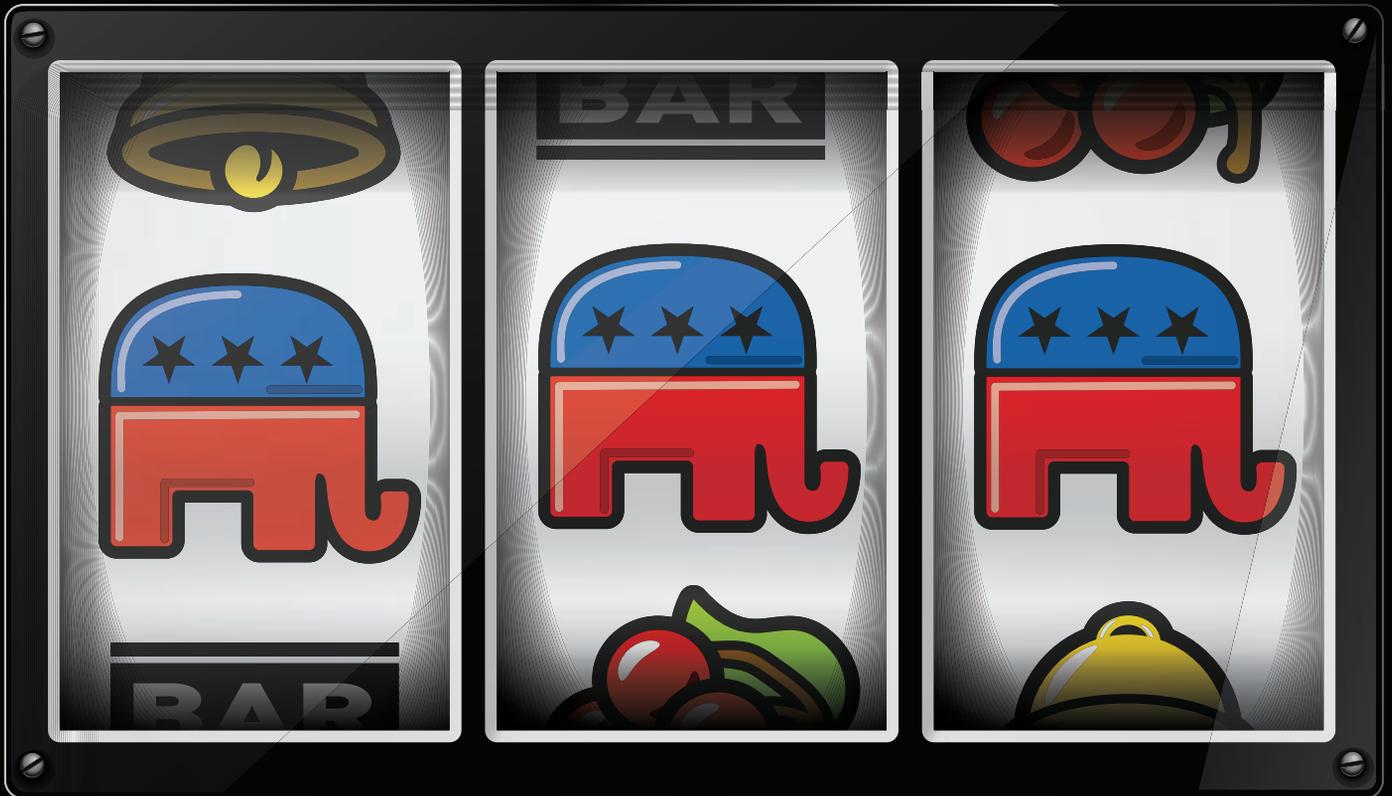


GOVERNING

THE STATES AND LOCALITIES

January 2017



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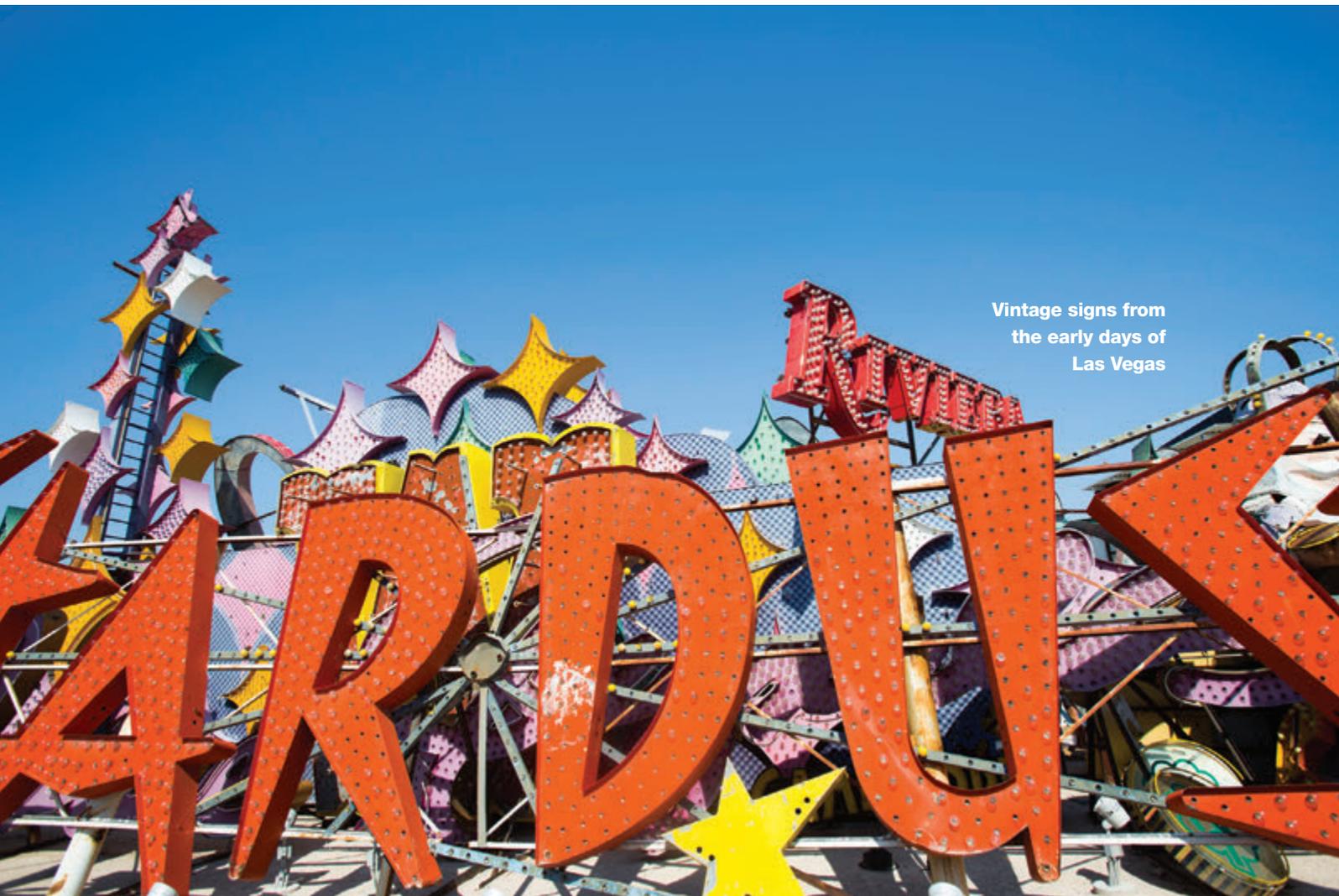


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A Strategy for Conflict

I used to play tournament chess, and the best players would deploy strategies with names like “the Spanish Opening” or “the Sicilian Defense.” I had neither the talent nor the time to learn those approaches. When I occasionally won a game, it was because I had successfully executed what some would call a positional strategy. I tried to keep my moves generally sound, I watched carefully what my opponent was doing and I managed to avoid stupid mistakes.

In reading this year’s “Issues to Watch,” it occurred to me that the approach I used in chess might be a pretty wise one for state and local government leaders in the year ahead, since it seems clear that a dominant theme will be conflict between localities and the new government in Washington.

Most of the issues we identify seem ripe for that. Take financial stress. State revenue growth is sluggish at best, despite the fact that we’ve been in an economic expansion for several years. In the second quarter of 2016, state collections actually dropped by 2.1 percent, according to the Rockefeller Institute of Government. A number of states have routinely struggled to balance revenues with expenses. When states are in financial trouble, they often pass some of the hurt on to local governments. And there’s little evidence that the incoming presidential administration will be an ally for fiscally stressed cities.

Then there’s the Affordable Care Act (ACA). Changes to the federal health-care law could produce a considerable financial impact on county governments. In 17 states, counties pay a share of Medicaid costs, which could increase if the feds cut back. Counties also run about a thousand hospitals, and the ACA has picked up a significant portion of uncompensated-care costs.

Immigration is another area of obvious conflict. More than 330 cities have some sort of “sanctuary” policy protecting undocumented immigrants, and the incoming president has warned that he’ll cut off their federal funds. The list goes on.

It seems doubtful that the unpredictability Donald Trump displayed as a campaigner will change once he’s in the White House. So, over the next year, I think city and county officials ought to adopt something like the positional strategy I used in chess. When you realize you cannot predict the future, you need to be prepared to defend against unanticipated threats and exploit unexpected opportunities. My advice: Make moves that would be sound regardless of the circumstances. Keep your head up and keep your eyes and options open.

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Tried and True

In the November cover story “Falling Apart at the Polls,” J.B. Wogan looked at what states and localities are doing to shore up voting machines. The last time any significant updates to voting technology and equipment were made was in 2002 when Congress passed the Help America Vote Act. Today, the machines that HAVA paid for are starting to fall apart. While the article focused on the need to update machines and the lack of funding to do so, several readers—perhaps focused at the time on the upcoming election and on claims that results could be tampered with by hackers—suggested a less technological and less expensive approach.

Let’s go back to paper ballots. Machines can be tampered with and we all know it. Some don’t even leave a paper trail—being all digital.

—Marc Vojnich on Facebook

I’ve been a computer programmer professionally for over a decade and a computer technician by inclination for over 20 years. I want to vote pen on paper because I know fairly well how buggy and breakable software can get.

—Mats Andtbacka on Facebook

Old Hat, New Trick?

In their November Smart Management column “Hickenlooper’s Fellows,” Katherine Barrett and Richard Greene wrote about Colorado Gov. John Hickenlooper’s new fellowship program, which taps leaders in the private sector with needed competencies. As fellows, the corporate leaders “meet with a cadre of instructors at the highest levels of state government to learn about public governance and how it differs from the private sector.”

Yet another old idea being recycled through the decades: Let’s get private-sector leaders involved to improve government. Been done many times before. My experience years ago, when I was a public manager in a government that



brought in private executives, was mixed. Most of them seemed bored with their old corporate job and took the public position to “do time” without accomplishing much until their next big corporate opportunity. But I do remember one that took his government role seriously, acted in ways to empower those working with him, and was very helpful to our office and to me personally. Perhaps Hickenlooper’s approach of having corporate people go through classes in government as fellows will weed out those who just want to “do time” and lead to mostly motivated people.

—Paul Epstein on *Governing.com*

Border Lessons

In his November Urban Notebook column “Unlikely Neighbors,” Scott Beyer looked at the cities along the Texas and Mexico borders and at how they share culture and history—but look completely different. Texas cities, he wrote, “are sprawling, while those in Mexico are buzzing with urban vibrancy.” Given U.S. cities’ renewed appreciation for dense, walkable neighborhoods, Beyer concluded that Mexican border cities have a lot to offer Texas cities.

These are terrific, on-point observations that are unfortunately nowhere in the civic discussion here in Texas. They’re blindingly obvious to anyone who has given

urbanism issues any thought along the border—and yet sometimes very obvious things need to be said. Even further away from the border, like here in Austin, we have more to learn from Mexican cities than we do from, say, New York or San Francisco. At some point, we will have to learn to stop navel-gazing, drop our arrogant pose and learn from what our next-door neighbors have been doing so well for so long. Unfortunately, at the moment, the public safety concerns on the Mexico side and the idiotic border wall proposal suck all the oxygen out of the room.

—Jake Wegmann, assistant professor,
University of Texas at Austin
School of Architecture

Corrections: In the December “Public Officials of the Year” profile of Michael Hancock, J.B. Wogan wrote that 18 percent of Denver residents spend more than 30 percent of their income on rent or a mortgage. The share of Denver residents is 35 percent. The profile also mistakenly noted that the Denver mayor gave his State of the City address in January; it was July.

Liz Farmer’s November story on corporate tax breaks, “On the Books,” suggested that Washington’s tax incentives audit program was the result of a 2005 ballot initiative on performance auditing. In fact, those were separate efforts.

Q&A: Electronic Funds Transfer Enables Real Efficiencies



In our current economic environment, public agencies are seeking new ways to increase efficiencies. Technology is changing how agencies conduct business and process payment transactions. In this Q&A, Garrett Bell, Managing Director of U.S. Wholesale Banking Treasury Services at MUFG Union Bank, N.A., discusses how government entities are taking a new look at payables and receivables and how automation can deliver real benefits.

Garrett Bell
Managing Director of U.S. Wholesale Banking Treasury Services
MUFG Union Bank, N.A.

Q. What are some of the top financial issues state and local leaders will face in 2017?

GB: Today, the need has never been greater for government agencies to find ways to improve efficiencies and reduce costs. Given the volume of transactions that agencies perform, treasury management services should be a key focus area as they look to make changes.

Each day, government entities conduct millions of payable and receivable transactions by check. This process has existed for decades, but it is costly. The industry estimates that on average a single check costs about \$1.34 to \$2.50 to process. With budget and resource constraints, integrating payables and enabling the electronic transfer of funds between bank accounts is an excellent option for agencies to work more efficiently.

Q. How can electronic funds transfer (EFT) help agencies improve efficiency and effectiveness?

GB: We have several large county and city clients that administer retirement savings plans, perform intra- and inter-agency transfers, wire services, and process Automated Clearing House (ACH) transactions all from a single payment file. This significantly reduces the amount of manual processing performed in house, freeing up resources for other responsibilities. On the receivables side, clients are increasingly turning to Remote Deposit Scanners (RDS) or Image Cash Letters (ICL) so employees no longer need to drive to a bank branch to deposit checks. Another client that provides monthly medical payments to suppliers of health plans now uses EFT so payments can be digitized,

automated and disbursed more quickly. Staff resources can be reallocated to focus on other priorities.

Q. How are local treasurers' offices automating processes, and what benefits are they realizing?

GB: By using an integrated payables solution, treasurers can streamline their operations to free up resources. Centralizing these processes provides greater visibility into their current treasury operations, makes approvals more efficient, and processes payables faster, which helps improve working capital management and reduce administrative overhead.

Treasurers can also better employ electronic payments that are safer than paper checks, reducing risk and combating potential fraud. EFT enables data files to be encrypted so the integrity of personal information can be maintained separately from the transaction processing.

Q. What guidance can you give agencies seeking to digitize transactions and automate processes?

GB: We work with our clients to evaluate their current payables and receivables processes so we understand their current risk controls. We then find ways to automate their processes including checks and balances. For example, what percentage of their payments are paper based and how can we work with payees to convert them to electronic? Government agencies want to make changes, but they need a partner that will understand their individual needs and provide flexibility in finding electronic solutions that will fit their policy constraints.

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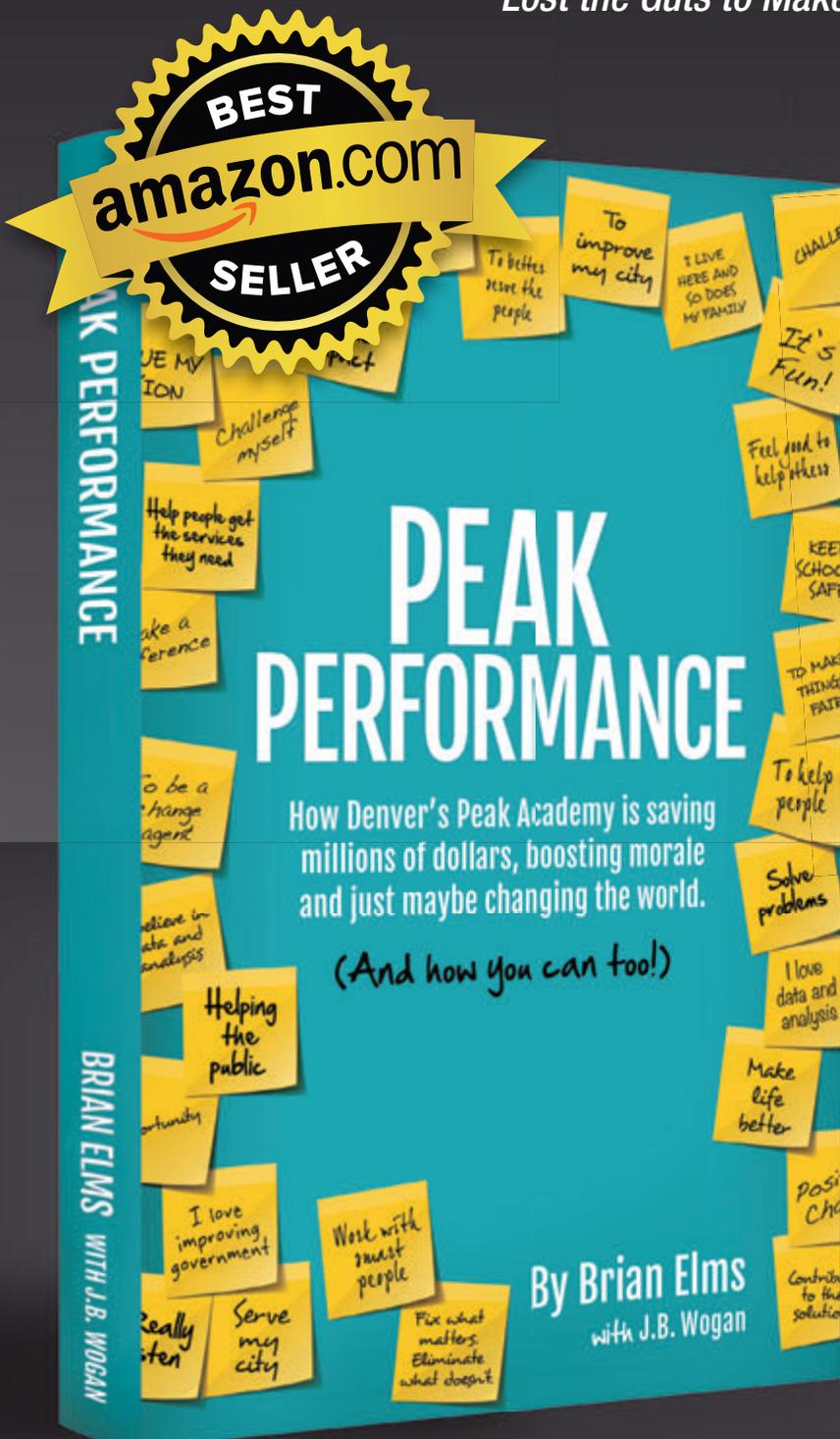


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Fizzcal Responsibility

THE PRICE OF A SOFT DRINK may be rising soon in a city near you. Two years ago, there were no independent excise taxes on sugary drinks in any locality in the country. Now, there are several. Most recently, four were approved at the polls this past November, and one was passed just two days after the election in Cook County, Ill., home to Chicago and more than 5 million people. The county now taxes soda at a penny an ounce.

Other localities are bound to take a look as well. “We’re going to see it everywhere,” says Joe Henchman, vice president of state projects at the nonpartisan Tax Foundation. “Not a week goes by that I don’t see an official somewhere in the country proposing it for their jurisdiction.”

There are two main benefits to the idea. The first, obviously, is revenue. A penny an ounce can add up quickly, given the amount of soda that people drink. Cook County is expecting to collect \$221 million by next year, enough to balance its budget.

The second benefit: Soda taxes are sold as a way of discouraging consumption, particularly in light of research showing that high levels of sugar intake, particularly in liquid form, can cause obesity and diabetes. Dentists also warn against sugary drinks—a leading cause of tooth decay.

There is some evidence that taxing these drinks cuts down on their use. The World Health Organization has concluded that “appropriately designed taxes on sugar-sweetened beverages” will cut consumption, especially if they raise retail prices by 20 percent or more. An early study in Berkeley, Calif., where voters approved a soda tax in 2014, showed that consumption of sugary drinks dropped there by 21 percent, compared with a 4 percent drop in other cities, while water consumption saw a spike.

Raising the price of soda by taxing it more is the most “viable and practical” way to reduce its consumption, says John Arnold, a former hedge fund manager who has campaigned for these measures. Arnold and his fellow billionaire, former New York Mayor Michael Bloomberg, were the primary financial backers of this past year’s initiatives. Their money was more than matched by the American Beverage Association and its members. But the industry’s message—that soda taxes are punitive and less effective at reducing consumption than information campaigns—ultimately proved unconvincing to most voters.

Assuming that the idea of soda taxes continues to gain traction, the industry might turn to other allies to block them. New taxes

imposed at the local level could be wiped out by tax-despising state legislatures, which have shown little hesitation in recent years when it comes to preempting liberal economic policy ideas, such as minimum-wage increases. “Many state lawmakers are watching the growth of discriminatory taxes, on beverages and hotels for example, and are concerned with the aggressive approach utilized by certain local units of government,” says Jonathan Williams of the conservative American Legislative Exchange Council. “If this growth in discriminatory taxation at the local level persists, I think it is quite possible efforts will emerge at the state level to address these threats to taxpayers.”

That remains to be seen. The ink’s not dry on most of the new local laws. But there are going to be more of them. It’s possible that sodas will simply join the category of unhealthful items, such as cigarettes and alcohol, that people are willing to see taxed at a higher rate than other goods. “We’ve received a number of calls since Election Day from other communities that have interest in pursuing this,” Arnold says. “It has to be a decision that’s led by the community, but once a city or state decides they want to pursue this, we’re very willing to help them with resources.”

Suburban Liberties

IF YOU HAD TO GUESS which jurisdiction in America has the greatest Libertarian influence, a Minneapolis suburb probably wouldn't leap to mind. But Libertarians claim their only majority in the country on the city council of Crystal, Minn., population 22,000.

Elected officials in Crystal are technically nonpartisan, but like a lot of suburbs in the Twin Cities area, Crystal historically was run by politicians associated with the Democratic-Farmer-Labor Party. Mayor Jim Adams and Councilman Casey Peak, both Libertarians, were first elected four years ago. Two years ago, they put together a council majority of Libertarians and people Adams describes as "liberty-minded."

They've pursued some of the ideas you would expect, running a task force that's been going through and questioning almost every law on the books. An ordinance requiring bomb shelters, for example, has been eliminated, and the pool table at the

community center is now legal. A lot of the changes have strengthened property rights, whether it's eliminating point-of-sale inspections or taking care of smaller matters, such as lifting a ban on keeping chickens in yards. "We're not doing a lot of fundamental changes in terms of wiping out stuff and changing how things operate," Adams says. "We're getting rid of obsolete stuff."

The biggest change the council has made is to insist, when it can, on paying cash upfront for capital projects. It paid for a new public works building with \$13.5 million in cash, rather than issuing bonds. If the city had borrowed the money, it would have paid back \$1 million per year for 20 years. Driving down the cost over the long term made a lot of sense to Adams. Not everyone agreed it was a good idea. Paying for the building meant siphoning money from other accounts, reducing city reserves by nearly a quarter. As a result, the city has raised property taxes, as well as water and sewer fees.

John Budziszewski, who was re-elected to the council in November after a two-year absence, complains that the council eliminated the licensing requirement and fee for those who operate rental properties. He notes that the mayor, who has a home remodeling company, owns several rental houses. "It looks like they've pretty much created a tax break for themselves," says Budziszewski, "while raising a levy for the rest of us."

Budziszewski managed to unseat Peak this fall, but the election of a "liberty-minded" candidate to another seat means the Libertarians have kept their working majority intact. "I don't know anybody in the metro area who is taking this approach beyond us," Adams says, "but we've got buy-in from the council and that should not change."

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Improving Environmental Outcomes at the State Level Through Sustainable Materials Management



State environment officials are always looking for better solutions to help achieve their environmental goals. Government leaders can improve sustainability by promoting sound policies that look holistically at the use of materials. By examining more broadly the value of materials, the concept of waste can be altered and perhaps even abandoned.

This is particularly true for plastics. Although plastics are invaluable to modern life — they're used to produce everything from bicycle helmets and child safety seats, to the packaging that keeps our food fresh and wholesome — people have questions about their impact on the environment.

But recent life cycle studies demonstrate the environmental benefits of plastics. While all materials impact the environment, plastics used in many consumer goods typically produce less waste, use less energy and create fewer greenhouse gas emissions than alternatives.

Too often, state waste policies assess the environmental impact of materials such as plastics through a very narrow lens, assuming recycling is the primary gauge of sustainability. Now, leading authorities are taking a holistic approach to measuring the environmental performance of plastics. They are also encouraging increased plastics recycling and incentivizing small business owners and entrepreneurs to develop dynamic, market-based solutions to capture the value inherent in plastics — rather than dumping them in landfills.

Understanding Sustainable Materials Management

This more holistic approach to environmental management is known as Sustainable Materials Management (SMM) — a

method that uses life cycle analysis to measure environmental impacts across the entire life of a package or material. SMM takes into account the material, energy and water used across the lifespan of a product, from manufacturing to transportation to end of life.

SMM is especially useful in helping states evaluate and address the growing use of plastics because it switches the focus from weight-based recovery goals (recycling rates) to broader environmental goals. As an example, lightweight plastic packaging uses very little material and plays a key role in protecting and safely transporting goods, which reduces waste, material and energy use, and greenhouse gas emissions. SMM considers all the impacts of the packaging, from manufacturing and transportation to solid waste disposal, not just its ability to be recycled.

When viewed holistically, plastics and plastic packaging typically compare favorably to alternatives. A 2016 study by Trucost found that the environmental cost of using plastics for consumer goods and packaging was nearly four times less compared to using alternative materials to do the same job — a difference of \$139 billion versus \$533 billion annually.¹

SMM provides a clearer picture of the environmental impact of materials, from beginning to end of life. While some communities believe minimizing certain uses of plastics may reduce waste, embracing SMM and adopting a broader view of sustainability provides a more insightful measure to evaluate environmental benefits and progress toward environmental goals. Policies that restrict the use of various plastics based on single attributes (recycling rates, biodegradability, etc.) can harm efforts to improve sustainability. The U.S. Environmental Protection Agency (EPA) and states such as Oregon and Minnesota are rapidly moving toward SMM.

Recycling & Recovery: Key Components of Sustainable Materials Management

While SMM changes the way we think about measuring environmental impacts of materials such as plastics, recycling and recovery still play an integral role in improving sustainability. Plastics recycling in particular has grown rapidly over the past few decades. The amount of plastics recycled has increased every year since the 1990s. In fact, the volume of recycled plastics has doubled since 2009.² Recycling plastics (or any material) helps reduce waste and energy use, and further lowers greenhouse gas emissions. Recycled plastics are turned into new products such as automobile parts, packaging, clothing and more, which creates positive economic outcomes and manufacturing jobs. According to the EPA, more than 3,700 businesses in the U.S. are involved in recycling plastics.³

Despite these benefits and trends, too many plastics still end up in landfills instead of being recycled or converted into energy. This suggests a good opportunity for states to improve their environmental outcomes by managing the disposition of post-use plastics.

By taking the following four actions, states can help increase the amount of plastics recycled.

1. Embrace voluntary plastics recycling programs and tools.
2. Leverage large national partnerships for grants, loans and technical assistance.
3. Advocate for sensible, broadly supported recycling policies.
4. Treat non-recycled plastics as valuable materials for conversion to fuels and chemicals.

Embrace Voluntary Plastics Recycling Programs & Tools

Budgetary constraints can be an obstacle to innovation and program improvement. Fortunately, existing voluntary programs and tools can help communities increase plastics recycling.

➔ The **Wrap Recycling Action Program (WRAP)** is a national public awareness initiative that works to increase recycling of valuable plastic film, such as commercial shrink wrap, packaging pillows, grocery bags, dry cleaning film and the packaging wrap often used for consumer goods such as toilet paper and paper towels.

There are more than 18,000 locations (primarily grocery stores) in the United States that accept these bags and wraps. By implementing WRAP, communities can reduce plastic film that is misplaced in the curbside collection program while also providing valuable recycled feedstock for new products like plastic lumber, bags and other items.

Several states and cities are using free WRAP tools to educate their residents about properly recycling plastic bags and wrap at participating area grocery and retail stores. For example, North Carolina implemented a WRAP campaign after officials found that residents in Mecklenburg County were placing plastic bags and wraps in curbside recycling bins, causing equipment damage at the local materials recovery facility. A survey of county residents found that only half were aware certain plastics shouldn't

Tips for Adopting Sustainable Materials Management

Oregon's Department of Environmental Quality (DEQ) has made sustainable materials management (SMM) a core part of its mission.

David Allaway, a policy analyst for the DEQ, says the agency has launched several initiatives to advance SMM. For example, Oregon supported a pilot project that reduced pre-consumer food waste at two corporate cafeterias by 47 percent and reshaped one of its grant programs to give preference to reduce and reuse projects like material reuse stores and edible food rescues. Additionally, the state is supporting workforce development for its local reuse and repair industries, such as a program that trains workers in deconstruction, a more sustainable alternative to traditional demolition.

Allaway says other states can follow Oregon's example, too.⁴ Here's how:

➔ **Be clear with your definitions:** Allaway says some agencies have taken the old waste management hierarchy of "reduce, reuse, recycle" and rebranded it as SMM. The true concept of SMM actually entails a much broader approach. States can use the EPA's definition as a starting point. "Get clear on what it is you're talking about and be precise in your terminology. It's about the whole life cycle, not just the end of it," Allaway says.

➔ **Look at the big picture:** States that only consider the solid waste system are not looking at the big picture. For example, discontinuing curbside recycling to conserve energy in the collection fleet doesn't take into account the overall net benefit of this effort.

"If you look at the big picture, you find that when you collect those recyclables, including aluminum, plastic and paper, and you send them off to markets and they get used to make new products, they save far more energy than you expend collecting and transporting them," Allaway says.

➔ **Be thoughtful about your goals:** Goals signal to the public what matters, and setting the wrong ones can thwart a state's sustainability efforts. For example, some states have adopted landfill diversion goals, which can be counterproductive. "Landfills are only a small part of the problem, relative to the environmental impact of producing these materials," Allaway says. "We've never advanced recycling as a way to save our landfills — it's always been about conserving resources and reducing pollution. Since we started with that shared understanding and goal, sustainable materials management was a very natural next step."

➔ **Find allies in unexpected places:** Oregon has partnered with a broad

range of allies to achieve its vision. For example, it recently launched a partnership with the Oregon Concrete and Aggregate Producers Association in order to provide all concrete producers free access to a tool that produces an environmental product declaration for each of their concrete mixes. The declaration addresses the life cycle environmental impact of these materials and helps to create a market for government agencies and developers interested in purchasing low carbon concrete. The state also partnered with AARP to increase Oregon's stock of smaller houses, which are more attractive to seniors and have less of an environmental footprint.

While Oregon is working to increase and improve recycling, Allaway says all these efforts show that SMM is about much more than just recycling. "If the goal is to conserve resources and reduce pollution, then recycling is a fine approach, but sustainable materials management is even better," he says. "It gives us more tools, more opportunities, more approaches and more potential to achieve the very same goals."

be placed in curbside recycling bins.⁵ North Carolina launched its WRAP campaign in Mecklenburg County in September 2016 with plans to expand throughout the state in 2017.

Other states are following suit. For instance, Connecticut plans to launch its statewide campaign in early 2017. “Recapturing and recycling more plastic bags and flexible film packaging material will reduce solid waste disposal costs, reduce the contamination of other materials contained in single-stream recycling bins and create jobs right here in Connecticut,” said Robert Klee, commissioner of the Connecticut Department of Energy and Environmental Protection.⁶

➔ State and local recycling professionals can leverage the free **Plastics Recycling Terms & Tools** found at recycleyourplastics.org.⁷ Developed by a large coalition of plastics recycling advocates, the Terms & Tools are designed to increase the amount and variety of plastics recycled by reducing confusion about which plastics are collected for recycling.

The EPA has adopted key aspects of the Terms & Tools in its state reporting requirements, so state recycling professionals will find that the use of the Terms & Tools can streamline future reporting.

➔ **Recycle Grocery Rigid Plastics** is a voluntary program led by the Association of Plastic Recyclers (APR) that promotes in-store collection and recycling of rigid plastics and the recovery of high-density polyethylene and polypropylene trays, pails and covers. These materials are widely used in grocery store bakeries, as well as seafood and pharmacy departments. Research indicates that grocery stores have at least 350 million pounds of these materials that can be recycled.⁸

Leverage National Partnerships for Grants, Loans and Technical Assistance

National partnerships are viable funding sources for communities that are tight on resources but looking to improve their recycling programs.

➔ **The Recycling Partnership** is a non-profit organization that utilizes public-private partnerships to improve local recycling programs. Brands, converters, materials manufacturers and recyclers fund the effort.

In one example, The Recycling Partnership granted \$550,000 to the city of St. Paul, Minn., to purchase new, larger-sized recycling carts for 78,000 households and support community outreach regarding the change in service. City leaders expect that the move from single-stream bins to single-stream carts will improve convenience for citizens and heighten their sense of duty. “We anticipate a 15 percent increase in participation and a 35 percent increase in tons collected,” said Kris Hageman, environmental coordinator for the city’s public works department.⁹

➔ Communities also can apply for funding through the **Closed Loop Fund**, a social impact initiative that is investing \$100 million to increase recycling of products and packaging. The Closed Loop Fund provides zero-interest rate loans to cities and below-market rate loans to companies to improve their

recycling infrastructure. This funding allows companies to test innovative recycling solutions and cities to address a critical need without moving money from other programs.

Advocate for Sensible, Broadly Supported Recycling Policies

Current debates on recycling policy have focused too much on shifting costs and instituting punitive measures that often are not aligned with sound environmental practices. Rather, states can align policy around legislation and regulations that build or strengthen the recycling infrastructure.

States can begin by setting voluntary recycling goals and making sure they are realistic. For example, Indiana legislators set a goal to recycle at least 50 percent of the state’s municipal solid waste. While the original bill called for meeting this goal by 2019, lawmakers later realized this was not achievable because they had no insight into the current recycling rate.¹⁰ Setting arbitrary goals does not advance sound policy when there is no baseline measurement.

Oregon, which currently has a 19 percent plastics recycling rate, has been careful to implement sensible recycling policies. The state conducted a robust recycling assessment and used the analysis to create 10 focus areas — including grocery and restaurant rigid plastics, commercial film recycling and dry waste recovery — that together have the potential to increase plastics recovery statewide by 36,000 tons per year.¹¹ Oregon’s effort could serve as a roadmap for other states that want to move from a traditional waste management approach to one that emphasizes sustainability.

States also can increase recycling access for commercial businesses and new multi-family dwellings by providing grants and technical assistance, permitting new recycling infrastructures and giving communities a blueprint for establishing a recycling plan. Part of these plans could include “pay-as-you-throw” (PAYT) legislation, where residents are charged based on the amount of trash they dispose of and thus have an incentive to recycle more. The EPA notes that PAYT is “an effective tool for communities struggling to cope with soaring municipal solid waste management expenses” and that communities with these programs have seen a significant increase in recycling and waste reduction.¹²

Treat Non-Recycled Plastics as Valuable Materials for Conversion to Fuels & Chemicals

While not all plastics today can be economically recycled, they still retain value. Plastics-to-fuel technologies can convert non-recycled plastics into transportation fuels and other petroleum-based products through a process known as pyrolysis. This enables states to capture this source of domestic energy and keep these valuable materials out of landfills.

Some experts estimate that if the U.S. leveraged plastics-to-fuel technologies to convert all its non-recycled plastics, the country could produce 5.7 billion gallons of transportation fuel annually — that’s enough to power 9 million cars. These technologies also have an economic impact: America could support nearly 600 plastics-to-fuel facilities, which could generate 39,000 jobs and \$9 billion in economic output.¹³

However, because the technologies are fairly new, most states incorrectly treat these conversion technologies as regular waste disposal rather than manufacturing. This hinders the efforts to site, permit and deploy these technologies.

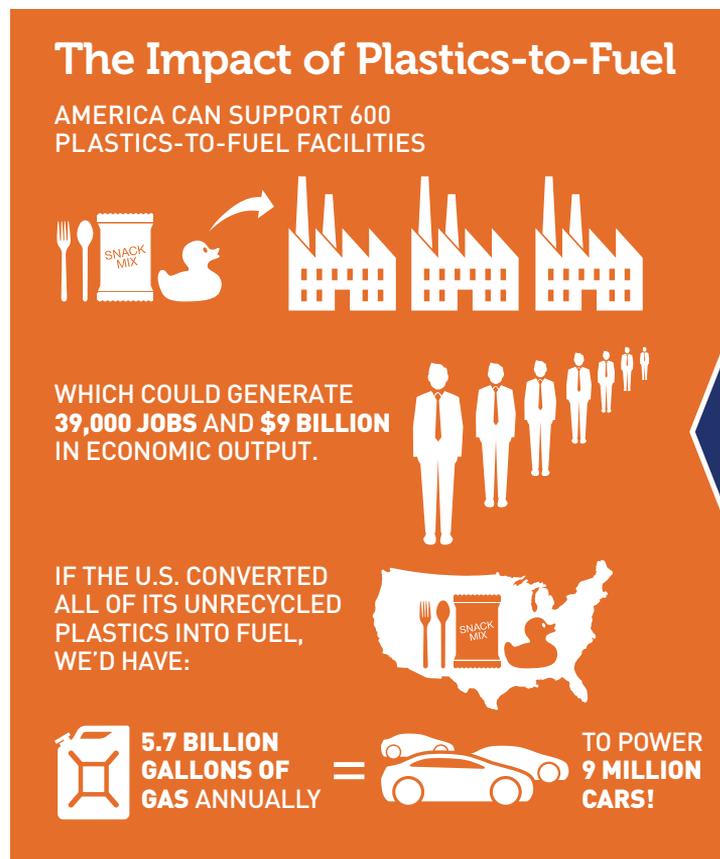
States can modernize their policies by updating regulations and permitting processes to embrace innovative recycling technologies and position plastics-to-fuel technologies on the same level as renewable energy technologies that boost domestic energy and positively impact local economies.

For example, the state of Ohio in 2011 updated its solid waste policies to regulate waste-to-fuel conversion facilities differently than solid waste facilities. Ohio's environmental agency recognized that solid waste has potential economic value and positioned the state to take advantage of an opportunity to better utilize materials as an alternative fuel source. Ohio now has a full-scale plastics-to-fuel facility.¹⁴

Some localities also are asking for opportunities to take advantage of conversion technologies that are stymied by outdated state policies. In September 2016, Los Angeles County's Solid Waste Management Committee sent a letter to California's Department of Resources Recycling and Recovery (CalRecycle) asking for reforms to restrictive waste laws and regulations so that private businesses would be encouraged to develop these projects in California. "Conversion technologies have been stifled by antiquated and unscientific legislative and regulatory barriers," the committee noted.¹⁵

Conclusion

To continue benefiting from the sustainability contributions of plastics — and to build on those contributions post-use — states can choose from a variety of steps outlined above, often with relatively little heavy lifting. These policy and legislative updates



will help states further contribute to sustainability, increase recycling and recover the energy in plastics. While states can pick and choose among these updates, these changes would be most effective when integrated and implemented together.

This piece was developed and written by the Governing Institute custom media division, with information and input from the American Chemistry Council.

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Endnotes

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For:



The American Chemistry Council's Plastics Division represents leading companies dedicated to providing innovative solutions to the challenges of today and tomorrow through plastics. Advances in plastics are helping Americans save energy, reduce greenhouse gas emissions and decrease waste. Because plastics are such a valuable resource, the Plastics Division is leading efforts to "reduce, reuse, recycle and recover," including through outreach, education and access to advances in recycling technology. To learn more, please visit plastics.americanchemistry.com/Sustainability.

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Ben Barnes, Connecticut's budget director

Burying Bad News

KANSAS HAS HAD TO ENDURE a lot of depressing budget reports lately. Every month, the state seems to fall short on its anticipated revenues. In October, just after the state Department of Revenue reported that tax receipts had fallen \$45 million below projections, a state task force recommended that the department stop releasing such information altogether. That suggestion came just after Gov. Sam Brownback's administration decided to kill a quarterly economic report that was also habitually filled with bad numbers.

Kansas received some criticism for trying to "end bad economic news by not reporting it," as *Bloomberg View* put it. Brownback administration officials responded that the data was confusing and often failed to reflect current reality. But Kansas is not the only state afraid of the figures its own budget-crunchers present.

As part of last year's budget, Connecticut ended its practice of current services projections. That's a boring-sounding way of talking about how much programs will cost over time, assuming there are no policy changes. It's a baseline against which to compare any proposed cuts or increases in spending. Ben Barnes, Connecticut's budget director, said last year that it didn't make sense to project shortfalls or surpluses into

the future. "There's no such thing, in my view, as a deficit or a surplus in years in which there is no appropriation in place," Barnes said.

Some legislators complained that the new rules would be a blow against transparency in the budget. The change was adopted anyway. A majority of states already choose not to publish current services projections. "There is kind of a tendency for policymakers to focus on the immediate and not the future," says Liz McNichol of the Center on Budget and Policy Priorities. "This reduces the outside pressure to look beyond one year."

Lawmakers are always going to argue about the validity of budget forecasts. Governors often contend that projections out of the legislative fiscal office aren't as accurate as their own numbers, especially when the legislative researchers turn out to be more pessimistic. When shifting a percent or two can have huge ramifications, everyone prefers to believe the rosier scenario.

But bad news has a way of catching up with policymakers, no matter how optimistic their initial assumptions. Connecticut will have to fill a shortfall of more than \$1 billion in its budget this year, according to analyses from both the administration and the legislature. In Kansas, the shortfall is \$350 million.

THE BREAKDOWN

\$13.5^b

The backlog in unpaid bills that Illinois state government will be facing by July in the absence of a comprehensive budget agreement, according to the governor's budget office.



36%

The maximum interest rate that payday lenders can now charge in South Dakota, as a result of a ballot measure approved by voters in November. Previously, rates were averaging as much as 652 percent.

0

The number of Republicans serving this year in the Hawaii Senate, marking the first time since 1980 that either party has been totally shut out of any state legislative body.

6 months

The maximum prison sentence that could be imposed for declawing a cat in New Jersey, under pending legislation. If the law is enacted, New Jersey would be the first state to make the practice illegal.



SOURCES: CHICAGO TRIBUNE; NATIONAL CONFERENCE OF STATE LEGISLATURES; WABC-TV; IMAGES: SHUTTERSTOCK.COM

Constitutional Inertia

NEW YORK STATE GOVERNMENT offers plenty of opportunities to complain. To start with, the legislature has witnessed an epidemic of scandals in recent years. Last year, the former leaders of both legislative chambers were sentenced in separate corruption cases. In fact, the last time the legislature held a session in which no members resigned due to ethical or legal troubles was back in 2002. All of that is putting aside the endemic complaints about the lack of transparency in a system under which “three men in a room”—the governor and the two legislative leaders—set the budget and other policy priorities.

This year, voters will have a rare chance to change the state’s governmental structure. Once every 20 years, under the New York Constitution, citizens are asked if they’d like to call a constitutional convention and reexamine the fundamentals of the government process. That vote is coming up this November. But even supporters of the idea concede that it’s a longshot.

The reason is obvious. Even if no one is happy with the current rules, there are plenty of powerful interests worried about what could happen to provisions that benefit them. “The convention is unlimited, so that puts fear into people

about things they want to protect—pensions, environmental protections, the rights of the poor,” says Gerald Benjamin, a political scientist at the State University of New York at New Paltz.

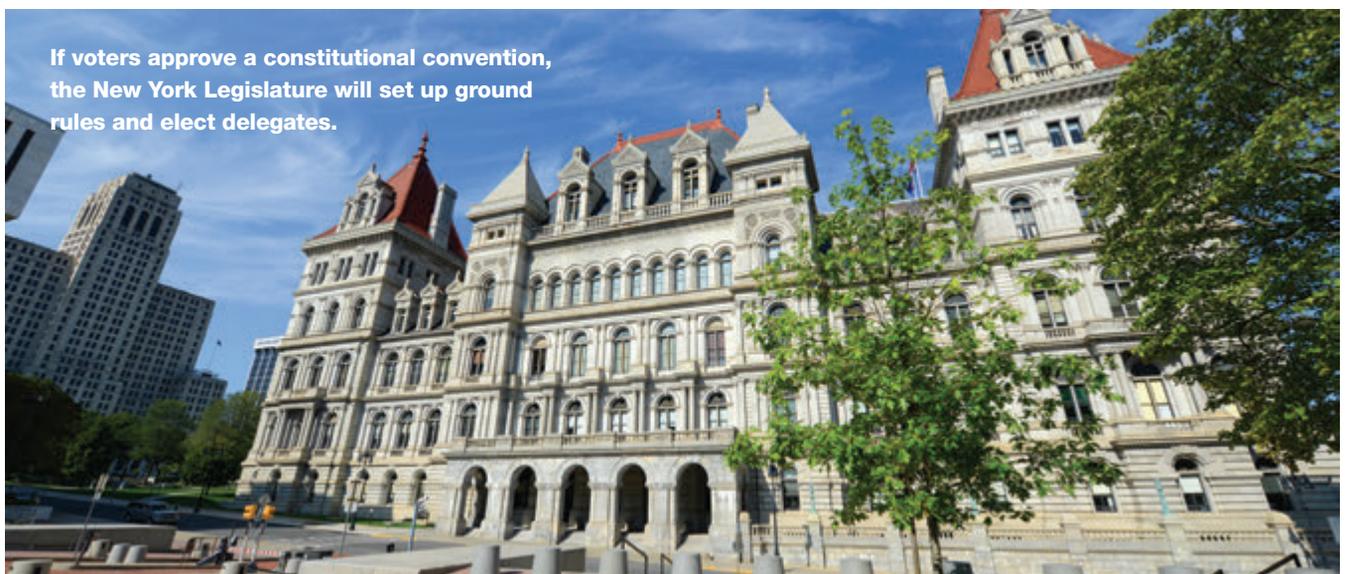
Benjamin argues that such fears are overblown. But organized interest groups are already lining up to oppose the measure. “Your pension could vanish in a constitutional convention,” the New York State Alliance for Retired Americans warns its members.

With interest groups maneuvering to block the idea of a fresh constitutional start, who will speak for it? Gov. Andrew Cuomo has expressed support for a constitutional convention in the past, but has shown little sign that he’ll make a big push for it this year. Supporters are hoping the general notion that it’s time for a change will hold powerful appeal for voters, especially in the current political environment. “The argument for the pro-convention side is, it’s broken, let’s fix it,” says Doug Muzzio, who is serving on the New York City Bar Association’s task force on the convention. “That’s a powerful message and it may be appealing to the Trump supporters and the Bernie Sanders supporters, as well as the unaffiliated.”

A convention could simply prune away some of the outdated and contradictory language in the constitution, or it could choose to radically alter the structure of state government. There would be no limits. Naturally, that makes people nervous. There are already questions about how delegates to a constitutional convention would be selected, and how big a role could be played by the same legislators and lobbyists whom people are unhappy with.

If voters approve the measure, the legislature will set up some ground rules and delegates will be elected next year. They would meet in April 2019 and finish in time for voters to decide the fate of their work that November. Any ideas without broad support could still be stopped. But as is often the case with the status quo, the benefits from pursuing change can feel broad and abstract, while the downside risks are more concrete. A threat to a favored program or one’s own pension can seem disturbingly immediate and real.

And then there’s the trust issue. “New York is a blue state,” Benjamin says. “But people are somehow convinced that the Koch brothers are going to capture the convention.”



If voters approve a constitutional convention, the New York Legislature will set up ground rules and elect delegates.

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Rob Silverberg
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Smart Government is Software-Driven and Agile

We've heard the buzz around "smart government." What does it mean? Is it a destination or journey? Will it be realized via a "big bang" or iteratively? Two enterprise IT infrastructure pros from Dell EMC share their insights for a more efficient and citizen-serving way of governing.

Q: What is smart government?

A: It's a way of serving citizens in a more mobile, user-friendly, application-driven way. It's two-way communication between government department personnel and the people they serve, enabled by information technology.

Q: What are some examples of two-way communication in this realm?

A: Sensors in citizens' cars can provide data to highway departments and allow them to alert other commuters about hazardous road conditions, accidents or heavy traffic ahead. Light posts equipped with technology can give city officials information about air quality or public safety. Citizens can use apps or online tools to provide feedback to government leaders regarding policy decisions. We've only scratched the surface of possibility.

Q: Does smart government require a different IT infrastructure?

A: Yes! Smart government needs a more flexible, scalable and extendable modern application development infrastructure — from core, to edge to cloud. Smart government is software-driven. Smart applications will be

built iteratively to solve specific problems. Progress will occur over time via public-private partnerships.

Q: How is digital transformation making an impact?

A: The digital transformation is powering a deep shift in information technology delivery platforms and processes. We see application developers increasingly working in agile teams, demanding a platform that allows them to continuously deliver updates and scale applications with no downtime. We recommend the Pivotal Cloud Foundry native developer platform for achieving the vision of a modern, software-driven organization.

Q: Is there a reference architecture to share with public CIOs?

A: Yes, the VMware Reference Architecture for Pivotal Cloud Foundry on VxRail is a prescriptive and pre-tested blueprint designed for fast deployment, ease of scale and simple operation of Pivotal Cloud Foundry infrastructure.

Download it for free here:

<http://www.emc.com/collateral/solution-overview/h15488-pivotal-cloud-foundry-on-vxrail.pdf>



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By Alan Ehrenhalt

The Legislative Time Machine

Much has changed over the decades. Is there hope for a turn toward civility?

Legislatures and time travel don't normally find their way into the same sentence, but as the 2017 legislative season begins, let's try a little thought experiment. Let's imagine ourselves transported back into a state House or Senate cloakroom of 60 years ago—the beginning of January 1957.

What we see depends in large part on what state we have chosen to travel back to, but some aspects of the scene apply just about anywhere. Virtually everyone who passes by us is a white male; they hold more than 95 percent of the legislative seats in the country. Their conversations focus overwhelmingly on rural and small-town affairs: the latest gossip involving the insurance business and county seat law practice; how the weather will affect this year's crops; how soon they can finish the session so they can return home for spring planting.

The more time we spend watching what happens at the capitol, the clearer it becomes that only a few of these men have much impact on policy outcomes. Power is closely held among a few older members who have been serving for decades; they do most of their business outside the chamber, in cozy watering holes where they drink and make decisions.

Simple enough. Let's start moving the clock forward, a decade at a time. January 1967: The change has been ... actually, pretty minimal. We're still looking at a fairly close-knit power structure of white men in late middle age. But the country accents and small-town preoccupations of the 1950s have begun to recede a bit. Three years earlier, the U.S. Supreme Court had outlawed the rural-tilted malapportionment that had been an article of faith in just about every legislature. The cities have more representation now, and the burgeoning suburbs are beginning to acquire a little clout. But those are changes at the

margin. In most ways, the institution of 1967 isn't that much different than the one from 10 years before.

It's in the next decade that things begin to look and feel significantly different. In 1977, there's a new aura of professionalism. The informal clubbiness is fading away. The sessions last most of the year in many states. More business is conducted out in the open. Paid staffers are in place to draw up legislation and help plot strategy.

The country boys are still around, but they've been joined by a whole new generational cohort: baby boomers, bored by the idea of a legislature that behaves like a Shriners convention. The young newcomers are disproportionately Democrats and liberals; cloakroom bull sessions that used to focus on the price of wheat now center on civil rights and the environment.

Democrats are coming up with the candidates who know how to win elections. They believe in government activism and are willing to work hard to get their chance to practice it. Republicans, by comparison, tend to be too suspicious of government to spend much time on it. That's why nearly 60 percent of all the state legislators in the country continue to be Democrats.

On our next visit, in 1987, we notice at once that the idealistic young politicians who entered in the previous decade have been joined by a newer and much larger baby boom cohort. But as we watch the session unfold, we perceive that their whole approach to power differs from the one we saw under the reign of the good old boys. These are individualists, first and foremost, like so many members of the boomer generation they belong to. An increasing number of them treat legislative service as a full-time occupation and are more concerned with advancing their personal agendas than in strengthening the institution or following the dictates of their leadership. We watch the elected leaders

try to keep control, but we can't help noticing that being a leader is a pretty thankless job, less an opportunity to exercise power than an obligation to serve the needs of a diffuse and sometimes self-righteous band of ambitious freelancers.

Given all this, it would seem reasonable to predict that on our next visit to the cloakroom, in 1997, the whole institution would have degenerated into something approaching chaos. But we find that the balance of power has shifted in an unexpected direction. The leaders are leaders again, and for a very clear reason: They have been placed in control of large sums of campaign money. Campaigns have gotten much more expensive very quickly, and the interests that can finance them—mostly teachers unions and trial lawyers on the Democratic side, big corporations and chambers of commerce for the GOP—are funneling them through the party caucuses and the party leadership. The mavericks who had so much fun flexing their muscles a few years ago risk getting frozen out.

Those are subtle changes. Others are easier to spot. In more than a dozen states, term limits have taken hold. Six or eight years is as long as members get to make their mark. Knowing their time will be brief, some begin running for speaker or Senate president on their first day. Meanwhile, the preponderance of greenhorns has shifted influence to people who remain in place—lobbyists, senior civil servants and think-tank experts.

Those things are happening only in the term-limit states; other changes are taking place just about everywhere. Republicans are getting smarter, tougher and more numerous. Some of the campaign skills that brought success to Democrats in the 1970s and 1980s are now shared pretty equally between the two sides. New pressure groups like the Free Congress Foundation

and the American Legislative Exchange Council are backing strong conservative candidates who are willing not only to run for legislative seats but also to stay in them and stay focused on an agenda. That's one reason Republicans took majority control of 19 legislatures in 1994—by far the best they had done in a quarter-century.

Some things you can tell just by looking around: Women are starting to arrive in respectable numbers. Across the country,

anymore; new ethics and disclosure rules make it harder to go out on the town at lobbyists' expense. More members now go home at night to their districts or families. The Shriners convention years are over; many of the bars that used to be legendary capital hangouts have closed altogether.

As we move to our next visit, in January 2007, we find the legislature altered in a way that we couldn't possibly have predicted a decade ago. Members are scarcely speaking

ideological pressure groups that demand rigidity as a price for campaign support; they are built into the recruiting process from which candidates emerge, and into the negative advertising that has become standard practice in every competitive district. The legislators of 2007 show up at the capitol primed to distrust the other party, and nothing that happens afterward serves to temper that distrust. All of this is made worse by the hyper-partisanship that prevails at the national level. Petty partisan bickering is what impressionable young state legislators observe in Washington, and they are good at imitating it.

Finally, we arrive at the present. Let's finish by focusing on it and the future. Are there any clues to how legislative life might evolve in the months and years ahead?

Here are a couple of conjectures. The coming legislative year will be loaded with difficult choices, headed by budget weakness in many states, and it will be a very inopportune time for partisan grandstanding. And as partisan warfare continues at the federal level, more and more fundamental national decisions will have to be made in the states—on health care, infrastructure and environmental policy. It won't be easy to work on those problems in an atmosphere of perpetual partisan bickering, even in a legislature where one party has a clear majority.

So the demand for state-level action will become more urgent. In a growing number of states, I think that will breed new varieties of coalition politics—or at least some form of political truce that allows vital decisions to be taken. I'm not predicting that the era of hyper-partisanship is over: Given the indignities of the 2016 campaigns, that would be foolish. But I would venture a guess—mixed with elements of hope—that we have reached peak partisanship at the state level, and that the near future portends at least some small steps in the direction of civility.

I wish I could say for sure, but my time machine only works in a backward direction. For 2017 and beyond, all we can do is stay tuned. **G**

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Colorado state senators discuss proposed legislation in 1967.

they have 22 percent of the seats as the legislative year begins. As you strike up cloak-room conversations with them, you find that these women are disproportionately suburbanites: affluent, well-educated, liberal on most social issues but determined to take a tough line when it comes to spending money.

One more small thing, or maybe not so small: After hours, the legislature of the 1990s is a wholly different place from the one that existed in earlier years. Deals aren't made in the watering holes

to each other across the aisle. Party lines have grown rigid in an unpleasant and seemingly unproductive way.

On each of our five previous visits, there was an element of comity that manifested itself underneath the partisan sniping that often broke out on the floor and in committee. After-hours fraternizing was a part of this, and perhaps its decline ought to be mourned, but the tensions of 2007 run much deeper than that. Polarization and meanness seem to start at the very beginning. They come from the increasingly

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Conjectures from the Swamp

D.C. may be an object of Republican disdain, but it's now at the center of change.



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Here in the Washington Swamp, January will be a month like no other in recent history. The day after Donald Trump's inauguration, with its assorted swamp-draining promises, we will play host to the Million Women March for female empowerment. Six days later comes the anti-abortion March for Life. All three events are expected to attract, at the least, hundreds of thousands of people. The swamp isn't draining; it's boiling over.

In its post-election coverage, the Washington-obsessed media generally neglected to point out how deeply the Republican victory penetrated. While Trump trailed Hillary Clinton nationally by more than 2 million popular votes, the opposite dynamic was playing out at the state level, where Republicans will control 33 of the 50 governorships. The GOP will hold 56 percent of all state legislative seats, nearly 1,000 more than when the Obama administration took office. The GOP victory may have been slender at the top, but it was broad at the base.

However scornful the Republicans may be of the federal government, the route to many of the public policy changes that they favor still runs through Washington. What does all this mean for politics and policy at the state and local level? Issue by issue, here are some thoughts:

On overhauling the nation's infrastructure, there has been superficial agreement between the national parties that it's a priority, especially now that interest rates are at historic lows. And the election provided evidence of strong popular support as voters in both red and blue states approved tax increases and other measures to support \$170 billion in a wide array of road and transit projects. Clearly the states and localities are ready, but Congress will have to decide either to accept the Trump scheme—which critics call a crony capitalist, mass privatization plan relying on huge tax benefits to utilities and construction companies—or a simpler borrow-and-build approach, financed largely with public dollars. The will is there, but the way is unclear.

On health care, the dominant issue will be the Affordable Care Act, the signature achievement of the Obama administration, and one for which the Democrats have paid dearly in subsequent elections. Some 20 million people now have insurance through expanded Medicaid plans in 31 states. But top GOP officials in Washington have made obliterating it a priority, even though Trump himself appears to be waffling. Republicans will have to forge a compromise of their own before taking a revised plan to the states.

We are almost certain to see a swing from Obama's unilateral administrative policy of protecting and absorbing some undocumented immigrants, most of them young, to a Trump initiative to round up and deport as many as 3 million of them. The administration's relations with many states and particularly cities are likely to be tense. The police chief of Los Angeles, home to the largest concentration of undocumented residents in the nation, recently said his department will not cooperate with a more aggressive federal

deportation effort. The mayors of Chicago, New York, Philadelphia, San Francisco, Seattle and Washington, D.C., have said much the same thing. There may be attempts to cut off federal funding to those sanctuary cities that fail to go along with the Trump policy.

Finally, no issue stirs as much concern as climate change, in part because an international structure has been designed and approved by some 170 countries to reduce greenhouse gas emissions to levels well below those of 11 years ago. Meanwhile, average temperatures both in the U.S. and worldwide continue to set records and sea levels keep rising, especially in our East Coast cities. Trump and top Republican congressional leaders are united in their denial of manmade climate change, so there is no reason to expect anything but federal withdrawal from last year's Paris Agreement, except perhaps lawsuits from some Democratic states demanding that the federal government curb greenhouse gas emissions.

If there is any positive news, it's that states and localities can take action on their own, and since such a substantial portion of carbon emissions comes from urban areas, local government can make a difference. The final paradox is that China, the world's largest polluter, has become a leading advocate of emissions control and now is critical of Trump's denial.

To view Trumpism through a truly global lens, you have to look at what's happening outside our borders. My wife and I traveled to Scotland and Ireland last summer, a month after British voters narrowly passed Brexit—the referendum to pull the country out of the European Union. The enormity of the decision was still being absorbed; second thoughts were abundant. But we were struck by the similarities that we were to see in our own country—a concern about the fast pace of globalization, ethnic mixing and the lingering effects of the Great Recession that decimated European economies, as well as ours.

For now, it's back to the Swamp. **G**

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Democrats' Geography Problem

Most of their voters live in metropolitan areas.

A couple of decades ago, half the Democrats in the Iowa Senate represented rural areas. By the time the last session got underway, there were only two Democrats left from the mostly sparsely populated counties west of Interstate 35. Now, there are none. The inability of Iowa Democrats to compete throughout an entire half of the state is a big reason why the GOP took over the state Senate in November.

All over the country, Democrats have a similar geography problem. With an overwhelming share of their voters living within a limited number of metropolitan districts, it's hard for them to compete in broad swaths of territory elsewhere. This handicap, which has made the U.S. House into something resembling a fortress for Republicans, is making it increasingly difficult for Democrats to win legislative chambers. "When you sit down and start counting the number of state legislative districts the Republicans have and the number of chambers they have, it's evident that the Democrats have a structural problem that they need to overcome," says Colorado State University political scientist Kyle Saunders.

In a red state like Texas, for example, Democratic legislators are limited to the heavily Hispanic Rio Grande Valley and just a handful of urban counties. In a purple state like North Carolina, Republicans were able to maintain their supermajorities at the legislative level, despite Democrat Roy Cooper winning the governor's race last fall. Even in a more favorable state for Democrats such as Colorado, which Hillary Clinton carried, Republicans were able to hold onto their majority in the state Senate. The concentration of the Democratic vote in Denver and the Front Range gives Republicans a built-in advantage in the chamber. Despite a big push from Democrats to take it back, there were only two or three suburban or exurban districts where they even had a hope of picking up seats.

When Republicans won control of the Minnesota House in 2014, nearly all their victories came outside of the Twin Cities area. In November, the GOP's strength in the rest of the state allowed the party to capture the state Senate as well. "I had one of the Minnesota leaders tell me a year ago that the House Democrats had gotten too Twin Cities-oriented," says Bill Pound, executive director of the National Conference of State Legislatures. "That's why they were in the minority and that was the danger to their Senate majority."

Democrats are already hoping for an anti-incumbent wave election in 2018 that will return them to power in many states. They also like to blame GOP gerrymandering for the challenges they face in many districts outside the cities. But Iowa has a redistricting process that is scrupulously nonpartisan. In that state, rural Democrats have become not just endangered, but nearly extinct. In order to make a comeback, Democrats have to hope that voters outside of population centers will start giving their candidates more of a hearing than they have lately. **G**



Democrat Mike Gronstal wasn't re-elected to his Senate seat in November. The GOP now controls the Iowa Senate.

DAVID KIDD

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The Walking Cure

Urban leaders are recognizing that pedestrian-friendly cities are healthier cities.

It's long been known that, despite urban pollution and millions of people living tightly packed together, residents of New York City are on average some of the healthiest people out there.

That was confirmed once again this summer in a study by the metropolitan area's Regional Plan Association: New Yorkers enjoy lower obesity rates and higher life expectancy than residents in most other big cities.

One of the primary reasons for New Yorkers' relative health has also been long known: New Yorkers walk—a lot. As any visitor to Manhattan has discovered, walking is frequently the fastest and easiest way to get from point A to point B. In fact, a good bit of that walking is to and from the nearest bus stop or subway station. “In areas of the region that don't have those options,” says Mandu Sen,

a senior planner with the regional planning association, “health outcomes are generally lower.”

As city and health officials think about how to tackle the social determinants of health, they're coming to realize that one of the best places to start is in the urban planner's office. Thanks in large part to New York City, the benefits of walking and relying less on automobiles have been getting more and more attention across the country.

Just ask Mick Cornett, mayor of Oklahoma City, Okla., about the benefits of planning. No one was more aware of the city's reputation as one of the nation's fattest than Cornett. After successfully losing 40 pounds, Cornett thought it might be possible to get residents fired up about losing weight too.

So back in 2007, Cornett introduced an initiative called “This City Is Going On a Diet.” Residents could sign up on the program's website and log their weight loss journeys. A couple years later, Cornett embarked on infrastructure projects to make the city easier to get around by foot or bike. Funded by a sales tax and a multimillion-dollar bond issue, sidewalks, bike and walking paths, and a world-class rowing center popped up in the downtown area. (Cornett was honored in 2010 for these efforts by this magazine.)

In 2012, Cornett reported that Oklahoma City's residents had collectively lost 1 million pounds, a result he credits in large part to providing more opportunities for getting around without cars. “Our downtown went from being one of the least pedestrian-friendly to one of the most pedestrian-friendly,” Cornett says. “It's a destination now where you can park your car and walk around.”

Oklahoma's capital isn't the only city revitalizing its downtown with a goal of improving residents' health. “I don't have a public health staff,” says South Bend, Ind., Mayor Pete Buttigieg, “so how do I use the tools in front of me to make a difference? For me, that means using decisions around traffic and safety, which are embedded in health.”

Buttigieg's first step involves taking on residents' car dependency. In April, the mayor's office launched a “complete streets” initiative that will fix sidewalks, narrow multilane roads to invite walking, and, the mayor says, “generally change the feel of downtown.”

Buttigieg doesn't have an immediate plan to track the improved health of residents, though he hopes that will come with time. But he's confident that the steps the city is taking will show results. “People are healthier and safer when they live in a place where they want to walk or ride their bike,” he says. Certainly a lot of New Yorkers would agree. **G**

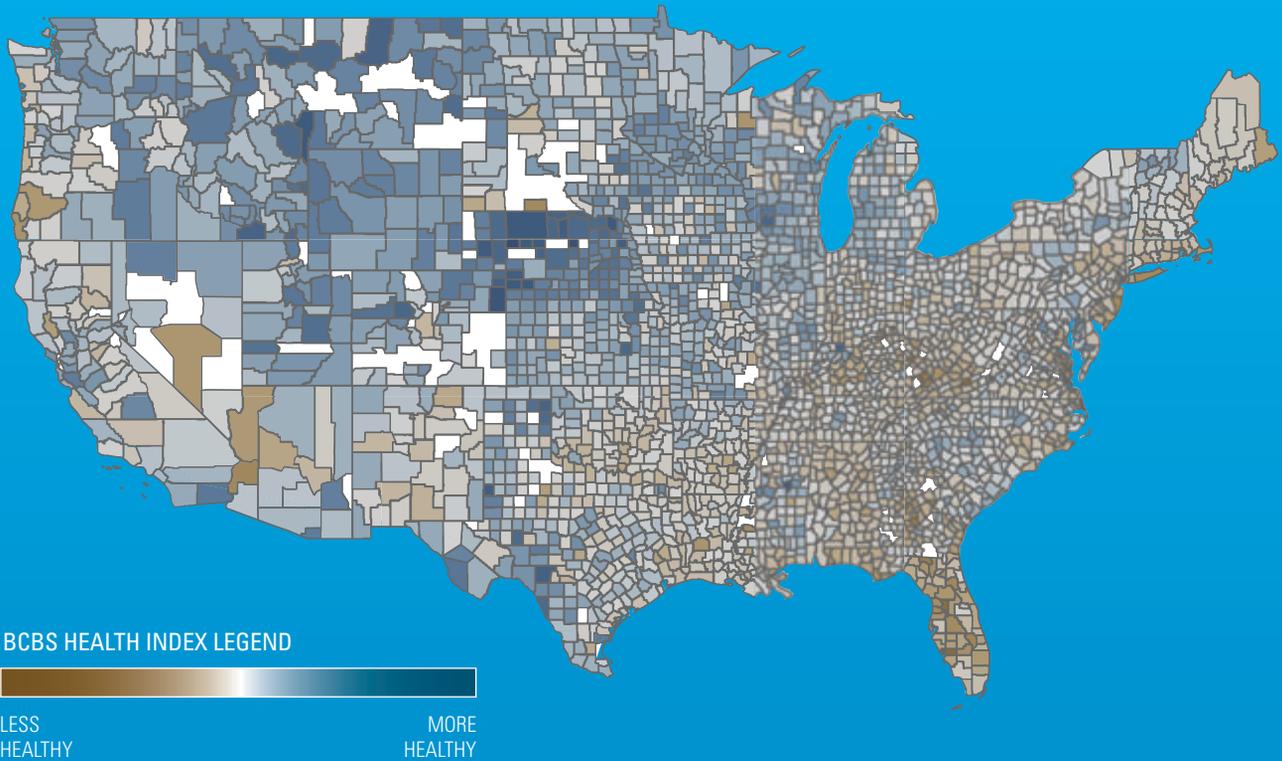


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Greenout

Will states strip cities and counties of their power to regulate climate change?

If there is one word to describe Arizona's 2016 legislative session, that word is "preemption." Last year, state lawmakers stripped cities and counties of the authority to regulate everything from backyard chickens and dog breeders to Airbnb and other home-sharing services. Collectively, legislators introduced more than a dozen bills preempting local control. In March, the state passed the mother of all local preemption bills, a law that withholds shared revenue if a town, city or county passes a regulation that "violates state law or the constitution of Arizona."

So it wasn't a surprise to many when Phoenix Mayor Greg Stanton expressed frustration with state lawmakers. "The state legislature, if they're a conservative body, should pass conservative public policy," Stanton told *Slate* in September. "But don't preempt us from passing policies that represent our priorities."



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One of those priorities is the environment. Stanton predicted in the interview that states and localities will clash over climate change. "Cities are going to have to adopt aggressive policies on climate change," he said. "I do so under constant threat that [a lawmaker is] going to try to preempt us at the legislature, in a body that has, arguably, a majority of climate deniers."

Stanton's concern is not without merit. Among the bills the legislature passed last year were two that preempted cities on environmental policies. The first was a bill that overrode a ban on plastic bags in Tempe; the second forbade cities from requiring property owners and landlords to disclose their energy usage.

But is Stanton right? Will 2017 be the year of states acting to preempt cities and counties on climate change and other environmental policies?

It's hard to tell, and so far there's no obvious trend. In 2016, for instance, "no states enacted legislation that would preempt local

governments from taking climate change into account," says Kim Tyrrell, program director on the environment for the National Conference of State Legislatures (NCSL). To her knowledge, there are only two instances in the last five years in which a state legislature passed such a law. One of those was famously mocked by comedian Stephen Colbert in 2012. The Science Panel of the North Carolina Coastal Resources Commission issued a report that year outlining the possibility of sea-level rise over the next 100 years. The report wasn't well received, and the legislature passed a law forbidding communities from using it to pass new rules. "I think this is a brilliant solution," Colbert said at the time. "If your science gives you a result that you don't like, pass a law saying the result is illegal. Problem solved."

The other instance was in 2014, when Oklahoma adopted a bill stating that the National Oceanic and Atmospheric Administration's resources should be dedicated to improvements in weather forecasting and not to studying climate change.

Beyond that, Tyrrell found only a smattering of bills attempting to preempt environmental policies—most of them in Oklahoma. The legislature there proposed a resolution to prohibit certain regulatory actions relating to greenhouse gases and air quality requirements by the Environmental Protection Agency, and, like Arizona, considered a bill to prohibit municipalities and counties from implementing rules that do not conform to state statutes. Both efforts failed.

One policy that has gained some traction in state legislatures, though, is the attempt to override local bans on plastic bags. Besides Arizona, Idaho and Missouri have forbidden localities from regulating the sale or use of plastic bags, including the imposition of any fees or taxes. In general, however, most of the bills introduced in states were to decrease the use of plastic bags. Between 2015 and 2016, 71 out of the 77 bills introduced in 23 states sought to impose a ban, fee or recycling requirement on plastic bags, according to NCSL.

But while there is no discernible trend in state legislatures to strip cities and counties of their authority to regulate climate change, mayors are cautious. Many cities have renewable energy and zero-waste goals. With Republicans in full control in half the states, climate change skeptics in legislatures much like Arizona's might feel empowered to target such programs. "I was elected to represent and move the values of our citizens forward," says Phoenix's Stanton. "As cities like mine act to more aggressively reduce the impact of climate change, mayors shouldn't have to worry about the state." **G**

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A photograph of a park bench with a plastic bottle on the grass. The bench is on the left side of the frame, and the bottle is on the grass in front of it. The background is a vast green field under a clear blue sky with a few wispy clouds. The text is overlaid on the right side of the image.

*“I want
to be
a bench.
Recycle me.”*



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KEEP AMERICA
BEAUTIFUL



By Aaron M. Renn

The Winner-Take-All Economy

There's a second tier of people and cities that's more vulnerable than it realizes.

If you are a very talented person, you have a choice: You either go to New York or you go to Silicon Valley.”

This statement by Peter Thiel, the PayPal founder and venture capitalist, unsurprisingly caused a stir, given that he made it in Chicago. Simon Kuper had made a similar observation in the *Financial Times* when he described how young Dutch up-and-comers had their sights set on London, not Amsterdam. “Many ambitious Dutch people no longer want to join the Dutch elite,” Kuper wrote. “They want to join the global elite.”

Populist movements in Europe and the United States have fueled talk of social and economic division, of a small class of winners at the top and a far larger group of increasingly disaffected lower-skilled workers at the bottom. This attitude seems to flow through to places as well, with global city winners like London and post-industrial losers like Flint, Mich.

Because these divides cleave along social class, educational and cultural lines, they are clear and easy to see. But there's another—less visible—divide cutting across the seemingly monolithic group of the successful. This one separates those who are indisputably winners from those whose success is ambiguous, more qualified and more contingent. This difference is the one between the hedge fund principal, raking in wealth seemingly effortlessly, and the young adult struggling to pay urban rent despite possessing an excellent degree and professional employment. It's the difference between New York and Cincinnati—or even Chicago.

The same forces of globalization that have pulled top Midwest talent into Chicago from below are also acting on the city from above, drawing its talent further up the global city hierarchy. The knowledge economy favors the college degreed over the less educated, but those with the



Cincinnati and other second-tier cities are at risk from globalization.

highest and most differentiated skills are most favored, while those whose skills are second tier—less perfectly in tune with the emerging economy—are more vulnerable to competitive pressures.

It's easy to see that the Flints of this world have struggled. Less visible are the stresses put on second-tier cities—the Chicagos and Cincinnati—from a system that is disproportionately giving the greatest rewards to those at the very top of the hierarchy while threatening even the seemingly successful cities with being left behind.

Economist Richard Florida calls this phenomenon “winner-take-all urbanism.” It's the superstar athlete or celebrity effect transposed into the urban world. Just as A-list stars earn far more than the merely famous, the top business talent and the top cities are reaping disproportionate riches over the merely prosperous.

This divide is harder to spot because the people and places involved are often superficially similar. The people in both possess university degrees. They share similar cultural norms, aspirations and politics. The places they live in all have their farm-to-table restaurants, tech startups, artisanal coffee roasters and bicycle commuter infrastructure. As with a sports team, they all wear the same uniform. But some are all-stars while others are role players who are more easily replaced.

When young workers or artists struggle to find an affordable apartment in a global capital, this isn't just proof of a failure to deregulate housing development. It's also a marketplace sending a powerful signal that their position among the winners of society is much more precarious than they might imagine. Most would agree that there are some businesses and people who shouldn't be in New York or San Francisco.



Chris O'Brien
Principal, U.S. State
and Local Leader, PwC

Accelerate Economic Growth With New Responses to Change

Cities and states face a new set of challenges with respect to economic development and are tasked with the job of retooling a changing technology infrastructure to support a thriving citizenry. The concept of crafting a core economic development collaborative is more relevant than ever. With the emerging trend of the “sharing economy,” ideas like pooling resources, building on existing strengths and working collaboratively are driving a shift in both thought and action by those fostering economic development initiatives. Chris O'Brien shares his insight for making economic change relevant in today's evolving public landscape.

Q: What are some key issues to consider when developing and implementing city sustainability plans?

A: It's not just about do-gooding – it's about how can our cities deal with the fact that over the next 10 years they're going to gain 3 to 4 million new residents. Where are they going to live? What water are they going to drink? These queries are about sustainability and careful consumption of resources, but they're also ones to consider in creating new urban plans. Historically, when creating urban plans for roads, bridges, housing, etc., people lived and worked in an entirely different way. Much of what we've been doing in helping cities and states, whether it be on things like sustainability – or more broadly speaking – economic development, is reimagine the ways in which municipalities are laid out to effectively handle both an increasing population in urban areas and a decreasing one in rural regions. Government leaders need to focus on the analytics associated with

quantifying the nature of that shift. This is a very important part of defining the problem, and from an implementation perspective, cities need to bring together citizens, policy makers, nonprofits, academics – all who have points of view that should be considered – for a conversation that brings these varying minds to the same page as much as possible. Our role is equal parts helping define the problem and implementing the solution through collaborative consensus building.

Q: How can agencies improve their responsiveness and increase citizen engagement?

A: One of the biggest problems I see is that cities and states don't know how to organize the information they have. There is a massive issue of not knowing the basics, starting with: Who are your citizens? What is the land they live on? What are the businesses that sit on top of that land? How can we tell the difference between all those types

of variables so that we can deliver a service to them? We've been doing great work in this area called enterprise information management, which translates to the idea that to deliver a service effectively, you need to know who you're delivering it to, where you're delivering it and what the outcomes of that are. You cannot successfully do this unless you can manage and organize your data. Fundamentally speaking, there is an organization of information problem. Once you have your data sorted out, then your ability to interact with and serve a citizen across multiple agencies is much easier.

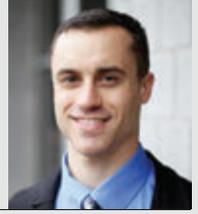
Q: What words of wisdom would you give government officials who are looking to create value-based initiatives for their communities?

A: Cities and states need to fundamentally rethink their role in this rapidly changing world, and the way in which they operationally deliver that role. Most cities and states need to identify a strategy and their city's unique role in their state or region, and how to fulfill that role. Many require a better understanding of what the unique positioning of their state/city is – how do they define that, agree on it and march toward the long and ever-evolving process of realizing it? One of the things we've been doing is assisting cities and states in creating a strategic plan, which means you start with answering the questions: What is your strategy as a city or a state and what are the key capabilities you need to carry out that strategy? How do you drill that down into the operational capabilities you need? Once you answer these, you can move toward a better quality of life for your residents, businesses and tourists.



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We shouldn't expect a peanut butter spread of talent and economic activity across the country. The nature of the industries concentrated in these places produces a higher-end specialization. So there will be some economic value line below which it isn't viable to be there.

There's an argument to be made that building more housing to reduce rents can draw the line lower. But that still presumes a line. When aspirational millennials—or even older people like me—can't afford the current rent, that's a signal that they are near or below that line. In a time in which rewards seem to be skewed to the top, that should be worrisome to them personally, not just to the poor or working classes.

Similarly, cities that remain a notch below the top tier should be worried. Chicago's financial crisis, population loss, violent crime spike and other problems suggest fundamental structural challenges facing the city. And if even Chicago is not fully achieving the global-city status it craves, shouldn't other cities be worried?

Yet the leaders of these cities, and the ambiguously successful people who live in them, have tended to identify themselves as among the winners. They haven't really grappled with the fact that the global economy puts them at risk. It's not just people in Flint or Youngstown, Ohio, who are being buffeted by globalization. If these people and cities ever came to view themselves as at risk, they could become a powerful voice for reforming the system to be more equitable while retaining its fundamentally open character. They are the exact potential champions for change in a system that badly needs it so that we can broaden the pool of success.

Unfortunately, those among the ranks of the second-tier successful have instead sided with the global capitals and the global elite to defend the economic status quo, leaving the reform fight to the populists who prefer an overly closed system. They may yet discover to their chagrin that the very system they so vigorously supported will ultimately become their own undoing. **G**

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When Local Control Backfires

NIMBYism is leading to housing shortages.

Many political analysts believe that local government is the best government. The act of delegating responsibilities to states and localities is thought to increase accountability by putting governments closer to the people. But local governance can backfire, especially when parochial interests trump larger regional concerns. Nowhere is this more evident than in housing, where prices are skyrocketing in many U.S. cities.

Fast-growing cities, in particular, are struggling to accommodate population increases because zoning and other land use regulations can stop housing construction, causing shortages, price inflation and overcrowding. The obvious solution would be to change these regulations, but such efforts often meet resistance from the community, specifically homeowner groups who dislike the impacts of new development and have a vested interest in discouraging it to keep their own home values high.

San Diego is a good example of this problem. It features a hyper-local model that has been codified into the planning framework. The city has 42 community planning groups, each representing different neighborhoods and made up of about 16 members each. The groups have vast influence over their areas, says Maya Rosas, a local development consultant. Whenever the city's planning department writes a new neighborhood plan, it "does extensive outreach with the planning group, and technically the city writes the plan incorporating the feedback they receive."

As a self-described YIMBY ("yes in my backyard"), Rosas joined her neighborhood group, the Uptown Planners, to advocate for more housing construction. But she's found that the group, which generally consists of older homeowners, is dominated by NIMBYs, or a "not in my backyard" contingent. That part of the group recently spearheaded residential downzoning—a plan to decrease density. The move seemed senseless to Rosas because Uptown is a centrally located neighborhood with strong housing and transit demand. In fact, the need for housing throughout San Diego has led median home prices to skyrocket by 48 percent since 2012, to \$543,000.

This model is common in other big, housing-constrained cities as well. The planning departments in Boston and New York City, for example, also work with neighborhood groups. In Los Angeles, the shift to community planning in the 1970s caused mass downzonings that, despite gradual population increases, remain in effect. The median home price in Los Angeles County is \$560,000. Indeed, the approach recently caused Brooklyn-based real estate journalist Stephen Smith to write that "the effect of local control has turned sinister."

To get around some of these conflicts, land use control has been shifted from localities to states in some cases. In 2016, Massachusetts succeeded and California failed in passing legislation to streamline the development approval process in municipalities. But this strategy comes with moral hazards, as local autonomy takes a backseat to top-down decision-making. A better alternative may be for cities to reform themselves from within. That would mean shifting land use decisions from the neighborhood to the administrative level, while having those administrations grow more permissive toward development, letting it adapt to population and market changes. **G**

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The Uptown neighborhood in San Diego

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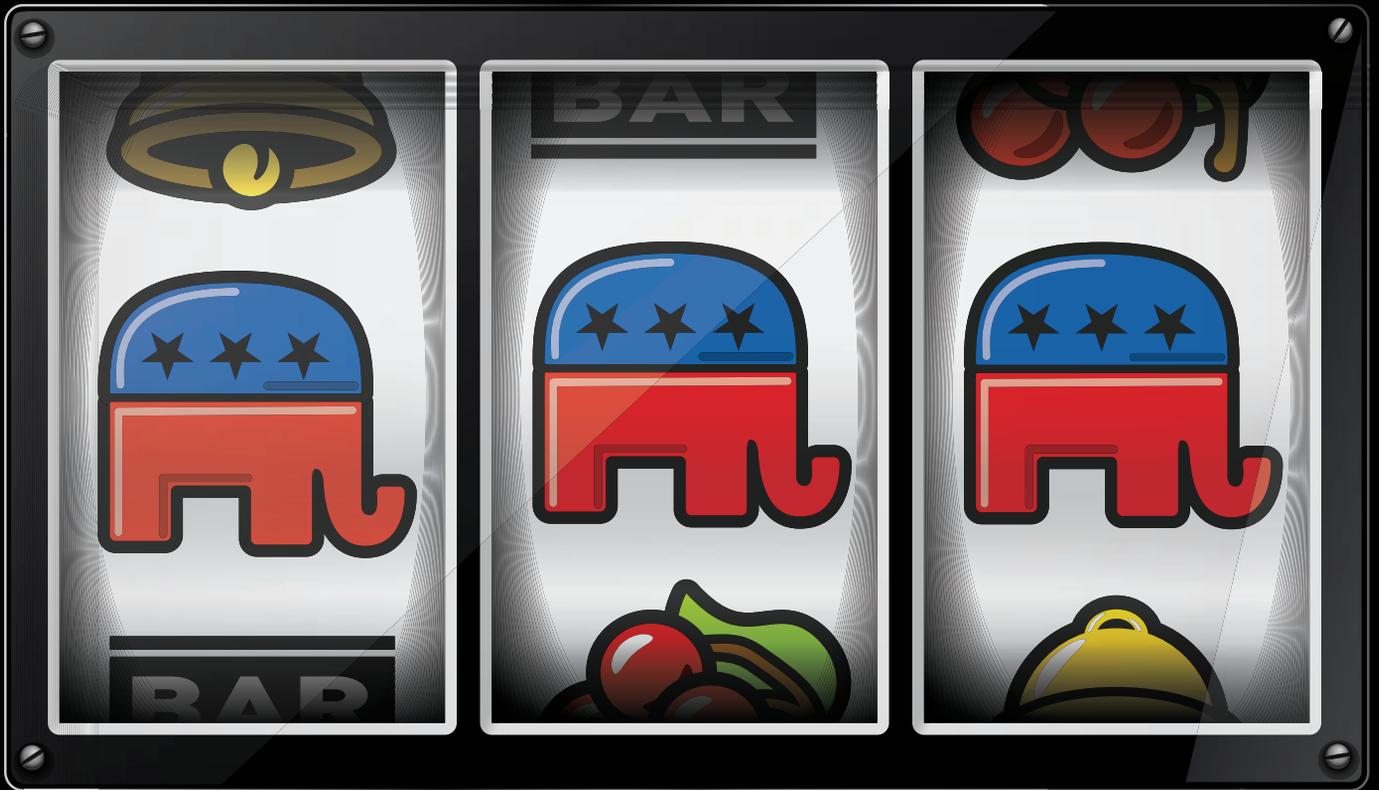
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WITH WINS ACROSS THE BOARD, REPUBLICANS HAVE MORE LEVERAGE OVER AMERICAN GOVERNMENT THAN EITHER PARTY HAS HAD IN DECADES. HOW WILL THEY USE IT?

By Alan Greenblatt

Mike Pence has been a good friend to Asa Hutchinson. The two Republicans both served in the U.S. House, so when Hutchinson was elected governor of Arkansas in 2014, he turned to Pence, then midway through his term as Indiana governor, to be a sounding board and guide. Now Pence is stepping into the vice president's office, and Hutchinson is hoping to use his old ally as a bridge connecting states to the new administration.

It's a desire that's widely shared. Given the upheaval that's coming to Washington, states are going to need a strong advocate there. The actions of Donald Trump and a GOP Congress, while anticipated with something like glee by Republicans around the country, will have enormous consequences for states. Governors like Hutchinson are hoping that their colleagues in Washington, as they work to undo years of Democratic legislation and executive actions, don't load more burdens onto states than the states can handle.

Republicans have a rare, indeed a historic, opportunity. With control in Washington and big majorities in state legislatures and governorships, the GOP dominates every major aspect of American government except for big-city mayoralities. The *Real Clear Politics* index of electoral performance, which looks at control of the White House, Congress, governors and state legislatures, shows that the GOP is stronger than it's been at any time since 1928.

Republican policymakers in the states say they are delighted about the change that's coming to Washington, as well they might be. The political branches of the federal government will be under full GOP control for the first time in a decade, and a conservative majority will soon be restored on the Supreme Court. Rather than having an adversarial relationship with Washington, GOP state officials expect to join a partnership working toward the shared goals of limiting government and promoting free markets. "There's just an excitement about the changing dynamics in the relationship with the federal government," Hutchinson says. "You think about the breadth of agenda items under President Trump, it's almost overwhelming."

Republican state officials won't be filing lawsuits all the time against the federal government, as happened under President Obama. They can be newly confident that the feds won't

second-guess them on education, policing, gay rights or voting restrictions, or try to force-feed stricter environmental regulations, or push for a looser approach to immigration and refugee policy. "I'm most excited about congressional Republicans and President Trump devolving power to states," says Robin Vos, the GOP speaker of the Wisconsin Assembly. "Name the topic—education policy, environmental regulations, a lot of things where Washington, D.C., has in my mind let bureaucrats overreach—and now the 10th Amendment will have new life breathed into it."

But there's significant risk for states as well. The truth is that GOP state policymakers, as joyful as they sound about the new political arrangement, are approaching the new year in a cautious and even uncertain mood. While celebrating the party's electoral triumphs, they have no choice but to keep a close eye on the early burst of legislation coming out of a new regime as revolutionary as Trump's. They understand that the changes being contemplated in Washington, especially on taxes and domestic spending, could cause real fallout for them.

That's why Republican governors and legislators are hoping Pence and other former state officials in the administration and Congress won't forget their friends back home. "I really do believe the vice president will play an important role," says Scott Pattison, executive director of the National Governors Association (NGA). "He understands states. Governors will communicate—sometimes it may not be public—but they will communicate [to him] that certain proposals will create budget shortfalls in the states."

Even conservative governors such as Hutchinson know that there is considerable exposure for them in the sweep of events Trump will soon oversee in Washington. The most obvious area is the Affordable Care Act (ACA). After years of talking about repealing the law, Republicans in Washington now can actually do it. Popular parts of the law may be maintained, but no one can say with any certainty what a final "repeal and replace" package will look like. Nineteen states rejected the Medicaid expansion that was part of the ACA, but most—including Arkansas—accepted it in some form. Whatever their ideological opposition to the law, many Republican governors and state lawmakers at the time recognized that, simply from a cash-flow perspective, it was too much free money from Washington to pass up. Now that money may be going away.

The basic Medicaid program may be upended as well. Paul Ryan, the speaker of the U.S. House, has in previous years crafted budgets that would have converted Medicaid into a block grant program. Such a change would give states a lot more flexibility—and Republicans including Hutchinson believe they can craft policies that will deliver better services at reduced cost. But they'd have to bring costs down a great deal. Previous estimates of Ryan's plan foresaw the federal government slashing its contribution to Medicaid by as much as a third. A reduction of that magnitude would force states to choose whether to devote a lot more of their own dollars to the program, or to collectively see millions of residents go without care. "There's a good likelihood that there can be a transfer to the states, more than there would have been under divided government," says Bill Pound, executive director of the National Conference of State Legislatures. "Congress will say you can keep those provisions, but you've got to pay for them."

Trump and the Republican Congress also appear certain to address the federal tax code. Again, Republicans are all for reductions and simplicity. But GOP state officials are going to be watching the federal tax debate with extreme interest, because it's almost certain to affect their own revenues. Abolishing the federal estate tax, increasing the earned-income tax credit and lowering corporate tax rates would all have direct impacts on states' own tax systems, which are generally coupled with the taxes that Washington imposes. States will come under enormous pressure to cut their own tax rates if new federal law reduces or eliminates the deductibility of state income and sales taxes. Ending deductibility may not happen, but it immediately became part of the discussion in Washington following the election. "A key target for Republicans since Reagan has been the state and local tax deductions," says Chris Edwards, director of tax policy studies at the libertarian-leaning Cato Institute.

Looking at the broader federal budget picture, there's a real possibility of fewer dollars being sent out to states across a whole range of program areas. Congress and the administration will want to cut taxes but bolster defense. Trump intends to pursue a big increase in infrastructure spending, while avoiding any reduction in Social Security or the military. That will focus most of the budget-cutting attention on the discretionary domestic spending that sends money flowing through states—a long laundry list entailing everything from payments for special needs education and nutrition assistance for women and children to funds for public health and homelessness and on through to loans for higher education and water treatment. "The Ryan budget, in addition to having those drastic cuts in Medicaid, also had large cuts to nondefense discretionary programs," says Michael Leachman, director of state fiscal research at the Center on Budget and Policy Priorities. "We're already on track, under current law, to have them shrink to their smallest share of the economy on record, with data going back to the early 1960s."

Within states, Republicans will enjoy more of a free hand than they've had in living memory. In November, the GOP enjoyed a net gain of two governorships, bringing them to 33—the most the party has had since 1922. At the legislative level, there was actually less change than in the typical election year. But given

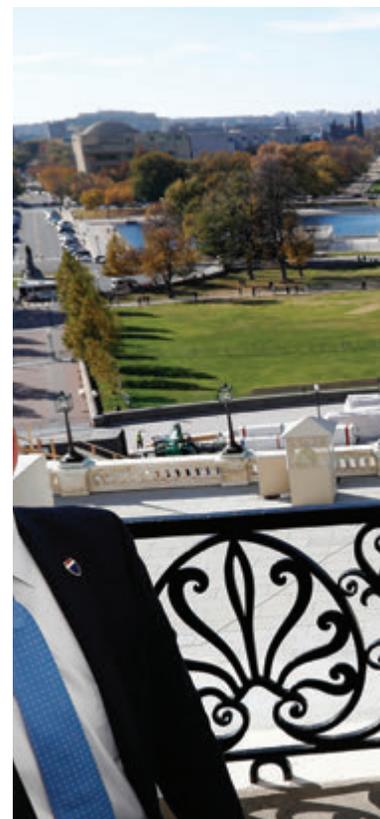
the enormous gains registered by Republicans in 2014, the fact that they basically broke even with Democrats this time—and picked up some key chambers—means that the GOP now controls both legislative chambers in 32 states. Just counting the states where they hold both the governor's office and the legislature, Republicans have full control of half the states—25—compared with just five for the Democrats. You can drive from Florida cross-country to Idaho without passing through a state where Democrats have any real power left.

Even where Democrats won in November, their success was only partial. They regained control of the Nevada Legislature and took back the New Mexico House, where they'd suffered losses in 2014, but will have to contend with Republican governors in both those states. Democrat Roy Cooper managed to unseat Republican Gov.

Pat McCrory in North Carolina, but the GOP held onto its supermajorities in both chambers there. Republican legislators in North Carolina showed no compunction about running roughshod over McCrory, a governor of their own party. They certainly won't play nice with a Democrat. In West Virginia, Democrat Jim Justice won the open race for governor, even as the state gave a 42-percentage-point margin to Trump. In West Virginia, however, a simple majority is enough for the GOP legislature to override any gubernatorial vetoes.

There are additional states where Republicans, long blocked by a Democratic governor or legislative chamber, will no longer face those obstacles. The GOP takeover of the Kentucky House—the last Southern chamber that was still in Democratic hands—will lead to changes in tort law and pensions and take Kentucky off the now-short list of states that don't allow charter schools. The Bluegrass State also appears certain to pass right-to-work legislation that will weaken unions by making membership and dues payments voluntary. Missouri will do the same thing. The election of Republican Eric Greitens to the governor's office means Missouri GOP legislators no longer have to worry about overriding a veto like the one that blocked a right-to-work bill last year. "Every single statewide candidate that won ran on the platform of supporting right-to-work," laments Pat White, president of the St. Louis Labor Council.

Iowa is already a right-to-work state, but the erasure of the Democratic majority in the state Senate will uncork all kinds of conservative legislation that had been bottled up in previous sessions. On the labor front, there's the possibility that Iowa will follow neighboring Wisconsin in ending collective bargaining





Trump and the Republican Congress appear certain to address health care and taxes this year.

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rights for public employees. A more conservative turn on taxes and social issues is also probable. “Eighty percent of all that came out of the Iowa House went over to the Senate to die,” says Jenifer Bowen, executive director of Iowa Right to Life, an anti-abortion group. “It’s a new day. There’s a lot of pent-up work that has now been freed.”

In states where the GOP has held majorities for some years, there’s less of a to-do list. States including Arizona, North Carolina, Tennessee and Wisconsin have already enacted much of the conservative agenda on restricting abortion, labor unions and voting rights, as well as promoting school choice. Republicans are always in favor of cutting taxes, but most states will be fairly circumspect on that front this year, given that revenue collections are slowing. “States are in a very cautious mood, especially as they prepare for their next budgets,” says the NGA’s Pattison. “You might see some targeted tax cuts, but it’s getting late in the recovery.”

Even as Trump makes the immediate future unpredictable for states, he will empower many Republicans at the state level. It’s not just the fact that they won’t have to worry about fighting with the Justice Department or the Environmental Protection Agency. The very fact of his election changes the GOP’s sense of what voters want and how aggressive the party can be in going after those goals. Dan Patrick, the lieutenant governor of Texas, said after the election that Trump’s victory gives conservatives the green light to “move forward with boldness and confidence.”

Patrick, who oversees the state Senate, was sometimes at odds during the last session with Joe Straus, the more moderate speaker of the Texas House. Their differences encapsulate the tension that exists in a number of states between more traditional Republicans

and the rising generation of ardently conservative GOP legislators who chafe when told there are limits to how far and how fast they can push through changes.

Straus, along with most of his allies, survived primary challenges from the Republican right last year. Two days after the election, Straus renewed his call for civility and bipartisanship in the upcoming legislative session, telling an audience of Hispanic business leaders that “emotional, divisive issues” get a lot of attention but the legislative focus should remain on bread-and-butter issues such as education and public safety. “It would be nice to think that Speaker Straus and his team got the message from the election, but it appears that Speaker Straus is committed to continuing his governing style,” says Michael Quinn Sullivan of Empower Texans, a militant conservative group and frequent Straus critic.

In Texas, as in some other states, the GOP establishment has in the recent past watered down or blocked some of the more divisive and controversial conservative initiatives. The party leadership would say that its hands were tied, that the Obama administration would block a bill’s implementation, or that it might fail in the courts. Such arguments have lost their resonance. “The establishment has historically said that divisive rhetoric would cause Republicans to lose elections,” says Mark Jones, a political scientist at Rice University. “Yet it’s hard to imagine more divisive rhetoric than Trump used, and he won.”

This could lead to some headaches not only for more moderate legislative leaders but also for governors, who tend to be more pragmatic in their approach than many GOP legislators. Last year, Republican governors in Georgia, Idaho, South Dakota and Tennessee all vetoed contentious legislation restricting gay rights or allowing the Bible to be used as part of public school instruction. “It’s going to be harder for governors,” says Christopher Larimer, a political scientist at the University of Northern Iowa. “Before, you could let the legislature fight those things out and not have to weigh in. Now, if the extreme ends of the party want to pursue change, it’s going to end up on the governor’s desk.”

Whenever there is one-party control, there’s always the possibility of overreach. Politicians can mistake the mood of voters who were unhappy with the status quo as a mandate to make sweeping changes that end up being unpopular. Power in Washington tends to swing back and forth for just that reason. It’s not hard, even at this early stage, to imagine Democrats regaining a lot of lost ground in 2018. That sort of midterm correction has happened repeatedly over the past 60 years after elections that initially seemed likely to reshape the political map for many years to come.

But in light of their unexpectedly sweeping victories in 2016, Republicans aren’t spending much time worrying about overplaying their hand. They know they enjoy nearly unchecked power to set and implement policy for the nation and for most states. Any failings will be their own—but triumphs will be all theirs as well. “This is not the time to be timid,” says Vos, the Wisconsin speaker. “When we run on principles like shrinking the size of government, empowering individuals and reducing the tax burden, all of those things have to happen. There’s nowhere else for Republicans to hide, other than to show that what we believe in works.” **G**

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Issues **to WATCH**

**13 OF THE BIGGEST
POLICIES AND PROBLEMS
LEGISLATURES WILL
CONFRONT IN 2017.**

DAVID KIDD

OBAMACARE

The campaign slogan from Donald Trump and congressional Republicans was very simple: “repeal and replace” Obamacare. Carrying out that promise will be anything but simple. Still, Trump’s victory, combined with Republican control of Congress, virtually assures that major changes are in the works for the law that has extended health insurance coverage to more than 20 million Americans.

First off, Congress is likely to overhaul or scrap the state insurance marketplaces created under the Affordable Care Act (ACA), which allow workers without employer-provided coverage to shop for insurance. Premium increases, technological problems and lack of insurer competition have made the marketplaces a sore spot for both consumers and policymakers. Congress could dismantle the exchanges altogether or ask states to take them over.

States will be keeping a close eye on the \$509 billion Medicaid program, which is the single biggest budget item for most of them. Obamacare included huge financial incentives for states to expand Medicaid programs to cover more people, and 31 states took advantage of the deal. Those expansions added some 16 million citizens to the Medicaid rolls. Republican state officials have fought with the Obama administration over whether they could impose new premiums or work requirements on enrollees as part of the expansion. The incoming Congress may allow states to enact more such cost controls.

But both Trump and House Speaker Paul Ryan have supported far more sweeping proposals to change Medicaid into a block grant program to states. Rather than having states and the federal government share cost increases in the program, the feds would agree to pay a fixed and limited share and then give states more flexibility to spend the rest of their Medicaid dollars as they see fit. Although states could theoretically keep their Medicaid expansions in place under that scenario, it’s more likely that they’d limit access to control costs. “It’s hard to imagine a scenario where people aren’t going to lose their coverage,” says Timothy Jost, emeritus professor of health-care law at Washington and Lee University.

Trump has said he would try to keep the more popular aspects of the ACA in place, such as provisions requiring insurers to cover people with pre-existing conditions and allowing young people to stay on their parents’ insurance until age 26.

Trump also has championed changes that would let insurers sell health insurance plans across state lines, something that was technically allowed but never fully implemented under the ACA. The president-elect says the arrangement would spur competition. “As long as the plan purchased complies with state requirements, any vendor ought to be able to offer insurance in any state,” Trump’s transition website says. “By allowing full competition in this market, insurance costs will go down and consumer satisfaction will go up.” Critics complain, however, that states and vendors freed from regulation will compete to provide less, rather than more, when it comes to health coverage.

—*Mattie Quinn*

FINANCIAL STRESS

Just when states’ fiscal pictures were starting to look good after a slow recovery from the Great Recession, state budgets have begun to show signs of trouble again.

The first red flag is that, in much of the country, tax revenues are leveling off. A sluggish stock market and low oil prices led to weak revenue growth in 2016. State collections increased by only 1.6 percent in the first quarter of last year, and, based on preliminary data, actually dropped by 2.1 percent in the second quarter, according to the Rockefeller Institute of Government. The bad news has been driven by weaker sales tax revenues, a moderate decline in income tax receipts and a steep decline in corporate tax payments. Half the states experienced second-quarter 2016 declines, and this will make for shortfalls in some current-year budgets. Coal- and oil-producing states such as Alaska, North Dakota, Oklahoma and Wyoming have been especially hard-hit.

While the numbers across the country do not amount to “recession-sized shortfalls,” says Rockefeller’s Donald Boyd, they come at a time when state pension contribution requirements are expected to increase because of poor pension fund investment returns in recent years. On top of that,

Medicaid costs are going up thanks to higher prescription drug expenses and a requirement for many states to start paying a small share of the cost of their Medicaid expansions under the ACA.

Lawmakers have no choice but to deal with the spiraling costs of health care and pensions, but addressing them puts pressure on other areas of state budgets—such as schools and social services—that are politically more popular. That makes the task of addressing budget shortfalls even more difficult. Legislators returning to their state capitols this winter may find they have to work on two challenges at the same time: shoring up their current budgets while drafting more conservative spending plans for next year. Connecticut, for example, faces a \$650 million shortfall midway through fiscal 2017, while it needs to find about \$29 million in additional Medicaid costs for the next fiscal year.

Given the Republican gains in many statehouses across the country, lawmakers will likely choose belt-tightening over tax increases to make ends meet. This means that states will have less spending flexibility to devote to new programs or priorities and will be shuffling dollars around to target policy goals. It also means states are likely to pass on some of the hurt to local governments in the form of less direct aid.

—*Liz Farmer*



IMMIGRATION ▲

Trump promised to crack down on illegal immigration by building a wall along the nation's southern border and deporting millions who are in the country unlawfully. But within days of winning the election, he came across a stumbling block: sanctuary cities. Though no legal definition exists, a sanctuary city is a place whose laws or policies limit the cooperation of local law enforcement with federal immigration officials in searching for and detaining those who are undocumented. In New York, for example, undocumented immigrants accused of low-level nonviolent offenses aren't turned over to U.S. Immigration and Customs Enforcement. Those sanctuary protections do not extend to violent crimes.

The country has more than 330 cities with some form of sanctuary policy, and a recent estimate pegged the number of undocumented immigrants living in such jurisdictions at 5.9 million people, roughly 53 percent of the overall undocumented population. Muzaffar Chishti, an attorney with the Migration Policy Institute, says local governments and their law enforcement officials would be critical in rounding up undocumented immigrants who have committed crimes—Trump's stated target for deportations. "If removing criminal aliens is an important goal of the administration, then getting cooperation from the local jurisdictions becomes an important element of achieving it," Chishti says.

Trump and his surrogates, however, have warned that they'll cut off federal funds to sanctuary cities in the first 100 days of

the new administration. It's unclear which federal grant programs they could cut, but criminal justice grants worth hundreds of millions of dollars might be in jeopardy. The Fraternal Order of Police, which endorsed Trump last year, argues that the threatened cuts could harm public safety. Mayors in Chicago, Los Angeles and Seattle say they're willing to forgo the funding in order to keep their current sanctuary policies. "Seattle has always been a welcoming city," Mayor Ed Murray said in a press conference in November. "The last thing I want is for us to start turning on our neighbors."

States and localities are likely to be affected by another immigration promise from Trump: repeal of Deferred Action for Childhood Arrivals (DACA), the executive order by President Obama that granted more than 700,000 young undocumented immigrants temporary lawful status and relief from deportation. Among other consequences of DACA, the order made it easier for some undocumented immigrants to receive state-issued driver's licenses. Mark Krikorian of the Center for Immigration Studies, a group that favors reduced immigration, says it's unclear how the repeal of DACA would affect driver's licenses. Under the Constitution and the 2005 federal REAL ID law, states are already allowed to issue an alternate form of driver's license, often called a driver's privilege card, to the undocumented. But most states don't offer those cards. Under the REAL ID Act, federal agencies aren't supposed to treat privilege cards as a valid form of identification for activities such as entering federal facilities or boarding commercial flights.

—J.B. Wogan

ZIKA ▼

Zika was the public health crisis that came out of nowhere in 2016. In January, there was a steady drumbeat of headlines on the staggering number of women in Latin America giving birth to babies with deformed heads. The culprit was a mild flu-like virus transmitted via mosquitoes that can cause newborns to develop microcephaly—abnormal brain development. As the news stories grew in numbers, so did the threat that Zika could soon debut in the United States.

It didn't take long. After several months of reports that Americans were coming down with the virus abroad, the first case of locally transmitted Zika was reported in Miami in July. Since then, at least 182 locally transmitted cases have been reported in the Miami area, and another one in Brownsville, Texas. States with warm weather climates from Texas to Maryland ramped up public information campaigns and mosquito control efforts last summer. However, many health officials complained their ability to respond to the virus was limited without help from the federal government.

Late last year, Congress approved aid to states to fight the virus after months of haggling. While the World Health Organization has downgraded Zika from a global emergency to a public health alert, the virus remains a top concern for many areas. Zika is still in America's mosquito population, and another wave of infections is likely once the weather warms up. Armed with the federal money they asked for, state officials have explored ideas such as making mosquito repellent free for low-income populations, starting programs to repair screen doors and accelerating tests for the virus.

Meanwhile, public health officials will be watching to see if any of the 183 locally transmitted cases from last summer results in any cases of newborn microcephaly.

—Mattie Quinn



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INFRASTRUCTURE SPENDING

When it comes to infrastructure, nothing gets lawmakers' attention quite like bad roads. And in recent years, legislators in more than a dozen states have found new revenue to fix those roads. Given the massive maintenance backlogs at many highway departments, it's likely that more states will take a look at their road funding in 2017.

What may be different this year, though, is the prominence of infrastructure needs that extend far beyond roads. The Flint water crisis in Michigan made it painfully clear to the public that drinking water systems in many cities need major investment, especially to lower the risk of lead poisoning from old pipes. Transit in many large cities, notably San Francisco and Washington, D.C., faces daunting repair backlogs, while New York City is having to replace a subway tunnel damaged by Hurricane Sandy. Airports are under scrutiny too after decades of neglect.

Trump made the case for a wide mix of infrastructure improvements during his election night victory speech. "We are going to fix our inner cities and rebuild our highways, bridges, tunnels, airports, schools, hospitals," the president-elect said. "We're going to rebuild our infrastructure, which will become, by the way, second to none. And we will put millions of our people to work as we rebuild it."

Trump's team has floated a number of ways the federal government could help spur private investment in infrastructure, using mechanisms such as infrastructure banks, bonds and tax credits. But those may not be enough, says Bud Wright, executive director of the American Association of State Highway and Transportation Officials. "Those are nice pieces of the puzzle to have ... but we need some regular old funding," he says. "We need to see some growth in the federal program."

It took Congress more than five years, however, to cobble together enough money to keep the federal transportation program going without a gas tax hike. Congress hasn't raised the federal gas tax since 1993, and with both chambers under Republican control, that is unlikely to change soon.

So there will be increased pressure on state and local governments to find more infrastructure money on their own. Republicans dominate state legislatures too, but that hasn't stopped GOP-led states such as Idaho and Utah from raising their gas taxes in recent years for transportation needs. The upcoming legislative session may be a particularly attractive time for legislators to vote on new revenues, because most lawmakers will be more than a year away from running for re-election. Low gas prices and low interest rates—if they last—will also make fuel taxes and bonding measures less painful than they might be in other seasons.

Meanwhile, several states are preparing to study whether they can phase out fuel taxes entirely and replace them with mileage fees. Seven states are receiving federal funds to explore this alternative.

—Daniel C. Vock



POLICING ▲

The biggest problem facing the nation's police departments is that many of those they serve simply don't trust them. So it's likely that some legislatures will involve themselves further in local policing in an attempt to ease tensions.

Some will look at updating statutes around use-of-force incidents. In Washington state, where critics say it is nearly impossible to prosecute a police officer for killing someone, a legislative task force recommended changing state law to clear the way for those prosecutions. But any change in the standards for prosecuting police officers will likely encounter resistance from groups such as the International Association of Chiefs of Police and the Fraternal Order of Police.

The Washington task force also called for better data collection, more intensive training of police officers and improvements in the state's mental health system. Those issues are likely to come up in numerous places. The lack of good data on shootings by police officers and on the circumstances of police stops is a problem around the country. Right now, reporting is either inconsistent or not done at all. California and a few other states have passed laws that will require law enforcement agencies to collect and report data on police stops, with other legislatures likely to soon follow suit. Body cameras, another accountability measure, will continue to proliferate after a slew of law enforcement agencies received federal funding to implement them last year.

Another growing concern is over the investigation of fatal civilian encounters with police. Minority communities and the families of victims have called for independent investigations, rather than inquiries by prosecutors who frequently work with police departments. In Ohio, a task force recommendation called for lawmakers to shift the authority for investigating police involved in shootings from county prosecutors to the state attorney general's office.

—Mike Maciag

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MARIJUANA ►

Last November, voters in four states—California, Maine, Massachusetts and Nevada—passed measures to legalize recreational use of marijuana. Those results doubled the number of states that legalize recreational pot. Meanwhile, 30 states have made marijuana legal for medicinal purposes. All of that activity has occurred despite the fact that the federal government still classifies marijuana as an illegal substance.

The states were able to proceed because the federal government has essentially ignored the growing legalization movement. But that may not last for long. Trump's nominee for attorney general, U.S. Sen. Jeff Sessions of Alabama, has been a vocal opponent of marijuana legalization efforts. As attorney general, he would have the ability to prosecute pot sellers, even if a state licensed them. Just threatening a crackdown could be enough to scare off investors and shut down shops. States will have to tread carefully as they look to liberalize their drug laws.

Even if legalization proceeds as planned in the four states that voted yes on marijuana, state officials will have plenty to consider. One crucial task will be to figure out just how much sales tax revenue they should plan on getting from pot sales. California, for one, expects marijuana sales tax revenue will range from the high hundreds of millions of dollars to more than \$1 billion annually. Missing revenue estimates could have big consequences, but the fact that marijuana taxes are so new makes them hard to predict. That's a lesson Colorado learned the hard way: It underestimated the amount of new revenue it would see during its first year of legalized pot sales, which, because of its Taxpayers Bill of Rights law, nearly triggered a taxpayer refund.

—Daniel C. Vock, Mattie Quinn and Liz Farmer

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OPIOIDS ▼

The problem of opioid addiction remains a persistent one. In some states, its effects are so devastating that it is the topic of conversation at any gathering of policymakers. The number of people dying of opioid overdoses has skyrocketed in the past decade, and it continues to climb even as efforts have ramped up to combat it. More than 28,000 people died from opioid overdoses in 2014, and that number rose to approximately 33,000 in 2015.

What started as a largely white, middle-class problem in New England has spread to almost every demographic in every single state, and has broadened from prescription drugs to heroin. Governments responded aggressively in 2016 to the alarming rates of drug use, as police departments and other local agencies equipped their personnel with Narcan, the life-saving drug that reverses an overdose. Several states and cities eased restrictions on needle exchange clinics, which help slow the spread of infectious diseases among intravenous drug users. The epidemic even created a rare moment of bipartisan-ship: Forty-six governors signed a compact at July's National Governors Association conference promising to do whatever possible to curb the toll opioids have taken.

—Mattie Quinn



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CLEAN ENERGY ▼

Immediately after his election, Trump vowed to repeal several environmental regulations during his first 100 days in office. None was more important than the Clean Power Plan, a recent product of the Obama administration that would push states toward adopting cap-and-trade systems for carbon dioxide emissions from power plants.

Trump's promise came as good news for many Republican state officials, particularly the attorneys general who have fought against the regulations in court. But repeal of the Clean Power Plan won't be a done deal within 100 days of the inauguration; in fact, the regulatory and court battles could stretch on for years.

The Trump administration could change or repeal the plan on its own, but doing so would involve a lengthy federal regulatory process. Meanwhile, 45 of the 50 states have taken sides in a court battle over the issue. The case is now before a federal appeals court, although the Supreme Court intervened last year to block the rule while appeals continue. Environmentalists are

hopeful that courts will require some limits on carbon dioxide emissions, because the Supreme Court ruled in 2007 that the federal government had to regulate greenhouse gas as a pollutant. "The law constrains the president on this, because the law puts in limits based on what the science points to," says David Goldston, director of government affairs for the Natural Resources Defense Council. "Even if they succeeded, they would still have to do something on climate change under the Clean Air Act."

All of this means that, for the time being, questions about clean energy will continue cropping up in state legislatures. Lawmakers could weigh in on policies designed to spur the use of solar panels in Florida, build a natural gas pipeline in Alaska and dismantle clean energy quotas for power companies in Ohio.

Meanwhile, utility commissioners still must decide whether ratepayers should pay higher electric prices for power from coal-fired electricity plants or whether utilities should be forced to use cheaper sources of energy, such as natural gas, solar and wind. Nearly half of the country's coal-fired plants have been shuttered since 2010.

—Daniel C. Vock





SOCIAL ISSUES ▲

North Carolina's Pat McCrory was beaten for re-election as governor in November, but his curtailed political career may have an influence on the way social issues play out in other states this year. The one-term Republican was the only incumbent governor in the country driven from office in 2016, and his loss was widely attributed to his approval of a bill that blocked anti-discrimination protections for lesbian, gay, bisexual and transgender individuals.

Advocates on both the left and the right say that McCrory's defeat could serve as a warning to conservatives eager to push divisive social issues. "North Carolina had a very good fiscal and tax record under McCrory," says John Nothdurft, director of government relations for the conservative Heartland Institute. "Social issues are actually what hurt him."

Nonetheless, given the impending restoration of a conservative majority on the U.S. Supreme Court, right-leaning legislators across the country are bound to feel empowered. States will pass new restrictions on abortion, continuing to test how close the courts will let them come to imposing out-right abortion bans earlier in pregnancy. Numerous states that haven't yet cut off Medicaid funding for Planned Parenthood will attempt to do so.

Gun owners' rights will continue to be expanded, with conservatives calling for "constitutional carry"—the right to carry firearms, whether concealed or not, without a permit. More

states may pass laws making clear that firearms can't be taken away during a natural disaster. Additional states could enact pre-emption laws to protect gun rights if localities attempt to pass restrictions.

The Supreme Court has already agreed to hear a case this term involving a transgender high school student who is seeking to use bathroom facilities that conform to his gender identity. Bathroom issues have been a particular trigger of late. Texas Lt. Gov. Dan Patrick, who presides over the state Senate, has already made clear his intention to push a restrictive bathroom bill this year, which he is framing as an effort to protect the privacy of women.

Pragmatic Republicans have often argued against pursuing such divisive issues, warning that they can distract from bread-and-butter debates over taxes, education and infrastructure. Those arguments may be less convincing with the change in Washington.

"Over the last few cycles, the Republican establishment has blocked or watered down some of the more divisive or controversial issues, with the argument that the Obama administration would block it, or it would fail in the courts," says Mark Jones, a political scientist at Rice University. "It's going to be tougher on some of those issues for the Republican leadership or the establishment leadership to rein in more conservative members of the legislature, because they're going to view Washington as more sympathetic."

—Alan Greenblatt



SCHOOL CHOICE ▲

Brian Sandoval, Nevada's Republican governor, intends to find the money to expand school choice. In 2015, Sandoval signed legislation making his state the first to offer voucher-style education savings accounts (ESAs) to all students, regardless of geography, income level or special needs, and make them available for private as well as public education. Last fall, the state Supreme Court gave its blessing to the law, but said the funding mechanism was unconstitutional. Sandoval has pledged to include funding for ESAs in his new budget, paying for them as a separate line item to satisfy the court.

He may not win approval. Democrats took control of both of Nevada's legislative chambers in November, and the new Democratic majority tends to view Sandoval's program as a threat to public schools. Nevertheless, the Nevada law is one that other states have been looking at as a possible model. ESA bills will be introduced in at least a dozen states in 2017. Some states that have ESAs in place may be looking to expand their programs, perhaps even adopting Nevada's universal approach, says Adam Peshek of the Foundation for Excellence in Education. "In most states, there will be an ESA program under consideration," he says. "That seems to be the preferred method nowadays."

School choice has expanded rapidly in recent years. That momentum will not be broken this year. "It's going to be a big issue in a bunch of states," says Andrew Rotherham, an education consultant. "Republicans tend to favor school choice and now that they control more state legislatures, it stands to reason that they'll expand it more." In Kentucky, where Republicans have taken control of the state House of Representatives—and with it, the entire government—a new law to allow charter schools in the state is almost a given, as the idea has long been a priority of Gov. Matt Bevin.

Trump's selection of Betsy DeVos, a Michigan billionaire and longtime proponent of school vouchers, as education secretary could bring national attention to the issue as well. At the very least, with the federal government under Republican control, look for private school vouchers to expand in Washington, D.C., itself. The Obama administration fought congressional efforts to fund vouchers in the District of Columbia, and that opposition was once taken as symbolic proof that the school choice movement had lost some of its influence. Now Congress could continue using the nation's capital as a laboratory for school choice alternatives it hopes will gain additional traction in the states.

—Alan Greenblatt

FOSTER CARE ▶

Half a million children are in foster care in the United States, but instead of being safely reunited with their families—or moved quickly into adoptive homes—many languish in public institutions for years. On average, foster children spend nearly two years in state care, and 7 percent stay at least five years. In 2014, more than 22,000 kids aged out of foster care without permanent families.

In recent years, a flurry of lawsuits driven by the New York-based advocacy group Children's Rights has spurred major changes aimed at reducing the amount of time children spend as wards of the state. Changes so far have resulted in more adoptions, fewer kids living in institutions and significantly reduced caseloads for child welfare workers in Connecticut, South Carolina and Tennessee, among other jurisdictions. Some places currently under judicial order are poised to emerge from court oversight in 2017.

The biggest foster care reform is likely to come in Texas, where 12,000 children are currently living in institutions. A federal judge has called the state's foster care a "broken" system, in which "rape, abuse, psychotropic medication and instability are the norm." Texas is under a mandate to



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overhaul its system, which, unlike other states, gives caseworkers only 18 months to reunify children with their birth families or find them adoptive homes before they enter permanent foster care.

A shortage of funding and foster parents in Texas has led to hundreds of children having to sleep in state office buildings. Directed to impose many of the same reforms now being implemented in other states, Texas lawmakers will face intense pressure to deal with the crisis this year.

—Liz Farmer

HIGHER EDUCATION ▼

The cost of tuition at public four-year institutions has gone up, on average, 2.8 percent a year for the last decade, even as wages for most Americans have remained stagnant. Universities have had to rely on tuition increases in large part because of cuts in state spending on higher education. In a few places, funding still isn't at the level of a decade ago. But the last three years have seen incremental increases in spending in most states, and if local economies continue to improve, those increases are likely to continue. "Whenever there is a reduction in spending, it's always tied to a recession," says Dustin Weeden, an analyst with the National Conference of State Legislatures. "When states have increasing revenue, they often reinvest in education."

While an increase in overall spending could make college more affordable for everybody, some states have already sought

to use their limited tax dollars to reduce the cost of college for low-income residents. In the past few years, Tennessee, Oregon and Minnesota have enacted laws creating free community college for students whose federal financial aid doesn't cover all of their tuition. At least 10 other states considered similar legislation in the last session and could take up the issue again. The most interesting state to watch will be Kentucky.

Last year, Kentucky passed legislation and appropriated money for a free community college program similar to the one in Tennessee. Republican Gov. Matt Bevin vetoed the legislation for the 2016-2017 academic year, but that left room for the program to be revived by lawmakers in 2017. Bevin said he supported the concept but had concerns about the law's design, including a broad eligibility provision that could have resulted in state scholarships covering tuition at expensive four-year universities and private institutions. It's unclear how likely the legislature is to pass a revised version of the law, though: The Kentucky House, under Democratic control, had championed the program. Last November, the House flipped to Republicans.

A different test of the free community college idea will come in Tennessee, where the first class of students under the state's Promise program is set to graduate this year. Stephen Parker, a legislative director at the National Governors Association, says peers in other states will look at what happens with that first class. "The graduation rate will be incredibly important to watch," he says, "as well as how those students fare on the job market."

—J.B. Wogan



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OUT OF THE SHADOWS

STATES ARE LEARNING THAT THE FIGHT AGAINST CHILD SEX TRAFFICKING IS HARDER THAN IT SEEMS.

BY LIZ FARMER

When a young teen named Anjelique ran away from her home near San Francisco last summer, her trauma didn't end when police eventually found her. Instead, while her distraught mother and grandmother posted "missing child" fliers all over the East Bay area, police took Anjelique to an Alameda County social services assessment center in Hayward. Before police take troubled youths home, they often bring them there to receive counseling and services.

But 12-year-old Anjelique only stayed one night. That's because sex traffickers were using the assessment center as a recruitment base. Anjelique befriended another teenage girl in the center, who convinced her to leave. Together, they walked just a few minutes up the seedy commercial strip in Hayward to a budget motel. Once there, Anjelique was put to work.

As a means of controlling her, her mother said, Anjelique's traffickers got her hooked on heroin. As part of an investigation into her story, a local news crew visited the motel where Anjelique unwittingly entered the sex trafficking trade. Filmed one night this past summer, the news video shows young women arriving early in the evening while others linger in the doorways of rooms or on the balcony outside. Throughout the night, men come in and out of the rooms; other men whisk the girls away in cars, bringing them back a few hours later.

Anjelique eventually escaped, and at the time of the news story, was spending time in drug rehab for her addiction.

Anjelique's story may sound sensational, but in the world of child sex trafficking, it's painfully normal. Traffickers seek out vulnerable, unhappy teens—like runaways. Juvenile detention facilities or social services centers such as the one in Hayward are prime recruiting grounds. Sometimes, young women already in the trade become recruiters themselves, approaching other vulnerable girls and offering them what seems like an exciting life. The new recruit comprehends the full reality of her new situation too late. Readily available drugs help numb the pain.

It's a pattern that's repeated every day in cities across the world. It's helped fuel a global industry that researchers estimate generates some \$51 billion to \$99 billion annually, and it's created a hidden epidemic affecting hundreds of thousands of children in the U.S. alone. In Alameda County, where Anjelique's case occurred, District Attorney Nancy O'Malley has aggressively prosecuted child sex trafficking cases. As of 2012, Alameda accounted for 46 percent of all cases prosecuted under California's human trafficking statute. Now other counties, O'Malley says, are starting to take these cases as seriously as Alameda County has.

Progress is slow. That's because in California and elsewhere, the real struggle in combating trafficking is in changing how the justice system treats the victims of the sex trade. Until recently, victims were seen as law-breaking prostitutes, and law enforcement dealt with them accordingly. That's starting to change. Alameda County has established "girls' courts" as a way of focusing on treatment rather than jail time, an idea that Los Angeles County has since implemented as well. State money has been directed to child welfare services to craft a specialized treatment program for survivors. Alameda County is one of the few

in the country receiving funding to develop a pilot program of safe houses to shelter trafficked kids and help rehabilitate them.

The shift from viewing kids selling sex as willing prostitutes to looking at them as victims in a larger crime ring began back in 2000, with the passage of the federal Trafficking Victims Protection Act, which defined human trafficking, victims and methods of prosecution. But that law—and many people at the time—mainly looked at trafficking as an issue of smuggling foreign nationals. It noted that 50,000 women and children are trafficked into the United States each year and that current laws fail to protect victims because they "are often illegal immigrants." Still, the federal action spurred and helped fund more research. And from that work emerged an uncomfortable fact: Most victims of sex trafficking, as now defined in the law, are born on American soil.

In the years since then, hundreds of laws in dozens of states have been passed to address specific aspects of sex trafficking and the exploitation of children. California last year joined 17 other states that make all minors immune from prosecution for prostitution. Some 28 states have enacted so-called safe-harbor laws, which say that trafficked children should be treated as victims and be diverted from the justice system to appropriate services. Beginning with New York in 2010, half of all states now have a law that allows someone who committed a crime while being trafficked the opportunity to get it wiped from their record.

The flurry of state legislation is important, supporters say. But a new law is only the first step; implementation is much harder. "They have stopped being invisible children, at least here," says O'Malley. "But, candidly, the law enforcement community is still trying to get training, trying to figure out how to implement the laws that have been passed to help these kids."

In other words, Alameda County, despite being one of the most active jurisdictions in the country on this issue, is still waiting to see real change. That's true across the country, says Meredith Dank, the lead author of a 2010 Urban Institute report that made more than a dozen policy recommendations for cities and counties combating human trafficking. "We've been talking about a victim-centered approach for a very, very long time," she says. But "there isn't really the evidence to show that we're taking that, because we are still arresting so many [young women]."

Tina Frundt was one of those young women. For her, being a victim of the sex trade didn't just leave psychological scars, it left her with a rap sheet that included assault and prostitution. A young kid who grew up in the foster care system in Chicago, she was adopted at age 12. Soon after, she met a man 15 years her senior, who showered her with attention and gifts. He told her he understood her. Frundt thought she fell in love with him.

He convinced her to join him and his family in Cleveland, and at the age of 14, Frundt ran away with him. But in Cleveland, she found his "family" was actually a sex ring, run by the man's grandmother. Frundt was told she had to do her part. She was repeatedly raped and forced to meet a \$500-a-night quota. When she didn't, she was beaten.

A year after arriving in Cleveland, she was arrested in a police raid. But juvenile detention provided no real respite. "Jail's not



Tina Frundt, a victim of sex trafficking, now runs a center in Washington, D.C., for other survivors.

DAVID KIDD

States are shifting from viewing kids selling sex as willing prostitutes to looking at them as victims in a larger crime ring.

safe,” Frundt says today, more than 20 years later. “I picked up six charges of assault while I was there. Other girls are in there trying to get you to go to their pimp.”

After her release, she was left to deal with the mental and physical scars on her own. It was too tall an order for a teenager, and she fell back into the same situation with the man and his family. “First you need to escape your own mind, right?” she says. “I didn’t exit [his scheme] until my late 20s.”

Frundt now works with other survivors at a safe house she founded in Washington, D.C., and she helps train law enforcement officers through her position on area task forces and the White House’s Advisory Council on Human Trafficking. She says one of the biggest parts of her job is changing people’s perception that young women have a choice in these sex trafficking schemes. Pop culture tends to portray prostitutes as willing sex workers, or perhaps even as dominant women in total control over their male clients. Pimps, meanwhile, are either treated as a joke—think of the number of cartoony pimp costumes for sale every Halloween—or glorified in pop music. In some cases, thanks in part to shows like MTV’s “Pimp My Ride,” the word has become aspirational. To combat those perceptions, advocacy groups across the country have launched awareness campaigns in recent years. They’ve sponsored billboards and bus stop ads that say things like, “Buying a teen for sex is child abuse.” “Turning a blind eye is neglect.” And, “Teens sold for sex aren’t prostitutes. They’re rape victims.”

As public sentiment has shifted, so have state laws, culminating in the 18 states that now ban minors from being arrested for prostitution. But laws like those present a new challenge: If police can’t lock up youths involved in prostitution, what can they do? At the very least, detaining child prostitutes is a way to temporarily remove them from a bad situation. True, jail time comes with its own traumas, as it did for Frundt. But in California, for example, the problem now is that the state doesn’t have the right infrastructure to treat and rehabilitate victims. Child welfare is responsible for responding to them, but the system doesn’t yet have a specific treatment plan in place. Nor is there a network of safe houses to send victims for treatment. The smattering of religious facilities and privately run centers isn’t enough.

Actually reaching the kids who need help can be a challenge too, as Minnesota has learned. Lawmakers there chose to enact a three-year waiting period after eliminating the charge of prostitution for children in 2011. Officials used that time to develop a comprehensive service response model for victims. The first year, legislators funded training of law enforcement and the creation of statewide protocols. The following two years saw about \$2 million in funding for creating specialized tracts within existing social and health services that treat survivors. The efforts have made Minnesota the leader in terms of developing a holistic approach to treating survivors.

But on implementation in 2014, health officials ran into another problem. If police stop picking up kids selling sex, how can potential victims find the services available to them? Officials realized they needed to think about outreach in a different way, and started relying more on survivor and youth voices to help them get their message across. “‘Victim’ is a very loaded term when you’re approaching these youths,” says Lauren Ryan, director of Safe Harbor Minnesota. “We have to meet them where they’re at, and that means recognizing the other ways they might present, like running away, drug abuse, a violent relationship. Those are the ways they show up as opposed to exploitation.”

Police still play a vital role, say Ryan and others, because they should be approaching potential prostitution victims in much the same way they handle anyone they suspect is in an abusive relationship—communicating with them and connecting them to available services and support. But it can be extremely difficult for that attitude to take root among officers.

Maryland, for example, set up a human trafficking task force a decade ago that trains police to focus on going after the traffickers rather than the prostitutes. But the numbers suggest officers have been slow to change. In Baltimore, a hub for trafficking, a University of Maryland newspaper’s analysis of FBI data showed that from 2008 to 2012, city police made about 800 prostitution arrests each year. In 2013 and 2014, the city only charged a total of 10 suspects with sex trafficking; prosecutors wound up dropping the charges in eight of the cases.

It’s an ongoing process, says Iona Rudisill, a state task force member and lead forensic interviewer at the Baltimore Child Abuse Center. Police in the state are still allowed to arrest youths for prostitution, but the training they’ve received from the task force in recent years has urged them to take their detainees to child welfare services instead of jail. Part of the challenge for police, says Rudisill, is being able to pick up on signals that might suggest a child is a victim of trafficking—things like dealing drugs or skipping school. “Many survivors have been stopped and, just because of the [antagonistic] way they were treated by law enforcement, they didn’t speak up,” she says. “What you see on the surface might not be what’s actually going on behind closed doors.”

Behind closed doors, the picture often gets complicated. The social situations that drive many young girls into prostitution are often the same factors that drive men into trafficking. In many cases, traffickers grow up with exploitation as a family business. It becomes normalized and often looks like a safer career than drug trafficking. One 45-year-old African-American man, now in prison, told the Urban Institute’s Dank about when he realized as a child that his aunt, who lived with his family, was a sex worker. At the age of 5, he started noticing men coming and going all the time. “One night, I saw [what was going on] and asked,” the

man said, as quoted in the institute's report. "She said, 'The clothes on your back, the apartment, this is how I pay the rent.' I had nothing but love for my auntie. ... Then my sister and my momma did it. It's been in the family. My uncle and father were pimps."

According to the institute's interviews with 73 incarcerated individuals, mostly men, roughly a third started pimping through a family member. Two-thirds were black. More than two-thirds had completed a high school education or even taken some college courses. Four of those interviewed had a college degree.

It's evidence, says Dank, that the new state laws and new law enforcement techniques will only go so far. Demonizing sex traffickers may not be the most effective way to curtail the trade. "We have taken this issue of human trafficking and put it in black-and-white terms: 'These individuals are monsters,'" she says. "We don't necessarily look at the full picture of what the push-pull factors are for the victim and the perpetrator." In other words, if governments really want to address sex trafficking, they'll have to start focusing on prevention—and that's a lot harder.

There are other shortcomings with current legislation, say Dank and others, even with the most victim-oriented laws. So far, all the laws address minors; the day a 17-year-old in sex trafficking turns 18, he or she loses most legal protections and is seen by the law as a criminal. Legislation is also largely focused on young women, but boys and transgender teens are being trafficked as well, and they tend to present differently and thus require differ-

ent training and social and health services. Beyond that, much of the recent lawmaking on trafficking has targeted the sex industry, but labor trafficking and domestic servitude are also billion-dollar industries, and they can be even harder to build a case against.

For now, most governments are in the nascent stages of recalibrating their approach—if this issue is on their radar at all. Officials universally say that awareness and training are the most important things they can do to start changing the mindset, and that survivors must play a key role in outreach. They hope more legislation and money for resources will then follow. It's a process akin to the emergence of drug courts in the 1990s. Back then, county and state governments began to recognize that habitual drug offenders might not be in control of their choices, and that locking them away probably won't solve the problem. Two decades later, governments are realizing that young girls and boys selling sex might not be doing so by choice either, and that the traditional ways of responding to them may do more harm than good.

For victims' advocates on the front lines, the pace of change has been frustratingly slow. "Human trafficking has always been in existence. All it did was change names," says Rudisill. "It's been 'slavery,' it's been 'human bondage.' The Emancipation Proclamation was supposed to stop it from happening here. But it didn't stop—we know this. It just changed faces." **G**

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PUBLIC NOTICE

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The Mayors



Las Vegas Mayor
Carolyn Goodman
and friends



Goodman

Las Vegas' flamboyant ruling family is into more than showmanship. It's struggling to turn the gambling mecca into a thriving 21st-century urban place. By John Buntin

Photographs by David Kidd

Everything is different in Las Vegas. Even something as simple as the launching of a bike-share program.

The bike event started out early on an October morning in standard photo-op fashion. At 7 a.m., workers began setting up a small stage beside the bike station outside the Downtown Grand Hotel and Casino. By 8:15, reporters from the local TV stations were there. Just after 9, the primary speaker, Mayor Carolyn Goodman, arrived. But one piece of stagecraft was conspicuously absent: There were no bikes.

The event started anyway. A reporter asked if the 77-year-old mayor would be riding a bike that day. “Only if it has three wheels,” she responded, explaining that as a child growing up on the Upper West Side of Manhattan she’d never learned to ride a bike. Reporters looked disappointed. They need not have worried. Moments later, “Viva Las Vegas” erupted from the sound system, and a whole cavalcade of Elvis impersonators, legs pumping furiously, rounded the corner on new City Share bikes. There were three Elvises in the lead—each sporting the oversized gold-framed sunglasses, bouffant pompadour and white rhinestone suit that the King wore during his Las Vegas years. Behind them, wearing purple T-shirts and Elvis wigs, came a dozen government

his first political campaign. He was re-elected twice. When term limits forced him to step down in 2011, his wife Carolyn decided to run. She was 71 years old and had never served in office before. Despite a somewhat shaky grasp of municipal issues, she won handily.

Oscar (in Las Vegas, he’s a first-name celebrity) was a showman. At a time when some residents and business leaders wanted to slough off Las Vegas’ louche past, Oscar embraced it. He attended events with showgirls on each arm. He kept a prop from the movie *The Godfather*—the severed horse’s head the Corleone family put into the bed of an uncooperative Hollywood producer—in his office. When a group of fourth-graders asked him what book he’d bring with him to a desert island, he said he’d prefer to bring a bottle of gin.

But it’s a serious mistake to regard either of the Goodmans as mere entertainers. Oscar, for all his unorthodox behavior and his shady past, was a genuine urban dreamer. He envisioned a time when the city, not just the casino resorts of the Strip, would become a global destination. He wanted a downtown with businesses, residents and attractions that included a performing arts center, professional sports teams and museums. And during his tenure, the city arranged a land swap that opened 61 downtown acres for development. Today, those acres are at the heart of an area that includes the 5-million-square-foot World Market Center, a brain research facility run by the Cleveland Clinic, a vast premium outlet shopping mall and the Smith Center for the Performing Arts.

When Carolyn first ran for office in 2011, she did so with the stated purpose of continuing Oscar’s work and building out the center of the city. But over the course of the past five years, she has emerged as a formidable politician in her own right, with goals, strengths and priorities different from her husband’s. Like Oscar, Carolyn has tended to the city’s downtown. But she’s also taken on an even larger challenge: finding a way for a city filled with hard-working but low-skilled service employees to thrive in an era when successful cities depend increasingly on well-educated knowledge workers. She is promoting school system innovations as a first step.

But a year into her second term, she is struggling with a familiar issue—the rivalry between the city of Las Vegas and surrounding Clark County.

For decades, the casino resorts of the Strip, located outside city limits on county land, have overshadowed the older attractions of the city. The county used its portion of sales and hotel room taxes to build an infrastructure that would support



Three-term Mayor Oscar Goodman made a point of embracing what makes Las Vegas unique.

employees. Laughter swept through the assembled group as the media rushed toward the Elvises. You might call this Las Vegas politics, Goodman-style.

It’s been 17 years since the Goodman family took control of the city’s top elected office. Oscar Goodman, a flamboyant mob attorney—he played himself in the 1995 Martin Scorsese movie *Casino*—stunned political observers by winning the mayoralty in





The Fremont Street Experience helped spark a downtown revival.

The scale of these developments was impossible to replicate within the city of Las Vegas, where land prices and the constraints of a city grid limited how large casinos could be. Development in Clark County took off. By the 1980s, growth in the county's suburbs far outpaced growth in the city. "When we arrived here," Carolyn recalls, "downtown was where everything happened. It was the hub, and then by the '80s, early '90s it became very, very deteriorated. Prostitution, crime-ridden, drugs—just yuck."

While downtown Las Vegas was declining, the Goodmans were thriving. Oscar established his own practice as a defense lawyer, and soon attracted a lucrative clientele that consisted largely of organized crime figures. Carolyn, who was raising four adopted children, didn't like the educational options available and decided to establish an independent secondary school, the Meadows School, modeled on her exclusive Manhattan alma mater. It was an audacious undertak-

sprawling suburban development. Developers responded by transforming the desert into strip malls and high-end residential enclaves. Meanwhile, the city increasingly became a magnet for a poorer population of casino and hospital workers, many of them Latino immigrants. That raises a fundamental question that the Goodmans are determined to answer: How does a blue-collar city make it in a white-collar world?

The Goodmans were an unlikely addition to Las Vegas when they arrived in 1964. Carolyn was the daughter of a prominent New York obstetrician and a graduate of Bryn Mawr. Oscar had a B.A. from Quaker-run Haverford College and a law degree from the University of Pennsylvania. They moved to Nevada when Oscar got a job with the Clark County district attorney.

Back then, Las Vegas was a city of 70,000 people, but when Carolyn first saw it, it looked like a tiny outpost in the desert. "Everything you could see in the distance was rolling sagebrush, some cactus," she recalls. "Far in the distance straight ahead were some little buildings. On your left was the Strip, maybe five buildings."

Within just a few years of the Goodmans' arrival, everything began to change. In 1966, Jay Sarno and his partners opened Caesars Palace on the Strip. With a 14-story, 700-room hotel and such over-the-top amenities as an entrance modeled on St. Peter's Square in Rome, it was an order of magnitude larger than anything that had come before it. Equally grandiose casinos began appearing on the Strip nearly every year after that.

ing. The new school's first facilities were a cluster of trailers on a car lot owned by the parents of one of the students. Within four years, it had moved to a 40-acre campus in the thriving western development of Summerlin. Carolyn served as president and chief fundraiser. Within a decade, she had built the Meadows into an elite prep school, with 900 students and a \$19 million budget.

While Carolyn was building a prep school in the suburbs, a new mayor, Jan Jones, was taking her first steps toward reviving downtown. Jones used the power of eminent domain to convert part of Fremont Street into a covered pedestrian mall, where visitors would be entertained by a nightly light show. The idea was to turn a collection of small downtown casinos into, in effect, one giant entertainment space. "The Fremont Street Experience," the city called it. To some extent, it worked. The number of downtown visitors rose. Jones, a telegenic Stanford business school graduate, also campaigned successfully to build the new Clark County administration building and the new U.S. courthouse downtown. These and other initiatives helped stabilize the center of the city. But when Jones proposed to consolidate city and county governments, allies such as the casino magnate Steve Wynn, who had made a major investment in the downtown Golden Nugget, begged off.

"I remember Steve Wynn saying to me, 'You know what? You better drop this,'" Jones says. Wynn's rationale was clear: He had too much at stake on the Strip to risk antagonizing county commissioners to please the city. The consolidation push died. Jones' response was to run for governor, which she did, unsuccessfully, in 1994 and 1998. Her departure opened the door

for Oscar Goodman. “I saw a malaise on the part of the people who were down here,” Oscar says now. “They had no energy. Nothing was happening. I said, ‘Geez, maybe I can do something. Maybe this needs a good kick in the pants, and maybe I could make it into something like the Gaslamp District in San Diego.’”

Within days after Oscar announced his run for mayor, the influential *Las Vegas Review-Journal* published an editorial titled “Anybody But Oscar.” Most pundits viewed him as a sideshow doomed to lose. He did not. Las Vegas voters, many of whom were new arrivals from other parts of the country, were delighted to have a flamboyant outsider representing them. Oscar soon established a working majority on the city council. He also figured out how to deal with an political constituency: real estate developers.

By proposing an ingenious land swap with Lehman Brothers, which owned part of the old Union Pacific railyard downtown, Oscar secured the 61 downtown acres that now include the brain research facility and the performing arts center. But Oscar had dreamed of something more—a city center with a diverse combination of residents, businesses and visitors. That was slow to develop. At the same time, the mayor was pursuing major league sports teams, but running into intense opposition. The casino owners wanted visitors to stay on the Strip and gamble, not go to a basketball arena or to a ballpark. The city was checked by the casinos and county interests one more time.

There was one deal Oscar struck, however, that the county could not block or compete with. At the end of his final term, Oscar arranged to sell the old City Hall to a group of investors who had landed an unusual new tenant, the Zappos online shoe retailer. Zappos was based in the suburbs, but its CEO Tony Hsieh had become a fan of downtown. He liked its bars and subcultures. Hsieh also worried about sustaining Zappos’ creativity as it grew into a mature company. Moving its headquarters to downtown seemed the perfect answer. At a time when Las Vegas was still deep in recession, the Zappos deal was the ultimate gift Oscar bequeathed to his successor, Carolyn. In 2012, Hsieh and his partners announced that they were investing \$200 million in downtown real estate. They also pledged additional money for new small businesses, tech startups, education, arts and health care, bringing the total commitment to \$350 million.

Today, the once-prevalent claims that Hsieh could single-handedly remake Las Vegas look far-fetched. It’s not that Hsieh hasn’t had a big impact. He clearly has. Hsieh’s Downtown Project owns and operates 11 businesses. It has invested in more than 50 small businesses and more than 100 tech companies, and it has opened a school where children can learn to be entrepreneurs. It’s bankrolled entrepreneurs such as Natalie Young, who after years spent working as a line chef on the Strip received \$225,000 to open Eat, a restaurant that serves as one of the hubs of the new downtown. Directly across the street is another attraction, the Container Park—a complex of shipping containers outfitted as hip restaurants and shops, surrounding a playground and stage. Hsieh himself lives part-time around the corner, in a walled-off trailer park, filled with retro-chic Airstream trailers and tiny houses. In Oscar’s view, Hsieh has brought “tremendous value” to downtown Las Vegas.

What hasn’t come, at least not in significant volume, is the high-paying tech employment both the Goodmans have hoped for. Nevada’s other large city, Reno, a much sleepier place but several hundred miles closer to Silicon Valley, has had greater success attracting tech firms. The tech jobs that have migrated to the Vegas area are nearly all in the suburbs. The city itself has a robust services industry—something with relatively little upscale employment. The Zappos employees are similarly placed closer to the bottom of the economic ladder. “I’m not going to demean them, because they certainly have a serious function,” Oscar says. “But the employees at Zappos are \$10-an-hour phone people.”

That understates the entry-level wages at Zappos. But his larger point is that Las Vegas has not become the tech center that Hsieh and the Goodmans hoped it would be. In short, five years after Hsieh’s investments, Las Vegas remains a primarily working-class, service-job town.

Whether that represents failure is a complicated question. As the economy has recovered, Las Vegas’ low-skilled, decently paying union jobs have attracted a new wave of immigrants, largely Latinos. In many ways, they are coming for what the city has always offered: a unique place in the post-industrial blue-collar economy. As Oscar likes to say, “the reason that people moved here wasn’t to live in the 125 degrees, but to make a living.”

The Goodmans have always appreciated this aspect of the city’s economy. But for Las Vegas to thrive, both believe it needs more skilled workers. It’s that challenge that has led Carolyn to focus on educational attainment.

In their influential 2010 book, *The Race Between Education and Technology*, economists Lawrence Katz and Claudia Goldin argued that educational attainment drives economic success. Economists Ed Glaeser and Enrico Moretti extended this insight to cities. It turns out there’s one variable that correlates to cities’ success more than anything else—the percentage of residents with a college degree. In the city of Las Vegas, only 22 percent of residents have a bachelor’s degree or higher, many fewer than in the country as a whole, let alone the nation’s most prosperous metropolitan areas.

Determined as she is to do something about this, Carolyn’s tools are limited. Fully 85 percent of school funding comes from the state. Nevada’s level of education funding ranks just ahead of Mississippi’s, at the bottom of the national charts. Even a half-billion dollar education initiative enacted by the state in 2015 is unlikely to move those numbers very much. Moreover, the local school district covers all of Clark County, leaving the mayor with only limited influence over the schools. Nonetheless, during her first term in office, Carolyn forged a close relationship with Clark County School District Superintendent Pat Skorkowsky. Together, the mayor and superintendent have focused on ways to better serve low-income students in the city proper. “There is this amazing redevelopment going on in downtown Las Vegas, but there is a glass barrier that is keeping the student who can see it from being a part of it,” says Skorkowsky.

To address the problem, Carolyn’s administration created a new Department of Youth Development and Social Innovation. For the past two years, Lisa Morris Hibbler, who heads the department,

has worked with the school district, other jurisdictions and social services providers to coordinate services for students and their families, providing meals during the weekend and holidays, creating summer academies, and offering individual tutoring. Carolyn prides herself on that kind of collaboration. Oscar “would listen to you and then make a decision,” says Hibbler. “She wants to build a consensus and work with people.”

has worked well with the school district and with the mayors of other cities in the area, she’s struggled with the county board of supervisors.

Case in point: the Oakland Raiders. For years, owner Mark Davis had been exploring the possibility of moving his National Football League franchise to Los Angeles. Last January, the NFL rejected that idea, which prompted billionaire casino magnate Sheldon Adelson to approach Davis about bringing the team to Las Vegas. Carolyn and the county embraced the idea, and the state legislature obliged by passing a \$750 million public financing package (paid for with a hotel room tax) intended to help build a \$1.9 billion facility.

Adelson wanted a site on the Strip. Carolyn wanted it in the city. Moreover, she believed the city had the perfect site—a large parcel downtown. Building a stadium on the Strip would require at least \$250 million in infrastructure upgrades, Carolyn reckoned. Her site had much better freeway connections, along with easy access to the more than 25,000 parking spaces downtown. “The property belongs to the city. It is not privately owned. We can give them that,” she says. “It is in the heart of where people live. It so hugely affects lower-income families, people that need jobs. Much like San Diego, San Francisco, Baltimore, Denver, you go into the heart of the city, you build, and everybody around it thrives, business grows.”

But that summer, the developers announced that they had narrowed their focus to two sites. Both were out in the county, just beyond the Strip. The Strip casinos were eager to upgrade roads in the area so they could handle more visitors. A stadium would jumpstart those investments. A vote by NFL owners on a possible move is expected this year. Carolyn is still pushing for a city location.

What may be more important to realizing the Goodmans’ vision, however, is the city’s latest addition—the new University of Nevada, Las Vegas, medical school, the first med school in southern Nevada, which will be built downtown. Instead of flying to Utah for advanced medical procedures, Oscar says, Nevadans will come to Las Vegas. At least some of the doctors providing those services and procedures will choose to live in the city rather than in the exurbs.

“You need high-quality medical care and research to build a world-class city,” Carolyn says. “You need world-class culture, and you need major league sports. That drives everything else.” **G**

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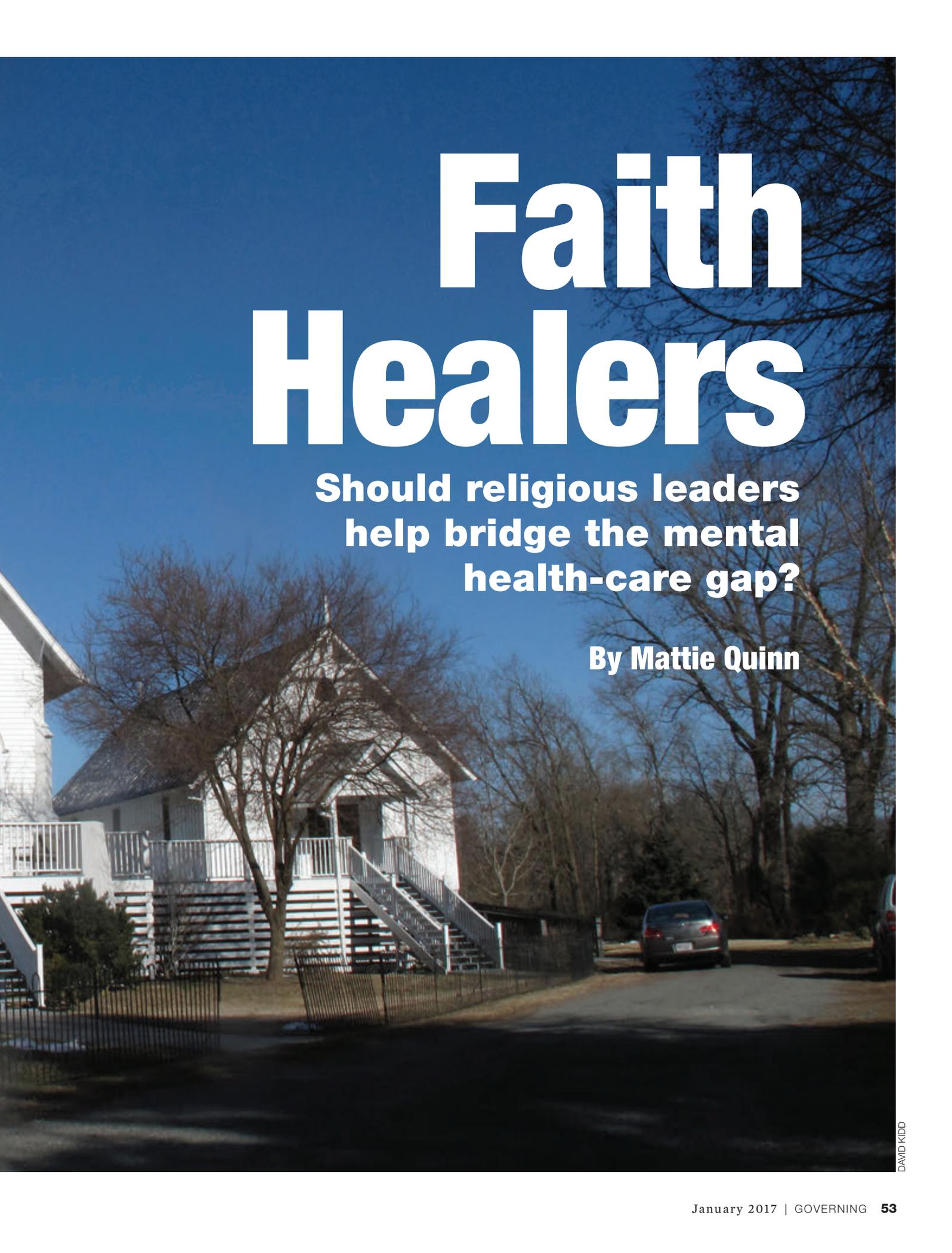
Former line chef turned entrepreneur Natalie Young opened a popular restaurant with a \$225,000 loan from Tony Hsieh’s Downtown Project.

That leadership style was on display the day of the Elvis bike-share brigade. After posing for pictures, Carolyn made a beeline to a small group standing at the back of the seating area. That group included the heads of the city’s public works and community development departments. Las Vegas has a city manager form of government, and department heads report to the city manager, not the mayor. But you’d never know that from the interaction that followed. While the Elvises mugged for the cameras, Carolyn pressed the group about when the next aspect of the downtown transportation plan—free electric vehicles serving the downtown area—would start, and how different parts of its route would be paid for. “I follow up,” says Carolyn, when asked how her approach to governing differs from that of her husband.

Oscar agrees. “I told the city staff what I wanted to see happen. They made it happen,” he says. “Carolyn, on the other hand ... she actually works. She goes to meetings. She participates in her ideas rather than having the staff do it.”

Despite Carolyn’s skills at consensus-building, however, the perennial problem of city-county rivalry persists. While Carolyn





Faith Healers

Should religious leaders help bridge the mental health-care gap?

By Mattie Quinn

When Randy Simmonds graduated from college and went on to the seminary, he was sure that being a pastor was his calling in life. But in his first job as a youth director at a large church in Louisiana, his confidence was shaken by something that his masters of divinity hadn't prepared him for. "There were multiple crises every week with these kids and their families," he says. "Death, substance abuse problems, family issues. I really liked the counseling, but I wasn't equipped for it—I only had two classes in counseling while in seminary."

Simmonds' situation is one that's familiar to clergy across the country. When a person is emotionally distressed and decides to seek counseling, research shows they are much more likely to talk to a faith leader than a psychologist or a psychiatrist. And often that faith leader finds himself untrained and unprepared to properly handle the weighty mental health issues he may be faced with.

At the same time, governments are confronting a significant shortage of psychologists and other mental health professionals, particularly in rural areas. Thanks to a 2008 parity law, insurers are required to cover mental health on par with primary care services. But until the Affordable Care Act came along, that law was abysmally enforced. Now, more people are thinking about mental health issues in the same way they think about physical ailments, and as a result the federal Substance Abuse and Mental Health Services Administration (SAMHSA) has seen its budget increase over the past couple of years. The National Health Service Corps, which places health professionals in underserved areas, is set to expand its workforce by 60 percent in the coming years. Still, large swaths of rural residents simply don't have access to proper mental health treatment.

For some people, the solution to both of these situations is obvious: Train clergy to act as licensed mental health professionals. If there aren't enough psychologists to go around—and if most people are more comfortable talking to their pastor anyway—why not tackle both issues at once? "Look, we're never going to have enough mental health providers. We just won't," says Matthew Stanford, who has spent much of his career studying the intersection of faith and psychology, most recently at Baylor University. "We need to stop pretending that we're going to get enough people with an expensive degree to move to a rural area and make no money just because they love people. If we know people are going to their pastor first when something is wrong, why wouldn't we give the pastor tools to make the church a more inclusive environment?"

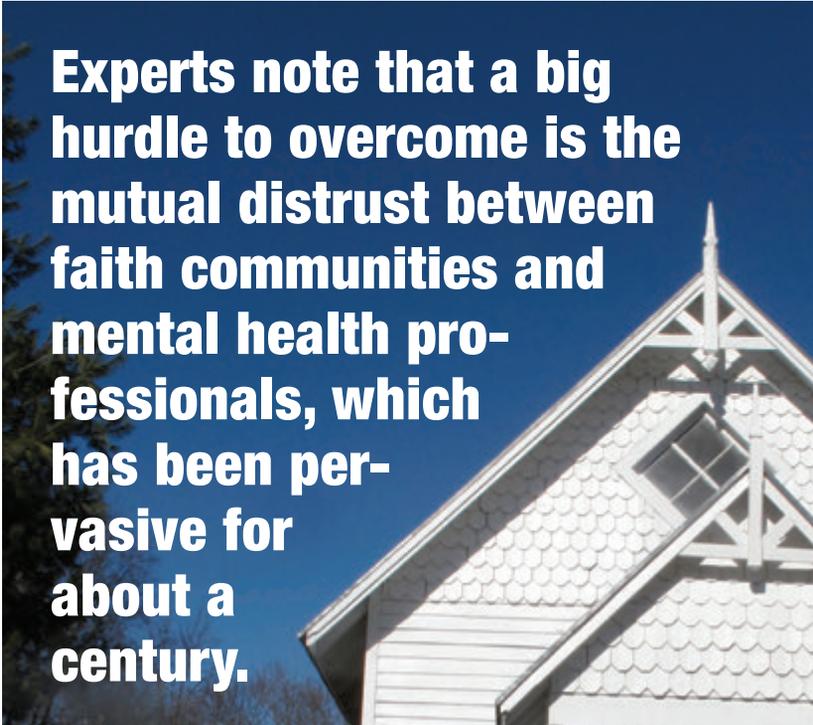
Not everyone is comfortable with the thought of blurring the line between faith leaders and medical mental health professionals. Directing taxpayer Medicaid dollars to churches, synagogues and mosques is a controversial notion. There's also an imminent question of how the push for mental health coverage would be affected by President-elect Donald Trump's plan to repeal and replace the Affordable Care Act.

But a growing contingent of officials and practitioners believes that leveraging people's faith—and their faith leaders—will be a key component in ending the stigma around mental health and

providing people with the treatment they need. When it comes to mental health care, their message seems fairly simple: Have a little faith.

One aspect of using the clergy to provide treatment involves simply training pastors to recognize signs of mental illness in their congregants and connect them with the services they need. "It's impossible to address any sort of community health disparity without addressing their 'cultural brokers,' and often that's a spiritual leader of some kind," says Gigi Crowder, the Contra Costa County, Calif., faith coordinator for the National Alliance on Mental Illness. Crowder has spent part of her career training faith leaders in her area to identify potential mental health issues in the people they counsel. If governments want to make genuine inroads with mental health in underserved communities, she says, these cultural brokers are often the only way in.

State and local funding to implement such an approach has been limited, although Crowder says most counties in California have engaged in some form of training of religious leaders. The federal government, on the other hand, has made significant



Experts note that a big hurdle to overcome is the mutual distrust between faith communities and mental health professionals, which has been pervasive for about a century.

investments in training. SAMHSA has been actively working with faith-based organizations since 1992, and in 2000 it became the first health and human services department to launch a so-called Faith-based and Community Initiatives program. SAMHSA disperses money specifically to community organizations looking to implement mental health and substance abuse programming rooted in faith. The demand is there and rising, says Acacia Bamberg Salatti, director of faith-based and neighborhood partnerships for the U.S. Department of Health and Human Services. "There certainly has been increasing concern and conversation about mental health in the faith community," Salatti says. "And

DAVID KIDD

getting that referral for a counselor or psychologist from a pastor is really important for some people.”

But far beyond these efforts to help faith leaders spot signs of mental illness, there’s the bigger—and thornier—idea of actually licensing clergy themselves as mental health providers. Last year Kentucky became the sixth state to allow “pastoral counselors” to become licensed mental health workers. A pastoral counselor is someone ordained by their religious group who also has a degree in psychology, counseling or a similar field. Pastoral counselors don’t promote a particular belief system or ideology, but rather are equipped to weave theological thought and teachings into therapy. Pastoral counselors are everywhere, but only Arkansas, Maine, New Hampshire, North Carolina, Tennessee and now Kentucky actually license them with the state. It may still be a nascent trend—Kentucky was the first state to take up the issue in over a decade—but it’s absolutely the future of mental health care, says Simmonds, who, after starting at his church in Louisiana, went on to earn a Ph.D. in counseling and become a pastoral counselor. He now serves as president of the American Association of Pastoral Counselors and works as a pastoral counselor in Colorado.

But even Simmonds acknowledges the challenges of blending faith and health care. “It’s just such a tightrope with Medicaid and Medicare reimbursement—how do we fit into that mix? How do we make clear to insurance companies that we’re not proselytizing? These are things we’re going to have to deal with for years.”

That tightrope is cause for concern, says John Rigney. As the immediate past vice chair of the Kentucky Board of Licensed Professional Counselors, he says he agrees with the basic idea of licensing pastoral counselors. “It’s an effort to provide better quality for those patients where faith is a central consideration when choosing a therapist,” he says, “and [Kentucky’s] qualifications for licensed pastoral counselors are stringent.” The problem, he says, is with enforcement. There are currently 28 licensed pastoral counselors in Kentucky, and Rigney suspects that there are many more out there without certification operating under the guise of a pastoral counselor. “The public doesn’t know, when they go to Pastor Smith for counseling, whether he’s had the proper training according to the state.”

Indeed, there’s a growing number of groups and associations dedicated to various forms of religious-based counseling. The American Association of Christian Counselors, for example, more than tripled in size from 1999 to 2005. There’s also the Association of Biblical Counselors, not to be confused with the Association of Certified Biblical Counselors or the Biblical Counseling Coalition. These and other associations may require “counseling trainings,” but they don’t require education credentials like pastoral counselors do.

That’s why it can be tricky to mix religion and mental health care, says Stanford, the Baylor professor. Pinning down exact figures is tough, but he says he’s seen a dramatic rise in ministries operating under the guise of a counseling center. “It’ll market itself as place where girls can recover from eating disorders, for example, but then they get there and it’s a spiritual intervention,” he says. “It’s disturbing because these appear to be based in psychology at first glance.”

Stanford also notes an increase in addiction ministries, which offer sober houses for recovering addicts. He says they can be beneficial, but “they sometimes don’t understand how relapse works, and how typically it’s just part of the recovery.”

Even in regular counseling sessions, Stanford says, religion can color a patient’s experience. “My research found that 30 to 40 percent of people who go to faith leaders for a mental health problem have a negative experience,” he says. “They are told things like, ‘You need to pray more,’ or, ‘It’s a weakness of faith.’ They see something like depression as a moral failing.”

For that reason, Stanford believes it’s more imperative than ever to de-stigmatize mental health within a religious community and to train religious counselors to know when an issue might require help that goes beyond prayer. Stanford, like Crowder in California, also trains faith leaders on the basics of mental health. He is CEO of the Hope and Healing Center, which offers community leaders educational seminars and programs on how to best treat someone with a mental illness. “Most faith communities want to help, but they don’t have a clue,” he says. “And they often just want to know how they can fit something into a particular spiritual paradigm.”

That may be changing, says Crowder. As the mental health stigma ebbs slowly away, she says she’s seen faith leaders come to appreciate that mental health problems are an illness rather than a moral defect. “We’re getting them to realize that if you can accept diabetes as a medical condition, you can accept depression as one too,” she says. “A lot of progress has been made. I’ve had faith leaders apologize to their congregation for things they’ve said about mental health problems in the past.”

There’s a possibility that this shift toward incorporating clergy into mental health care could be slowed or halted by Donald Trump. Depending on how he goes about repealing and replacing the Affordable Care Act, it could end the push to integrate mental health into more of a primary care setting. Georgia Rep. Tom Price, Trump’s pick to lead the Health and Human Services Department, has been critical of the Obama administration’s efforts to move away from a fee-for-service model. That may mean that funds for SAMSHA to create integrated care programs could be wiped out in the coming year. Conversely, it’s possible that a Republican administration, paired with overwhelming Republican control in the states, could push the integration of faith-based mental health services even further.

Either way, most experts say that mental health parity is the direction the field is ultimately heading. “The integrated approach to health care is the future,” says Simmonds. “It’s going to be incumbent for everyone to figure out the best ways to treat people as a whole person.”

And for some patients, the best treatment means incorporating elements of faith, says Crowder. “When I was just working in the mental health space, I never vocalized my faith because I felt like we weren’t supposed to. But it’s important to people and it can be talked about,” she says. “If we’re going to truly treat the whole person, then addressing someone’s faith is just a part of doing culturally responsive work.” **G**

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Problem Solver

Young and Apathetic

Millennials' voting rate is low for presidential contests—it's even worse for local elections.

Young people have historically voted in much lower numbers than older Americans, and 2016 was no exception. But their absence is most pronounced in elections at the local level. Disparities in turnout—already vast in presidential and congressional elections—are even greater in contests that decide who runs the nation's cities.

A study conducted by Portland State University tallied voter turnout in the most recent mayoral elections in the 30 largest cities. It found that residents 65 years and older were a median of seven times more likely to vote than those ages 18 to 34, who frequently registered turnout rates in the single digits. "There's an enormous disconnect with younger citizens in understanding the impact that local governments have," says Phil Keisling, director of the university's Center for Public Service. "They're ceding to their grandparents the political decisions."

A number of factors contribute to dismal youth participation. For starters, young people move a lot, making them less likely to be registered to vote or feel as vested in a city as longtime residents. They also tend to be renters, a demographic that doesn't cast ballots as often as homeowners, even when they've lived longer in a particular place.

Keisling suspects that younger adults often fail to recognize the importance of mayors and city councils in addressing

problems such as housing affordability and public safety. Or, if they do make the connection, they may not think anything will be done about them. The end result, Keisling says, is that politicians spend much more time listening to the concerns of older residents—the constituency that's most likely to elect them to office.

Consider Las Vegas, where less than 2 percent of registered voters between the ages of 18 and 34 voted in the city's 2015 mayoral election, compared to about 33 percent for those 65 and over. Local officials there just tend to target their efforts on older voters, says David Damore, a political science professor at the University of Nevada, Las Vegas.

The vast majority of big-city mayoral elections analyzed by Portland State didn't coincide with presidential or midterm campaigns, in which turnout is higher. Experts contend that the lower the voter turnout overall, the greater the participation gap between younger and older voters.

For the study, researchers analyzed voter registration records for what they considered to be the most important election in each city, typically either the last runoff, or, in jurisdictions with one-party control, the primary election. In over half of the big-city mayoral elections reviewed, fewer than 1 in 10 registered voters ages 18 to 34 showed up to vote. Age disparities are even greater when studies examine participation for all citizens, including those not registered. Often-cited exit polls and Census survey estimates understate the true disparities, according to Keisling.

Some cities with the biggest age disparity in turnout, such as Dallas and Miami, didn't hold very competitive elections during the period studied. But even in Houston, which elected a new mayor in 2015 in a close contest, turnout for registered voters ages 18 to 34 (6.6 percent) was

more than six times lower than for those 65 and up (42.9 percent).

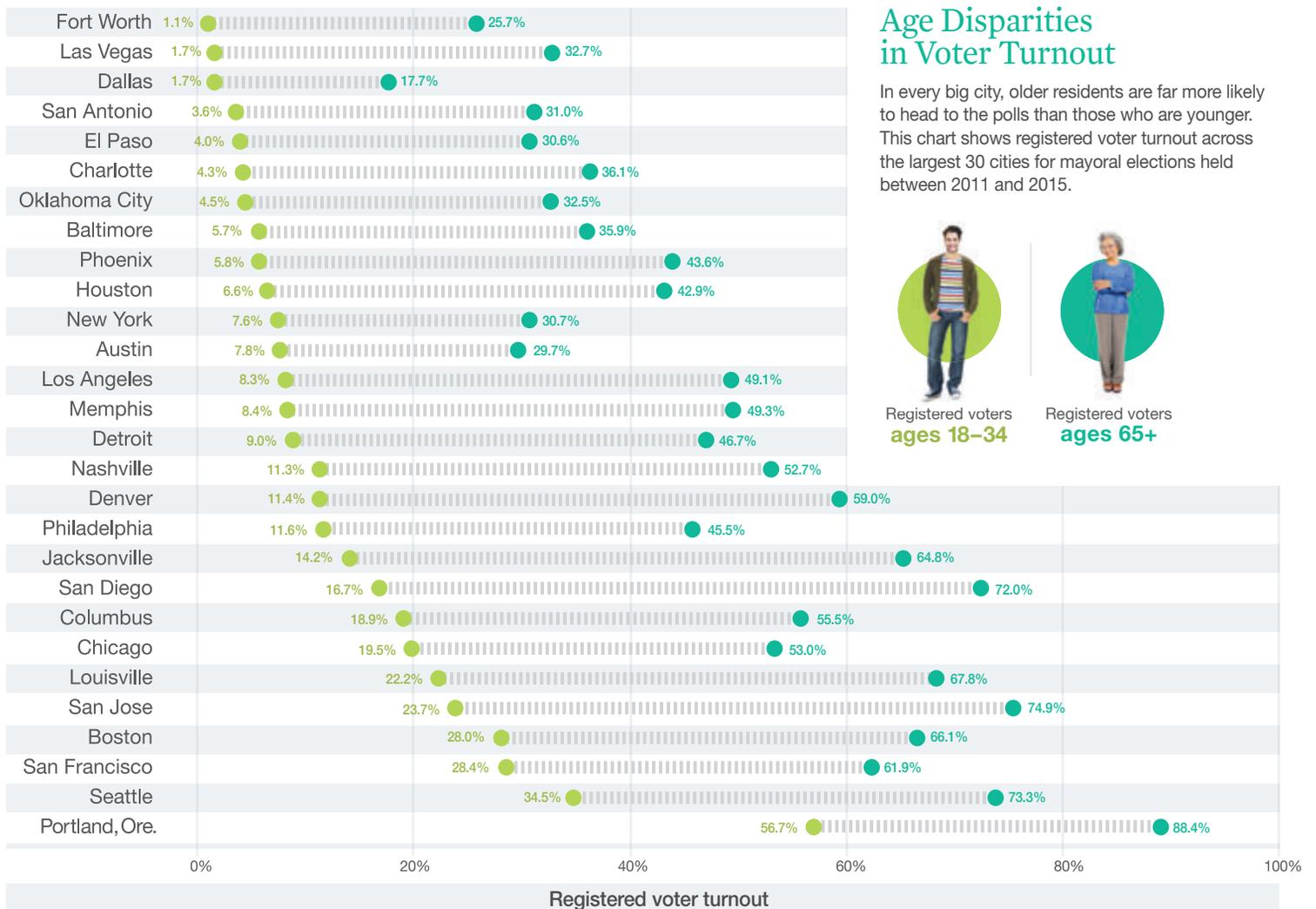
In general, the age gap is smallest in local voting that coincides with national elections. But occasionally a stand-alone local contest will rally younger voters. In San Francisco's 2015 mayoral election, 28 percent of registered voters ages 18 to 34 participated in the balloting that gave Mayor Ed Lee a second full term. Turnout likely benefited from two ballot measures of particular interest to millennial renters: an affordable housing bond question and a proposal that would have restricted Airbnb and other short-term housing rentals. The city's population of young adults is also better educated than in most big cities, another reliable predictor of voting participation.

Jurisdictions with larger immigrant populations usually have smaller age disparities in turnout, according to University of California, Berkeley professor Laura Stoker. That's mostly because first-generation U.S. citizens participate at lower rates even in their later years.

It's widely agreed that the generational voting divide is a problem for the democratic process, but it's not clear what can be done about it. Some advocate holding local elections to coincide with state contests to boost turnout. Keisling suggests that, where voting takes place over a period of several weeks, as in Oregon, cities could report real-time data showing turnout by neighborhood, age group and other demographics. Publicizing turnout, he says, could potentially motivate more underrepresented groups to come to the polls.

But these simple fixes alone aren't likely to make much headway against a complex societal habit. Young people often feel disconnected from their neighborhoods, and research has shown that the disconnected are less apt to vote. "Young people are plugged into more national movements

By Mike Maciag



Age Disparities in Voter Turnout

In every big city, older residents are far more likely to head to the polls than those who are younger. This chart shows registered voter turnout across the largest 30 cities for mayoral elections held between 2011 and 2015.



Registered voters ages 18-34

Registered voters ages 65+

and issues based on their friends and interests,” says Kei Kawashima-Ginsberg, director of the Center for Information and Research on Civic Learning and Engagement at Tufts University.

While political groups and campaigns invest in youth voter outreach in state and national elections, this sort of activity is often nonexistent at the local level. Kawashima-Ginsberg says cities should step up to build pipelines for young people to participate in civic life. “When the cities and school districts make community service and internships in government really part of routine school life,” she says, “you end up getting people who are prepared to work and have a deep understanding and belonging to the city.”

A study published in the *American Educational Research Journal* in 2007 linked volunteering in high school to increased voter turnout. Performing high school community service, either voluntary or required, was found to be a statistically significant predictor of future participation in local elections.

In Hampton, Va., teenagers are appointed to a civic youth commission where they learn about government, help with outreach efforts and offer policy guidance on issues pertinent to them. For one recent project, members organized bus tours introducing their peers to the city’s transportation system. Earlier this year, they held a youth-focused candidate forum followed by a mock vote. Other jurisdictions

have launched their own initiatives, such as one in Boston that allows young people to participate in budget exercises.

Two Maryland municipalities, Takoma Park and Hyattsville, lowered the voting age to 16 in recent years for local elections. The idea was that if 16- and 17-year-olds could vote while still living with their parents or studying civics in high school, they would be more likely to go to the polls the first time out, and continue doing so throughout their lives. This past November, San Francisco narrowly rejected a measure to lower the voting age to 16 for local elections, but nearby Berkeley approved a similar measure. **G**

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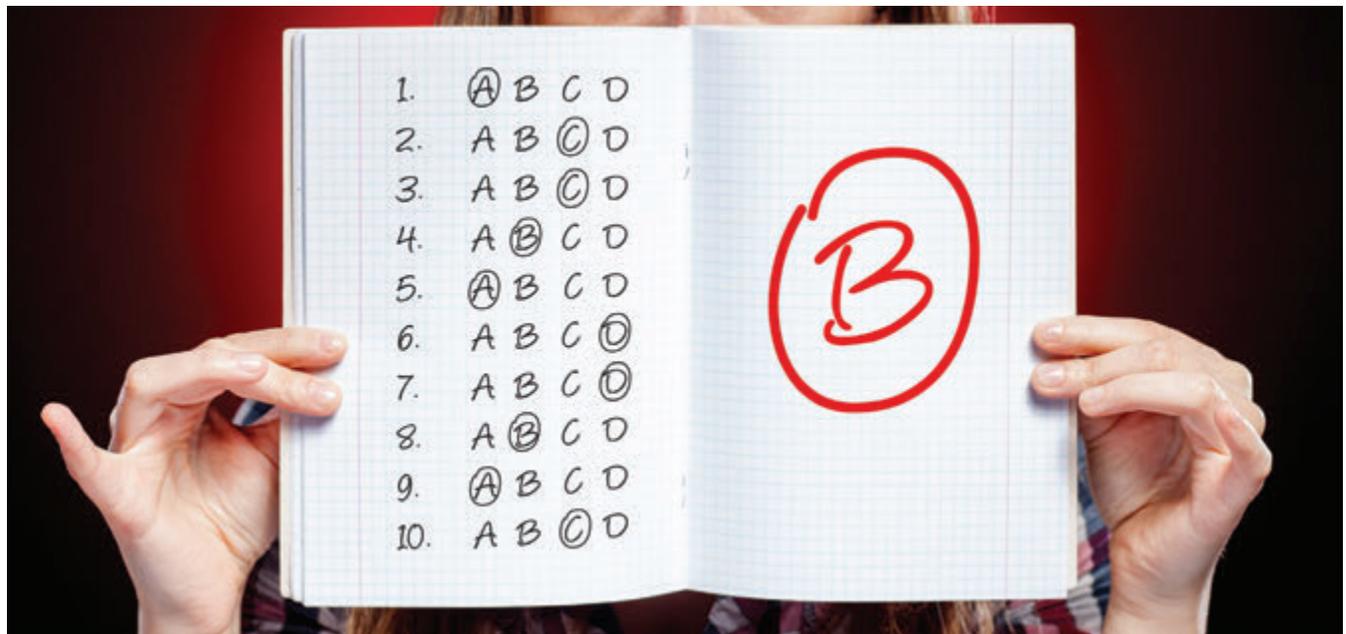
SOURCE: WHO VOTES FOR MAYOR, PORTLAND STATE UNIVERSITY. RESULTS FOR THE DISTRICT OF COLUMBIA WERE UNAVAILABLE.



By Katherine Barrett and Richard Greene

Did We Say That?

Looking back at some management ideas that missed the mark.



We're not perfect. Despite the depth of our reporting, the decades of historical memory and the thousands of experts upon whom we rely, we miss the mark from time to time. Maybe you've noticed. Several years ago, for example, we wrote excitedly about the coming age of performance-based budgeting. Although performance measures have certainly helped management, you'd need to look far and wide to find good examples of budgets that have been clearly formed by performance measures.

Perhaps the biggest flaw in our thinking—which we've tried to diminish as time goes on—is the notion that once a lesson is learned by states and cities, it stays learned. When we looked back at *Governing's* first Government Performance Project issue in 1999, we saw that we had talked to several state budget directors for a section on financial management. We concluded that states had learned painful lessons from recent recessions and were sobered up

with regard to their budgeting and financial practices. They were, in short, going to be more straightforward—no more tricks, like deferring pension fund contributions to make a budget appear balanced when really they were just kicking the can down the road. As the budget director from Montana told us, “We got burned in the mid-'80s and in the early '90s. We're not going to be burned again.”

But in actual practice, states continued to kick the can down the road time and again. Within three years, we were writing about budget devices and how states were using them to make their fiscal status appear better than it actually was. In 2011 we wrote a column that asked, “Do states really balance their budgets?” The answer was a resounding, “No.”

We've also been inclined toward optimism about new management techniques that appear to show great promise. One example cropped up in March 2000, when we wrote that governments were finally beginning to figure out how to

develop solid figures for the costs of the services they provide. Our prediction: Within five or six years, there wouldn't be a sophisticated government official or manager around who wasn't using the useful data derived by cost accounting (also known as activity-based costing). Look around at the cities, states and counties today and you'll find that while there has been some progress in the use of cost accounting—particularly in developing justifications for fees—we went a little overboard in predicting that all sophisticated government officials and managers would be using the device. If we wanted to sneak out from under that one, we could just define a “sophisticated” official as one who uses cost management, and that would retroactively make us accurate. But that's not what we meant at the time.

Similarly, in 2001 we wrote, “The concept of creating fiscal notes—that's budget jargon for information accompanying [legislative] bills that detail their potential financial impact—makes such



By Mark Funkhouser

good sense that more and more states are putting increased effort into them.” Flip the calendar forward about 14 years and you can find a November 2015 study of fiscal notes by the Center on Budget and Policy Priorities. That study found that while states generally produced some kind of cost estimate of a bill’s impact, in many states these estimates were not very useful. The center noted that “they often fail to estimate the cost beyond the next year or two, they are not revised when the legislation is amended, or they are only produced for a narrow set of bills.”

Yet another mea culpa is a forecasting lesson we learned: No matter how quickly the waves appear to be coming onto the shore, it can take a very long time for the shoreline to actually be impacted. The best example of this was our mistaken notion—one that was actually repeated by many others who study the public sector—that retirements about to hit the public sector would lead to a severe shortage of workers—and soon. We first started to trumpet the news that “the baby boomers are about to retire” back in the late 1990s. We repeated that same notion for about 15 years. In a 2006 column we wrote about a “personnel tornado” on the horizon.

We’ve been burned enough times to stop making that forecast with any conviction, though we continue to read elsewhere about the “imminent” wave of retirements. We tend to think this is finally true, but we’re not about to say so here. What led to the “Chicken Little” state of mind years ago? We had no way of foreseeing that the two big recessions of the early 21st century would keep workers in place much longer than we had expected. With an uncertain stock market and a rising unemployment rate, people were inclined to stay in their jobs for quite a bit after they reached their official retirement age.

One commonality to the lessons learned in many of these imperfections is the reverse of the slogan found on car mirrors. Our variation: “Objects seen in the rearview mirror may be much further off than they seem.” **G**

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Performance and the People Factor

Everybody likes evidence-based government. Well, not everybody.

The drive for evidence-based policymaking has moved from the world of wonks and analysts into the mainstream. You would be hard-pressed to find anyone in government who opposes the idea, especially as it has now merged with an emphasis on big data and data analytics. There is even a federal Commission on Evidence-Based Policymaking.

As a former government auditor, I certainly stand foursquare for the use of evidence in drawing conclusions about what works well and how to improve what doesn’t. But there is an important challenge that advocates of evidence-based policymaking need to recognize: the human factor.

In an excellent paper, Shelley Metzenbaum and Robert Shea, who served as senior Office of Management and Budget officials in the Obama and George W. Bush administrations, respectively, trace the history of modern efforts to improve federal management. They make it clear that a major impediment to evidence-based policymaking is that it’s never really embraced by staff members. Front-line managers, they write, too often view “measurement and evaluation as irritating burdens rather than helpful tools.”

John Buntin found similar reactions in state and local governments in his retrospective look at the reinventing government movement in September’s issue of *Governing*. He quoted Kristine LaLonde, Nashville’s former co-chief innovation officer, as saying of one such program, “The department heads I have the most respect for hated it the most.”

A major contributor to this reaction is the fact that in most organizations there is a wide gap between those who design and champion programs and those who must actually implement them. The culture of an organization is embedded in the ongoing conversations of the line staff. Those at the very top often have very little understanding of or empathy with that culture.

And there is the growing challenge of simply staffing government well. In the advisory board meetings this magazine convenes around the country, the topic of recruiting, retaining and rewarding good government employees is invariably a top concern. Public officials tell us over and over that their agencies are fighting a losing battle.

But getting effective workers on board is just one piece of the puzzle. Leaders need to have regular conversations with people at every level of their organizations and listen carefully not only to what is said but also to what is not said. We should be especially careful with the use of the word “accountability.” Mandating it from the top rarely works. Instead, we need to mold organizational culture in ways that increase what public management consultant and author Ken Miller calls “shoulder-to-shoulder accountability.”

Finally, leaders need to continually draw and highlight the line of sight between the work done by staff and the larger social impact of that work. That will help attract and retain the kind of people governments need, and it will strengthen the performance of the organization in ways that mere evidence and data will never do. **G**

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“A major impediment to failed evidence-based programs is that those initiatives were never really embraced by staff.”



By Tod Newcombe

Busing In Wi-Fi

Can hot spots in school buses close the digital gap?

Take an evening drive through some of the towns that make up the Coachella Valley Unified School District, a largely rural area near the Salton Sea in Riverside County, Calif., and you might be surprised to see yellow school buses parked in odd, uncharacteristic locations. But rest assured, they have a purpose. Equipped with Wi-Fi routers and solar panels, these buses provide Internet to the district's most underserved communities.

Coachella is one of the poorest school districts in the country: Nearly 80 percent of its students live in poverty, which means many households can't afford Internet access. That's why Coachella's school leaders have turned 100 buses along with several cars into mobile hot spots—so students can do their homework.

Coachella's Internet challenges are acute, but the district is far from the only place that has connectivity issues. Nearly 5 million households with school-age children do not have high-speed Internet service, according to the Pew Research Center. Low-income households, especially black and Hispanic ones, make up a disproportionate share of the disconnected households. That's bad news, especially when the Federal Communications Commission (FCC) says seven out of 10 teachers assign homework that requires high-speed Internet access.

To close this so-called homework gap, communities are trying a handful of approaches. This year, Wake County, N.C., announced that it would investigate what Coachella has done to decide whether a similar approach would work in its low-income communities. Several school districts scattered around the country are loaning some students a device that creates an Internet hot spot in their home. In Kent, Wash., the school district has set up Wi-Fi kiosks in community centers



located near public housing. And the Forsyth County school system in Georgia has installed nearly 50 Wi-Fi hot spots in public libraries as well as at local businesses (which sponsor the connection), ranging from pastry shops and dentists' offices to restaurants and barbershops.

While these efforts are creative and helpful, they barely make a dent in the broader problem of digital equity. The Consortium for School Networking (CoSN) reports that two-thirds of school system leaders do not have any strategy or plan for providing off-campus connectivity to students.

But that has to change, says Keith Krueger, the CEO of CoSN. Barring the already unlikely possibility that the FCC will decide to regulate broadband, as it does with electricity, water and phone services, to ensure Internet connectivity is

fast and affordable for all, education leaders and local governments are the best bet for closing the homework gap. "Bringing broadband to the home is going to be challenging," Krueger says, "but it's going to be settled community by community."

Krueger says closing the homework gap will start and end with mayors and school superintendents. They have to begin the conversation and bring the right people together—philanthropists, business leaders, church leaders—to make sure Internet reaches the homes of disadvantaged students. "Broadband is the next phase in the fight for equal opportunity when it comes to education," says Krueger. "Every child should have the opportunity to learn and that requires broadband access." **G**

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Building Great Digital Services



Robert W. Knapp
Chief Operating Officer, NIC

Agencies need to deliver simple, user-centric solutions for citizens and organizations to interact quickly and efficiently with federal, state and local governments. Today's digital citizen has high expectations of service and convenience from government, much like they do from private sector service organizations. Agency requirements, deadlines and forms vary greatly between agencies, creating an inherent challenge in living up to the high citizen expectations. Agencies must also perform the balancing act of delivering basic online services, while looking to the future and determining which new technology should be harnessed for government use. At the end of the day, if the agency remains focused on providing user-centric solutions, the greatest needs will readily rise to the surface.

What digital services do you see as most important today?

The most important digital services are those that offer the greatest benefit to each citizen. Vehicle registrations and renewals, payment processing, business licensing, hunting and fishing tags, and property taxes are some of the most widely used digital services. With this said, all digital services — large or small — that simplify interactions are important and the catalyst for why we developed Gov2Go, the first personal government assistant. Gov2Go puts an end to the confusing and time-consuming layers of government obligations by bringing a multitude of digital services together for an intuitive, user-friendly platform that manages all government interactions. Users can simply tell the application what federal, state or local transactions/interactions they have and Gov2Go organizes and schedules, and then pays, registers or reminds the user of anything they have to take care of from any device. The most important digital services are those that matter to each citizen, and Gov2Go offers a comprehensive, custom solution that delivers exactly that.

What are the benefits to agencies and citizens in implementing these services?

A well-executed service can save time, money and resources for agencies and

citizens. An agency can automate processes, eliminate manual data entry, accelerate turnaround time and redeploy resources to other high-value projects. Citizens also enjoy the ease and convenience of using well-designed digital services instead of filling out forms and waiting in lines at government offices. Well-executed digital services like Gov2Go that simplify interactions are good for government and citizens alike.

What words of wisdom would you give public officials looking to implement new digital services?

It is crucial to understand the needs of citizens and provide digital services that accommodate those needs. Focus on simplicity and ease-of-use. Spend time on the front-end to thoughtfully design and seamlessly execute a digital service. Take cues from world-class service organizations to monitor trends and upcoming technologies. Leverage the skills, knowledge and experience of private sector organizations implementing these services from the ground up, while being mindful of the security concerns and risks associated with each step of the process. Provide an open forum for feedback to continually optimize the user experience. Above all, continue looking forward to provide the best possible solution, both supporting today's initiatives, and those of tomorrow.



By Frank Shafroth

Self-Driving the Economy

Driverless cars could have a surprising impact on state and local revenue.

The expectations over driverless cars are stratospherically high. For one, there's the fascination with the technology and the presumption of an easier commute: The self-driving car will take us to work while we surf the Internet, read files and review emails. Once it drops us off, it returns home where others in our household can use it—until it's time to call it to pick us up and take us home again.

There's more to this futuristic concept than creature comforts, though. With self-driving cars anticipated to be in wider use

reduction in parking garages and parking spaces. With parking facilities no longer needed, those properties can be turned into higher-level development, which would provide municipalities with a boost in property taxes. Offsetting those gains, Morgan Stanley foresees losses of roughly \$1.3 billion from such revenue sources as fuel taxes, license fees, parking fees, speeding tickets and personal property taxes.

Barclays, the British banking and financial services company, notes that transportation in the U.S. is the second highest average household expenditure and that

starts with this forecast from several researchers: A single self-driving car could replace up to 12 regular vehicles. If that happens, it would affect some of the existing \$3 billion in dedicated tax-exempt state and local parking revenue bonds. It would also affect airport revenue bonds. Airports currently generate 28 percent of their operating revenue from rental cars, parking and ground transportation—revenue that could be at risk from the cascading parking effects of self-driving cars.

The influence on general obligation bonds would be significant in a more positive way. The greater efficiency of self-driving cars and the ability to fit triple the amount of traffic in existing lanes could sharply reduce current projected needs for infrastructure and therefore the need to borrow money to build new roads.

There are other revenue savings. Self-driving cars are predicted by the National Transportation Safety Board to save “many, if not most, of the 33,000 lives lost to traffic fatalities every year on our streets and highways.” If true, this would lead to a major benefit via the \$18 billion annual health-care costs from emergency room visits related to motor vehicle injuries, injuries that currently average 15 percent of hospitalized injuries—not to mention the costs to local emergency responders.

Then there's this: For many police departments, 42 percent of police contacts are initiated during a traffic stop—with driving under the influence of alcohol being the second highest cause. Self-driving cars would render DUIs virtually obsolete. That would be a signal benefit not only—and most important—on innocent lives saved, but also in a diminution of emergency medical and police costs.

No wonder Morgan Stanley came up with a half-a-trillion dollar figure. **G**



A driver tests out Audi's self-driving vehicle in Washington, D.C.

on our roads within four years, there are promises of extraordinary impacts on state and local finances—most of them positive; a few not. Several reports from some of the biggest names in banking put startling numbers on the effects wrought by a changeover to driverless driving.

Let's start with Morgan Stanley. Its new report, *Autonomous Vehicles & Municipal Bonds*, puts the net positive impact on municipal budgets in excess of half a trillion dollars. That number takes into account more efficient roadway use and a dramatic

the average car is parked 95 percent of the time. It estimates that the average U.S. household will reduce its car ownership from today's 2.1 vehicles to 1.2. (A figure also cited in a University of Michigan Transportation Research Institute study.) For states and localities, such a reduction could signal an end to what Barclays calls “the fretting” about investing in additional highway lanes or new roads.

That lack of fretting would have quite an effect on infrastructure and the municipal bonds that finance it. The impact

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Minerva, the Roman goddess of wisdom and sponsor of the arts, trade, and strategy, found on the Great Seal of the State of California as well as on the state capitol.

Diane Allen
New Jersey State Senator

Megan Barry
Mayor, Nashville, Tennessee

Rebecca M. Benally
Commissioner, San Juan County, Utah

Ruby Brabo
Supervisor, King George County, Virginia

Cynthia I. Cloud
Wyoming State Auditor

Suzanne Crouch
Indiana State Auditor

Debra M. Davis
Commissioner, Charles County, Maryland

Eileen Filler-Corn
Virginia State Delegate

Karen Freeman-Wilson
Mayor, Gary, Indiana

Cindy Hyde-Smith
Mississippi Commissioner
of Agriculture & Commerce

Tameika Isaac Devine
Councilwoman, Columbia, South Carolina

Merceria L. Ludgood
Commissioner, Mobile County, Alabama

Lydia L. Mihalik
Mayor, Findlay, Ohio

Blair Milo
Mayor, LaPorte, Indiana

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Last Look



DAVID KIDD

Work on Arcosanti, an experimental town in the Arizona desert, began in 1970. Architect Paolo Soleri wanted to build the city of the future: an innovative, eco-friendly single structure that would be self-sustaining and self-contained. He saw it serving as a laboratory for ideas about ecology and urban architecture. And in some ways it has, incorporating sustainable practices that include blending the structure in with the landscape and orienting most buildings southward to capture the sun's light and heat—the roofs are designed to admit the maximum amount of sunlight in the winter and a minimal amount during the summer. But 47 years later, Soleri's vision remains uncompleted. In fact, there has been no new construction at Arcosanti in more than 15 years. That's partly the fault of new building codes—the local fire company has put a halt to any additions until the dirt road that leads from the nearby interstate is paved. Originally intended to house a population of 5,000, only about 100 people live there now—mostly volunteers and students studying architecture and the environment.

—David Kidd

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