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Brightline is the first privately built passenger railroad to open in the U.S. in decades.

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Injustice and Health

Amid all of our tumultuous debates about health care, there has been a growing bipartisan consensus on the need to focus on population-level outcomes. A 2016 report commissioned by the Ohio Office of Health Transformation found, for example, that over the past few decades "Ohio's performance on population health outcomes has steadily declined relative to other states," and that the state "also has significant disparities for many health outcomes by race, income and geography"—findings that led Ohio to undertake sweeping changes aimed at reversing these trends.

It's hard to overstate the importance of geography in health outcomes. A *Health Affairs* article from two years ago, "Defeating the ZIP Code Health Paradigm," found that in "today's America, people live in two distinctly different worlds. The life expectancy for a child born in New Orleans can vary as much as 25 years between neighborhoods just a few miles apart."

Mark Funkhouser, Publisher

This research has focused almost entirely on individual behavior and access to care, not on the impact of the physical environment or especially on the role of air, water and ground pollution in these places. But there are signs that the focus is shifting. A recent report on the oil and gas industry by the NAACP and the Clean Air Task Force found that "African-Americans are exposed to 38 percent more polluted air than Caucasian Americans" and that blacks are 75 percent more likely to live in neighborhoods adjacent to industrial facilities. I don't think it's a coincidence that asthma rates for African-Americans are 32 percent higher than those for whites.

In this month's article on the work of an activist who was the recipient of the Goldman Environmental Prize for his work in East Los Angeles, reporter Natalie Delgadillo writes that in the largely Latino area "the air is toxic to breathe." That toxicity, as she reports, stems at least in part from industrial pollution that state regulators had failed to stop even though they had been aware of it for decades.

In my experience, the sorts of breakdowns in regulation Delgadillo describes are common. Back when I was a government auditor, I did more than a hundred examinations of government inspection programs. Most of those audits uncovered problems with the programs, nearly all of which favored the regulated industries. It's imperative that we turn that situation around. Environmental justice needs to be a key component of any plan to improve population health outcomes.

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Sensational and Useless

In the December Observer item "The Battle of Snellville," Alan Greenblatt wrote about the "long-running dysfunction and rivalry" in the Georgia city's local government. In September, Snellville Mayor Tom Witts was indicted on charges of tax evasion, misusing campaign funds and funneling government contracts to his private business, among other things. But Witts' indictment was hardly the first scandal to hit the Atlanta suburb in the past decade. Greenblatt detailed some of the scandals and political infighting. One reader felt the article about the city's troubles was "sensational" and at odds with this magazine's editorial mission.

As a six-year member of the Snellville City Council, I was disappointed in your recent article about Snellville politics, which relies almost entirely on previously published quotes. Although I didn't find any significant factual inaccuracies in the article, it is far from being comprehensive. As an example, Mr. Greenblatt states, "They fought about minor things, such as money paid to take a leadership course." I hardly think the unauthorized expenditure of $2,000 is minor.

Mr. Greenblatt also painted a false picture regarding former Mayor Kelly Kautz's 2014 lawsuit against the city council for holding secret meetings and blocking her appointments. While it is true that her attorneys were awarded attorney fees, the article failed to mention that the suit was settled by an agreement in which, among other things, Kautz agreed that no illegal secret meetings had taken place.

And while there might be some basis for the statement, "Snellville has changed, but its politics continue to be dominated by old rivalries, petty and deadly serious," it is essentially misleading. There was no election in Snellville last year because all three candidates for city council ran unopposed. It's difficult to have a rivalry, be it petty or serious, when there are no rivals.

Clearly, my objections to the article are not based on the facts included, but the ones that were omitted. As written, it paints a picture that is incomplete at best. Admittedly, I'm sensitive to the subject matter, but as I stated previously, I can see no purpose for this article other than to put something sensational into print. It was my impression that the editorial platform of *Governing* was to present articles that provide useful information, and I find no way to correlate usefulness with Mr. Greenblatt's article.

—Dave Emanuel,
Snellville City Council

It Don't Matter If You're Black or White

In the December Politics Watch "Cities' Vanishing Black Mayors," Alan Greenblatt looked at a trend that's seeing fewer black politicians elected to lead major cities. Despite recent wins, he wrote, they're on the decline. But several readers wondered why voters should care about the race of a candidate.

After reading your article and rereading it, the overall point remains unclear. Why should voters care what color their mayor is? You use terms like "they" and "them" as if black and white people vote as a block based on skin color. While some people may vote this way, it appears that most people will vote for the person they believe will do the best job. In Detroit, for example, people likely voted to keep Mayor [Mike] Duggan because more are happy with his work than not, and they also might remember the condition of city governance when Coleman Young was mayor. Hardly a rallying point for his son, [Coleman Young II, who lost to Duggan in November].

Why is it important to you that a mayor is black or white? Shouldn't it matter most that they do good work?

—Andrew Kalmar,
Bowling Green, Ohio

What does the race of a mayor have to do with anything? The person that does the best job should be elected.

—Ronald Pesch on Facebook

Maybe the voters have discovered that there is nothing magical about a candidate's origins?

—Roger Stryeski on Facebook

Correction: In his December Assessments column, "The Plight of the Legacy City," Alan Ehrenhalt misidentified the authors of the joint report *Looking for Progress in America's Smaller Legacy Cities.* They are the Funders' Network for Smart Growth and Livable Communities, and the Federal Reserve Banks of Atlanta, Boston, Chicago and New York.

By Alan Greenblatt

Do Charter Schools Worsen Segregation?

CHARTER SCHOOLS MAY be good at many things. Integrating children of different races is not one of them.

That was the conclusion of a recent study by the Associated Press, which found that charters are more segregated than traditional public schools. During the 2014-2015 school year, the AP reported, more than 1 out of 7 charters had an enrollment that was at least 99 percent minority.

The finding has received plenty of pushback from charter proponents. For one thing, they argue, the study was making an apples-to-zebras comparison: A snapshot of charters nationwide doesn't take into account their locations, which more often than not are in highly segregated central cities. "It's like saying that urban public schools are more racially isolated than public schools nationwide," says Michael Petrilli, president of the pro-charter Thomas B. Fordham Institute. "Of course they are—urban neighborhoods are the most segregated in the country. And in most states, most charters are urban."

Petrilli says that unlike many public schools prior to the Supreme Court's 1954 decision in Brown v. Board of Education, segregated charters are not the result of deliberate public decision. Charters may be racially isolated—plenty of academic studies, not just the AP study, have shown this to be the case—but supporters don't see that as much of a problem. "Most charter schools intentionally locate in inner-city neighborhoods that are highly minority and are designed to appeal to racial minority parents," says Patrick Wolf, an education professor at the University of Arkansas. "In a sense, it would be scandalous if charter schools weren't overwhelmingly serving racial minority children, because that is what they are designed to do."

Charters are poorly integrated not only because of housing patterns or public policy, but because of parent preference. When they have a choice, parents tend to pick schools where children look like their own. Not all charters are above making at least implicit appeals to parents on these grounds. "What is clear is when you choose a charter, you're getting a certain demographic as your child's peers," says Roslyn Mickelson, a University of North Carolina, Charlotte sociologist. "For some people, that's one of the attractions."

When the Charlotte-Mecklenburg Schools sought to implement a plan last year to address racial isolation, many parents objected, and some local officials, primarily from white suburbs, threatened to open competing charters if the plan went through. If you force integration, they warned, we'll take our business elsewhere. Charters were being used not to promote educational competition, but as a cudgel to pressure the school board not to pursue racial integration as a goal.

In general, charters are not opened with the intention of increasing racial isolation, says Nat Malkus, a scholar at the American Enterprise Institute. They are attempting to "offer high-quality alternatives" to schools sponsored by the state. Malkus' argument is that racial isolation in charter schools—and his own research has shown that charters are not only more segregated than public schools as a whole, but also more segregated than the public schools closest to them—is a "byproduct" of their mission, not the purpose. "They entered into a system where segregation was already there," he says. "They are purposefully going in where other racially isolated schools have failed kids for a long time."

But if charter schools didn't cause segregation, they certainly aren't ameliorating it. Maybe that's not their purpose. Perhaps it's even too much to ask of them. Most charters are small actors that are part of a much larger educational ecosystem. Still, if that system as a whole is ever going to be integrated, an increasingly fragmented educational landscape won't make the task any easier.

DAVID KIDD

Illinois Gov. Bruce Rauner

APIMAGES.COM

LAST MONTH, Illinois Gov. Bruce Rauner decamped from the Governor's Mansion for a week and stayed instead at a home for retired veterans in Quincy. The impetus was an outbreak at the facility of Legionnaires' disease, which has claimed 13 lives there since 2015. Rauner wanted to ensure the problem was being properly addressed. The headlines have been hurting his reelection chances.

The bacteria Legionella grows in warm water—often breeding in old pipes—and can cause a form of pneumonia. While there's been an increased incidence of the disease nationwide, Legionnaires' still receives relatively little attention from medical researchers. That's in part because it's hard to tell if a patient has Legionnaires', as opposed to a more common form of pneumonia, unless microbiological tests are performed. That rarely happens, even in hospitals.

Illinois has spent more than $6 million upgrading the water treatment system that serves the veterans' home. State officials have also increased testing regimens. In December, the Centers for Disease Control and Prevention (CDC) released a report saying that steps taken by the state, including chemical water treatments, aerators on showers and cleaning out faucets, have helped reduce incidence of the disease at the facility. But the researchers found that it was still present in one sample taken there. In response, the state has acted further, including installing better filters on showers.

Nonetheless, the CDC report hinted at the possibility that the disease might never be eradicated from the veterans' home. That's led to talk of closing down the campus and starting fresh, but that may be too expensive for a state that's strapped for funds.

Given the recurrence of the disease in each of the last three years—and a lawsuit accusing the state of negligence and tardiness in responding to it—health officials with the Rauner administration have been subject to grillings and calls for resignation from lawmakers.

The tragedy is also affecting Rauner's already difficult reelection campaign. Questions about management and infrastructure are not helpful for a governor considered among the nation's most vulnerable. Rauner, a Republican, campaigned as a change agent, but years of budget problems and fresh evidence that state facilities are falling apart open him up to political charges of ineffectiveness. The controversy at the veterans' home comes at a time when the state is facing the possibility that the roof of a major building at the state fairgrounds may collapse, following the closure of a separate building there in 2016. "The budget crisis was so extreme for so long, and was the same message over and over again for two years," says Christopher Z. Mooney, a professor of state politics at the University of Illinois at Chicago. "Now, here comes this new piece of information that fits right into that image of government dysfunction, that things are just out of control."

Dismissed for Competence?

THE OLD GOVERNMENTAL ADAGE that personnel is policy has rarely been demonstrated as clearly as it recently was in Johnson County, Kan. There, a bare majority of the county commissioners voted to oust County Manager Hannes Zacharias, claiming they wanted to pursue new policy directions. The fact that Zacharias was widely considered a star performer didn't save him.

Zacharias had been county manager for eight years before his tenure came to an end at the start of this year. Before that, he had served Johnson County in other roles for eight years. Under his leadership, the county had earned national recognition for programs ranging from juvenile justice to parks and recreation. A month before his ouster, Zacharias won a management award from the University of Kansas. Even the commissioners who decided it was time for him to go had nothing but good things to say about him. "I'm not going to offer anything but personal praise for Hannes," says Commissioner Michael Ashcraft.

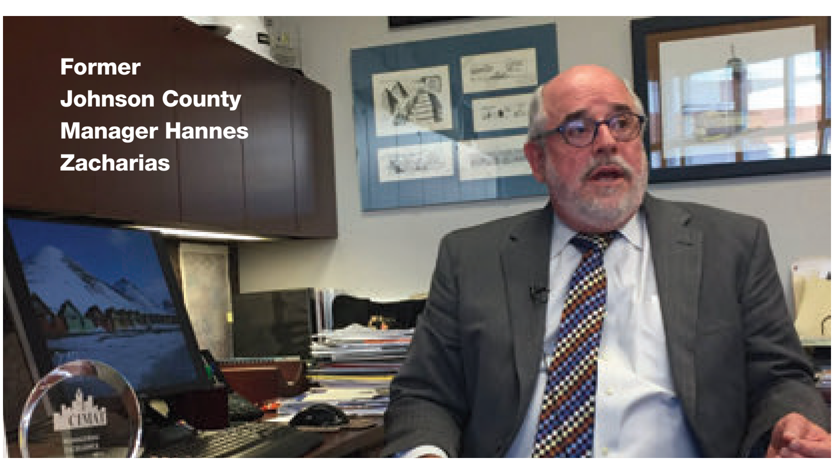
So why fire him? The answer is that Ashcraft and his colleagues wanted more control. They wanted to have more say over agencies and budgets, rather than just signing off on options the county manager offered them. They also wanted to lower the county's tax rates and limit regulation—something they felt couldn't easily be done with Zacharias at the helm. "I do not believe the philosophy going forward should be that we can only do less with less," Ashcraft says. "We should be able to do more with less. That should be what we're continually striving for."

Johnson County, which is just across the Missouri River from Kansas City, Mo., is the largest and most prosperous jurisdiction in Kansas. It's generally had higher taxes, but also better services, than most other places in the state. Business owners and individual taxpayers are satisfied with the mix, says Tom Robinett, vice president of government affairs for one of the local chambers of commerce. "From our membership, we heard quite an outcry," he says of Zacharias' termination. "We just thought it was a big mistake."

More than 550 employees, or about 15 percent of the county workforce, signed an open letter praising Zacharias and lambasting the decision to fire him. "In 28 years, this is the most disappointing vote I've been part of," says Commissioner Jim Allen. "When it came to the vote, this was the first time I ever said in thousands of votes not only no, but hell no."

Johnson County is split politically between a more liberal northern half and a more conservative southern half. It was the commissioners from the south that wanted Zacharias gone. Despite the county's wealth, it will face increased budget pressures due to a fast-growing population of senior citizens and clusters of homeless people. A majority of the commissioners would like to rein in future costs in a county whose budget recently topped $1 billion.

There's another problem. The firing came at a particularly tough time. A majority of the county commissioner seats are up in November. That might make potential manager recruits skeptical about long-term security in the job.



Former Johnson County Manager Hannes Zacharias

TWITTER.COM

THE BREAKDOWN

26

The number of governorships Republicans will be defending this November. Democrats are defending nine.

81%

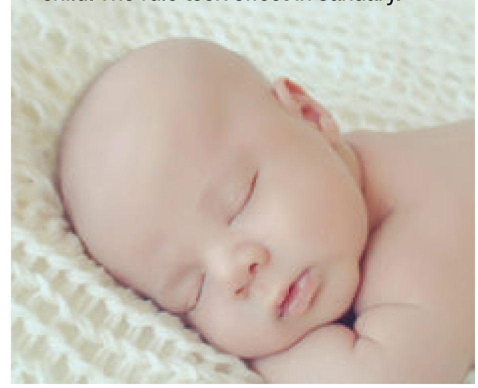
Share of drivers in a Colorado transportation experiment who said they could accept a gas tax system that charged them for the miles they drove, rather than simply using a flat rate.

$9/month

Proposed cost of podcasts—which are free to the public—for prisoners in Indiana. The tablets they would use to download them, though, would be supplied free of charge to the state.

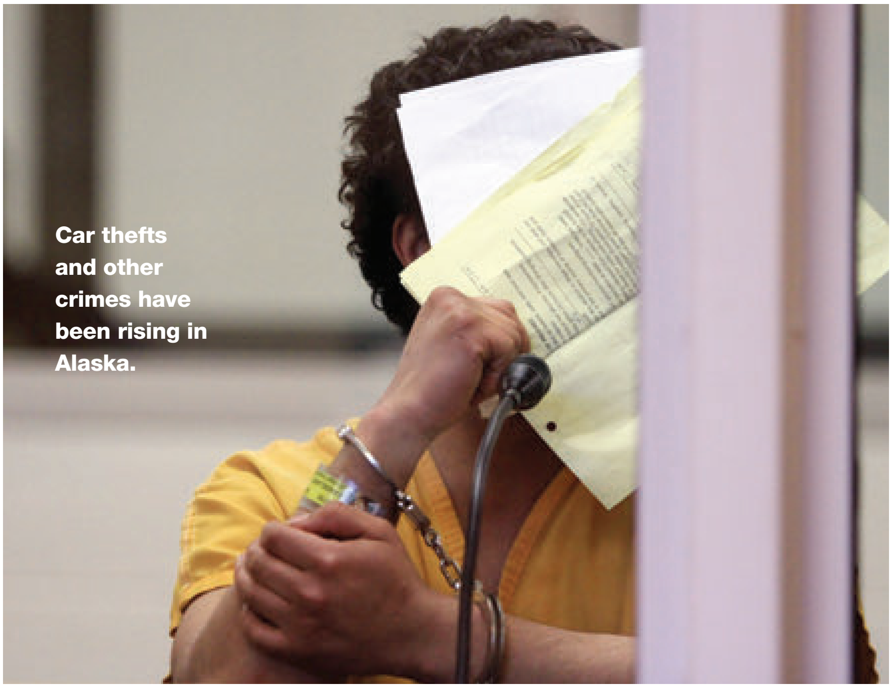
150 hours

The amount of paid leave Indiana's full-time state employees can now receive when they have a newborn child. The rule took effect in January.



SOURCES: STATENET, *THE DENVER POST*, INDIANA GOVERNOR'S OFFICE, *THE INDIANAPOLIS STAR*; IMAGE: SHUTTERSTOCK.COM

Second Thoughts on Crime



Car thefts and other crimes have been rising in Alaska.

APIMAGES.COM

BY NOW, the narrative surrounding state criminal justice reform is pretty familiar: A surprising coalition of conservatives and liberals, concerned respectively about the fiscal and social costs of mass incarceration, decides it's time to move away from the "tough on crime" policies of the 1990s. They reduce some nonviolent crimes to misdemeanors, offer new alternatives to harsh sentencing and offer more rehabilitation and job training to help ex-offenders keep from committing new crimes. Over a few years, the incarceration rate in a reformed state comes down substantially, but crime rates don't increase.

For the most part, the narrative is accurate. But things haven't played out that way in Alaska. Following years of study, including a high-level commission and testimony from legislators and reformers in other states, Alaska enacted a law known as Senate Bill 91 in 2016 to revamp sentencing and other criminal justice policies. Within a few months, a majority of legislators decided they'd taken a wrong turn. A vote to repeal the law failed last year, but the legislature did succeed in rolling back many of the law's provisions and ramped up penalties for minor felonies.

There are those in Alaska who say SB 91 wasn't given enough time to work. Some of its provisions hadn't even taken effect before calls for a rewrite started coming in. Those that had taken effect didn't have a real chance to influence crime statistics for the year in which they were adopted, which was all the state had to go on. "Our public just needs to have a little bit of patience," says Dennis Johnson, program director for Alaska Pretrial Services, which provides electronic monitoring and other supervised release programs. "You're not going to see an instant reduction in recidivism."

Crime is a big problem in Alaska. The state hasn't seen the dramatic reductions over the past decade that most of the country has. There are several reasons for that, including a severe recession triggered by a slump in oil prices and a serious problem with opioids.

State Sen. Mia Costello was a cosponsor of SB 91, but she soon became convinced it was a mistake. The law may be new, she says, but it sent a clear signal to criminals that they could get away with a lot more mischief than before. The knowledge that they wouldn't receive jail time for shoplifting or thefts below a certain dollar amount was, in Costello's view, tantamount to a green light. "One of the reasons for having laws on the books is to send a message to the community about what is and what isn't acceptable," she says. "We've gone the opposite direction, where criminals are feeling emboldened by this law."

Costello says she supported SB 91 because other states have enjoyed success after overhauling their criminal justice programs. That's no less true now than it was back in 2016. Most states have seen real results from policy changes they've made, saving money on corrections and allowing more individuals to go back to leading productive lives.

But the whole concept behind updating the approach to criminal justice has always had a counterintuitive quality. It seems curious to many people that you could reduce penalties and still reduce crime. Despite statistical successes in quite a few states, it doesn't take a big crime wave to increase doubts. A few well-publicized crimes can do the trick. That's what happened in Alaska, where violent crime has been trending up since the start of the century and where car thefts are rising rapidly. It didn't take much to convince legislators—and their constituents—that SB 91 was itself in need of an overhaul. "We've had a spike in crime," says state Rep. Gabrielle LeDoux, who supports repealing the law altogether. "It really has not been a happy outcome."

What's happening in Alaska is counter to the national narrative, but it's not unique. For the first time in a decade, criminal justice reform is facing real political headwinds in other states, with partial rollback efforts being discussed in states as different as California and Louisiana.

By Alan Ehrenhalt

A City's Collision of Histories

Can Alabama's capital honor both civil rights and the Confederacy? It thinks so.

I don't normally pay much attention to city seals, but the one for Montgomery merits some serious scrutiny. At the center of the seal, enclosed within a six-pointed star, are the words "Cradle of the Confederacy" in all capital letters. Surrounding the star is a white circle bearing the inscription, "Birthplace of the Civil Rights Movement." It's fair enough: Montgomery is both of these things. What's interesting is that the city is endeavoring to promote two seemingly conflicting legacies at the same time.

Cities all across the South are trying to figure out what to do about their Confederate memorials. Montgomery's situation is a lot more complicated. It wants to be equally proud of Martin Luther King Jr. *and* Jefferson Davis.

In the past decade, Alabama's capital city has become a rather successful magnet for civil rights tourism. Its three top-rated attractions are, in order, King's home, the Dexter Avenue Baptist Church where he preached and the Rosa Parks Museum, honoring the woman who ignited the civil rights era in 1955 by refusing to give up her seat on a city bus.

Then there's attraction number four: the First White House of the Confederacy, a two-story Italianate brick building where Davis lived and governed the rebel nation during the first few crucial months of the Civil War in 1861. The house is more than a piece of Southern architectural history. It is a tribute to the Confederacy and to Davis himself. "After four years of heroic resistance," the museum's website tells us, "the South was crushed by the overwhelming might of the North."

In honoring the home's famous resident, the museum's literature declares that Jefferson Davis was a "renowned American patriot. ... He struggled to save the union and its federal principles as much as he tried to save the South." He felt that "in giving Christianity to the Africans and submitting them to Anglo-Saxon culture, the Americans were preparing them for eventual citizenship." And "the more intelligent of 'his people'"—that is, slaves—"were educated and served as overseers and secretaries." We're told that Davis was never tried for treason because the U.S. government was afraid he would prove that secession was legal.

It isn't just the house that remains in place as a tribute to the Confederate president's life. All the state offices in Montgomery shut down each year in early June on Jefferson Davis' birthday. Alabama is the only state that still has a holiday just for Davis. It also celebrates Confederate Memorial Day on the last Monday in April. Alabama and Mississippi are among the last states to do that. And it has been estimated that there are currently about 60 Confederate markers and monuments within the city of Montgomery.

So it's something of a culture shock to walk the short distance from the First White House of the Confederacy to King's house, the Dexter Avenue Baptist Church or the Rosa Parks Museum.

The Parks museum, a project of nearby Troy University, is, in fact, stunning. It has a virtual reality exhibit on the Montgomery bus boycott that makes you feel as if you're sitting there on the bus with Parks. It's equally good on King's role in the boycott and on the mass meetings in the city's black community that kept the protest alive for more than a year.

The museum will be joined this year by another attraction honoring Montgomery's civil rights history. On the downtown site of a 19th-century slave market, a new museum will be opened as a remembrance of slavery and Southern lynching victims. Some 4,000 victims' names will be inscribed on a wall, including 363 people from Alabama and 12 from Montgomery. Visitors will be guided into a re-creation of a slave warehouse. Called the Legacy Museum, it's a project of the Equal Justice Initiative, a Montgomery organization headed by the bestselling author and activist Bryan Stevenson. "We are not going to make further progress without talking about these histories," he told a reporter last year.

The local business establishment and Montgomery's conservative Republican mayor seem to agree with Stevenson, perhaps for commercial as well as historical reasons. Thousands of visitors are expected for the opening of the Legacy Museum in April. It's time to face up to "the good, the bad and the ugly," the president of the Downtown Business Association has said. "We cannot sweep history under the rug."

That's heartening to hear. Each year in mid-June, the Rosa Parks Museum hosts an outdoor fair celebrating the anniversary of the end of slavery. It includes food and drink, storytelling, art classes, and voter registration. The event itself isn't that unusual. But here's something that is: One of the participants is the First White House of the Confederacy. In its way, that's a symbol of ecumenical good feeling. It's also a symbol of a town that's got some serious contradictions to work out.

As Montgomery confronts difficult questions about its past and future, yet another chapter in its history, previously ignored, has suddenly penetrated the city's consciousness. The chapter in question is the story of Madison Park, a tiny settlement of fewer than 1,000 people on Montgomery's western edge that has been the domain of African-Americans since the late 19th century. Madison Park is the titular subject of a new memoir by Eric Motley, a product of the neighborhood who went on to earn a Ph.D., a job in the White House and a senior position at the Aspen Institute.

There were all-black settlements created throughout the South in the years after the Civil War, but Madison Park was unlike virtually all of them. Its original plot of 560 acres was purchased by former slaves in 1880 from white farmers who had gone bankrupt. The buyers had to sign a pledge that they would not sell their houses to white people. Since that time, almost no whites have lived in Madison Park.

To the extent that was possible in 20th-century America, Madison Park was a self-sufficient black community. It was also self-policing. As Motley writes, "residents made the rules, governed and cared for each other, and meted out whatever discipline and correction a situation required." When school integration finally arrived in the 1970s, it was opposed by many neighborhood families. "Madison Park elders feared," Motley writes, "that forced integration would destroy their model of community-based education, which assured that every student was taught by someone who knew his or her background, parents and family situation."

Madison Park was also remarkably stable. Sometimes 20 years would go by without any of its homes changing hands. When one did, it was always to a relative of the previous owner. Even today, every plot of land is occupied by a descendant of the original purchasing families.

Motley, born to a teenage mother he scarcely knew and raised by his grandparents, was a star student. He won speech competitions and was elected governor of Boys State, a summer leadership program. After college, he was awarded a one-year scholarship to study at St. Andrews University in Scotland. He stayed four years and ended up writing a dissertation on the theologian Reinhold Niebuhr. When he returned home to eulogize his grandmother in 2011, Motley discussed the nature of community with his Madison Park audience. "People say there is no longer any sense of community in this country," he told them, "that we're all just concerned with ourselves. But Madison Park is proof that this isn't so." In his book, he makes a similar point in a succinct way: "Alienation is difficult," he writes, "in a place where we all believed we were responsible for each other."

Anyone who has lived a life like Motley's is bound to reflect on nature and nurture. He believes that Madison Park, burdened by more than its share of poverty and mired for more than a century in a larger segregationist culture, is the most important answer to the question of what produced him.

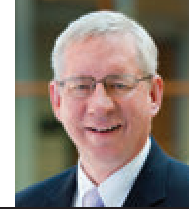
It seems ironic that Madison Park, as it matured over the 20th century, was in fact a product of Jim Crow, the system of racial apartheid that took hold after the rebellion led by Davis and endured into the era of Parks and King. But in the absence of segregation, the community probably couldn't have maintained itself, at least not as tightly as it did. This is not in any way a defense of the segregated culture in which it grew. It is merely a suggestion that even under the most difficult circumstances it is possible for close-knit, self-contained communities, whatever their color and income level, to achieve a stable and decent life for their inhabitants.

We make a mistake when we dismiss these places as relics of the distant past, incapable of teaching us anything about our future. That's important to remember as Montgomery embraces its dual history of Confederate leaders and civil rights advocates. G

Email aehrenhalt@governing.com

Martin Luther King Jr. spoke in front of the Alabama State Capitol during the Selma-to-Montgomery march in 1965.

By Donald F. Kettl



The Truth About Rising Health Costs

It's not the federal law that accounts for soaring premiums. It's state policies.

HEALTHCARE.GOV

In the debate over repealing and replacing the Affordable Care Act (ACA), no argument has been more incendiary than charges that rates are out of control. President Trump, for example, has pointed to an increase in premiums of 116 percent in Arizona from 2013 to 2017, and 203 percent in Alaska. "It is a catastrophe," he has said.

Reports late last year of premium spikes reinforced the sense that the program wasn't working. If a family's rates weren't shooting up by triple digits this year, the thinking went, then they could next year. Without this specter, the 2016 presidential campaign would have been very different—and it would have been far harder for Republicans to stoke last year's repeal and replace battle.

It is indeed true that premiums have shot up in many places. The U.S. Department of Health and Human Services documented the big increases in Alaska and Arizona, along with hikes of 153 percent in Nebraska, 176 percent in North Carolina and 201 percent in Oklahoma. In Alabama, the increase was even higher: 223 percent. The numbers were terrifying—and they made for great tweets.

But those scary rates aren't what families actually pay. The ACA comes with subsidies for low- and moderate-income families who sign up for low-cost plans. The subsidies, in effect, cover rate hikes. Roughly 80 percent of those in the health marketplace qualify for subsidies, which shrink the out-of-pocket increases to zero for those in Arizona. And in Alaska, where 93 percent of the market is covered by subsidies, participants actually saw a 1 percent decrease in out-of-pocket expenses.

The story of huge rate spikes was so compelling that it drowned out the role subsidies play—a role that is too complex to reduce to a few simple sentences. The whole program, in fact, is so complicated that the subtleties evaporate behind the headlines. That's why Republicans were able to capitalize on news about the premium spikes and Democrats were never able to find a reassuring rebuttal. That fundamental difference is what has stoked the entire anti-ACA campaign.

In short, the Democrats fell victim to the complexity of the program they had created, a program designed to avoid a mega-role for the federal government. The Obama administration wanted to provide health care for everyone, but many Americans didn't want the federal government doing that job. So the administration focused on making health insurance available to everyone, including imposing a mandate that all individuals have it through their employers or buy it through state-based exchanges.

Republicans slammed this plan as a massive federal takeover of medicine. But that's the one thing the ACA was not. Rather, it was a massive shift of responsibility to the states. And now, with the Republicans intent on unraveling the ACA wherever they can find a loose thread, the role of the states is likely to get even bigger.

Here are the pieces in play: There's December's repeal of the individual mandate, which removes the penalty for individuals who don't sign up for insurance coverage. That puts on the states the burden of figuring out how to manage high-risk pools. There's the next option of pushing the program into block grants. That would dramatically increase the responsibilities of states in designing the health insurance system, determining what health conditions to cover and undertaking closer scrutiny of the way insurance companies behave. But even without block grants, the states will have the challenge of stabilizing the insurance marketplaces and managing volatile premium jumps in some places.

Consider, for example, the cities of Philadelphia, Pa., and Wilmington, Del. They are just 30 miles apart. There aren't big differences between them in the health of citizens or the quality of health services. But according to a Kaiser Family Foundation analysis, premiums in 2018 for a 40-year-old making $30,000 a year will rise 49 percent in Wilmington, to $631 a month. In Philadelphia, premiums will rise only 23 percent, to $515. Or look at Seattle, where premiums will rise 29 percent, compared with a 12 percent increase in the nearest big city, Portland, Ore.

Why the big disparities? It's the state insurance markets, not the insured individuals, that are different. In all the next steps, the states will be increasingly in charge. And the more we put state governments in charge, the more we're likely to have big and growing differences between them—even those right next to each other.

Big differences between the states fueled the repeal and replace debate. The variations gave the Republicans ammunition the Democrats couldn't deflect—and left Democrats stumbling for explanations that might counter the Republican attacks. One way or another, the next round will put even more reliance on the states, especially their insurance regulators. And this is going to raise a nasty question: Just how much state-to-state difference in health insurance—and health outcomes—are we willing to tolerate?

If the answer is "not much," then in a compelling plot twist, the Republicans might find themselves arguing for more federal involvement. The Democrats' strategy set the stage for the Republican campaign to unravel the ACA; the Republicans' own assault might ultimately build the case for pulling more decisions from the states back to Washington. **G**

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By Alan Greenblatt

The Voting Wars' Next Frontier

The way Ohio maintains its voter rolls is under attack.

APIMAGES.COM

Lots of people don't bother to vote. But when they skip an election, how many more chances should they get?

That question is at the heart of a case before the U.S. Supreme Court challenging Ohio's method for culling voter rolls. As it stands, if an Ohio voter misses a single federal election, he receives a query letter from the secretary of state. If he doesn't respond to it, he can be removed from the voter rolls after missing two more elections. Ohio argues that this represents a good faith effort to meet federal requirements under the National Voter Registration Act of 1993—better known as the "motor voter" act—that requires states to make reasonable efforts at keeping their voter rolls up to date and accurate. This requirement was added in exchange for allowing people to register at the Department of Motor Vehicles.

Supporters of Ohio's method include the U.S. Department of Justice and several conservative legal organizations. "Seventeen states filed a brief saying if Ohio's doing it wrong, we're all doing it wrong," says Logan Churchwell, communications and research director for the conservative Public Interest Legal Foundation.

But progressive groups say that the Ohio law goes too far. They argue the state's methods kick off eligible voters while leaving ineligible people on the rolls, and that Ohio doesn't make it clear that people will lose their chance to vote if they don't respond to the state's mailer. "Their real agenda, in my view, is to get people off the rolls so they don't participate," says Stuart Naifeh, senior counsel at Demos, a liberal think tank.

The Ohio case is playing out against the backdrop of a broader debate over voter eligibility. The voting commission led by Vice President Mike Pence and Kansas Secretary of State Kris Kobach was disbanded last month, but the Trump administration is still expected to encourage stricter standards when it comes to determining eligibility. Kobach had been promoting a tool called Crosscheck, which allows states to check whether individuals are registered in multiple states, with an eye toward potentially purging them. The tool uses basic information, such as names and birth dates, and matches it against other data, including Social Security numbers.

Crosscheck has many critics who say it's inaccurate and returns too many false positives. Nevertheless, several states are adopting it, including Indiana, which recently passed a law to allow counties to kick people off the rolls when Crosscheck finds a match. Since that law gives voters no right to appeal, it's being challenged in court.

There's one thing, however, that advocates on the left and right can agree upon: Maintenance of voter rolls is fast emerging as the new battleground in the war over fraud and determining who gets to vote. "The voter ID fights are done and over," Churchwell says. "The next big fight is about how we maintain voter records." **G**

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By Mattie Quinn

Fixing the Mental Health Gap

Iowa is grappling with issues every state faces—and a few of its own making.

THE DES MOINES REGISTER/MICHAEL ZAMORA

Candidates for Iowa's governorship recently gathered to discuss mental health issues in the state.

At Des Moines University in early December, 12 Iowa gubernatorial candidates convened for a debate. It wasn't about the typical policy issues of taxes or jobs or infrastructure. Rather, the candidates were there to talk specifically about Iowa's mental health treatment system. All of the candidates—ranging from liberal Democrats to conservative Republicans to Libertarians—agreed on one thing: The state's current system isn't working, and the next governor needs to overhaul it.

Iowa's struggles with mental health care reflect pressures felt across the country. But its problems were intensified two years ago when then-Gov. Terry Branstad closed two mental health institutions to save money. "They were relied on heavily by law enforcement," says Peggy Huppert, executive director of the Iowa chapter of the National Alliance on Mental Illness. "Those institutions took the difficult patients." Now the state has only 64 inpatient mental health beds, the country's lowest number per capita.

Things got worse in 2016 when Branstad privatized the state's Medicaid program, moving more than 600,000 Iowans into managed care plans. Iowa is hardly the only state to make that transition, but it happened over just four months; in most states, it takes years. The experiment has largely been considered a failure, with news reports of cuts in services for the most severely disabled and mentally ill. In a December survey, *The Des Moines Register* found 64 percent of Iowans unhappy with the shift. During the gubernatorial debate, all the candidates agreed that it needed to be reversed or heavily reworked.

Many of the problems Iowa and other states are experiencing were supposed to be addressed by the federal Mental Health Parity and Addiction Equity Act. The 2008 law's goal was to make mental health care as accessible as primary care. But the law has been dismally enforced, and a November report by Milliman, a health-care consulting firm, found that mental health care is four to six times more likely to be out of network than other forms of care.

This can largely be attributed to lower reimbursement rates: A mental health professional, on average, receives 20 percent less than other providers. "A psychiatrist will receive a lower reimbursement for diagnosing a behavioral health issue that causes insomnia than a family doctor writing a prescription for insomnia medication," Huppert says. As a result, many mental health providers opt out of insurance participation.

In addition, and perhaps partly because of the lower reimbursement rates, the supply of psychiatrists is not even close to that of other medical specialties. The National Institute of Mental Health reported in 2015 that more than half of U.S. counties had no mental health professionals at all. "It's just not a specialty that's as attractive to medical students," says Stephen Melek, the lead researcher on the Milliman study.

To get more professionals into the pipeline, Melek says states can partner with local universities to strengthen mental and behavioral health training. But, he says, the reimbursement problem won't get better until more states start "digging into what insurance companies are doing and push for more enforcement."

Back in Iowa, Huppert is encouraged by the dialogue around mental health care. She attributes that openness to an easing of stigmas. "The willingness to discuss this, and for people throughout the state to talk about their personal experience, is incredible," she says. G

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By Elizabeth Daigneau

The Cost of Climate Change

Putting a price tag on it is difficult, but the effort can help manage risks.

Scientists warn that the effects of climate change will lead to an increasing number of extreme weather events. Economists, in turn, warn that those changes will have a huge financial cost. Already, storms, floods, wildfires and droughts over the last decade have cost the federal government roughly $350 billion, according to the Office of Management and Budget. (That number doesn't include the damage caused by California's wildfires or this past year's hurricanes in Florida, Puerto Rico and Texas.) But as governments look to prepare for more extreme weather and its costs, they're finding there's no reliable way to measure the fiscal impact.

Still, scientists and statisticians have continued to look for one. Most recently, a study published in June in the journal *Science* calculated the costs of climate change county by county. It linked climate projections with economic effects like mortality, labor productivity, energy demand and crop yields.

This past fall, the Government Accountability Office (GAO) weighed in with a report examining the potential economic impacts of climate change. The report reviewed two national studies and several smaller ones. Researchers also interviewed experts about the strengths and limitations of those reports. They concluded that the methods used produce imprecise results, mainly due to modeling and other limitations, such as the difficulty of predicting severe weather.

Nevertheless, the GAO researchers suggested that the studies can still provide insight into the economic effects of climate change across the country. They assembled a map (below) that shows these effects by regions to encourage decision-makers to identify significant climate risks as a first step toward managing them. "The impacts and costs of extreme events will increase in significance as what are considered rare events become more common and intense because of climate change," the report says. **G**

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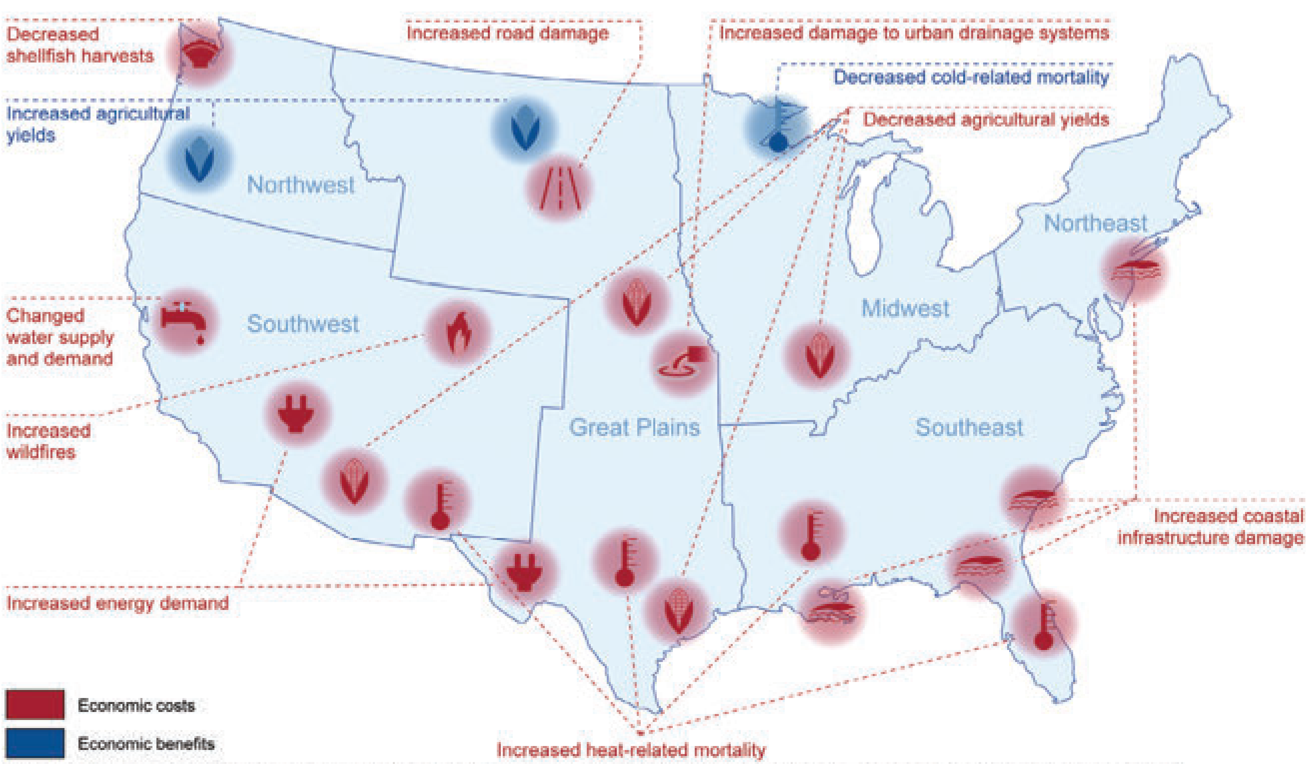
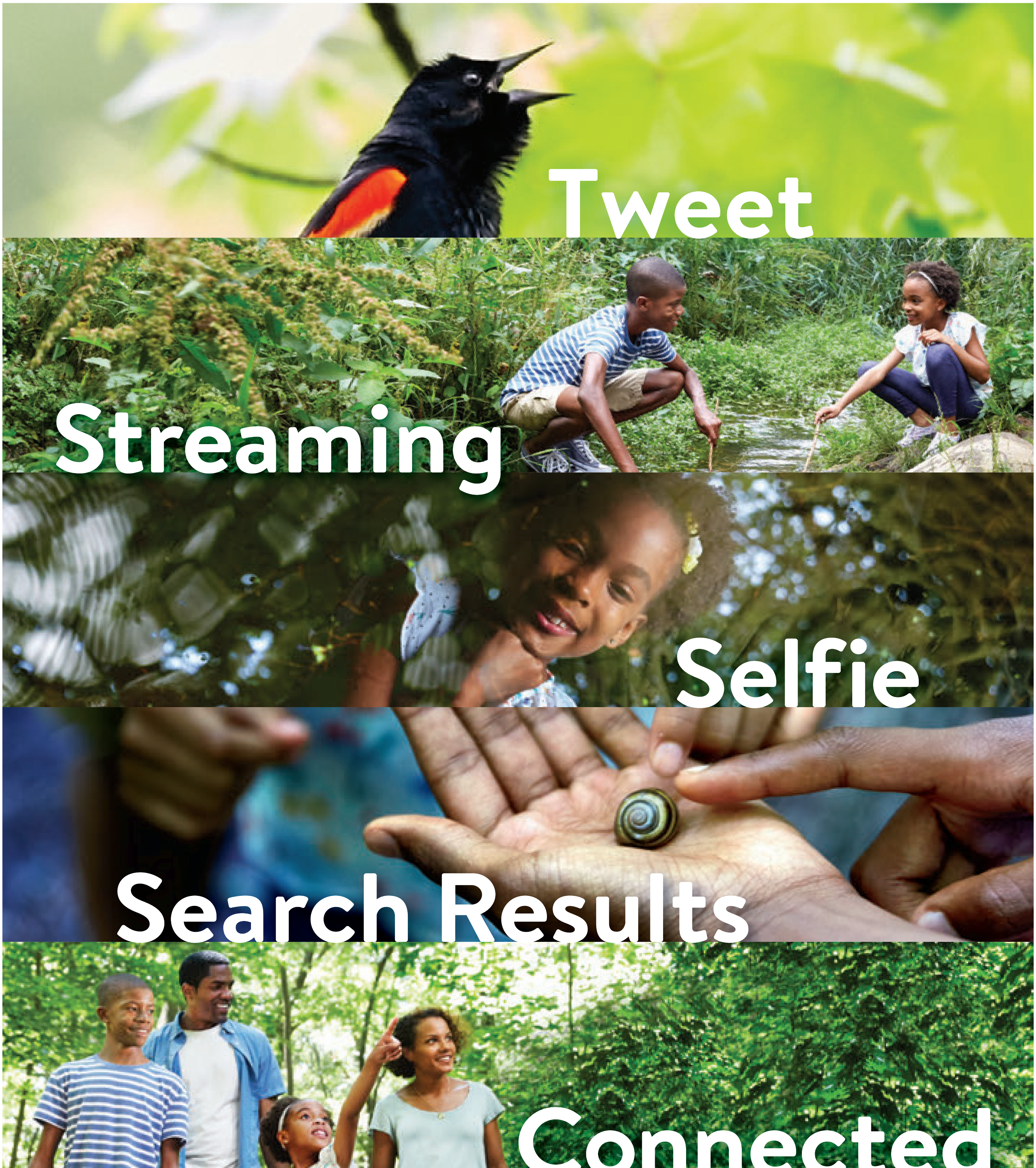
Examples of Potential Economic Effects from Climate Change by 2100



Sources: GAO analysis of Environmental Protection Agency, *Climate Change Impacts in the United States: Benefits of Global Action* (Washington, D.C.: 2015), and Solomon Hsiang et al."Estimating Economic Damage from Climate Change in the United States," *Science*, vol. 356 (2017); Map Resources (map). | GAO-17-720

Note: Examples are shown in approximate locations and do not reflect the relative magnitudes of potential economic effects.



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By Alex Marshall

A Regional Rail Revival

Efforts to bring back passenger trains are happening all over. We need them.

Great Barrington, a pretty town in the hilly Berkshires of Western Massachusetts, is a tad closer to Boston than it is to New York City, which is about 140 miles to the south. But if you walk along the main street lined with prosperous stores and restaurants, as I recently did, you mostly meet people from around New York City, those with second homes in the Berkshires or those who once were part-time residents and now live there full time.

This is probably because for most of the last century New Yorkers came to the Berkshires via multiple train lines. The last direct one to Great Barrington shut down in 1971. But the cultural patterns still exist. New Yorkers continue to come to enjoy the scenery, good restaurants and vibrant arts scene. Now they just mostly come by car, about three hours on a good day.

But regular passenger train service may be on the way back to Great Barrington and neighboring towns. Rail advocates, government leaders and planners are working to revive the Housatonic line, whose tracks are now operated by a freight company with the same name. It's a complicated endeavor, mostly because three states—Connecticut, Massachusetts and New York—must get on board.

The Berkshires' train revival advocates have had some initial success. Massachusetts has spent $12.1 million to buy its portion of the line from the freight company, which in turn has backed the project with studies and design work. The chief obstacle now is Connecticut, whose governor, Dannel Malloy, has not embraced the project, perhaps because he has been busy reviving train lines in another part of his state. There's also a competing proposal being studied by the Massachusetts Department of Transportation. The Berkshire Flyer would bring trains in from the west, starting in Albany, N.Y. This would be less useful to Great Barrington because the trains wouldn't stop there, but it might be less expensive because the tracks are in better shape.

Whatever happens in Massachusetts, people are working all over the country to bring back regional passenger train service. Elsewhere in New England, the Cape Cod Regional Transit Authority has had great success with its CapeFlyer, a summer weekend train that restored service to Hyannis, allowing beachgoers to avoid sitting in traffic in the summer sun. Maine, through its Northern New England Passenger Rail Authority, has set up the Downeaster, operated by Amtrak. It runs 145 miles from Boston up to Portland and beyond, and is used by about half a million people a year.

Over on the other coast, trains run by the Sonoma-Marin Area Rail Transit take passengers about 70 miles into Sonoma Wine Country, making 10 stops, with more planned. In New Mexico, the Rail Runner Express travels between Santa Fe and Albuquerque. All Aboard Florida, a private company, has its so-called Brightline under construction to offer service between Orlando and Miami (see "All Aboard?," page 32). And Amtrak has expanded its own service in several regions, including between Seattle and Portland where December's fatal derailment occurred.

Service on these lines is aimed at commuters, sometimes business travelers, sometimes tourists, often a mix. But the bottom line is the same: We have a transportation capacity challenge, and trains are a prominent piece of the solution.

Before the Housatonic line can be used for passenger service, three states must agree on the plan.

DAVID KIDD

An interstate-style highway can only fit about 1,800 to 2,000 vehicles per lane per hour. A train can easily carry 10 or even 20 times the number of people who can fit into private cars on a highway lane. “A double-track railroad can handle the same amount of traffic as a 16-lane highway,” says James Abram “Abe” Zumwalt, director of policy research for the National Association of Railroad Passengers.

This country’s secret resource is the thousands of miles of unused railroad right-of-way concealed mostly beneath weeds. At its peak back around 1920, the United States had more than 300,000 miles of active track. Many, if not most, of these rights-of-way go straight into the middle of towns and cities in a manner that’s almost impossible, or at least extremely costly, to do anew. And some of these lines include pieces of fabulous infrastructure that would be prohibitively expensive to build today, such as the magnificent arched bridge north of Scranton, Pa.

There’s more at stake than just moving people. As transportation scholar John Stilgoe noted in his 2007 book *Train Time*, private interests have been quietly buying up land around railroad rights of way, convinced that they are future gold mines. Karen Christensen, who is leading the campaign to revive service from New York to the Berkshires, says bringing back the Housatonic line would invigorate economic activity in the region. And there’s a more community-oriented goal, she says: “This line would restore the old connections between the towns along the line.”

The political difficulty, as always, is money. The capital costs of restoring the Housatonic line to passenger-grade service are estimated at more than $200 million. That’s hefty. But ultimately this resource is too valuable not to be used. A balanced transportation system, supported with public funds where needed, is best. Perhaps someday I’ll ride a train from Grand Central Terminal to Great Barrington, where a driverless car will carry me the last mile to my lodgings. It’s a future I can see. **G**

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By William Fulton

The Automated City

There are bigger changes coming than just self-driving cars.

Everybody in the business of cities these days is talking about autonomous vehicles and how they will change our urban future: less parking, more continuous traffic, no traffic signals, Uber without drivers. But the truth is that the change we are beginning to see in cities today—probably the biggest change since the introduction of the automobile—is much more profound than just self-driving cars.

Cities are ultimately engines of commerce. They exist primarily because there is economic efficiency in proximity. But as work is automated and transactions move online, the nature of that economic efficiency will be transformed.

The shift to online shopping, for example, holds the potential to be just as revolutionary for cities as the shift to self-driving cars. We’re already seeing how brick-and-mortar stores are on the decline, leaving in their wake both urban and suburban blight, as well as new opportunities for real estate development.

But e-commerce is also fundamentally changing the nature of urban congestion, as more and more UPS and FedEx trucks pile up on the streets. In fact, it’s altering the very economic basis for cities by eliminating retail jobs but replacing them with jobs at fulfillment centers in desired locations. This has been good for some cities, such as Pennsylvania’s Bethlehem and Allentown. Still, the trend will further accelerate the winner-loser pattern among cities: If there’s no fulfillment center, there are no retail jobs.

Perhaps the most pervasive transformation will be automation and the impact on jobs. In the 20th century, cities thrived because successful companies needed to have huge workforces in concentrated locations—be it a Ford manufacturing plant in Detroit or a Fortune 500 office building in Manhattan. Today, many of those jobs are being done by robots. That’s why manufacturing employment is going down even as manufacturing output is going up.

But that doesn’t mean jobs will go away. It means human jobs will be reoriented around human skills such as creativity, empathy and personal connection. And those jobs require face-to-face contact, which means they’ll be most successful if they are concentrated in cities.

The work that people do keeps changing over time. But cities don’t go away. They simply reinvent themselves to focus on the face-to-face work people must do to keep the economy chugging. And that’s the most likely future scenario for urban life in America. **G**

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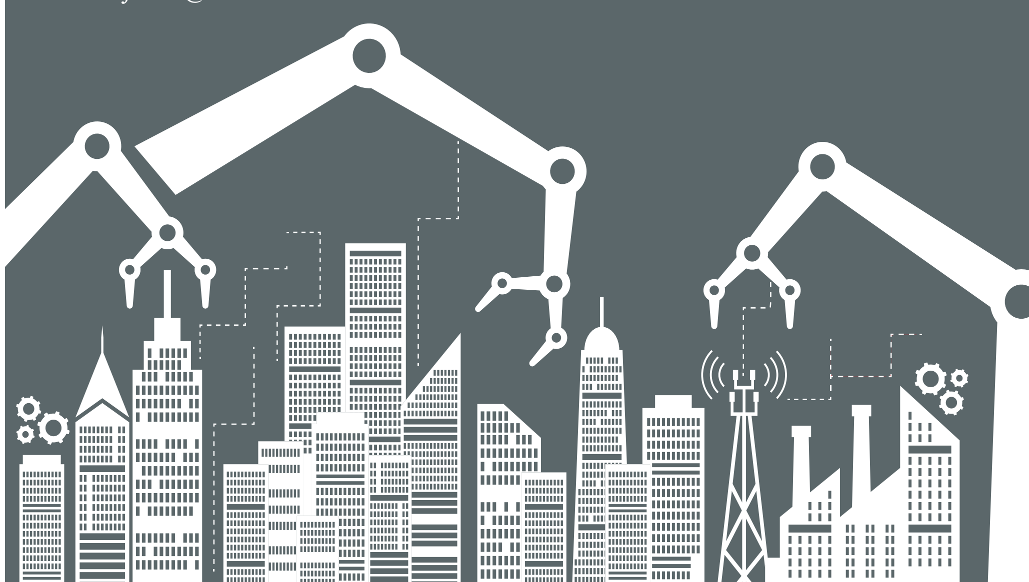

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Governors such as Scott Walker of Wisconsin have increasingly prioritized international trade.

FOREIGN AFFAIRS

Governors are ratcheting up their trade game and honing their diplomatic skills. They have to.

By Alan Greenblatt

APIMAGES.COM

Lucid Motors, an electric carmaker, scouted 60 locations looking for a place to build a $700 million manufacturing plant. Top of the list: Casa Grande in southern Arizona, which sits close to Lucid's supply chain in nearby Mexico. But Lucid executives were concerned about the state's relations with Mexico, given Arizona's anti-immigration policies. Arizona Gov. Doug Ducey knew one surefire way to allay their fears. He asked them to call Gov. Claudia Pavlovich, his counterpart in the neighboring province of Sonora, Mexico. She offered them every assurance about the close and improving ties between her government and Arizona.

That was enough for Lucid. "There were many reasons why we chose the site in Casa Grande," says Daniel Salguero, marketing manager for Lucid, "including the spirit of collaboration and understanding that both Gov. Ducey and Gov. Pavlovich brought to the table."

Ducey has tried to make Arizona's relations with Sonora as close as those between, say, Connecticut and New York. Maybe closer. Ducey attended Pavlovich's inauguration and has welcomed her to Arizona for Christmas. They helped work out a new deal on sharing water from the Colorado River basin and have greatly sped up waiting times at ports of entry.

Ducey regularly meets with other political and business leaders from Mexico: Bilateral trade between Arizona and Mexico is worth $16 billion a year. That level of trade and investment is responsible for 100,000 jobs in the state. Mexico is Arizona's largest trading partner, by a factor of four. "There have been years in Arizona where the difference between recession and growth is our trade relationship with Mexico," says Glenn Hamer, president of the Arizona Chamber of Commerce and Industry. "It's that important."

The importance of international trade has long been obvious to border states. But trade and foreign investment have become priorities for governors all over the country. Governors don't shy from competing with each other to land companies; they know there's lots of opportunity to sell goods and services abroad. You can hardly talk to an economic development director in any state without hearing the statistic that 95 percent of the world's customers live outside the United States. "If we are going to continue to grow our economy the way we want, it's going to happen from outside our state borders," says Jim Schellinger, Indiana's commerce secretary.

> "You can hardly talk to an economic development director in any state without hearing the statistic that 95 percent of the world's customers live outside the United States.

Arizona Gov. Doug Ducey has a close relationship with Gov. Claudia Pavlovich of Sonora, Mexico.

Governors are always cheerleaders for their states, but they're now devoting considerably more of their time and influence to promote trade abroad and hunt for foreign investment in their states. It's become an essential part of the job description. "Twenty years ago, it may have been that all of their attention was on K-12—they were going to be the education governor," says Scott Pattison, executive director of the National Governors Association. "Now, it's all economics, and it makes sense for them to do what they can to get attention from companies abroad that want to invest."

The nature of their job puts governors in a unique position to make international deals for their states. A governor is simply held in higher regard in a foreign setting than is generally true at home. They are able to open doors that would remain closed to their economic development staff or the head of the chamber of commerce. Prime ministers and provincial and prefecture governors feel obligated to meet with them when they're on trade missions, as do many foreign CEOs. "We don't like politicians in America, but government officials are viewed positively in other places," says Timothy Wilkinson, dean of the business school at

OFFICE OF GOV. DOUG DUCEY

to an executive thinking about investing in a foreign land can go a good ways toward assuaging fears and uncertainty.

That role has become more pressing. So far, President Trump has offered more talk than action when it comes to ripping up trade deals, but the signals out of Washington have been nerve-wracking for state economic development folks. The Trans-Pacific Partnership was likely going to die with or without Trump, but his election made the death of that trade deal with Asian countries a given. A House Republican plan to impose a border adjustment tax—a 20 percent tariff on imported goods—died last year. But Trump continues to talk about the need to renegotiate or walk away from the North American Free Trade Agreement (NAFTA), which eliminates most tariffs on trade among the three nations.

That's a concern not just for Canada and Mexico, but also for businesses all over the world. When a Japanese company opens a plant in Ohio or a German company locates a facility in South Carolina, they're doing so not only to gain easy access to the U.S. market, but also the whole of North America. "Lots of state chambers and community chambers and state officials are doing their best to lobby not only the White House but [the departments of] Commerce, Labor and State to try to get them to realize how big a deal NAFTA is to most states," says Randy Zook, president of the Arkansas State Chamber of Commerce.

Everyone involved in trade, from governors on down, is hearing expressions of anxiety from abroad about whether new trade barriers will be erected. For the present, this is having two opposite effects on foreign investment. Some foreign companies are holding back, waiting to see if the rules of the game are about to change, while others are speeding up their timelines, trying to get in while the getting's good.

Governors are working to send every signal they can that their states are going to stay open for business. At the same time, foreign entities—not just companies, but also other governments—are aggressively reaching out to states. That's one of the reasons Canadian Prime Minister Justin Trudeau addressed the National Governors Association last summer. As with the very different issue of climate change, Trudeau and others are looking to see

Whitworth University in Spokane, Wash. "People want to meet with governors, and it lends legitimacy to the process."

This is especially important when governors are trying to drum up business with sovereign wealth funds that invest government money and with companies in countries such as China where the government itself can hold huge sway over investment decisions. But governors do more than fly around on trade missions. Everyone understands that they hold enormous authority to work out the details, whether it's securing tax breaks, speeding up permits, or making problems presented by regulatory agencies go away. "You're talking to someone who's at the top of a state administration," says Nebraska Gov. Pete Ricketts. "You know you're talking to the person who can make things happen."

Ricketts, along with Ducey and numerous other current governors such as Matt Bevin of Kentucky, Bill Haslam of Tennessee and Rick Scott of Florida, came to government from a business background. When they're negotiating with a CEO or entrepreneur, they know from firsthand experience what obstacles governments can present and the ways that government can help. They not only bring the cachet of their office to sales meetings, but also are able to talk the nuts and bolts of business. Being able to anticipate and answer questions about infrastructure or workforce if there are subnational leaders they can work with if they lack a partner in Washington. "The international community is reaching out in a way that has never happened," says Pattison. "You've got premiers calling and talking to governors like never before. I have CEOs of foreign companies wanting to know how they can meet with governors. I've got ambassadors calling me."

States have sought to build business abroad for decades, but the amount of effort and attention governors have devoted to the cause has ebbed and flowed. During the 1990s, when globalization was still viewed as a force that could lift all boats, states went all in, opening up trade offices around the globe and sending governors on standing annual trade missions. Those efforts didn't bear as much fruit as was hoped, and during the recession of 2007-2009, states closed many of their overseas offices.

States still engage in the hunt for exporting opportunities, looking for ways to help companies at home sell products and services abroad. But for many states, that effort has taken a back seat lately to the effort to attract foreign direct investment. Governors have made it a priority to persuade companies to open locations in their states, such as the giant deal Wisconsin cut last year with the Taiwanese electronics manufacturer Foxconn.

Governors are devoting more of their own time to the pursuit than was generally true for their predecessors. Terry McAuliffe, who just completed his term as governor of Virginia, went on 35 sales trips abroad, often hitting several countries at a time, during his four years in office. That's a pretty high ratio, but it's become common for governors to take international flights multiple times per year. In some cases, having a governor take a trip is useful for ceremonial occasions and gift-giving, both of which tend to be more a part of the business culture in Asia than in America.

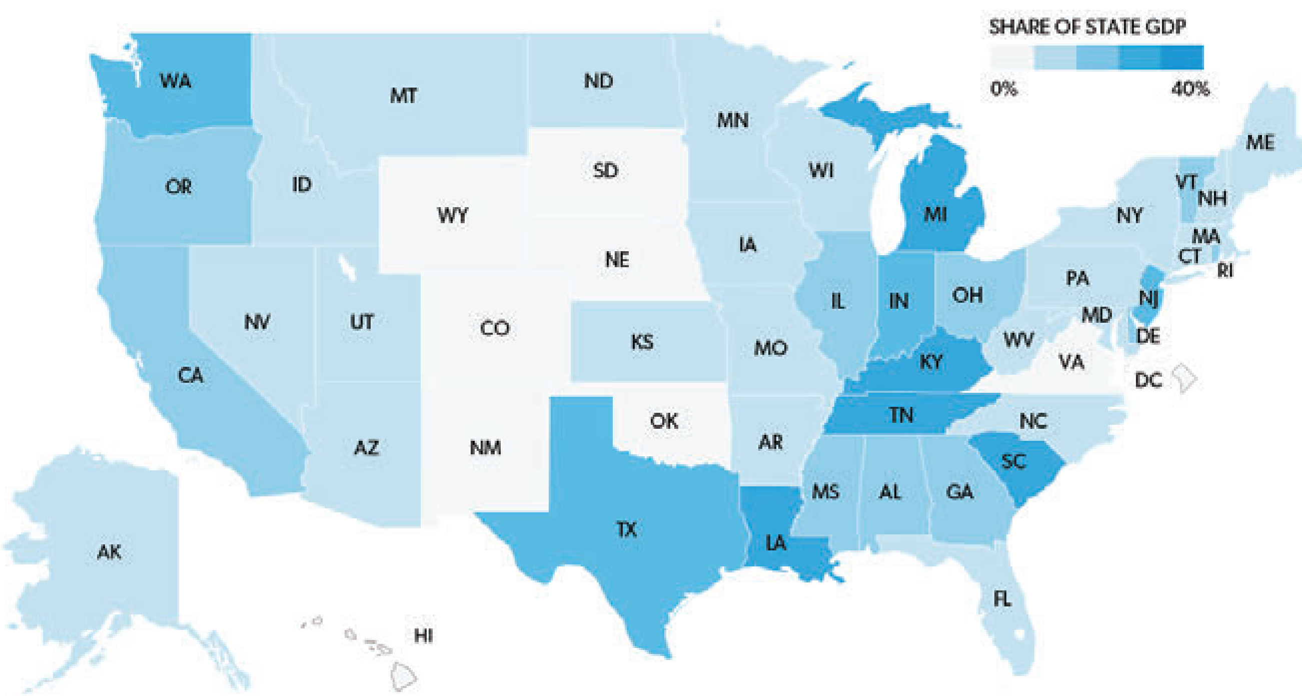
Wanting to squeeze out every advantage from having the governor on the ground, the staff sets up meetings that go from dawn to well past dinner, in a way that may be even more extreme than the governor's schedule back home in the capital. "It's not uncommon for us to fly overnight, take a shower in the airport lounge and be at our first meeting within two hours of landing," says Vince Barnett, vice president of business investment for the Virginia Economic Development Partnership.

For the most part, states are pretty strategic about where they seek trade deals and where they send their governors. "They're not going to obvious vacation destinations," says Andrew Cassey, an adjunct economist at Washington State University. "No one's going to Bermuda."

The approach, boiled down, tends to be rather basic. They keep digging in places where they've made connections in the

CROSS-BORDER BENEFITS

International trade is important to most states' economies. In 2016, it made up as much as 40 percent of GDP in some states.



Source: American Enterprise Institute, using data from the U.S. Census Bureau past. If a state has already landed a major company from South Korea, for instance, it makes sense to go after more Korean companies. There can be network effects, with other suppliers or other companies from the same sector deciding to tag along. Once a company is established and enjoys success in a state, it might vouch for that state back home. "No one wants to be the first firm," Cassey says. "They want to find out what their neighbors are doing."

Building up existing networks makes more sense for economic development directors than trying to tap into whatever country or region seems hot at a given moment. Economic development is a long game. In general, East Coast states tend to look toward Europe, while West Coast states think about Asia, although Canada is the top trading partner for the vast majority of states.

That's not to say that state officials don't look for new opportunities. That's where a governor's help can be especially important. His or her personal involvement signals to entities abroad that the state is serious about trying to make deals happen. When a governor brings executives from homegrown companies along for the ride, that acts as a seal of approval for those companies. "People overseas want to know if the state government is supporting the activity," Zook says. "When they're committing big sums, they want to know conditions are right, and are going to be kept right, and they want to talk to the guy that can make it happen."

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Louisiana Gov. John Bel Edwards signed ceremonial "memorandums of understanding" in 2016 that pledged to enter into trade deals with Cuba if and when relations are normalized.

There's a lot of upside for governors getting involved in seeking foreign trade and investment, but there's also a lot of competition. States try to build on their own strengths, whether it's advanced manufacturing or agriculture. Regardless of the market, other states are bound to compete. In a global context, trade and investment have become increasingly cutthroat. Where globalization once promised border-free trading, now barriers are going up, as symbolized both by Trump's election and the Brexit referendum in the United Kingdom. "It's become much more territorial and, dare I say, confrontational," says Andrew Thomas, a University of Akron economist. "It's become almost a zero-sum game."

Most state officials engaged with trade say they're simply doing their best to assure foreign partners of their commitment to fostering business. They are keeping their heads down and working on the issues they have some control over, as opposed to worrying about what the Trump administration might do.

The Trump effect is unpredictable, but it's not likely to put the brakes on foreign investment in this country in the long run, Thomas suggests. While Trump may not look like a trade promoter, he's unlikely to hamper states' efforts entirely. For one thing, foreign firms that set up a physical presence in this country are probably not going to be accused of dumping their products, or illegally underpricing American companies. It may become more expensive to do business here, but the U.S. remains the world's largest market and its stability will remain attractive as global markets grow more insular and chaotic. "Over the next several decades, more and more money is going to flow into the U.S., despite all the pronouncements from the present administration," Thomas says. "More and more foreign companies are going to want to do business here, whatever the terms are."

Maybe that's too optimistic. Or maybe Trump really can, as Ricketts suggests, get the "best deal possible" for America.

For many governors, the next step in their foreign trade and investment strategies is busting down silos and harmonizing efforts with the private sector. Last fall, for instance, Ricketts went on a trade trip to Japan. As his plane was landing, a group of corn growers from Nebraska was taking off. "We didn't know they were going," Ricketts says. "If we had, we could have been able to coordinate our efforts." Toward that end, Ricketts established a council for international trade, a

Canadian Prime Minister Justin Trudeau spoke at the National Governors Association last summer, telling then-Gov. Terry McAuliffe that governors are better equipped to show the "tangible benefits of trade."

standing group bringing together members of his administration, private companies, trade associations, farmers and universities—essentially everyone in the state regularly engaged in international diplomacy and business.

States have to play a multilayered game, not just concentrating their efforts in favorable regions, but also pursuing development in sectors that make sense for them. Colorado Gov. John Hickenlooper identified the key economic clusters in his state and consulted with major private players to plan out how to make the state's strengths in those areas better known around the world. State trade officials have mapped out a strategy in terms of what private companies need to do in this regard, what the federal government can do where appropriate and what the state's own role should be. The state tries to convene everyone involved in, say, aerospace, to figure out how best to market that sector abroad, while also getting industry and universities and other domestic constituents talking more with one another.

Too many states are still thinking only in terms of what regional markets they hope to enter—China, for instance, or India—without concentrating on a strategy to attract the type of investment dollars they'll ultimately want, says Michelle Hadwiger, director of global business at the Colorado Office of Economic Development and International Trade. "Chambers will talk to chambers and the European trade association will talk to the trade association here, but there isn't an outcome strategy to increase exports or drive investment," she says.

"With so much uncertainty in Washington, governors are working to send every signal they can that their states are going to stay open for business.

Everyone in economic development likes to brag about what they're doing. That's kind of the point. It's a big reason governors have been getting more involved. Governors are uniquely equipped to bring people together within their own states, while also serving as the lead promoter of their states abroad. "The governors now really understand the importance of showing up and leading these efforts," says Hamer, the Arizona chamber president. "There's simply no substitute for having the governor out there, whether a company is relocating, or getting investment from another country." **G**

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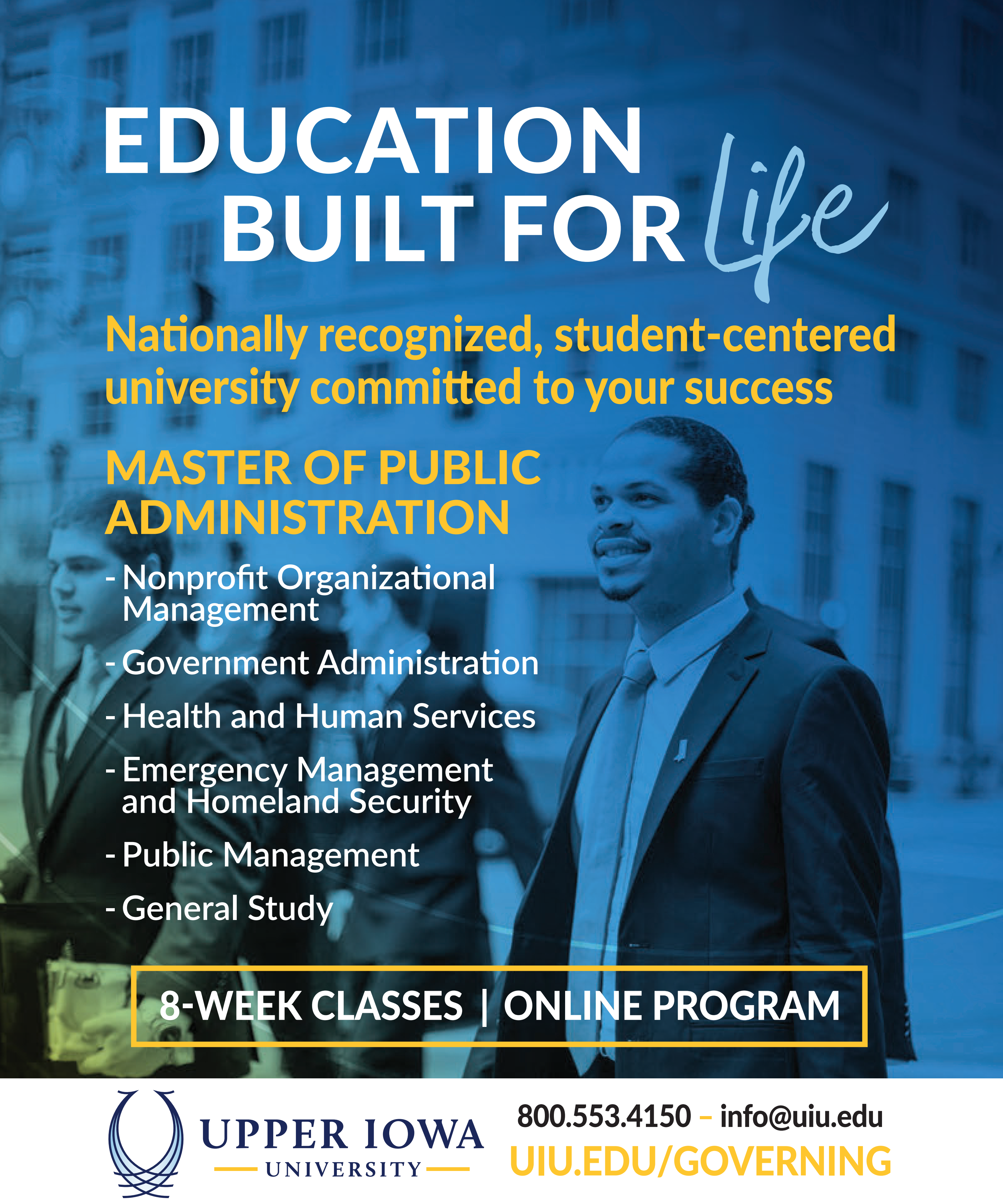
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BOARD?

In a few years, sleek new trains may be zipping along South Florida from Miami to Orlando. But it's no sure thing.

By Daniel C. Vock

If all goes according to plan, a fleet of brand-new passenger trains, painted in eye-popping magenta, azure and lime green, all with yellow accents, will soon start carrying riders the 66 miles between Miami and West Palm Beach, rolling down one of Florida's most congested corridors in an hour. Passengers will enjoy wide seats and onboard Wi-Fi, and will start and finish their trips in architecturally striking stations in downtown Miami, Fort Lauderdale or West Palm Beach. The stations will include retail spaces, along with adjacent office buildings and apartment towers that promise to add extra vibrancy to the surrounding neighborhoods.

It's a startling development in an area that, despite being hemmed in on a narrow strip of land between the Everglades and the Atlantic Ocean, depends almost entirely on cars.

But what's more startling is how the service is being paid for. It isn't the state of Florida or the municipalities along the route that are putting up most of the funds; it's a private company that's convinced it can make money by building and running the $3.1 billion project largely on its own. By 2020, the company, named All Aboard Florida, hopes to extend its "Brightline" service all the way to the Orlando airport, 168 miles north of West Palm Beach. With top speeds of 125 mph, the train could take passengers from Orlando to Miami in a relaxed three hours, rather than the four stressful hours it usually takes in a car.

For many transportation and infrastructure advocates, Brightline is exactly the right project for the current political and financial environment. Congress has repeatedly balked at raising new taxes or finding long-term sources of money to pay for existing infrastructure needs, and most states don't have the financial wherewithal to launch ambitious new public works projects. That leaves deep-pocketed private investors as a crucial source of funding to build much-needed infrastructure. For conservatives, relying on the private sector represents a wager that what gets built can be supported by the market rather than by tax dollars. The fact that Brightline will be the first privately built passenger railroad to open in the United States in decades means it will garner plenty of attention.

But before Brightline can serve as a model for infrastructure development elsewhere, All Aboard Florida needs to prove its trains can make money. There are many doubters. They point to lawsuits, angry neighbors, construction delays, safety questions and political interference. All Aboard Florida has so far struggled to show it can put together a financing package that will attract investors, operate in the black and provide Floridians with a new transportation option that could reshape the state for years to come. No matter how high the hopes may be, if the finances don't pencil out, the rest is just fanciful thinking.

(*Governing* discussed this story with an All Aboard Florida representative for six months, and, at the company's request, pushed back publication to accommodate delays in Brightline's scheduled South Florida opening, which finally occurred last month. Ultimately, however, the company declined to make anyone available for an interview or to submit answers to written questions. *Governing* drew from public statements, regulatory filings, court documents and news accounts to provide information about the company and its operations.)

A rendering of the MiamiCentral train station

Florida today might seem like an odd place to build new intercity rail, but it was rail that transformed the state from a sparsely inhabited swamp to a booming vacationland a century ago.

Henry Flagler, a founder of Standard Oil, built a rail line and accompanying hotels that pushed the Florida frontier down the Atlantic coast from Jacksonville until it reached Key West. That line led to the creation of West Palm Beach and the incorporation of Miami. The line Flagler built, the Florida East Coast Railway, stopped serving Key West after a hurricane in the 1930s, and it stopped carrying passengers entirely in 1968. But it's the same route that Brightline trains would travel on for most of their journey between Miami and Orlando.

To follow the finances of Brightline, it's helpful to know that Fortress Investment Group, a private equity firm from Wall Street,

BRIGHTLINE

owns Florida East Coast Industries, which in turn owns All Aboard Florida, which operates Brightline. None of them own the track, or the freight railroad that uses it, but they have a long-term agreement to give them access.

Car-saturated though it may be, Florida is an attractive place to build higher-speed passenger rail because it is flat. That makes track upgrades simpler—and less expensive—and makes it easier for trains to get up to speed. The fact that All Aboard Florida has access to existing tracks and rail rights-of-way all along the coast generally eliminates the need to take additional private property, which can be a legally onerous and politically fraught task. The company's plans largely avoid that problem even in the areas where it will have to build new track, because the new rail line will follow an existing state highway from Cocoa (near the Kennedy Space Center on the Atlantic Coast) to the Orlando airport.

The distance between Orlando and South Florida is another factor that makes rail service attractive. Brightline will be too slow to qualify as true high-speed rail, like the 200 mph bullet trains that service cities in Europe and Asia, but it will achieve speeds similar to the Acela on Amtrak's Northeast Corridor. The distance from Miami to Orlando is too long for many drivers and too short for flying, which is the sweet spot for passenger rail (one reason why the Northeast Corridor, from Boston to New York to Washington, is Amtrak's most popular route).

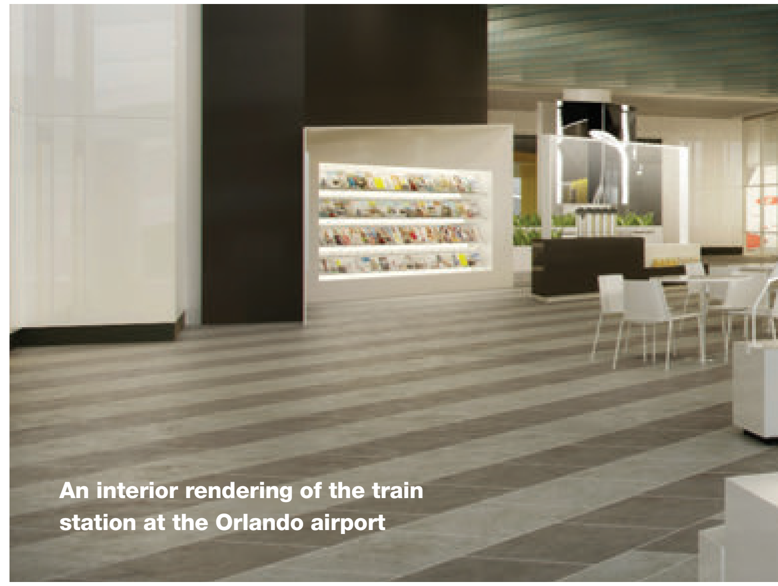
Connecting Orlando to South Florida would also link Florida's top tourist destinations. Supporters hope the easy access between cities will encourage visitors to tack on a few extra days to their vacations, so that cruise passengers and beachgoers in Miami could also visit Walt Disney World and Central Florida's other famed theme parks with little extra hassle.

For Brightline's southern stretch, stations in the heart of Miami, Fort Lauderdale and West Palm Beach have been designed to appeal to residents who want to enjoy walkable amenities in city centers. That's especially true in the newly resurgent downtown Miami. Brightline's MiamiCentral train station will span six blocks in a formerly drab corner of downtown. The tracks are elevated 50 feet above street level, held up by V-shaped columns. Below the tracks, glass-enclosed retail spaces will line the streets, while above, towers will provide 800 rental apartments, a valuable commodity in an area where the number of residents has doubled since 2000. “The private sector can move things faster sometimes than government,” says Alyce Robertson, the executive director of the Miami Downtown Development Authority, a city agency. “The station went up like magic. It seems like they were just breaking ground, and now it’s beautiful. The architecture is also not the standard-issue value engineering you see in government buildings. Pretty soon, we are going to have a new service here unlike anything we’ve ever seen.”

Brightline has the potential to reshape the area’s other transportation offerings as well. MiamiCentral’s location next to the busiest stop on the county’s light rail line and next to the downtown people mover will make transferring among the different systems easy. Even more important, Brightline will share its southernmost tracks and MiamiCentral station with the area’s commuter rail service, Tri-Rail, which connects Miami-Dade, Broward and Palm Beach counties. The Brightline connection will allow Tri-Rail for the first time to drop its passengers off downtown instead of at the airport or a transfer station northwest of the city.

Local governments have spent $69 million to bring Tri-Rail into MiamiCentral. Bonnie Arnold, a spokeswoman for the South Florida Regional Transportation Authority, which operates Tri-Rail, says the benefits of the new station go beyond convenience. “You’re going to know you really arrived somewhere when you get there,” she says. “It’s what you think train stations ought to look like. It’s going to set Miami on fire for places people want to go.”

And one day, it might do that. But in the meantime, there are plenty of Floridians who don’t like Brightline and some who would be just as happy if it remained unfinished. The most vocal opponents are people living near the center of the route, who will see trains speeding by but get little benefit from them. That’s a region called the Treasure Coast, just north of West Palm Beach. County, state and federal officials from the area have tried to put the brakes on the project. Opponents have raised concerns about unsafe pedestrian crossings, blockage of emergency vehicles, environmental impact and additional expenses for local governments.



An interior rendering of the train station at the Orlando airport

Once completed, Brightline will run from the Orlando airport to downtown Miami.

BRIGHTLINE

Debbie Mayfield, who represents much of the Treasure Coast in the state Senate, is pushing legislation to give the Florida Department of Transportation (FDOT) more power to enforce safety standards on railroads that operate at speeds greater than 80 mph. That would require Brightline or any future high-speed railroad to put up fencing in areas where there are a lot of pedestrians, roll out better train controls to prevent derailments like the one in Washington state in December and install remote systems to warn when crossing gates aren’t working properly. Mayfield also worries that local governments, which had agreed to pay for maintenance of railroad crossings when they only handled slower-moving freight trains, will now be on the hook to pay for upkeep of the far more expensive gates required for the private Brightline. Mayfield’s legislation has cleared one committee, but it is still a long way from reaching the governor’s desk.

Mayfield, though, says she would be “absolutely OK” with Brightline if her bill became law. “We are not trying to kill it,” she insists. “We are elected to ensure the safety of the citizens of Florida and to protect taxpayer money. That’s what I care about it.”

Florida has been debating, studying and planning high-speed rail for decades. Before Brightline, though, the closest it came to building it was in 2010 when the Obama administration, with the backing of then-Gov. Charlie Crist, announced it would pay for an 85-mile segment from Tampa to Orlando, with plans to extend the line later to Miami. But in February 2011, shortly after Crist left office, his successor, Gov. Rick Scott, rejected the $2.4 billion in federal funds to build

BRIGHTLINE

the high-speed rail. Scott doubted that the line would attract as many riders as its planners claimed, and said that Florida would be on the hook for any cost overruns. "The truth is that this project would be far too costly to taxpayers, and I believe the risk far outweighs the benefits," he told reporters.

A little more than a year later, in March 2012, All Aboard Florida first revealed its plans to build the Orlando-to-Miami line without public money. "This privately owned, operated and maintained passenger rail service will be running in 2014, at no risk to Florida taxpayers," its materials said at the time.

But soon after All Aboard Florida unveiled its project, it became clear that state support would be needed, even if that didn't come in the form of a direct subsidy.

Almost immediately, the railroad started negotiating with Florida for the right to build its Orlando extension along a state highway. FDOT provided the Orlando airport with $159 million in grants and $52 million in loans to build a new station that will service Brightline trains once they start running. All Aboard Florida pitched in $10 million to build the station and will pay $2.8 million a year in rent, plus per-passenger fees, to the airport.

Scott supported the All Aboard Florida bid. "All Aboard is a 100 percent private venture. There is no state money involved," the governor said in 2014. (The fact-checking service PolitiFact has rated that statement "mostly false," because of the state and federal benefits All Aboard Florida has already received.)

All Aboard Florida has enjoyed good relationships with the Scott administration. Adam Hollingsworth, a campaign adviser to Scott and the governor's chief of staff from 2012 to 2014, worked as an executive at one of All Aboard Florida's sister companies after the campaign and prior to becoming Scott's top aide.

According to a 2016 *New York Times* report, Hollingsworth was involved in Scott's decision to reject the Obama stimulus money for high-speed rail, and he pushed the governor to support the Brightline concept. Hollingsworth also helped introduce the governor to Wes Edens, a co-founder of Fortress Investment Group, the owner of All Aboard Florida.

Once Hollingsworth became Scott's chief of staff, he recused himself from matters involving the railroad. But Fortress still worked closely with the Scott administration. That was evident when the company asked the Florida Development Finance Corporation, a nonprofit arm of the state, to issue $1.75 billion in tax-exempt bonds on its behalf. The "private activity bonds" allow private developers to pay off their debt at lower rates, because the proceeds from those bonds are exempt from federal income taxes.

The board ultimately gave the company permission to sell the bonds. The only problem was, the company couldn't find enough people to buy them.

All Aboard Florida says it has already spent $2 billion to improve its freight lines, add a second track along its existing route, build stations, and buy trains and other equipment. But it's also looking for long-term financing to cover the remaining cost of the project. That has not been an easy sell.

Originally, the company applied for a $1.6 billion loan from the federal government that would allow it to borrow money at the same interest rate as the federal government does. But getting a federal Railroad Rehabilitation and Improvement Financing (RRIF) loan can be difficult because of mandated environmental reviews, hefty upfront costs and a notoriously slow application process.

In congressional testimony last summer, Mike Reininger, the former CEO of Brightline and now the executive director of Florida East Coast Industries, its immediate owner, said the federal environmental review process was too cumbersome and that RRIF and other infrastructure financing programs "suffer from opaque and complex rules which discourage pursuit of these options and render them underutilized."

Whatever the reason, All Aboard Florida walked away from its application for the federal railroad loan, after it spent two years going through the environmental review process. The Federal Railroad Administration issued a final environmental impact statement for the entire Miami-to-Orlando route, one step away from final federal approval, before All Aboard Florida opted instead to pursue another financing mechanism: the private activity bonds.

The company tried several times to find buyers for the bonds. In August 2015, it offered a 6 percent interest rate for the entire $1.75 billion. When that didn't work, it raised the rate a month later to 7.5 percent. It tried a third time in October, keeping the rate at 7.5 percent but offering better terms for buyers. A fourth revision in November also yielded no results.

The attempted sales did, however, trigger federal lawsuits by two Treasure Coast counties that Brightline trains would pass through—but not stop in—between West Palm Beach and Orlando. After more than a year, Indian River and Martin counties cleared a major legal hurdle to challenge the company's ability to issue the bonds. All Aboard Florida short-circuited the lawsuit by changing its financing plan yet again. It told the court it would break up its bond offerings to match the phases of the project. For now, it would seek to sell only $600 million in bonds to cover the costs of its Miami-to-West Palm Beach segment. At some time in the future, it would look to sell the remaining $1.15 billion to finance the extension to Orlando. Practically, this meant that there would be no bonds for the improvements in the Treasure Coast counties, which negated their lawsuit. The judge dismissed the suit last May.

But the lawsuit did reveal how tenuous the company's plans were for financing its second phase. In one of his rulings, U.S. District Judge Christopher Cooper concluded in 2016 that All Aboard Florida had almost no choice but to sell private activity bonds to pay for the Orlando expansion. That approach "is not the current financing plan for the project—it appears to be the only financing plan," he wrote, relying in part on proprietary business information that he kept under seal. All Aboard Florida told federal regulators that the tax-exempt bonds were the "linchpin for completing our project," the judge noted.

One reason Cooper made his comment was that Fortress, the ultimate owner of Brightline, was itself in financial trouble. Its market capitalization shrank by more than half just in the time the lawsuit was pending. Other potential sources of finances also posed problems. For example, a company lawyer said in court that Brightline could not afford to pay interest rates of 12 percent for corporate debt for the entire project, the rate a plaintiff's expert said would be necessary to fund it privately. Plus, the federal railroad loan seemed to be off the table, because the company stopped pursuing it.

Since Cooper made that ruling, though, many aspects of the railroad's situation have changed. First, a Japanese telecommunications giant, SoftBank, announced last February that it would buy Fortress for $3.3 billion, a significant markup from its market value.

Then, in October, the company got the Florida development board's permission to issue $600 million in private activity bonds to help pay off debts it incurred building the South Florida portion of Brightline, in particular $504 million for a high-interest loan it took out in 2014 and a separate $98 million debt to the manufacturer from which it bought its five trains.

Fitch Ratings gave Brightline bonds a BB- rating, which is three notches below investment grade. The agency's analysts were concerned about whether there would be enough demand for Brightline's services and, if so, how quickly it would ramp up.

DAVID KIDD

Part of Brightline's problem is that there are no projects to compare it to. This is the first one of its kind in decades. "Seeing demand even relatively close to All Aboard Florida's forecasts in an area like southeast Florida, which has this auto focus, would show there is a market for this sort of rail and that there is potential for other city pairs for high-speed rail," says Stacey Mawson of Fitch. But the proof doesn't yet exist.

In December, the Federal Railroad Administration finally issued its long-delayed record of decision for the entire project, the final administrative step of its environmental review, which allowed the project to go forward.

On balance, the most recent developments seem to have put All Aboard Florida in a better position than it was in a year ago. The best news for the company is that it says the start of its South Florida service is imminent. The first Brightline trains began service last month between West Palm Beach and Fort Lauderdale, and it's likely the cheerfully colored trains will be rolling into Miami soon. What's a lot less clear is when—or even if—they'll make it to Orlando, where, at the airport, a soaring, modern intermodal center, built with public money, nears completion and awaits its first privately funded train. G

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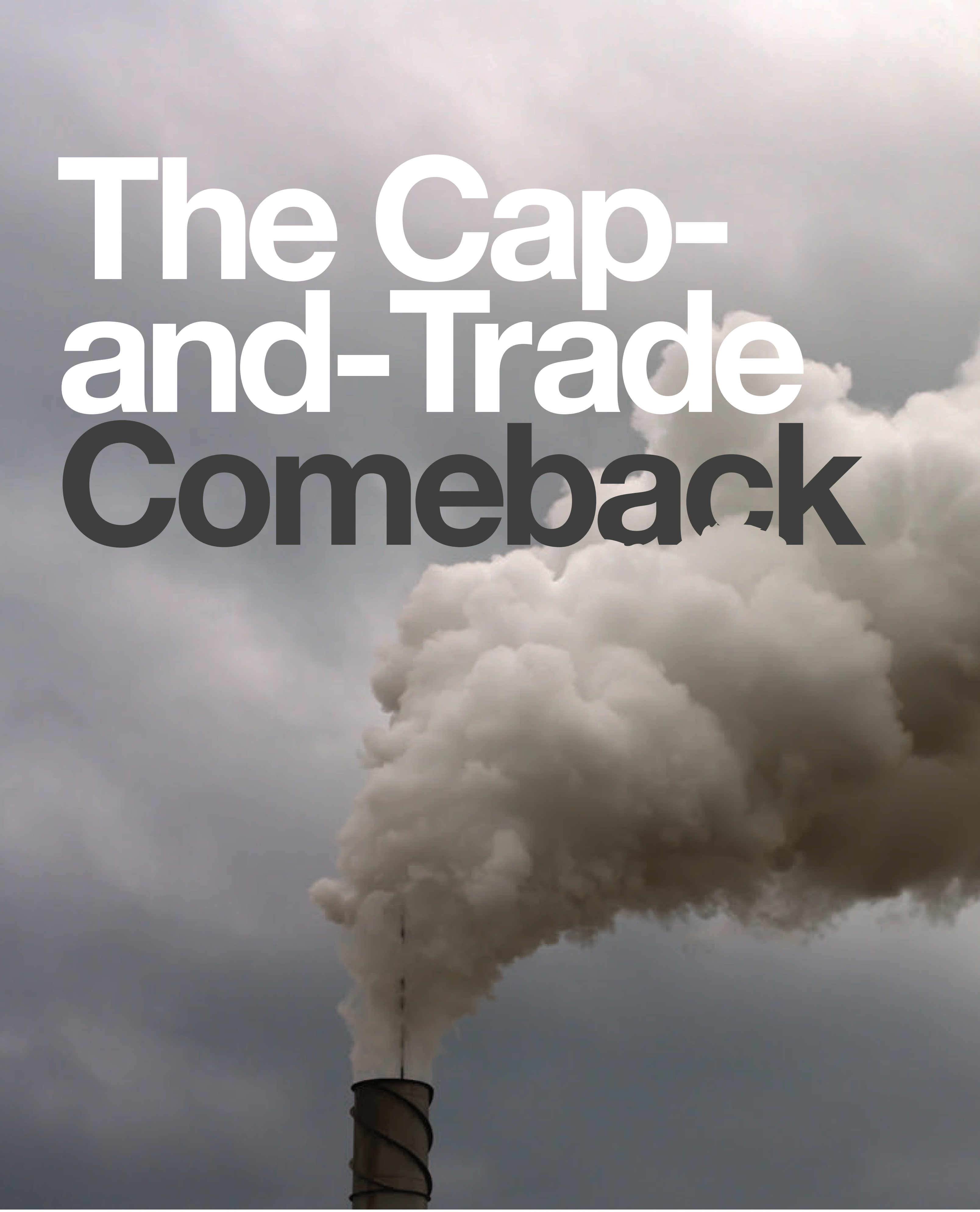
The Cap-and-Trade Comeback



The idea is dead in Washington. But cap and trade has more life than ever in the states.

By J.B. Wogan

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Fifteen years ago, New York Gov. George Pataki sent letters to nine fellow governors in the Northeast and Mid-Atlantic, inviting them to join a bipartisan alliance aimed at fighting global climate change. Pataki was promoting a cap-and-trade system, a regulated market that would limit the amount of carbon dioxide power plants could emit and provide financial incentives for cutting emissions over time.

Cap and trade has had its ups and downs since then, and it's all but dead right now at the federal level. But it has more life than ever in the states. Nine of the 10 states that signed up with the Regional Greenhouse Gas Initiative (RGGI)—the eventual result of Pataki's pitch—in 2007 continue to follow it today. Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, Rhode Island and Vermont are all active participants. Carbon dioxide emissions from power plants in these member states fell 51 percent between 2005 and 2016. At the same time, the states generated more than $2.6 billion in revenue from quarterly auctions of so-called allowances that power plants must buy to offset their emissions.

A few years ago, RGGI (pronounced "reggie") served as a blueprint for the creation of aggressive federal carbon reduction targets. Under the Obama administration, the Environmental Protection Agency put forward the Clean Power Plan, a regulatory framework that aimed to cut emissions from the national electricity sector 32 percent by 2030. One of the likeliest ways states could have met that goal was through a cap-and-trade program. But Donald Trump's election essentially eliminated federal pressure to reduce the nation's reliance on fossil fuels. In June, Trump announced his intention to withdraw from the international Paris Agreement. His EPA administrator, Scott Pruitt, is in the process of repealing the Clean Power Plan and weakening federal fuel standards that would have encouraged the purchase of electric vehicles. Even the words "climate change" have been systematically removed from EPA web pages and documents.

And yet 2018 is shaping up to be a banner year for cap and trade. The new governor in Virginia wants to join RGGI, and his counterpart in New Jersey, which dropped out in 2012, wants to come back in. Oregon will consider legislation this month—also supported by the governor—to create its own program, which would link to other existing carbon markets in California and Canada. Meanwhile, many of the states that created RGGI are looking to enact more aggressive reduction targets for 2030 and want to establish a second regional market for vehicle emissions.

"With the federal government's U-turn on climate change, there's a real sense of urgency to the problem," says Ashley Lawson, a senior fellow at the Center for Climate and Energy Solutions. With building political pressure to do something, "it's fallen to states, almost by default."

When the initial 10 states started discussions about creating a regional cap-and-trade program, seven of the governors were Republican. In fact, cap and trade was originally a Republican policy idea. An attorney in the Reagan administration proposed a version of the strategy to reduce the amount of sulfur dioxide and nitrogen oxides emitted by power plants, which contribute to acid rain. A Republican president, George H.W. Bush, signed a 1990 law creating a federally regulated market for those gases, resulting in dramatic cuts over time.

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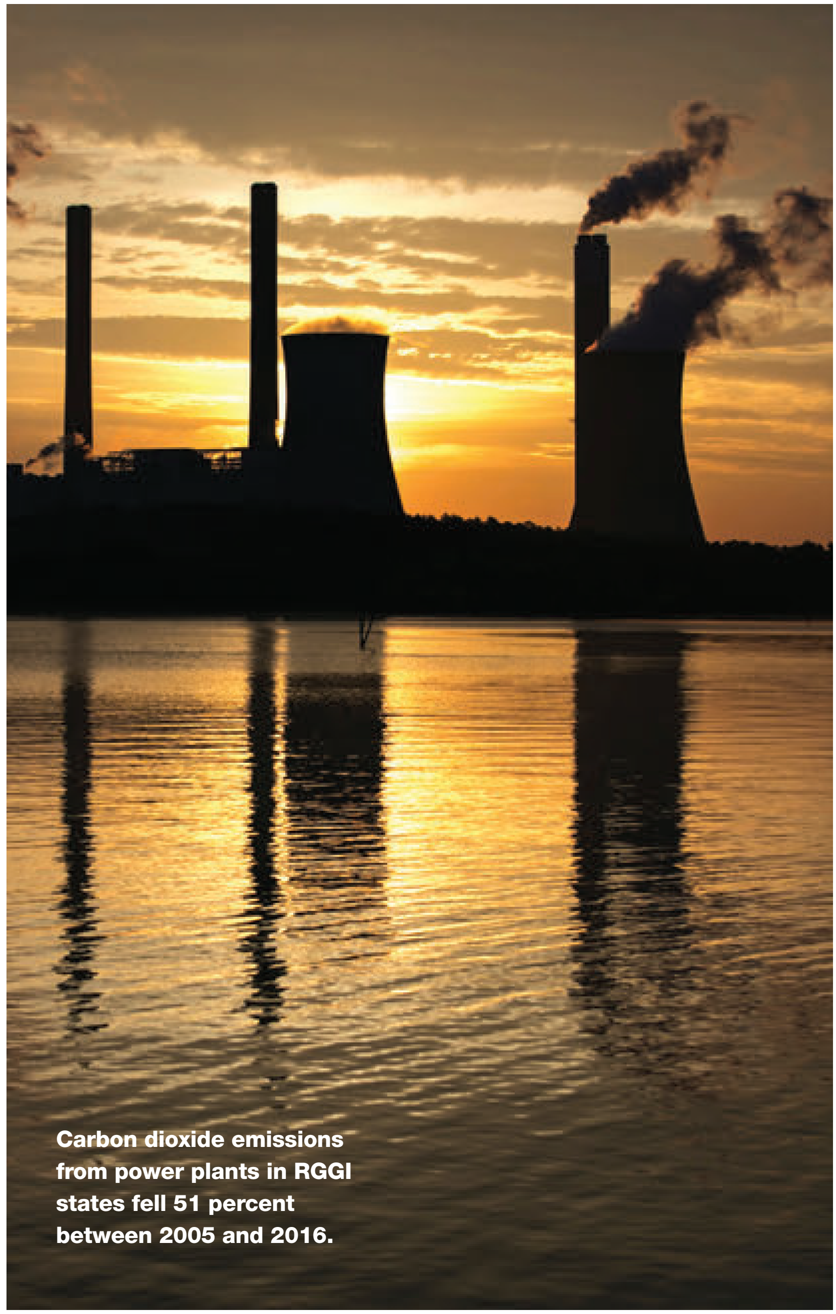
In 2007, then-Massachusetts Gov. Deval Patrick signed legislation joining RGGI.

Republican governors weren't the only ones interested in copying the Bush administration's market-oriented Acid Rain Program. In the early 2000s, Arizona Sen. John McCain repeatedly introduced legislation to create a national cap-and-trade system and went on to endorse it during his 2008 presidential campaign. But when Democrats managed to pass cap-and-trade legislation in the U.S. House, McCain joined Republican senators—along with coal state and farm state Democrats—in opposing the bill and preventing a floor vote.

Public polling at the time suggested McCain's shift reflected the will of his supporters. By December 2009, a majority of Republicans nationally were opposing cap and trade, especially if it meant an increase in household energy costs. During the 2010 midterm campaigns, Republicans turned the issue into a referendum on incumbent Democratic lawmakers by arguing that the legislation would raise electricity costs for businesses and spike homeowners' utility bills. What was once a Republican idea with bipartisan backing had become toxic to many on the political right.

That helps to explain why then-New Jersey Gov. Chris Christie, a Republican who took office in 2010 and had ambitions to run for president, quickly announced his intention of leaving RGGI. He called the cooperative a failure that "does nothing more than tax electricity, tax our citizens, tax our businesses, with no discernible or measurable impact upon our environment." New Jersey's departure was seen as a blow to RGGI, but also to the general notion of regional bipartisan cap-and-trade programs, which states in the Midwest and on the West Coast had also been considering.



Carbon dioxide emissions from power plants in RGGI states fell 51 percent between 2005 and 2016.

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But RGGI survived Christie's withdrawal. The remaining states renewed their commitment in 2013 and again last December. Both times, the states set steeper reduction targets and introduced new features to minimize fluctuations in the pricing of emission allowances. In the latest update, the cap for 2030 will be about 45 percent below what the states emitted in 2005—a more ambitious reduction goal than the one sought in the Clean Power Plan.

Although there are more Democratic governors in the Northeast today than in 2003, five of RGGI's nine member states are still helmed by a Republican. Last year, two of the Republican governors, Paul LePage of Maine and Chris Sununu of New Hampshire, expressed skepticism about lowering the carbon cap for 2030 and openly discussed leaving the initiative. At the same time, the governors of Connecticut, Massachusetts, New York and Rhode Island wanted the opposite—much steeper cuts. They arrived at a compromise that is likely to generate more revenue from power plants even as emissions steadily drop.

What has helped save RGGI during political transitions is the freedom it gives each state to meet the regional emissions cap, says Ben Grumbles, secretary of the environment under Maryland Gov. Larry Hogan, a Republican. "The magic ingredients," he says, "are flexibility and autonomy." Each state has its own plan for shifting away from carbon and each state has broad discretion in how it invests the revenue collected from the program. Some states give greater priority to lowering residents' electricity bills, for example, while others focus on expanding the use of renewable energy. While the latest program review did run the risk of breaking down along party lines, "the states were all committed

New Jersey Gov. Phil Murphy pledged to rejoin RGGI during his campaign.

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to finding common ground," Grumbles says. "Given all the debate over climate change, bipartisan environmental leadership is more important than ever before."

The big question for RGGI states now is how they might expand the scope of their work in the future. The steady drop in power plant emissions has actually prompted a criticism that RGGI is too narrowly focused on electricity. Electric power generators produce a shrinking piece of the total emissions pie. Last year, for the first time, emissions from cars, trucks and airplanes exceeded emissions from power plants. In the RGGI states, power plants contribute only 20 percent of total carbon emissions. "Transportation is the largest sector of emissions now," says Vicki Arroyo, executive director of the Georgetown Climate Center. "You can't achieve economy-wide reductions without tackling transportation."

To date, California is the only state with a cap-and-trade program that includes gasoline and diesel distributors. That could soon change. Last fall, Maryland and six Northeastern states launched a listening tour to gather ideas about how to drive down emissions in the transportation sector. Those states are part of a broader working group called the Transportation and Climate Initiative, which includes the RGGI states, plus New Jersey, Pennsylvania and the District of Columbia. Transportation officials in some of the states say they are interested in a RGGI-like arrangement that puts a price on vehicle fuel emissions and invests the proceeds in cleaner transportation options, such as public transit, bike lanes, pedestrian walkways and electric vehicles. Two years ago, the Georgetown Climate Center estimated that pricing policies could reduce transportation emissions by as much as 40 percent by 2030.

When Trump announced last year that the United States would leave the Paris Agreement, a group of 15 governors responded by pledging to meet the goals of that international agreement regardless of what Washington chose to do. This past November, representatives from 11 states that included both Democratic and Republican administrations flew to Bonn, Germany, to engage in climate change talks hosted by the United Nations. "Donald Trump cannot stop us from doing anything that we're bound to do to defeat climate change," said Washington Gov. Jay Inslee, citing electric vehicle incentives in California, offshore wind farms in Virginia and his own state's efforts to limit carbon pollution through new regulations. Inslee and other governors at the gathering announced they would be joining the North American Climate Leadership Dialogue with the federal governments of Canada and Mexico, in which the focus will be on how to phase out coal-fired power, enact carbon pricing and stoke demand for vehicles that do not emit carbon at all.

Although several "accords" and "compacts" have sprung up in the last 12 months, none of them have the teeth to compel change the way the Obama administration's Clean Power Plan would have. This year will be the first test of whether governors who volunteered to stick with the Paris Agreement can implement new policies to make good on those promises.

There will also be a considerable amount of attention on New Jersey. Christie vetoed legislation to reinstate the cap-and-trade program three times, but it became clear last year that he was only delaying the inevitable. His own lieutenant governor, Kim Guadagno, said as a candidate in the 2017 Republican gubernatorial primary that she would restore New Jersey's membership in RGGI. The Democratic nominee, Phil Murphy, who defeated Guadagno, pledged to make it one of his first actions in office.

After the election, state lawmakers said they would help Murphy by reintroducing a bill to join RGGI this year. "With the current president, it gives us more of an incentive to be a leader on a statewide basis," says state Assemblywoman Valerie Huttle, a Democrat who sponsored bills to rejoin RGGI in the past. "This is just another thing that New Jersey can do to become a firewall against what's happening at the federal level."

While most supporters of RGGI had anticipated that New Jersey would ultimately elect new leadership in favor of rejoining the group, the likely addition of a new neighbor from the South has been a much bigger surprise: The November election results in Virginia, which handed Democrats a slate of victories, all but guaranteed that the state will set up a carbon trading program as well. Democrat Ralph Northam, who won the governorship by a comfortable margin, has pledged to push forward with carbon regulations proposed by his Democratic predecessor, Terry McAuliffe, possibly by executive order. So far, only one state (New York) has created a cap-and-trade program through executive order, but Virginia Attorney General Mark Herring, a Democrat who won reelection in November, says current law permits the governor to enact the regulations.

RGGI has signaled a willingness to bring in new members, which would be the first time that has happened since its founding. The group is already in talks with Virginia about its proposed rule. "It's hard to beat the RGGI model," says Katie Dykes, who chairs the Connecticut Public Utilities Regulatory Authority. "We recognize that by participating in a multistate program, we're able to achieve more cost-effective, flexible reductions in carbon emissions than if we tried to accomplish the same within our state borders alone."

This month, Oregon state Rep. Ken Helm plans to reintroduce a cap-and-trade bill that has the backing of Democratic Gov. Kate Brown and her party's legislative leaders, who control the state House and Senate. Helm's legislation would go beyond the electricity sector and also regulate emissions from gasoline and diesel. If enacted, the law would allow Oregon to join the Western Climate Initiative, an international partnership that includes not only California, but also Ontario and Quebec, the two Canadian provinces that already have carbon markets.

Helm is careful not to give Trump too much credit for the recent cap-and-trade activity in states. He notes that Oregon already had a 2020 target for reducing its greenhouse gas emissions and that the legislature has debated a carbon pricing program for several years. Still, the new president did add a renewed sense of urgency to state efforts, Helm says. "While the change in administration wasn't a catalyst for what we've done, it did give us a little oomph just to get back to our own business." **G**

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ATIONS

As the right-to-die movement grows, more states are having the discussions no one likes to have. *By Mattie Quinn*

Primum non nocere. First, do no harm. Medical students have been taking this vow since Hippocrates came up with it in ancient Greece in the fifth century B.C. It is universally acknowledged to be the foundation of Western medicine. But the Hippocratic oath isn't as black or white as it once seemed.

Nowadays, people are living longer than ever—with diseases that Hippocrates could never have imagined—and in circumstances in which a doctor could end their suffering. For more than a century, some American physicians have been arguing for a patient's right to choose death, and for doctors to be able to assist in the process. The first euthanasia bill was introduced in Ohio in 1905. It failed, but academic papers and state legislation on right-to-die policies have been part of the medical landscape ever since.

Oregon legalized aid-in-dying in 1997, far in advance of any other American jurisdiction. Washington state followed in 2008. Now the movement seems to be gathering momentum. In the past five years, California, Colorado, the District of Columbia and Vermont have all legalized euthanasia through legislation or ballot measure. Most have modeled their laws off Oregon's. In order to obtain a prescription for a life-ending medication, two doctors have to determine a patient has no more than six months left to live and is mentally competent to ask for the medication. There is also usually a waiting period of 15 days between the first and second doctor's approval before a medication is authorized.

For years after enactment of Oregon's law, the practice was used very little. Only a few practitioners in the state openly employed it, and few residents were even aware it was available to them. Most hospitals remained opposed, and the Catholic Church was a strong presence in its opposition. But four years ago, euthanasia advocates launched a public service campaign throughout the state to raise the profile of the Oregon law and to change the policies of health institutions that didn't support it. It worked. After a year of lobbying, all nonreligious hospitals in Oregon had dropped their opposition, and the number of medical practitioners offering aid-in-dying prescriptions had risen by 70 percent. It made other states take notice of the policy, says Kat West of Compassion and Choices, an advocacy organization that supports and tracks aid-in-dying legislation.

According to the Oregon Health Authority, a total of 1,749 state residents have taken their lives with a legal prescription since the law went into effect in 1997. In 2016, 133 ingested lethal medication. An overwhelming number of these patients were elderly (80 percent) and most had cancer (79 percent).

When the California Legislature enacted its law in 2015, Democratic Gov. Jerry Brown—a former Catholic seminarian—wrote, "I do not know what I would do if I were dying in prolonged and excruciating pain. I am certain, however, that it would be a comfort to be able to consider the options afforded by this bill. And I wouldn't deny that right to others."

On health care and social issues, California and Colorado tend to be trendsetters, providing a clue to what other progressive-leaning states will legalize or adopt. Now that aid-in-dying is legal in both places, it is plausible to imagine it as a normal part of hospice care in many parts of the country in the not-too-distant future. But will it happen? And should it?

Both proponents and opponents of euthanasia believe more states will adopt the practice in the years to come. "I think it'll expand before it contracts," says Brian Callister, associate professor of medicine at the University of Nevada, Reno. Callister is an outspoken opponent of aid-in-dying laws, but he says that advocacy groups are well-enough funded to make the laws legal in more states.

His opposition to euthanasia came about when he was transferring two patients to practices in California and Oregon. He says neither patient was terminal, but in both cases the company handling the insurance asked offhandedly if he'd thought about suggesting assisted suicide. "I was struck by how casual it was," Callister says. "Those two cases made me sit up and take notice of end-of-life care." (Medicaid covers euthanasia in both California and Oregon; Medicare and Veterans Affairs do not.)

A doctor's guess on how long a patient will live following a diagnosis can never be exact—the frequently used six-month standard is often arbitrary. But Callister argues that doctors are good at gauging when someone really is nearing the end. In those cases, he says, "better palliative care is the answer, not killing people." Palliative care is a subset of hospice care that works to make a patient as comfortable as possible to ease the symptoms of an incurable disease.

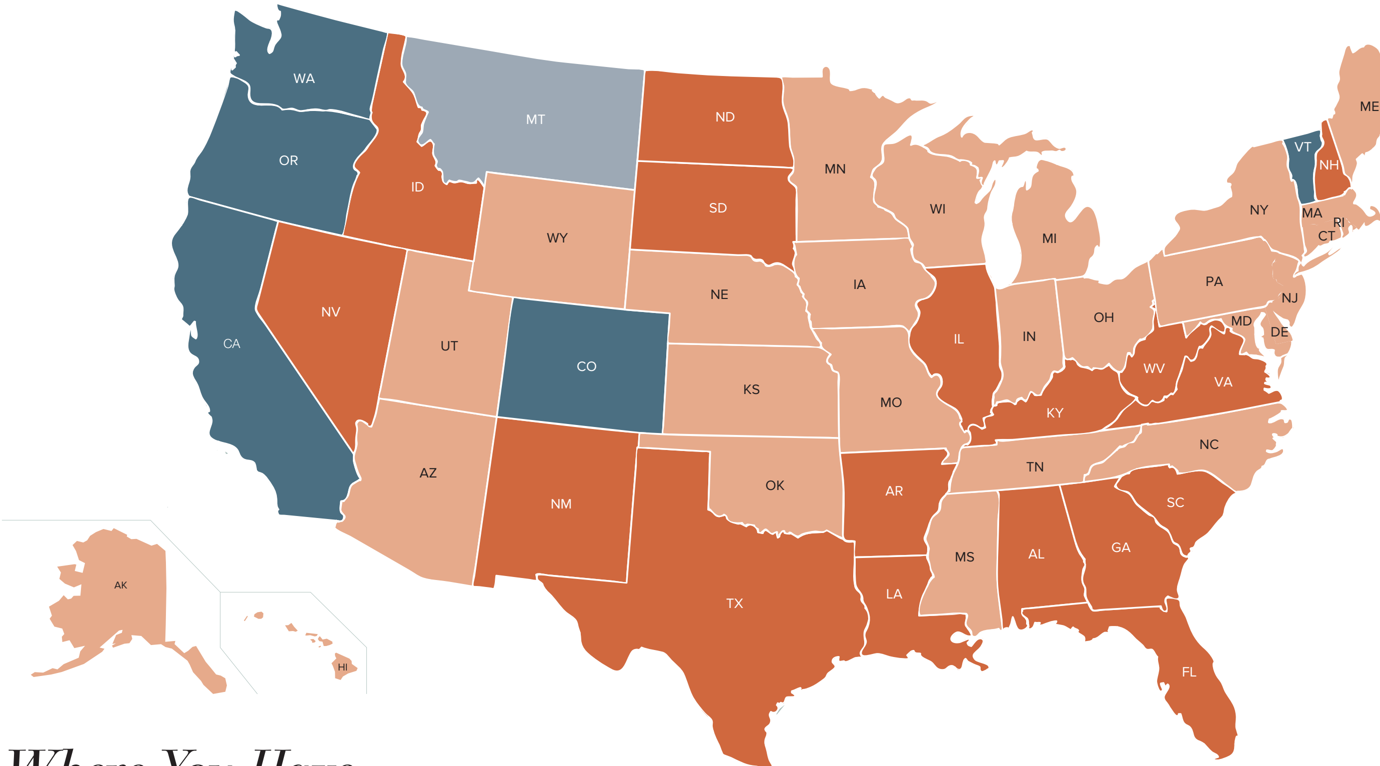
The American College of Physicians (ACP), which has come out strongly against aid-in-dying, shares Callister's sentiment. In a paper that appeared in the *Annals of Internal Medicine* in September, ACP President Jack Ende wrote that "the focus at the end of life should be on efforts to prevent or ease suffering and on the often unaddressed needs of patients and families. As a society, we need to work to improve hospice and palliative care, including awareness and access."

For its part, the American Medical Association (AMA) dropped its longtime opposition to aid-in-dying in 2016, switching to a neutral stance while directing its Council on Ethical and Judicial Affairs to study the issue and its impact. In the past, the AMA insisted that aid-in-dying was "fundamentally incompatible with the physician's role as healer, would be difficult or impossible to control and would pose serious societal risks."

Proponents of aid-in-dying argue that it isn't just a way to hasten death. They think of it instead as an instrument in the toolbox for those who work in hospice care.

After all, "the will to live is the strongest drive we have," says Neil Wenger, director of the Health Ethics Center at the University of California, Los Angeles. Wenger believes that since California's law has gone into effect, conversations over end-of-life issues have improved—more hospice patients want to talk about all of their options.

Thalia DeWolf is a clinical practice coordinator at Bay Area End of Life Options, a California organization that counsels people on end-of-life care and refers them to what it believes is the right treatment. She says the organization had to turn away patients in 2017 because it couldn't keep up with the demand. Like Wenger, she believes that more people want to talk about end-of-life options as a result of the laws that have



SOURCE: DEATH WITH DIGNITY NATIONAL CENTER

Where You Have the Right to Die

Five states allow it, but many more are considering legislation.

States with a right-to-die statute

States where aid-in-dying is legal by court decision

States considering aid-in-dying this year/session

States with no legislative activity this year/session

been passed. "We've had people say they want aid-in-dying, and then they went into hospice care and decided they liked that just fine—and that's great," DeWolf says. "Most people in hospice care are comfortable. But this law is for those select people who don't want a very painful last few weeks."

David Grube, a retired physician who is chief medical officer at Compassion and Choices, says that Oregon's aid-in-dying law is one reason the state has an A rating from the Center to Advance Palliative Care. "Just having that option is palliative," he says. "By knowing that it's there, people suffer less."

But access to euthanasia often depends on where someone lives even in a state that's legalized it. Religious and rural health organizations tend not to offer it. Grube says there are areas of Oregon with only Catholic health organizations, so residents there have to travel if they want to speak to a doctor about an aid-in-dying option. Other religious denominations are equally strong opponents. Church-affiliated hospitals make up 13 percent of California's health system, and all have opted out of using the right-to-die law.

In the first six months after the law's enactment in California, 111 people chose to take advantage of it, and the statistics were similar to those in Oregon: 87 percent of the patients were older than 60, and 59 percent had cancer. Data from Colorado's first year of implementation in 2017 found that roughly 50 residents requested aid-in-dying drugs. About 30 hospitals across the state declined to participate in the program. The majority of them were church-affiliated.

New Jersey seems likely to be the next state to legalize the practice. Legislation passed the House in 2017, but went no further after Gov. Chris Christie promised to veto it. Supporters are likely to have better luck with the state's new Democratic governor, Phil Murphy, although he hasn't said publicly if he supports the policy.

Advocates acknowledge that right-to-die laws are not going to spread to every state, and even some of the more progressive states continue to encounter strong opposition. Last year, the New York Court of Appeals upheld a state prohibition against allowing doctors to dispense lethal medication to terminally ill patients. Five such patients filed a lawsuit asking the state to reconsider the prohibition, two of whom died during the legal process, but the suit did not succeed. In 2015, legislation in Connecticut creating an aid-in-dying law failed to make it out of committee.

What's clear is that more and more lawmakers throughout the country will be tackling complex questions about quality of life and when a life is really over. Even supporters of euthanasia acknowledge that giving patients the option of terminating their lives isn't an easy concept to accept. "It's fraught with moral unknowns," DeWolf admits. "Is every moment of every life valuable? Who gets to choose when life begins and ends?" **G**

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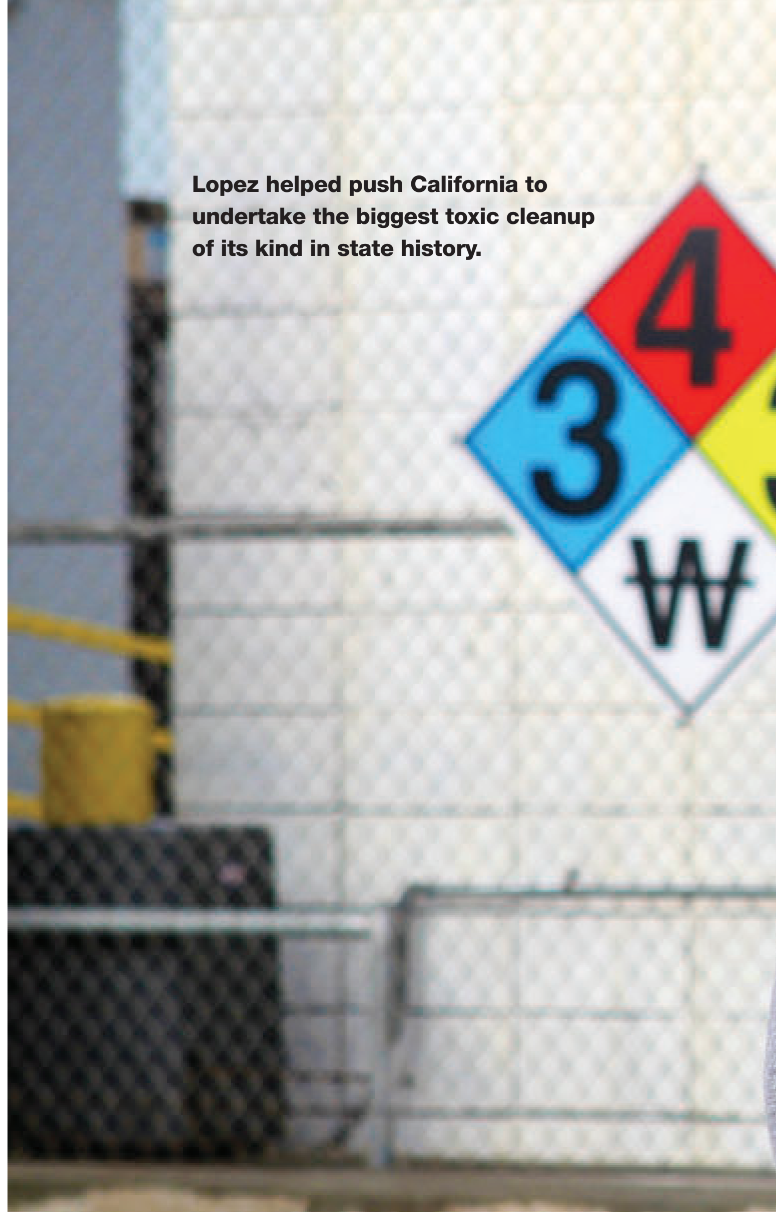
East Yard Communities for Environmental Justice Executive Director mark! Lopez

GOLDMAN ENVIRONMENTAL PRIZE

FROM THE OUTSIDE IN

The fight for environmental justice, the rise of citizen activism and the tenacity of a guy named mark! **By Natalie Delgadillo**



Lopez helped push California to undertake the biggest toxic cleanup of its kind in state history.

The city of Commerce, Calif., lies in one of the most industrialized pockets of the country. Located in southeast Los Angeles County, Commerce is sliced up by freeway overpasses and freight rail lines. Diesel trucks carrying goods from the ports of L.A. and Long Beach, which together handle about 40 percent of all imports into the U.S., rumble through all parts of the city. Several rail yards, owned by Union Pacific and BNSF, two of the largest freight railroad networks in North America, sit close to homes, parks and businesses. At night, blindingly bright stadium lights along the routes cast much of Commerce in a perpetual murky twilight.

Idling trucks and passing trains are a normal part of life for the more than 12,000 people who live there, 93 percent of whom are Latino. The trucks and trains aren't just a nuisance: Southeast L.A. air quality is among the worst in the nation, and residents' cancer risk spikes the closer they live to the rail yards and the ports. The people who live there can't always smell the fumes, but the air is toxic to breathe.

In the center of the web of rail yards, along one of the city's busiest streets, a man named mark! Lopez rides his bike most mornings to East Yard Communities for Environmental Justice, the nonprofit where he's executive director. (Lopez spells his first name with a lowercase "m" and an exclamation point.) The East Yard office is a small storefront space, with a large communal table at the front and a few desks separated by partitions. The place is cluttered with office paraphernalia and filled with bilingual chatter. At the back of the room, there's a large sign with a drawing of a diesel truck crossed out. It says, "NO IDLING."

Just outside, on a Monday morning in early December, a lumbering diesel truck idled.

Lopez arrived late that morning; there'd been a confusing new drop-off policy at his daughter's school. He walked in to East Yard wheeling his bike and wearing a helmet. The office was busy preparing for the organization's annual year-end brunch, meant to fundraise and celebrate the year's accomplishments. 2017 had brought things worth celebrating for Lopez and East Yard: He was a recipient of the 2017 Goldman Environmental Prize for his work addressing devastating lead contamination in east and southeast L.A., where a lead-acid battery recycling plant had violated environmental regulations for more than 30 years as state regulators turned a blind eye. Lopez and other community activists all but embarrassed state lawmakers into action.

The massive lead cleanup that's now underway is the largest such effort in California history. For Lopez, it's just the beginning. His work—and the work of East Yard and other community groups like it—has also helped force conversations in Sacramento about air pollution, leading to some new air quality regulations last year.

Activists like Lopez are driving a growing national conversation about environmental justice, the idea that communities of all races and incomes should have the same kind of environmental quality and protection. At a time when lead pollution crises have made headlines from Flint, Mich., to the New York City Housing Authority, and coal ash and other forms of toxic waste are plaguing places such as Kentucky and North Carolina, citizen advocates are finding a louder voice—and becoming harder for public officials to ignore. "[The environmental justice movement] has been around for decades, but the movement's power has been increasing over that entire time," says Ramya Sivasubramanian, an environmental justice attorney at the Natural Resources Defense Council. The impetus for that growing power, Sivasubramanian says, has been community activists like Lopez. "This is a bottom-up movement, so it's not relying on a couple of people at the top. It's about people building power and trying to address the issues they see in their own communities. mark! and his whole family are representative of that."

Lopez's crusade against toxic contamination in his community started long before last year. In fact, the story really begins more than a century ago.

Batteries have been around since the 1780s, but in 1859 a French physicist by the name of Gaston Planté came up with a crucial new advancement: the world's first rechargeable battery. Over time, Planté's batteries, which used lead plates immersed in sulfuric acid, would lose their ability to hold a charge.

GOLDMAN ENVIRONMENTAL PRIZE

But the materials themselves could be recycled and used again and again in new batteries. It was a revelation. But the process of recycling lead-acid batteries can be toxic. If the materials aren't handled properly, lead, acid and other dangerous chemicals can leach into the ground and infiltrate drinking water.

The lead-acid battery recycling plant in Vernon, Calif., just west of Commerce, opened in 1922, one of just two such plants west of the Rockies. By the 1990s, the plant had been cited numerous times for environmental violations. Those violations continued after the plant was acquired in 2000 by a Georgia-based company called Exide Technologies. In 2015, the violations were extensively detailed by the *Los Angeles Times* using information acquired by a public records request. State regulators described a pond of toxic sludge, lead dust that rained down on nearby areas, and lead-acid battery waste being stored in leaking trailers, according to the *Times*. Soil tests around the Exide plant showed levels of lead more than 50 times the level required to be considered hazardous waste.

Still, the state did almost nothing. It had allowed the plant to operate with an incomplete permit for more than 30 years. Despite dozens of violations, the plant had actually been fined only seven times in two decades. It wasn't until 2013, when the company's elevated arsenic emissions gained public attention, that the state began fining Exide heavily for its infractions and tried to shut the plant down, which Exide successfully fought in court. The plant was eventually forced to temporarily halt operations in 2014, when it could not meet new, stricter air quality standards pushed for by East Yard and other community activists. (Reached by email, the California Department of Toxic Substances Control outlined for *Governing* the actions it has taken to test for and clean up lead contamination since 2013. But the DTSC did not directly respond to questions about violations before that.)

In 2015, the U.S. Department of Justice began investigating Exide for its violations, which eventually led to the plant's permanent closure. In order to avoid prosecution, Exide admitted to two decades of infractions, agreeing to permanently close and clean up the plant and to remove lead from homes around the property.

All told, the state believes lead from the Exide plant contaminated six southeast L.A. communities around Vernon, including Commerce. Officials say the damage extends up to 1.7 miles away from the plant, affecting up to 10,000 homes (although Lopez says East Yard has tested homes farther out that are still contaminated). And the health risks don't stop at lead: Air regulators found in 2013 that arsenic emissions from the plant were presenting an elevated cancer risk to 110,000 people, and "chronic hazards" to more than 250,000.

For Lopez, none of these revelations were news. He and his family had contended that Exide was contaminating the community for three generations. His grandmother was involved in efforts to shut the plant down as early as the 1990s.

But the closing of the plant in 2015 was only the beginning of the work. Hundreds of thousands of people are still living on heavily contaminated properties, many unknowingly exposing themselves and their children to toxic levels of lead. Even in trace amounts, lead exposure can cause serious health problems, especially for children, who might experience irreversible cognitive damage.

As the scope of the damage became clear, the cost of the cleanup climbed into the hundreds of millions of dollars. But Exide's deal with the Department of Justice only required the company to apportion about $14 million for the effort. Someone would have to put up the rest of the money. Lopez and East Yard turned their eyes squarely onto the state of California. "We really view the state as a culprit in this issue. They are a responsible party [for the contamination]," says Lopez. "A big part of [our efforts] focused on the governor, who at that point would say nothing about California's biggest environmental crisis."

Gov. Jerry Brown, who took office in 2011, had previously signed legislation meant to increase the DTSC's enforcement power. But no state money had been allocated for cleanup, and residents continued to live on contaminated properties without any recourse. Lopez found it hypocritical that Brown, a globally recognized leader in environmental protection, hadn't taken more action in his own home state. "The governor is known internationally when it comes to conversations around climate change," Lopez says. "But in a place he actually represents as a public official, he was enabling an environmental disaster." (Brown's office declined to comment for this story, as did Exide Technologies.)

East Yard started protesting Brown at public events, but the group was having difficulty attracting attention to its cause. That was until a different environmental disaster 30 miles away shined new light on the Exide crisis.

In October 2015, a natural gas leak occurred in the community of Porter Ranch, a wealthy, mostly white enclave in the San Fernando Valley. The leak released harmful methane and ethane into the air, and it inspired a frenzy of action from the state. Residents were relocated. Schools were temporarily shut down. Brown made multiple visits to the community, and in January 2016, he declared a state of emergency until the leak was finally plugged six weeks later.

The difference in response was hard to ignore. No state of emergency was ever declared for the Exide crisis, even though it affected many more people. For Lopez, the root of the disparity was obvious: Porter Ranch was rich and white; the communities around the Exide plant were mostly low-income and Latino. "When you see the disparity in responses like this, that's environmental racism," he says. "We were able to craft a message around that, and that framing and community pressure is really what worked."

Lopez seized the opportunity to speak with local reporters about the imbalance of the state's response, and some columnists began criticizing the state for its slow-moving testing and cleanup around the Exide site. At the same time, Lopez was advocating in other ways. He became a part of the Exide Advisory Group, meant to give community members a chance to air out their concerns with DTSC as the agency began its testing and cleanup efforts. It was there that Lopez was able to help push the state to expand its testing area from 209 homes to 10,000. He was also regularly in contact with legislators in Sacramento, testifying about the effects of lead contamination and the community's biggest concerns heading into cleanup. "[Lopez] strikes me as one of the people who was really responsible for making sure the community's concerns were known," says Sivasubramanian, who has worked consistently with Lopez on a number of issues over the last four years. "He is playing a leadership role on that advisory group, and then he's looking out for other strategic opportunities he can take. When I say he has a sharp strategic eye, it's because of stuff like [calling the state out on its response to Porter Ranch and lack of attention to Exide contamination]."

Eventually, the mounting pressure on Brown appeared to have an effect. In 2016, the governor apportioned $176 million in state funds for the Exide cleanup effort. Further pushing from Lopez, other activists and some legislators eventually resulted in the Lead-Acid Battery Recycling Act of 2016, which is projected to produce an additional $30 million to $50 million a year for cleanup efforts via a car battery fee. "[Lopez] has been to the Capitol to talk to

The Exide Technologies plant in Vernon, Calif., was shuttered in 2015 after years of environmental violations.

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members, to try to get votes for bills, to testify about problems in the community," says Cristina Garcia, a California state representative who authored the battery bill. "He has come up here to share the stories, the sense of urgency, the sense of justice, how long this fight has been. He's being a voice for his community, making sure they're taken care of."

GOLDMAN ENVIRONMENTAL PRIZE

"I grew up in this work," says Lopez. "Before I was even a teenager, I was out there knocking on doors, letting people know about [the effects of] lead poisoning."

The Goldman Prize is considered one of the most prestigious environmental awards in the world; it's been called the "green Nobel." Winning the award last year, along with the rush of media in the wake of the Exide scandal itself, has helped make Lopez a quasi-celebrity in environmental circles. But people in the smog-choked communities of Los Angeles County already knew his name. Lopez has lived his entire life in unincorporated East L.A., other than short stints away at school. His grandmother, Juana Beatriz Gutierrez, was one of the founding members of the Mothers of East Los Angeles Santa Isabel, an organization which, according to the *Los Angeles Times,* "almost single-handedly shut down plans to build a prison in [its] neighborhood" before going on to fight—and win—a battle against the construction of a toxic waste incinerator nearby. "I grew up in this work," Lopez says. "I was always around my mom and my grandma, and they were always community-building and fighting. Before I was even a teenager, I was out there knocking on doors, letting people know about [the effects of] lead poisoning."

Lopez joined East Yard Communities for Environmental Justice in 2009, shortly after graduating from the University of California, Santa Cruz. (It was in college that he began spelling his first name with a lowercase "m," he says, "because I'm anti-capitalist." And why the exclamation point? "Because I'm very enthusiastic about being anti-capitalist.") He became the executive director of East Yard in 2014.

In person, Lopez is unpretentious and unhurried. Chatting at the East Yard office in shorts and a T-shirt, he seems mildly uncomfortable with the amount of attention he's gotten since the Goldman Prize. Indeed, after he met with me in December, he sent a follow-up text message to say, "I want to make sure folx don't look at me as exceptional, or the Exide fight as exceptional. There are a lot of folx in the East Yard movement that are dynamic community leaders fighting on multiple issues affecting our communities collectively."

The Exide effort in 2016 earned Lopez his Goldman prize, but it's far from being the only work he and East Yard have done. For years, the group has been pushing to make the ports of Los Angeles and Long Beach zero-emissions facilities; last June, the mayors of those two cities signed a pact to slash emissions by 80 percent by 2050. Separately, lawsuits by East Yard and other environmental groups have stopped the construction of a new intermodal facility in Los Angeles. It's meant to provide a closer place for trucks to offload cargo from the ports, but it abuts residential communities in Long Beach, and the lawsuits say it would pollute the air around people's homes. In Commerce, lobbying efforts from East Yard pushed the city to pass a "Green Zones" policy to set up "protective zones" around homes, schools, playgrounds and other sensitive areas now suffering from pollution coming off the rail yards.

Almost by definition, environmental justice groups are a thorn in the side of elected leaders. But East Yard has been a valuable partner, says Lauren Faber O'Connor, the chief of sustainability for Los Angeles Mayor Eric Garcetti. "We want to make sure in the mayor's office that we're benefiting the communities that need it most, and mark! has a real finger on the pulse of what the communities need. [His work] sets the bar for L.A.," O'Connor says. "He understands when it's important to push elected officials and when it's important to partner and help elected officials with their end goals. You have to find that balance."

For Lopez, the push for environmental justice isn't just political. It's personal. After living in East L.A. almost his entire life, he and his wife are now raising two young daughters there. A few years ago, when his older daughter was 9 months old, she came down with a cough. A physician immediately prescribed an inhaler "because of where we live," Lopez says.

People ask him all the time why he stays in a place he knows is so polluted. Why not move? "The reality is, if we leave, who's going to move into my house? It's going to be someone like me, with my life experience, with a baby who looks like mine," he says. "It will improve nothing except my individual conditions in the moment. And this fight is not about the moment." **G**

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Problem Solver

Splitting Expenses

Costs of living in different regions are diverging more now than in the recent past.

The Greater Boston region is thriving, attracting major corporations and workers lured by the prospect of high-paying job opportunities. With the growth has come much higher living costs. But an hour away from Boston, in Manchester, N.H., and Providence, R.I., the story is totally different. Neither of those metros has experienced anything like the economic growth Boston has; both remain sluggish but relatively affordable. Instead of becoming more like nearby Boston, they are growing further away from it.

Housing costs have grown much faster in Boston than in the rest of New England and in most nearby cities. "The differences in the trajectories of the regional economies has widened," says Michael Goodman, who directs the Public Policy Center at the University of Massachusetts, Dartmouth.

In fact, the costs of living in different places throughout the United States are moving apart more now than at any time in the recent past. Local area cost-of-living data tracked by the Council for Community and Economic Research shows increasing divergence over the past few years as the economy has recovered. In 2007, the average cost-of-living composite index for the 20 most expensive urban areas in the nation was 50 percent greater than the average for all other areas. By *Governing*'s calculations, this gap had widened to 62 percent by the third quarter of last year.

Given current economic trends, it's quite possible that these regional disparities will widen further. Alternatively, cost-of-living differences could reach a point where they level off or a correction takes place. Whether the gap continues to grow carries potential implications for inequality, migration, economic development and a host of other policy issues.

The increasing cost divergence is happening in part because much of the nation's economic growth is occurring in a select group of larger, better-educated regions. Employment has climbed an average of about 10 percent in the 50 largest metro economies since the start of the Great Recession, compared to only 4 percent in all other metro areas. What's more, increases in income haven't nearly kept up with rising costs of living for poorer and many middle-class households.

Additionally, it is well known that housing in desirable sections of the most prosperous cities and regions is increasingly unaffordable to all except the affluent. The real estate firm Zillow calculated the dollar cost to renters spending a given percentage of their income for housing today compared to what they would have paid at the same income percentage prior to 2000. By this measure, rent now costs about $10,000 a year more in San Francisco and New York, with other coastal metro areas not far behind. Of the 35 largest markets Zillow assessed, rent costs more everywhere but Pittsburgh.

In Chicago, large numbers of low-income African-Americans have left the city's South and West sides. "There are fewer options and fewer supports for low-income folks to handle the costs of living and housing costs," says Alden Loury of the Metropolitan Planning Council. One of the more common destinations for those moving out of Chicago is northwest Indiana, just across the state border, where housing, taxes and other expenses are significantly less.

For decades, differences in per capita incomes between states gradually dwindled as workers relocated to wealthier states. In recent years, though, this convergence has slowed dramatically, according to research by Peter Ganong of the University of Chicago and Daniel Shoag of Harvard University. Ganong and Shoag argue that strict land-use regulations have increased housing prices so much in the more affluent areas that moving there is no longer viable for low-skill workers. Instead, they remain in places where the opportunities may be fewer but the costs are manageable.

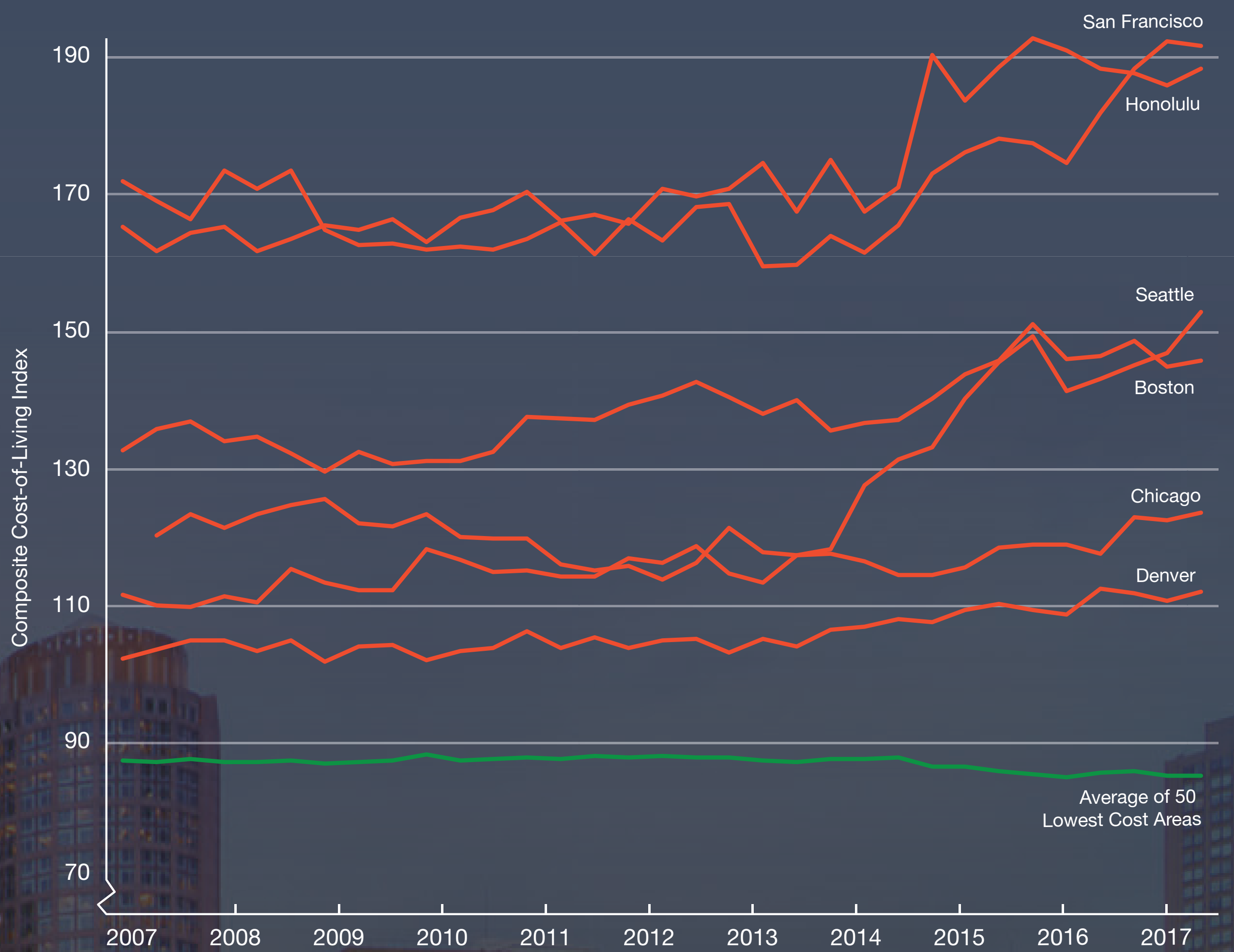
Historically, most Americans tend not to migrate long distances, generally changing addresses within regions. There are some prominent exceptions. IRS migration data indicate one of the largest net migration flows each year is composed of Los Angeles residents moving to lower-cost Las Vegas and neighboring areas of Clark County, Nev.

Bruce Katz, an urban scholar at the Brookings Institution, believes a growing number of low-cost inland cities have the assets they need to attract talent. Many of them are home to large research universities and expanding tech sectors, with easily affordable housing. "There's the potential for middleweight cities and metros to pull

By Mike Maciag

Costs Diverge

Costs of living for select urban areas have climbed sharply in recent years. Meanwhile, average costs for the 50 most affordable areas have declined slightly.



Note: Figures are shown for the first three quarters of each year. Some areas did not report data every quarter. The composite index considers housing, food, utilities, health care and other expenses. Indices are reported for approximately 300 urban areas relative to a national average value of 100.

Source: *Governing* calculations of Council for Community and Economic Research quarterly cost-of-living index data.

people into their regions," Katz says.

For other economically depressed regions that began losing residents long before the recession, there's less reason for optimism. While a low cost of living has its advantages, it is unlikely by itself to reverse population losses. Struggling regions, Katz says, must offer strong economic opportunities in addition to quality of life and lower living costs to compete.

In Boston, steep costs have yet to slow years of steady growth. But, as Goodman says, they've definitely exacerbated the dilemmas of inequality. "It's a persistent problem," he says, "with all sorts of social-economic implications." G

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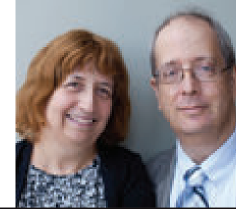
By Katherine Barrett and Richard Greene



It's the Money, Stupid.

There are a lot of big issues facing officials in 2018. The biggest is funding.

With 2017 firmly behind us and 2018 newly underway, it's a good time to look to the coming year in state and local management. We've identified several big issues facing officials. And there's a common thread to all of them: Where's the money going to come from?

This is a particular dilemma when it comes to emergency management. States, cities and counties will need to focus a good deal of their time and energy on disaster preparedness now and in the years to come. For mayors, county administrators and governors alike, this has never been more obvious than it is now, given the seemingly endless cascade of natural disasters that hit in the past year. As Florida's Gov. Rick Scott observed a few weeks ago, "Hurricane Irma was the largest hurricane to make landfall in our state in recent history, and we saw firsthand the critical importance of disaster preparedness in our communities."

From a management point of view, it's probably unwise to rely on federal funds to rescue states and municipalities when the big storms hit. But the shakiness of funds from Washington goes beyond emergency management. States and localities are more than likely to be hit by a social services tsunami, emanating from reductions in dollars from the federal government. If even a fraction of the cuts that the Trump administration has called for make it through the congressional budgeting process, federal funding for state and local programs and services will be deeply diminished for years. By 2026, the cuts in the Trump budget would reach as high as $453 billion—or 37 percent of state budgets at that time, according to the Center on Budget and Policy Priorities.

Risks to the flow of federal dollars lead to one of the biggest issues that cities and states will need to attack in 2018: revenue sources. According to the Pew Charitable Trusts, more states than at any time since the end of the Great Recession reported midyear budget gaps in fiscal year 2017. In addition, Pew notes, an unusually large number—11 states—were late in passing balanced budgets by the July 1 start of most states' current fiscal year. Many forecasts predict that state and local tax revenue growth will remain sluggish.

States and localities should focus on revenue sources or budgeting solutions that have a reasonable chance of sustainability. A recent study by the Volcker Alliance found that over the last few years, more than half the states have turned to budget-balancing maneuvers, such as deferring recurring expenditures. This approach simply can't continue year after year, because eventually services need to be cut, taxes raised or new revenues found.

So what are the revenue options? One, which we believe is going to hit the headlines more and more frequently, is to curtail the tax giveaways that many states use to attract or retain businesses. Our own belief is that these tax breaks tend not to work out in the long run. Promises made for jobs and attendant revenues, in exchange for tax breaks, are frequently unrealized. Nor do some states know how well those giveaways are working out. The Volcker

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Alliance found that a quarter of the states don't even publish information in their budget documents showing the nature and amount of these so-called tax expenditures. Among the other three-quarters, the Alliance reported that "the quality and transparency of the reports vary."

Another useful option would be for states and localities to advance ongoing efforts to tax more services than they currently do. We've been writing about this for years, but the entirely predictable pressures on revenues in years to come have made this move even more important. A little context: Back in 1969, only about one-third of the economy was based in services. Now, according to the Federation of Tax Administrators, it's closer to two-thirds.

That's not nearly all the top-of-list issues that state and local governments will have to attend to in 2018. Let's not forget infrastructure. Roads, bridges, pipes and other publicly owned assets are decaying and need to be fixed. The demand is growing to review infrastructure to help prioritize repairs and spend capital money in the wisest way.

There are also skill-set needs. At a time when states and localities face workforce shortages, particularly in fields like nursing, engineering and information technology, the pressure is on to train current employees to fill the void between capacities they already have and skills that states and localities need.

Finally, there is a move afoot for governments to make efficient use of their data—to save dollars and improve services. That means it is growing increasingly important to deal with the obstacles that stand in the way of data sharing. Notable is the fiction that privacy laws prevent much of this activity. Certainly privacy is a crucial consideration, but all too often agencies that simply don't want to share their information with others claim that privacy laws prevent them from doing so—even when such laws are being misused and are not insurmountable.

As usual, unfortunately, there's no clear sailing ahead. **G**

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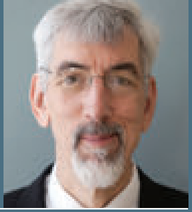
By Mark Funkhouser



Opioids and How We Talk About Them

To deal with the crisis and the stigma of addiction, framing is key.

I met Pennsylvania state Sen. Gene Yaw at a *Governing* roundtable on his state's opioid crisis. Working with the Center for Rural Pennsylvania, he had heard 75 hours of testimony at 13 public hearings. He came away believing that the country faces an unprecedented drug addiction and overdose epidemic. He's right. More than 40,000 Americans died from opioid overdoses in 2016. Deaths from opioids have contributed to a decline in average U.S. life expectancy.

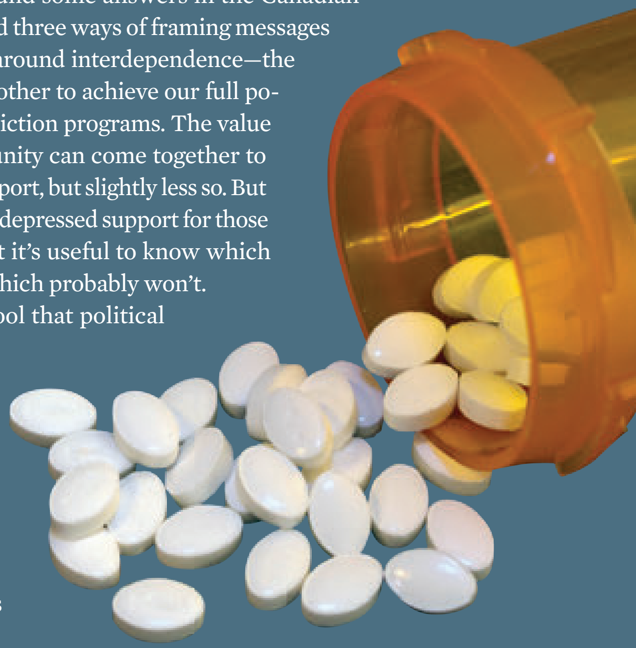
As Yaw and the other state and local officials around the table pointed out, many of those addicted to opioids struggle with mental illness, and many have been jailed for violating drug laws. So they face a triple whammy of stigma—against addicts, the mentally ill and the formerly incarcerated—that's a real barrier to public support for marshaling policies and resources. The stigma also blocks many people from seeking the assistance they need, and it stays with them even if they recover from addiction, making it hard for them to find a job or housing, among other things.

The experts certainly have policy solutions. In November, for example, the Trust for America's Health partnered with the Well Being Trust to call for a "national resilience strategy" combining prevention and treatment. Their report cites more than 60 policies and programs that could have an impact. But I don't think policies and programs are going to get a fair chance without a good plan for reducing the stigma. For that you need a different kind of expert.

Nat Kendall-Taylor is the CEO of the FrameWorks Institute, whose social scientists study how to frame issues to bridge the divide between public and expert understanding. Humans relate to the world in stories, and how those stories are framed can make all the difference. The FrameWorks Institute exposes research participants to different frames and measures their impact. "We no longer have to guess which stories work," says Kendall-Taylor. "These are empirical questions with empirical answers."

The FrameWorks Institute found some answers in the Canadian province of Alberta, where it tested three ways of framing messages about addiction. Framing stories around interdependence—the idea that we all depend on one another to achieve our full potential—increased support for addiction programs. The value of ingenuity—that we as a community can come together to solve problems—also increased support, but slightly less so. But using the value of empathy actually depressed support for those programs. That's unfortunate, but it's useful to know which kinds of stories might work and which probably won't.

After all, the most powerful tool that political leaders have is the stories they tell. When I asked Pennsylvania's Yaw what his most important takeaway about the opioid crisis was, he said that education was key but that he didn't see how it could cut through the stigma. I think it can, but it has to involve the right kinds of stories. **G**



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By Tod Newcombe

Geeks to the Rescue

Code for America launches a major effort to improve benefits enrollment.

America's safety net is huge. It keeps more than 50 million people above the poverty line with a combination of benefits that support everything from health care and education to housing and food assistance. But thanks to complex eligibility rules, enrolling for even one of these benefits can be complicated. Just imagine trying to enroll for several benefits at the same time.

Not surprisingly, when it comes to government technology, integrated benefits enrollment is more a lofty goal than a reality. Yet it's a challenge that Code for America (CfA), which matches cities with software developers to solve a problem, has decided to tackle.

CfA is working with the Chan Zuckerberg Initiative, the philanthropic organization started by Facebook's co-founder and his wife, as well as with the tech startup Nava, the Centers for Medicare and Medicaid Services, the U.S. Department of Health and Human Services, and the state of Michigan. CfA hopes to strip out the complexity—and cost—that gives online benefits enrollment such a bad name. The goal then is to design a simple way to enroll people who are eligible for both Medicaid and food stamps.

Jennifer Pahlka, founder and executive director of CfA, says the team is "using approaches that have been successful and are starting to have significant outcomes." These approaches include a human-centric design, as opposed to one that is bureaucratic and rules-based, and an iterative development methodology, in which pieces of software code are designed quickly and collaboratively. The result is less expensive software that is usable right away, rather than having to wait for one massive system that is often delivered late, over budget and with several system bugs. The organization often relies on open source tools, which reduces the cost of its solutions.

These approaches were tested in California in 2015 when CfA revamped the state's online enrollment for the Supplemental Nutrition Assistance Program. The effort simplified a stodgy online application process that once took a person a teeth-gnashing 45 minutes to complete. CfA cut the time to less than 10 minutes. Just as it plans to do with Michigan, the goal was to keep things simple, says Pahlka. And it did. The new enrollment program sits on top of, rather than replaces, the underlying systems.

Once the integrated enrollment software has been tested and proven to work in Michigan, the hope is that other states will deploy it, making it a national model for online enrollment. Kevin Desouza, a professor of public affairs at Arizona State University, says CfA has taken the right approach in bringing together different groups from different political environments to get the kind of buy-in necessary to overcome possible governance and policy challenges that might arise. "Initiatives like this, where you have an external organization conducting the assessment and building the prototype, remove risk for the agencies," he says.

But building an integrated enrollment solution isn't easy. Getting past hurdles that include data privacy, security, control and access by multiple agencies can be challenging, says Desouza. He adds that most state IT infrastructure is not open source, which can add some friction to how the technology is used.

But Pahlka, who calls CfA "the Peace Corps for geeks," is excited about the project's impact. "It's going to make more benefits accessible to more people, and it's going to challenge government around the negative impact of working in silos."

And on that quote, I want to take this time to let you know that this will be my last column. After this month, Tech Talk will no longer appear in this magazine. I've enjoyed breaking down important technology issues and what they mean for states and cities, and I want to thank you for reading along. I'm moving on to new endeavors within the company, where I'll continue writing about the intersection of technology and government. **G**

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Jennifer Pahlka, executive director of CfA

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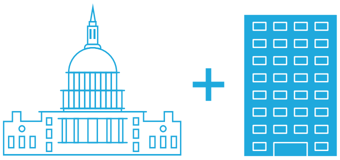
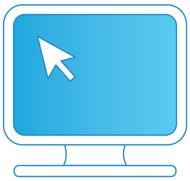
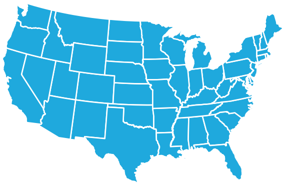
Prepare and e-file your taxes, free of charge



Free File is a public-private partnership between the IRS and a dozen brand name tax software companies that donate their online tax preparation products to eligible taxpayers at no cost to the taxpayers or the government.



70% of all taxpayers - 100 million Americans - are eligible to use the tax software products available through Free File to file their federal returns.



22 states, plus the District of Columbia also offer Free File programs for state returns, ensuring that customers in those states can prepare and file their federal and state returns for free.

Free File is truly FREE

Cross-marketing, cross-selling and pop-up advertising are prohibited in products offered through Free File. Refund anticipation loans are banned. And if there is a charge for a state return, Free File requires complete transparency and disclosure in pricing up front.

Secure, high tech, and high quality

Tax software products are constantly updated to give taxpayers the most up-to-date information to complete their return accurately. Additionally, the IRS, in consultation with state Departments of Revenue and industry stakeholders, has created a uniform set of security requirements and standards to defend the tax system against stolen identity tax refund fraud.

Savings for individuals and governments

More than 50 million Americans have saved over $1.4 billion in tax preparation fees since Free File's inception in 2003. And because the tax software companies donate their products, this program comes at no cost to the government. In fact, Free File helps the government save on processing returns; according to the IRS (2012) it cost $3.49 more to process a paper return than to process an e-filed return.

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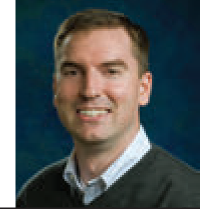
To learn more about Free File and how you can spread the word in your communities, visit **taxprephelp.org**



By Justin Marlowe

Sharing the Wealth

Fiscal equalization is an old tool that might help some of today's challenges.

In 1971, the famously well-mannered Midwesterners of the greater Twin Cities region earned a reputation as brassy fiscal outlaws. How? They agreed to share their local tax base.

Four decades later, their grand experiment and a few others like it have taught us some important lessons about the links between local tax policy and regional prosperity. Those lessons are especially relevant today: Many voters expect their local governments to tackle disparities in everything from housing, policing and human rights to mental health, education and jobs. These were once federal and state issues, but with no clear guidance from Congress or statehouses, localities have taken these pressing matters into their own hands.

The Minnesota Fiscal Disparities Program grew out of a series of nasty annexation fights in the late 1960s. As the region grew, cities tried to protect their tax bases by grabbing whatever land they could find. This led to a zero-sum game, where cities and school districts grew their tax bases at the expense of their neighbors. A few wealthy jurisdictions played this game well, but the rest were left behind.

So in 1971 the state legislature required local governments in the seven-county Twin Cities region to share with each other a portion of the annual growth in their commercial and industrial property taxes. The goal, according to the program's legislative champions, was to ensure to a business locating in the region that "one community was the same as every other."

This was not entirely new. Many county governments share a portion of their sales taxes with cities. That sharing usually happens on a per capita basis. But the Fiscal Disparities Program was different. It distributed the shared revenues according to local governments' ability to pay. Jurisdictions with less "fiscal capacity" receive a larger portion of the shared revenues, and vice versa. According to the League of Minnesota Cities, in 2016 the program shared $373 million. That's about 10 percent of the regional tax base.

Several regions, including the Meadowlands area of Northern New Jersey; Greater Dayton, Ohio; Louisville-Jefferson County, Ky.; and Greater Portland, Ore., have created similar "fiscal equalization" programs. Many of these projects are now decades old. So is this old-school tool up to today's challenges?

Existing programs have taught us three lessons that'll help answer that quesion.

> "Studies of the Minnesota Fiscal Disparities Program have shown the cities with the strongest tax bases have three times as much fiscal capacity as those with the weakest tax bases. Without the program, that difference would be 10 to 1."

Lesson 1: It smooths growth throughout a region. Studies of the Fiscal Disparities Program have shown the cities with the strongest tax bases have three times as much fiscal capacity as those with the weakest tax bases. But without the program, that difference would be 10 to 1. The Dayton program allowed the Miami Valley region to pursue economic development projects that require large swaths of tax-exempt land, such as professional sports stadiums, regional parks and museums. Cities don't typically pursue these projects because they don't want to give up precious tax base. Regional shared revenues make those projects possible.

Lesson 2: It's no picnic. Wealthier jurisdictions have good reason to oppose equalization. They can become perennial "donors" that give up substantial tax base with little tangible reward. Equalization also largely ignores the actual cost to deliver services. For these and many other reasons, critics have routinely challenged these programs in court. Equalization formulas and other program details have changed in response. In short, equalization is a journey, not a destination.

Lesson 3: It leads to unexpected cooperation. In 1985, Louisville and Jefferson County established their own version of equalization based on a local income/employment tax. That program worked so well that it was one of the main reasons the two merged entirely in 2003. Once taxpayers saw what a basic level of public services throughout the region looks like, they saw no need for separate city and county governments.

Meanwhile, the Meadowlands program allowed several governments to preserve open space they would have otherwise offered up for development.

Local fiscal equalization is the exception, not the norm. But in a world where cities and regions must tackle daunting challenges, it might be just the fiscal tool that many communities need. **G**

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Last Look

TIMOTHY HURSLEY

Sunshine High School in Newbern, Ala., closed its doors for good two years ago. But the town's 186 residents didn't just lose a school, they lost a library—the only one for miles around. Luckily, Newbern is home to Rural Studio, a design-build program within Auburn University's School of Architecture. Following the principle that "everyone, both rich and poor, deserves the benefit of good design," Rural Studio set out to build Newbern a new library. Students repurposed an old bank building donated by a local family, reusing many of the original materials. Wood that was part of the teller's counter was made into the librarian's desk, bricks from the vault are now part of a patio wall and the original vault door is on display in the front window. To date, the Rural Studio has built more than 170 projects in poor, underserved rural communities, including both a new fire station and town hall in Newbern. **—David Kidd**

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