GOVERNING

THE STATES AND LOCALITIES

July 2018

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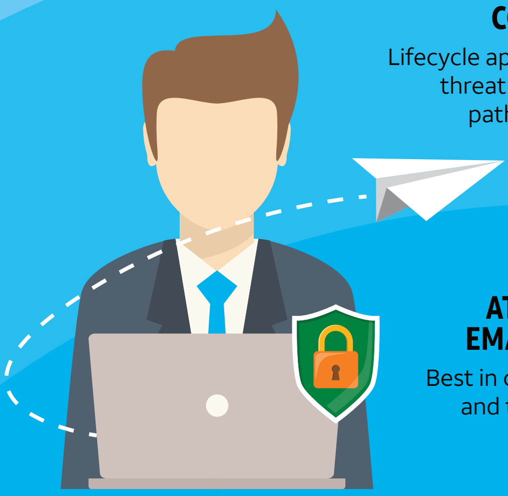

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GOVERNING 07.2018

A student at Lake View High School in Chicago

PHOTO BY DAVID KIDD; COVER PHOTO BY SHUTTERSTOCK.COM

DEPARTMENTS

WIKIPEDIA.ORG

24

DAVID KIDD

WIKIPEDIA.ORG

62

GOVERNING

Bridging a Growing Gap

The concept of "maximum feasible participation," which was written into the Economic Opportunity Act of 1964—legislation unofficially known as the War on Poverty—captured one of the central, enduring problems in governance: how to balance administrative expertise and effective community involvement.

With the increasing complexity of the modern world and the need for data and analysis to solve ever bigger and thornier problems comes a corresponding need for professionals with the necessary training and skills. Inevitably, however, the distance between these experts and the people on whose behalf they are working grows. This produces tensions that are most likely to flare into open conflict in areas where government is the most visible and its interactions with citizens are most frequent, such as with zoning or land use issues and police-community relations.

Mark Funkhouser, Publisher

But perhaps nowhere is this more of an issue than with public schools. While there are a lot of reasons for this, it seems that a big one is the fact that so many of the experts and others in charge of government don't send their own children to public schools. As a result, they may see a very different purpose and role for those schools than the people who do send their kids there.

Some of the seeds of the current wave of teacher strikes grow from this conflict over who owns and controls the schools and their funding: the state legislature and the governor, or the people in the local communities? The teachers are often able to prevail because they are seen as more legitimately part of the community and fulfilling an important role that the state's elected leadership has neglected.

John Nalbandian, a professor emeritus at the University of Kansas and former mayor of Lawrence, Kan., has written extensively about these issues, and he believes that bridging the gap between the professionals and the community is a role that increasingly must be filled by the people at the top of public organizations, serving as translators and intermediaries.

That requires credibility on each side. Janice Jackson, the CEO of Chicago Public Schools profiled in J. Brian Charles' feature in this issue, seems particularly qualified to carry out the role Nalbandian describes. She grew up in Chicago, was educated in its public schools, got her doctorate in education at the University of Illinois at Chicago, taught in the local schools and sends her own children to them. A lot is riding on how well she can make maximum feasible participation a reality for Chicago.

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It's Not Just the Governors

In the May cover story "Where Did Illinois Go Wrong?," Daniel C. Vock took an in-depth look at the state's mounting pension debt, persistent cash flow issues and political gridlock. "Our research," Vock told NPR Illinois in an interview, "was looking at the biggest factor in the downward trends in Illinois finances and public confidence—it appears to be the governors." Indeed, many current and former elected officials, academics and Springfield insiders agree. "Illinois government did work," former Gov. Jim Edgar, who served from 1991 until 1999, told Vock. "But then we had bad luck with a couple of governors."

All are guilty, including the taxpayers for being apathetic.

—Edward Hadnott on Facebook

Vock's story also garnered attention from various publications in the state. Two of those are excerpted below.

Our troubles started far earlier than 1998.

Four crucial decisions were made during Gov. Jim Thompson's tenure [from 1977-1991] that we're still feeling today: 3 percent compounded pension [cost of living adjustment]; exemption of retirement income from the state income tax; exemption of food and medicine from the state sales tax; and reduced overall state support for K-12.

We vastly widened our spending base while greatly narrowing our revenue base. And by not adequately funding K-12, property taxes were forced up. Not to mention that as the state was beginning to transition from a manufacturing-based economy to a service economy, services were not—and still aren't—taxed.

—Rich Miller, publisher, Capitol Fax

I have great respect for Jim Edgar, and I am not privy to the whole of his interview. Yet, I beg to differ with this suggestion that all blame be placed on the two more recent, admittedly failed governors he fingers.

I contend that many, maybe most, of us who participated in Illinois politics and government over the past half century share at least a sliver of the blame for our present parlous situation.

Unfortunately, we have been part of a state political culture that considers it OK to take advantage of our state and local governments for personal gain, just about whenever we have been able to do so.

State employee pensions offer prime illustrations.

Our pension crisis is the huge albatross around our collective neck. Moody's, the financial ratings agency, has estimated that Illinois has $250 billion in unfunded pension liabilities. That works out to about $50,000 for each of our 5 million households.

This happened for four fundamental reasons: 1) State government failed to contribute its share of funding; 2) We had unrealistic expectations about growth in our pension assets; 3) We made flawed assumptions about employee mortality; and 4) There was a feeding frenzy from the 1980s to early 2000s to enact scores of richly sweetened employee benefits.

And just about everybody in the political game has either sought these benefits or, like me, turned an indifferent, not-my-issue blind eye as they were larded on.

—Jim Nowlan, senior fellow at the Institute of Government and Public Affairs at the University of Illinois, in a syndicated column

Corrections: The June Public Money column, "A New View of P3s," incorrectly stated that Fresh EBT, an app that serves food stamp recipients, makes money "when retailers pay for information about an app user's shopping habits." It does not sell users' information. The app makes money by selling ad space.

And in the May Observer item, "Amateurs in the Morgue," Kim Collins was identified as vice president of the National Association of Medical Examiners. She's actually the president.

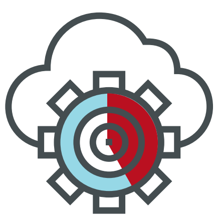
TAKING THE PAIN OUT OF CLOUD PROCUREMENT

Despite focusing significant time and money on cloud adoption, many government leaders still struggle to capitalize on cloud's potential. The Center for Digital Government (CDG) wanted to know why.

With support from Oracle, CDG surveyed and interviewed 82 state IT and procurement officials in June 2017. The paper, "Understanding Cloud Procurement: A Guide for Government Leaders," analyzes the findings and presents a cloud procurement checklist to help leaders better navigate cloud adoption and IT modernization. Here are some key findings:

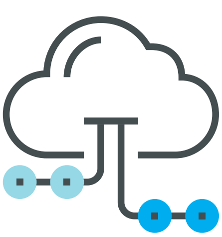
CLOUD OFFERS A VIABLE PATH TO IT MODERNIZATION

42% of states have **CLOUD-BASED CONTENT MANAGEMENT SYSTEMS.**



55% of states already use **CLOUD-BASED EMAIL SYSTEMS.**

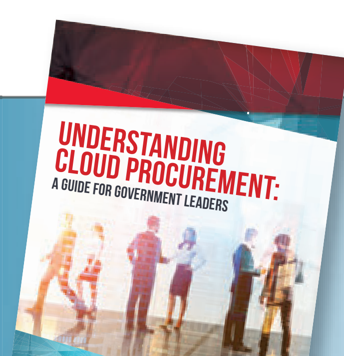
BUT PROCUREMENT SLOWS ADOPTION



Only **42%** have formal **CLOUD PROCUREMENT METHODOLOGIES.**

Only **47%** have formal **DUE-DILIGENCE POLICIES IN PLACE** to evaluate cloud providers.

For the full cloud procurement checklist, download "Understanding Cloud Procurement: A Guide for Government Leaders" at **www.govtech.com/oraclecloud**.



GOVERNMENT NEEDS A CLOUD PROCUREMENT CHECKLIST

DERSTAND NEW BUDGET AND WORKLOAD REQUIREMENTS.

- How does the budget need to be reallocated?
- How much staff time needs to be dedicated, and what skills are required?

WORK CLOSELY WITH IT.

- Do you have a working group established that includes IT and procurement officials?

ETERMINE SECURITY AND COMPLIANCE REQUIREMENTS FOR DATA.

- Do you know what security standards are appropriate for the data moving to the cloud?
- How is data secured within the cloud data center?
- How comprehensive is the service provider's security strategy?

LL OUT WHO OWNS GOVERNMENT DATA AND HOW IT WILL BE MANAGED.

- Who owns the data?
- In the event the contract ends, is there a workable plan to recover data?
- Where will the data be stored and will you be notified if the data moves to a different location?

CREATE FORMAL POLICIES FOR VETTING VENDORS.

- What is the cloud vendor's reputation?
- Does the vendor have experience in the government market?
- Will the vendor support a hybrid cloud environment?
- Does the service provider offer pre-established SLAs?

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By Alan Greenblatt

An Old (and New) Health-Care Idea

SHUTTERSTOCK.COM

MANY DEMOCRATS continue to dream about a single-payer health-care system, but costs and political opposition will keep it from happening for the foreseeable future. Maybe longer. In reaction to that, an old and very different idea is starting to catch on again.

Back in the 1970s and 1980s, about a dozen states adopted what were known as all-payer health pricing systems. Single-payer is about who pays the bills. All-payer is about the bills themselves. Rather than charging patients and insurance companies different prices for the same procedures, hospitals in an all-payer system are required to bill all customers the same amount for similar procedures, an amount determined by state health officials.

The idea that the government could tell hospitals how much to charge never sat well with many health system players. A counterforce emerged that called for a more sophisticated approach to pricing from the private marketplace itself. That approach was managed care, delivered in most places by private health maintenance organizations. HMOs proliferated and took over pricing as well as treatments; lots of lawmakers were happy to take their states out of the rate-setting business. But the managed care pricing system hasn't worked very well. It hasn't curbed the bizarre disparities in hospital bills that are a fact of life in most places. The price of an appendectomy in California, for instance, was found in one study to range from $1,500 to $182,955.

As managed care became much more heavy-handed than the all-payer system, there was a political backlash against it. But in the meantime, every state that had instituted all-payer had repealed it.

Except one. Maryland has had an all-payer system in place for more than 40 years. When it began, the cost of hospital admissions was 26 percent above the national average. Over the years, it dropped below that average. Now, Maryland enjoys the nation's lowest rates of growth in hospital costs, and other countries that utilize all-payer systems, including Germany and Japan, have much lower health inflation rates than the U.S.

But it would be difficult today to create an all-payer system based on treatment rates, says Paul Ginsburg, who runs a joint health initiative for the University of Southern California and the Brookings Institution. Back in the 1970s, there wasn't a great deal of difference in the prices hospitals charged Medicare, Medicaid or private insurers. That's no longer true. "Today, to make them essentially the same, Medicaid provider rates would have to be raised substantially," Ginsburg says. "That would be very costly for states."

A few states that are dissatisfied with the current system are taking a different tack. Rather than demanding that hospitals charge everybody the same rate for their procedures, states are looking at a new variant of all-payer, one focused on the total cost of care. They want hospitals to get paid a set amount on a monthly basis. The idea is that if hospitals know what their aggregate revenues are going to be, they'll be careful about costs and invest more in prevention.

Pennsylvania is starting an experiment with the total care idea in rural areas. Vermont has a pair of pilot projects that are bigger and more ambitious, covering around 150,000 residents. Maryland, the lone remaining all-payer state, added total care budgeting four years ago to its all-payer system. In the three years following its adoption, state hospitals saved Medicare $429 million.

There's little disagreement with the idea that health-care costs have to be brought under control—or at least that wildly disparate costs for the same procedure have to end. That's why states are looking into imposing price restraint through updated all-payer systems. But widespread concerns about giving government yet more control over health care means that such ideas, even promising ones, are a tough sell politically.

Dangerous Riches

ECONOMISTS SOMETIMES WRITE about a "resource curse." A country or region blessed with rich natural deposits can end up in serious economic trouble. The dominance of a few extractive companies and politically powerful players discourages other investment. In this sense, few places have been as cursed as West Virginia.

For most of the 20th century, the state was heavily reliant on coal. But that industry has famously fallen on hard times. Even when the mines were at their most productive, West Virginia ranked among the poorest and most poorly educated states. Coal wasn't taxed heavily and the coal companies weren't asked to contribute much in the way of corporate citizenship. There wasn't much emphasis on managing the environment. The preoccupation with coal seemed to crowd out other kinds of development.

More recently, the state has seen a boom in natural gas. Production has spiked more than fivefold in West Virginia over the past decade. Last year, the number of jobs in natural gas topped 13,000, pulling nearly even with coal. State officials have done everything they can to promote extraction. Gov. Jim Justice, himself a coal billionaire, appointed a former coal executive to head the state Department of Environmental Protection. "We want to advance the industry so [the state] can get out of your way and let you do what you do," Mike Hall, the governor's chief of staff, told the International Oil and Gas Association of West Virginia in February.

This approach—along with the state's low severance tax—has led to complaints that West Virginia is making the same sorts of mistakes with gas that it made with coal. "Most of the natural resources here are not owned by the people who live here," says Ted Boettner, executive director of the West Virginia Center for Budget and Policy. "They come here to get what they're going to get, and they leave."

But when West Virginia teachers complained about their salaries, kicking off a series of walkouts that have spread to several other states, Justice made a surprising suggestion. He proposed a "grand bargain" between natural gas and education, calling on teachers themselves to lobby for higher severance taxes on gas to fund salary increases. "Solve the gas issue. Solve it," he told teachers at a town hall meeting.

It turned out that teachers couldn't solve the gas tax issue. Legislators balked at the governor's proposal, choosing to finance a raise for teachers through program cuts elsewhere. Hampering a growing industry in a poor state is something that most West Virginia politicians had no interest in doing. "The No. 1 tax that everyone said we should raise was natural gas severance," Boettner says. "But they just have overwhelming power."

Natural gas production has spiked more than fivefold in West Virginia.

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Rural Wrongdoers

WHEN YOU THINK ABOUT CRIME, what do you picture? Probably the dark and scary streets of a crowded city. After all, cop shows always seem to be set in big cities.

But while violent crime is still a problem in urban areas, many of them are in fact safer now than they've been in decades. The violent crime rate in rural areas, meanwhile, has climbed above the national average for the first time in 10 years.

In Iowa, the overall violent crime rate rose by 3 percent between 2006 and 2016, but shot up by 50 percent in communities with fewer than 10,000 residents. Violent crime rates have doubled in rural counties in West Virginia over the past couple of decades, while tripling in New Hampshire. "Rural areas, which traditionally have had lower crime rates, have seen dramatic increases in incarceration rates," says Jacob Kang-Brown, a senior research associate with the Vera Institute of Justice. "We see them now having the highest incarceration rates in the country."

The explanations for this change are familiar ones. Not all rural areas are poor, but many have lost jobs as factories have closed and farming has become increasingly consolidated. Lack of employment has naturally led to increases in poverty, which is closely associated with crime. The opioid epidemic has hit rural America particularly hard, and methamphetamine remains a major problem in many small towns.

While there's more rural crime than in the past, there's also a shortage of law enforcement. Dwindling tax bases mean fewer sheriff's deputies doing the work. As a result, deputies have to patrol many times the geographic area that a city cop covers on his beat. Last year, voters in Josephine County, Ore., approved a public safety levy, after five previous attempts had failed in as many years. Prior to its passage, there were times when large parts of the county, which has been hit hard by a decline in the timber industry, received no service from the sheriff's office. Residents would have to wait two to three hours for a response from the state police.

Lack of enforcement, naturally, breeds crime. Criminals, particularly those dealing in drugs, become emboldened or move operations to areas where there's little danger of detection. Even when perpetrators are caught, there's not always a place to put them. Before the Josephine County levy passed, the sheriff's office could afford to fill only half the beds at its jail.

"Whether it's law enforcement or crime analytics or investigation capacity or behavioral capacity—on all those fronts, rural areas have less resources available than urban areas," says Marshall Clement of the Council of State Governments' Justice Center. It's good that the problems of rural America have been getting more attention over the past couple of years, because they're at risk of starting to compound and create new ones.

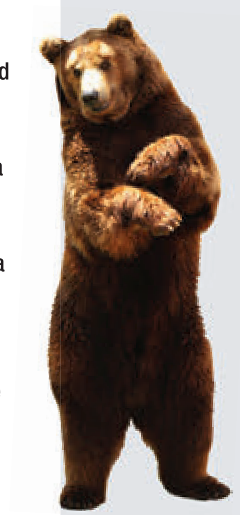
THE BREAKDOWN

2020

The year New York state's power plants must be entirely coal-free, according to a recent executive order issued by Gov. Andrew Cuomo.

11 a.m.

The hour when Georgia bars and restaurants can begin serving liquor on Sundays, pursuant to a new law signed by Gov. Nathan Deal. Previously, Sunday liquor sales could not start until 12:30 p.m.



44 years ago

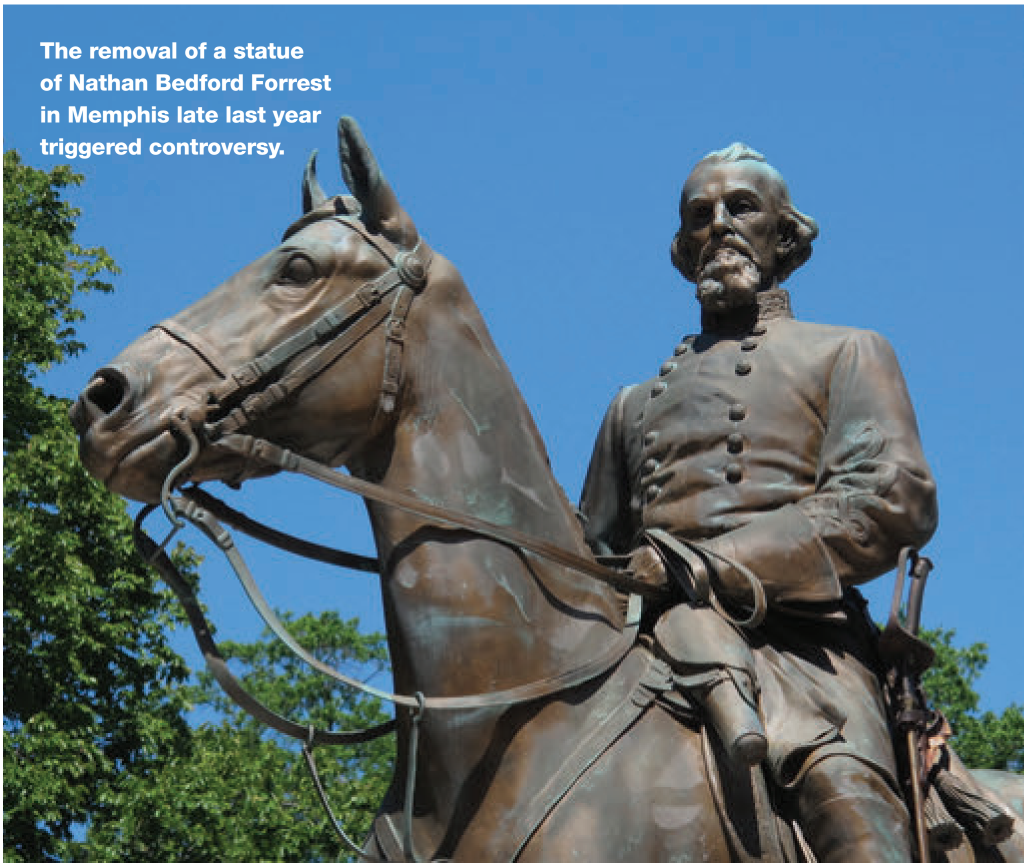
The last time hunting of grizzly bears was permitted in Wyoming. Grizzly hunting will once again be legal this fall.

>**300**k

The number of cases of gonorrhea, chlamydia and syphilis in California last year, a 45 percent increase since 2013 and the highest number since at least 1990.

SOURCES: NEW YORK GOVERNOR'S OFFICE, *ATLANTA JOURNAL-CONSTITUTION*, ASSOCIATED PRESS, *KAISER HEALTH NEWS*; IMAGE: SHUTTERSTOCK.COM

Monumental Collision



The removal of a statue of Nathan Bedford Forrest in Memphis late last year triggered controversy.

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NO CITY LIKES TO SEE its funding get cut by the state legislature. But occasionally, there's a silver lining.

Tennessee, like a few other Southern states, has a preservation law on the books preempting its cities from removing Confederate monuments. Even so, Memphis wanted to get rid of statues of Jefferson Davis, the Confederate president, and Nathan Bedford Forrest, a Confederate general and grand wizard of the Ku Klux Klan. This year, the city is commemorating the 50th anniversary of the assassination of Martin Luther King Jr., which occurred at a Memphis motel. "We wanted to say to the world that Memphis is not what it was 50 years ago," says Van Turner, a member of the Shelby County Council.

The city sought permission from the Tennessee Historical Commission to remove the statues, but was refused. So Memphis came up with a workaround. Turner and his allies created a new nonprofit that took ownership of the parks where the statues were located. With the state unable to preempt a nonprofit, the statues were removed. "There were a lot of lawyers involved," Turner says. "Everybody wanted to comply with the letter of the law."

But that isn't the end of the story. Next year, Memphis will celebrate the 200th anniversary of its founding. Karen Camper, who represents the city in the Tennessee House, thought the state should help pay for the commemoration, as it did for Nashville back in 1996. Working with House leaders, she came up with a plan to include $250,000 in "seed money" from the state, which would be matched by the city and the county. Camper knew there was tension "around the monuments and Memphis," but she thought she'd gotten sign-off from all the right players.

At the very end of the session, however, a surprise budget amendment took away the money. A majority of legislators felt that by removing the Davis and Forrest statues, Memphis had violated the intent and spirit of the historic preservation law, if not exactly its letter. "Today is a demonstration that bad actions have bad consequences, and my only regret about this is it's not to the tune of millions of dollars," said Rep. Andy Holt.

The option of selling the parks to an entity that could get rid of the statues "was an option that was probably not intended by the state law," concedes Worth Morgan, a member of the Memphis City Council. Yet he insists it was legal. "We believe what is honored in public spaces in our city parks is for us to say," Morgan says. Having made the decision to remove the statues, even in the face of a clear Tennessee statute and denial of permission from a state commission, Morgan is perfectly willing to accept the consequences. "Honestly, for me, if $250,000 is the price for all of us to move on and be done, then hallelujah," he says.

Camper also says she doesn't mind that the money ended up becoming a "sacrificial lamb." The vote to remove the money, she believes, puts the matter to rest, meaning the argument about the monuments themselves is now history. "I have no problem with losing that $250,000," Camper says. "I think it has energized Memphis in a way we could not have foreseen."

Q&A: Turning a Lens on DEMS

How a digital evidence management system can simplify and streamline the investigation process

An influx of body cameras, video surveillance systems and cellphones is putting a strain on police personnel tasked with managing digital evidence. In this Governing Q&A, Erick Ceresato, product line manager for Genetec, discusses how a digital evidence management system (DEMS) can significantly ease the burden of video data.

Erick Ceresato, Product Line Manager, Genetec

\\ Q. HOW HAS VIDEO COMPLICATED THE EVIDENCE MANAGEMENT PROCESS?

Video, by its nature, is a data-heavy format. Departments will often dedicate hours to burn video to disk or add it to thumb drives when they need to share it. Officers must spend time collecting video when an incident occurs, and more time to provide it to attorneys if it needs to be shared for a case. Video can also complicate the chain of custody process because departments must manually track where a DVD or a thumb drive goes. What's more, many police department records management systems were not intended to store large files. That's where a digital evidence management system (DEMS) is helpful, as it offers a centralized repository to aggregate digital evidence and handle it more intelligently.

\\ Q. WHAT IS A DEMS AND WHY SHOULD GOVERNMENT ORGANIZATIONS CARE?

A DEMS allows departments to manage various types of digital evidence. Genetec's solution, Clearance, offers some unique capabilities. It is designed using the API First development principle, which uses an application programming interface (API) to develop all components of the system, offering the ability to integrate with other systems already in use. This provides a path to automatically push case and incident data from dispatch and record systems, among others, to Clearance so departments can easily search and visualize this information alongside its related digital evidence. Genetec Clearance also supports video from surveillance systems, body cameras, in-car cameras or even smartphones. The application is purpose-built for searching large quantities of video, image files and metadata.

Beyond that, the solution helps enforce and restrict access to data, based on necessary policies. Departments can set access policies for specific cases and files in the system so only authorized viewers are able to see them. Similarly, a department can set rules to automate retention periods based on the nature of the incident. Finally, the solution logs all actions performed in the system, including views, shares or downloads, to audit usage and maintain chain of evidence automatically.

Outside of file management, Clearance can also create significant time savings for departments when sharing video. Traditionally, it can take anywhere from 4 to 8 hours to share a single file, but with Clearance, departments can grant access to video, as well as restrict it, instantly. It also has a native module to help accelerate video redaction, which can otherwise be a time-consuming and expensive task when done using standard video editing software.

\\ Q. CAN YOU SHARE AN EXAMPLE OF HOW A DEMS HAS HELPED A CITY OR ORGANIZATION SPEED UP ITS INVESTIGATIONS?

I have a great example. In Putnam City, Okla., (outside of Oklahoma City), a group of individuals robbed several fast food establishments on different occasions, but had managed to flee before authorities arrived. Eventually, they drove through an alley near a school and took off their masks. The school surveillance captured the scene and the campus police quickly shared the recording with the police department using Clearance. I like this example because it shows how organizations in the community can support the city and law enforcement in improving safety, and how technology can facilitate this collaboration.

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FOR MORE INFORMATION, VISIT: WWW.GENETEC.COM/CLEARANCE

By Alan Ehrenhalt

But Is It Art?

Cities are starting to think about graffiti in different ways.

Once upon a time at this magazine, we had an intern who badly wanted to write about cities and graffiti. We talked for a while and it seemed like a good idea, so I asked him to do some initial reporting. But when he came back, it was clear that he and I had dramatically different ideas of what the story should say. I felt that cities were finally learning how to get rid of a criminal eyesore that was stifling their efforts at revitalization. He felt that the same cities were cruelly snuffing out the legitimate desires of an entire youthful generation to express itself.

As you might guess, I didn't let him do the story. If the same issue came up now, I probably still wouldn't. But over the years, I've come to realize that this is a subject with many gray areas. And cities are beginning to look at it the same way. They are trying to accommodate what they used to denounce as an urban scourge, and are looking for means to tempt graffiti writers away from vandalism and toward art.

This is happening as graffiti is on the verge of obtaining legal protection, something that it has never possessed. In April, a federal judge in New York City awarded $6.75 million to 21 graffiti artists in Queens whose works had been painted over without warning on a cluster of buildings being prepared for development. The works were part of a site called 5Pointz that had evolved over the years into an open-air graffiti museum. By 2014, the paintings had become something of a tourist attraction. The property owner had never hidden his desire to develop the site, but a jury and later a judge found that the unannounced removal of the work violated a 1990 federal law known as VARA, the Visual Artists Rights Act.

VARA imposes penalties to property owners who destroy or obliterate works of "recognized stature by art experts, the art community or society in general," although it does not make clear what "recognized stature" is. It requires that artists be given 90 days' notice so they can relocate the works themselves. Over its 28-year history, VARA had never been used to protect graffiti—until now. The decision is on appeal, but whatever the final result, it's part of a new era in the complicated relationships among artists, vandals, property owners and city governments.

The legal intricacies may be less important than the changing attitudes toward aspiring street artists that have taken hold in big cities throughout the world. Bogota and Lisbon are promoting street painting. Montreal and Brussels sponsor graffiti walking tours for visitors. Tel Aviv does this as well; it may be the world capital of modern graffiti. In some parts of the central city, seemingly every available wall space is covered with an artistic production meant to impart a lesson, goal or attitude of some sort: peace on the West Bank; kindness to animals; ridicule of tourists; criticism of the current Israeli prime minister.

Graffiti is no longer about delinquents marking their territory, says Niro Taub, a well-known graffiti proselytizer and tour guide in Tel Aviv. "We look on graffiti not as 'so '80s,' but as street art." Much of it is reminiscent of the political posters that appeared on the walls of 19th-century Paris. Taub simply says it is "second-generation graffiti."

American cities are moving more deliberately in the same direction. The District of Columbia has more murals on its city walls than ever before. It pairs aerosol artists with neighborhoods and property owners to create 10 officially sanctioned wall projects a year. In St. Louis, an annual festival called Paint Louis covers two miles of floodwall with spray painted productions; the volume of political art there seems to have expanded dramatically as part of the unrest that followed the shooting of a black teenager by police in the suburb of Ferguson in 2014. Smaller cities are starting to do similar things: Billings, Mont., and Rapid City, S.D., both have "art alleys" where the painting is protected and tourists are encouraged to drop by for a look. The one in Billings is a joint project of the downtown business association, the Sherwin-Williams paint company and a group of graffiti activists called Underground Culture Krew.

Some of these projects may exist for aesthetic reasons, but those are not the only reasons. They are being sanctioned in the hope that managed graffiti in specially designated places is a way to cut down on the indiscriminate tagging of private and public property that marks gang territory and amounts to nothing more than vandalism.

How well this strategy will work is very much open to question. One business leader in Billings has expressed the belief that its art alley gives graffiti painters a chance to "come in and burn off this energy." But after several years in operation, the alley program has not led to a significant decrease in the tagging vandalism that the city is trying to eliminate.

Some of the cities that are promoting managed graffiti remain highly ambivalent about the whole idea. Chicago seems to be tolerating graffiti and fighting it at the same time. "The city is tattooed with art on its streets," a local writer reported a couple of years ago. "Graffiti and street art are mushrooming beyond the days of artists throwing up their work at night on rooftops" to catch the eye of commuters on elevated trains. Still, the city has made the tools hard to get. It restricted the sale of spray paint in the 1990s, and that restriction remains in effect. The city is also relentless about removing

Cities are increasingly designating "art alleys," much like Miami's Wynwood Walls, to showcase works by street artists.

DAVID KIDD

graffiti produced outside officially designated areas—it is removed within 72 hours 90 percent of the time.

Timothy Kephart, a longtime expert on graffiti who consults with cities about how to deal with it, feels that art alleys and similar efforts won't accomplish much. "The graffiti that cities are spending millions to erase isn't going down," he told me recently. "Most of the kids doing graffiti are not into artistic murals. The tagging motivation is to seek notoriety. The gang motivation is to instill fear." Kephart believes in covering up graffiti quickly, but not until it has been monitored by police for clues to gang activity and the identity of vandals.

There continues to be a strong segment of public opinion holding to the idea that cities are simply caving in to gang members and vandals. "There is nothing progressive about allowing public amenities to be defaced by graffiti," the cultural critic Heather Mac Donald wrote several years ago. "Anyone who can avoid a graffiti-bombed park or commercial thoroughfare will do so." She sees hypocrisy in the willingness of art museums to celebrate graffiti on public property that they would never allow on their own building walls.

The battle over graffiti has been through several distinct phases in the four decades since cities began to recognize it as a serious problem. At first, in the 1970s, it was seen as a New York problem, and one concentrated in the city's subway system. Vandals were breaking into subway yards to tag rail cars, spray-painting names and gang signs that few people would have considered art. There was a feeling in the early years that not much could be done about it, but New York proved that pessimism to be wrong. It began buying stainless steel subway cars, which are difficult to vandalize, and launched the Clean Train Movement in the 1980s, which vowed to get all graffiti-painted cars out of the system entirely. They came close to doing it. That drove graffiti painters into the streets, and especially onto rooftops. But it also demonstrated that with enough determination, the amount of graffiti plaguing public and private property could be brought under control. Over the past couple of decades, cities around the country have curbed it by using techniques similar to those that had worked in New York.

But graffiti has not come close to disappearing from urban streets. In one recent year, New York was still spending $7 million on graffiti eradication; Chicago, $6 million; and Las Vegas, $3 million.

Thus was born the relatively new idea that the way to deal with the spray painters was to combine rapid elimination of illegal tagging with programs to co-opt the more ambitious perpetrators by treating them as artists and giving them walls to work on legally. But this isn't foolproof. The sites declared legal are often the walls of buildings that have been abandoned or are awaiting redevelopment. These can provide legal graffiti space for years, but in most cases a developer eventually comes in, wants to start building and begins by taking down the walls, painted or not. This is now one of the leading sources of conflict; it was the cause of the litigation in the 5Pointz case in Queens.

All these cases complicate what seems at first to be the fundamental principle of graffiti management: If the artist gets permission from the property owner or the city, the painting is legal. If not, it is vandalism and deserves to be painted over, promptly and with no exceptions. That's a simple rule, and I think a reasonable one. But as many cities are discovering, it may be a bit too simple for the urban reality that currently exists. **G**

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By Peter A. Harkness

Gnarled Government

Our federal system is tied up in knots. We have to try to untie them.

Most everyone agrees that our intergovernmental democratic process is in shambles. It has become increasingly dysfunctional over the past two decades or more, but since the start of the current presidential administration it has gone into free fall.

Looking back on the decline of what was once hopefully called the "new federalism" or "cooperative federalism," I was struck by an observation made four years ago by Bruce Katz, who until recently was director of the Metropolitan Policy Program at the Brookings Institution. Katz wrote that most of the re-sorting and reform taking place in government was being done not through grand presidential addresses, blue ribbon commissions and formal negotiations between the federal government and its federalist partners. Rather, he argued, it was "happening by default due to the drift and dysfunction of the national government."

Taking the optimistic view, Katz concluded that "the withdrawal of the national government as a reliable partner has led to a burst of innovation at the subnational scale. Federalism is being reinvented without the guiding hand or intentional participation of the federal government. States, local governments, private business and civil society are filling the vast vacuum at the center. This is the Next Federalism—messy, uneven, chaotic, ground-up and quintessentially American."

Katz was right about messy and chaotic. His optimism about reinvention seems like another story. After four years, the ruptured relations among the players in our federal system have only grown worse. California, the nation's largest state with the world's fifth largest economy, is making a point of defying Capitol Hill and seeking to set national policy on a wide range of issues from environmental regulation to immigration to predatory college lending. California has sued the feds more than 30 times since President Trump took office and has emerged as an alternate power center to Washington in the eyes of international allies.

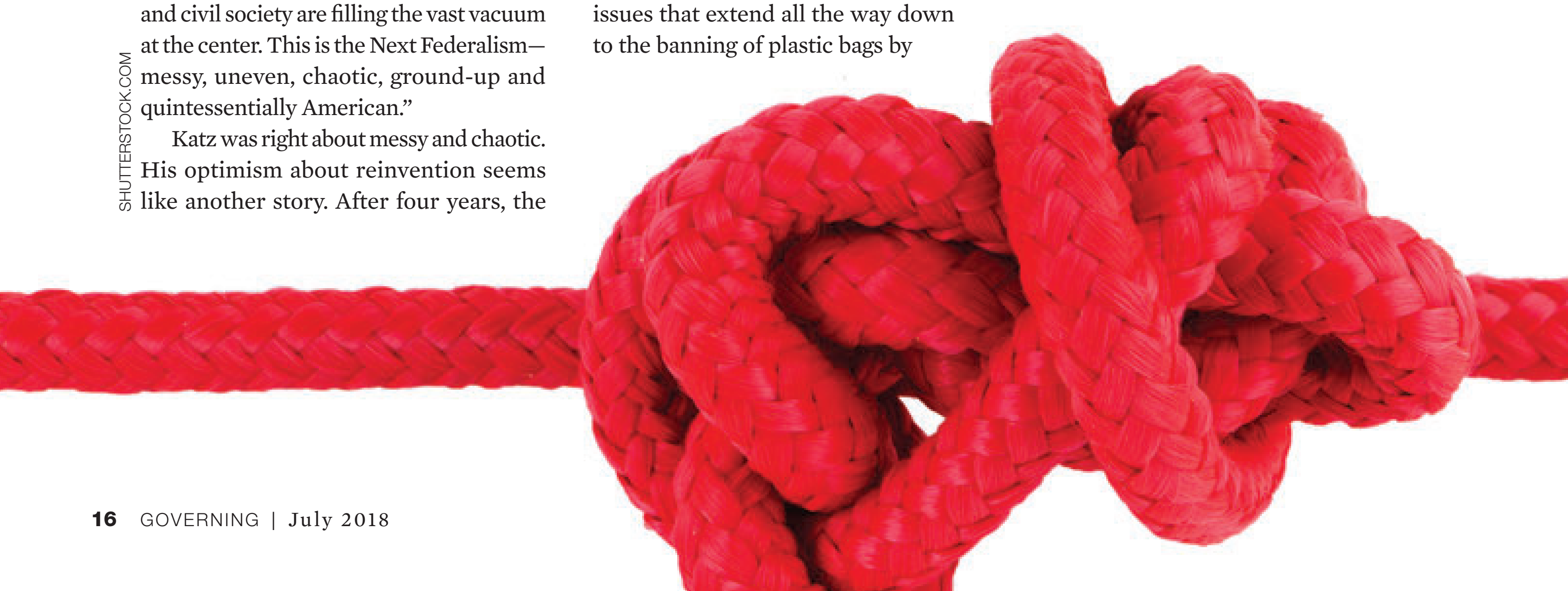
But it is hardly alone. States on both coasts, with leaders in both parties, have reacted strongly to the Trump administration's plans to allow oil and gas drilling off the nation's coastline, with many of them considering new legislation that would ban any drilling activity in their coastal waters, which stretch out three miles from their shorelines.

The number of multistate lawsuits against the federal government almost tripled in the first year of Trump's presidency—from 13 in each of the last two years of the Obama administration to 37 in 2017. Meanwhile, we have entered what may be an unprecedented era of state vs. local friction over guns, immigration, wages, taxation and a range of narrower issues that extend all the way down to the banning of plastic bags by municipal governments.

The examples are so ubiquitous that a network of 19 regional advocacy organizations has created a new mapping service that tracks state interference with local initiatives in nine areas of regulation involving economic or racial discrimination, among them minimum wage, ride-sharing and rent control. Taking a candid look at the whole situation, it is hard to escape the conclusion that Katz was mostly right about the dysfunction, and mostly wrong about the progress.

So what to do? At this current hyper-partisan moment, it is tempting to doubt that much is possible simply because there is no one in the Trump administration's leadership with the interest, knowledge or political skills to devise a meaningful reform strategy for federal relations. There may be more resources in Congress, especially after the midterm elections have resolved questions of leadership. But designing a plan for any meaningful long-term solution will likely take a painfully long time.

As I've written before, there is a spark of interest in the U.S. House, where the leaders of both parties have cooperated in creating a bipartisan Speaker's Task



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Force on Intergovernmental Affairs. All of the major associations of state and local officials are involved, as well as the National Academy of Public Administration, a nonpartisan network of more than 850 fellows from both academia and government at all levels who have experience in dealing with federalism issues.

The academy has the opportunity to play a key role because of the quality of its participants. But achieving results will also require political and strategic savvy—an ability to carefully align the carrots and sticks—that members of Congress or those whom they entrust will have to provide. A great deal of talent and perhaps an even greater amount of will is going to be necessary if they are to get anywhere.

The task force is in many ways modeled after the Advisory Commission on Intergovernmental Relations, which faded away in 1996 after 37 years in existence, largely because it had become politically irrelevant. That begs the question of how any new plan will be able to avoid the same fate.

Right now, members of the task force are engaged in carefully structured discussions about the focus and shape of a new federal strategy, taking into account all the difficult questions that will have to be addressed. But providing answers will be excruciatingly difficult.

Despite all the obstacles, however, we need to press ahead with some sense of urgency in developing a revamped federal strategy and structure. The task is likely to grow even more daunting in the next few years, given the federal government's mounting debt problems and the slow growth in state revenues in the post-recession years.

It's a long shot. But we have to try. **G**

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By Alan Greenblatt

Voters Take Up Voting Rights

Debates move from statehouses to the ballot box.

Voting has become one of the most partisan issues in contemporary politics. Republicans have sought to make it more secure by requiring photo identification. The U.S. Supreme Court's decision last month to allow Ohio to purge inactive voters from the rolls is likely to open the door to similar efforts in other red states.

In blue states, Democrats are intent on making voting easier.

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Democrats, conversely, are doing everything they can to make voting easier. Washington Gov. Jay Inslee signed a bill in March implementing automatic voter registration. The following month, Gov. Phil Murphy signed a similar bill in New Jersey, bringing to 12 the number of states that sign people up, unless they opt out, when they interact with the department of motor vehicles or other state agencies. Democrats control the political branches of government in most of these states.

In states where the party is partially or wholly blocked from power, progressives are turning to the ballot to promote changes to election law. Maryland voters, for instance, will have the chance to allow registration on Election Day itself. Nevada will decide whether to adopt automatic voter registration. And a Michigan measure would combine both same-day and automatic voter registration, plus other changes.

Meanwhile, several states will consider campaign finance or redistricting measures. Ohio voters in May already approved changes to that state's redistricting process. New maps will have to earn support from three-fifths of legislators in both chambers, including support from more than half of the minority party members. Failing that, the job will be given to a bipartisan commission.

Sometimes the ballot is the only option. In Florida, a proposal to restore voting rights for most ex-felons requires a constitutional amendment, which means putting the question before voters. But in general, these initiatives have been triggered by a lack of success in the legislative process. "A number of these ideas have been proposed as bills during the last several sessions, and they haven't gone anywhere," says Judy Karandjeff, president of the League of Women Voters of Michigan, which is one of the sponsors of that state's ballot initiative on voting.

Case in point: The Nevada Legislature, which is controlled by Democrats, last year approved an automatic voter registration bill. But GOP Gov. Brian Sandoval vetoed it, warning that it could expose residents to legal liability if it turned out they weren't eligible to vote.

In recent years, progressives have enjoyed a fair measure of success with ballot initiatives on issues including minimum-wage increases and marijuana legalization. They believe they can similarly convince the voters themselves that expanding the franchise is the right way to go, despite concerns about election security. "People who have come into power as a result of the current electoral system have less interest in changing that system," says Sean Morales-Doyle, counsel at the Brennan Center for Justice at New York University. "Direct democracy puts changes to elections in the hands of people without a direct vested interest." **G**

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By Mattie Quinn

The Push for Hygiene Equity

From tampon tax repeal to diaper subsidies, advocates are seeing some successes.

Last summer, many were surprised when the U.S. Department of Justice—led by Attorney General Jeff Sessions, whom few would accuse of being a coddler of prison inmates—issued a memo encouraging federal prisons to provide free feminine hygiene products, such as pads and tampons. That recommendation reflects a movement that has been percolating in statehouses and city halls for the past couple of years. Hygiene equity is having a moment, and not just behind prison walls.

Four states have passed legislation eliminating sales taxes on feminine hygiene products in the past two years. Maryland OK'd a bill this year to provide female prisoners with free pads and tampons, and New York Gov. Andrew Cuomo announced that the products would be available for free in schools. Meanwhile, other states have moved on the related issue of infant care needs. California Gov. Jerry Brown, citing budget concerns, vetoed a bill to repeal the so-called tampon tax in 2016, but last year he signed a law that provides a $30-a-month subsidy for diapers to parents on welfare with children under 3.

For advocates, these policy changes reflect an increased interest in making the lives of women in poverty a little easier. Diapers are not covered by food stamps or WIC, the federal assistance program for new mothers and infants. And while things such as sunscreen and specialty shampoo aren't taxed in many states, feminine hygiene products usually are. "Cleaning and personal care products are especially hard for the working poor," says Joanne Goldblum, CEO of the National Diaper Bank Network, which started an initiative this year to offer feminine hygiene supplies. "As a society, we don't talk about the little things, and small things impact big things."

In Maryland, for example, the Montgomery County Department of Health and Human Services partners with the Greater DC Diaper Bank to enable social workers to bring hygiene products on home visits. "If you provide a new mom a box of tampons or diapers, there's a switch flipped there, where she realizes, 'Oh, this person really is here to help,'" says Corinne Cannon, executive director of the DC Diaper Bank.

Outside of that social services setting, however, hygiene equity has suffered some setbacks. For every tax repeal that has passed, several have failed. Among other things, skeptics worry that once tampons and diapers aren't taxed, people will start pushing for exempting other hygiene products, such as deodorant and toilet paper. "We're seeing a lot more movement, but it's a slog," says Alison Weir, chief of policy, research and analysis at the National Diaper Bank Network. "A lot of states have introduced legislation and it hasn't gone anywhere. But they are introducing it."

The Nevada Assembly passed legislation last year to end the sales tax on feminine hygiene products and diapers. It died in the Senate, but the legislature did pass a bill that will bring the issue to the voters: Nevadans will decide this November if they want to ditch the state's tampon tax.

Assemblywoman Ellen Spiegel, who has worked on gender equity bills, credits this new wave of legislation to more women being elected to office, resulting in new conversations—though not always pleasant ones. "One of my male colleagues turned to me and said, 'Where's my tax break on jockstraps?'" Spiegel recalls. Nevertheless, she says, "it becomes much easier to pass these bills when you have people who've experienced the issues firsthand." G

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COMBATING A DEADLY EPIDEMIC

How Pennsylvania is Effectively Addressing the Opioid Crisis

In January 2018, Gov. Tom Wolf declared the opioid epidemic a statewide disaster and launched 13 new initiatives focused on solving the problem.

More than 100 Americans die every day from an opioid overdose.[1] The opioid epidemic is a public health crisis, but the commonwealth of Pennsylvania — where death rates from opioid addiction are some of the highest in the country — is finding innovative ways to address it.

The state has launched a comprehensive and multi-pronged strategy, including enacting legislation to limit prescriptions, instituting a warm-handoff policy to get people treatment, issuing standing orders for naloxone, and launching an Opioid Operational Command Center and Opioid Centers of Excellence to better coordinate efforts and expand treatment access.

Pennsylvania doesn't have all the answers — in January, Gov. Tom Wolf declared the opioid epidemic a statewide disaster and launched 13 new initiatives focused on solving the problem.[2] However, the state is continuing to be aggressive in its efforts and its lessons learned provide valuable insights.

Addressing Opioid Addiction: Promising Solutions in Pennsylvania

The opioid crisis touches almost every facet of government and society, from public health to law enforcement and social services. With so many stakeholders involved, it's difficult to know where to begin or how best to collaborate. Pennsylvania's approach can provide guidance to other states and municipalities.

Enacting legislation and statewide policies. Pennsylvania has been proactive for several years. In 2015, Gov. Tom Wolf issued a statewide standing order for naloxone, a lifesaving drug that can reverse opioid overdoses. As of the beginning of 2018, first responders can leave naloxone behind after a 911 visit.

In November 2016, the governor signed legislation to limit prescriptions of opioids to minors. The law stipulates that opioids prescribed in an emergency room must be limited to one week. Doctors are now required to sign in to the state's Prescription Drug Monitoring Program (PDMP) and review their patient's drug history before prescribing him or her an opioid. In addition, medical schools must create a curriculum focused on safe prescribing of opioids and healthcare providers must complete continuing education on pain management. The law also created more drop-off locations throughout the state for expired or unneeded prescription drugs.[3]

Teresa Miller, the state's secretary of human services, says Pennsylvania now has prescribing guidelines that mirror those issued by the Centers for Disease Control and Prevention (CDC).[4]

"Our hope is that our prevention efforts — things like changing prescribing guidelines and educating physicians about alternatives to opioid prescriptions — will result in long-term effects that help future generations avoid addiction in the first place," Miller says.

Leveraging data. In January, as part of the governor's disaster declaration, Pennsylvania launched a new Opioid Operational Command Center that is staffed by 13 different state agencies and is headquartered at the Pennsylvania Emergency Management Agency (PEMA).[5] The command center features a hotline to connect people to rehab centers (as of January 2018, it received 300 calls weekly), and hosts meetings every week with check-in calls in between to bring together a unified, coordinated group to collaborate and devise solutions that transcend disciplines.

"It really is an all-hands-on-deck situation and it's been really helpful to have all the various people with all their different perspectives in the same room looking at the problem from every angle," Miller says.

> "It really is an all-hands-on-deck situation and it's been really helpful to have all the various people with all their different perspectives in the same room looking at the problem from every angle."
>
> Teresa Miller, Secretary of Human Services, Pennsylvania

The state also launched an opioid data dashboard[6] to coordinate efforts and provide more visibility into the progress and success of specific initiatives. These include expanding access to medication-assisted treatment (MAT), providing more tools to emergency responders and improving compliance with the PDMP.

Martin Rosenzweig, M.D., chief medical officer for Optum Behavioral Health, says leveraging data is critical for states to understand where to direct their efforts. For example, Optum uses data to create a heat map that identifies areas with high rates of opioid overdose or opioid use disorders and overlays that information with the location of treatment providers to identify gaps.

"We use the data to track treatment adherence, to make sure people are getting their prescriptions and that they're keeping appointments," Rosenzweig says. "I don't know how else you understand what an epidemic looks like unless you really have a good handle on the data."

More than
100 Americans DIE EVERY DAY
from an opioid overdose. In 2016, the epidemic took the lives of 4,000 Pennsylvanians.

Launching opioid centers of excellence. In 2017, Pennsylvania launched 45 Opioid Centers of Excellence throughout the state. The goal is to get more people into treatment and keep them engaged in the continuum of care longer, since the state found the length of engagement in the continuum of care is directly correlated to recovery from the disease.

The centers initially focused on integrating behavioral health with primary care for Pennsylvania's Medicaid population, but now also helps the underinsured and insured access treatment.

The real focus is on treating the whole person, whether it's underlying pain, a mental health issue or addiction. Part of this approach to care includes expanding access to MAT, such as buprenorphine, methadone and naltrexone. Last year, the state awarded $4 million in grants to four organizations to develop MAT programs. The state also launched a pilot MAT program in 2017 for people coming out of jail or prison, since research has shown that two-thirds of those leaving Department of Corrections (DOC) custody have a substance abuse problem.

One of the cornerstones of the Centers of Excellence is to implement community-based care management teams charged with meeting people wherever they are, getting them into treatment programs as quickly as possible and supporting them throughout the continuum of care.

Miller says through these programs 11,000 people have received treatment and more than 60 percent have stayed longer than 30 days.

"When we compare this to data we have from previous years with Medicaid, it suggests our Centers of Excellence are doing a better job of getting people into treatment once they've encountered them, and then getting them to stay in treatment longer," Miller says.

Knowing when to intervene and sustaining long-term recovery. The Centers of Excellence are at the core of a hub-and-spoke model that helps the state identify potential patients and get them into treatment. The centers serve as the hub and the spokes include the criminal justice system, primary care practices, health systems and other treatment providers.

Some of the people the center reaches come into treatment on their own, but others are the result of the state's warm hand-off policy,[7] where people who end up in the emergency room from overdoses or encounter first responders or law enforcement have the option to enter treatment.

But getting people into treatment is just one part of the battle — sustaining long-term recovery is another. Laura Drogowski, Pittsburgh's critical communities initiatives manager, says the city is working on several efforts to expand access to supportive services, including treatment.

For example, Pittsburgh partners with the Center for Emergency Medicine of Western Pennsylvania on a Community Paramedics Program, which trains and deploys paramedics to individuals' homes to identify and remove barriers to accessing sustainable care. The city also has neighborhood resource officers who build trust between the community and police. They also work with community paramedics and certified peer recovery specialists to follow up with individuals who have overdosed and help them access treatment, other support services or stable housing.

Drogowski also says harm reduction strategies are critical, including administering naloxone, providing broad access to sterile injection supplies and offering other approaches to reduce the effects of drug use without forcing people into treatment.

"What harm reduction does is provide a non-stigmatizing, judgment-free bridge to access services," Drogowski says. "It's not forcing people to get treatment because we know that doesn't work. It's giving someone many doors to choose from, with many options behind those doors."

Pennsylvania State Rep. Ed Gainey says that while the state is focused on saving lives, providing support services like housing and education also is necessary. This can include formal education or training to increase access to jobs. Gainey says the state also can utilize individuals in recovery to act as peer-to-peer specialists and help officials more effectively reach the community.

"If you put people back in the same community and around the same system, history shows they revert to the same behavior," he says. "That's why I'm so bullish on the fact that there must be an education piece. When they come out of treatment, there needs to be an infrastructure in place that allows them to grow."

Checklist for States: Best Practices to Confront an Epidemic

Consider peer-to-peer support. It's critical for states to get people who have experienced addiction and recovery involved in their efforts. For instance, Allegheny County plans to use peer recovery specialists and other trained community members to reach out to individuals who have overdosed. Efforts like these can help overcome the stigma that is often associated with this disease.

Focus on wraparound services. Wraparound services such as housing and job assistance can help meet the basic needs of individuals overcoming opioid dependence so they can focus on their recovery.

Foster intra- and cross-agency collaboration. Pennsylvania's Opioid Operational Command Center illustrates the importance of intra- and cross-agency collaboration. The opioid crisis isn't only a law enforcement or healthcare issue — it tests all the resources states provide — so states need to bring every stakeholder to the table to share information and devise comprehensive solutions.

Involve the private sector. In Pennsylvania, Highmark, a major health insurer, implemented its own prescription drug limits and now requires prior authorization before prescribing long-acting opioids.[8] Highmark also now covers MAT.

Miller says the state partners with health plans and insurers, and that the private sector can be a viable funding source when state and federal dollars are limited.

> "The PDMP prevents patients from doctor-shopping, and it has reduced the number of patients getting prescriptions from five or more doctors by 86 percent."
>
> Ed Gainey, State Representative, Pennsylvania

"We're beginning to see more interest from private industry in terms of funding our work. We're grateful to have partners who see the value of the work we're doing and want to do their part," Miller says.

Launch data collection and sharing tools. Along with its opioid dashboard, Pennsylvania is creating a drug and alcohol referral tool as part of its work with the Centers of Excellence. Pennsylvania also leverages data to make its PDMP more robust.

"The PDMP prevents patients from doctor-shopping, and it has reduced the number of patients getting prescriptions from five or more doctors by 86 percent," Rep. Gainey says. "While doctors couldn't initially check patients' drug records from other states, that was remedied last year, and the system now connects to similar programs in nearly every neighboring state and some more distant ones."

> "We do know how to treat this disorder — it's not like we're waiting for some medical breakthrough. The challenge is really around how we give people a sense of hope, so they'll be willing to engage in the recovery process. I think that's the key message here — it's not hopeless."
>
> Martin Rosenzweig, M.D., Chief Medical Officer, Optum Behavioral Health

Conclusion

Pennsylvania had the fourth-highest rate of drug overdose deaths in the country in 2016, and many of these deaths were fueled by the opioid crisis.[9] About 4,000 Pennsylvanians died from opioid overdoses that same year.[10]

The crisis is ongoing, but Pennsylvania is taking steps to mitigate it from a prevention, intervention and recovery standpoint.

Other states and municipalities can consider similar strategies to combat the epidemic. The $6 billion Congress recently appropriated to fight the opioid crisis will help, but it likely isn't enough to eradicate an ongoing, nationwide challenge. States will have to do the groundwork necessary to make a difference. But at the end of the day, Pennsylvania shows that with collaboration and dedication, there's promise to help more people recover from opioid addiction and prevent it in the first place.

"We do know how to treat this disorder — it's not like we're waiting for some medical breakthrough," Rosenzweig of Optum Behavioral Health says. "The challenge is really around how we give people a sense of hope, so they'll be willing to engage in the recovery process. I think that's the key message here — it's not hopeless."

This piece was developed and written by the Governing Content Studio, with information and input from Optum.

Endnotes

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By Elizabeth Daigneau

Will Others Let the Sunshine In?

California has mandated solar on all new homes. Will other states follow its lead?


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California became the first state in the nation in May to require that all new homes and apartment buildings three stories or fewer have rooftop solar panels starting in 2020. The move, according to the California Energy Commission, will cut energy use in new homes by more than 50 percent and "reduce greenhouse gas emissions by an amount equivalent to taking 115,000 fossil fuel cars off the road."

California has long had a reputation as America's environmental trendsetter. Back in the 1960s, choking under the worst smog in the nation, it successfully fought automakers to include catalytic converters and other cleaner technology on cars sold in the state—a victory that was eventually rolled out nationwide. More recently, in 2006, California passed A.B. 32, which mandated that the state revert back to 1990 levels of greenhouse gas emissions by the year 2020. The legislation garnered national attention for putting into effect the largest cap-and-trade system in the country; it also inspired similar legislation in other states.

Now California is making history again with its solar mandate, which also requires new buildings to have better insulation and ventilation and non-residential buildings to upgrade to energy-efficient lighting. The only question is whether the requirement—like past initiatives—will spur similar efforts in other states.

The short answer—at least for now—is no. "Even for energy-forward places, this may be too much," says Jay Orfield, a senior policy analyst in the Climate & Clean Energy Program at the Natural Resources Defense Council. "Most places are wary about how [the mandate] will affect housing. So for now, states will be keeping a close eye on California."

Indeed, one of the key criticisms of the new mandate is housing affordability. California has some of the highest housing costs in the nation, and the state energy commission has estimated that solar panels will add more than $10,000 in initial costs for single-family homes. "The additional $10,500 might not be quite as noticeable in San Francisco where the median list price is $1.2 million," wrote Charles Hughes, a policy analyst at the Manhattan Institute, "but it would comprise a much larger share of the total home price in Fresno, where the median list price is $256,000."

But the commission insists that solar arrays would pay for themselves in the long run in lower electricity bills. In a press release, the commission said that their research showed that for residential homeowners, based on a 30-year mortgage, "the standards will add about $40 to an average monthly payment, but save consumers $80 on monthly heating, cooling and lighting bills."

Both are right, says Dirk Michels, a partner at Ballard Spahr LLP who specializes in the solar industry. "It increases the cost—the upfront cost—but it also stabilizes energy costs."

Orfield agrees. "My guess is that over the short term you will see some abnormalities. You'll see developers put houses on the market at a premium because they have solar now and they have to pass that expense along to consumers," he says. "But at the same time, your house will be more valuable down the road and you'll recoup the cost over time. It just needs to play out."

While housing affordability questions might keep other states on the bench for now, Orfield and Michels agree that one component of the new requirement may have a more immediate effect: getting states to think about renewables and energy storage at the same time. Under the new building standards, homebuilders can reduce the number of solar panels they have to install by 25 percent if they integrate energy storage. The advantage is that storage will allow homes to store power for later when sunlight isn't available.

That will almost certainly affect how states approach renewables going forward. "I think what this is doing is accelerating the conversation about how to incorporate more solar onto the grid," says Orfield. "But it especially provides a road map in that states will think more about doing solar and storage together, being more responsible and proactive in planning for renewables." **G**

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By Aaron M. Renn

What Employers Want From Cities

Is talent the most important factor? Taxes? Crime? It's a long list.

There are various dueling popular narratives about what drives economic growth in a city or region. One narrative focuses on business climate factors such as taxes and regulation. Others stress the importance of locally available talent or affordable housing and commercial property. But the reality is that economic growth is multifactorial. There's no single component that drives every outcome. Places have to pay attention to many things, not just one.

Consider, for example, the recent announcement that the investment management firm AllianceBernstein will relocate its headquarters and more than 1,000 jobs from New York City to Nashville. If talent were the deciding factor in where to locate that business, the idea of leaving New York City would be unthinkable. New York has the best finance talent in the country.

But AllianceBernstein's move to Nashville is part of a larger trend of finance jobs leaving New York City for lower cost locations. Deutsche Bank opened an office in Jacksonville, Fla., where it now employs 2,200 people. Goldman Sachs employs more than 2,300 people in Salt Lake City. This has been bad news not only for New York but also for its region. Traditionally, finance businesses leaving Manhattan moved across the river to places like Jersey City, N.J., or somewhere in Connecticut. Today, they're just as likely to move across the country.

Cost savings is definitely a big part of the agenda in these moves, but it's not the entire story. Some AllianceBernstein functions, such as wealth management and trading, will remain in New York. And overall, New York City continues to do very well economically, with the city at an all-time employment high. For the highest-end functions in specific sectors that heavily leverage New York's unique human capital base, the talent factor still seems to loom large.

It's also the case that having a good business climate doesn't guarantee that your city will thrive. Nashville is booming, but Memphis, which benefits from the same business-friendly state policies, has not posted nearly the growth numbers. Indeed, we often find that within a state different regions can have strikingly different growth rates despite facing identical state tax and regulatory climates.

Like business climate and talent, crime rates are sometimes touted as a driver—or inhibitor—of new growth. Yet Nashville's murder rate is four and a half times as high as New York City's. Perhaps crime today is perceived as "low enough" in most places. Or perhaps crime is now even more racially segregated: Chicago's gentrifying neighborhoods are far safer than its economically struggling ones. In city after city, the upscale residents of favored urban districts now face far lower exposure to violent crime than in decades past.

AllianceBernstein cited lower costs in its decision to move its headquarters from Midtown Manhattan to Nashville.

WIKIPEDIA.ORG

Economic growth, then, appears to spring from an amalgam of factors. Talent, wherever it can be found, really is of great importance. If you don't have or can't get the labor force to meet the demands of business, it's going to be tough to grow your jobs base. And if other places have or can get the same talent—or perhaps easily convince your talent to move there—and have other advantages over you in terms of costs and business climate, then the talent you have may not save you.

There's another troubling labor factor: Many places have shrinking labor forces, or will have them soon. This means it's not very likely they will be able to grow their economies significantly no matter how favorable their tax climate. While it's possible for them to become higher-value economies while shrinking in jobs, that's not likely either. For some places, their struggles to attract people may be in part related to high taxes or onerous professional licensing and other regulations. In others, quality-of-life issues like crime may loom larger. Or perhaps problems like a bad brand in the market lag behind the reality of positive changes.

Much of the Rust Belt falls into this category. Many cities and rural areas are shrinking or stagnant in population. A number of them have job openings going unfilled, but these jobs are not good enough to lure people to the community. Some places are actually turning to economic subsidies to lure residents, not just businesses. Without some major change in their demographics, they may be essentially capped out economically.

Places that do have growing labor forces with in-demand skills still need to pay attention to their cost profile, taxes and regulatory climate. The most elite cities can perhaps get away with not doing so, for a while at least. But as they become more dependent on the highest-end businesses to pay the civic bills, they will become more exposed to fragility in those sectors.

Beyond talent and taxes, places also need to pay attention to a variety of other factors including public services, racial inclusion and their distinctiveness in the market. And even considering all this, it can be difficult to pin down exactly why one place is growing faster than another. It would be nice if cities and states could rely on simply pulling one lever for economic growth, but in the game of economic development there is no simple rule. **G**

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By Scott Beyer

Lights, Camera … Security?

Flashing police cameras can make neighborhoods feel ominous.

One day this past March, Ivy Wilson Terrell came home to find a blinking red police camera installed on a utility pole outside her New Orleans home. The police were launching a citywide surveillance system. "I thought, 'You have got to be kidding me. This cannot be in front of my house,'" Terrell told *The Times-Picayune*.

In the two years after Baltimore launched its surveillance camera program, crime dropped 25 percent.

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Terrell's experience is far from unique. Cities nationwide are installing flashing police cameras in an effort to deter crime in certain neighborhoods. While some residents welcome the cameras, others say they feel like they're being spied on, like they're living in an Orwellian police state. And to some visitors and businesses, the cameras give the impression that an area is unsafe. That was certainly my notion of these cameras when I first encountered them in Baltimore. The flashing blue lights of the city's police surveillance cameras made me feel like I'd been transported into an episode of "The Wire."

But these cameras' forbidding look deflects from the fact that they serve a purpose. Flashing camera systems have become common policy this past decade, with systems in several U.S. cities and spreading, says Nancy La Vigne, vice president of justice policy at the Urban Institute. Generally placed in crime hot spots, their purpose is twofold: the flash is meant to notify criminals that cameras are in the area and that the footage is being fed to police control rooms. A 2011 Urban Institute study found that these cameras were cost-effective at reducing crime in Baltimore and Chicago.

La Vigne, who co-wrote the study, says political support for cameras depends on how they're presented to the receiving communities. In January, New Orleans' top-down, $40 million plan included license plate readers, cameras outside bars and liquor stores, and the flashing ones in residential areas. The plan received little public input, and was subsequently ripped by protestors, media and the ACLU. Mayor Mitch Landrieu suggested scaling it back before he left office in May.

The more successful programs, says La Vigne, are approached democratically. "Project Green Light" in Detroit, for instance, is a partnership between businesses and the police. Stores pay the city between $4,000 and $6,000 to have flashing cameras installed outside. Memphis has a similar program, in which residents can pool money to have SkyCop cameras in their neighborhoods. In 2016, Memphis allocated money to extend these cameras to underserved areas to help residents who want them but cannot afford them.

This voluntary approach is the best upfront path to winning support for overhead cameras, says La Vigne. Once installed, demand for them seems to grow. In the cities La Vigne studied, "the biggest complaint from the residents was, 'Why aren't there cameras in my neighborhood?'"

To that end, aesthetics matter. I found that the flashing green lights in Detroit, while not pleasant, were less harsh than Baltimore's blue lights and New Orleans' red ones. So maybe the solution is as simple as making the cameras noticeable enough that they deter criminals, but not so obtrusive that they bother law-abiding citizens. **G**

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THE DEADLIEST DRUG

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States have made progress against the carnage caused by drunken driving. But they've been much slower in dealing with the nearly 80,000 other deaths alcohol abuse causes every year.

BY J.B. WOGAN

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Most Americans have a general sense that drunken driving isn't as bad a problem as it was a generation ago. But few realize how much those numbers changed in a relatively short time. When the federal government started counting alcohol-impaired traffic deaths in 1982, there were more than 21,000 a year. By 2011, the death toll was down by 53 percent. States had raised the legal drinking age to 21 and adopted a common rule that a blood alcohol concentration (BAC) of .08 meant "too drunk to drive." Many states also mandated the installation of interlock devices to prevent those with a history of drunken driving from turning on their ignition unless they were sober. Those laws, coupled with education and prevention campaigns, helped reduce drunk driving deaths to fewer than 10,000 in 2011.

But recently the trend has stalled. The total number of alcohol-impaired traffic fatalities actually rose in both 2015 and 2016. "Drunk driving has been around since the automobile was invented and it's still the biggest killer on the highway," says J.T. Griffin, the chief government affairs officer for Mothers Against Drunk Driving (MADD). Indeed, alcohol causes more traffic deaths per year than either speeding or driving without a seatbelt.

55%

THE SHARE OF AMERICAN ADULTS WHO HAVE USED ALCOHOL IN THE PAST MONTH

In January, the National Academies of Sciences, Engineering and Medicine issued a report about the causes of the problem and potential solutions. "Yes, we made progress. No, we didn't get rid of it," says David Jernigan, a Boston University public health researcher who helped write the report. "Ten thousand deaths are too many."

The report provided a package of policy recommendations, one of which was for every state to lower the legal BAC limit from .08 to .05. In practical terms, that would mean most women couldn't drive after two glasses of wine in an hour; most men couldn't drive after three. The report is only the latest to call for a more stringent BAC limit: The National Transportation Safety Board has also called for a lower level.

62%

THE INCREASE IN STAND-ALONE DWI COURTS FROM 2009 THROUGH 2015

Up to now, no state has imposed a limit of .05, but that's about to change. Utah will go to .05 in December. In the past year, Delaware, Hawaii, New York and Washington state have also considered legislation to lower the limit. "It will change the conversation from, 'If you have been drinking too much, you shouldn't drive,' to, 'If you've been drinking, you shouldn't drive,'" says Utah Rep. Norm Thurston, who sponsored the .05 legislation. The new message—that driving shouldn't occur after even moderate drinking—"is probably what it should have been all along," he says.

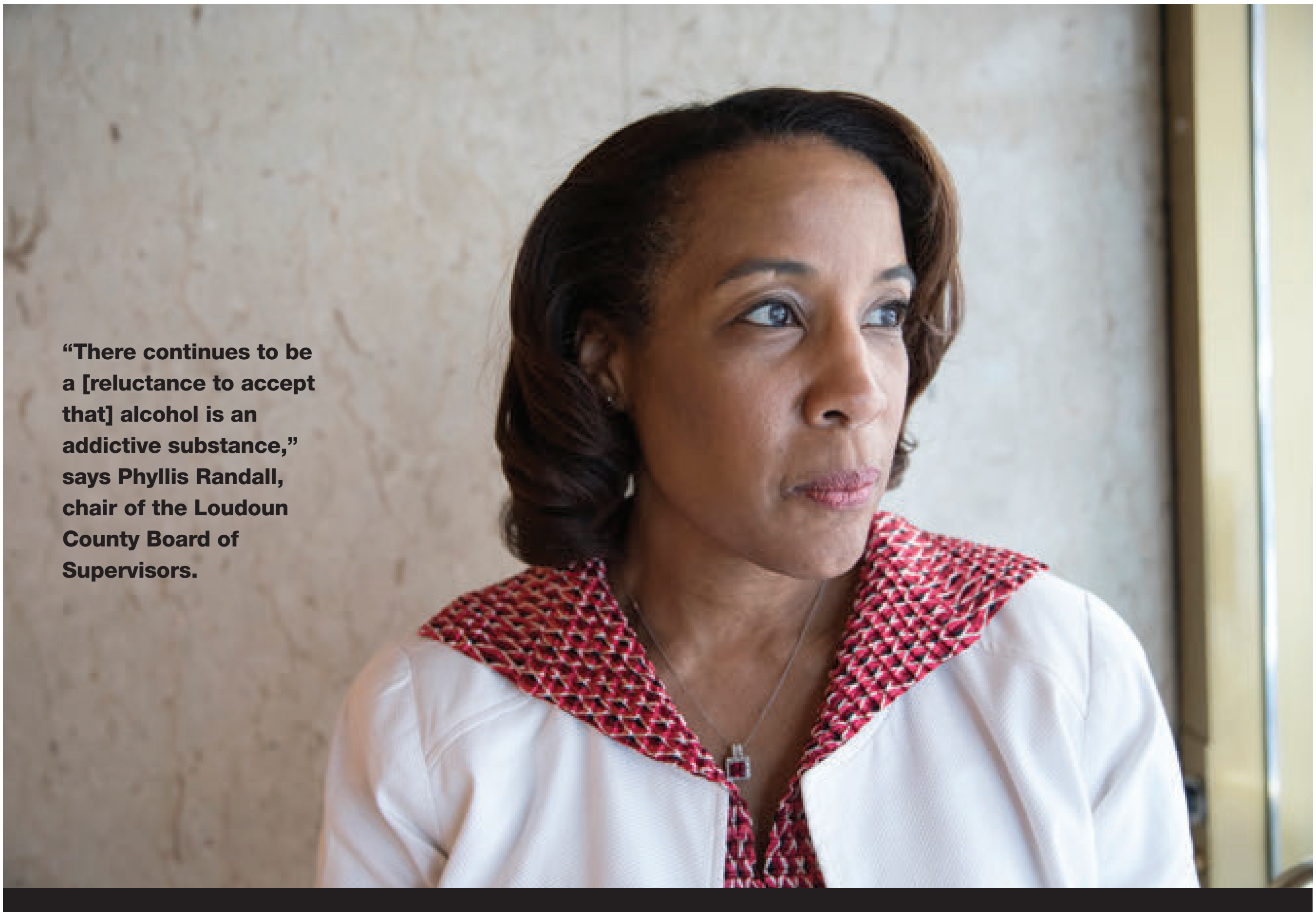
American alcohol policy is in a curious state of flux. On one hand, states and localities continue to tax alcoholic beverages not only to raise revenue but also to educate the public about the risks associated with drinking. On the other hand, states are passing laws that make alcohol easier to purchase by permitting sales on Sundays, in movie theaters and at grocery outlets. In December, Congress cut federal alcohol excise taxes to the tune of $4.2 billion over two years. The reduction is expected to bring down prices and increase consumption.

The national conversation around addiction has been dominated in recent years by opioids. Certainly, the rapid rise in opioid overdoses, which claimed 42,000 lives in 2016 alone, is a pressing issue for states across the country. The White House has declared

Drinking to Death

The rate of alcohol-induced deaths, excluding certain acute cases such as homicides and traffic fatalities, has risen by roughly 47 percent since 1999.

SOURCE: NATIONAL CENTER FOR HEALTH STATISTICS



"There continues to be a [reluctance to accept that] alcohol is an addictive substance," says Phyllis Randall, chair of the Loudoun County Board of Supervisors.

DAVID KIDD

a national public health emergency over the epidemic, and governments everywhere are marshalling efforts to combat the crisis.

But the fact is that alcohol kills roughly 88,000 Americans each year, more than double the number of opioid deaths. Almost half of alcohol fatalities come from chronic health problems attributed to excessive alcohol consumption, such as liver cirrhosis, breast cancer and heart disease. Those alcohol-induced deaths are on the rise. Excluding certain acute causes, such as homicides and traffic fatalities, the rate of alcohol-induced deaths increased by about 47 percent between 1999 and 2015.

Public health specialists say it's time for a broader national dialogue about substance misuse, one that includes alcohol. "There continues to be a [reluctance to accept that] alcohol is an addictive substance because it's legal, because it's widely used, because people believe that unless it's a drunk driving accident you don't really die from it," says Phyllis Randall, chair of the Loudoun County, Va., Board of Supervisors and a former mental health therapist who worked for 15 years treating offenders with substance abuse problems in an adult detention center.

The recent increase in alcohol-related deaths from chronic health problems is part of a new picture emerging about alcohol's negative impacts on American life. While public officials are united in the fight against opioids, they are struggling to adjust their strategy toward a substance that is legal, widely available and increasingly popular among American consumers.

When it comes to alcohol abuse, one troubling development is that women are closing the gender gap. Over the last decade, the percentage of women who drink, the number of days they drink per month and the percentage who engage in binge drinking have all increased. Women are also visiting emergency rooms more often for alcohol-related reasons.

28%

THE SHARE OF MOTOR VEHICLE FATALITIES WHERE AT LEAST ONE DRIVER HAD A BLOOD ALCOHOL CONTENT ABOVE THE .08 LEGAL LIMIT

No empirical studies have identified why drinking among women is on the rise, though researchers have theories. Jernigan, the Boston University professor, points to the proliferation of sweet and fizzy alcohol drinks in the late 1990s that targeted young women. One study from the National Institute on Alcohol Abuse and Alcoholism cited changing cultural norms. The study speculated that it has simply become more socially acceptable for women to binge drink on a regular basis, the way some men do.

As more women drink, and the frequency and volume of the drinking increases, so does the risk of expectant mothers unintentionally exposing their fetus to alcohol and harming the child's brain development. About 1 in 10 pregnant women in the U.S. report having had at least one alcoholic beverage in the past 30 days, according to the Centers for Disease Control and Prevention. Even light drinking during pregnancy can result in fetal alcohol spectrum disorders (FASD), an umbrella term for a group of conditions that can include abnormal growth and facial features, intellectual disabilities and behavioral problems.

Until recently, scientists have lacked accurate estimates on the prevalence of FASD because it is difficult to diagnose. But this year, a study of more than 6,000 first-graders in four communities in different regions of the U.S. found that up to 5 percent had FASD. The vast majority had not been diagnosed by a physician, though their parents and guardians knew the children had learning and behavioral difficulties. Children with FASD often are misdiagnosed as having attention deficit hyperactivity disorder, bipolar disorder or autism. Children with FASD don't always have the visible facial abnormalities typically associated with prenatal alcohol exposure, but they can still have alcohol-induced intellectual disabilities and difficulties regulating their emotions. "This is a big player in early childhood development," says Ira Chasnoff, a pediatrician at the University of Illinois College of Medicine in Chicago.

88k

THE APPROXIMATE NUMBER OF PEOPLE WHO DIE ANNUALLY OF ALCOHOL-RELATED CAUSES (INCLUDING TRAFFIC ACCIDENTS AND HOMICIDES)

Chasnoff is working with a handful of states, including Arizona, Illinois and Iowa, to improve the way hospitals screen for prenatal alcohol exposure and provide treatment to families. Over the last decade, Congress has updated federal law to require that physicians ask expectant mothers about alcohol use. In the past, doctors were only supposed to ask about illicit drugs. But even today, most physicians still don't ask about or report alcohol use by pregnant mothers. Some research suggests many of them don't know Congress changed the requirement. The upshot is that hospitals identify only a small fraction of the more than 400,000 children born each year with prenatal exposure to alcohol or illicit drugs.

Historically, the federal government hasn't prioritized alcohol in the way it has illicit drugs or, in today's opioid crisis, prescription pain killers. "The federal government reacts to and bounces [from crisis to crisis]," says Chasnoff. "A few years ago, it was the methamphetamine crisis, and before that it was cocaine. The list goes on and on."

The problem with that approach is that policymakers are designing strategies that assume people use only one substance. "The reality is the great majority of women who are using drugs, especially during pregnancy, are polydrug users, and alcohol by far is the common thread," Chasnoff says. In his own research, he has found that 81 percent of pregnant women who are using an illicit drug are also using alcohol.

34%

THE SHARE OF CASES WHERE A CHILD WAS PLACED IN FOSTER CARE BECAUSE OF PARENTAL USE OF ALCOHOL OR DRUGS

Adult substance use in general is becoming a bigger problem for child welfare agencies. In 2000, 18.5 percent of children placed into foster care were removed from their homes at least in part because of their parents' use of alcohol or other drugs. In 2015 the number was 34.4 percent. Child welfare experts believe substance abuse is one of the main reasons the overall number of children in foster care has increased each year since 2012—after a seven-year decline. The most frequently reported circumstance that leads to a child's removal from home is neglect—not physical abuse—and neglect is often a byproduct of addiction.

Four years ago, the Iowa Children's Justice Initiative, a division of the state judicial system, began working with Chasnoff to set up systems for early screening, substance use assessments and referrals for treatment both for expectant mothers and children under 5. Kathy Thompson, who directs the Iowa initiative, says the systems appear to be identifying more cases where prenatal alcohol exposure may be an issue, but it's too early to know whether the initiative will ultimately prevent child removals. "I don't know if we'll

10,497

THE NUMBER OF FATAL ALCOHOL-IMPAIRED DRIVING CRASHES IN 2016, THE HIGHEST NUMBER SINCE 2009 ever capture the full impact," she says, "because success would mean they never ended up in the child welfare system."

In the next few years, more states may look to addiction treatment to control the growth in child welfare caseloads. Congress passed a law in February that allows states to direct money to substance use treatment for families whose children are at risk of being removed; in the past, these funds were reserved for helping children once they were in foster care. States are still waiting for more federal guidance on how to implement the new provision, but the change could mean that more children will be able to stay in their homes while their parents receive treatment.

While the medical community is still learning about the treatment options for prenatal alcohol exposure, it is more confident about drunken driving. "We have more than 10,000 deaths happening per year from something that is completely preventable," says Jernigan, the Boston University professor. This year's report from the National Academies of Sciences avoided prescribing a single solution to drunken driving. Instead, it recommended a group of policy responses, such as increasing alcohol taxes, limiting when and where alcohol is sold, adding treatment courts for DWIs (driving while intoxicated), mandating ignition interlock devices for first-time DWI offenders, expanding public transit and ride-sharing options, and lowering the BAC limit to .05.

Some of the recommendations are more practical than others. Even without a public health justification, states and localities are passing regulations that encourage the use of ride-sharing services such as Uber and Lyft. DWI courts are also on the rise. In fact, 46 states have at least one, and a growing number of drug courts include a division or track for DWI offenders.

In some respects, however, alcohol policy is moving in the opposite direction from the National Academies' recommendations. Federal alcohol taxes will be lower through 2019, thanks to the Tax Cuts and Jobs Act Congress passed in December. Rather than limiting alcohol sales, states are enacting more permissive policies. In the past year, Indiana, Minnesota, Oklahoma and Tennessee have joined 38 other states that have laws allowing alcohol sales on Sundays. Florida, Maryland and Pennsylvania have expanded the list of places where alcohol can be sold, including grocery stores and big-box retailers.

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27%

THE SHARE OF AMERICANS 18 AND OLDER WHO REPORTED THAT THEY ENGAGED IN BINGE DRINKING IN THE PAST MONTH

The recommendation that is most likely to be adopted by the majority of states is stronger laws around ignition interlock devices. As of May, at least 26 states required ignition interlock for all DWI offenders, according to the National Conference of State Legislatures. That's a big leap from 2006, when only one state, New Mexico, had such a law. Expanding and strengthening ignition interlock laws is a top legislative priority for MADD. Tougher interlock laws also have the support of the American Beverage Institute, an industry group that has criticized many of the other recommendations in the National Academies' report.

By comparison, a BAC limit of .05 is considered an impractical stretch in most states, even for advocacy groups like MADD. "MADD is still supporting the .08 limit, although we believe that the best choice is not to drink anything and drive, period," says Griffin, MADD's chief government affairs officer. "We know that impairment begins with a drink of alcohol. We just think that there's more science and there's more public support around .08."

The American Beverage Institute flatly opposes a lower BAC limit. "The penalties for drunk driving are very steep, for good reason," says Sarah Longwell, the institute's managing director. "But if you recategorize .05 as a per se DWI violation, then you're talking about putting people in jail, and mandating they install an ignition interlock, and hiking their insurance rates, and giving them $10,000 in fines for having one drink." Instead of punishing drivers who engage in moderate drinking, Longwell argues that states should focus their limited resources on the binge drinkers and repeat DWI offenders who are responsible for most fatal alcohol crashes.

The National Transportation Safety Board rejects this argument and continues to advocate for a lower limit. The board notes that the U.S. has a higher rate of alcohol-impaired traffic fatalities than other industrialized nations, many of which use .05 as their legal BAC limit. Last year, researchers at the University of Chicago took traffic safety data from other countries that use the .05 limit and extrapolated what might happen if every state in the U.S. adopted the same standard. They concluded that fatal alcohol-related crashes would decline 11.1 percent, avoiding more than 1,000 deaths per year. (For its part, the American Beverage Institute said the researchers exaggerated the potential deterrence effect of a lower limit.)

Nonetheless, the public safety benefits caught the attention of Utah lawmakers. "It's not about drinking," says Rep. Thurston, the sponsor of the state's new .05 BAC law. "It's about not driving after you drink—and it's ultimately about saving lives." G

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What kind of place does

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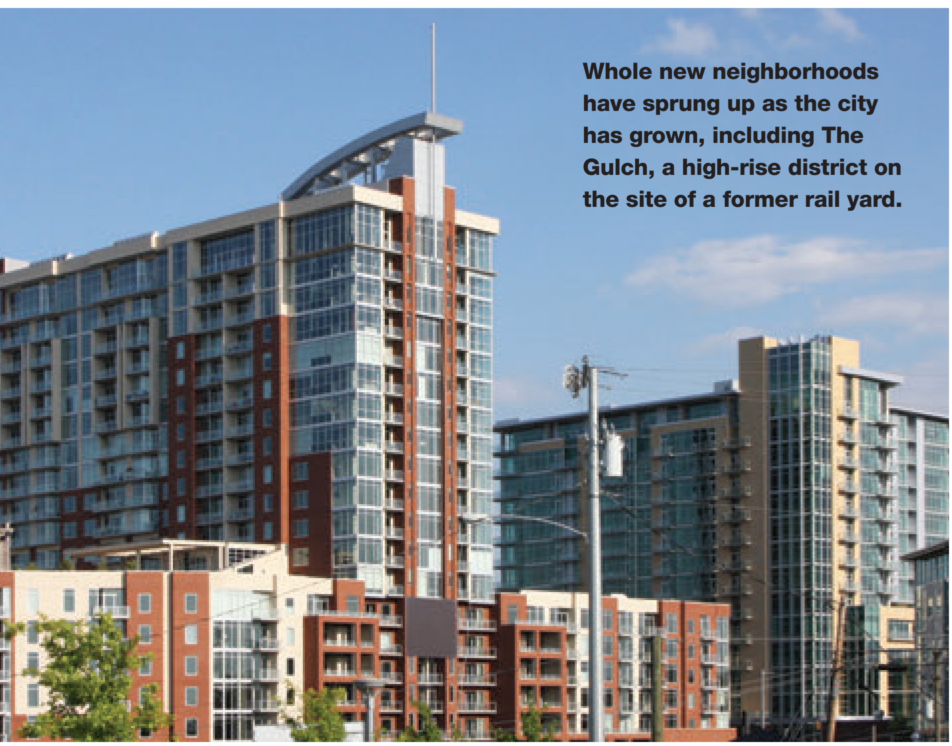
Nashville want to be?

G CITY

By John Buntin

Earlier this year, Nashville's Frist Art Museum suffered an embarrassing episode. The museum had just opened a new exhibit on ancient Rome, showcasing art and artifacts from the British Museum in London. But just six weeks in, the British Museum notified the Frist that it was pulling the exhibit. Seismographs put in place to protect the art had detected excessive vibrations. Museum staff in London worried that the shaking could damage the artworks on display.

Curators at the Frist were stunned. Their museum is housed in an 84-year-old art deco building that formerly was the city's main post office. It's a substantial structure, all marble and granite, sitting on a foundation of solid limestone. But that wasn't enough to shield Rome's ancient artifacts from Nashville's relentless growth. Across the street, developers had started work on a 4 million-square-foot, mixed-use development modeled on LA LIVE in downtown Los Angeles. The sensors had picked up vibrations from blasting for a new hotel at the site. So the antiquities went back to London, and the construction went on.



Whole new neighborhoods have sprung up as the city has grown, including The Gulch, a high-rise district on the site of a former rail yard.

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Nashville is booming. Some 5,000 hotel rooms are currently under construction, with new high-rise hotels by Marriott and Westin soaring over the 2.1 million-square-foot, guitar-shaped Music City Convention Center downtown. Visitors to the city have swelled from 2 million a year in 1998 to more than 14 million today. On weekends, pedal taverns clog the streets of downtown while bachelorette parties crowd the honky-tonks of Lower Broadway, where free music plays 24/7. Not long ago, the city's Department of Public Works commissioned a study to measure the foot traffic along Lower Broadway and on First Avenue on a typical Thursday and Saturday. Planners were shocked to discover that the number of pedestrians using those streets was comparable to foot traffic in Times Square.

People aren't just visiting. Every day, roughly 100 people move to the region. Whole new neighborhoods have risen to accommodate the growth, most notably The Gulch, a lively high-rise district near downtown that, not too long ago, was nothing but an open rail yard. East Nashville has emerged as a kind of Brooklyn South, a mix of farm-to-table restaurants, backyard recording studios and historic bungalows. To the west of downtown, Germantown is growing into one of the city's densest neighborhoods, with a mixture of restaurants, corner stores, restored brick Victorians and new low-rise apartment buildings. In the process, Nashville has become something it never was before—hip. Affluent Nashvillians once flew to New Orleans for fine food. Now Nashville chefs regularly appear as James Beard Award nominees, and trendy eateries in New York feature such Nashville specialties as "hot chicken." On screen, the hillbillies of older shows such as "Hee Haw" have given way to the heartthrobs of "Nashville," the musical network drama that premiered in 2012 and ran for six seasons. Nashville's hockey team, the Predators, is an NHL powerhouse, with home games that effortlessly blend country music glamor with on-the-ice excitement.

Nashville's recent rise is not accidental. It reflects a concerted quarter-century effort by mayors to encourage investment in the city center—and a half-century-old bet on what at the time was a unique, strong mayor form of government, one of the nation's first consolidated city-county governments. "I've visited a lot of other cities," says Criminal Court Clerk Howard Gentry, the city's most prominent African-American politician. "Everybody envies the fact that we [as a typical county-level entity] can go sit down with the mayor and police or fire chief and the school superintendent; we can have a meeting and everyone is around the table so we make a decision for the city without having to deal with other jurisdictions."

For decades, the system has worked well. "Nashville," says Steve Cavendish, the former longtime editor of the local alt-weekly the *Nashville Scene* and an astute observer of local politics, "has kind of been blessed with good managers. Almost all of them have been these slightly progressive, good government sorts of leaders who have gotten business buy-in for what they wanted to do." And what they wanted to do was create a vibrant, growing city that welcomed visitors and residents from around the country and the world—Nashville has the largest population of Kurds in the United States—while also avoiding the sprawl and traffic of Atlanta.

When Megan Barry was elected mayor in 2015, she seemed to be yet another leader in the familiar Nashville mold. Barry, a former corporate ethics officer and at-large city council member, was a proud progressive—more progressive than anyone who had come

Downtown Nashville's honky-tonk bars have become a major tourist draw. A recent survey found weekend foot traffic is on par with Times Square's.

before her, perhaps—but she'd also worked hard to be business-friendly. Where her predecessor as mayor, Karl Dean, had been reserved and businesslike, Barry was expressive and charismatic. The Dean administration had frequently benchmarked Nashville against other "peer" cities such as Austin. Under Barry, some progressives began to imagine a new Nashville that resembled Minneapolis or Seattle. Those cities, says Jennifer Carlat, vice president of metropolitan policy at the Nashville Chamber of Commerce, "have understood what growth is coming and have tried to guide it to specific locations supported by infrastructure and transit." By 2030, Nashville will have roughly the population Seattle does today. Why, then, shouldn't it resemble Seattle in other ways?

Barry rallied the city council and Nashville's business establishment around the idea of raising the already high sales tax to fund a $5 billion transit plan that would expand bus service and build light rail. With a 70 percent approval rating and a national reputation as an emerging Democratic star, Barry seemed well positioned to make the argument for transit.

Instead, earlier this year, it all fell apart. In January, reports appeared that Barry had been having an affair with the head of her security detail and improperly using city funds. In March, she resigned after negotiating a plea deal with the local district attorney. As Barry was stepping down, problems began to appear on Nashville's balance sheet. Revenues fell short, and the city was increasingly unable to meet its needs. Two months later, voters roundly rejected the $5 billion transit plan.

Meanwhile, Nashville's needs are becoming urgent. Violent crime rates remain stubbornly high. Housing affordability has become a major problem. Debt payments are consuming an ever larger part of the city's budget, and transit is still an unmet challenge. Addressing these needs will require money. Yet despite a boom that is everywhere evident, Nashville's government is facing a $34 million budget shortfall and dwindling reserves.

All of this raises some very big questions about where the city is and where it's going. How, in the middle of unprecedented growth, did Nashville's government run short of funds? If Nashville isn't willing to raise taxes to build a transit system like Seattle, then how can it hope to harness growth in the way those cities have?

The challenge of answering these questions has fallen to the new mayor, David Briley, who took over the position when Barry stepped down. He is an accidental leader, but someone with deep roots in Nashville politics: His grandfather, Mayor Beverly Briley, presided over the merger of city and county governments in 1963 that laid the groundwork for strong regional leadership to emerge. Can Briley help Nashville figure out what kind of city it wants to be? Or will the problems he's inherited derail Nashville's unique mix of progressive growth?

It's important to put Nashville's growth in perspective. First, it's not just the city of Nashville, population 680,000, that's growing. It's the entire 14-county region, population 1.9 million. Those 100 people moving to Nashville every day? Only about 15 of them are going to the city proper. The rest are moving into surrounding jurisdictions, some of which have invested in excellent public schools and developed commercial hubs that rival downtown Nashville itself. The city currently has 1.5 million square feet of class A office space under construction. Next-door Williamson County, which is home to Nissan's North American operations, has 7 million square feet planned or being built. In short, growth of the region remains primarily a story of suburban growth, a trend the regional Metropolitan Planning Organization expects to continue. Between 2015 and 2025, the organization predicts that Nashville will add 50,000 residents. During this same period, it estimates that Williamson County will add 80,000 people; and exurban Rutherford County, another 65,000 residents.

Nashville itself grew by harnessing the post-World War II surge in suburban growth. In 1963, it became one of the first cities in the United States to completely merge city and county governments, creating a new municipal government, known locally as Metro. Prior to consolidation, Nashville was a compact city with a significant minority population surrounded by fast-growing, predominantly white suburbs. Some observers believed the city would eventually become a majority black city, much as Atlanta, Birmingham, Ala., and Jackson, Miss., had. Consolidation ensured that white suburbs did not compete with a black central city. Former county chief executive Beverly Briley became Metro's first mayor, a position he held for 12 years.

Briley looked to suburban parts of Metro for growth. The city's downtown started emptying out in the 1960s; even the Grand Ole Opry radio variety show, which in the 1930s had become the nucleus of the country music industry, decamped from its longtime Ryman Auditorium location downtown to a more suburban part of the county. In the city center, poverty and crime rates remained high. Most of downtown was given over to adult bookstores and "massage parlors." A few stalwart honky-tonks remained, like Tootsies Orchid Lounge, where singer Willie Nelson was discovered. But for the most part, says Butch Spyridon, the longtime head of the Convention and Visitors Corporation, downtown Nashville "was not for the faint of heart."

Mayor Megan Barry resigned from office after pleading guilty to stealing thousands of dollars from the city while carrying on an extramarital affair with her bodyguard.

Things generally continued that way for the next two decades, with the center city languishing while the suburbs kept growing. That all began to change in 1991, however, when the city elected the first in what would turn out to be a trio of transformational mayors.

Phil Bredesen was a Harvard-educated physics major who grew up outside of Rochester, N.Y. He'd moved to Nashville in the mid 1970s, after his wife, a nurse, got a job with the Hospital Corporation of America, which today is the world's largest private hospital company. Bredesen himself soon made a fortune in health care, which he used to run for political office. His first campaign for mayor faltered after his rival accused him of being "a Yankee." After the previous mayor's tenure ended in controversy, voters took another look at Bredesen. In 1991, he handily won election.

Bredesen immediately focused on downtown. He leapt at an opportunity to bring the Houston Oilers to Nashville—and rename them the Tennessee Titans—and he oversaw the construction of a new football stadium just across the Cumberland River. He also focused on making downtown the cultural core of the region,


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championing an elegant new main public library in the heart of downtown, as well as the Country Music Hall of Fame and the Frist Art Museum. However, his most important initiative was the push to bring a sports and concert arena to lower Broadway. The arena opened in 1996 and soon attracted an NHL expansion hockey team, the Predators. A major test of this new strategy quickly followed. In 1997, Gaylord Entertainment abruptly announced that it was shutting down the main engine of Nashville's tourist economy, the Opryland theme park. By default, downtown Nashville became the city's new tourist attraction. It also became a challenge for Bredesen's successor, former state Majority Leader Bill Purcell.

Bredesen had focused much of his energy on jump-starting development downtown. Purcell took office on the promise of focusing more on neighborhoods and on improving education, safety and quality-of-life issues. He saw downtown as a neighborhood. Purcell thought that the government had spent 40 years trying to address downtown's problems by removing people from it. He wanted to do the opposite—shut down the massage parlors, improve public safety, create mixed-income housing in and near the core, and bring residents back. For help with this task, Purcell turned to the city's law director, Karl Dean. Dean and his office cracked down on illicit businesses and activities in the area.

Purcell also wanted to rezone downtown for mixed-use developments. He recruited a planning director from Orlando, Rick Bernhardt, a New Urbanist who overhauled the zoning code for downtown and encouraged dense development in the city's first new close-in neighborhoods, including The Gulch. Together with local preservationists, Bernhardt also put a break on plans, drawn up by the city's department of public works and the state department of transportation prior to his arrival, that would have put a six-lane interstate connector through the heart of downtown. Bernhardt eventually whittled it down to a four-lane surface street that he insisted must have sidewalks, a decision that effectively extended the city's grid to the east. Purcell also supported a private philanthropic effort, led by another local billionaire family, that of Martha Ingram, to build a $120 million symphony concert venue downtown, just a few blocks away from the honky-tonks that were starting to spring up on Lower Broadway.

When Dean succeeded Purcell as mayor in 2007, those sidewalks became useful. (Dean was a Massachusetts native, continuing Nashville's tradition of turning to outsiders for leadership.) Dean greenlighted the most expensive project in the city's history, a $600 million convention center. Building during the Great Recession kept the cost lower than it would have otherwise been and moderated the recession's impact on Nashville. Dean also worked with local businesses to turn Lower Broadway into a full-fledged tourist destination. These efforts laid the foundation for the boom that followed. "That investment in a new convention center provided a level of confidence that caused developers to reconsider downtown Nashville as a priority," says Tom Turner, who heads the Nashville Downtown Partnership. "That confidence led to a resurgence in downtown investment that continues to this day."

As the national economy recovered from the recession, the city's growth kicked into high gear. Nashville became cool. Tourists and new residents began pouring in. Bachelorette parties began showing up. (No one is quite sure how Nashville became one of America's biggest destinations for bachelorette parties over the past decade. Spyridon, the convention corporation head, says bridal parties come "because we are authentically American and unique"—and nice. Austin, he quips, "can stay weird.") At any rate, sustained investment in downtown over the tenure of three unusually effective mayors, plus a dose of zeitgeist luck, had turned downtown Nashville into a growth machine.

As in other urban areas, Nashville's breakneck growth didn't guarantee that everyone would share in the city's economic boom. Sure, it currently has the lowest unemployment of any U.S. metro area with more than a million residents. And according to the Brookings Institution, between 2006 and 2016, Nashville ranked seventh nationwide in the number of overall jobs created. But on other, more nuanced measures, the picture isn't as rosy. Take Brookings' measure of prosperity, which divides gross municipal product by

In his first State of the City address, Mayor David Briley introduced austerity measures to tackle Nashville's budget issues.

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the total number of jobs, creating a crude measure of overall productivity. Nashville ranked near 16th in the nation through about 2016. Since then, its level of prosperity has fallen to 73rd place, as annual wage growth has stalled. Or take another measure: Stanford University economist Raj Chetty has proposed "intergenerational mobility"—namely, what percentage of kids born into the bottom 20 percent of the income distribution make it to the top 20 percent—as a potential indicator of success. Like all Southern cities, Nashville does a poor job promoting intergenerational mobility. Only 12 percent of counties in the U.S. see a lower percentage of poor children move up the income scale.

These and other cracks in the veneer of Nashville's growth had started to become more and more visible by 2015, when Barry was sworn into office as Metro Nashville's seventh mayor—and its first female leader—in September. Relatable and articulate, she seemed the perfect face for the new Nashville. However, she also inherited real problems. The city had a large and seemingly intractable homeless problem. Violent crime rates were rising, particularly among young people. Rents were rising at more than twice the rate of wage growth. Housing advocates estimated that the city needed to develop or preserve 30,000 affordable housing units over the next decade. Nashville's public hospital was bleeding funds.

Solving these problems required money. But the city's budget wasn't growing fast enough to meet its needs. Part of the problem is a quirk of Tennessee state budget law: Legislation requires that the city's property reassessments, which must occur at least every four years, must be revenue neutral. When assessments rise, property tax rates must fall accordingly. That means Nashville's red-hot real estate market doesn't translate into a huge boost in municipal revenues. Properties in Nashville were reassessed in 2017. Assessments shot up by a record median 37 percent, so, accordingly, the property tax rate fell to its lowest level in Metro history. The only way for a mayor to raise real new revenues was to pass a property tax increase, something Barry didn't want to do.

Another quirk: Nashville property owners can appeal their property tax assessment. And following the record 2017 reappraisals, a huge number of them did—55 percent—more than the number of appeals after the previous reassessments in 2013. The reductions blew a $25 million hole in the budget going into 2018.

The most talked-about problem in the city, though, was traffic. For most of the auto-era, Nashville was a city where you could drive everywhere in 15 minutes. As the region grew, that ceased to be the case. Commutes were getting longer. Yet the city's bus system was anemic, and even walking places could be hard. Only a third of the city streets had sidewalks.

To address this, Barry unveiled a sweeping $5.4 billion transit plan in November 2017. Her "Let's Move Nashville" proposal was monumentally ambitious, with 26 miles of light rail on four different lines, new bus rapid transit service, bike lanes, sidewalks and a massive transit center tunnel beneath downtown. To fund it, she proposed a sales tax hike and an increase in taxes on hotel stays, rental cars and businesses. The controversial plan was never going to be an easy sell to residents, who were set to vote on it in May. But Barry planned to stake her political capital on it. And with a 70 percent-plus approval rating, there was reason to think she could be successful.

But then her administration fell into chaos. In January, Barry admitted to the affair with her security officer. Questions soon emerged about whether taxpayers had been billed inappropriately or even illegally for travel and overtime expenses. In March, as part of an agreement with the district attorney, Barry agreed to resign and plead guilty to one count of felony theft; she reimbursed the city for $11,000 and agreed to three years of probation.

Barry's resignation set the city reeling. After 25 years of scandal-free mayoral stewardship, her resignation left Nashville leaderless before the most important local referendum in more than a decade. In a city that depends on strong leadership, that was a problem.

"It took us 20 years to get to a vote on transit," says Court Clerk Gentry, who endorsed Barry for mayor and supported the transit referendum. "Changing leadership in the midst of it affected us." Barry was the face of the pro-transit campaign. Backers expected her to lead the effort in rallying support. Instead, says Gentry, the charges against Barry created "a question about public trust." Subsequent events heightened public suspicions. Problems appeared in the city's balance sheet as Barry was departing. In addition to the $25 million gap from the property assessment appeals, Metro had dipped into reserves to fund modest initiatives such as expanding sidewalk construction and putting $10 million into an affordable housing fund. It also fell to Briley, the new mayor, to sell the divisive transit vote less than two months after he took office. He tried gamely, but with yard signs across the city declaring "No Tax 4 Trax," it was an uphill battle. Voters rejected the plan by a resounding 2-to-1 margin.

Briley's tenure has gotten off to a tepid start. At his first State of the City address, the soft-spoken mayor began by quoting his grandfather Beverly Briley on the need to act today for the sake of tomorrow. He then proceeded to present an austerity budget. "The budget that I presented to the Metro council earlier this week was not the budget I would have presented to the city in an ideal world," Briley declared. "But it's my job, and it's this government's job, to manage the circumstances that we've been dealt."

Nowhere was there any acknowledgement that the cuts were necessitated by Barry's decision to forego raising property tax rates the previous year. Instead, Briley announced that he was rolling back cost-of-living pay increases for city employees that his predecessor had promised. He gave brief remarks about expanding pre-K programming. There was polite applause from the audience. After the speech, Director of Schools Shawn Joseph issued a statement that criticized Metro for cutting funding for education by $14 million. (The mayor's office disputes that characterization.) It was, in short, a shaky showing.

Nashvillians don't insist on charismatic mayors. "We've had mayors with bubbly personalities, and we've had mayors with hardly any personalities," says Gentry. "David [Briley] is just the steady hand." But to some close observers, he's been a curiously passive figure. That's been particularly true on the subject of his first budget. Budgets are the means by which Nashville mayors exercise authority. Yet Briley has treated his first budget as if it was something he was forced to agree to, not something that he shaped.

Briley himself insists that fiscal discipline is necessary but rejects the idea that Nashville faces a fiscal crisis. "It's not a crisis by any means," he says of the $34 million shortfall. "It's not going to categorically change the way we provide services." In a sense, that's true. Nashville's overall budget of $2.2 billion is significantly larger than the budget was just a few years ago. But it's also the case that by not raising property tax rates, the city is limited in its ability to address important needs for tomorrow. Briley acknowledges that if the city had voted to keep the old property tax rate in place, "we would have somewhere close to half a billion dollars in new revenue this year." A fiscally conservative mayor could have used those funds to replenish reserves and invest in water and sewer upgrades or jump-start transit improvements. A liberal mayor could have used those funds to spur the development of affordable housing.

Nashvillians don't insist on charismatic mayors. "We've had mayors with bubbly personalities, and we've had mayors with hardly any personalities," says Court Clerk Howard Gentry. "David [Briley] is just the steady hand."

Just two months after he took over as mayor, Briley faced the public in a special election called to fill the remainder of Barry's first term. He entered the race with a huge leg up—a familiar name and a sizable financial advantage that came from the nearly unanimous support of downtown businesses interests. Yet as the election approached, local Democrats worried about an apparent surge from a controversial Republican, Carol Swain, a Vanderbilt University professor known for her appearances on *Fox News* and her criticisms of Islam. She knocked Briley as an ineffectual leader. As Swain signs sprouted around Nashville and Tea Party notables rallied to her side, Democratic politicians worried that Swain, an African-American woman, could win some Democrats to her side and force a run-off election. In the end, she didn't. Briley won with a comfortable 55 percent of the vote. Swain came in second, with 23 percent.

All of this brings uncertainty to what the future holds for Music City. With a transit plan off the table for now, and with Briley's scaled-back budget setting the tone, the city seems to be retreating, at least temporarily, from sweeping changes and large-scale projects. "Nashville," says Spyridon, the convention corporation director, "has never been afraid to do big things." But at this particular moment, for the first time in recent history, it is. **G**

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A student takes notes during class at Lake View High School on Chicago's North Side.

LESSON PLAN

After 30 years of experimenting with education reform, Chicago may finally be learning how to fix its schools.

BY J. BRIAN CHARLES PHOTOGRAPHS BY DAVID KIDD

The phone call Janice Jackson had been waiting for came in early December. She was going to be named interim CEO of the Chicago Public Schools (CPS). A protégé of Mayor Rahm Emanuel, she would be taking over the third largest school district in the nation. She was also getting the job she had predicted for herself since her days as a student at the University of Illinois at Chicago. A month after her appointment, the city closed the deal by dropping the word "interim" from her title.

Jackson has joined a long list of Chicago schools CEOs who have attracted national attention for their role in the city's seemingly endless series of reform efforts. One of them, Arne Duncan, went on to become U.S. education secretary in the Obama administration. Another, Paul Vallas, narrowly missed in a bid for governor of Illinois in 2002 and is currently campaigning to succeed Emanuel in city hall.

But Jackson, who is 41 years old, has also taken over an institution that has never been able to divorce itself from Chicago's reputation for political controversy and corruption. Her rise to CEO was hastened by the resignation of Forrest Claypool, a former county commissioner and head of the Chicago Transit Authority, who was the target of an ethics investigation during his short tenure running the city schools. Before Claypool, Barbara Byrd-Bennett ran CPS until she was indicted and later sentenced to prison for steering contracts to a former employer and accepting kickbacks as compensation.

Jackson is managing a district that has lost more than 50,000 students since 2000, triggering the closure of nearly 50 elementary schools and breeding resentment in much of the city. School administrators have been caught falsifying attendance and graduation rates. And recently the district has come under fire for not doing enough to stop rampant sexual abuse of students by staff.

Still, good news landed on Jackson's desk just before she took the reins at CPS. New research from Stanford University showed that Chicago schoolchildren between the third and eighth grades were improving their performance at a faster rate than those in 96 percent of the school districts in the country. A significant number of Chicago pupils who came into third grade far behind their peers nationally were said to be attaining six years of academic growth in five school years.

Even those who had been intimately involved in CPS reform efforts found the Stanford numbers startling. "We were surprised," says Penny Sebring, co-founder of the University of Chicago

Janice Jackson has stepped in as the CEO of Chicago Public Schools at a time of overall improvement in student achievement, but also declining enrollment.

The Stanford researchers didn't have an answer for how Chicago was making its strides. But CPS officials offered an explanation. They claimed it was their strategy of recruiting and training elite quality principals that was turning around what a U.S. education secretary once called the worst school district in the nation.

Chicago has been engaged in school reform experiments for more than 30 years, as long as any city in the country and more intensely than just about any of them. The initial experiment emerged out of a crisis. The teachers union was on strike in 1987, in the closing days of Mayor Harold Washington's tenure. It was shortly after the strike ended that Education Secretary Bill Bennett made his comment that Chicago ranked at the bottom among school systems and advised parents to send their children to private school if they could. In fact, nearly half of Chicago public school teachers in 1987 sent their children to private or parochial schools, a sobering statistic that prompted Bennett to say that "the people who know the product best send their children elsewhere."

Jackson was in elementary school on Chicago's South Side when Bennett delivered his insult, but she has remembered it ever since. "That was a kick in the face," she says now, "but it made us look in the mirror and do some things different."

Actually, Washington had been working behind closed doors on a plan to overhaul the school district. When the teachers' strike hit, he seized on the political unrest to make a public commitment to school reform. He announced plans for an education summit that would search for a path toward fixing the public schools. Washington died of a heart attack before the summit could be convened, but the momentum for change remained alive.

In 1988, the Illinois General Assembly enacted the Comprehensive School Reform Act. Each school in Chicago would be run by a local council, composed of teachers, parents, community members and a student representative at the high school level. It was a strategy that came to be known as "site-based management." The councils were responsible for hiring and evaluating principals and approving the school site budget. Tenure for principals was eliminated. The central CPS office tracked each school's progress and was asked to support local initiatives in what essentially became a competition among school buildings, principals and teachers.

Consortium on School Research. "It kind of made sense but it was still a wow moment."

But not everyone in the CPS universe found the Stanford study convincing. Critics called it an outlier, a statistical blip in a school system where almost three-quarters of the eighth graders still aren't proficient in math and reading, according to the National Assessment of Educational Progress. "I will be real surprised if they can tell this story five years from now," says Carol Caref, education policy director for the Chicago Teachers Union.

The results were discouraging. While some of the local councils thrived, a large number were dysfunctional and lacked the expertise to manage schools. Parent participation in many neighborhoods was spotty. By 1995, Chicago was ready for a second round of reform, one that was intended to strike more of a balance between local school site management and strong central authority. Chicago followed Boston as the second large city to adopt full mayoral control of its school system. Mayor Richard M. Daley became chief executive officer, the functional equivalent of a superintendent. The elected members of the local school councils were required to undergo management training. And the district got a key partner, the University of Chicago Consortium on School Research.

In many ways, however, school improvement efforts in Chicago remained tethered to an earlier model of education reform: They were fixated on improving the schools one classroom at a time. Individual teachers needed to improve their instruction methods; lesson plans had to be rewritten. That didn't turn out to be a very successful strategy, in Chicago or anywhere else in urban education. The issue was scale. There were simply too many underperforming schools for this piecemeal method to work. By the late 1990s, reformers in Chicago began to see school principals as the solution to the scale problem.

The first wave of school reform in Chicago had treated teachers much like tennis players, focusing attention on improving individual skills and technique. The second wave, in the early 2000s, began to treat teachers more like team athletes. They were expected to collaborate with their peers on how to improve instruction and shape lesson plans. Principals were taught to act as coaches. "It's pretty obvious that unless you had a strong leader, nothing could improve at scale," says Paul Zavitkovsky, leadership coach and assessment specialist at the Center for Urban Education Leadership at the University of Illinois at Chicago. "There would be some strong teachers, but you couldn't duplicate their success across the school without strong leaders."

Finding top-quality talent seemed like a feasible task. In Illinois, 43,000 educators hold formal credentials for the roughly 400 principals' positions that open up across the state each year. But for decades, training of principals in Illinois had mostly meant handing out credentials to teachers who used their certificates to boost their own compensation for working in the classroom. In the 2000s, a glut of online principal-certification programs made the entire process highly questionable.

The state eventually clamped down. In 2010, Illinois passed a law tightening regulations on principal certificate credentials. Online programs were done away with and curriculum standards were bolstered. Chicago went a step further. It made new principals pass an entrance exam, sometimes called the "principal bar," before they could be certified to run a Chicago public school.

The city also developed a farm system for principals. The Center for Urban Education Leadership began to concentrate on churning out principal candidates for CPS. Almost a fifth of the current principals in the city's system are graduates of the program, including Jackson. "We started the program because we had convincing research that a really good principal could improve student

P.J. Karafiol, principal at Lake View High School, was much sought-after because of his experience at a prep school in Massachusetts.

learning in poor neighborhoods," says Steve Tozer, director of the center. "What we didn't [have] was a university that turned out really good principals that focused on urban education."

The program was extended from a master's degree to a doctoral program in the early 2000s, giving the university control over many of the candidates for several additional years. The program's managers sought to mold school leaders who would reject the notion that inner-city children from disadvantaged backgrounds face insuperable barriers to a quality education. "If you have this presumption that you have to spoon feed kids stuff because they are poor kids and they got dealt a bad hand," Zavitkovsky says, "that undergirds this system that is not serving children."

"If every student arrives knowing the school, the teachers and the principal have a plan for them after high school, that affirms that people care about them and that makes a difference," says Kyla Matthews, a doctoral student at the center who is an assistant principal at Simeon Career Academy on Chicago's South Side.

Since Chicago is vesting so much power in its principals, the center's program teaches its future school leaders to marry hard data with softer science. Where data show a gap in literacy, principals are expected to look for ways to reshape their schools—sometimes by revamping the physical site. "Is this building able to meet the needs of students? Are there areas that allow children to read?" asks Turan Crockett, another product of the program who is principal-in-residence at Wendell Smith Elementary on Chicago's far South Side. "Principals need to see all that, and then dive into the data and make decisions about how we can address our deficiencies."

P.J. Karafiol arrived as principal at Lake View High School, on the North Side of Chicago, in June 2016. He was a much sought-after principal candidate, having taught at the Phillips Academy Andover prep school in Massachusetts, where teachers are expected to collaborate on lesson plans, and where the "head of school," the equivalent of a principal, is given broad authority.

Karafiol was taking over the oldest school building in Chicago, one flanked by leafy streets, high-priced homes and affluent neighbors, including the mayor. His student body is the opposite: More than 80 percent of them come from low- to moderate-income families. In 2016, Lake View was said to be one of the better-performing high schools in Chicago. Nevertheless, Karafiol saw a lot that needed changing, and his impact on the school was immediate.

Karafiol was moving into a school where collaboration was little more than a word bounced around the faculty lounge, and many teachers seemed skeptical about the latest change agent placed in charge of their institution. "The first month," Karafiol says, "I had one-on-one interviews with every department chair, every assistant principal and all the local school council members, and opened up slots for any teacher who wanted to come talk to me."

A handful of teachers accepted the invitation. Karafiol laid out his plans for improving the school. He created common prep periods for each department, meaning, for example, that the entire math department had one period when none of its teachers were holding class. During the common prep, teachers could get together and create lesson plans, mentor younger colleagues and find solutions to common problems they were experiencing in the classroom.

One exercise Karafiol uses at Lake View is what's known as the "fishbowl." Teachers arrange student work in piles. One pile may contain papers on which students are making the same mistake. The next pile groups together a different mistake on the same problem. The teachers sit in the middle of a circle with the piles of student work, seeking to find out why the mistakes are being made. "Common prep allows me to sit down with my colleagues and be really intentional about the common core standards that we need to assess our students," says Anna Proni, a psychology teacher at Lake View and a member of its local school council.

If principals are coaches, then they need to spend a fair amount of time watching teachers play the game. Karafiol and his assistant principals will show up to a class unannounced and observe from the back of the room. After the observation, they offer instant feedback. The teachers union needed some initial reassurances that the pop-ins wouldn't impact a teacher's formal evaluation. Proni says some of her colleagues are still uncomfortable with administrators walking into their classes, but others want the impromptu visits to be longer, so Karafiol and his top staff can get a fuller picture of what's working and what isn't.

Even the quick analysis of a classroom situation, Karafiol believes, is a powerful tool in helping the teacher improve. "If I go to pop-ins and I give them that feedback," he says, "they get a chance to improve before their formal evaluation." The union leaders are not convinced. "I think it varies from principal to principal about how pop-ins are used," says Caref of the teachers union. "A principal may use it for coaching," she says, "and other principals may use it as a gotcha."

Union leaders don't dispute that principals are making a difference in Chicago schools. But the union, which has more than 20,000 members in the city, worries that the principals are caught between the needs of the students and the political demands of CPS and the mayor. Principals are evaluated each year by the district's network chiefs, and test scores are a major component of the evaluation. If the school's overall performance slips, the decision on whether to retain a principal is stripped from the local school council and rests with the network chief. The pressure, union leaders believe, can cause principals to place political demands above those of teachers and students. The union points to three administrators who falsified graduation and attendance numbers to paint a better picture of a school's performance. The pressure to perform can also lead to what Tozer of the Center for Urban Education Leadership calls "drill and kill" teaching, where teachers spend the bulk of their time teaching to state exams in hopes of appeasing the district's demand for measurable improvements of academic achievement.

Jackson's ascension to CEO sent an important signal to the entire school system. It signaled a return to reliance on homegrown talent. Where many of her predecessors were transplants to Chicago and some were new even to the world of education, Jackson is strictly a local product. She went to elementary school and high school on the South Side, earned a bachelor's degree from Chicago State University, then went through the graduate training program at the center, where she declared on her admissions essay that her goal was eventually to run the system. She taught high school social studies and was founding principal of the highly successful George Westinghouse College Prep High School.

Jackson's professional history is reassuring to many of the teachers and school officials who now work for her. But under the system of mayoral control, concerns remain that Jackson is too closely tied to Emanuel and his agenda for public schools, which has been characterized by critics as a push to shutter schools in poor neighborhoods, expand charter schools and take an adversary posture toward the Chicago Teachers Union. "If she weren't appointed by Rahm and didn't have to do his bidding, it would be encouraging," Caref says. "The bottom line is she has to answer to him and carry out his policies."

While Jackson is heading a school district where student achievement appears to be on the upswing, her tenure is already being buffeted by a lingering problem in Chicago—declining enrollment. Between 2003 and 2013, Chicago's public school population dropped by 32,000. Estimates are that a similar decline has hit the district since. The first precipitous drop in enrollment prompted CPS to tag 53 schools for closure, and 47 either have closed or are slated to be closed in the near future. The closures have been concentrated in the poorest neighborhoods in the city, which are also the areas where the school-age population is in decline. William H. King Elementary on the West Side was one of the closures that generated angry opposition from parents, city council members and many educators. Parents at King worried about their children's safety going to and from Jensen Elementary Scholastic Academy, a mile away, with one saying Emanuel would have "blood on his hands" if anything went wrong.

The closures still haven't fully addressed the district's challenge of managing so many buildings across a sprawling city. According to an analysis conducted by Chicago public radio station WBEZ, more than 100 of the schools in Chicago are half empty. But at the same time schools are being closed, CPS is opening 39 new buildings. The simultaneous closing of schools and opening of new ones has been characterized as gentrification of the school district, with critics pointing to the Englewood neighborhood as the prime example. Four schools in Englewood are going to be phased out due to their relatively small student populations. In their place will be a new $85 million school facility, not far from where a new Whole Foods store recently opened.

Many neighborhood residents see the new school being much like the new supermarket, something intentionally aimed at attracting affluent parents. "The school is the leading edge of gentrification. It's new, shiny and it's seen as the beginning of change in the neighborhood," says Kurt Hilgendorf, policy adviser for Teachers Local 1.

"I'll be real surprised if they can tell this story five years from now," Carol Caref of the Chicago Teachers Union says of the city's student achievement gains.

The union sees a connection between the timing of the research pointing to academic gains in the city and the closures and other scandals that have rocked CPS. In the union's view, the district is spinning a new narrative of success to camouflage the fact that enrollment is declining, schools are closing, and inflated graduation numbers and other scandals are still fresh in the memories of voters. Emanuel is up for reelection in 2019, and the schools are bound to be a central issue in the campaign. "The reason CPS is so excited about the study is it's an outlier," Hilgendorf argues. "It masks the cuts to education and the cooking of graduation rates."

In mid-May, Jackson taped a promotional video for Progress Chicago, a nonprofit advocacy group, one of whose objectives is to "help advance awareness about the progress Chicago is making in the classroom." While the group doesn't endorse candidates, its funders are closely tied to Emanuel's likely reelection bid.

Jackson is cagey when asked if her tenure at CPS is tied to Emanuel's election. When Daley left office in 2011, the schools CEO left as well. Asked whether she could work alongside Vallas, the former CPS CEO, who if elected would not only be responsible for the district but would also have personal experience running it, Jackson demurs. "Every mayor is going to appoint who they are going to appoint," she says. "I serve at the pleasure of the people who put me here. I trust my gift and my talents." G

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Rhode Island Gov.
Gina Raimondo

Gina's Way

Rhode Island's governor isn't a conventional Democrat. That could help—or hurt—her in November.

By Daniel C. Vock

DAVID KIDD

Gina Raimondo should be in an ideal spot for reelection right now. The Rhode Island governor is a Democrat and a woman in a year when Democrats and women candidates are expected to do well. She faces a fractured field of opponents, none of whom has won a statewide contest in more than a decade. And Raimondo can credibly claim that, for the first time in a long time, Rhode Island's economy is improving. It is competing for jobs against other states and winning a fair number of them, including some against its neighbor and chief rival, Massachusetts. The unemployment rate has dropped considerably under Raimondo's watch, and is now hovering just above 4 percent. "Rhode Island is stronger than we've been in decades," Raimondo told lawmakers earlier this year. "Four years ago, our unemployment rate was the highest in America. Today, it's in line with the national average. The number of people who filed for unemployment insurance last year is the lowest it's been in 50 years. Our economy has more jobs than at nearly any other time in our state's history."

Not bad for someone who made job creation her overriding priority four years ago and hasn't stopped talking about it since. But even the governor knows Rhode Islanders aren't sold on the improvements she has been touting. They may know that construction cranes are towering over Providence, Johnston and Kingston. They may notice work crews repairing long-neglected roads. They may even know that their hated car tax is finally going away. Yet they're still skeptical. "We're making real progress," Raimondo acknowledges. "But our work is far from done."

Polls early this year showed Raimondo in a statistical dead heat with her likely Republican challenger, a danger signal for any incumbent, especially one who assumed office with just 41 percent of the vote in her first general election. But it's not too much of a stretch to say that, while the governor's poor poll numbers reflect doubts about her job performance and concerns about her close ties to corporate interests, they also say something about the spirit of the electorate. These are tempestuous times in the tiny teacup of Rhode Island politics, with Democrats struggling to find unity, Republicans hoping to gain relevance and independents relishing the idea of upsetting the whole darn system. "There's a deep resentment in the state and a lot of anti-establishment feeling" because Rhode Island's economic woes lasted for so long, says Maureen Moakley, a political science professor at the University of Rhode Island. "The context isn't favorable for anybody. It's also a reflection of the fact that it's a small state, and people are very feisty. People want to stick it to the establishment. They're blowing off steam."

So, while this year's governor's race should be Raimondo's to lose, the situation is volatile enough that she can't take a second term for granted.

For as long as anyone alive can remember, Rhode Islanders have wanted their politicians to fix the state's economy.

Rhode Island was an economic powerhouse for most of the past two centuries, after Samuel Slater built the country's first textile mill in Pawtucket in 1790, and, in the process, brought the Industrial Revolution to America. But the state's manufacturing engine, which drew Italian and Irish immigrants to its towns and cities, began to sputter by the 1970s, and blue-collar jobs started leeching away. In the 1990s, the Providence

A poll early this year showed Raimondo leading her likely Republican opponent, Cranston Mayor Allan Fung, by just 2 percentage points—a statistical dead heat.

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area lost more jobs to Chinese competition than almost any place in the United States. The state's famed jewelry industry dwindled. Defense industry spending for ship construction declined as the Cold War ended.

And that was before the Great Recession.

Rhode Island was one of the worst-hit states in the country during the 2007-2009 downturn, and it certainly fared worse than its New England neighbors. More manufacturing jobs disappeared. Housing prices collapsed. Governments laid off workers. Central Falls, a small city near Providence, filed for bankruptcy in 2011. And because Rhode Island's economy sank further than those of other states, it also took longer to recover. By 2013, nearly 181,000 of Rhode Island's roughly 1 million residents were receiving food stamps. Between 2014 and 2015, Rhode Island went nine months with the highest unemployment rate in the country.

Meanwhile, a widely touted effort to give the tech industry a foothold in the state went sour, too. In 2010, Don Carcieri, Rhode Island's Republican governor at the time, signed onto a deal to loan $75 million in public funds to a video game company founded by former Red Sox pitcher Curt Schilling, persuading the company to move from Massachusetts to Rhode Island. But instead of igniting a tech sector boom, the company went bankrupt. Its failure led to years of lawsuits, as Rhode Island tried to recover its losses. More important, it fueled the public's antipathy toward government, especially any government initiative that reeked of a corporate giveaway.

It was in the midst of all that economic distress and political distrust that Raimondo introduced herself to Rhode Island voters. Her first step was to run for state treasurer, which fit her background as a venture capitalist. As a Rhodes scholar with an economics degree from Harvard and a law degree from Yale, she had impeccable credentials. But she also had authentic connections to blue-collar Rhode Island. Raimondo often relayed the story of her father being laid off from his job in Providence when the Bulova watch factory closed. She says she jumped into politics because libraries around the state were shutting down, a point that hit home for her because her grandfather learned English at his local public library.

Raimondo moves comfortably in these two worlds. But, inevitably, these worlds collide.

They certainly did after the Central Falls bankruptcy, in which Wall Street investors remained unscathed but retired city workers faced steep benefit cuts. "It broke my heart to see 75-year-old firefighters saying, 'I can't buy food. I can't buy my medicine. I can't stay in my house,'" Raimondo said in an interview with the podcast Freakonomics earlier this year. She worried the same thing would happen to teachers and other workers in the state pension funds, which were also dangerously underfunded. "I decided, I'm not going to do that. It's not about my politics, it's about shoring up the system. ... There are a lot of people in this system who need their pension to be there in 30 years, and it wasn't going to be. My tagline at the time was, 'This is math, not politics.'"

She insisted that existing benefits had to be reduced, and said that if lawmakers didn't act, the system would be broke in 25 years. She proposed eliminating cost-of-living increases and moving recipients into a system that more resembled the riskier 401(k) plans

Raimondo made job creation her top priority four years ago. Her successes have created a building boom of sorts, with construction projects underway across the state.

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used in the private sector. After Raimondo made her case around the state, lawmakers in 2011 passed her proposal by wide margins. Unions fought the deal unsuccessfully. They eventually reached a settlement with the state several years later, but resentment over the issue, particularly among teachers unions, has never really died away.

Raimondo's pension victory boosted her profile, setting up her campaign for governor in 2014. She narrowly won a three-way primary against two labor-friendly Democrats, then won the governorship in November in another three-way race. Raimondo didn't dwell on the pension fight during her campaign, although it galvanized support for her opponents. Instead, her message in that race was all about job creation. It still is.

During Raimondo's term as governor, she has appeared countless times touting one commitment or another by companies to bring or add jobs to Rhode Island. She joined the head of General Dynamics Electric Boat in May to tout the creation of 1,300 jobs. Electric Boat is expanding to build parts for a new class of nuclear submarines for the U.S. Navy. Raimondo has announced 500 new jobs from Infosys, an Indian tech company; 75 jobs at a tech center for Johnson & Johnson; 50 new positions for GE Digital; 300 additional jobs for Virgin Pulse, a health software company; and 700 jobs for Infinity Meat Solutions to package and process meat. And the list goes on.

But Raimondo has backed more controversial projects as well. She appeared with the CEO of Deepwater Wind in 2016, when the company started building the first offshore wind farm in the United States. Residents of nearby Block Island tried to fight the new development because it obstructed their view of the ocean, but the governor forged ahead anyway. This spring, she signed off on a deal to let the company construct a wind farm that would produce 13 times as much energy as its first project. Meanwhile, Raimondo backed an effort to build a $1 billion natural gas-fueled power plant in the northern part of the state, despite fierce objections from environmentalists and local residents.

Laurie White, the president of the Greater Providence Chamber of Commerce, credits Raimondo for rebuilding the state's economic development agency, which had languished under previous governors. "There were zero tools in the toolbox," she says. "The state didn't even have marketing materials. This governor understands what a contemporary economic development agency must do today to be in the game in order to win."

The company officials who appear with Raimondo to announce new jobs often tout the tax incentive packages that the state has offered to lure them there. Most of those incentives were created under the Raimondo administration. "Massachusetts and nearly every other state in the Northeast still uses incentives. And they've been doing it for years," Raimondo explained in her State of the State address this year. "Until recently, though, our leaders didn't have a strategy and, because of that, Rhode Islanders got left behind. And the few times our past leaders did take action, they put all their eggs in one basket or chased special deals. Any way you slice it, Rhode Islanders got hurt."

Former Rep. Joe Trillo is running for governor as an independent. "Party politics in Rhode Island," he says, "is dead."

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The governor's supporters note that some of the biggest state tax credits companies can qualify for require them to actually create jobs before they get the tax subsidy. In the end, they argue, the jobs will bring in more than enough money to pay for the breaks that drew them to Rhode Island. But to the governor's opponents, especially the ones lining up to run against her this year, the tax breaks smack of "corporate welfare," gifts to out-of-state companies that won't change the fundamentals of a broken Rhode Island economy.

In Rhode Island, independent voters outnumber registered Democrats, but both far outweigh the number of Republicans. As a practical matter, Rhode Islanders have selected Democrats for the vast majority of state and federal offices for the past generation. That's good news for Raimondo. So is her huge lead in fundraising. She had $4.3 million in her campaign account at the end of March, compared with $316,000 for her next-closest rival, Republican Allan Fung, the Cranston mayor whom Raimondo defeated in the general election four years ago.

But public polls continue to suggest she is vulnerable. A late February survey showed Raimondo leading Fung by 2 percentage points, within the poll's margin of error. Perhaps as troubling for her, only 39 percent of respondents said the state was headed in the right direction, compared to 45 percent who said it was going in the wrong direction. So it's no wonder that other gubernatorial candidates have been unsparing, not just in their criticisms of Raimondo, but of Rhode Island's political establishment as a whole.

Fung released a plan he said would "bulldoze Smith Hill," where the state Capitol sits, at least metaphorically. The mayor's plan calls for 10-year legislative term limits, creation of an inspector general's office and work requirements for welfare benefits. More generally, Fung wants to focus on making life easier for small businesses and lowering tax rates to spur more economic growth. Fung says "shoveling millions of dollars" to out-of-state companies to lure jobs is not a sustainable way to get that done. "We are a high-tax state," Fung insists, "whether it's property taxes or whether it's the state income tax. We're taxing things other states don't."

Fung has a credible primary opponent in Patricia Morgan, the Republican leader in the Rhode Island House of Representatives. She says the state's high car insurance rates, health insurance costs and high energy prices don't get enough attention in the capitol. She also says Fung is out of touch, just like the governor. "I am absolutely the opposition party," she says. "The mayor is part of the problem."

But perhaps Raimondo's most outspoken conservative critic isn't even running as a Republican. Joe Trillo, a former state representative who was an honorary state co-chair of Donald Trump's presidential campaign, is campaigning for governor as an independent, likely setting up another three-way race in November. "The Republican Party doesn't bring much to the table," he says. "Party politics in Rhode Island is dead. The General Assembly is 90 percent Democratic. If you're a Republican governor, they lock you in a box, lock the door and maybe feed you every once in a while."

Trillo's platform includes building trade schools, lowering taxes, imposing harsher penalties for animal abuse and reducing regulations on businesses. Not surprisingly, as a follower of Trump, he is also pushing to crack down on illegal immigration. He wants to end "sanctuary" policies by requiring state and local law enforcement to cooperate with federal immigration agents. That is a contentious issue in a state where 14 percent of the residents are Hispanic, many of them recent immigrants, with a sizable presence of Dominicans, Guatemalans and Colombians. "A lot of what we are doing is inviting low-income, illegal immigrants [by offering] free day care, free health care and free subsidized housing," Trillo says, noting that Rhode Island's overall population decreased in the 2010 Census. "We're importing poverty and exporting wealth."

The discontent in Rhode Island isn't just limited to conservatives. There's turmoil in the Democratic ranks, too. Part of the reason is a growing progressive movement in what has traditionally been a relatively conservative blue-collar Democratic Party. Bernie Sanders, for example, won Rhode Island's presidential primary in 2016. And on the same night that Hillary Clinton carried the state in the general election, Rhode Island's House speaker barely held on to his seat in the chamber with an 85-vote win over his Republican opponent. That's created a dynamic where the progressives feel emboldened to push for more liberal policies, even as Speaker Nicholas Mattiello has hewed to a more conservative approach of lowering taxes and reining in spending. The liberal wing and the traditional wing have clashed recently on gun control measures, abortion rights and the minimum wage.

Stepping into that conflict is Matt Brown, a former Rhode Island secretary of state who left politics after an ill-fated U.S. Senate race in 2006 and has scarcely been heard from since. Brown toyed with the idea of running as an independent in this year's governor's race but settled on challenging Raimondo as a Democrat in the September primary.

Brown calls Raimondo's policies "corporate socialism." "Her overall agenda," he says, "is to give taxpayers' money in corporate giveaways to companies that decide to locate and open offices in the state. It's not real economic development if most taxpayers who are struggling to make ends meet have to pay for jobs. That's a subsidized economy. It's not a self-sustaining economy."

Instead, Brown argues, the state needs to invest in industries likely to grow in the future, such as renewable energy and health care. Brown criticizes Raimondo for supporting the construction of the new natural gas plant in Burrillville, saying it would commit Rhode Island to fossil fuels for decades when the rest of the economy is likely to shift to greener energy sources. Brown also takes issue with Raimondo's cuts to the state Medicaid program, which, he says, not only hurt patients but may harm the state's hospitals and other health-care facilities.

Raimondo replies that her opponents are largely bringing up issues she is already working on. She points out that she has cut regulations on small businesses, cleared the way for the elimination of the car tax, signed off on renewable energy and called for rehabilitating dilapidated school buildings—all proposals pushed by some or all of her challengers.

It's a safe bet that Raimondo's critics will bring up several programs that have not worked out so well. The biggest is an overhaul of the state computer systems for processing applications to public assistance programs such as food stamps and Medicaid. The overhaul delayed payments to recipients for months at a time, and the price tag for the project—which still has not been completed—has grown to nearly $500 million. Less serious, but still an embarrassment, was a botched rebranding campaign for the state's promotional efforts. Residents almost immediately panned the new "Cooler and Warmer" motto and criticized a video that showed a building in Iceland instead of Rhode Island. "With her approval rating continuing to plummet as her administration struggles with transparency issues, lackluster economic growth and scandals involving state social services, Gina Raimondo remains one of the most vulnerable incumbent Democratic governors seeking reelection this year," says John Burke of the Republican Governors Association. "Rhode Islanders are clearly ready for a change."

But Jared Leopold, a spokesman for the Democratic Governors Association, says Raimondo will have an easier time attracting support from undecided residents than a Republican candidate will, especially if Trillo siphons off conservative voters in the general election. "It will be uphill climbing for the Republicans. Rhode Island is a state that is strongly opposed to Trump, and is very Democratic-leaning," he says. Leopold notes that Morgan, the House minority leader, recently visited the White House to meet with the Republican president, and Fung went to Trump's inauguration. The mayor even posted a photo of himself wearing a Trump-themed hat at the event. "Come November," Leopold says, "it's going to be hard for them to pull the lever for someone who wears a Donald Trump hat." G

> "It will be uphill climbing for the Republicans. Rhode Island is a state that is strongly opposed to Trump, and is very Democratic-leaning," says Jared Leopold, a spokesman for the Democratic Governors Association.

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GREEN GOLD RUSH

Investors are lining up to buy green bonds. Can they live up to the hype?

BY LIZ FARMER

Hanging on the wall just outside Bryan Kidney's office in Lawrence, Kan., is the framed first page of a bond offering statement. Unlike most—or really, any—bond statements, this one required a color printer. It could even be described as cheeky: It's for the sale of the city's first green bond, and every reference to "green bond" or "green project" is printed in green ink.

Kidney, the city's finance director who shepherded the $11.3 million sale last year, says the green ink originally started out as a joke. But then, he thought, why not? When the projects are fully implemented, Lawrence is projected to save 3,201 tons of carbon dioxide equivalents (CO2e) annually, which is equal to burning 3.5 million fewer pounds of coal. "I get really passionate about this stuff," Kidney says. "I was just so excited that Lawrence stepped up to be a leader in sustainability."

Green bonds are an emerging category of finance. Their purpose is to fund projects with clear, definable and measurable environmental benefits. As the Trump administration has walked back federal climate change policy—most notably, backing out of the Paris Agreement—states and localities are increasingly taking charge of their own environmental strategies. Green bonds are a natural funding tool. The vast majority of them finance water-related projects, but they also are used to finance, for instance, solar and wind power or reduced methane emissions. In Lawrence's case, they are funding a slew of energy efficiency projects identified

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by a state Facility Conservation Improvement Program audit. The audit determined that certain upgrades, such as energy-efficient lighting and heating and cooling systems, would reduce the carbon footprint for this city of 96,000 and save it money in the long run.

The concept of green bonds was developed a little more than a decade ago by a London-based group called the Climate Bonds Initiative. The idea was to help the world's growing cadre of environmentally conscious investors identify climate-friendly investments. These are folks who aren't only interested in a financial return on their investment. They want to know that their money has helped improve the environment. "If you're doing a bond issuance that's electric or coal generated, those investors don't want to be part of that transaction," says Tim Fisher, government affairs manager for the Council of Development Finance Agencies. "They're putting their investments into securities that have a double- or even triple-bottom line."

For the first few years, green bonds remained something that only large global institutions like the European Investment Bank and the World Bank dabbled in. It wasn't until 2013 that the first green bond issuance made its way to the U.S. municipal market when Massachusetts sold $100 million in bonds to finance energy efficiency projects. The following years saw other large issuers like California and New York take part. To date, those three states—Massachusetts, California and New York—are by far the most frequent issuers, accounting for $2 out of every $3 of green bonds issued in the past five years. More recently, a few municipalities have begun to experiment with them. But even as muni market issuance of green bonds doubled last year to $11 billion and is predicted to almost double again this year, green bonds remain largely outside of the mainstream.

So it's saying something when a place the size of Lawrence decides to jump in. The city may very well be a bellwether of the next big leap for green bonds. That would be good news for issuers since the bonds have the potential to attract a fresh set of investors at a time when tax reform has created fewer incentives for banks and insurance companies to buy municipal bonds. Some even think that green bonds will someday be cheaper for states and localities to issue than general obligation debt. But before any of that happens, there are underlying challenges with green bonds' authenticity that have to be resolved first.

Since they debuted a decade ago, green bonds have been issued under a variety of names—environmental impact bonds and climate bonds being among the most prevalent. Whatever their name, one of the biggest threats to the long-term viability of these bonds is a matter of meaning. The definition of what's "green" seems to alter slightly with each issuer.

In recent years, some groups have taken a stab at narrowing down the variables in what makes a bond green. Moody's Investors Service has come up with a green bond assessment tool, which looks at the likelihood that the bond money will go toward environmental improvements. S&P Global Ratings has also come out with commentary. But neither provides a rating or measurement of how environmentally positive a bond might be. Elsewhere, the Climate Bonds Initiative has released a set of green bond principles for issuers while state and local governments are increasingly seeking third-party certification for their green bonds.

Compounding matters is the reality that the investment community doesn't agree on what's green and what isn't. Everything is optional. Julie Egan, director of municipal research at Community Capital Management, a major green bond investor, says her standard for "green" is that it has to be an innovative project. But that doesn't always apply when she's shopping for some of her clients who might not feel the same way. When she looks at a water and sewer system's green bond sale, she often sees something that looks like "the exact same thing they've been doing for years. Is it green? Technically, for some people, it is: They're providing clean water," she says. "But there's no new technology. It just is not something that would create a great deal of excitement at our firm."

Clearly, what some might see as environmentally forward-thinking in one place is just run-of-the-mill in another. It's led to accusations of so-called greenwashing, a term originally coined in the 1980s and meant for corporations that present themselves as caring environmental stewards, even as they are engaging in environmentally unsustainable practices. Some governments are now being accused of slapping on a label to entice investors while doing nothing else to ensure the sustainability of a project. Case in point: In early 2015, the Climate Bonds Initiative's CEO called out the Massachusetts State College Building Authority for its "pathetic" green bond sale that included funding a garage for 725 cars. Until these inconsistencies are resolved, the future of green bonds will remain in doubt.

For water utilities, green bonds have seemed like a natural fit. The reasons are fairly obvious. These authorities spend a lot of money on cleaning water—a slam dunk of an environmental benefit if ever there was one. Water and sewer authorities have many ways in which they go about defining, packaging and communicating about their green bonds. That is, many green bond investors want additional reports on the environmental impact of the projects they're financing. For issuers, that's an additional process.

The way in which DC Water handled its green bond is an early model. DC Water, which serves the greater Washington, D.C., region, was the first water authority to issue green bonds, not just in the U.S. but globally. In July 2014, it sold $350 million in environmental impact bonds to finance a phase of its Clean Rivers Project. In part because the concept was so new—it was only the third green bond issuance in the U.S.—DC Water looked to Europe for best practices. Following the green bond principles outlined by the Climate Bonds Initiative, it opted to get a third-party verification and used that to both market the sale and offer a glimpse into the sort of annual impact reporting investors could expect on the bonds' proceeds. "Quite frankly, for DC Water, we wanted to set a high bar because we wanted to distinguish ourselves from other issuers," says Mark Kim, the authority's former chief financial officer and now the chief operating officer of the Municipal Securities Rulemaking Board.

The approach worked. In fact, DC Water upsized its issue by $50 million on the day of the sale thanks to the high demand from investors. Since then, the authority has issued more than a half-billion dollars in green bonds. It releases annual green bond reports that detail where all that money is being spent and gives updates on environmental outcomes. Investors who bought a DC Water green bond in 2014, for example, know that their money helped finance the first phase of the DC Clean Rivers Project, which has now helped significantly reduce nitrogen and phosphorus levels in the Anacostia and Potomac rivers.

That level of reporting isn't for everyone. And that's another challenge for the green bond movement. The additional reporting can be expensive, though it doesn't necessarily have to be. In some cases, as in Lawrence, the impact reporting is already part of the project: Lawrence has a sustainability coordinator whose job includes reporting on the city's energy savings and carbon emissions.

There are other strategies. In 2016, when the Massachusetts Water Resources Authority issued $682 million in green bonds, the first of what has been a handful of green bond sales for the authority, it took steps to avoid the extra cost of ongoing environmental impact reporting. All the bonds have been refinancings for projects completed under the federal Clean Water Act and Safe Drinking Water Act. "We thought it would be just as easy to issue refundings as green bonds because investors already know what that money was spent on," says CFO Tom Durkin. "We have limited resources and try to be frugal here. To have to produce a glossy five- or six-page report seemed like one more burden we didn't want to put on our Treasury Department."

DC Water issued only the third green bond in the U.S. in 2014.

DAVID KIDD

Cleveland, on the other hand, made no claims about impact reporting in its 2016 green bond sale. It offered up $32 million in green bonds for stormwater projects and sewer upgrades and repair, telling investors in its offering statement that the city assumes no obligation to ensure the projects comply "with any legal or other standards or principles that relate to Green Projects." Instead, it committed to simply reporting on the use of proceeds until the bond money was spent. Investors bought them anyway.

Many issuers remain unconvinced of the advantage of green bonds. In part that's because there has yet to be a proven pricing benefit. The bonds don't win better rates from investors to justify the expense of the additional reporting, but Lawrence's Kidney and others make the case that selling green bonds opens up governments to new institutional investors. These are people who sit on the environmental or social investing side of a firm—nowhere near the municipal investor desk. For others, like the Eastern Municipal Water District in Southern California, that's just not enough of a selling point. "[When] we start to see a pricing bump," says Eastern's Deputy General Manager Debby Cherney, "then we'll certainly take a much more serious look at coming into the market."

Without agreed-upon standards about what a green bond is and what the reporting requirements should be, some say it's only a matter of time before an issuer falls out of favor by either using proceeds for a project that isn't green, or by not delivering on the environmental impact reporting that's expected. Until that happens—and some believe it's inevitable—governments are likely to keep pushing the margins. "Not all green bond issuers are alike and I'd say some have not adhered to best practices," says Kim, the former DC Water CFO. "Some have taken liberties with their designation." But he thinks enforcement has to come from investors. "They need to do their due diligence and hold municipal bonds accountable for what they're selling," he says. "And if they don't like what they see, don't buy it."

Maybe. Perhaps this new breed of environmentally conscious buyers will be different, but relying on investors to police the muni bond market hasn't worked before. It's more likely that until there is a real cop on the beat to instill some kind of standard, the legitimacy of the green bond market as a whole will remain in question. **G**

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The Growing Retail Divide

As more retail shifts online, only a few places are emerging as winners.

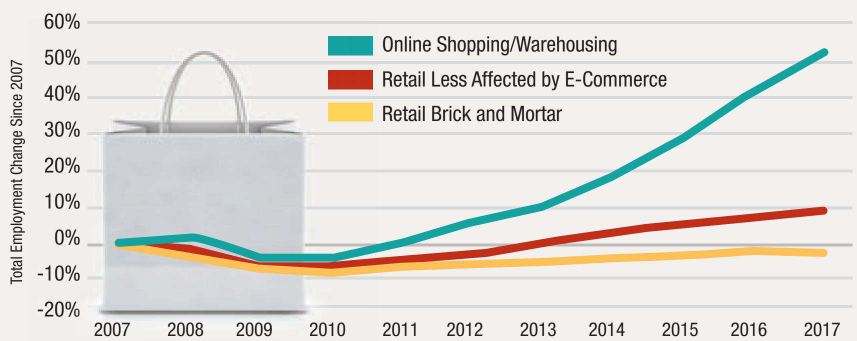
As Americans do more and more of their shopping online, places like Plainfield, Ind., are reaping the benefits. The town of 30,000 people, less than 20 miles from Indianapolis, has attracted two Amazon fulfillment centers along with e-commerce facilities for Walmart and Kohl's. Meanwhile, UPS recently announced plans to expand its footprint there. Given the close proximity to a major airport and multiple interstates, it's understandable why big online retailers like Plainfield so much. It and surrounding Hendricks County gained 6,500 retail-sector jobs over the past decade, the most of any county in Indiana. "In the last five years, things have been taking off," says Andrew Klinger, the town's manager. "We're seeing spec building after spec building come up."

But most of the state's other counties haven't been as lucky, sustaining slight retail job losses over the decade. A geographic divide is emerging in Indiana, as in most parts of the country, as the retail industry shifts more of its business online. The bulk of the growth is taking place in relatively few areas.

Contrary to what many believe, overall retail-sector employment continues to climb, albeit at a slower pace. But a look at Labor Department data shows different segments of the industry are headed in very different directions. While several types of brick-and-mortar establishments have stagnated, fulfillment facilities and call centers are rapidly proliferating.

To assess how the evolution of retail is playing out, we analyzed quarterly employment data for all U.S. counties over the 10-year period ending in the third quarter of last year. Jobs in two industries the Labor Department tracks that best reflect new e-commerce positions—electronic shopping and warehousing/storage—rose more than 50 percent. What's really striking is how concentrated the growth was. Half of the 528,000 jobs created in these categories nationally occurred in just 31 of the nation's more than 3,000 counties.

Retail's Seismic Jobs Shift



NOTE: Retail less affected by e-commerce includes gas stations, food/beverage stores, vehicle and parts dealers, and nonstore retailers. All other retail is included under brick and mortar.

SOURCE: *GOVERNING* CALCULATIONS OF BLS ANNUAL AVERAGE EMPLOYMENT DATA

At the same time, traditional brick-and-mortar retail experienced a slight net job loss when excluding food stores, gas stations and auto dealers. In the past decade, nearly 60 percent of U.S. counties lost jobs in stores upended by online shopping.

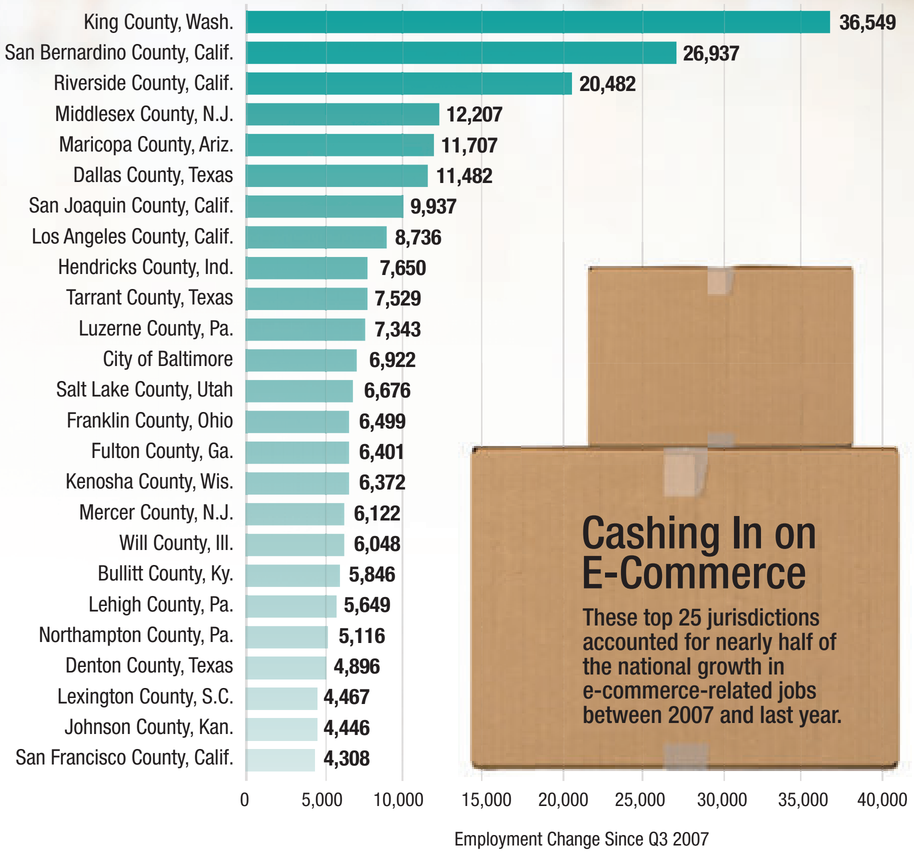
While brick-and-mortar jobs can be found in every community, the same can't be said of those tied to e-commerce. "Where the geography is lopsided, it's a problem," says Mark Cohen, director of retail studies at Columbia University Business School. "Someone who lives in a community and drives six or seven miles to a mall for employment is maybe not able to drive 30 miles to alternative employment in a distribution center."

It's an issue officials are already confronting in Plainfield. The Indianapolis bus transit system doesn't extend to Plainfield, so officials there established two connector services for commuters that industrial property owners now fund via a self-assessed property tax.

The jurisdiction adding the most jobs in online shopping and warehousing over the decade was, not surprisingly, King County, Wash., where Amazon's Seattle headquarters drove gains totaling 36,000. Other large urban areas, including Riverside and San Bernardino counties in California, also saw significant growth.

A lot of the other localities with large expansions, though, aren't as recognizable. Kenosha County, Wis., and Lexington County, S.C., both of which landed large Amazon facilities, recorded the largest percentage employment increases. If there's a common denominator in places where large fulfillment centers are opening, it's that they're strategically located near transportation hubs. Lexington County offers close proximity to three interstate highways and UPS air cargo shipping.

By Mike Maciag



NOTE: Totals represent jobs classified in the electronic shopping and warehousing industries. Numbers for Hendricks, Kenosha and Northampton counties include fewer than 400 additional nonstore retail workers.

And jobs at two Amazon facilities, while not high-paying, provide flexible hours for a large contingent of Lexington's college students and military personnel.

Traditional retail is thriving in the nation's fastest-growing large counties, many of them in Florida and Texas. Meanwhile, local economies tied to legacy industries and those incurring population losses continue to be vulnerable. DuPage County, Ill., and Orange County, Calif., both older suburban jurisdictions, sustained sizable employment declines in the traditional retail industries most affected by e-commerce. Each lost approximately 12,000 such jobs over the decade, behind only Los Angeles, the nation's largest county.

While huge regional shopping centers are holding up well, Cohen of Columbia University foresees problems for smaller to mid-sized malls and their surrounding strip malls. "They are in increasingly deep trouble as their anchor tenants close and many of their specialty tenants that fill the concourses go bankrupt or consolidate their store fleet," he says. "There were hundreds of malls that should not have been built." Some developers have succeeded in reviving malls by adding gyms, restaurants or entertainment venues. But these are more the exception than the rule, as such renovations are expensive.

A Deloitte study found consumer behavior was more closely linked to income than to generational differences, with high-earners most likely to shop online. Discount stores and luxury retailers, which often don't sell goods online, are still reporting strong revenue growth. It's the "balanced" retailers in between that aren't performing nearly as well. By our calculations, home furnishing stores (down 17 percent) and electronics and appliance stores (down 13 percent) incurred the steepest annual employment declines nationally over the last decade.

Rather than replacing jobs, the National Retail Federation's Mark Mathews sees e-commerce as generating a shift in skill requirements. For sales associates, there's a greater emphasis on troubleshooting customers' concerns or assisting with online ordering, while online order fulfillment and longer store hours have supported additional positions. Mathews' research indicates that the actual number of employees per store increased in recent years.

Retail store employees, who are disproportionately female, often don't transition to fulfillment centers. LinkedIn examined the profiles of retail associates who took on new job titles in the past five years. The largest share of them became administrative employees or customer service specialists, with a sizable number also going back to school.

The explosion of e-commerce isn't the retail industry's first period of upheaval—the introduction of the Sears catalog in the late 1800s and the shift from downtown retail to suburbs in the mid-20th century brought profound changes. There's no way to be certain what the current move toward e-commerce and automation will mean for the workforce going forward. But industry observers expect the transition to occur more rapidly than prior shifts.

A recent report from the Investor Responsibility Research Center Institute estimates 7.5 million retail jobs are at high risk of computerization. Robots are already found in Amazon's warehouses, and Lowe's is piloting a robot that leads customers around and answers questions. "Retail may not look like it does today 20 years from now," Mathews says. "But from our perspective, it will still be retail." **G**

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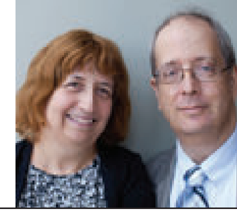
More data and methodology at governing.com/**retailjobs**

SOURCE: *GOVERNING* ANALYSIS OF BLS QUARTERLY CENSUS OF EMPLOYMENT AND WAGES QUARTERLY AVERAGES FOR Q3 2007 AND Q3 2017



By Katherine Barrett and Richard Greene

Review That Rule!

Lots of regulations have passed their sell-by date.

Arizona Gov. Doug Ducey, who's been in office since 2015, has spent most of his career in the private sector. It was there that he began to recognize that many of the government regulations with which he and his businesses were forced to comply were unnecessary, counterproductive and did nothing to protect public health or safety. So the very first thing he did when he entered the statehouse was to lay down a moratorium.

Arizona Gov. Doug Ducey has placed a moratorium on new regulations.

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Ducey forbade adding any new regulations to the 11,000 already on the state books. It wasn't a passing phase. The governor renewed the moratorium order in February. "The question I wanted to ask," he says, "was how did they get on the books in the first place? This past year, we were able to eliminate 676 regulations, resulting in $48 million in savings to the economy."

The general assumption is that regulatory reform is a Republican effort to bolster the economy by saving money for the private sector. But that's misleading. Regulatory review can be an important management tool that helps government run more efficiently and creates an environment that is more conducive to business—without offering up a slew of tax giveaways. "We didn't want to cut willy-nilly," Ducey says. "We gave respect to the idea that they were on the books for some reason."

Democratic governors like Colorado's John Hickenlooper, Rhode Island's Gina Raimondo and Pennsylvania's Tom Wolf talked about this kind of regulation review in their annual State of the State addresses. As Wolf said in his, "We've cut red tape that made it harder to build a small business and streamlined the services we offer." Though there isn't any good national data about trend lines in state and local regulatory reform, James Broughel, research fellow at the Mercatus Center at George Mason University, tells us that "there seems to be a lot of attention on it right now. Anecdotally, I would say there's more attention than there has been in the past."

Over the last year or so, a number of governors have offered up executive orders that were intended to reduce or rationalize regulations. Maryland's governor took steps to reduce the complexities of the regulations necessary for workers to qualify for legally guaranteed paid leave. Early last year, a Missouri executive order called on state agencies to suspend all rulemaking for a while and to review every regulation published within the Code of State Regulations. Similarly, in April of last year a South Carolina executive order mandated a review of cabinet agency regulations. New Hampshire Gov. Chris Sununu created the Steering Committee for Regulatory Reform, which included an order for agencies to repeal—and not readopt—obsolete regulations.

One of the most obvious areas in which good managers will take steps to cut regulations is when there is duplication. Ohio state Sen. Rob McColley, who is pushing for legislation to reduce regulation, points to one such case: "When we're dealing with clean water near Lake Erie, farmers have separate requirements for the state's Environmental Protection Agency and for the Department of Agriculture. There are two agencies with which they have to comply to accomplish the same thing.” Not only is this onerous for business but also implementing the same regulation twice is inefficient for the state.

One thing the men and women who carry the regulation shears must avoid is being pressured by businesses to eliminate rules that do a great deal of public good. Generally speaking, the regulations that are considered to be worthwhile are those that are effective in protecting public safety or public health.

The kind of analysis to figure that out typically falls in the cost-benefit realm. A rough rule of thumb for cost-benefit is that if a regulation costs more in time and money than the value of the benefits the regulation provides to the state and its citizens, it’s not worth having. Beyond that, uncovering whether a regulation is worthwhile can be very complicated. “It’s difficult to assess how much regulations are achieving, the goals they’re supposed to be achieving and whether those that are repealed may have been doing something advantageous,” says Broughel. “There’s so little analysis done.”

A 2013 report funded by the Pew Charitable Trusts and the MacArthur Foundation agrees. Many states, the report notes, “face significant challenges both to undertaking cost-benefit studies and to ensuring the appropriate effect on policy and budget choices.”

One of the reasons that regulations have popped up like dandelions is that it’s easy for agencies to implement new ones—but very few adhere to the commonsense management dictum that calls for following through on actions to see what the outcomes have been. As a result, once a regulation is on the books, it falls into management inertia where implementation is justification to retain it, indefinitely.

Though regulatory review can help address this long-standing phenomenon, the underlying problem remains in many states and localities. “Regulators are tasked with making rules,” says Broughel. “That’s their job. But it’s not their job to eliminate old ones. So they grow and grow.” G

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BETTER GOVERNMENT

By Mark Funkhouser

The States’ Fiscal Temperature

Weathering a recession turns on how we handle health-care costs.

Last October, Dan White and his colleagues at Moody’s Analytics published a report, *Stress-Testing States*, that looked both at how states fared in the last recession and how well they were prepared for the next one. You will probably not be shocked to learn that the Moody’s team found that only 16 states have the revenue to weather the next downturn. There were, however, a couple of surprising facts in the report.

First, in the last recession the increase in expenditures was a bigger hit for states than the loss of revenue. Second, while it’s not news that a big part of that increase in expenditures was for Medicaid, the magnitude of the long-term growth of state spending on that program was an eye-opener—about two and a half times the increase in state revenues since 1965. Medicaid expenses were an early warning signal of the Great Recession. They began to accelerate nine months before state revenues began to fall. There “was at least one person in most every state,” the Moody’s team wrote, “who knew, or should have known, that we had entered a recession far earlier: the state Medicaid director.”

“There ‘was at least one person in most every state,’ the Moody’s team wrote, ‘who knew, or should have known, that we had entered a recession far earlier: the state Medicaid director.’”

An inescapable conclusion is that states’ preparations for managing the next recession must include a plan for controlling not only Medicaid expenditures but also health-care costs in general. At a recent *Governing* roundtable, I heard about three strategies states are beginning to incorporate to reduce those costs without hurting quality: hubs, networks and alternate payment methods. All have third-party research showing that they work.

As described in the journal *Health Progress*, a hub is “a neutral clearinghouse that brings together the many agencies trying to reach those who are at greatest risk.” It “receives referrals, determines eligibility, enrolls clients, conducts training for community health workers and monitors their performance along with provider performance.” Payments are tied to health outcomes.

Health-care networks plan, prioritize, invest, evaluate and repeat the process. Communities with dense, comprehensive networks with strong central coordinators are seeing large population health gains, and the improvements are greater for low-income populations, according to professor Glen Mays of the University of Kentucky College of Public Health, who has studied community health systems for two decades.

Alternative payment methods are among the tools employed by the Cincinnati Health Collaborative, which coordinates among the region’s health-care providers, employers and governments. Doctors who engage in what the organization calls “quality improvement activities” are paid more.

Now is the time for states to be using tools like these and to be keeping a close eye on changes in Medicaid enrollment as they get ready for the next big fiscal storm. There is never a good time for complacency about economic conditions. As the Moody’s report notes, “No matter how high-flying an economy might appear, another recession is coming sooner or later.” G

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By Frank Shafroth

Pension Plight

A fiscal firebomb looms for dozens of Illinois' small cities.

The southern Illinois city of Alton, population 28,000, has sold off its water treatment plant. The roughly $54 million it will clear from the sale will help pay down unfunded pension liabilities. Over in Kankakee, home to some 26,000 Illinoians and the Kankakee Community College, the municipal sales tax is increasing to help pay off that city's pension tab. Its annual minimum pension contributions are eating up more than a quarter of its budget.

Like Alton and Kankakee, Harvey, Ill., is also struggling to make its mounting pension payments. But unlike those other two cities, Harvey's economy is weak, it has no assets left to sell and its tax base is tapped out. Some 4,000 property tax bills have not been paid—the most for any city in Illinois. "We have an aging population, a declining population, a fixed-income population," town attorney Bob Fioretti told the local PBS station, WTTW.

In light of its nonpayment of pension contributions, Harvey is the first to suffer the consequences of an eight-year-old Illinois law, which allows the state comptroller to garnish a municipality's tax revenues if the locality fails to fund its local pensions. In the case of Harvey, about $1 million of its tax revenues have been diverted by the comptroller to pay a pension IOU of about $1.4 million. Without the $1 million in tax revenue, the city has announced it will lay off nearly half of its police and fire department.

Harvey may be the first to be punished under the law, but it certainly won't be the last. And just like Harvey, Chicago Civic Federation President Laurence Msall told WTTW, other municipalities may also opt to cut their police and fire personnel if the city garnishes their taxes. According to research by S&P Global Ratings, a "substantial share" of the state's approximately 656 suburban and downstate public safety pension plans could be at credit risk. "If they ignore the law and don't make the contribution as Harvey has," Msall noted, then pension officials have the "ability to seek an intercept of state revenues that would otherwise come to the municipality."

Ironically, Illinois adopted its pension law as a way to ensure smaller municipalities would stop shorting their pension fund contributions—a habit the state infamously has. The state pension fund currently is in serious arrears to the tune of $137 billion.

Illinois does have something called the Local Government Financial Planning and Supervision Act. Under it, a municipality with a population under 25,000 suffering a "fiscal emergency" may petition the state to establish a financial planning and supervision commission to address such a fiscal emergency. But Harvey, with a population of 25,361, isn't eligible.

Given the city's dire situation, Msall argues that Illinois needs to step in and either absorb Harvey's pension into the state fund or put together an emergency financial team to take control of the city's finances. In addition, Msall says, the state needs to give municipalities the right to file for bankruptcy—something they can't currently do.

I would suggest that Illinois also create, as Virginia has, an independent state fiscal oversight commission to assess specific fiscal/budget issues and recommend, if warranted, further assistance to help stabilize areas of concern. It should implement, as Rhode Island did in the wake of Central Falls' municipal bankruptcy, a quasi-SWAT team of city managers and legislators to provide technical assistance and potential state assistance to assess municipal operations and develop long-range financial forecasts for revenue. And finally, the state should adopt a revenue-sharing program, modeled after the one signed into law by former President Ronald Reagan, which assessed relative fiscal need, local tax effort and population.

But this being Illinois—and an election year—Gov. Bruce Rauner has been silent about the brewing fiscal catastrophe for Harvey and dozens of other Illinois towns and cities. Indeed, the state's recent budget included no help for Harvey. **G**

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A former manufacturing town that saw its greatest growth in the 1950s, Harvey today is facing bankruptcy.

IF YOUR CITY USES THESE

YOU'RE REQUIRED TO KEEP RECORDS FOR UP TO 10 YEARS.

BUT DON'T WORRY. WE GOT YOUR BACK.

Last Look

LOUISIANA POLITICAL MUSEUM AND HALL OF FAME

There's a hall of fame for just about everything. Enjoy robots? You can visit the Robot Hall of Fame in Pittsburgh. Drive a tow truck? There's the International Towing and Recovery Hall of Fame in Chattanooga, Tenn. There are halls of fame for, among other things, burlesque, mascots, pinball, quilters, insurance, mining and politicians—well, at least, Louisiana politicians. The Louisiana Political Museum and Hall of Fame opened its doors in 1993 in the small town of Winnfield, the birthplace of three governors and, by extension, Louisiana politics. Along with the newspaper clippings and bumper stickers, visitors are treated to a display featuring Gov. Huey "The Kingfish" Long's dining set and the 1951 Chevy used by Gov. "Uncle Earl" Long as he campaigned across the state. The class of 2018, which includes Jay Dardenne, the former lieutenant governor and current commissioner of administration for Gov. John Bel Edwards, was inducted into the hall in March.

—David Kidd