullifiers

Suddenly it’s the left that’s talking about defying federal law.

In this moment of wildly disruptive politics, it’s actually possible to see President Trump, California Gov. Jerry Brown, the 19th-century Sen. John C. Calhoun and folk singer Woody Guthrie all swimming in the same policy stew.

Just four days after Trump’s inauguration, Brown’s State of the State address took direct aim at the new president’s immigration policies. Brown pledged to “defend everybody—every man, woman and child—who has come here for a better life and has contributed to the well-being of our state.” Then he closed his speech by going back to his 1960s roots and quoting Guthrie’s classic. “This land,” he told legislators, “was made for you and me.”

Trump fired back, calling the state’s embrace of sanctuary cities for immigrants “ridiculous” and claiming that sanctuary policies “breed crime.” If California pressed ahead, it could expect to see a draining of federal aid. Scott Pruitt, at the time awaiting Senate confirmation as head of the Environmental Protection Agency, came in for a second shot by refusing to promise he would continue to give California the waivers it needed to operate the state’s tough environmental programs.

The tussle between Trump and Brown right out of the gate is a sign that bigger battles are brewing, not just in California but also around the country. More than 100 mayors, from Austin to Birmingham and Boston to Santa Fe, countered Trump’s initial executive order on immigration with a pledge that they were “united in our commitment to remain inclusive cities.”

States have been challenging federal policy—even sometimes threatening to nullify it—for most of the nation’s history. But this time, the winds are blowing from the left instead of from the right. Governors and mayors are pledging to do all they can to stop the Trump agenda. Boston Mayor Marty Walsh is promising to use city hall itself as a fortress if necessary to defend all the city’s residents.

It’s a battle erupting on multiple fronts. In his State of the State address, Brown also said he planned to fight repeal of the Affordable Care Act. Then Brown pledged not to “give in to the climate deniers.” California, the governor said, was prepared to go it alone “to stop the dangerous rise in climate pollution.”

There’s the smoke rising from state legalization of marijuana as well. With the approval of a referendum last November, Maine has joined seven other states (Alaska, California, Colorado, Massachusetts, Nevada, Oregon and Washington), along with the District of Columbia, that have approved the recreational use of pot. That could challenge Attorney General Jeff Sessions, who at his confirmation hearing was asked whether he would allow the states to continue ignoring federal marijuana prohibitions. Sessions danced delicately around the question, saying he “won’t commit to never enforcing federal law.” Sessions has since stated that he hasn’t yet decided whether or not to crack down on pot possession.

Marijuana is only one example of the deepening divide. On many issues the
Ensuring Representation

What's the best way to elect a city council?

It's surprisingly difficult to design a method for electing city councils that are fully representative. If you elect your city council by district, as Chicago and Philadelphia do, you risk having members who are too parochial in their outlooks, with limited incentives to think about the city as a whole. Conversely, electing city council members through citywide elections runs the risk of leaving parts of the city unattended.

Courts have ruled against the latter, particularly councils that ignore areas heavily populated with members of protected racial or ethnic groups. Last year, Yakima, Wash., withdrew its appeal against a ruling that found that its prior system of electing council members citywide disenfranchised Hispanics. Up until that ruling, no Latino had ever won a seat on the council. After it, though, three Latinos won district elections in 2015.

Many big cities try to combine the two approaches, electing some council members by district and others citywide. In Seattle, for example, voters in 2013 approved a change that switched the council from having all nine members elected citywide to one in which seven members run by district and two remain at-large. But the oldest hybrid system may belong to Tucson, Ariz. Since 1929, it has nominated each of the six council members by ward, then each runs citywide in the general election. That means members have to stay alert both to parochial concerns such as zoning and constituent services, while also bearing in mind the city’s needs as a whole when it comes to budgets and public safety.

“The way we do this makes us work harder to represent the entire city on citywide issues,” says Councilman Steve Kozachik, “and makes us have to go and do the legwork and listen to the concerns of people in our own community.”

It’s not a system without its critics, however. In 2009, Arizona passed a law to abolish Tucson’s system. Three years later, the state Supreme Court voided that law, finding that Tucson had the right under its charter to elect its council by a method of its own choosing.

But the story doesn’t end there. A group of local citizens filed a new legal challenge, arguing that residents of some wards are still disenfranchised. “Most of the residents in wards 2 and 4 are Republicans,” says Bruce Ash, a complainant in the case, “and the elections are being decided by Democrats who live on the other side of town in wards 1, 3, 5 and 6.”

The argument that the hybrid system violated equal protection for all voters prevailed once in federal court. But in September, the Ninth Circuit Court of Appeals upheld Tucson’s method. “All voters in Tucson have an equal right to vote, both during the primary election and during the general election,” the court found. An appeal is pending before the U.S. Supreme Court, but it’s not considered likely that the justices will take up the case.

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Where HIV and Housing Intersect
A federal grant program is helping some localities to merge efforts.

When it comes to service delivery, just about everybody in government complains about bureaucratic silos. A call to one department about a particular issue—how to sign up for a new benefit program, for instance—can lead to several more in a frustrating effort to get an answer.

But silos are beginning to be toppled, at least in the human services arena. Cities and counties are moving to consolidate their health, housing and human services departments. And even where agencies aren’t merging formally, there is a sense of cooperation among departments that simply didn’t exist a decade ago. So-called “no wrong door” policies are increasingly common.

A new federal grant program aims to foster and build on that cooperative spirit. A three-year, $3.6 million grant program, a collaboration between the Department of Health and Human Services and the Department of Housing and Urban Development, is providing five localities with help in merging their data systems for HIV care and housing. It has long been known that people living with HIV who are unstably housed are less likely to stay in the kind of care needed to suppress the virus. The pilot—evidence itself of a little silo-busting at the federal level—is a crucial step in coordinating these services to provide better care.

The HIV treatment side of the pilot is already well established. For 26 years, the federal government has funded the Ryan White HIV/AIDS Program, which provides health and support services for uninsured or underinsured people living with the virus. For the city and county departments that are awarded funds under the pilot program, the grant is helpful because Ryan White coordinators and housing officials often serve the same clients.

That’s a reality that one of the grantees, the Kansas City Health Department, has been dealing with for some time. “We are really fortunate to have strong partnerships between Ryan White and housing departments,” says Jamie Matney, quality and housing manager for the department’s HIV services program. “We have a Ryan White planning council, and housing officials sit on that council. But still, despite that, we haven’t been able to get any really hard data between the two of us.”

In Palm Beach County, Fla., coordination between housing and Ryan White officials has been moving “really slowly” due to technical and logistical issues, says Geoff Downie, a program manager for the county Department of Community Services. The hope is that the new grant will help jump-start that coordination.

Certainly it’s too soon to tell what impact merging HIV services and housing will have for the grantee localities and their clients. But at the very least, officials feel confident that it’ll reduce inefficiencies and help them get clients into stable housing more quickly. “We have people who have been on housing waiting lists for seven to 10 years,” says Downie, “so we want to build a flow to give people assistance when they need it. Also, we need to streamline the eligibility processes so people can qualify for Ryan White and housing at the same time.”

Of course, the ultimate goal is better care for people living with HIV. “We’re going to take this group of unstably housed folks and figure out how many are going to the doctor and how many are taking their meds and suppressing their virus,” Matney says. “The phrase ‘housing equals health’ is spoken a lot, but now we’re really going to demonstrate that.”

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Setting the PACE

Is the energy retrofit program the best idea ever or a bubble about to burst?

PACE is the single most successful energy retrofit program in the history of California, perhaps the nation. Or so says Cisco DeVries, who is a bit biased. DeVries pioneered property assessed clean energy (PACE) financing, which is essentially a loan designed to encourage residential and commercial property owners to buy energy-efficient solar panels, lighting, window insulation and air-conditioning units, among other upgrades.

PACE has already financed more than $2 billion in clean energy improvements to more than 95,000 homes and created about 25,000 jobs, according to the advocacy group PACENation. In California, it is estimated to save about $2.5 billion in utility bills.

Despite that success, PACE has been slow to take off. It turns 10 this year, and while it’s been authorized in 33 states and the District of Columbia, it’s only active in 19 states and the District. California accounts for most of that activity. Connecticut is a far second.

In an era when most governments are looking to cut greenhouse gas emissions as part of ambitious climate goals, it’s surprising to observers like DeVries that not more are using PACE. “It costs zero dollars for governments to put in place,” he says, explaining that under the program, energy retrofits to a house are paid for by municipal bonds. The homeowner then pays back the loan over 20 years through his or her property tax bill. Governments typically contract the program out to third parties to run.

PACE’s slow start is attributable to the less-than-opportune time it got underway. The first PACE Program was in Berkeley, Calif., in 2007. Then the housing bubble burst and the Federal Housing Finance Agency (FHFA) prohibited Fannie Mae and Freddie Mac from purchasing loans with PACE liens, citing concerns about taxpayer risk because PACE loans get paid back before mortgages in the event of a default and foreclosure. “That [caution] was understandable at the time because the agency was concerned about homeowners taking on more debt,” says Richard Chien, a senior program specialist with the San Francisco Department of the Environment. He says his city and county, like “98 percent of other municipalities,” stopped offering residential PACE as a result.

Nevertheless, some places—namely Riverside County in Southern California—persisted. “They went ahead despite FHFA and offered residential PACE,” says Chien. “They generated hundreds of millions in projects and demonstrated that there was demand for it.”

To further quell concerns, California Gov. Jerry Brown in 2013 created a $10 million loan-loss reserve fund to cover any costs in the event there were defaults resulting from PACE projects. With the housing crisis largely in the rearview mirror, industry executives are predicting that PACE could be the fastest-growing type of financing in the U.S. in 2017. Renew Financial, one of the largest purveyors of PACE financing, says it expects to close $1 billion in deals this year, outpacing all nine years it has been in business. But those predictions are also bringing warnings. A recent Wall Street Journal article reported that as “the loans spread, so do problems that echo the subprime mortgage crisis.”

The article recounted the story of one homeowner who saw her annual property tax bill skyrocket from $1,215 to $6,500. DeVries, who is CEO of Renew Financial, says there will be problems—especially because the program is still so new. But situations like the one cited, he says, are rare. He points out that with more than $2 billion in PACE projects completed in California, the loan-loss reserve hasn’t spent a dime. What’s more, the default on PACE homes is less than 1 percent, which is lower than the California average, and no foreclosure has been initiated by a PACE program.

Still, California has moved to strengthen PACE protections. In addition to the loan-loss reserve fund, Brown signed into law last year a new disclosure requirement modeled after the federal mortgage “Know Before You Owe” form, which helps customers better understand the terms of PACE financing. Another consumer protection bill has been introduced in the state Senate that would enhance the requirements, guidelines and procedures to which PACE programs administered by third parties such as Renew Financial must conform.

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Politics + Policy | GREEN GOVERNMENT

By Elizabeth Daigneau

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Key lessons from the cities that learned them:

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Human-Centered Design
Louisville

Public Entrepreneurship
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(Participating cities in the Embedding a Culture of Innovation cohort of the City Accelerator)

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The City Accelerator is an initiative to speed the adoption of local government innovations to improve cities and the lives of their low-income residents.
Lessons from Venice
How a city built on water handled its infrastructure gives us much to think about.

I had the good fortune to travel this winter to Venice, that serene collection of islands filled with grand homes and set on avenues of water in a lagoon on Italy’s Adriatic Sea. And like most visitors, I was smitten with the lovely stone plazas, or “campi,” sprinkled amid its network of small alley-like streets.

Given that Venetians in centuries past had to dredge up and fortify each square meter of buildable land, I was surprised at how many of these plazas there were, and wondered if Venetians simply loved their public spaces that much. I learned that there was a more practical and essential reason for so many campi: drinkable water.

Venice has no fresh groundwater underneath it, so it initially had to rely on rainwater for drinking. At the center of each campi is what looks like a stone well but is actually a cistern. In addition, each square has four drains. The rain that falls into them enters a filtration system made of rock and sand that ends at the cistern.

The campi and its cisterns reminded me of the larger story of infrastructure that plays out in America and everywhere else—that it is about much more than serving a specific need for, say, roads to convey us from place to place. The complex interplay of infrastructure, commerce and government determines not only how our societies function but also reflects how—and if—we govern ourselves.

For Venice, the water system was just one of many factors that enabled a city lacking natural resources to climb and stay at the top of the hierarchy of wealth and status in Europe for at least half a millennium. This city, which during its heyday was really a nation and empire of its own, was motivated to trade and cooperate with other cities and nations because of its natural environment. Some scholars believe it was because Venice had to dredge land, sink pilings, build bulkheads and so on that pushed its residents to govern themselves, a rare feat for the time, rather than descending into the bloody wars of kings and aristocracy.

While kings fought over the rest of Europe, Venice was a republic from 697 to 1797. That last year, Napoleon conquered it with nary a shot, thus ending the Venetian republic and the reign of the last doge, its elected leader. Having won, the short Corsican handed the city, to its horror, over to Austria, which it remained part of for most of the 19th century.

Under its new overlords, the elaborate infrastructure systems Venice had in place declined. The Austrians did improve its transport to the mainland by building a bridge. But it came at a price because it ended the city’s sacred physical independence. Other systems were neglected as well. By the mid-19th century, only a minority of the cisterns still functioned, and the city’s sewer system, which funneled waste from houses and streets into canals, was barely working. Venice began to suffer episodes of disease and a reputation for foul-smelling canals. This was the background of Thomas Mann’s 1912 masterpiece, *Death in Venice*, in which the novella’s main character is stricken during an outbreak of cholera. Mann presents the epidemic as an act of God. But it was really the product—at least in part—of a dysfunctioning political system.

In recent decades, our own fragmented...
infrastructure systems have decayed physically as well. Is this because we, like Venice in the 19th century, are decaying politically and unable to govern ourselves? It’s clear that our roads, bridges, water and other systems are generally considered to be in the worst state of repair in our republic’s history. And we are spending less than ever on infrastructure. What’s unclear is whether we can pull it back together.

Perhaps we can. When I look around our country, it’s not hard to find big, bold infrastructure projects. In Manhattan, it was national news when the first leg of the Second Avenue subway opened this New Year’s Day. As one of the initial riders, I can attest to the joy New Yorkers expressed as they walked through the stations, gleaming with public art, and rode the new trains. The smiles reflected not only pent-up demand but also gladness to see that America can still do stuff. And in last November’s elections, Los Angeles, Seattle and other cities approved tax increases for new revenue streams to support rail, bus, water and other systems.

Our new president has promised that he will make trains zoom and bridges sparkle to match those in Europe and Asia. But it’s always been difficult in this country to build public works. Thanks in part to our English roots, we have a fragmented governing infrastructure—local, state and federal, plus an independent judiciary—that produces fragmented physical infrastructure. It’s no accident that former English colonies tend to lack things taken for granted in other advanced countries, such as high-speed rail.

But things are still possible. Venice got out of Austria’s grip when it joined the newly unifying Italy in 1866. Two decades later, an underground aqueduct was built from the city to the mainland, finally ending Venice’s water troubles. Let’s hope we can find ways to keep our infrastructure systems going and to build needed new ones. And let’s hope we can do it the best way, through our democratic institutions and without the help or hindrance of any Napoleons.

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By William Fulton

The New Laboratories

Cities may be the hub for new innovations.

Back in the 1980s, when Ronald Reagan was president, there was a lot of buzz around the idea that the states would become—in the words of Supreme Court Justice Louis Brandeis—“laboratories of democracy,” where policy innovations could be hatched and experimented with and then spread across the nation. Now history is (kind of) repeating itself.

Ever since Donald Trump and the Republicans swept the November election, there has been a growing chorus of urban experts saying that cities will be the new laboratories of democracy. As the Trump administration and GOP Congress cut domestic programs, and as state governments become more ideologically conservative, cities can serve as the pragmatic labs of policy innovation. Urbanists across the board, such as Richard Florida and Joel Kotkin, agree on this point.

And it’s a tempting argument to make. After all, cities are where the most innovation and economic power reside. Indeed, the most visible innovation in our economy—app-based companies such as Uber, Airbnb and food delivery systems that disrupt traditional markets—have all emerged from urban settings.

“It’s a tempting argument to make. Cities are where the most innovation and economic power reside. But things aren’t as simple as they were in the 1980s.”

But things aren’t as simple as they were in the 1980s for two reasons. The first is that the entire nation is more ideologically divided. And in this partisan era, cities, for better or worse, are viewed as Democratic and therefore untrustworthy laboratories for the Republicans. It’s true that—as with governors in the ‘90s—a few big cities have very competent moderate Republican mayors. But overall, cities are viewed with skepticism by Republicans because they represent the Democratic base.

Furthermore, the liberal Democratic impulses that reside in city halls don’t always align with innovation, especially when labor issues are involved. In Texas, where I live, Uber and Lyft are engaged in a battle with big cities over fingerprint requirements for drivers. The battle has moved to the legislative session in Austin this year, where preemption of local power to regulate ride-hailing services is on the agenda. Now that’s ideologically confusing. Hip urban companies from the Bay Area going to conservative Republican legislators from rural Texas to override large city governments. This underscores an important point and the second reason why the innovation environment today is different. Cities, unlike states, are not sovereign. They can always be preempted by the state government.

In my field of land use planning, there’s been a traditional pattern to innovative policy. It starts at the state level somewhere on the coasts and gradually works its way through the Midwest, the South and the Southwest until something that only Californians or Vermonters thought of a decade ago is now the norm. Of course, it’s possible that this pattern could continue now with cities—unless statehouses shut down the laboratories of democracy.

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City Corporation operates Russellville Water and Sewer System, providing service for nearly 30,000 residents in Russellville, Ark. When it was time for City Corp. to choose a new system for human-machine interface (HMI) and supervisory control and data acquisition (SCADA), it worked with system integrator Brown Engineers to come up with a solution.

City Corp. chose Ignition by Inductive Automation®. Ignition is an industrial application platform with fully integrated tools for building solutions in HMI, SCADA, and the Industrial Internet of Things (IIoT). “We have to have faith in the software,” said Steve Mallett, general manager of City Corp. “Ignition has worked perfectly for us, and we’ve had no issues.”

Brown Engineers is such a strong believer in Ignition, the firm is a certified Ignition Integrator. “We went live with the Russellville upgrade in mid-2015,” said Dee Brown, principal and co-founder of Brown Engineers. “Ignition is helping run and control the water treatment plant and the water distribution system with pump stations and tanks. It’s also on the sewer treatment plant and sewer collection. So it’s a fairly large system. They also have radio and cellular telemetry sites that have been added.”

City Corp.’s SCADA system has nearly 38,000 tags. That includes data from a variety of PLCs and controllers installed at various times over the years. The system includes two HMI servers per plant in a master/backup redundant configuration. Ignition controls digestion blowers, clarifiers, sludge pumps, and more. It also provides alarm management and reporting functions.

**Big Improvement**

Mallett said the Ignition platform is more flexible than the utility’s previous system. And it provides a lot more data, which can be seen by more people. “That is critical,” said Mallett. “It provides information we need to make daily decisions, and it keeps us from having to go out to our sites. It drives costs down.”

Cost was a big factor in choosing Ignition. Its unlimited licensing model is an important benefit. “The software we had before charged by the number of tags,” said Mallett. “So if you wanted to upgrade, you’d have to pay more. Our system is growing, so that was a critical consideration. With Ignition, we never have to worry about any additional cost for adding tags.”

There are other savings as well. “The yearly maintenance costs are much lower with Ignition,” said Mallett. “So it was an easy decision to go with Ignition.” And the transition was easy. “We stayed up and operating during the entire process,” said
Mallett. “The switchover to Ignition was quick and painless. That’s what mattered to us, and we appreciate Brown working with our staff to make sure that it went smoothly.”

**Faster Process, Less Paper**
City Corp. also found a non-SCADA use for Ignition, one which saves time and makes it easier to report data to the Arkansas Department of Environmental Quality (ADEQ). Seeking a more efficient process for tracking and reporting sanitary sewer overflows (SSO), Mallett asked Brown Engineers to create a mobile system that would cut down on paper and speed up the process. Brown leveraged Ignition to deliver exactly what Mallett envisioned.

The SSO Mobile application allows City Corp. to create field assessments on mobile devices, using standard Internet technologies. The other part of the system, the SSO Workstation app, provides tools for managing the data and reporting it to ADEQ. Field crews now use tablets and smartphones instead of paper and pencils. “We were able to make the process more efficient on several levels,” said Julie Halford, GIS/CAD Technician for City Corp. “The reporting, the calculations, making sure there were no mistakes. It all goes much faster now. And we found the new system to be extremely user-friendly for our field crews.”

City Corp. is so happy with the solution, it may adapt it for other uses. “With the success of the SSO Mobile app, we’re looking at possibly creating an app for hydrant flushing,” said Mallett. “It would allow us to get all the data from the hydrants and develop a database, versus the way we’re doing it now, which is with a pen and pad. And that could develop into an asset management system that we could use for all of our facilities.”

**Improving Cybersecurity**
In November 2015, Brown helped City Corp. replace a failing PLC with a new controller from Bedrock Automation. Bedrock™ controllers provide groundbreaking cybersecurity at the hardware level. City Corp. is so impressed with the performance and security of the controller, it’s planning to replace all its controllers with Bedrock. “It gives us peace of mind, knowing we have that hardware layer of protection,” said Mallett. “We sleep better at night.”

Brown Engineers is also impressed with Bedrock. “We’ve been working with City Corp. to develop a PLC upgrade and control strategy that would include cybersecurity for all their facilities,” said Brown. “And it appears that Bedrock will be the platform of choice.”

Watch the case study video online at: bit.ly/io-Russellville

**Ignition Case Study for Russellville**
by: Inductive Automation
District Attorney
Kim Ogg of Harris County, Texas
A wave of reform-minded DAs is changing the way cities and counties prosecute criminals and redefining the notion of justice.

By Alan Greenblatt

Photographs by David Kidd
for robbers and burglars,” Ogg told a local group in February, “because they know we’re not doing a good job of catching them.”

In order to prosecute crimes against people and property, Ogg wants her office, along with law enforcement in general, to pay less attention to minor drug offenses. In February, she announced she would no longer seek jail time in most cases for the crime of possessing up to four ounces of marijuana. Offenders will be diverted toward treatment instead. “Two-thirds of the people in jail are minorities and nonviolent offenders, based on minor drug offenses,” says Dwight Boykins, a member of the Houston City Council. “Kim’s program touched me because I saw real change in the system, rather than just talk about it.”

It's unusual to think of a prosecutor as a progressive, especially in Texas. But Ogg's election last November reflected an altered political culture, both locally and nationally, that made her new approach possible. Locally, demographic changes have converted Harris County—just a few years ago the most politically competitive large county in the country—into solidly blue territory. Ogg was part of a 2016 Democratic sweep in Harris County that extended from the presidential level on down to the sheriff and a slate of judges. No Democrat had been elected as district attorney for nearly 40 years, but Ogg defeated incumbent Devon Anderson by 8 percentage points.

Ogg is part of a wave of reform-minded prosecutors elected nationwide in 2016 in major jurisdictions including Chicago, Cleveland, Denver, Orlando, Tampa, Jacksonville and St. Louis. Many, including Ogg, had significant financial backing from liberal donor George Soros. They didn’t run on identical platforms, but each promised some form of change, whether it was skepticism about the death penalty and nonviolent drug cases, or greater scrutiny when police shoot unarmed suspects. Mark Gonzalez, who was elected last year in Nueces County, Texas, which includes Corpus Christi, has the words “not guilty” tattooed across his chest. Even prosecutors, he says, should believe that suspects are innocent until proven guilty. “This idea that in the past prosecutors have counted cases and wins like scalps on our belt is outdated,” Ogg says, “and it’s just not supported by data that shows this isn’t making people safer. The new breed of prosecutors, especially from large urban areas, are looking at being more effective in reality at protecting people.”

All of this represents a seismic shift away from the usual campaign message of prosecutors, which has been to brag about noting so much as the number of rapists and murderers they’ve put away. In more and more places, talking tough is no longer the default mode. Ogg and her cohort argue that cracking down on crime means reducing the overall crime rate, rather than throw-
ing individual offenders into prison for long periods of time. “It’s a departure from what for many years everyone thought was the inevitable playbook in these elections,” says David Sklansky, a Stanford law professor. “It’s possible to win an election as DA, running against an incumbent, and not just arguing that you’re going to be tougher but reform-oriented.”

Criminal justice is one of a small number of issues on which conservatives and liberals have begun to adopt overlapping policy positions, if for different reasons. Conservatives worry about the expense of mass imprisonment; liberals talk about the social costs of hollowing out communities through incarceration. But they are coming together. Following a period in which longer and longer sentences were meted out for increasing numbers of crimes, resulting in huge increases in corrections spending, most states have been rethinking their approach. More than 30 have approved laws that seek to reduce prison populations, while increasing funds for treatment or re-entry programs that can cut down on recidivism. The results have been encouraging, with crime rates remaining low in most jurisdictions even as the number of prisoners drops.

But prosecutors have been a piece missing from this puzzle. They not only have lobbied against softer sentencing, but also can sometimes sabotage it if they don’t like it. Prosecutors enjoy enormous authority and discretion. The way they frame charges determines whether an offender will face a long mandatory sentence or be diverted into treatment. “The prosecutors really are key because we make the decisions about who to prosecute and what to charge them with,” says Beth McCann, the new district attorney in Denver, who recently announced that her office will not seek death penalty charges. “We really need to get prosecutors involved in this new way of thinking about the criminal justice system.”

Prosecutors typically run for office countywide. In practice, that means they have often tailored their appeals to suburban white voters who are fearful of crime and like to hear tough-on-crime messages. Suburbanites turn out in higher rates than urban voters, particularly for local elections. “Prosecutors are responding to the incentives that our political system creates,” says Vikrant Reddy, a senior fellow at the conservative Charles Koch Institute. “You’re going to be rewarded electorally for locking up more and more people.”

Indeed, no prosecutor wants to be accused of coddling criminals. If, when and where crime rates climb back up, the public will certainly be leery of relaxing the rules. There’s already a mismatch between the actual drop in crime and the public’s sense, expressed in polls, that it has increased. And the Trump administration has made clear that a tough stance on crime will be among its priorities. Nevertheless, given the nation’s enormous incarceration rate, the amount that it is costing and the negative effect it has had on many communities, the idea of trying something different was bound to attract attention. Now it’s reaching the district attorney level.

Over the past decade, there have been scattered examples of prosecutors taking a different tack. After winning election as Dallas County DA in 2006, Craig Watkins created an in-house innocence project, using DNA to review old cases and exonerating some convicts. That approach seemed risky for a prosecutor at the time, but “conviction integrity” units have since become fairly common. In Seattle, King County Prosecuting Attorney Daniel Satterberg has a unit identifying prisoners who were rightfully convicted but may be ready for early release. “It’s such a turn-about,” says Marc Levin, policy director for Right on Crime, a conservative group promoting reform. “Normally, all the DA would do is intervene against people.”

The first swell of the current reform wave may have hit shore in Brooklyn in 2013, when Kenneth Thompson unseated a long-time incumbent by campaigning against prosecutorial misconduct and racial discrimination by police. The prosecutors elected since then on reform platforms, including those in the class of 2016, represent a small fraction of their profession—fewer than...
20, out of more than 2,500 prosecutors nationwide. Still, many of them oversee significant jurisdictions. Harris County, with 4.4 million inhabitants, is more populous than half the states. The nation’s 35 largest counties prosecute a third of all crimes nationwide.

If a new approach can take root in Harris County, it might be possible to try anywhere. And there is safety in numbers. It’s easier to explain to the media and the public that you’re diverting suspects from the criminal justice system because that’s already been shown to make people safer in other places. “Prosecutors are the most resistant individuals you’ll meet,” says Murray Newman, a criminal attorney in Houston and former prosecutor who writes a blog about the Harris County courthouse. “But if this new policy works, in two years you won’t have prosecutors talking about the good old days when they could do low-level offenses.”

Ogg, who is 57 years old, has always wanted to be district attorney. She grew up around politics, with her father serving as a state senator. But her mother may have had more influence over her ultimate career path. When Ogg was a child, her mother was abducted by a sexual predator who threatened to kill her. She managed to escape by jumping from his moving car. “I didn’t realize until I was 45 what an effect that had on my life and career,” Ogg says.

She joined the DA’s office right out of law school, handling dozens of murder cases and eventually becoming Harris County’s chief felony prosecutor. She subsequently ran an anti-gang task force for the city of Houston and directed Crime Stoppers, a private group that links civilian tipsters with police.

Ogg recognizes that she could not have been elected unless attitudes about crime were changing. Back in 2010, Pat Lykos, then the Harris County district attorney, announced that her office would no longer prosecute cases involving trace amounts of cocaine and other Schedule I drugs, arguing that they were clogging the jails and distracting police. Two years later, facing opposition from cops over the policy change, she was unseated in the GOP primary by Mike Anderson, who did the usual tough-on-crime shtick during his race, as the Houston Press put it. Anderson was appointed to take his place. In 2014, he defeated Ogg to win election for the remainder of the term.

Anderson proved to be an unpopular incumbent. He was criticized from the left when he blamed the Black Lives Matter movement for the murder of a sheriff’s deputy. She took heat from the right after she brought charges against anti-abortion activists, later dropped, for falsifying government documents as part of a sting operation against Planned Parenthood. She was criticized from all sides for failing to report her knowledge that thousands of pieces of evidence had been destroyed at one pre-trial hearing, leading to the dismissal of more than 100 felony cases.

But most damaging of all may have been her office’s decision to put a rape victim who had broken down on the stand in jail for nearly a month to compel her testimony. “If you talked to regular folks about that race, they said, ‘I’m not voting for Devon Anderson, she locked up that rape victim,’” says Gary Polland, a criminal defense attorney in Houston and a former chair of the Harris County GOP.

There are people in Houston who will tell you that Ogg won simply because of the unpopularity of Anderson and of Trump, or that she was swept in with other Democrats on a blue wave born of demographic change, notably the rapid growth of the Hispanic population. But Ogg’s message was amplified by a half-million dollar ad buy late in the campaign from Soros. And she did as much as she could to convince voters that shifting the priorities of the DA’s office would enhance public safety. “It’s no secret that I ran against the culture that was present in this office when it came to prosecutorial ethics and a quantity-driven approach to crime fighting,” Ogg says.

Problems with law enforcement became a top-of-mind issue for many of the area’s voters after the death of Sandra Bland in 2015. Bland was stopped by a state trooper in Waller County, just north of Houston, for failing to signal a lane change. The two got into an increasingly heated argument that drew national attention after dash cam and cellphone videos were released. Three days later, Bland was dead, found hanging in her cell. The incident crystallized concerns about the criminal justice system, as part of a sting operation against Planned Parenthood. She was criticized from all sides for failing to report her knowledge that thousands of pieces of evidence had been destroyed at one pre-trial hearing, leading to the dismissal of more than 100 felony cases.
Victims’ rights have always been a passion for Ogg. She recently told a group of mothers whose children have been murdered that “anyone in the county who has suffered a loss” is worthy of her time.

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Along with Ogg, Harris County voters elected Ed Gonzalez as sheriff. Gonzalez promised to address overcrowding at the county jail by changing the bail system and creating diversion programs meant to keep drug offenders out of prison, either by offering them treatment or imposing fines instead of jail time. When Ogg announced her marijuana policy, Gonzalez was standing next to her, along with Houston Mayor Sylvester Turner; the new city police chief, Art Acevedo; and several other local officials. “We have a lot of things on our plate and not enough people to deal with it,” Acevedo says. “This is about being smart, focused and dealing with the stuff people care about most, which is violent crimes and people breaking into homes.”

Getting law enforcement on board with her new approach to pot was smart politics. Ogg isn’t out on a limb all by herself and faces less risk of being castigated the way Lykos was, although a spokesman for Lt. Gov. Dan Patrick said that the policy amounts to creating a “sanctuary city” for drug users. Brett Ligon, the district attorney in neighboring Montgomery County, held a preemptive news conference the day before Ogg’s announcement to blast it. “I’m not anti-Kim Ogg,” Ligon says. “The point I’ve consistently made is, ‘hey, we’re the DAs. We enforce laws, we don’t change the laws.’ Today it’s marijuana, tomorrow it’s the death penalty. It’s just not our call.”

Ogg says that her decision not to prosecute most marijuana cases—which amount to about 10,000 charges annually in Harris County—will save her cash-strapped department $26 million a year. Some of that money will be put toward prosecuting more rape cases fully, rather than pleading them down, as was done in the past. The county’s crime lab will save an estimated $1.7 million by not having to process so much marijuana. Ogg wants half that money to be devoted to examining a backlog of “touch DNA”—physical evidence picked up by police or sheriff’s deputies at crime scenes.

Concentrating on the most serious crimes will go a long way toward silencing critics who warn against any “hug-a-thug” approach. Ogg says it’s been a mistake to judge prosecutors by the number of murderers and rapists they’ve convicted. She argues that like cops, they should live and die politically by the bigger bottom line: the overall crime rate. “We are making public policy decisions based on evidence,” she says, “and not emotion.”

LAW AND THE NEW ORDER

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LAW AND THE NEW ORDER

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Measuring public performance by tough number-crunching has caught on in much of the country. But it's in trouble in the place that made it famous.

How Stat Got Stuck

By J. B. Wogan

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In his seven years as mayor of Baltimore and eight years as governor of Maryland, Martin O’Malley’s proudest achievement was developing a new way to manage state and local bureaucracy. Borrowing from CompStat, a system used by the New York Police Department, O’Malley created for both his city and state an office of analysts that collected reams of performance data from departments and applied pressure for improvement through regular meetings and public progress reports. It was CitiStat in Baltimore, and StateStat when he took it to Annapolis in 2007.

There were reports of dramatic results, from impressive turnarounds in filling pothole requests. The Stat programs played a role in driving down Baltimore’s murder rate, improving water quality in the Chesapeake Bay and clearing a backlog of unchecked state DNA samples collected from convicted criminals. The good news spread quickly. More than 20 large cities and a handful of counties now have Stat programs, as do several federal agencies. “This data-driven approach to governing, at least among effective leaders, is becoming more the norm than the exception,” O’Malley says.

But for all the accomplishments of O’Malley’s Stat initiatives, the model is in trouble. His successor in Annapolis, Gov. Larry Hogan, has discontinued the program. Baltimore’s CitiStat hasn’t fared much better, languishing from inactivity for months, if not years, at a time. The celebrated innovation that inspired a movement of Stat-like programs from Jackson, Miss., to Washington state is struggling to stay alive on its home turf.

In 2015, Hogan issued an executive order replacing StateStat with the Governor’s Office of Performance Improvement, or GOPI. On paper, the new office sounded a lot like the old one. It would “provide accurate and timely data about the efficacy and cost-effectiveness of government services.” The order called for the tracking of agencies’ progress against established strategic goals, along with regular meetings between the governor’s office and agency heads. But in practice, it looked more like a gut job than a rebranding effort. Hogan cut the office’s budget in half, reduced the staff from nine positions to four, and moved the headquarters from Annapolis to a small town 20 minutes outside the state capital.

The GOPI website says it “publishes information on the progress that state agencies make in meeting their goals.” But under the “Track Our Progress” tab, visitors can’t track anything. The page provides a link to the state’s open data portal—which still gets updates—but without performance benchmarks, it’s nearly impossible to draw conclusions about agencies’ progress by the numbers alone. If GOPI staff meet regularly with agency heads, there’s no trace of it on the website. The office does not produce public agendas beforehand or written summaries afterward. (Gov. Hogan’s office did not respond to questions for this story.) “It’s heard talking from a data perspective,” says Beth Blauer, a former director of StateStat who now leads the Center for Government Excellence at Johns Hopkins University. “We built performance measures into basically everything we did and we talked about them very publicly because we wanted the public to hold us accountable. And it just disappeared.”

The hollowing out of StateStat isn’t a total surprise given that Hogan, a Republican, is a longtime critic of O’Malley, a Democrat. It can be explained at least in part as routine fallout in the transition of power between parties and political adversaries. But the Stat initiative has suffered setbacks in Baltimore as well. A few months before Hogan replaced StateStat, The Baltimore Sun reported that in 2014 the CitiStat office hadn’t published a single department report and had canceled a third of its meetings. The account echoed the paper’s coverage from 2012, when it found that CitiStat didn’t publish any reports in the first two years of Mayor Stephanie Rawlings-Blake’s administration. (Rawlings-Blake did not respond to interview requests.)

When local media scrutinized the program two years ago, other problems came to light. As eventually happened with StateStat, CitiStat’s staff of nine analysts had been reduced to four. Its director was splitting his time between his full-time city government job and a part-time position with a private law firm. When reporters inquired about how many CitiStat meetings the mayor or her...
chief of staff had attended, her spokesman couldn’t say. “My great fear in all of this is that we are losing the accountability that our constituents and we depend on,” Councilwoman Mary Pat Clarke said at an oversight hearing on CitiStat in 2015.

As the Stat model has struggled in its home state, it continues to spread elsewhere. The Johns Hopkins Center for Government Excellence is now involved in What Works Cities, a national consortium of municipalities that draws lessons from CitiStat and incorporates them into a broader strategy around transparency, data management and evidence-based decision-making. Performance measurement of one variety or another is an increasingly common way to run government agencies, which is why what happened in Baltimore and Annapolis may provide useful lessons for jurisdictions elsewhere. Many of the Stat programs are still being run by the elected officials who established them. They have yet to undergo the test of a political transition.

In Baltimore, for all its problems, CitiStat still exists. Catherine Pugh, who won last November’s mayoral election, is the third person to inherit the program since O’Malley left office. As a candidate, Pugh pledged to keep CitiStat “as a tool of measurement and accountability,” but also as part of a broader strategy for analyzing and responding to crime trends. Whether CitiStat undergoes a revival, or drifts further into irrelevance, will speak volumes about the model’s long-term viability as a good-government tool from one administration to the next.

It’s something that O’Malley himself thinks about. He recalls discussing the sustainability of Stat programs with Bill Bratton, the former New York City police commissioner who helped institute CompStat. “Bratton said to me, ‘You know, Martin, the hardest things to institutionalize are new systems that require constant work.’ And that’s true on policing. That’s true on the environment. That’s true across any government—city, state or federal,” O’Malley says. “Just as easily, that rock will roll back down the hill if someone’s not pushing it up.”

In Baltimore, the man tasked with breathing life back into CitiStat is Sameer Sidh. His most recent post was with the city’s department of transportation, but he was a director of StateStat in the O’Malley administration. Since assuming his post in late 2015, Sidh has created a Twitter account and new website for CitiStat. He’s conducting regular meetings and responding to crime trends. Whether CitiStat undergoes a revival, or drifts further into irrelevance, will speak volumes about the model’s long-term viability as a good-government tool from one administration to the next.

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and publishing progress reports online. “I wanted to make sure it was clear that it was an active program,” he says. “It was a mix of getting us back to our fundamentals, holding agencies accountable and making sure we were following up on discussions that we had in meetings.”

Perhaps Sidh’s most difficult assignment has been to cleanse CitiStat of the authoritarian and sometimes corrosive top-down management structure that rankled program managers and agency heads. “The word that we’re pushing is ‘collaboration,’” Sidh says. “I’ve tried to relax the atmosphere a little bit more. We want folks to be honest. Ultimately as city hall, we want to understand what’s going on from the agency level. You can extract more information if folks are actually comfortable talking.”

Several of the CitiStat directors under Rawlings-Blake had made similar pledges to depart from the confrontational nature of the program in the O’Malley years. Viewers of the HBO television series “The Wire” are familiar with the dramatized version of Baltimore police meetings in which senior officials would flash numbers on a screen and publicly grill subordinates about their failure to meet benchmarks. One previous director likened CitiStat in its early days to “a Spanish inquisition.” Today, the new CitiStat, Sidh says, “is not an opportunity to browbeat middle managers, but an opportunity to get better as a city government.”

One former director, Matt Gallagher, says the old critique of CitiStat as hostile and demoralizing stems from rare incidents, usually after months of missed targets and poor performance, that led to confrontation. “The stuff about an adversarial relationship was overblown,” he says. “You have to remember that we were holding five CitiStat meetings a week, sometimes six. That’s 250-plus Stat meetings over the course of a year. If you’re going to convene that often, if you’re going to have robust conversations about performance, good and bad, there’s going to be disagreements.”

Bob Behn, a Harvard professor who visited dozens of CitiStat meetings in researching his book, The PerformanceStat Potential, says the Stat meetings he witnessed could make subordinates uncomfortable, but they were always civil. “Nobody swore at anybody. Nobody personally belittled people,” Behn says. “What you did was ask them questions that they couldn’t answer. And if you ask them questions that they can’t answer, that’s embarrassing. You don’t have to swear at people or raise your tone. Everybody gets it.”

Regardless of how accurate the portrayal of CitiStat as a brutal inquisition might be, it reflects a common perception of how the program operated. And it sheds some light on why a successor would want to change it.

In Baltimore, Sidh and Pugh plan to shift CitiStat from its focus on the performance of individual agencies to an emphasis on cross-cutting policy issues, such as homelessness or blight. In Stat meetings about the city’s homeless population, for instance, staff from the police, fire and transportation departments would attend, even though ending homelessness is not currently part of the core mission for any of them. Baltimore has tested this approach in the past with issue-specific Stat groups that focused on cleanliness, child well-being, illegal gun trafficking and domestic...
violence. But those were the exceptions. Now they will be the main program.

Gallagher thinks that’s what needs to happen. “You think about complex outcomes like the health of the Chesapeake Bay or producing a safe, happy, healthy child,” he says, “and it’s hard to hold one agency accountable for that outcome because so many different agencies contribute to it.”

Spreading the responsibility around seems to be in line with the way the overall field of government performance measurement is evolving. Programs inspired by the O’Malley Stat programs have since developed their own twist on the original concept. One of those programs is in Cincinnati, where City Manager Harry Black launched CincyStat based on his three years as chief financial officer in Baltimore. Black decided to place his Stat program in a larger Office of Performance and Data Analytics. Once his staff identifies a troubling trend in a Stat session, they issue the issue to another part of the office called the Innovation Lab, which uses business and process improvement techniques to address the problem. “Start by itself is not enough,” Black says. “What are you going to do with what you discover?”

Other jurisdictions are experimenting in similar ways. In Washington state, for example, Gov. Jay Inslee sits in on monthly Stat-like “Results Review” meetings where his analysts discuss strategy and performance data with senior agency officials. But his Results Washington program also includes “Lean” process improvement training to equip state employees with the skills necessary to address problems that arise in review sessions.

In Baltimore, meetings under the last administration had slipped to six-week intervals, raising concerns from the city council that the program couldn’t be as responsive to emerging trends. Yet some Stat supporters say the programs shouldn’t be judged on the frequency of meetings. “That, too, evolves over time,” David Gottesman, manager of a Stat program in Montgomery County, Md., says the regularity of meetings should correspond with the general performance of an agency and the urgency of resolving a particular issue. When his predecessor created Montgomery CountyStat about 10 years ago, the office held weekly or biweekly meetings with department heads and program managers. “When CountyStat was in its infancy, it was appropriate,” Gottesman says. “The meetings could last three hours and required the attendance of senior officials within a department, an expensive investment of labor and resources. “Over the years, the value in those meetings naturally diminishes because you attack the low-hanging fruit and you get things in a good state.”

The exception is when a crisis hits that requires immediate attention. When the Montgomery County Department of Liquor Control received negative press in 2015 for poor customer service, CountyStat initiated routine meetings and weekly progress reports around a few key outcomes. As the department has improved in the past year, the Stat sessions have become less frequent.

One of the potential lessons from CitiStat and StateStat is that those programs inevitably run the risk of being sidelined during a political transition. On one hand, they usually require the ongoing engagement of the executive. Both in Baltimore and in Annapolis, O’Malley not only gave the programs his blessing, but attended the sessions and sometimes ran them. His personal involvement made people identify Stat as an O’Malley project. That association has posed problems. “Nobody succeeds somebody else and wants to prove that her or his predecessor was brilliant,” says Behn, the Harvard professor. “Most people don’t come in and want to continue their predecessor’s initiatives. The most you can hope for is that they’ll keep the substance and change the name.”

Some of the Stat programs outside Maryland have tried to account for the risks of political transition. In Louisville, Ky., LouieStat has developed two layers. Agency heads hold regular sessions with their own internal analysts. Then the mayor’s office convenes more traditional Stat meetings that focus on cross-agency issues, such as pedestrian safety and citywide customer service. The goal is to transfer partial ownership of LouieStat to department heads, so that it isn’t exclusively the mayor’s program.

The way elected officials talk about Stat programs may also affect their longevity. In her role at What Works Cities, Blauer advises municipal officials that the public relations strategy around a Stat program should focus on improved outcomes that affect citizens’ lives, not the underlying machinery that made them happen. For example, New Orleans Mayor Mitch Landrieu used the Stat model to corral his administration’s efforts around reducing blight and violent crime in the city. What the public associates with Landrieu isn’t his performance management approach, but the results derived from it. “It hasn’t been ‘Mayor Landrieu, NolaStat Mayor,’” she says. “It’s been ‘Mayor Landrieu, the mayor that’s getting hard work done in the city of New Orleans, and these are just the tools that he’s relying on.’”

If successors see Stat as a standard tool to achieve their policy objectives, they may be more likely to keep it. That is what Stid hopes will happen in Baltimore. “This has to be broadly respected as a good-government practice and not just the creation of one specific political figure,” he says. “I think you’re starting to see that tide turn and people understand that the value of the program goes beyond the one person who gave the program its name.”

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THE MOST HATED MAN IN PENSIONLAND
Philanthropist John Arnold has vowed to secure retirement for public employees. So why do so many public employees despise him?

By Liz Farmer

Photos by Brent Humphreys
John Arnold wasn’t a pension guy.

The billionaire financier, who made a fortune in the stock market before retiring at 38, hadn’t ever really been interested in public retirement plans. But in early 2009, just months into the global financial crisis, Arnold began seeing a flurry of news articles about public pension funds collectively losing billions in the stock market crash. Assets had plummeted, causing unfunded liabilities to shoot up. Cash-strapped governments couldn’t afford to fix the shortfall, and the longer they delayed putting more money in their pension systems, the worse the problem would get. In short, it was a policy nightmare.

Arnold became intrigued. “The fact that you could go in one year from having a system that was well-funded to having a major gap—that affected me,” he says. He started digging and found a book called Plunder: How Public Employee Unions Are Raiding Treasuries, Controlling Our Lives and Bankrupting the Nation, by conservative writer Steven Greenhut. As the title suggests, the book is an anti-union take on public pensions that details the misdeeds of the system’s bad actors—public employees who game the system and wind up with pensions that are equal to or better than what their working salaries had been. Reading that book, says the now-43-year-old Arnold, “just made me mad.”

Plenty of other people have gotten mad over the same thing. But Arnold, whose net worth is pegged somewhere near $3 billion, realized there was something he could do about it. He and his wife had just started a foundation they hoped would help governments make decisions based on evidence and data to produce concrete, measurable and lasting improvements to society. Over the nine years since it was started, the Laura and John Arnold Foundation has supported a range of initiatives, from education and criminal justice policy research to programs that bolster scientific research integrity by trying to replicate the findings of studies. He and Laura have signed on to the Giving Pledge, Warren Buffett and Bill Gates’ challenge to wealthy individuals to give away the majority of their money to philanthropic causes. To date, the Arnold Foundation has given away nearly $700 million.

As he learned more about the challenges plaguing public pensions, Arnold started donating money to help study possible reforms. Initially, his foundation doled out relatively small grants of less than $200,000 to think tanks and nonprofits. Then in 2012, it awarded nearly $5 million over three years to the Pew Charitable Trusts to support its Public Sector Retirement Systems project. In total, the foundation has given $97 million to Pew to study pensions through 2019. All told, the Pew Charitable Trusts has now directed nearly $28 million to fund pension policy research. John and Laura have also personally donated millions more to pro-reform political candidates and ballot initiatives, such as a failed 2014 measure in Arizona that would have moved city workers into 401(k)-style plans. The measure was backed by $1 million from the Action Now Initiative, which is bankrolled by Arnold.

All of that has made Arnold public enemy No. 1 among lots of government workers and union leaders, many of whom see any threat to change pensions—as something to be feared and fought. “When people hear of an effort to get rid of their pensions, the worse the problem would get. In short, it was a policy nightmare.”

The Plot Against Pensions: The Pew–Arnold campaign to undermine America’s retirement security—and leave taxpayers with the bill. It accused the Arnold Foundation of being run by conservative political operatives and funded by an Enron billionaire.” The same year, Rolling Stone’s Matt Taibbi described Arnold as “a dickishly ubiquitous young right-wing kingmaker” and “a lipless, eager little jerk with the jug-eared face of a Division III women’s basketball coach.”

Arnold may be a lot of the things his enemies say he is but at a time when many people believe the public retirement crisis has become untenable, Arnold also might just represent governments’ best shot at ensuring their public pensions can endure.

Here are basically two ways to look at the current pension problems in this country. The first is how unions see it, as a string of broken promises. Back in the ’90s, stock market gains helped fuel pension investment growth so much that by 2001, the average pension was fully funded. That meant the money it had in assets would grow through investment returns to eventually cover the pensions promised to current workers and retirees. That’s when many governments got too comfortable and made two fatal mistakes: They stopped regularly paying their annual pension bill, and they boosted retirement benefits for workers.

Even in the best of times, those were financially questionable decisions. But then the first baby boomers began to retire. Every day, there were fewer people paying into the pension system and more people taking money out of it. By 2005, the average pension was just 86 percent funded. Then came the financial crash: In 2008 and 2009, pension funds saw roughly one-quarter of their assets disappear. Meanwhile, governments grappling with major budget shortfalls skipped pension payments to make ends meet.
Arnold began zeroing in on places where the math—thanks to lawmakers’ inaction over the years—simply wasn’t viable anymore. That included places like Kentucky, which had habitually skipped its pension payments for years and had less than one-third of the assets it needed to meet its promised pension benefits. Or San Jose, Calif., where retirement costs were eating up nearly a quarter of the city’s budget. Plans such as these, in which previous lawmakers had ignored a problem to the point of threatening a system’s stability, were prime candidates for the kind of data-driven and evidence-based policy change the Arnold Foundation supports. “That’s the kind of conversation we want to facilitate,” says Josh McGee, the foundation’s pension expert and vice president of public accountability. “This is an issue that folks on the ground are struggling to figure out, and they often don’t have the resources. The fundamental piece we need to solve this problem is understanding the data.”

In 2012, the foundation financially supported two major efforts in those places that have become indicative of its approach since then—either providing research assistance directly to lawmakers or funding the efforts of a like-minded research partner. Kentucky lawmakers, after receiving research assistance and advice from Pew, promised to increase funding to the state’s public employees’ plan while creating a cash balance plan for new employees. The latter shifted much of the future pension investment risk away from the state, a major theme of reforms the foundation’s money tends to support. In San Jose, voters approved a ballot measure that included cuts to retiree health care and eliminated bonus payments to retirees when the pension fund had a good investment earnings year.

These approaches have now been repeated in dozens of places across the country. Funding from the foundation has also gone to think tanks and research institutes that produce public pension literature. Some of these are advocates—the libertarian Reason Foundation has received more than $3.5 million for pension research, for example—but many of them are not. Boston College’s Center for Retirement Research, for instance, receives Arnold funding to maintain its well-regarded and widely used database on pension fiscal health. The Nelson A. Rockefeller Institute of Government recently published a series of papers, funded by the Arnold Foundation and Pew, warning of the increasing risk involved in current pension accounting and investment practices. Sometimes the foundation and unions actually find themselves on the same side. In Arizona last year, for example, voters approved a ballot measure that reduced cost-of-living payments to retired police and firefighters; the measure had received support from both the foundation and organized labor. More often, however, the foundation’s money assists groups that want to press through with plan changes after union negotiations have failed. In San Jose, former Mayor Chuck Reed said city officials negotiated for months with the city’s unions, even bringing in state mediation services. (Reed now works for the advocacy group Retirement Security Initiative, which receives Arnold funding.) “When
THE MOST HATED MAN IN PENSIONLAND

People paint John Arnold as a larger-than-life villain, a fast-talking conservative Wall Street tycoon in a $3,000 suit and slicked-back hair. In reality, he’s much more boring.

Arnold’s political acumen and two months between the end of 2016 and the start of the 2020 campaigns?” He’s reserved and private about his personal life. He doesn’t smile much in photos. He says he likes to blow off steam with his three kids, all under the age of 10, but when pressed on what he does for fun, he hesitates. “Probably shouldn’t put that in print.”

Much of the focus on the foundation and on Arnold himself comes from the fact that he’s one of the very few outside players in an arena where unions have long held sway. Arnold says the vitriolic nature of the attacks against him, while surprising at first, are now a badge of honor. “If we were not being effective in these conversations,” he says, “then we’d be getting ignored.”

To public employees, the insinuation from outsiders—especially billionaire outsiders—that pensions need to be fixed is practically a personal affront. Workers didn’t get us into this mess, they say. Political leaders did, through years of neglect and underfunding.

That may be true, say Arnold and others, but so what? The focus should be on how to fix things going forward, not on casting blame about how we got here. Politicians aren’t likely to start throwing significantly more money at pension funds any time soon. States and cities, Arnold believes, must look at where the numbers are heading and at least explore some other possible reforms. Doing nothing is not an option.

Arnold doesn’t just preach to others about living by the data. He and Laura give Ken and thoughtful policy wonk. They give

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Road Rage

In Denver, a neighborhood is at odds with the state over plans to expand an already hated elevated highway.

By Daniel C. Vock

Photographs by David Kid
For the past 35 years, Vince and Judy Sanchez have run a convenience store in the shadow of an elevated interstate highway in North Denver. The store is a bit out of the way for the 200,000 vehicles that pass overhead every day on the I-70 viaduct, but it is right in the middle of Elyria-Swansea, a poor and predominantly Hispanic neighborhood three miles from downtown.

Nearby residents frequent the shop at their own risk. In winter, entering customers can get hit with snow pushed off the highway by plows. The rest of the time, they have to deal with the pollution from the stop-and-go interstate traffic, combined with the dust of the dry Colorado climate. “The dust,” says Vince Sanchez, “is terrible.”

One of the reasons locals come here is that they have few alternatives. Even though Safeway, one of the country’s largest grocery store chains, operates a 1.5-million-square-foot distribution center three miles away, it is five miles to the nearest full-service grocery. Elyria-Swansea is in a food desert. For many residents, Stop-N-Shop is the best choice.

But it probably won’t be there for long. The Colorado Department of Transportation (CDOT) plans to triple the width of I-70 through Elyria-Swansea, and the Sanchez store is in the way. The state expects the highway to displace more than 20 businesses and 53 homes, as well as part of an elementary school playground. With the bigger footprint, engineers will convert the six-lane viaduct carried above ground into what will eventually be a 10-lane, 197-foot-wide highway below grade. Elyria-Swansea is in a food desert. For many residents, Stop-N-Shop is the best choice.

Many prefer taking the highway out of the neighborhood completely. But they’re running out of options. In January, the departing Obama administration gave Colorado the go-ahead for its $1.2 billion plan to expand Interstate 70. Legal challenges over environmental and civil rights issues continue, but the state is moving forward. Several homes near the Stop-N-Shop have already been bought and demolished. Vince and Judy Sanchez don’t know what the state will pay to take their land, but they don’t want to start over again when they’re within a few years of retirement.

Despite its tortuous history, the expansion of Interstate 70 through Elyria-Swansea is inevitable. Years of federal mandated neighborhood consultations and environmental studies have reshaped the project, but haven’t changed its fundamental course. It is a sobering reminder that, when the needs of a long-neglected community clash with the ambitions of the region that surrounds it, people like the Sanchezes are the ones who are forced to move on.

Elyria-Swansea, as longtime resident Betty Cram sees it, is an essentially “Western” neighborhood. Cram, who is 94 years old, worries that the I-70 expansion will destroy that heritage, swallowing up more of what used to be the heart of the community.

During the 19th century, the towns of Elyria and Globeville grew up along the banks of the South Platte River and the rail line that connected Denver to the Transcontinental Railroad in Cheyenne, Wyo. Swansea, a little farther east, came along later. The first major industrial outposts in the area were smelters, which melted down the gold, silver, copper and lead that first drew white settlers to the region. Then came the stockyards, packing plants and livestock shows that drew cowboys from hundreds of miles around and gave Denver its Cow Town epithet. Globeville, Elyria and Swansea had all been annexed to Denver by the early 1900s.

Today, as trucks and cars inch their way past Cram’s house, she recalls when she first came to live on Josephine Street in Elyria-Swansea with her husband in 1951. Her first job in the area was with the railroads. Later, she started working for the stockyards and became a civic activist. The city plans to name a new road after her near the old stockyards.

Elyria-Swansea was once a vibrant community, she says, with shops and restaurants all along 46th Avenue. She could get most of what she needed in the area. Her house was built by local workers, and her children were delivered by local doctors. But in 1964, over the protests of her neighbors, the state completed the viaduct carrying I-70 over 46th Avenue, just two blocks from Cram’s house. After the interstate came, the stockyards began to lose business, and the neighborhood started to empty out.

Today, Elyria-Swansea is still dominated by industrial uses, and 18-wheel trucks barrel down its streets all the time. The most prominent landmark is a towering white Purina pet-food factory along I-70 that gives off a pungent odor that floats over the interstate and throughout the neighborhood. But interspersed among the high fences and

Judy and Vince Sanchez may lose their convenience store, which sits below the I-70 viaduct. They are not looking forward to starting over.

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gravel driveways of the industrial sites are blocks of single-family homes like Cram’s that house most of the area’s 6,000 residents. Nearly all the homes are simple one-story houses with small porches, cluttered yards and waist-high chain-link fences. “It’s not a rich neighborhood,” she says, “but we have survived.”

After the freeway went up and the stockyards started their decline, immigrants from Mexico moved in and replaced the immigrants from Eastern Europe who originally settled the area. Despite its many faults, or more likely because of them, Elyria-Swansea is one of the only places to offer affordable housing anywhere near the center of the booming Denver metropolis. About 84 percent of Elyria-Swansea is Hispanic, and the average income there is about $44,000 a year. Four out of every 10 residents live below the poverty line.

One of the prices of affordable housing, though, is living in an area that’s been contaminated from decades of industrial use. In 1999, the U.S. Environmental Protection Agency designated nearly all of Elyria-Swansea (and many surrounding neighborhoods) as a Superfund site. In its designation, the EPA cited high lead and arsenic levels from the historic smelting operations. The agency replaced contaminated soil in 800 residential lots, and offered testing for lead and arsenic poisoning. Still, in 2013, children in Elyria-Swansea were nearly five times more likely than children in Denver as a whole to show elevated levels of lead in their blood.

Obnoxious odors aside, the state says the air quality in Elyria-Swansea, on average, is no worse than in the rest of the Denver region. But it can vary day to day, or block to block, especially for auto exhaust pollution from the highway. The Sierra Club disputes the state’s assessment that the expanded interstate won’t create more air pollution, especially when it comes to dust from brakes and tires. When the EPA gave its approval for air quality to the I-70 project, the Sierra Club sued, arguing that the agency changed its criteria for Clean Air Act compliance without giving any warning.

People in Elyria-Swansea, like residents in other poor and predominantly Hispanic neighborhoods, have higher rates of cardiovascular disease and asthma than the overall city population. Children visit emergency rooms for asthma 39 percent more often than children in the entire city.

Nobody suggests that Interstate 70 is the sole reason for Elyria-Swansea’s many environmental and health woes. But a large swath of the community worries that making Interstate 70 bigger will make those environmental problems even worse.

President Dwight D. Eisenhower set off a highway building spree in 1956 when he signed the law that created the interstate system. But it wasn’t long after the frenzy began that the public, federal officials and eventually Congress began to rein it in. They were alarmed by plans engineers devised to build highways wherever they made travel efficient, even in the presence of environmentally fragile habitats, public parks, historic neighborhoods or minority communities. Over the course of the 1960s, officials started requiring highway builders to consult with the communities they would affect and to consider the environmental consequences of their projects. That culminated with the National Environmental Policy Act (NEPA), which President Richard Nixon signed on New Year’s Day of 1970, in part to signal a new era of environmental consciousness for the new decade.

The law gives residents of affected communities the right to weigh in on new projects that receive federal money, and requires agencies to assess the environmental impact. To its supporters, NEPA is frequently hailed as the Magna Carta of environmental law. For agencies that have to comply with it, such as state transportation departments, it is a source of deep frustration, one that they blame for seemingly endless delays.

The NEPA protections came too late to help Elyria-Swansea residents fight the original placement of the interstate through their neighborhood in 1964, but this time around, the NEPA process has led to a 14-year formal debate (plus at least two years of informal discussions) over whether and how to widen it. That process appears to have ended in January, when the U.S. Department of Transportation effectively gave Colorado the go-ahead.
But if the outlines of the project have remained the same over the past 16 years, the specifics have evolved. At first, CDOT planned to replace the aging viaduct with another viaduct. Now it is working on a “cut and cover” approach. It will dig a trench wide enough to hold 10 lanes of traffic through Elyria-Swansea, both to improve the aesthetics of the project and to avoid the physical barriers within the neighborhood that a huge new overpass would have created. Then it will build a new four-acre city park behind the Swansea Elementary School, over a small part of the highway, to host school soccer matches and other community events. CDOT originally proposed moving the school completely, but after objections from neighbors, it now plans to pay for new classrooms, air conditioning units and storm windows for the school, as well as for neighbors close to the interstate.

Colorado is also helping dislocated residents, including renters, with relocation costs. It is setting aside $2 million for affordable housing efforts and $100,000 to support city efforts to improve access to fresh food in the area. It is taking advantage of a pilot program offered by the federal government that will allow it to hire and train local workers for the I-70 project, the first program of its kind in the country. In a goodwill gesture, the state even helped organize a wall of murals by local artists underneath the existing overpass.

But there is one demand from residents that the state has never really considered: removing the interstate and replacing it with a boulevard.

Community activists in the area say this could be done by rerouting I-70 along existing highways to the north. They argue that motorists would hardly notice because it would add only a minute and a mile to the commute. “What we were proposing was that they would take this bridge down and turn this into a parkway,” says Candi CdeBaca, a local activist who grew up in the area and has been part of recent civil rights and environmental challenges to the project. CdeBaca thinks there is a simple reason why the boulevard idea was never considered. “It never manifested,” she says, “because it was a historically impoverished place.”

Unite North Metro Denver, another advocacy group in the area, detailed what a new boulevard could look like: The street beneath the current viaduct would feature rows of trees, roundabouts and bike lanes. It would narrow through residential areas, as a way to make the community more walkable and to encourage freight traffic to use other arterial roads.

But Shailen Bhatt, executive director of CDOT, says the boulevard alternative is unrealistic for many reasons. CDOT doesn’t believe that the thousands of vehicles, particularly 18-wheeler trucks, that now travel along I-70 would use the alternate route neighborhood advocates propose. After 50 years of having the interstate in its current location, some 1,200 businesses rely on it for their operations. Those include the Safeway distribution center, the Purina plant, the two largest rail yards in the state and the Sunoco oil refinery north of Elyria-Swansea.

“The trucks going along this road are going to those businesses,” Bhatt says. “They don’t go away if the highway goes away. They just transfer to the street grid. Dozens of neighborhoods would be flooded” with new traffic.

The transportation department believes there would be no good way to pay for moving I-70 onto the route where the activists want to redirect traffic. By far the biggest source of funding for the expansion is $850 million from a special state fund that can only spend money on improving or replacing dilapidated bridges. The viaduct through Elyria-Swansea qualifies, as most segments are expected to out needing to be replaced. If the viaduct failed before its replacement was ready, CDOT would have to take emergency actions to fix it. That would mean replacing the old viaduct with a new one, an alternative the community has consistently rejected. “I have looked exhaustively at what, if any, options there are to not have...
I-70 there,” Bhatt says, “and it just doesn’t work.”

CDOT’s explanations do little to mollify opposition in the neighborhoods. “They don’t care. They just ignore us,” Cram says. Even Tom Anthony, an Elyria activist who championed putting I-70 underground in the first place, insists CDOT is going about it all wrong. He’s worried that the current plan won’t let local motorists get on and off the highway without going through a wall of traffic. Anthony says a better solution would be to have some of the highway below grade and some of it on a viaduct. “You get to the end of this 16-year planning process,” he says, “and you still have a dysfunctional plan.”

Emily and Graham Alexander-Thomson, who live just three houses from an interchange on I-70, are excited about the highway improvements, even if it means several years of inconvenience before they are completed. “More cars will come, and if there isn’t more road for them, it’s just going to be a bigger problem,” says Emily Alexander-Thomson. “We’re looking forward to having that thoroughfare not being such a bottleneck.” Her husband points to a long list of big projects slated for the area in the next few years, and he believes many of those will help improve Elyria-Swansea by better connecting it to the rest of the city, particularly downtown.

Indeed, the public sector is spending billions of dollars on improvements in North Denver, and the interstate expansion is a crucial component of most of them.

One of those projects is an $857 million plan to redevelop a 270-acre site around the old stockyards in Elyria, and make the National Western Center a year-round attraction, instead of just a destination for the annual stock show in January. The center would bring in programs from Colorado State University and local historical institutions to create a campus based around animal science and agriculture. A proposed new light rail stop would service the National Western Center and the northwestern corner of Elyria-Swansea. The city is also reconfiguring a major thoroughfare near the Western Center to make it more attractive and pedestrian-friendly.

All of this is a heady turn of events for a neighborhood that has long pined for such basic amenities as adequate street lighting, public transportation and even sidewalks to help people get to city parks. The sudden interest, though, has stoked fears of gentrification. Housing prices are already increasing in Elyria-Swansea at one of the fastest rates in the Denver region. The city helped finance a deal that will bring 560 units of new housing near the new light rail line, about half of which will be designated as affordable to try to ward off gentrification and displacement of current residents. But that will be no easy task.

“It’s going to gentrify the neighborhood in a flash. It already has,” says Kristin Cardenas.

Cardenas is president of the parent-teacher organization at an elementary school in nearby Globeville, and, because she is bilingu-
By Mattie Quinn

WHAT’S LOCAL, ANYWAY?

Many cities and states have made commitments to support and promote farm-to-table food. But it’s not always clear who’s policing the produce.
A


t Local 360, an airy, loft-like restaurant in Seat-
tle’s Belltown neighborhood, nearly everything on the menu is harvested nearby. The systers come from Taylor Shellfish, 75 miles north of town. The vegetables are from the organic Newaukum Valley Farm, halfway between Seattle and Portland. Wines come from Chi-
nook Wines in south-central Washington. As the restaurant’s name implies, almost all of its foods are sourced from within 360 miles, and the staff is aggressive about ensuring that, says Director of Operations Nicole Burrows. “We like to say that we’re 95 per-
cent local in the summer and 80 percent in the winter,” she says, acknowledging that the restaurant does “make small concessions to make things more accessible. People really don’t like to give up limes for their cocktails. We have bottles of Heinz ketchup.”

Meanwhile, at the University District Farmers Market in northeast Seattle, one of the city’s most well-established markets, farmers looking to sell their produce must undergo a stringent vetting process. Would-be purveyors have to provide things like a Google satellite map of their farm, acreage information and annual employment figures. The goal, says Chris Curtis, who started the market in 1993 and today is the director of the Seattle Neighborhood Farmers Market Alliance, is to make sure that when a farmer says his produce is local, it’s really local. “People complain about the process,” she says, “but it’s a way for us to understand where people are farming and to make sure these aren’t part-time, hobby farmers”—or pass-through suppliers of food grown elsewhere.

On the locavore scale, places like Local 360 and the University District Farmers Market might fall on the extreme end. But the fact is, in Seattle and in countless places across the country, they’re really not all that remarkable these days. At this point in the fact is, in Seattle and in countless places across the country, they’re really not all that remarkable these days. At this point in the fact is, in Seattle and in countless places across the country, they’re really not all that remarkable these days. At this point in the fact is, in Seattle and in countless places across the country, they’re really not all that remarkable these days. At this point in the fact is, in Seattle and in countless places across the country, they’re really not all that remarkable these days. At this point in the fact is, in Seattle and in countless places across the country, they’re really not all that remarkable these days. At this point in the fact is, in Seattle and in countless places across the country, they’re really not all that remarkable these days.
Many cities say they don't have any control over the claims made by restaurants and markets. If a menu says the heirloom tomatoes came from a farm in the next county, it's up to the diner to verify. But the fact is that lots of cities, like Seattle, have enshrined local food into municipal policy. And states have spent millions of dollars on various programs to support and promote efforts to buy local and eat local. Actually policing those programs, however, is much harder. When it comes to restaurants and markets spouting farm-to-table claims, who's making sure they're telling the truth?

Last year, the Tampa Bay Times in Florida decided to look into some of the farm-to-table claims being made by area restaurants and farmers markets. As longtime restaurant reporter Laura Reiley detailed in a multipart series called “Farm to Fable,” she discovered a plethora of menu mistakes, outdated information and outright fabrications, such as “Gulf shrimp” and “Florida blue crab” that came from the Indian Ocean, and “local” asparagus from Peru. Reiley tracked down the purveyors listed on restaurant menus. She visited the supposed farm sites of vendors at area farmers markets. She sneaked pieces of fish into her purse to be sent off to a lab. The bottom line of Reiley's series was that most local food claims are bogus, and no one is checking up on them. “Government oversight regarding the word ‘local,’” she wrote, “is nearly nonexistent.”

That lack of oversight has ramifications for taxpayers. Take, for example, Fresh from Florida, a program run by the state Agriculture Department with a yearly budget of almost $10 million. In 2013, the program launched an initiative called On the Menu, which let restaurants apply to use a Fresh from Florida logo for ingredients grown or produced within the state. But as the Times series reported, the program was completely based on an honor system. Prior to the series' publication, no restaurant had ever been demoted or removed.

After the Times articles were published, the Agriculture Department released a public service fl ier designed to help consumers deduce if their food is local, depending on what's in season. Fresh from Florida is simply a marketing program, the department says; any oversight of false claims would fall to the Department of Business and Professional Regulation. A spokesperson for that department told Governing via email that it has since updated its training and guidelines for food misrepresentation cases, such as instructing inspectors to pay special attention to “food descriptions … that include specific ingredients, specific suppliers, specific farms or specific brands.” Since the Times series came out, there have been 32 cases of food misrepresentation flagged.

State attorney general Pam Bondi also reportedly began sending investigators to farms to see which were really supplying food to markets and restaurants, and which were purchasing their produce from elsewhere and passing it off as their own.

There are similar programs elsewhere. New York Gov. Andrew Cuomo, for example, established the Taste NY program in 2014. Like the Fresh from Florida initiative, it’s a branding program that offers resources on how to find local farms, holds different food-
focused events throughout the year and has helped set up new farmers markets. The state also established the New York State Council on Food Policy in 2007, but the website has been inactive since 2015. Other state's programs are vaguer, promoting the general benefits of local food. Connecticut passed a bill in 2012 to establish a task force to explore how the state could encourage more buying and selling of local food. The task force was never formed. However, a bill to encourage schools to purchase locally grown foods has been introduced in the 2013 legislative session, and the state does have the Connecticut Grown program that outlines some element standards. New Hampshire passed the Granite State Farm to Plate program in 2014, similar to Seattle’s food action plan, it simply outlines goals and priorities around growing the local food economy.

How much does food fraud really matter? The reaction from Florida's attorney general and its Department of Business and Professional Regulation suggests that there is indeed a state interest in policing farm-to-table promises. But in the complex world of food policy, checking up on local food claims isn’t a top priority for governments. Many other issues—food safety, obesity, access for low-income residents, fair wages—are more important than tracking down the foodstuff where it comes from,” she adds, “well, that’s important work that the city relies on various food-based nonprofits to execute the work. For example, Seattle Tilth is an organization that delivers food from local urban farms to low-income residents. Lerman says she’s aware that the organization defers to organic, nonlocal food in the winter when there isn’t much in the gardens. The city may not engage in direct oversight, Lerman says, but by making a conscious effort to align with values-based organizations, the city has a “pretty good idea of where stuff is coming from.”

King County, which surrounds Seattle, has similar good intentions when it comes to supporting local farms. But officials say it’s an uphill fight. “We’re battling against the existing food system that is not designed to support and benefit farms like we have in King County and Western Washington,” says Mike Lufkin, the county’s local food economy manager. Most farms in the area are smaller than 50 acres. The global food system favors large-scale corporate farms, he says. That means that even some restaurants and grocers who think they’re buying local goods from their wholesale distributors may not be getting what they think. “These mainline distributors, the Syscos, will claim to distribute local foods,” Lufkin says, “but their definition of ‘local’ is different, often a two- or three-state area.”

Lufkin says he’s never heard of a King County food supplier committing fraud outright. Still, King County, like Seattle, doesn’t do anything in the way of proactive investigations. When the subject came up during a recent meeting between Lufkin and County Executive Dow Constantine, Constantine pointed at him and joked, “I’m going to have you start doing sting operations.”

“No one has brought that to my attention as a problem,” Constantine says, but the county would definitely take action if someone did. “We’re not having that.”

Cities and states do tend to have more active oversight when it comes to programs that supply locally sourced foods to schools and other facilities under direct government control. One example is the Good Food Purchasing Program in Los Angeles. First developed in 2011 by Mayor Antonio Villaraigosa’s administration and continued by his successor, Eric Garcetti, it’s a multipronged effort to ensure procurement transparency for food vendors that do business with the city. The program is based on five guidelines that vendors must prove: whether they purchase from small- to mid-sized local farms; whether the food is nutritious; if fair labor standards are in place; if they use sustainable produce systems; and if animals are treated fairly. The mayor’s office has since mandated the Good Food program for any business selling at least $1 million of food to the city. The information given by suppliers is cross-checked against publicly available data, such as federal safety compliance and pesticide records. Without that oversight, the program wouldn’t have any teeth, says Paula Daniels, the attorney in Villaraigosa’s office who first developed the Good Food program, who is also the co-founder of the Los Angeles Food Policy Council. “Verification is absolutely critical,” she says. “Otherwise it’s just aspirational.” Los Angeles’ program has been hailed as a model. It’s been adopted by the school districts in Oakland, Calif., and San Francisco, and negotiations are underway in six other cities. Daniels says she hopes it will become for food what the LEED certification process has become for building construction.

The real key, says Seattle’s Lerman, is finding the right balance. Promoting local food is a fine idea, she says, but an inflexible adherence to it would get in the way of more important policy goals. After all, a tomato from Tennessee is just as healthful as one from Washington. People have come to associate “locally grown” with sustainable production and fair labor, and that’s simply not the case, she says. In the end, it’s just a geography term. “I operate from the perspective that we want to support local farmers, but we also have a global food system,” Lerman says. “For example, I want to keep drinking coffee. I don’t want us to start growing it here—I just want someone to be doing it fairly and sustainably.”

“If implementing a farm stand or garden in someone’s neighborhood drives them to think more about what they eat and where it comes from,” she adds, “well, that’s important work that can be done on the local level.”
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290 POUNDS OF FOOD A YEAR

COOK IT, STORE IT, SHARE IT.
JUST DON’T WASTE IT.

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The Mythology of Immigrant Crime

Undocumented immigrants don’t drive up crime rates. Instead, they may help reduce them.

Much of the debate surrounding the federal crackdown on undocumented immigrants centers on the notion that they pose a threat to public safety. It’s a viewpoint that has persisted for years, long before Donald Trump made it a hallmark of his presidential campaign and began signing executive orders ramping up immigration enforcement. A large body of research, however, finds no link between immigration and high crime rates, with some studies suggesting places with more immigrants actually enjoy slightly lower crime rates. Still, critics often contend that illegal immigration leads to more crime, as research has generally failed to distinguish such individuals from the vast majority of legal immigrants who’ve been vetted by authorities.

To shed light on this contention, Governing analyzed recently released metro area population estimates from the Pew Research Center for “unauthorized immigrants”—people who crossed the border illegally or overstayed visas. The analysis not only found no link with higher violent crime, but indicated that concentrations of unauthorized immigrants were associated with marginally lower violent crime rates. The same was true for property crimes. For every 1 percentage-point increase in the unauthorized immigrant share of a metro area’s population, average property crime rates dropped by 94 incidents per 100,000 residents.

Estimates of undocumented immigrants and average annual crime rates over a three-year period for 154 metro areas were analyzed in a regression model, controlling for a dozen of socioeconomic variables. Pew’s unauthorized immigrant population estimates are the first set of regional-level figures the center has published. Nationally, they suggest this demographic accounts for a quarter of foreign-born residents, or about 3.5 percent of the total U.S. population.

Our analysis of the Pew data, while limited to a narrow time period, mirrors findings of broader academic research dismissing a relationship between foreign-born residents, regardless of legal status, and higher crime rates. A study co-authored by Robert Adelman, an associate professor at the State University of New York at Buffalo, in the Journal of Ethnicity in Criminal Justice found increases in total foreign-born populations over time were associated with reductions in robberies, murder rates and all types of property crimes across metro areas. Some individual studies have reported contrary evidence, but they are in the minority. A forthcoming paper in the Annual Review of Criminology reviews more than 50 studies, finding that 2.5 times as many studies indicate a negative correlation between immigration and crime as the number suggesting the opposite effect.

Despite decades of research largely dismissing a connection, emphasis on public safety risks that immigrants could pose remains a frequent talking point in the push to bolster immigration enforcement. One of the president’s executive orders creates a new office to study crimes by undocumented immigrants and publish a weekly list of “criminal actions committed by aliens and any jurisdiction that ignored or otherwise failed to honor any detainers with respect to such aliens.”

Undocumented immigrants are generally concentrated in a few regions. According to Pew, they are most common in smaller Western and Southwestern metro areas such as McAllen-Edinburg-Mission, Texas; Salinas, Calif.; and Yuma, Ariz. These same places tend to record relatively low crime rates. The 20 metro areas where unauthorized immigrants were most prevalent recorded, on average, property crime rates 10 percent lower and violent crime rates 8 percent lower than those of all other regions reviewed. El Paso and San Diego, both adjoining the Mexican border, post some of the lowest violent crime rates of any big American cities year after year.

Most studies associating immigrants with declining crime rates claim the effects are modest. While there’s no single expla-
to engage in criminal behavior.

Harvard University sociologist Robert Sampson theorizes that a diffusion of cultures, with immigrants migrating from countries where violence carries different meanings, may help to limit crime across society. “Immigration and the increasing cultural diversity that accompanies it generate the sort of conflicts of culture that lead not to increased crime but nearly the opposite,” he writes.

It’s possible that some immigrants are simply hesitant to report incidents to police, suppressing crime rates. However, a recent study in the Journal of Quantitative Criminology suggests otherwise. Researchers compared self-reported offenses to actual arrests over a seven-year period, finding differences between self-reported offenses and official records were statistically identical for immigrants and their native-born peers. Additionally, rates for murder, one type of crime that’s nearly always reported, weren’t correlated with unauthorized immigrant populations in the analysis.

It’s important to note that estimates of those not residing in the country legally, particularly for smaller regions, are difficult to pin down. Pew computed its estimates for unauthorized immigrants by subtracting known lawful immigrant totals from foreign-born survey estimates.

Houston Police Chief Art Acevedo says his experience serving in different departments aligns with research suggesting immigrants don’t commit crimes any more frequently than natives. It’s important, he says, for law enforcement to reach out to immigrant communities, as some new arrivals fear police from prior negative experiences in their home countries. Acevedo, for example, frequently appears on local Spanish media. “We spend a lot of time immersing ourselves in these communities to build trust and hopefully reduce skepticism,” Acevedo says. “We need to not do anything to hinder the trust that we’ve taken decades to build.”

Although mounting evidence rejects any link between immigration and additional crime, public notions of immigrants as hardened criminals persist. Half of U.S. adults in a 2015 Pew Research Center survey said immigrants make the crime problem worse, compared to just 7 percent who believed they make it better. Another Arizona State University study found the perceived size of the undocumented immigrant population was more associated with views of undocumented immigrants as criminal threats than actual numbers of immigrants. “There’s a long history in our country of immigrants being scapegoated for all sorts of things,” says Monica Varsanyi, a John Jay College of Criminal Justice associate professor.

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**Undocumented Immigrants Aren’t Linked With Higher Murder Rates**

Contrary to what many believe, places with more undocumented immigrants don’t tend to experience higher crime rates. Regression models considering average rates in 104 metro areas, controlling for several socioeconomic measures, showed a statistically significant correlation for unauthorized immigrant populations and slightly lower violent and property crime rates. As the data points show, murder rates do not seem to correlate with concentrations of unauthorized immigrants.

Read the full analysis at governing.com/immigrantcrime

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**Governing Study: Undocumented Immigrants and Crime Rates**

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SOURCE: GOVERNING ANALYSIS OF PEW RESEARCH CENTER ESTIMATES AND FBI UNIFORM CRIME REPORTING PROGRAM DATA

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On People: Sally Selden, vice president and dean for academic affairs at Lynchburg College

“As the labor market has improved, governments need to appeal to people’s sense of public-sector motivation and civic duty. That’s critical if they are going to attract and retain public employees. Tighter competition for talent also means that governments will have to grapple with the competitiveness of their total compensation packages. This is particularly true given changes in benefits and low cost-of-living adjustments over the past five to seven years.”

On Infrastructure: Michael Pagano, dean of the College of Urban Planning and Public Affairs at the University of Illinois, Chicago

“States increasingly accept that infrastructure should be in a ‘state of good repair.’ Yet infrastructure maintenance continues to be undervalued and deterioration of roads, bridges and buildings continues. The irony is that while there’s a great deal of focus on new infrastructure as an economic enhancer, investments in maintenance can build GDP as well.

“Still, even as the pressure is on for new building, financing remains problematic. There is a political imperative to please constituents with infrastructure that isn’t affordable through appropriate tax and fee revenue. Moreover, much infrastructure continues to be priced inadequately by including only the cost of the initial investment, while ignoring recurring operating and maintenance costs.

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“Big data offers opportunities for human resources to analyze workforce data to inform decisions, especially as it relates to engagement and retention. Leveraging technology will continue to create opportunities in hiring processes, both for employers and employees who want to apply online.

“With the diffusion of new technology comes a greater need to train and develop the workforce and an opportunity to engage younger employees in that work by having them teach and mentor more experienced workers.

“Finally, attention will continue to be directed toward employee well-being—physical, emotional and mental—particularly in environments where employees feel pressure, such as agencies that have been understaffed.”

On Money: Katherine Willoughby, professor in the Department of Public Management and Policy at Georgia State University

“As we head into the eighth year following the end of the Great Recession, governors remain cautious about making big promises. In spite of relatively low unemployment nationwide, most are anticipating a spurring economy and hoping that an economic downturn is not looming around the next quarter.

“States indicate an almost perfect bell curve in terms of their fiscal health—about 10 are in really bad shape (such as Alaska and Illinois), about 10 are in pretty good shape (such as Georgia and Idaho) and the rest are muddling through.

“Gas and oil price slides have continued to compromise resource-dependent state budgets—five states have seen declining general fund expenditures in fiscal 2017. Going forward, 47 states will be developing their fiscal year 2018 budgets, with many anticipating general fund shortfalls. For example, it is hard to comprehend how Illinois politicians will be able to come together to avoid a potential budget deficit that has been estimated at $5.3 billion."

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New Hope for College Towns
Cities and universities may be learning to work well together.

A strong collaborative relationship between a university and the city in which it is located is such an obviously good idea that it is remarkable that it has such a long history of not working very well. In my view, the classic analysis of this situation is contained in Not Well Advised, a 1985 book by the consultant and policy analyst Peter Stanton. While universities were seen as “potentially rich sources of useful advice to municipal governments” little of that advice had any effect on cities, he wrote.

Not much has changed since then, and there are good reasons why it’s hard to create an effective and sustainable partnership between cities and universities. For one thing, both have relatively high turnover at the top; strong relationships take time to develop, but mayors, city managers and university presidents often have a relatively short tenure. And both cities and universities are dynamic, open systems that are hard to focus and direct. There are also misperceptions that get in the way: The idea that what universities offer is brainpower that cities lack is more than a little off-putting for some on the city side. In their view, the university’s best contribution is in an anchor institution—employer, landowner and potential developer.

But I think we are about to see a new era in this relationship. Many of today’s mayors are well educated and comfortable working with academics, and they are looking for collaborators to help them with the challenges they face. One clear signal of this change is the establishment in 2015 of the MetroLab Network, which describes itself as “a city-university collaborative for urban innovation” and whose animating force is Martin O’Malley, the former Baltimore mayor and Maryland governor. The network now consists of more than 40 formal partnerships between local governments and universities.

Two aspects of this effort bode well. MetroLab has an advisory group filled with people who understand the issues well—former mayors, respected urban scholars and university leaders. And the fact that it is a multicity network gives it a resilience that a single partnership working alone would not have.

MetroLab is already producing results, but to me the clincher might be what’s been going on in Phoenix. About 10 years ago, its voters approved a $2.22 billion bond for a downtown campus for Arizona State University, which is located in Tempe. Today, ASU’s Phoenix campus has 10,000 students and is a vibrant downtown hub. Mayor Greg Stanton’s 2016 State of the City address was filled with references to the powerful relationship between the city and ASU and the benefits they each derive from it.

“It’s taken us a long time to get there, but developments like the MetroLab Network and what cities like Phoenix are doing may finally show us how to get real impact from a relationship that has been unsatisfying for so long.”

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Michael Roling, Missouri’s chief information security officer (CISO), knew that some of the state’s 40,000 employees were using unapproved software they had downloaded from the cloud to their work computers and devices. But when his team ran a special software tool to figure out how extensive the practice was, they were surprised to learn that more than 2,500 unknown software programs or services were operating throughout the state’s IT network. “It was definitely an eye-opener,” Roling says. “We guessed we had some problems, but it turned out the number was far greater than what we could imagine.”

Roling isn’t the only IT official to miscalculate the size and scope of the problem. CISOs routinely underestimate the number of unsanctioned software programs that workers are using. A report from SkyHigh Networks, a software security firm, found that the typical public-sector organization uses nearly 750 cloud services—10 times the number IT departments expect to find.

The main reason for the explosive growth is the ease with which anyone can use these free services. Roling refers to it as the “consumerization of technology.” Years ago, you had to physically install the software on your computer using disks, and then read a manual to figure out how the software worked. “Today, you don’t need any in-depth understanding of software or computers to use these tools,” he says. “The complexity of installation has been taken out of the equation.”

Google apps, Dropbox and social media such as Facebook and Twitter, for instance, are popular mainstream cloud services that many people use. But what concerns CISOs are the less-known, less familiar services that workers might download, so-called shadow IT. Roling discovered some state workers were using a service called VK.com, which is the Russian version of Facebook. “The privacy and security of a platform like that, built in Russia, does not adhere to U.S. privacy and security laws,” he says. “That puts it into a very high-risk category.”

Security is the biggest problem with shadow IT. Whether the software is American or foreign, it often doesn’t meet the strict security standards set by government cybersecurity protocols. Popular file-sharing apps, for example, allow users to easily upload, store and download files, but they may contain viruses or malware that can spread and infect a state government network.

Despite the risks of shadow IT, most experts agree it’s unlikely to go away. Perhaps more concerning is that it’s difficult to police—governments can’t anticipate every program a user might find useful and download. They already block the high-risk services they find. For those that are low risk, they go ahead and approve the use of software that doesn’t duplicate a service or tool the state already has on its network. Still, Roling has launched a program to educate state workers about the risk of using shadow IT.

In the end, though, the best way to understand shadow IT may be to view it not as a people or technology problem, but as a data security problem. “In government,” says Roling, “we need to do the best job we can to ensure data remains safe.”

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By Justin Marlowe

Doing Good While Doing Well
Socially responsible investments could be a boon for governments.

Forty-five years ago, two novice Washington Post reporters unraveled the biggest political scandal in a generation. As depicted in the thriller All the President’s Men, a shadowy informant known only as Deep Throat—30 years later revealed to be longtime civil servant Mark Felt—kept the young Bob Woodward and Carl Bernstein in the game by instructing them to “follow the money.” Today, Deep Throat might instead say, “Follow the millennials.” That’s because JP Morgan estimates Americans ages 25 to 35 will invest a trillion dollars over the next five years. In the coming three decades baby boomers will turn over $30 trillion in assets to their millennial children and grandchildren, according to an Accenture-CNBC study. And that’s just in the U.S.

Even more noteworthy is how different millennials think about investing. A survey by Standard Life Investments showed that 65 percent of millennials care more about social and environmental issues than they care about investment returns. That’s compared to less than half of 35- to 44-year-olds and less than one-third of those over 45. Given these trends, it should be no surprise that today every 1 in 5 dollars under professional management is allocated based on the principles of socially responsible investing, according to the Forum for Sustainable and Responsible Investment. “Doing well while doing good” is quickly becoming a mainstream investment strategy.

State and local finance managers have good reason to worry about this trend. Municipal bonds don’t offer enticing returns compared to stocks and other investments. But perhaps more pertinent, sewers, roads and tunnels don’t have the same exotic appeal as microloans to Indonesian coffee farmers. And Congress is talking openly about ending municipal bonds’ cherished federal tax exemption. That last change would make infrastructure projects even more difficult to finance. But some of the early signs show that “impact investing” is a wave that states and localities can in fact surf. Consider this example. Seattle Northwest Asset Management (SNWAM), a national leader in impact investing, maintains a “gender equity portfolio” product that’s popular with its retail clients. Many impact investors want their money to support organizations that offer equal pay for equal work, family-friendly work environments and other policies designed to promote greater gender equity.

One of the bonds issued under the portfolio is from the Oregon Housing and Community Services Department (OHCS). In Oregon, 40 percent of single mothers live below the poverty level. It follows then that investments in affordable housing and other OHCS programs deliver outsized benefits to women. The investment is made more attractive by the fact that the OHCS director and a majority of its governing body are female. Most for-profit entities can’t come close to that kind of impact on gender equity, and most nonprofits that do aren’t open for investment.

That’s just one of the many opportunities SNWAM and other advisers offer their impact investor clients. New portfolios that cover concerns like climate change, environmental conservation, public education and so on are check-full of other opportunities to invest in states and localities.

Social impact investing’s movement from the fringe to the mainstream has a lot to do with the growth of “impact ratings” as well. Traditional credit rating agencies like Moody’s, S&P and Fitch just tell investors the likelihood they’ll get their money back, and their ratings are based on a government’s financial health, tax base and economic outlook. But impact credit rating agencies tell investors whether an investment is consistent with their social impact objectives. HIP Investor Ratings of San Francisco is one of the largest of these agencies. Its ratings criteria focus on “health, wealth, earth, equality and trust.” Many social impact portfolios won’t include a government’s bonds without a four- or five-star HIP rating. Going forward, this means measurable public school graduation rates, minority unemployment trends and Environmental Protection Agency water quality scores, among others, might be just as important as tax collections and reserve funds.

Fortunately, most states and localities are good impact investments. If they tell their story correctly, they’ll have access to a new and robust pool of potential investors. And perhaps more important, they’ll help enlighten a new generation to the essential, often unnoticed high-impact work they perform every day.

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Last Look

After a year and a day, Nannie’s work is done. The tunnel-boring machine, which was named after prominent civil rights activist Nannie Helen Burroughs, was recently lifted 102 feet back to the surface. Weighing as much as six 747 airplanes and running more than a football field long, Nannie moved at a snail’s pace of 50 to 100 feet per day, ultimately digging a 26-foot-wide, two-and-a-half-mile-long hole underneath Washington, D.C. Part of the Clean Rivers Project, the tunnel will catch stormwater and sewer overflow in an effort to keep the runoff out of the Anacostia River. It is actually the second of five planned tunnels to be completed. The first tunnel was dug by a machine named “Lady Bird,” which finished its work in the summer of 2015.

—David Kidd
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