GOVERNING

THE STATES AND LOCALITIES

March 2018

STATES OF EMERGENCY

When disaster strikes, it's not just FEMA that shows up to help. More and more states and cities are being asked to pitch in, too.

A police SWAT officer carries a Houston woman and her baby through floodwaters following Hurricane Harvey in August.

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GOVERNING 03.2018

Downtown Oakland, Calif., is seeing 30-story office towers go up on lots that sat empty for three decades.

PHOTO BY DAVID KIDD/COVER PHOTO BY APIMAGES.COM

DEPARTMENTS

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18

SHUTTERSTOCK.COM

16

SHUTTERSTOCK.COM

22

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GOVERNING

Decency's Rewards

Just about every restaurant restroom in America has a sign reminding employees to wash their hands. I'll bet a higher-than-average percentage of people using the facilities at the Sweetwater Music Hall and restaurant in Mill Valley, Calif., actually do so. That's because Sweetwater's signs read, "California state law and common decency require that you wash your hands." That latter appeal is a powerful concept, at least as strong as an invocation of legal requirements, and I think it can be used to do more than just limit the spread of disease by getting people to use better hygiene.

It seems to me, for example, that common decency—the idea that certain behavior is just the right thing to do—is the force underlying the Emergency Management Assistance Compact (EMAC), the remarkably successful system of mutual aid described in Daniel C. Vock's feature this month that enables states to reach out to each other for resources to respond to disasters.

Mark Funkhouser, Publisher

I see three elements of EMAC that seem to make it work so well. First, it is a learning network. After-action reports, through which governments can share experiences and learn from one another, are done following every disaster response. Second, continuity is assured because EMAC has a small ongoing staff. And finally, as Vock writes, "Perhaps one of the most remarkable achievements of EMAC so far is that the public often expects that local first responders will pitch in to help with far-off disasters. And politicians have noticed."

It's worth considering whether elected leadership and other policymakers can learn from EMAC about how to better manage other shared problems. Often what is needed today are networks of governments acting collectively. Problems like homelessness, the lack of affordable housing and the opioid crisis are too big for individual state and local governments. Something like common decency is the basis of the trust that allows networks of governments to work.

Right after last summer's Hurricane Irma, a guy in Florida tweeted a video of a Los Angeles Fire Department truck towing rescue boats down the Florida turnpike. "Choked me up!" he wrote, and in the video he can be heard saying, "This is so freaking cool!" What he was describing was undoubtedly EMAC in action, and his tweet was liked more than 42,000 times. He and his Twitter followers were uplifted by a powerful and vivid image of government showing common decency. Let's figure out how to do more of that.

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Obstacles to Oversight

In his January feature "Policing the Police," John Buntin looked at civilian oversight boards, which have been on the rise amid concerns about the use of lethal force and growing levels of mistrust between minority communities and law enforcement. He explored whether civilian oversight can make the police more accountable. He found that "past experience suggests it doesn't work."

In California, the effectiveness of all citizen police review boards was sabotaged by the Copley decision, a court ruling that a police officer's right to privacy trumps the public's right to hold them accountable. As a result, all discipline hearings are held in secret and only a small amount of information is ever released to the public.

In addition, the majority of board appointees are selected by the mayor. That's a conflict of interest: The mayor wants the police department to appear well-behaved.

Attempts at genuine citizen oversight of policing have been handicapped and thwarted. These are the most significant reasons why citizen review efforts have not been as successful as they should be. I would like to see police chiefs and the governmental bodies that monitor police behavior elected directly by the public.

—Mike Freeman, San Francisco

I have 22 years on a mid-sized police department, and have given this topic some thought. In my personal opinion, the main reason all these attempts at accountability fail is that there is no clear measurement for accountability. A poor substitute that is being used is singular instances of abuse of police powers, or what's probably better referred to as anecdotal evidence. The cases that galvanize the public are often not the ones most indicative of corruption.

We must answer to the public when corruption is alleged. However, I believe that until systemic corruption is quantified, no successful solution can be found. We need to have measurements of a community's perceptions of police corruption and satisfaction with service. Those measurements should be our compass.

—Captain Richard Alexander, Tulsa, Okla., Police Department

More Equals Accountability?

In the January Observer item "Crowdsourcing the Legislature," Alan Greenblatt wrote about a California ballot initiative that businessman and gubernatorial candidate John Cox had hoped to get before voters. But state officials announced in February that he failed to collect enough valid signatures. The measure would have greatly expanded the legislature. A state senator currently represents about 930,000 people. Under the initiative, 4,000 state senators would instead have each represented 5,000 people. Not all of them would go to Sacramento, though; new legislators would select senators and representatives from among them to go. "Why adding a layer of elected officials to select an elite subgroup of 120 would make the process more representative is puzzling," Greenblatt wrote. Cox responded.

First, the primary reason to reduce the district size—fewer people to be represented—is to greatly lessen the cost of campaigns so that special interests [have less influence]. Second, since the legislators who stay home are clearly interested in politics, they will knowingly and with dedication monitor and work with the member they sent to Sacramento. In this fashion, they will get legislative matters done through consensus-building. And third, since voters get to meet their local rep and have some idea who that person is and what they stand for, they'll feel more involved in the political system.

Finally, important matters will be attended to because there will be accountability. The legislators in each district will hold their representative member in Sacramento accountable. If they don't, the voters in their tiny district will, in turn, hold them accountable.

—John Cox

A Numbers Hiccup

In January's Green Government, "Pickup Hiccup," Elizabeth Daigneau explored the potential consequences of China's decision to stop buying most of the paper and plastic U.S. consumers recycle. "For many years now, China has been the largest global importer of most recyclable materials," she wrote. "The U.S. alone exported about two-thirds of its wastepaper and more than 40 percent of its discarded plastic to the country last year." One reader challenged the statistics used.

Two-thirds of American wastepaper is not shipped to China. In fact, only about 40 percent is exported, with China getting a bit less than two-thirds of that. And the estimate that 30 percent of what residents throw into their curbside bins [is unrecyclable] is quite high. A more reasonable—and still way too high rate—would be around 20 percent.

—Chaz Miller, National Waste & Recycling Association

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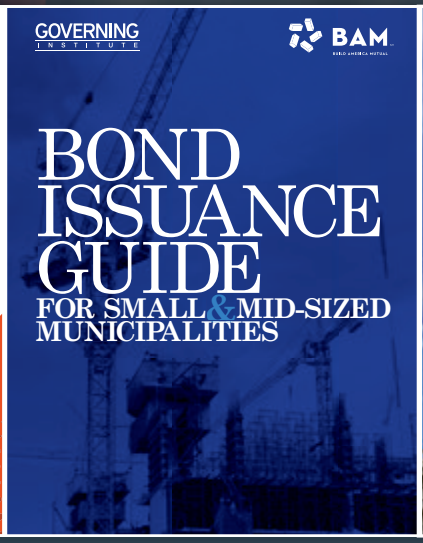

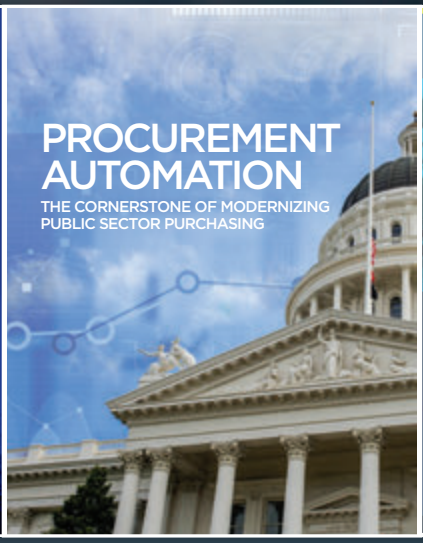

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GOVERNING

By Alan Greenblatt

Prop. 13 Turns 40

CALIFORNIA'S PROPOSITION 13, arguably the most famous and influential ballot measure in the nation's history, turns 40 this year. The law cut property taxes by nearly 60 percent, putting the state at the vanguard of an anti-tax movement that quickly spread across the country. Lots of people in California think it's long past time to update the law. But there's plenty of disagreement over what to do with Prop. 13—as evidenced by two separate ballot measures this year that seek alternatively to weaken the law or to strengthen it.

Approved by voters in June 1978, Prop. 13 requires a two-thirds majority to raise state or local taxes and places strict caps on property tax rates. Taxes can be no higher than 1 percent of a property's cash value and can increase by only 2 percent a year, as long as a homeowner remains in place. Once a property is sold, however, it is reassessed at current values.

The law has had profound effects on public finance in California. It has altered funding streams for schools, made fiscal relationships between localities and the state into a complicated mess, and put localities on a never-ending hunt for new taxes and fees. Local governments in California are better off financially if they zone property to attract car dealers, who generate hefty sales tax revenues, rather than homeowners, whose payments are capped and partially diverted to the state.

But for most Californians, the law means one thing: a break on property taxes in a state where housing costs are generally a serious burden. "It's been characterized as the third rail of California politics," says Jon Coupal, president of the Howard Jarvis Taxpayers Association. "There are repeated efforts to try to weaken it or repeal it, but that's a ticket to a short political career." (Coupal's group is named after Prop. 13's primary sponsor.)

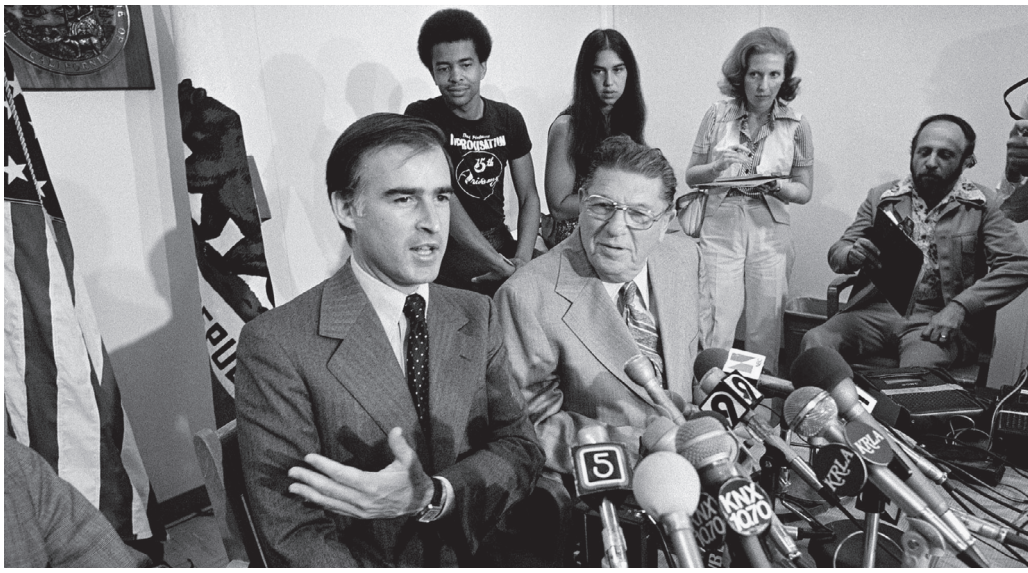
Nevertheless, a coalition of liberal nonprofits is currently collecting signatures for a ballot measure to end Prop. 13's protections for commercial and industrial properties. These would be reassessed every three years, with protections for small businesses. The measure would raise an estimated $11.4 billion annually, with roughly half the money going to schools and community colleges. Education has been "desperately underfunded" since Prop. 13's passage, says Joseph Tomás McKellar, co-director of PICO California, a faith-based group that is cosponsoring the measure. "Proposition 13 contributed greatly to the kind of inequality we see in our state," he says. "Our economy has grown into an hourglass economy."

Polling suggests that voters are open to the idea of raising property taxes on commercial enterprises, but support starts to evaporate when they learn about potential impacts on small businesses. That's without the millions of dollars that the measure's opponents are certain to spend to defeat it. Despite California's progressive leanings, the state will be rife with anti-tax messages this year, with a separate ballot campaign seeking to repeal a $5 billion gas tax increase that was imposed in 2017.

Perhaps that atmosphere will lend some momentum to an effort, sponsored by the California Association of Realtors, to make Prop. 13's property tax breaks even more generous. The group's measure would allow homeowners who are 55 and older, or who are disabled, to keep their low property tax rates intact, even if they move. The association's argument is that this will free up housing by making it financially feasible for older homeowners to move out of their large dwellings, rather than feeling they have to stay in place in order to keep their property taxes low. It would turn part of the original logic behind Prop.13 on its head. Rather than reducing property tax rates to allow seniors to stay in their homes, this would give them a tax break that encourages them to move. But making lower rates portable for older and disabled homeowners could cost counties and schools $2 billion annually, according to the California Legislative Analyst's Office.

Prop. 13 has already created serious disparities between neighbors' property tax bills. If a family has been in its home since 1980, that home's taxable value, on average, is $300,000 less than a recently purchased property on the same block. Sometimes the disparity is far greater.

The fact that there's a serious push to convert tax breaks under Prop. 13 into a lifetime guarantee shows as well as anything the enduring potency the law still possesses four decades after its passage.



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California Gov. Jerry Brown and Prop. 13 sponsor Howard Jarvis in 1978

Looser on Larceny

SHOULD A MAN be hounded by police for stealing a loaf of bread? The question has seemed ludicrous on its face ever since it drove the plot of Victor Hugo's novel *Les Miserables* in 1862. But no society can approve of theft on a grand scale. Finding the exact threshold of stolen goods sufficient to trigger a felony prosecution hasn't been easy. Right now, most states are erring on the side of becoming a bit more lenient.

Since the start of the century, roughly two-thirds of states have raised the minimum dollar amount for thefts that constitute a felony. Several in the South, including Alabama, Georgia and Mississippi, have lifted their thresholds from $500 to $1,000 or $1,500 over the past several years, for example. Those states have seen crime rates go down by roughly the same amount as the ones that haven't changed their theft laws, according to a study from the Pew Center on the States. Raising the felony theft threshold has not led to increases in property crime or larceny. "The evidence is pretty clear from all the other states that have done this, they have not seen any increase in crime correlated with it," says Deborrah Brodsky, who directs a criminal justice program at Florida State University. "If we're serious about reducing prison space, this seems like a rational next step."

In Florida, 3,300 individuals are currently incarcerated on felony theft charges, with an additional 21,000 on probation. Given the costs involved, many legislators there and in other states are willing to raise the bar on felony theft, generally as part of bills that address criminal justice practices more broadly. "It's basically low-hanging fruit," says Massachusetts Sen. Sonia Chang-Diaz, sponsor of a proposal to lift the state's theft threshold from $250 to $1,500. "I came upon this as part of a larger look at our criminal justice system, and how it is that we've ended up locking up four to five times as many people as we did in Massachusetts 30 years ago."

As with other recent changes to sentencing and criminal justice practices, corrections costs are a major motivating factor. But the effect on the criminals themselves is something policymakers are also considering. A felony conviction for a young offender who steals a smartphone can make it harder for that person to find work or housing after serving his time, marginalizing him from civil life for years or for the rest of his life. And because theft is often driven by drug addiction, it's unlikely that offenders are going to stop to calculate the price difference between grabbing an iPhone X or an old flip phone as a way of slipping under the felony line.

Despite the evidence suggesting that raising felony theft thresholds doesn't increase crime, it remains a tough sell politically. Retailers always oppose attempts to raise the threshold. And nobody wants to send a signal that a certain amount of thievery is more or less acceptable. In Virginia, for example, which seems likely this year to pass a bill reclassifying any theft under $500 as a misdemeanor, state Rep. Rob Bell last year summed up the opposition to giving criminals a cost-of-living adjustment. "The question is," Bell said, "why would we make it easier on people who steal?"

No politician wants to be on record sounding lax on crime. But most, including many conservatives, have concluded that felony theft thresholds dating back to the 1980s have no great deterrent effect and that their prosecution can cost the states more than they're worth.

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A Little Rental Relief

WHEN IT COMES TO HOUSING, New York, Portland, Ore., Seattle and Washington, D.C., all have something in common. Prices are actually starting to come down.

Many of the nation's hottest real estate markets, construction booms have brought a recent reduction in average monthly rents. Not by a ton—and not enough to make any of these cities into bargains—but enough to relieve at least some of the pressure on renters. It's simple economics. Increased supply is doing a better job of meeting demand. Last year, apartment construction reached a 30-year high, with much of the growth concentrated in major cities such as Dallas, Houston and New York. "We have seen an uptick in vacancy rates and that's having an effect on rents," says Michael Neal, an economist with the National Association of Home Builders.

Seattle's vacancy rate is now 5.4 percent, which is the highest it's been since 2010. Rents are going down fastest in the neighborhoods in and around downtown, which have been the most in-demand and, consequently, have seen the most recent construction. But even a drop in rental costs of about 6 percent in those neighborhoods doesn't feel like much of a break when prices have shot up by more than 50 percent over the past five years. Around the country, average rents are still increasing, although only at about half the rate of recent years. A majority of mayors surveyed recently by Boston University continue to believe that housing prices are the top reason people are leaving their cities.

There are other reasons renters should hold off on celebrating. For one thing, the supply growth in some of the hot cities may have peaked. Housing starts reached high levels in 2015 and 2016, which is why more buildings were completed last year. Fewer are coming online now. So many more apartments have become available that both bankers and builders are wary about putting up more. "Developers think that demand is starting to taper off," says Jonathan Spader, a researcher at Harvard University's Joint Center for Housing Studies.

In the major cities, the vast majority of apartments being built are designed to serve luxury or at least high-end markets. There's very little in the way of new housing that's considered affordable. Nationally, the market for rental units costing less than $1,250 a month is still tightening. "We're not producing affordable housing and we're not producing enough housing for the demand," says Laurie Goodman, vice president of the Housing Finance Policy Center at the Urban Institute. "We're producing about 350,000 fewer new units a year than we need."

Still, increased supply of any sort, even luxury housing, can help to keep prices under control. Developers may be less gung-ho to build than they were a couple of years ago, and they aren't much interested these days in lower-cost construction. But they've shown they will respond to high levels of demand and every well-paid tech or finance worker who moves into a spanking new building is one less person driving up the cost of existing housing stock.

THE BREAKDOWN

75%

The share of New York state's incarcerated population that has not yet been convicted of a crime.

258 pgs.

The length of the list of regulations for Nevada's new recreational marijuana industry that have been approved by the state's tax commission.

>800%

The increase in Wyoming's revenue in 2017 from leasing land to oil and gas companies. The windfall was due largely to rebounding oil prices.

31K

The number of qualified students turned away in 2017 by the 23 campuses of the California State University system, the most rejections in the system's history.

SOURCES: NEW YORK GOVERNOR'S OFFICE, *LAS VEGAS SUN*, *CASPER STAR-TRIBUNE*, *SAN FRANCISCO CHRONICLE*; IMAGE: SHUTTERSTOCK.COM

Weakened Watchdogs

FLICKR/PHIL WHITEHOUSE

FIFTEEN YEARS AGO, the alternative newspaper *Willamette Week* dug up dirt on local officials in Portland, Ore., in the most literal way imaginable, going through their garbage and recycling containers at home. A prosecutor had argued in court that garbage left curbside is "open to public view" and not subject to privacy protections. Reporters at *Willamette Week* were both shocked and inspired by that argument. They decided to go through trash left outside the homes of the district attorney, police chief and mayor, printing detailed summaries of what they found.

There were no great revelations as a result, but the exercise showed how alternative weeklies have long viewed their mission—one of obsessive attention to local detail, while pursuing stories with a spirit of irreverence bordering on disdain for authorities. "We did the stories that daily papers won't do for fear of offending the powers that be and their readership," says Gustavo Arellano, a former editor of the alternative *OC Weekly* in Orange County, Calif.

There are fewer reporters pursuing such stories now. Over the past decade, some two-dozen alternative weeklies have shut down nationwide. Just in the past couple of years, alt-weeklies have closed in Baltimore and Philadelphia, while others in Houston, Knoxville, Tenn., and New York have moved to online only. Last month, the Nashville *Scene* was put up for sale, joining several others on the auction block.

Many of the alt-weeklies that are still around, including publications in Los Angeles and Seattle, have slashed salaries or now rely entirely on unpaid contributors. Last October, Arellano quit the *OC Weekly* rather than agree to cut its staff in half. "Without those people on the ground, a lot of stories are going to be lost," he says.

In contrast to daily newspapers, alt-weeklies are relentlessly city-focused. The mainstream dailies, with their largely suburban readership, may have someone covering city hall, but they're less likely to be found sniffing around zoning meetings or keeping tabs on neighborhood commissions. Alt-weeklies love making enemies, shining their spotlights on issues such as police overreach or paying attention to trends like gay rights ahead of the mainstream press. "They often would give reporters quite a bit of space to go in-depth," says Dan Kennedy, a journalism professor at Northeastern University.

Not all news is bad on the alt-weekly front. *Washington City Paper* threatened to cut salaries by 40 percent, but a local businessman bought it just before Christmas and should provide a decent financial cushion. Weeklies from Burlington, Vt., to St. Louis continue to publish important stories. *Willamette Week* is best known not for dumpster diving, but for uncovering real scandals involving everyone up to and including governors.

That's what really will be missed if alt-weeklies and their digital successors can't make a go of it. Too often, politicians in small towns get away with corrupt acts because no one is keeping an eye on them. The decline of alt-journalism doesn't mean more politicians will become corrupt, but those who are inclined to cheat might get away with malfeasance more often, or for a longer period of time. "Alt-weeklies are the canaries in the mine when it comes to local journalism," says Arellano, now a columnist with the *Los Angeles Times*. "Small stories about corruption end up growing into much bigger scandals than originally imagined."

By Alan Ehrenhalt

A High-Stakes Game of Chicken

State disputes over animal welfare and interstate commerce land in the courts.

I've never met a chicken that knew much about the U.S. Constitution, but over the years chickens have managed to get themselves mixed up in more than their fair share of debates over what the Constitution says and means.

Back in the 1930s, it was a case involving the sale of diseased chickens in Brooklyn that led the U.S. Supreme Court to invalidate the most important parts of Franklin D. Roosevelt's early New Deal. More recently, there have been disputes in every region of the country over the constitutional rights of homeowners to keep poultry in their backyards against neighbors' wishes. Now there's a full-dress constitutional debate about the conditions under which chickens and other animals are raised and the authority of states to decide when those conditions should be considered inhumane.

The current legal debate actually goes back a decade, to a ballot measure in California mandating that any chicken raised commercially in the state had to have enough room to lie down, stand up, turn around and extend its limbs. It was an easy winner at the polls. California poultry farmers didn't like it, but most of them accepted it. What really made the industry mad was a law passed by the legislature two years later, in 2010. This law took the whole issue national: It prohibited the sale in California of eggs produced anywhere in the country under conditions that didn't meet its humaneness test.

Although the law was phased in gradually, it hit growers hard in states such as Iowa, Missouri and Nebraska, which produce a majority of the eggs that California stores sell. Iowa alone was the source of nearly a third of the eggs imported into California each year. So six of the egg-producing states got together and sued California, using an old warhorse of an argument. They invoked Article 1, Section 8, Clause 3 of the Constitution: the Commerce Clause.

That's the part of the Constitution that basically says that Congress possesses the power to regulate commerce among the states. The egg-producing states argued that only Congress had the right to do this—no state had any business telling another state what its farmers could sell across state lines.

It was an intriguing argument, but the court didn't buy it. A three-judge panel of the 9th Circuit Court of Appeals in San Francisco ruled in 2016 that it wasn't the states that were being harmed by the California laws—it was individual farmers. The farmers could bring suit if they wanted to. Until then, there was nothing to talk about.

But that decision has emboldened animal rights activists in other parts of the country. In November 2016, voters in Massachusetts were presented with a ballot measure tougher than California's. It banned the sale of eggs from animals in any state "confined in a cruel manner." That could be read to mean no chickens in cages, which is where most farmers in this country still raise them. And it applied the strict rules not just to poultry, but to pigs and calves as well. This broadened the scope of the opposition. Opponents of this measure said it would not only raise prices but also deprive Massachusetts consumers of badly needed protein. They said farmers knew better than activists what was best for the animals. That argument got them nowhere. The measure passed.

This brings us to the present, and to the challenge to both the California and Massachusetts laws that critics hope to take to the U.S. Supreme Court. Thirteen states are parties to the challenge. They claim that the California laws have cost consumers in the state $350 million in higher egg prices and that the Massachusetts law will have a similar effect.

In the end, it's the same approach that didn't work the first time around. The Supreme Court declined to take up the appeal of that decision. Still, it's always possible that a more conservative Supreme Court might be more congenial to the argument than a liberal appeals panel in San Francisco was. We'll see.

While this moves forward, animal rights activists are taking another shot at California. Spearheaded by the Humane Society of the United States, they have launched an initiative for this November's state ballot that bars cruelty to any farm animals, including chickens, pigs and calves. At the moment, it's legal in

California to keep these animals in a crate or cage as long as it meets minimum size standards. This measure would end that practice everywhere in the state by 2021.

In many ways, it's the return of the Commerce Clause that's the most striking element in all this maneuvering. The clause is a piece of constitutional India rubber that can be stretched as far as any clever litigant in any particular decade is willing to stretch it to please the justices of the moment.

In the early years of the republic, the Supreme Court read the clause as a broad grant of power to the federal government. "The power of Congress," Chief Justice John Marshall wrote, "does not stop at the jurisdictional lines of the several states." Later in the 19th century, the tide turned. Conservative Supreme Court majorities blocked the federal government from intruding on state commerce jurisdiction.

In those days, and well into the 20th century, it was conservatives who wanted to keep the federal commerce power on a short leash. They achieved that in Schechter Poultry Corp. v. United States, with the Supreme Court holding in 1935 that the Roosevelt administration lacked the legal authority to regulate the price of chickens raised and sold in New York state or to punish poultry dealers who sold inferior chickens. None of the Schechter animals were marketed outside the state, and the court decreed that the Commerce Clause, plainly written to govern commerce "among the several states," simply didn't apply. The decision knocked out the whole scheme of price and wage regulation that had been the core of New Deal policy up until then.

That state of affairs didn't last long, however. Within a couple of years, a more liberal Supreme Court was giving the federal government carte blanche to use the Commerce Clause any way it wanted: to regulate economic activity even if the interstate connection was flimsy and even if the activity barely constituted commerce in any meaningful sense.

And so we went through about half a century in which the Commerce Clause was essentially a loophole for liberal activism. Conservatives didn't like that, but there was little they could do about it. That changed slightly in 1995, when the court surprised legal scholars by actually finding something the clause didn't permit: federal regulation of guns on school property. Gun ownership, according to Chief Justice William Rehnquist, didn't fall within the sphere of commerce. Congress couldn't use the Commerce Clause to deal with it.

The clause was breathing again—but not all that lustily. In 2005, the court found that while guns in schoolyards might not be part of interstate commerce, marijuana grown in someone's backyard was, even when it was grown entirely for local use. It was held to be fair game for the feds.

Justice Clarence Thomas was the most vocal dissenter in the marijuana case, and has been the most insistent voice arguing that the anti-New Deal justices had it right all along. The Commerce Clause wasn't supposed to be a free pass for federal activism. "If Congress can regulate this under the Commerce Clause," Thomas wrote, "then it can regulate virtually anything ... quilting bees, clothes drives and potluck suppers."

That's about where we stand as the chickens return to the stage—except for one rather intriguing irony. For just about all of the past century, conservatives have wanted to rein in the Commerce Clause to control the excesses of the federal government. Now the egg plaintiffs want to use the feds to counter the liberal initiatives of the states. They want the Supreme Court to rule that the federal government not only has the authority to regulate commerce among the states—it has the exclusive authority. "No state has the right to dictate how other states choose to regulate business opportunities and manufacturing processes within their own borders," says Indiana Attorney General Curtis Hill, a Republican who is one of the leaders on the plaintiffs' side.

The Humane Society dismisses the current challenge to the California and Massachusetts laws as a "legal Hail Mary," even if it has 13 states behind it. But a number of nonpartisan observers are beginning to take the challenge more seriously. "If you read what the Commerce Clause actually says," Purdue University economist Jayson Lusk told me, "this could be a violation of it."

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But if the legal technicalities of egg regulation are a bit abstruse, the politics of the issue are not. Given an opportunity to vote for almost any proposition that promotes humane treatment of animals, the public will buy it. The original egg regulation initiative, in California in 2008, got 63 percent of the vote. The one in Massachusetts in 2016 got 78 percent. "Voters tend to look at them favorably if they are framed as anti-cruelty," Lusk says. "I don't know if one's ever been defeated."

The courts may not be a high-percentage option for the chicken-and-egg people at this point. But they may be the only option. **G**

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By Peter A. Harkness

Getting Out of Our Cars

Better policy could help us move beyond a culture built around automobiles.

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Let me start with a confession: I have grown to really dislike cars and what they are doing to our cities. I know that sounds elitist and faintly un-American, but I can't help it.

My wife and I just left our relatively quiet neighborhood on the D.C.-Maryland border and moved closer to downtown, to a neighborhood that existed well before the city became the nation's capital. Even in our previous neighborhood, suburbanites used to roar through the streets in their cars during rush hour, seeking shortcuts to the main thoroughfares they used in their commutes. It was illegal, but they did it in such numbers that the police gave up trying to enforce the law. The best the local residents could do was put up signs pleading with drivers to watch out for kids.

Our new neighborhood is far more urban, so you'd expect more traffic congestion. And indeed there's a lot more. The residential streets are narrower, forcing cars to slow to a crawl and residents to fold back their side mirrors when they park to avoid having them sheared off. The two main boulevards are a mess, tempers are short and red-light running is common.

Our move has led us to reflect on just how hard it is to escape the car culture in America. It's in the suburbs, it's in the countryside, it's in the most venerable urban districts whose roads were built for the horse and buggy.

America's car culture seems as deeply rooted as ever. Mass transit ridership is actually down in cities across the country, as more and more commuters are choosing to drive themselves instead of taking the bus or a train. We're a nation obsessed with cars: A couple months ago, the North American International Auto Show opened its doors in Detroit, just as it has every year for more than a century. This year more than 800,000 visitors flocked to see the latest offerings of some 40 automakers spread across almost a million square feet of exhibit space.

But there are some signs on the horizon that the dominance of cars might be fading.

The scary levels of carbon emissions in Western U.S. cities such as Salt Lake, the endless traffic on major urban highways, and the everyday rising commute times in many metros across the developed world are taking a toll. Millennials have lower rates of car ownership than previous generations. And many baby boomers are choosing to ditch their cars (or downsize to just one per household) in favor of a more urban retirement lifestyle.

Cities everywhere are beginning to rethink their relationship with automobiles. The idea of "complete streets" is redesigning roadways to better accommodate pedestrians, cyclists and transit, as well as cars. Boston, Milwaukee, Portland, Ore., Rochester, N.Y., San Francisco and overseas cities including Seoul, South Korea, have either removed or downsized existing highways. Paris is going further, banning private cars from some of the heavily used streets along its historic quays and preventing vehicles with high rates of polluting emissions from entering the city core altogether.

We could also see congestion pricing in our largest city. New York is once again floating the idea of charging private automobiles to drive in various congested areas of the city during certain times of the day, something that's already been put in place in London and Stockholm.

But the greatest threat to the car culture

is money. Simply put, it may soon become a lot more expensive to own and drive a car.

That's because governments are finally starting to realize that, thanks to flat gas prices and ever-more efficient engines, our traditional reliance on taxing gasoline receipts simply isn't enough to maintain our existing system of roads and bridges. While Congress hasn't touched the federal gas tax since 1993, states have begun to raise their own revenues. At least 22 states have raised their gas taxes within the past six years. Some localities, such as Los Angeles, have also passed tax increases to fund new transit projects aimed at easing congestion.

Even more of a game-changer is the emerging model of dynamic tolling. Similar to the use of congestion pricing in urban cores, these are road-use fees that fluctuate based on congestion and the time of day. Sometimes the costs can be jolting. Virginia in December introduced dynamic tolls for express lanes on its Interstate 66 corridor into Washington, D.C. Daily tolls have averaged about $13.50, but on Day 2 of the new dynamic pricing, some morning rush hour commuters were shocked to find the rate topping out at $44 per car. With more dynamic tolling—and more tolled roadways in general, which are significantly on the rise across the country—drivers are beginning to bear more of the actual costs of driving. That could lead them to rethink their reliance on cars. Or at least they may start carpooling.

Taming our car culture will most likely have to happen at the state and local level, at least in the near future. Congress doesn't seem at all interested in tackling it, and President Trump's long-awaited infrastructure plan does nothing to move beyond an obsession with automobiles.

We need to branch out to help finance other forms of transportation. We need smarter policies that better reflect the true social and environmental costs of cars. It's not going to come from Washington anytime soon. Here's hoping that more governors, state legislators and mayors have the political courage to make it happen. G

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By Alan Greenblatt

Breaking Ranks

More candidates are opting to run as independents.

Terry Hayes is fed up. Like a lot of people, she's become disillusioned with both the Democratic and Republican parties and is ready for something new. "It's not just the parties that are the problem—partisanship is the problem," she says. "There's an expectation that there's just one right way."

That's why Hayes, the state treasurer of Maine, is running for governor as an independent. The former Democrat is hoping to become the third independent to be elected governor of Maine in the past half-century. She says that if she ran as a Democrat, she'd be expected to hew the party line on all issues. She's not willing to do that.

And she's not alone. Several other candidates in Maine are running as independents or under third-party banners. In Alaska, Bill Walker, currently the nation's only independent governor, is seeking reelection. And experienced or well-funded independent candidates are running for governor or exploring bids in Arizona, Connecticut, Kansas, Nebraska and Rhode Island. "There have always been independent candidates," says Joel Searby, senior strategist for the Centrist Project, which supports independents. "The difference is the caliber of candidates and the organization and infrastructure behind them."

Terry Hayes, the state treasurer of Maine

HAYES FOR MAINE CAMPAIGN VIA FACEBOOK

With both parties seeming to move to their respective ideological extremes—Republicans to the right and Democrats to the left—it seems like there should be plenty of room in the middle for centrist candidates, says Marjorie Hershey, an expert on political parties at Indiana University. The problem, she says, is that while voters may feel disaffected with the two parties, they aren't all upset for the same reasons. Typically, self-described independents, who tend to lean toward one party or the other, will shy away from a party's platform on some issues but embrace it on others. "The people in the middle aren't necessarily moderate," Hershey says. "They're just inconsistently extremist—right-wing on some things and left on others."

As an example, former Republican state Rep. Joe Trillo is running for governor as an independent in Rhode Island not as a moderate, but because he feels the state GOP has been insufficiently supportive of President Trump.

According to Gallup, the number of self-identified independent voters has ticked down over the past year, with more people choosing sides in the Trump era. Independent candidates have always had a tough road ahead of them. The two main parties enjoy huge structural advantages. But independents can win, especially when they start out with high profiles, lots of resources and face a field where support is fractured for some reason.

"You can't say independents are the wave of the future," says Darryl Paulson, a political scientist at the University of South Florida, "but you probably can say that the door has been opened to independent candidates far more than before, and we're going to see more of them." G

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By Mattie Quinn

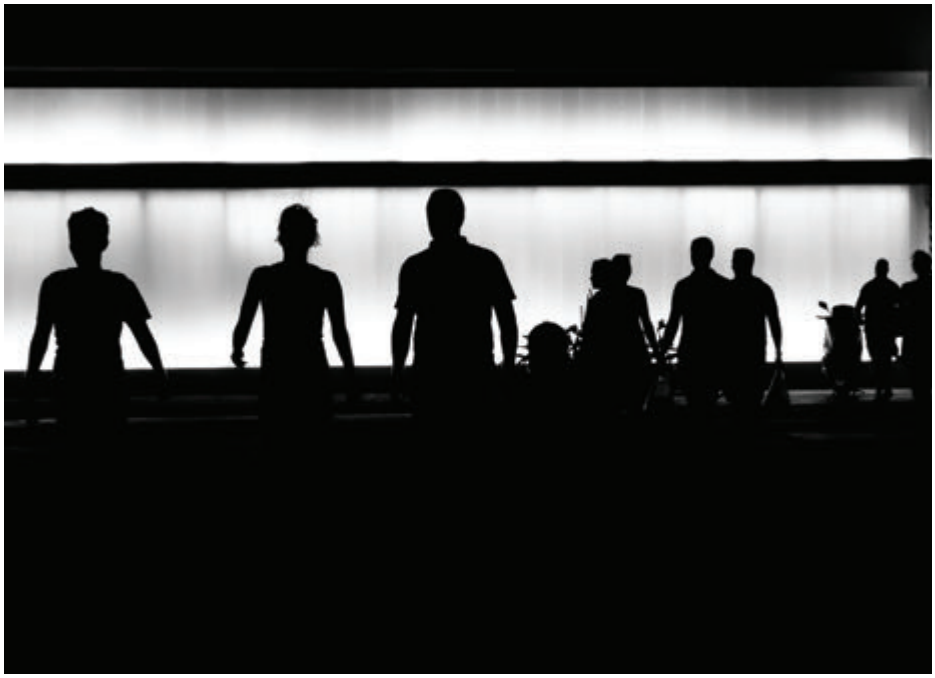
To Save A Life

Teen suicide is on the rise. What can states do?

As everyone who has navigated the rocky shoals to adulthood knows, it's never easy getting through the teenage years. Now, in an unfolding tragedy reaching into communities across the country, more teenagers are foundering on those shoals and taking their own lives.

According to an August 2017 report from the Centers for Disease Control and Prevention (CDC), the number of girls age 15 to 19 committing suicide doubled from 2007 to 2015, to a 40-year high of 5.1 per 100,000. The most recent statistics for boys, whose suicide rates have always been higher, are also grim. After peaking in the 1990s and declining for a decade and a half, their suicide rate climbed by more than 30 percent between 2007 and 2015, to 14.2 per 100,000.

As troubling as those national numbers are, the crisis in Utah has become particularly acute. The suicide rate among children in the state between the ages of 10 and 17 doubled from 2011 to 2015, five times the average increase for the nation, according to the CDC. Suicide is now the leading cause of death among Utah teenagers.



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Those statistics led Gov. Gary Herbert in January to announce the launch of a teen suicide task force. Its mandate is to evaluate existing suicide prevention programs, as none of the state's three major programs has undergone "rigorous evaluation" for effectiveness. The task force will also come up with legislative recommendations that combine resources from the public and private sectors. Existing efforts are "an inch deep and a mile long," says Kim Myers, the suicide prevention coordinator for the Utah Department of Human Services. "We just need to dig deeper."

For the most part, suicide risk factors in Utah don't stray too far from national trends. A third of Utah teens who committed suicide had been diagnosed with a mental health problem, and 20 percent had past experience with cutting or other forms of self-harm. Researchers also found that 13 percent had experienced some form of technology restriction, such as a parent taking away a cellphone. It's hard to unpack the meaning of that statistic, given the hypothesis among researchers across the country that "these gadgets are making us less connected," as Mike Friedrichs, an epidemiologist at the Utah Department of Health, puts it.

But there also are factors specific to the state. While its demographics are changing, Utah has a more racially and ethnically homogenous population than most states, with non-Hispanic whites now making up 79 percent of its residents. That makes it easier for troubled teenagers to compare themselves to similar peers, according to Myers, which can lead to perceiving themselves as inadequate and make them fall further into despair. And the state has a culture of perfectionism that can be tough for young people. The Church of Jesus Christ of Latter-Day Saints has an emphasis on higher education and marrying young. "So when people fall out of that, it can feel lonely," Myers says.

As Utah's task force grapples with these and other factors, one thing most researchers agree on is that reversing the teen suicide statistics can't be accomplished by state government alone. It also will require involvement at the community and personal level. "Government can play a role in funding, coordinating, evaluating and regulating the public health system," Myers says, "but it's critical to have community partnerships and to have people with lived experience involved." G

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By Elizabeth Daigneau

Plug-In Planning

Could electric cars threaten the grid?

All the promotional videos and brochures on plug-in electric vehicles (PEVs) basically tell the same story: A happy homeowner comes home after a long day at work, parks her emissions-free car in the garage and, before going inside, plugs it into the nearby electrical socket to charge. It's a scenario that's playing out in homes across the country. There's just one hitch. When the local utilities considered the amount of energy a home required a decade or more ago, most didn't take into account electric vehicles.

"When utilities were planning for what a typical electrical load for a house would look like, they were thinking about air conditioners, refrigerators and other appliances," says Matteo Muratori, a transportation and energy systems engineer at the National Renewable Energy Laboratory. "They weren't thinking about plug-in electric vehicles."

Since more and more people are choosing to drive electric cars and charging them at home, Muratori created a computer simulation to explore the impact of in-home charging on the grid. His conclusion: Don't expect any massive power outages anytime soon. "PEVs aren't going to destroy the grid," he says.

Indeed, Muratori's simulation, which he's written about in a new paper, found that a plug-in market share of up to 3 percent, or about 7.5 million vehicles, won't significantly impact the aggregate residential power demand. For perspective, there are roughly 700,000 PEVs on U.S. roads today. It won't be until at least 2025 before U.S. roadways see more than 7 million PEVs, according to the Edison Electric Institute, a trade association.

But while there's no immediate threat to the grid, Muratori cautions that in-home charging could still take its toll on electric system infrastructure by way of "uncoordinated charging." Consider this scenario: Your next-door neighbor buys a plug-in electric vehicle. In a "Keeping Up with the Joneses" type of effect, this inspires another neighbor to buy one, then another and another until almost every homeowner on your block has a PEV. Each night these neighbors come home after work at around the same time and promptly plug in their electric vehicle to charge. This uncoordinated charging "will significantly increase the peak demand seen by distribution transformers and might require upgrades to the electricity distribution infrastructure," according to Muratori's paper.

Another way in-home charging could cause some wear and tear depends on which charging options households use: the less powerful Level 1—essentially an extension cord—or the faster and more powerful Level 2 option. Much like uncoordinated charging, as more PEVs are added to a neighborhood and a higher charging power is adopted, "the distribution infrastructure might no longer reliably support the local electricity demand." Muratori notes that the higher demand could shorten the expected life of a transformer.

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So what's the takeaway for state and local policymakers? From Muratori's perspective, the report serves two purposes. The first is to remind stakeholders not to overlook this additional demand on the grid. PEVs should play a big role in future electric system planning. For instance, he says, utilities may want to think about how to incentivize some PEV owners to delay charging their vehicles when they get home at night. This will avoid the unintended consequences of uncoordinated charging. The second purpose is for policymakers to better understand the issue. Utilities may seek to design new rate structures to deal with the future influx of PEVs, he says. Elected leaders need to understand why utilities are doing so.

Most important, though, future research should focus on understanding consumer behavior to determine charging requirements. "This is a new area for utilities," says Muratori. "This will help them better anticipate tomorrow's needs." G

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By Aaron M. Renn

Fix It First

Before we invest in new infrastructure, we need to maintain and update what we have.

Public officials and advocates often suggest infrastructure investment as a way to ignite economic dynamism and growth. But as a mature country with a large and aging infrastructure base, we need to be cautious about how we invest in it to be sure we are doing so where it makes sense.

Building new infrastructure certainly made sense in 1825, when the Erie Canal opened. It reduced transportation costs in the corridor across New York state by 90 percent versus overland cartage. The national electric grid, the interstate highway system, and water and sewer networks delivered immense benefits for both the economy and quality of life.

And new types of infrastructure do arise that require us to build completely new systems. Cellular telephone and broadband data networks come to mind. But what we increasingly have today is less of a need to massively invest in new kinds of infrastructure and more of a need to maintain what we already have and update it for the 21st century.

Yes, there is a need for expanded traditional infrastructure in some places. Where there is high demand and rapid growth, adding incremental infrastructure to support that growth makes sense. This is the case with new transit investments in New York City, for example. The city badly needs an extra pair of rail tunnels under the Hudson River. However, building new subway lines makes no sense if the core subway system is falling apart, which it is. The result is that ridership is declining when it should be growing. Decreasing reliability is chasing riders away.

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Infrastructure investment is also not likely to spur economic growth in depressed locales. Where I grew up in southern Indiana, Interstate 64 runs east-west across the state, linking St. Louis with Louisville, Ky. Though it might have made sense to build it as part of a national network, this lightly traveled road hasn't spurred much economic growth in the rural counties it passes through. Visiting Flint, Mich., it's hard not to be struck by the juxtaposition of a pristine eight-lane interstate alongside the decayed infrastructure of that economically distressed city.

Today's businesses care much more about things like an available, quality labor force than they do about infrastructure. That's because despite its age, our infrastructure is already pretty good.

Prioritizing spending on maintenance is also more equitable. Only the faster-growing places need lots of new infrastructure. But almost every place has infrastructure maintenance needs.

The line between expansion and maintenance is not always clear. Rebuilding of existing infrastructure often and appropriately involves upgrades of various types. The standards and needs of today's society are different from those of the past. For example, there are many urban streets in America that were built without sidewalks. Cities might want to do more than simply fix potholes, perhaps adding sidewalks and bike lanes. But this need not involve a major reconceptualization of the roadway, such as widening a two-lane street into a four-lane divided highway.

So the first challenge of infrastructure is to be sure to focus on taking care of what we have rather than rushing to build new things. This can be difficult to do politically, because mayors and governors love to cut ribbons on new projects. It's less sexy to fix potholes or repair aging water lines.

Beyond a "fix-it-first" policy, governments need to start addressing the factors that extend timelines and raise costs. The amount of regulatory red tape needed to build projects, for example, has dramatically risen in past decades. A study by the Regional Plan Association found that the average length of time needed to complete a federally required environmental impact statement increased from slightly over two years in the 1970s to eight years by 2011. A 2008 study found that the length of time needed to complete an assessment was growing by an average of 37 days per year. Not good.

Red tape isn't the only issue. State and local governments find their own ways to shoot themselves in the foot. In December, *The New York Times* documented how bad management and featherbedding on an epic scale—by unions, consultants and contractors—had led to grotesque inflation in the city's subway construction costs, resulting in what the *Times* labeled "the most expensive mile of subway track on earth."

Lastly, there is the tangle of taxes and fees, levied by multiple levels of government, that finance our infrastructure. These aren't always aligned with infrastructure needs. The federal and state gasoline taxes, for example, generate a lot of money for spending on roads and other forms of surface transport. This money can't be spent on other infrastructure, even where critically needed. That's why Flint is served by a magnificent interstate while having serious water and sewer infrastructure problems. Rethinking our system of infrastructure finance includes not only the distribution of government revenue streams but also the role of private capital and new ways of taxation—a vehicle miles tax versus a gas tax, for example.

In short, simply pouring more tax revenue into building new infrastructure or expanding what we have is not the best plan. We need to refocus on maintenance, deal with regulatory and other barriers to efficient project delivery, and better align our revenues with our needs. What we need in 2018 is very different from what we needed in 1825. G

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URBAN NOTEBOOK

By Scott Beyer

Does Demolition Equal Progress?

Clearing out blight can erase crucial assets.

When it comes to blight removal, Detroit has made something of a name for itself. Since 2014, following bankruptcy and a large federal aid package, the city has demolished 13,340 structures, with plans to knock down tens of thousands more. The demolition has been highlighted alongside restored streetlights and a revived downtown as examples of Detroit's comeback under Mayor Mike Duggan.

But is demolishing a bunch of empty buildings really progress? I found myself asking this while exploring the city during a recent stay. On one hand, there are good arguments for demolition. There are still shocking levels of blight, which decreases surrounding property values, attracts criminals (including arsonists who endanger the already overburdened fire department) and can leave a psychological scar, especially for children who grow up there.

On the other hand, Detroit could come back. Contrary to popular perception, the declining city sits within a generally successful region. In 2016, metro Detroit ranked 10th among the nation's 20 largest metros in GDP growth rate. Of the 10 largest municipalities in Greater Detroit, six have increased their populations since 2010. So if a "great inversion" occurs there like it has elsewhere, there'd be immediate increases in citywide wealth.

This is especially true in Detroit, where many empty homes and buildings are examples of well-known architectural styles, including Midwestern Foursquare and European Modernist. If there was money to restore them, they'd sell at premiums. This has already happened with historic buildings in New York City and Washington, D.C.'s formerly blighted neighborhoods. But by bulldozing its abandoned buildings, Detroit permanently eradicates a potential long-term asset.

Fortunately, the city recognizes this. Much of the abandoned stock now sits with the Detroit Land Bank Authority, a public agency that, through aggressive tax foreclosure, owns nearly 97,000 parcels. While many structures are still being demolished, many others are being sold. Since 2014, the authority has sold off 2,900 homes and 8,500 vacant parcels. A majority of the buyers have been black city residents who buy the lots next to their homes, sometimes for $100. Currently, another 5,600 properties are either for sale or being prepped for future auction blocks.

"If we can sell a property before renovation, we're going to do that," says Saskia Thompson, executive director of the authority. This approach, she says, costs less money and time. Whether a property is demolished or sold depends on its present condition, how long it's been empty and where it's located. Many far-out structures, for example, have sat abandoned for decades and are often the first to be razed. Blight within the bustling downtown and Midtown neighborhoods, however, usually goes untouched. While such buildings are empty now, they sit in promising neighborhoods, meaning they could have significant value if Detroit revives. G

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DAVID KIDD

STATES OF EMERGENC

In moments of disaster, local and federal resources are rarely enough. But another answer is emerging.

By Daniel C. Vock

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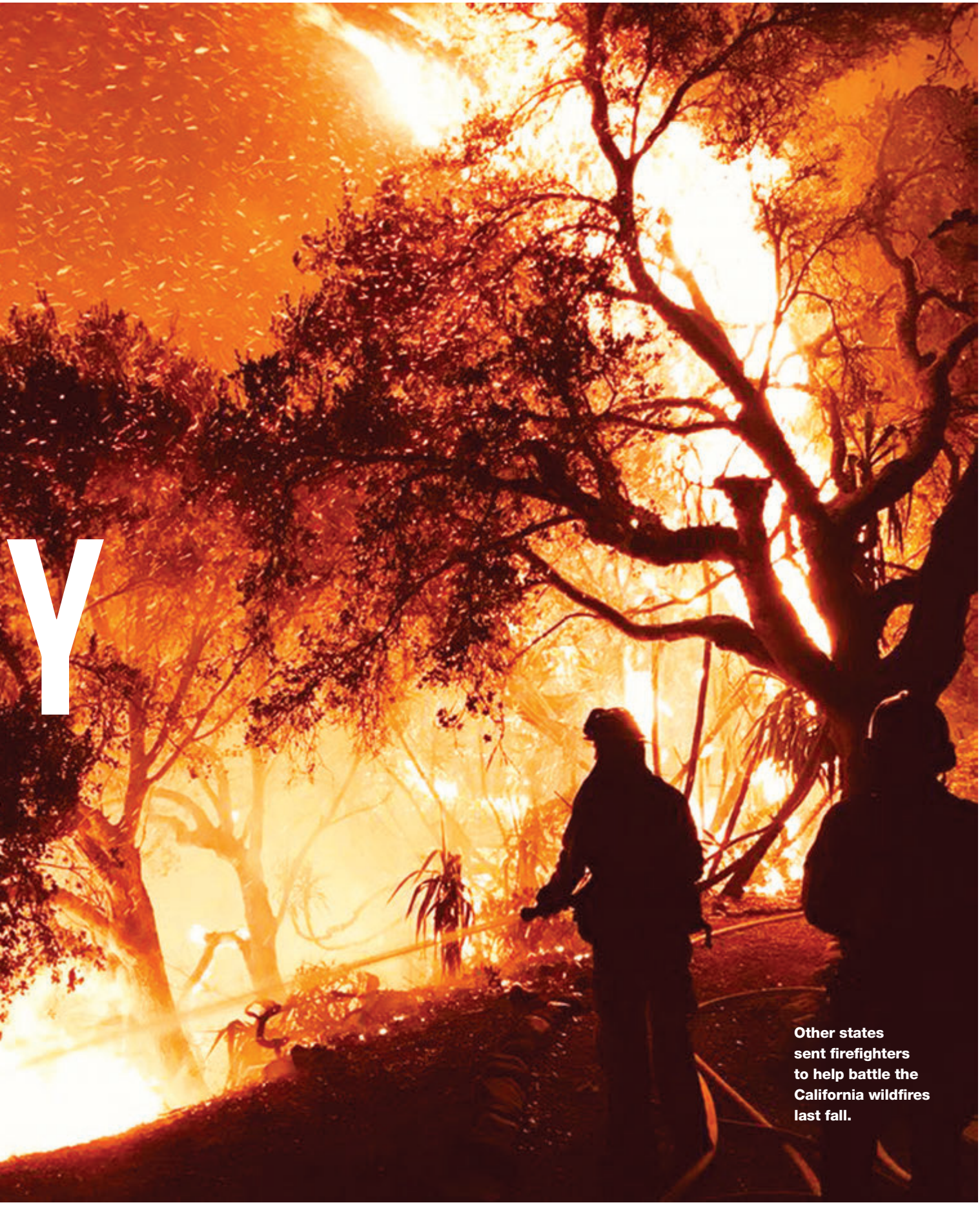

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Other states sent firefighters to help battle the California wildfires last fall.

Detective Carlos Mercado's mission during his 16-day disaster relief tour in Puerto Rico last fall was to fill in for local police who needed a break. Many of the Puerto Rican officers had been working 12- to 15-hour days, seven days a week since Hurricane Maria pummeled the island with 155 mph winds, destroying the power grid and leaving many roads impassable. The workload for Puerto Rican police officers eventually grew so big—while at the same time overtime checks were being delayed—that there was widespread absenteeism among cops at the end of the year.

Mercado, a 21-year veteran of the police department in Lowell, Mass., spends most of his time investigating child abuse, domestic violence and other family cases. But in Puerto Rico, he went on traffic patrol, taking charge where signals weren't working because the power was out. The heat was sweltering, even in November. Mercado was grateful that the Lowell Police Department had bought them summer uniforms with baseball caps, in place of the long-sleeved polyester uniforms with peaked hats that they typically wear. Officers from Oregon weren't so lucky; they were stuck in Puerto Rico with their winter gear.

Mercado spent his first week sleeping on a bunk that "looked like shelves" on a ship docked in San Juan; the second week he stayed in a hotel that was still "in shambles" from the storm. But it didn't matter. He and his fellow officers ate breakfast early and were out the door most days by 5:30 a.m. "Going into it, you say to yourself, 'The island is decimated. This is going to be a mess,'" Mercado says. "I've got to tell you, it wasn't the Taj Mahal, but it wasn't a mess. It was like deploying in the military: You're going there to help. Hey, that boat wasn't comfortable, but it was a place to sleep and a place to eat."

Everyone Mercado needed to talk to spoke English, even though he had been chosen partly because he speaks both English and Spanish fluently. Mercado's parents are from Puerto Rico, and he knew the island from several trips there. Almost all of the officers on his team, in fact, spoke Spanish and had a Puerto Rico connection.

But how is it that Mercado, who lives and works 1,700 miles from Puerto Rico, ended up serving with dozens of other bilingual officers in a not-exactly-obvious role in disaster relief, just weeks after the island was hit by a hurricane? The answer lies with an increasingly important mutual aid pact among U.S. states and territories that is changing the way governments plan for major disasters. The Emergency Management Assistance Compact (EMAC) allows states to reach out to each other—instead of to the federal government—to get the resources they need. So when Puerto Rico needed police officers, it could see a list of all the states able to deliver them, how quickly they could get to the island and how much they would cost. Puerto Rico chose Massachusetts for the mission, and Massachusetts sent Mercado.

All told, Massachusetts and other states sent more than 4,700 responders on 120 missions to Puerto Rico last year to help with disaster relief efforts. That came on top of nearly 5,300 who had been sent to Texas after Hurricane Harvey, and nearly 4,000 who were dispatched to Florida after Hurricane Irma. The EMAC volunteers also helped Nevada coroners after the Las Vegas mass shooting, battled forest fires and winter storms in California, and provided law enforcement to North Dakota during the Standing Rock pipeline protests. In total, for missions that began in 2017, states sent out 17,818 people, by far their busiest year for mutual aid since hurricanes Katrina and Rita hit the Gulf Coast in 2005.

REUTERS/STEPHANIE KEITH

"Every state can't have every resource, especially with the pattern of severe weather events we've been having in the last couple of years," says Mike Sprayberry, North Carolina's emergency management director and the president of the National Emergency Management Association, which runs EMAC. "Every state can't have urban search and rescue teams with structural collapse capabilities, swift water rescue teams, helicopter rescue teams and all of the different things you need. So you have EMAC, which allows us to very quickly get resources out the door from other states, so they can rally at the site of the disaster. You can't overestimate the value of it."

In fact, the value of the arrangement has grown, as states have started to offer—and request—a broader array of services through EMAC. The responders now go far beyond police and National Guard units. States have called on mental health experts, agricultural specialists, veterinarians, electric line workers. Meanwhile, the back-office services that support the mutual aid missions have improved as well. That means it's now easier to show disaster-stricken states what resources are available, track responders and their equipment, and allow for easy reimbursements.

Not every mutual-aid effort is related to natural disasters. Out-of-state law enforcement officers came to help police in North Dakota during the Standing Rock pipeline protests in 2016.

The growing capabilities of EMAC, along with the anxiety among members of Congress and federal officials about the rising costs of disaster relief, make it likely that state-based mutual aid will play an even bigger role in future disaster responses, says EMAC program director Angela Copple. "We expect the use of the EMAC system to go up and [for there to be] less reliance on federal response elements."

States helping states seems like an obvious response to catastrophe. But it is a relatively recent phenomenon, and it has grown to match the scale of disasters increasingly facing the country.

State-to-state disaster aid got its start in the early 1990s, at a time when federal disaster relief programs were failing badly. Governors and local officials chastised the Federal Emergency Management Agency (FEMA) for tardy and disorganized responses to hurricanes Hugo and Andrew, which hit the southeastern United States in 1989 and 1992, respectively. The federal agency at the time was notoriously bureaucratic. When the Puerto Rican governor mailed a request for disaster aid as Hugo approached the island, FEMA sent it back through the mail because he forgot to check one section. That delayed federal relief for days. The mayor of Charleston, S.C., said he once asked FEMA for advice on how to speed up disaster relief and was told, "You need to make sure you're accounting for all of your expenses."

South Carolina lobbied to bring in the U.S. Marines after Hugo—and got them—because FEMA moved so slowly. A few years later, Andrew, a Category 5 hurricane, devastated South Florida. Many of the local emergency responders lost their own homes. Food, water and security forces were scarce. Local officials repeatedly asked for federal help, but little came. Then Kate Hale, Dade County's emergency management director at the time, focused the public's attention on the crisis. "Where in the hell is the cavalry on this one?" she pleaded at a press conference. "They keep saying we're going to get supplies. For God's sake, where are they?" Federal mobile kitchens arrived two days later.

A month after Andrew hit, Florida Gov. Lawton Chiles proposed a mutual aid system among nearby states. A year later, 19 states in the region joined an emergency management compact and, by 1995, they decided to allow any state to join. Congress ratified the Emergency Management Assistance Compact the next year.

Under the agreement, the governor of the affected state must declare an emergency or a disaster before requesting help. The state asking for help is responsible for reimbursing states that send aid. For severe disasters, FEMA will, in turn, reimburse the affected state.

By 2000, 36 states were part of the network. Among the holdouts were two of the most populous states in the nation: California and New York. They felt they already had the resources to handle disasters, and saw no reason to encumber themselves with the new arrangement. But within days of the 2001 terrorist attacks, New York joined the compact so it could get outside help, and California joined a month after Hurricane Katrina struck the Gulf Coast in 2005.

It was the hurricanes in 2004 and 2005 that brought about a major change in the way the interstate agreement worked. "Prior to the 2004 hurricane season, it was primarily fire resources, emergency management resources and the National Guard," says Copple of EMAC. "In 2004, that really shifted to any resource a state would have that they could share with another state."

That shift in how states viewed the pact, and the increased reliance on local governments to provide relief workers, was crucial when hurricanes Katrina and Rita hit the Gulf Coast the next year, on a bigger scale than anyone had previously imagined. During the 2004 season, when Florida was hit by four hurricanes, the state brought in 715 emergency responders from 35 states. The next year, by comparison, Florida alone dispatched 7,000 people to help Louisiana and Mississippi. All told, the hurricane-stricken states brought in 67,048 responders from all over the country to cope with the aftermath of Katrina and Rita. Of all the out-of-state personnel responding to Hurricane Katrina on Sept. 10, 2005 (two weeks after the storm hit), 52 percent had been called up through EMAC. FEMA personnel made up just 11 percent.

After Hurricane Andrew decimated South Florida in 1992, Gov. Lawton Chiles proposed a mutual aid system among states. A year later, 19 states had already joined what would eventually be known as the Emergency Management Assistance Compact.

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But the massive influx of responders also brought new complications. At the time, many of the contracts between states were handwritten. They had to be signed, faxed, signed by the other state's official and faxed back again. Sometimes the paperwork couldn't keep up with the demand. Florida sent search and rescue teams, law enforcement personnel, and even water and ice to Mississippi without contracts in place. Mississippi welcomed the help. "Will police up paperwork later—you have my guarantee," Mississippi's emergency management director emailed his Florida counterpart.

Those ad hoc arrangements made it difficult for Louisiana and Mississippi to reimburse states that had helped them. Many states didn't even have written policies for reimbursements. Even in those that did, responders often didn't understand or know about them. One Louisiana emergency management official says the reimbursement process after Katrina was a nightmare. "There was not a lot of time for states to implement those procedures," adds Copple, who became the first full-time staffer administering EMAC shortly before the 2005 hurricanes. "We got those lessons learned and the next year—BOOM!—this massive event happened and they needed a ton of resources. States didn't have their deployment procedures written, and yet, when the calls came for help, they absolutely sent those personnel down."

In the years following Katrina, emergency managers tried to simplify things and speed up response times by using pre-planned mission packages. The response teams would figure out ahead of time what they would need to do their work in another state for two weeks, and how much that would cost. That way, when a disaster strikes, all the team has to do is figure out its travel expenses and give the affected state a cost estimate.

FEMA and the states also spent several years improving the back-end operations. The first version of the system's software, which allowed managers to better track their people and equipment, came out during the response to Hurricane Katrina. It's been improved quite a bit since then. Now, emergency managers can use the web-based system to alert other states that they need help, see what teams are available, track reimbursements and keep better tabs on responders.

To help smooth the process, states frequently send EMAC experts to disaster-stricken areas so local officials don't have to navigate all the EMAC and FEMA rules in a crunch. If communications break down, another state can run the EMAC system remotely for the affected state (although the impacted state still has the final say on whom to bring in). After Maria, EMAC coordinators worked with FEMA to make sure that the equipment needed by EMAC teams got to Puerto Rico using a federal airlift, which was important because landing slots at airports were hard to come by.

All of those features make it possible for states to take disaster planning to a level they've never been able to reach before. When Harvey hit Texas, for example, response teams in other states knew in advance that they would be going to the Houston area, because Texas officials identified the resources they would need and where they would get them long before Harvey came ashore.

Louisiana has gone through similar planning, says Victoria Carpenter, the state's EMAC coordinator. "Our health and hospital team knows how many federal ambulances they're going to ask for and how many can be brought in. Let's say they need 800 ambulances. They know they're going to get 300 federal ambulances. They know they're short, so they know they can EMAC these resources," she says. Then the planners identify where the ambulances are coming from and whether those teams offer basic or advanced life support. They also know that the paramedics with those teams are properly trained and certified.

That level of sophisticated planning represents a big step forward for Louisiana, where the bungled response to Hurricane Katrina made disaster planning a top concern. In fact, Louisiana has been on both the sending and receiving side of the mutual aid arrangements recently. It brought in outside teams to respond to major flooding in the state in 2016, but last year Louisiana sent 40 of its own teams to help Florida, Puerto Rico, Texas and the Virgin Islands. "Louisiana," Carpenter says, "loves EMAC."

"States that have disasters like Louisiana, where we're prone to hurricanes and flooding, have learned the hard way," she says. "We know we need assistance from other states. We know we can't handle the number of resources needed in a catastrophic event."

One result of EMAC's work is that the public now expects local first responders to pitch in to help with far-off disasters. And politicians have noticed. Two days after Hurricane Maria hit Puerto Rico, New York Gov. Andrew Cuomo arrived there in a plane donated by JetBlue. On the trip, Cuomo and his team took 34,000 bottles of water; 9,600 ready-to-eat meals; 3,000 cans of food; 500 flashlights; 1,400 cots, pillows and blankets; and 10 generators; as well as engineers, translators, supervisors and drones from the New York Power Authority to help Puerto Rico's electric utility restore power. Cuomo vowed that the initial trip would be only the first of many. "Anything this state can do for Puerto Rico, we will do," he said. Indeed, New York followed up with Black Hawk helicopters, Humvees and road-building equipment. The Empire State also sent 450 utility workers to help repair Puerto Rico's power grid.

In Massachusetts, where Gov. Charlie Baker met with Puerto Rico Gov. Ricardo Rosselló, the state's response became an issue in the opening rounds of the governor's 2018 campaign. Setti Warren,

Two days after Hurricane Maria hit Puerto Rico, New York Gov. Andrew Cuomo arrived along with food, supplies and hundreds of workers.

COURTESY OF THE OFFICE OF GOVERNOR ANDREW M. CUOMO

Hurricane Maria's 155 mph winds destroyed Puerto Rico's power grid. Many areas are still without power.

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a Democrat who hopes to unseat Baker, lambasted the Republican incumbent for not sending the Massachusetts National Guard to Puerto Rico. "Puerto Rico is American, and no part of our country should feel ignored in a time of crisis this severe," he said. "With millions of Americans suffering, we need to ask ourselves if we are doing everything we can to help." A few days later, the Baker administration announced it would be sending six Guard members to the island. "Is this a joke?" Warren asked.

But in fact, the Massachusetts governor couldn't send troops to Puerto Rico without an invitation from the Puerto Rican government. "Our goal is to make sure we're doing what the people on the ground there who are managing the disaster say they want us to do," Baker said, "and nobody suggested from there that sending the National Guard from Massachusetts would be helpful."

Warren's campaign dismissed the governor's explanation as "a bunch of bureaucratic gobbledygook." But emergency managers warn that "self-deployment" outside of the EMAC process causes more harm than good. It's a lesson that was reinforced in the aftermath of Hurricane Katrina, when volunteers swarmed the disaster area without clear instructions. The first problem that creates is that unexpected guests need a place to stay and food to eat, which further strains the emergency relief effort. But there are other complications. There may not be a suitable mission for the volunteers and, if there is, it may not be at the place where they first arrive. Public officials have no way of validating that, say, a volunteer who claims to be a medical doctor actually is one. And, of course, the freelance volunteers don't benefit from the legal protections they would have if they are deployed through EMAC.

Still, the biggest criticism of the EMAC process, particularly in Puerto Rico last year, is that it moved too slowly. Two weeks after Maria's landfall, Puerto Rico had put out only about half as many requests for outside help as Texas did for Harvey and Florida did for Irma. While the other governors sent out requests before the hurricanes landed, Puerto Rico's governor waited until the day after Maria struck. Puerto Rico's dire financial situation may have played a part in that—the government was $123 billion in debt when it filed for a form of bankruptcy last May. Six days after Maria struck, though, the federal government agreed to cover 100 percent of Puerto Rico's recovery costs for six months. Soon afterward, Puerto Rico ramped up its calls for assistance.

In time, EMAC administrators will evaluate the system's response in Puerto Rico, as they do for all of their deployments, looking for areas to improve. The reviews have been crucial to building EMAC from an ad hoc neighborly assistance agreement to a major component of disaster planning. Puerto Rico's experience may reshape the program yet again, as emergency managers confronted situations most had never dealt with before: the near-total loss of power and communications; a disaster zone reachable only by sea or air; and a financially crippled host government.

But they will also try to improve the small things that affect day-to-day operations. Along those lines, Carlos Mercado, the Massachusetts police officer, has one small suggestion. "For an incident like this, I would say we need a planned uniform" that's appropriate for the climate, he says. It would give the police officers from jurisdictions across the United States a consistent look so residents could identify them easily. "Instead of different color uniforms, set them up with the equipment they need." G

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MAKING

One public startup is charting bold

WAVES

new waters.

By Liz Farmer Photographs by David Kidd

Most startups fail. Within the first four years, anywhere from 50 to 90 percent of firms go belly up. Investing in them is risky. It's easy for things to go wrong.

But Blue Drop LLC isn't a typical startup. To begin with, there isn't a hoodie or open-loft office to be found in its modest headquarters in downtown Washington, D.C. And the company's lone investor, the public utility DC Water, hails from an extremely risk-averse sector.

There's something else unique about Blue Drop: A healthy portion of its revenue plan relies on selling truckloads of what used to be human poop.

Launched in late 2016 with a nearly $3 million investment in cash and resources from DC Water, which provides water and sewage services to residents of the nation's capital, Blue Drop is the brainchild of George Hawkins, the utility's former CEO and general manager. Hawkins, who stepped down only recently after a nine-year tenure, is credited with not just restoring public trust in the utility but with making it one of the most cutting-edge water enterprises in the country. (*Governing* named him a Public Official of the Year in 2014.) Now, he and others think the innovative and creative solutions that have emerged from DC Water over the past decade can be repackaged and marketed to others. Blue Drop, a nonprofit consulting enterprise, will do that by connecting potential public utility clients with the experience and know-how of DC Water. The company has two full-time employees—for now—plus five part-timers on loan from the utility.

That's where the poop comes in. Initial revenue, which Blue Drop hopes to use to repay DC Water within three years, will be generated from a soil additive that is produced at DC Water's Blue Plains Advanced Wastewater Treatment Plant. It is made by extracting waste from sewer water and removing harmful pathogens using heat, pressure and bacteria. The end result is a nutrient-rich product similar to soil that is safe to add to anything from kitchen gardens to farm crops. DC Water calls it Bloom.

There is a second revenue stream that will come from consulting services. Here's where it gets tricky. Blue Drop is certainly not the only utility consultant out there. In fact, a firm called Raftelis Financial Consultants specializes in utilities and has consulted with DC Water on financial planning and rate guidance since 2008. But where Hawkins believes Blue Drop is different is that it is essentially an extension of DC Water. By loaning out its experts, DC Water is banking on there being a market beyond its jurisdiction for the utility's talent and hands-on experience, which most private firms do not have. "Why not offer consulting services at less cost and from someone who's already done it?" says Hawkins. "We'll start them 80 yards down the field."

Still, the blended relationship with DC Water is both Blue Drop's biggest asset and its biggest challenge. After all, there's only so much outreach and sharing of expertise DC Water employees can do working part time for Blue Drop while still performing their primary jobs. The approach has been working on a small scale for the past year. But the nonprofit's long-term goal after it pays back DC Water is to generate enough revenue so that anything beyond its expenses will go back to the utility for ratepayer relief. That means expanding its efforts and finding out if there exists a viable market for its expertise. "I think no one will argue that Blue Drop's services are valued," says Adam Krantz, CEO of the industry group National Association of Clean Water Agencies (NACWA). "But the jury's still out as to whether it will work at scale."

Blue Drop is the brainchild of George Hawkins, DC Water's former CEO and general manager.

Blue Drop's launch comes at a time when the water industry is at a fork in the proverbial river. For decades, the federal government has been ramping down its investment in water utilities while simultaneously imposing stricter environmental standards on them. Since 1977, federal investment has fallen by 74 percent in real terms while the Environmental Protection Agency has set about suing businesses and governments to enforce standards under the 1972 Clean Water Act. While few in the water industry today are arguing against these water quality standards, implementing them is expensive. Low-interest government loans available to most cities and counties have helped some. Still, by one estimate, U.S. water systems need to invest $1 trillion over the next 20 years. As a result, utilities face putting the financing onus more and more on the localities where they operate and on their ratepayer base.

While private-sector investment can help, the consensus is that so much money is needed that such investments won't offset what could be dramatic rises in water rates. Some places—typically small and mid-sized cities—have been so overwhelmed by the prospect that they've resorted to selling off their water utilities. This move has the attractive benefit of not only getting utility debt off the books, but also providing a one-time cash infusion to spend on other needs. For example, in 2016, financially troubled Scranton, Pa., sold its sewer authority to Pennsylvania American Water, a private company, for $195 million. The move netted the

city $83 million to help pay off some of its pension and high-interest debt while offloading an EPA-required $140 million upgrade to the system to protect the Chesapeake Bay. Per the agreement, the private company can raise rates no more than 1.9 percent on average for the first 10 years as opposed to the 5 percent annual increases over 25 years the utility was contemplating. Selling off a public utility is controversial. Within the U.S., public water and sewer systems dominate, with 88 percent of the population served by public systems, according to the University of North Carolina's Environmental Finance Center.

But there continues to be pressure on water and sewer systems to experiment with new methods to lower the costs of operation—even as the utilities are already risk-averse. They have to be. After all, when you are responsible for providing clean drinking water to hundreds of thousands of people every single day, there simply isn't room to try something that may not work. That, says Radhika Fox, CEO of the nonprofit US Water Alliance, tends to attract conservative engineering minds, making the adoption of innovation much slower than in other industries. On top of that, the water industry is incredibly fragmented, with more than 67,000 public water and wastewater systems in the country. So testing and disseminating new technology can be a daunting task. It's one of the many reasons, Fox says, that venture capital in the water industry lags behind other sectors. In 2015, for instance, the Cleantech Group tracked 430 investment deals totaling slightly more than $2 billion. Of those, a mere 2 percent went to water startups, according to data analyzed by the social journalism publication *Medium*.

This climate has left a huge gap when it comes to developing new technology that could move the industry forward. According to a worldwide 2016 survey by the Water Research Foundation, more than 90 percent of utilities said innovation is critical but only about one-third actually had a process and defined measures by which to innovate. In short, it's up to utilities with large ratepayer bases to conduct and disseminate large-scale research and development.

The notion of turning wastewater into a revenue stream has been one such development. Along with D.C., which has partnered with Virginia's Hampton Roads Sanitation District to develop its biosolid process, Greater Chicago's water district is also making big strides in this area. At its Calumet Water Reclamation Plant, the largest in the world, engineers create a compost from its biosolid and sell it directly to consumers for $10 per cubic yard. Not only does this product generate tens of thousands of dollars in revenue, but it can also save money on the production side. That's because the special bacteria that help break down the noxious components of wastewater produce a gas that can be harvested into energy. So far, this technology has made creating the biosolids in places such as Chicago and D.C. a relatively energy-neutral process. Chicago is doubling down on that idea by investing $10 million to expand anaerobic digestion efforts at Calumet. Its goal is to produce enough energy by 2023 to zero out its annual $50 million electricity bill.

DC Water, under Hawkins' encouragement, has also put time and effort into smaller-scale ideas. Case in point: Among the utility's extensive list of patents is one for an ergonomic manhole cover lifter. Weighing in at more than 100 pounds, manhole covers are notoriously difficult to remove and are one of the biggest causes of accidents in the utility industry. Most portable cover lifters, which look like an altered crowbar, require workers to position

Blue Drop President Alan Heymann, left, says that if the nonprofit wins the three contracts it has bids out on, "we're busy for the rest of the year."

Bloom, the soil conditioner made by DC Water, is now being sold in bulk quantities in D.C. and Maryland. It's made by extracting

themselves at an angle while yanking the cover free. Frustrated by this, two longtime DC Water employees designed and welded a new ergonomic pick at one of the utility's machine shops. While it might not be flashy, the new design can save workers time and spare them injuries—which ultimately saves the utility money.

Innovations like these have been at the core of Hawkins' approach at DC Water. "When you think of innovations, you're going to think technology and software," he says. "But I don't care what you do, if you're here for six months or more—whether you work in the machine shop, the mail room or anywhere else—you're going to get to know your job and you will think of ways to do your job better. And we want to know."

On the innovation spectrum, Blue Drop falls somewhere between manhole cover lifter and gas-into-energy converter. It seeks to capitalize on and monetize the salesman-like approach Hawkins brought when he took over DC Water in 2009. He immediately set about rebranding what was then an extremely unpopular utility and forging a better relationship with its customers. Hawkins' rigor regarding community outreach was born partly out of necessity. Because it didn't have access to low-interest federal loans to pay for federally mandated environmental upgrades, DC Water had to go to its customer base to pay for it. Thanks to the focus on building out its public relations, the utility was able to raise rates even while shedding its reputation of being perhaps the most hated enterprise in the District. That relationship-building skill—which even today remains rare in the utility world—has gained recognition nationwide. "When George and his team do something remarkable," says NACWA's Krantz, "making people aware of it is part and parcel of what they do really well."

With many other places in the country facing a similar rate-hike conundrum, Hawkins wants to parlay DC Water's experience and reputation for good PR into a legitimate revenue stream for the utility. In January, he stepped down as CEO and general manager to start a solo consulting business, which will include advising Blue Drop.

So far, the business plan for Blue Drop seems to be working. Bloom, the soil conditioner made by DC Water, is now being sold in bulk quantities in D.C. and Maryland, and Blue Drop is working on making it available in Virginia. The nonprofit receives sales and marketing fees from DC Water for that service. If they reach their goal of selling 40,000 tons a year, those profits and annual cost savings alone could pay back DC Water's investment by 2020, says Alan Heymann, Blue Drop's president.

On the consulting side, Blue Drop is more cautious with predictions. Heymann's goal is $1 million in annual consulting revenue by 2023. The firm completed three projects in 2017: helping the nonprofit group New Jersey Future work with a group of utilities on their customer messaging; hosting workshops on change management for utility leaders in the York Region in Canada; and

waste from sewer water and removing harmful pathogens using heat, pressure and bacteria.

a survey and analysis for Harrisburg, Pa.'s Capital Region Water aimed at improving internal communications. At the start of 2018, the nonprofit had begun work on two marketing-related contracts with utilities in Massachusetts and was getting ready to bid on three other requests for proposals from places located all over the country. "If we get those," says Heymann, "we're busy for the rest of the year."

It will also provide the test Blue Drop needs to determine whether there truly is a market for its services. Observers say Blue Drop can fill an unpopulated niche in the industry by offering something beyond the peer-to-peer advice freely given, but not up to the level of large-scale engineering consulting. It's an area where providing information based on a utility's direct experience is ideal, but the time the utility spends passing on that information would take workers away from their jobs at the expense of ratepayers. There are positive signs that Blue Drop could be successful. For instance, Capital Region Water's Andrew Bliss says they chose the nonprofit over other consultants in part because they could save time and money by doing away with explanatory sessions. "We quickly realized in our meetings that Blue Drop really 'got' us and what we do," he says. "We weren't starting from scratch."

But the notion that Blue Drop's consulting work will make a difference in the pockets of D.C. ratepayers is a bit of a reach, at least in the short term. Since 2009, customer rates have more than doubled as DC Water has executed major environmental upgrades. Even if Blue Drop is wildly successful and generates a few million dollars in profit after five years, it's a drop in the bucket for a utility with more than $617 million in annual revenue.

In fact, many in the water industry feel Blue Drop's more immediate impact will be outside of D.C. "It's not going to be a rate savings or even cushion rate shock in the immediate sense," Krantz says. "But if you can do things like put utilities together to leverage purchasing power or find other ways to save money as a group—that's a savings to ratepayers over the life of that project." And that's what Blue Drop intends to do. Its founders are working on creating a consulting network made up of peer utilities and private consultants across the country who could essentially function as subcontractors for proposals that Blue Drop bids on. The network would also allow utilities to provide consulting services to each other without DC Water. Such a network could help lift up utilities in smaller and mid-sized cities by connecting them with larger partners.

So while Blue Drop is a first, the hope is that other large utilities can follow a similar path. DC Water is particularly well known for its crisis management and branding expertise, says Blue Drop board member Andrew Kricun, who is also executive director and chief engineer of the Camden County Municipal Utilities Authority in New Jersey. But other utilities have their own types of expertise worth sharing. "The idea is to accelerate innovation as a whole," he says. "Why should we have to work out our challenges in silos?" **G**

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THE OAKI I'M FROM

Like a lot of other places, the California city is struggling to grow without leaving longtime residents behind.

By Alan Greenblatt
Photographs by David Kidd

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On a cool, clear morning a couple of months ago in Oakland, Calif., a crew of city workers cleared away a homeless shelter. The space had caught fire a few months earlier, threatening the plywood structures all around it, a row of makeshift dwellings for homeless people hidden behind some warehouses along Wood Street in West Oakland. About 75 of them live in that row, in shanties that are fronted by tires and cast-off furniture, as well as the inevitable shopping carts.

The fire didn't spread, since most residents have fire extinguishers. Many also have generators. The city has supplied a port-a-potty, which doesn't get cleaned too often but at least gives people a facility to use. This particular grouping of homeless individuals—afforded some loosely defined but locally respected personal space and accepted as a de facto community by the police—is better off than many in Oakland. All over town, it seems as if all the highway underpasses, plus many sidewalks and street medians, are filled by rows of torn tents, with stray garbage drifting about.

Homelessness is an issue in every major West Coast city, but it's particularly acute in Oakland. The number of homeless people there has shot up by at least 25 percent over the past two years. There's a real irony in this: It is happening as the city undergoes its biggest economic boom since the 1940s, when tens of thousands of workers arrived to take factory jobs during World War II.

Oakland, which sits directly across the bay from San Francisco, has always been that city's gritty working-class neighbor. Prior waves of tech industry that sent big money sloshing around the Bay Area always managed to bypass Oakland, put off, perhaps, by its crime-ridden reputation. But nowadays, with property prices in San Francisco having reached truly insane levels, tech companies and tech workers are discovering it. Health and business remain the city's leading employment sources, but there's a booming startup scene, with new companies and workers attracted by a city with a beautiful setting and a practically perfect climate. The fog that shrouds San Francisco seldom makes it across the bay.

Downtown Oakland is now seeing 30-story office towers go up on lots that sat empty for three decades. The office vacancy rate is actually lower than San Francisco's. Between 2010 and 2016,

"When you get this job, you represent authority," says Oakland Mayor Libby Schaaf, "and people have lots of good reasons to be angry at authority."

Oakland—which has 420,000 residents—gained more than 26,000 jobs. Last November, its unemployment rate dipped below the national average for the first time in more than 20 years. "The moment I decided to run for this office," says Mayor Libby Schaaf, "I recognized that for the first time in decades, the opportunity for revitalization was right on our doorstep."

But like rain falling on a parched land, the sudden gush of money into Oakland seems to be creating at least as many problems as it solves. Prosperity is passing many longtime residents by. While the unemployment rate for African-American residents has fallen over the past few years, median income for blacks—along with that of Hispanics—has stagnated. It's certainly not keeping up with the pace of recent growth enjoyed by whites and Asians. Oakland is now the eighth most expensive city in the country, according to the Center for Regional Economic Competitiveness, a nonprofit research group. That's no help to people living in neighborhoods where the median income still hovers around $25,000. "Oakland's renaissance is not touching those folks who lived through its period of neglect," says Fred Blackwell, CEO of the San Francisco Foundation and a former Oakland city manager. "That has become a threat to those people, rather than an opportunity."

Now, when major companies such as Uber promise to bring lots of high-paying corporate jobs to the city, they're sometimes met with protest. Newly arrived young tech workers have been spat at or shot at with pellet guns. "Oakland represents both the promise of urban America and the fundamental problems," says David McCuan, a political scientist at Sonoma State University. "It's the Whole Foods generation vs. the traditional Oakland population of African-Americans, those with middling job skills who depended on a manufacturing base that has long since left."

Just a couple of blocks from the homeless encampment on Wood Street, rows of new condominium buildings have opened up or are currently under construction. This is in a neighborhood long forgotten by the city as a whole, with practically nothing to offer by way of retail shops or other amenities. A three-bedroom condo—made out of wood that doesn't appear all that much better quality than what's lying around the homeless camps—will easily fetch more than $1 million. Exorbitant housing prices have become a fact of life in Oakland, a city where before and during the last recession it was easy to live in an affordable apartment on a modest income. Today, the average market rate for a one-bedroom apartment in the city is $2,400 per month.

Oakland has its share of teenage runaways and people who have ended up on the street due to some form of addiction or another. But a majority of the unhoused—57 percent, according to a census taken last year—are living on the streets or in their cars for purely economic reasons. Put simply, they can't make the rent. Oakland's homeless problem is worse than it was during the crack cocaine epidemic of the 1990s. "Most of these people in these homeless encampments are living on the streets in the neighborhoods they grew up in," says Needa Bee, who does volunteer work with the homeless and is facing eviction herself.

American cities have found what amounts to a new lease on life over the past two decades, but no city has discovered the formula that will allow newfound success to be widely shared. There have been complaints for years now that cities are being divided between the upscale and the poor, with little room for the middle class. That's becoming even more true now. Public officials throughout the country keep talking about equity and inclusion, but no one has found a way to counter the overall trend of winners taking more than their share. "We want to welcome new jobs coming to Oakland," says City Councilmember Dan Kalb, "but we want to do it in a way that works for everyone. We haven't figured out the best way to do that."

In Oakland, not only are longtime low-income residents living on the streets, but many have left the city altogether. As recently as 1980, Oakland was nearly half African-American (47 percent). Today, blacks comprise only about a quarter of the population, with whites, Asians and Hispanics each accounting for roughly another quarter. "We've had a definite loss of our African-American population, which so defined our city," says Schaaf. "It has been painful to watch the impact of extreme market forces, the displacement and the housing crisis."

Both the city's current success and its mounting frustrations have more to do with the regional Bay Area economy than with the city's public policies. Any mayor of Oakland has limited tools to address some of the most crucial issues, with the schools controlled by a separately elected school board and homelessness nominally a problem for the government of Alameda County. But Schaaf is a smart enough politician to recognize that if there's a problem within Oakland's city limits, she's going to get the blame. When you're the mayor, it doesn't matter if an issue lies outside your jurisdiction or authority. People expect you to deal with it.

Despite the high-profile problems on her watch, Schaaf is a strong favorite to win a second term this fall. But she knows she's leading a city where many residents feel the social fabric is being ripped to shreds. "When you get this job, you represent authority," she says, "and people have lots of good reasons to be angry at authority."

Oakland has always been divided. Its steep hills are luxurious and leafy even in drought years, their winding streets lined with large homes that boast dramatic views of San Francisco Bay and the city it's named for. (When he was mayor of Oakland, California Gov. Jerry Brown liked to describe San Francisco as a nice amenity for his residents.)

Down in "the flats," the low-lying areas that fan out from the shoreline around the bay, high poverty and crime rates have been a fact of life for decades. Along International Boulevard, a major street running south out of downtown, sex trafficking of children and teen girls has reached near-epidemic proportions. And there are less dramatic but continually troublesome issues to worry about. "I have a problem, I have a big, big problem," Schaaf tells a group of high school students who petitioned the city about trash piling up in their part of town. "I have more garbage and illegal dumping than I have capacity to pick up."

Schaaf, who is 52 years old, grew up in Montclair, one of the upscale neighborhoods in the hills. She hasn't lived there since she was a teenager, but she represented one of the city's wealthier districts on the city council. To some extent, she suffers from a perception problem based on the simple fact that she is a white woman running a city swiftly shedding black people during a time of significant change. There's definitely a divide, says John Jones III, a community organizer who works on housing and criminal justice issues. "The Oakland the mayor's from," he says, "is not the Oakland I'm from."

"Oakland's renaissance is not touching those folks who lived through its period of neglect," says Fred Blackwell, CEO of the San Francisco Foundation.

Still, even Schaaf's critics generally give her credit for being a loyal and loving daughter of the city. She loves to brag about the diversity, the Vietnamese banh mi shops alongside tacquerias and barbecue joints. She admits that, growing up where she did, she might never have known much about the struggling sections of Oakland had her mother's volunteer activities not exposed her to other aspects of the community. As a kid, she started a Girl Scout troop for refugees at a downtown middle school. Earlier this year, in the face of federal attacks against sanctuary city policies, Schaaf said that it would be "an honor" to go to jail in their defense.

Schaaf served as a top aide to Brown when he was mayor. She went on to work for the Port of Oakland, won a council seat in 2010 and was elected mayor herself four years later. Following a pair of one-term mayors and inheriting a city workforce that had been decimated during the recession, Schaaf has generally been credited with improving morale and performance at a city

The number of homeless people in Oakland has shot up by at least 25 percent over the past couple of years.

hall sometimes described as dysfunctional. She's installed quality hires, mostly women, in senior leadership roles. She created the city's first Department of Transportation, seeking to lend coherence to street repair, bus rapid transit projects and infrastructure in general. Last year, she named a public safety director to come up with crime prevention strategies and help oversee the city's troubled police department.

But the mayor of Oakland has to address most of her challenges from a relatively weak political position. During his time in city hall, Brown pushed through changes to the city charter to enhance the mayor's ability to govern, but the job remains constricted compared to truly strong mayoralties in other big cities. The mayor proposes a budget, but holds no veto power over legislation passed by the council. Much of the day-to-day management remains under the purview of an appointed city administrator. The only agency head who answers directly to the mayor is the police chief. "There were definitely things about the true strong mayor format that I missed in Oakland," says Blackwell, who ran city departments both there and in San Francisco. "What the strong mayor form of government does is provide crystal-clear direction of where accountability is, and also provide authority commensurate with that accountability." Oakland still does not have that.

Even if the mayor enjoyed direct authority over more city functions, she wouldn't have much money to play with. Oakland's government is perpetually low on funds. Its deferred maintenance backlog is approaching a half-billion dollars. Finances aren't as dire as they were during the recession, when more than a quarter of the city workforce was laid off, but revenue tends to run short by about $50 million a year, and there are combined deficits in the pension and retirement health benefit accounts in the

neighborhood of $3 billion. A dispute over wage increases led to a seven-day strike involving 3,000 city employees last November. Following the disastrous Ghost Ship fire in 2016, which killed 36 people in a warehouse, Schaaf pledged to hire more fire inspectors and step up enforcement, but internal reforms have moved at a snail's pace. "We have all these challenges, but we don't have the same magnitude of resources other large cities have," says Kalb, the councilmember.

Schaaf has looked for ways to ameliorate the economic disparities laid bare by Oakland's growth spurt, championing increases in the minimum wage, first to $12.25 per hour locally and then $15 statewide. She has worked with a nonprofit called Kiva to crowdsource zero-interest loans for more than 500 small businesses in the city, most of them headed by people of color. She campaigned for a city bond measure approved in 2016 that will raise $600 million for infrastructure, including $100 million for affordable housing. The city council recently approved cash bonuses for landlords who accept tenants with federal Section 8 housing vouchers, many of whom have nowhere to go. She promoted the idea of imposing impact fees on developers, charging builders of market-rate properties as much as $24,000 per unit. As with many of Schaaf's policies, the impact fees drew criticism from both sides, with housing advocates complaining that she's still giving too many breaks to developers, and developers warning the fees would dry up new construction.

Cat Brooks and other activists have been pressuring Schaaf to "defund" the police and redirect resources to the homeless.

Her signature initiative, known as the Oakland Promise, provides modest scholarships and savings accounts to low-income students. It's part of the mayor's stated long-term goal of tripling the number of residents who graduate from college. In recent years, only 10 percent of ninth graders in Oakland public schools have gone on to finish college in a timely manner.

Still, Schaaf draws criticism from activists and even some members of the city council that she's not doing enough to address inequality. The rising and highly visible number of homeless people has been a persistent sore spot, one that Schaaf did little to ameliorate with her suggestion during her State of the City address last November that people who had spare bedrooms or Airbnb units should consider taking in someone who is homeless. Schaaf is engaged in serious collaborations with nonprofits to provide additional shelter and ongoing services to the homeless, but those receive less attention than the encampment close to downtown that offers transitional shelter in large tool sheds, or what Schaaf prefers to describe as "cabin communities."

Schaaf may not have taken in the homeless herself, but her house has been the repeated staging ground for protesters angry about police shootings and misconduct. In 2016, Schaaf ran through a series of three police chiefs in nine days, due to a scandal involving more than a dozen officers who had slept with the daughter of a police dispatcher—several of them while she was underaged—in exchange for tipping her off about prostitution stings. The Oakland Police Department has been under federal oversight since 2003, the result of a settlement involving charges of abuse and racial profiling. "There's been scandal after scandal," says Cat Brooks, cofounder of the Anti Police-Terror Project. "They are so mired in corruption and ineptitude that they can't even get themselves out of receivership."

The police department absorbs half of the city's general fund budget. Brooks and other activists have been pressuring Schaaf to "defund" the police, redirecting resources toward the homeless and other problems. That's clearly not going to happen, but it's indicative of a dynamic that makes Oakland a very difficult city to govern. It sometimes looks as if Oakland leads the nation in progressive nonprofit activist groups. Representing every issue and every racial and ethnic community, they are a highly vocal presence at city hall. Former city workers talk about having PTSD from dealing with them. "No matter what decision is made," says Jones, the housing advocate, "there are going to be three or four groups vehemently opposed to it."

The near-constant disagreements over policy are symptomatic both of real challenges and of the fact that Oakland is suffering through an identity crisis. A city that had a clear, if imperfect, view of itself is changing quickly in areas that are tangible, such as the built environment, and in ways that are less visible and harder to understand. There's a lot of talk locally about whether Oakland is losing its soul. Schaaf has spent her entire life waiting for Oakland to be ready for its comeback. Now that it's happening, success may have come too fast for the city to handle. G

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Government procurement frequently favors hometown vendors. But that approach has some troubling side effects.

By Katherine Barrett and Richard Greene

Rita Ferguson is president and co-founder of a 37-year-old specialty concrete company, G&F Concrete Cutting Inc. Most of G&F's work consists of providing material for public works projects in and around Orange County, Calif. Concrete has been good to Ferguson: Her company has been growing steadily over the years, with annual revenues between $5 million and $10 million. In 2016, she started looking for new, more spacious quarters for it.

With several available sites that seemed reasonable, the company picked a location right off Interstate 5 in Los Angeles. The deciding factor was "local preference," a rule that gives companies located in a given city, county or state an advantage in the bidding process for contract work inside that territory. Local preference "gave Los Angeles an edge," Ferguson says.

This idea appeals to many jurisdictions, and to many contractors as well. But there are plenty of critics who are concerned about the potential impact on the quality of the bids and the difficulties in implementing the program. Like other similar economic development efforts, including preferences for minority groups, women and the rural poor, geographic preferences are rife with trade-offs.

In Los Angeles, local preference works like this: When an L.A.-based firm submits a bid for goods or services to the city, the bid is considered as if it were 8 percent cheaper (and that much more attractive) than those submitted by nonlocal competitors.

The potential benefits of this idea were first set forth by John Maynard Keynes and other economists in the early 20th century. Keynes thought geographic preference helped a local economy by keeping money close to home. The national nonprofit known as NIGP: The Institute for Public Procurement recognizes that. "As local dollars are spent in a local economy," the institute says, "more jobs are maintained or created and income is generated for residents."

One thing worth noting: The federal government does not allow any locality to use local preference on projects that depend on federal dollars for their funding. That limits the use of local preference, but it hasn't made much difference except in the field of transportation, where many roads and bridges are partially funded by the feds. Most other procurement dollars spent by cities and states do not have a federal component.

In the past year, the local preference issue has been invigorated by a separate but resonant message emanating from the Trump administration, which has been pushing the notion of "Buy America" to persuade companies in the U.S. to procure goods and services from other firms based in this country. This past January, President Trump issued a memorandum recommending that the secretary of commerce "develop a plan under which all new pipelines ... inside the borders of the United States ... use materials and equipment produced in the United States to the maximum extent possible."

As public officials at all levels of government know, there's a powerful political advantage to local preference. What could be more persuasive than a policy that promises to use tax dollars to help grow hometown businesses? "Mayors, in particular, want to show residents a lot of value," says Aaron Szopinski, the policy director for the city of Milwaukee. "Policy-wise, there's a good case for it. It's not a hard argument to make that when we spend a lot of money, we'd like to keep as much as possible in the local economy."

Madeline Janis, executive director of the economic policy group Jobs to Move America, makes a similar point. "The intention of local preference," she says, "has always been around job creation. Cities want to get as much of the money in their region to their own bottom line."

Chicago Mayor Rahm Emanuel is a true believer when it comes to local preference. Companies with headquarters in Chicago get a 2 percent advantage on bids they submit to the city. There is an additional 4 percent bonus if a majority of the employees actually live in Chicago. But that's not all: Companies in particularly high-poverty and low-employment parts of the city can get another 6 percent shaved off their bids. About half of Chicago's bidders are utilizing at least one of those preferences, says Chief Procurement Officer Jamie Rhee. "It's creating jobs by creating local manufacturers. And it's increasing our bidder pool."

Most of those bidders are relatively small in size. If you're looking for a vendor for, say, helicopters or other multimillion-dollar acquisitions, it's not likely that they'll be based in downtown Chicago. On the other hand, there's ample competition for manufacturers of footwear in a city that's home to the Chicago School of Shoemaking and Leather Arts.

Los Angeles adopted its local preference rules back in 2011, when political leaders noticed that many large cities had local vendors who were charging 5 percent more than their competition based in neighboring states. Given the cost of rent, utilities and insurance in L.A., that didn't come as a surprise. But the city determined that it needed to throw in some benefits to create a level playing field for its hometown vendors. "We needed to give those businesses a preference," says Shmel Graham, director of L.A.'s Operations Innovation Team. The number of contracts signed in the city through the local preference ordinances has varied from year to year, but between 2012 and 2016, about $272 million worth of bids for city government work utilized local preference provisions.

G&F CONCRETE CUTTING INC.

G&F Concrete Cutting moved its headquarters to Los Angeles to take advantage of its local preference rules.

The formulas for local preference vary widely. Pasco County, the fastest-growing county in Florida, which is located in the Tampa Bay region, doesn't actually give any percentage bonus to bids made by local firms. Its approach is much simpler. In Pasco, the advantages of local preference kick in when there's a tie between two potential vendors.

This effort was intended to draw bids on fleet vehicles from Ford dealers outside of Pasco County, who didn't have an advantage in bidding for county fleet purchasing contracts. But as it turned out, all the Ford dealers in the area around Pasco County had the same pricing, and Pasco's "tie-goes-to-the-resident" rule nearly always worked to the advantage of the local bidders and the county.

There are no national statistics that show the number of places offering local preference or the amount of additional tax benefits they actually bring in from a growing base of businesses. Generally speaking, the benefits of local preference rules are still mostly taken on faith. In Los Angeles, for example, "we have not examined all the data to see the benefit of this yet," says Graham. "We have not calculated our benefits, so we don't know what they are. But we firmly believe it's a good investment."

As seductive as the idea of local preference may be, there's another side to the story. Notable among critics is NIGP: The Institute for Public Procurement, which says that although its members could see benefits to local preference, on the whole, "the NIGP does not support the use of preference policies."

Among NIGP's concerns is that a move to subsidize in-town vendors will defeat efforts to get the highest quality, which may not be available locally. Other issues it raises include increased cost to the local taxpayers and government with the acceptance of subsidized local bids; a drop-off in the number of bidders; and reduced incentive for local businesses to provide the best value.

The Maine Legislature has been debating local preference laws for several years now. None has passed. One of the most significant constituencies to oppose the laws is the Associated General Contractors of Maine. The group's chief executive officer, Matt Marks, contends that if Maine insists on a strong preference for local contractors and materials, neighboring states will make a similar move. "We enjoy that we can do work competitively in other states," he says. "What happens when you give an advantage to in-state contracting is that other states do it, too."

This has been one of the primary reasons why the Virginia General Assembly has rejected annual efforts to enact a local preference ordinance for the state. "One of the big risks for us is reciprocity," says Patti Innocenti, deputy director of procurement and material management in Virginia's Fairfax County. "If we have local preference for Virginia contractors, particularly in Fairfax, then the state of Maryland may do the same thing back, and this will just escalate."

Marks and a number of others also point out that it is difficult to determine the source of manufactured goods in order to make sure they actually qualify for a single entity's local preference ordinance. "Who is making the determination of what is considered a Maine good?" he asks. "Is it assembled here? Is it actually manufactured here?"

According to NIGP, in order to have a truly functional system of local preferences, it's necessary to have "a defendable fair process to determine the definition of a local business including, but not limited to, geographic location requirements and management and ownership control."

Raj Sharma, chair of the Public Spend Forum and a widely recognized expert on the topic of public procurement, asks what may be the crucial question: Should the procurement system in states and localities be used exclusively to get the most reasonably priced deal for every dollar spent on procurement, or should broader community benefits be considered when choosing the winner of a bidding process?

> "One of the big risks for us is reciprocity. If we have local preference for Virginia contractors, then the state of Maryland may do the same thing back, and this will just escalate."
>
> *—Patti Innocenti of Fairfax County*

One plausible answer to Sharma's question is that the use of local preference is inevitably going to be a balancing act—albeit a complicated one. There is no reason, for example, why the quality of goods and services can't be considered as equally important to or more important than the geographic location of a vendor. By the same token, there's no genuine obstacle to formulating a clear-cut definition of the prerequisites to be considered in determining whether a bidder qualifies as local. None of the options have to be mutually exclusive.

The biggest obstacle may be the fact that procurement in general is one of the least understood parts of government management, and officials don't have much to go on when weighing the pros and cons of local preference. There's little question that it can be beneficial—but only when it's not considered in isolation. "Most policymakers don't understand procurement or have a clue about the impacts of local preference programs on procurement goals, such as cost," Sharma says. "They make policy decisions in isolation." G

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WORK STUDY

Mounting student debt and labor shortages have spurred governments across the country to promote apprenticeships as a way to get an education *and* a job.

By J.B. Wogan

DAVID KIDD

Zach Williams, a military veteran, is a cybersecurity apprentice in Maryland.

For eight years, Will Lake, a graduate of a small college in Helena, Mont., bounced from job to job, looking for a way to use his bachelor's degree in psychology. He worked as a telephone salesman, a bartender and a case manager assisting high school dropouts. "I knew I wanted to help people," he says, but he struggled to cover his rent and student loans. He thought about becoming a therapist, but that would require a master's degree. The added time and expense seemed daunting. Then his wife came across an ad for an information technology apprenticeship sponsored by the state's Department of Labor and Industry. Montana was willing to pay a recruit to learn new skills.

Lake took classes at a local college and trained with team leaders in the department's technology services division. Last month, he became a credentialed computer programmer with a permanent job already lined up in the division. Even though it's an entry-level position, it pays about $24 an hour—more than he was making before—and sets him on a path to earn close to $70,000 a year as a software engineer for the government. "I'm not worried about paying my bills anymore," he says.

Despite having a college diploma, Lake didn't have the skills he needed to find the jobs he wanted. He's not alone, and that skills gap is thought to be contributing to a strange paradox. In December, about 6.6 million Americans were unemployed, but companies had almost as many job openings—5.9 million. In many cases, the people looking for work simply aren't qualified for the positions that companies need to fill.

There's a skills gap in America. About 6.6 million people are unemployed, but companies have almost as many job openings.

Lake's story is similar to that of millions of other people across the United States. "If you look at the high school graduation rate, the number of kids who go to college, the number who finish college and then the number who actually go on to work in their field, you'll see some huge gaps in the pipeline," says Ellen Golombek, deputy executive director of the National Association of State Workforce Agencies.

The skills gap is part of a larger labor shortage that states and their companies are trying to address. With aging baby boomers retiring, companies are looking for the next generation of workers. About 53 percent of job openings are "middle skill," requiring less than a four-year degree but more than a high school education. That includes blue-collar jobs like carpenters, plumbers and electricians, but also positions like dental hygienists, paralegals and nurses. Only about 43 percent of the current labor force fits that description.

A growing number of states are turning to apprenticeships like the one Lake took part in as a potential solution to their labor shortages, especially in rural areas where it can be hard to attract new workers. Of course, apprenticeships have existed in certain trades for millennia. But today there's a new interest in strengthening and expanding these kinds of programs. American businesses employed 358,000 apprentices in 2011; last year, that number increased to 505,000. And states are adding apprenticeship programs to a slew of new jobs—not just in manufacturing and construction, but also in nontraditional fields such as banking, cybersecurity, accounting, health care and even some niche jobs. Montana workforce officials, for instance, recently helped a small-town butcher train a replacement so he could retire without closing his business.

Here's how apprenticeships work. Companies register the programs with either the U.S. Department of Labor or a state labor agency. Participants get paid by the employer while they receive training at work and in an educational setting, such as a college classroom or trade school. At the end of the process, the apprentice receives a job and an industry-recognized credential based on passing some kind of assessment. Either the federal government or a state agency oversees apprenticeship programs to make sure they meet national quality standards.

It's a model with broad appeal. "One of the intriguing aspects of apprenticeships is that it is bipartisan," says Michelle Sager, who oversees economic opportunity policy at the National Governors Association. All governors are trying to figure out ways to tap their unemployed and underemployed residents as a source of talent for companies in need of skilled labor. "Regardless of whether it's a Democrat or a Republican," she says, "it's the kind of issue that appeals to them because they're interested in having a strong workforce that have jobs with long-term potential."

But as apprenticeships grow up, they're also at a crossroads. Some people, including President Trump, have advocated expanding the model even further and letting third-party groups, such as industry associations, design the programs. Others worry that will lead to watered-down apprenticeships that don't meet the right standards. Meanwhile, the programs tend to exclude women and people of color, especially in higher-wage positions. And there's the question of funding. Even as the Trump administration has said it wants to expand apprenticeship programs, it has threatened to gut much of the government system that coordinates and oversees those programs.

Montana typifies the kind of growth that registered apprenticeships have seen in many states. The number of apprentices there has increased almost 30 percent over the past five years, thanks to a combination of federal grants and state support. A few years ago, Montana did not have a single apprenticeship in health care. Now it has 15, with 161 people currently training for everything from certified nursing assistants to hospital administrators. One of the ways that Montana Gov. Steve Bullock has promoted apprenticeships is through a business tax credit available this year for the first time. Employers that sponsor an apprentice receive $750 (or $1,500 if the apprentice is a military veteran). About a dozen states

have some kind of tax incentive for training or hiring apprentices, according to the National Governors Association.

Another way states are trying to promote apprenticeships is through structural changes in their workforce bureaucracies. In Montana, Bullock created a special liaison between the labor department and the state's university system to make sure schools were teaching the skills that employers needed. In Colorado, Gov. John Hickenlooper created a unit for work-based learning that would coordinate between businesses and the federal registered apprenticeships system. In Maryland, Gov. Larry Hogan had the state legislature move oversight of its apprenticeships from the labor and industry division to the workforce division. In the past, the office of apprenticeships had a more passive, regulatory role, tracking registered programs and making sure their paperwork was up to date. In the reshuffle, says Maryland Labor Secretary Kelly Schulz, "we put the office within a cultural setting where the mission of that division is to be able to put people to work."

Maryland has recently adopted some competency-based apprenticeships in addition to its existing time-based apprenticeships. In those new programs, trainees graduate when they can demonstrate that they've learned the requisite skills; their certification is not strictly based on how many hours they log in the classroom or at a job site. That required getting approval from the federal government and a state apprenticeship and training council, a quasi-governmental body with union and business representatives. Now that businesses know that they can onboard apprentices faster, they are more likely to participate. Like Montana, Maryland has seen an increase in total apprenticeships—up 20 percent in the past three years—and a diversification in the types of apprenticeship programs being offered. Last fall, the state graduated its first IT apprentice.

To bring its apprenticeship program up to date, Maryland did some reshuffling, says Labor Secretary Kelly Schulz.

DAVID KIDD

Registered apprenticeships have been around for more than a century in the United States, but they gained new currency under the Obama administration. Then-Labor Secretary Tom Perez described the training as "the other college, but without the debt." Under Perez, the department invested more than $200 million in grants to help states expand apprenticeships. Congress also encouraged work-based learning through laws governing workforce development and K-12 education.

So far, Trump seems to be equally enthusiastic about apprenticeships, noting at one press conference that the workforce model shares the same name as the reality TV show he once hosted. Last summer, the Trump administration issued an executive order calling for a new task force to advise him on further expanding apprenticeships.

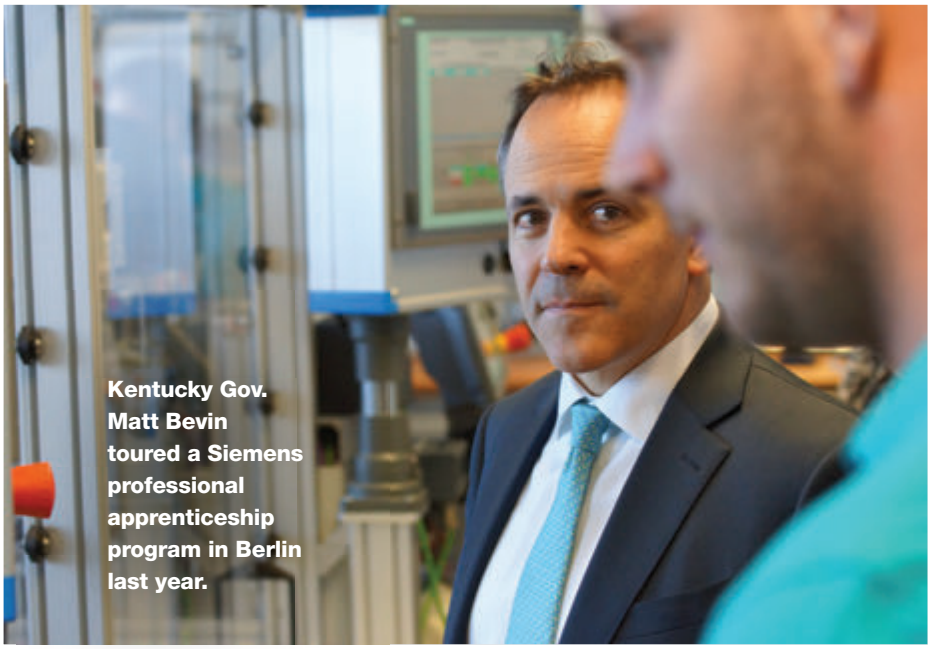
What Trump's spin on apprenticeships will ultimately look like isn't clear, but his early actions suggest some breaks with the last administration. His executive order called for the consideration of new programs developed by third parties, such as industry groups, companies and unions. That could result in the proliferation of weakened apprenticeships that don't have the same industry-wide portability that the Labor Department has historically tried to ensure with its programs. Labor advocates also worry that the new programs won't pay progressively higher wages and won't adhere to the standard length—at least a year—required of most government-registered apprenticeships.

Another concern is funding. Last summer, Trump said he would invest another $100 million in apprenticeships, but as of February, the money hadn't materialized. The White House recently asked Congress to double funding for apprenticeships to $200 million—but it also called for more than $1 billion in cuts to other workforce and job training programs. (A last-minute addendum appeared to delay the requested cuts because of a congressional deal that raises spending caps.) The Trump administration argues that the current workforce system is bloated and ineffective, noting that the federal government runs more than 31 job training programs out of 14 different agencies. The strategy has its critics. "It makes no sense to say you're going to grow apprenticeships and then cut workforce investment," says Mary Alice McCarthy, a former federal education and labor official who oversees a center on education and skills at the left-leaning think tank New America. "These are very important systems for helping deliver apprenticeships, for helping reach employers, for helping recruit apprentices. You can't grow the apprenticeship system if you don't also grow these other workforce development and economic development systems."

Some organizations are worried that whatever the Trump administration does fund will not emphasize diversity in new apprenticeships. The Labor Department cancelled two contracts

last year that sought to promote racial, ethnic and gender diversity. Currently, most apprentices are white and male. The White House budget also called for a 76 percent cut to the Women's Bureau, a division of the Labor Department focused on helping women gain access to better-paying jobs. And it requested the elimination of 131 full-time jobs at a federal contract office that makes sure employers follow civil rights laws.

The bigger question about apprenticeships—regardless of who is in the White House—is whether the model can ever become mainstream in the United States. Much of the inspiration for modern American apprenticeships comes from Germany and Switzerland, countries that have already fielded visits from Obama and Trump, as well as a handful of governors including Matt Bevin of Kentucky and Mary Fallin of Oklahoma. In several European countries, apprenticeship models are more firmly ingrained in the education and workforce culture. In Switzerland, for example, most 15-year-olds are in apprenticeships. In Germany, a culture of apprenticeship has existed for hundreds of years, supported financially by strong national trade unions. In the U.S., however, federally registered apprenticeships represent only about 0.3 percent of the overall workforce.



JOHANNES EBERT

Kentucky Gov. Matt Bevin toured a Siemens professional apprenticeship program in Berlin last year.

American apprenticeships suffer a sort of identity crisis. Proponents often trip over how to describe them in relation to higher education: Are these part of someone's eventual path to a four-year bachelor's degree, or are they a cost-effective substitute for college? Trump's executive order takes the latter view, characterizing them as a pragmatic replacement for colleges and universities that saddle Americans with crushing student debt and no direct connection to jobs.

It's a fine line for governors to walk. In the United States, "there's a culture of wanting your child to go to a university," says Sager of the National Governors Association. "Part of [governors'] message is that you do have other possibilities, that it doesn't cut you off from a longer-term plan to pursue a degree, but in the short term, you're not only receiving an education, you're also receiving valuable job skills while not accumulating student debt."

What states are trying to do now is involve community colleges in providing the classroom training, so apprentices still receive an academic credential. An apprentice in manufacturing, for example, might also complete the program with an associate's degree in applied engineering. "That's what people want to see more of," says McCarthy of New America. "If apprenticeships are going to succeed in industries outside of the building trades—if it's going to be a model for training health-care workers or IT workers or workers in advanced engineering fields—the general feeling is that it needs to be better tied to our higher education system."

The growth of apprenticeships may do more than disrupt the traditional path to a two- or four-year degree; it could be part of a significant change in how workforce agencies approach job placement services. For much of their history, most agencies and their local job centers have taken a "train and pray" approach, says Kermit Kaleba, federal policy director at the National Skills Coalition. Caseworkers at job centers met with a client, tried to identify careers that seemed like a good fit and connected them with training. In theory, the model was supposed to be driven by employer demand, but in practice it often wasn't. It also didn't guarantee a job at the end of a training.

The apprenticeship model calls for a paradigm shift. For decades, public workforce agencies have trained residents, hoping that private-sector employers will then hire them. With apprenticeships, the employers come to government, identify the shortages they have and the skills they need; government then works with schools or training facilities to meet those demands. States can offer job training vouchers to subsidize wages and cover some training expenses, but once companies believe in the value of the model, they often have the ability to cover those costs. With apprenticeships, "an employer is not just an end user," says Kaleba. The relationship between government workforce agencies and companies is "an active collaboration as opposed to a warm handoff."

States are learning that letting employers drive that partnership pays off for the apprentices and their sponsors. "Government has to be on the outer circle," says Galen Hollenbaugh, commissioner of the Montana Department of Labor and Industry. "We are a support entity. We are a facilitator. And that's a very different philosophy than the workforce development philosophy has been for the last 80 years." **G**

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Not Staying Neutral

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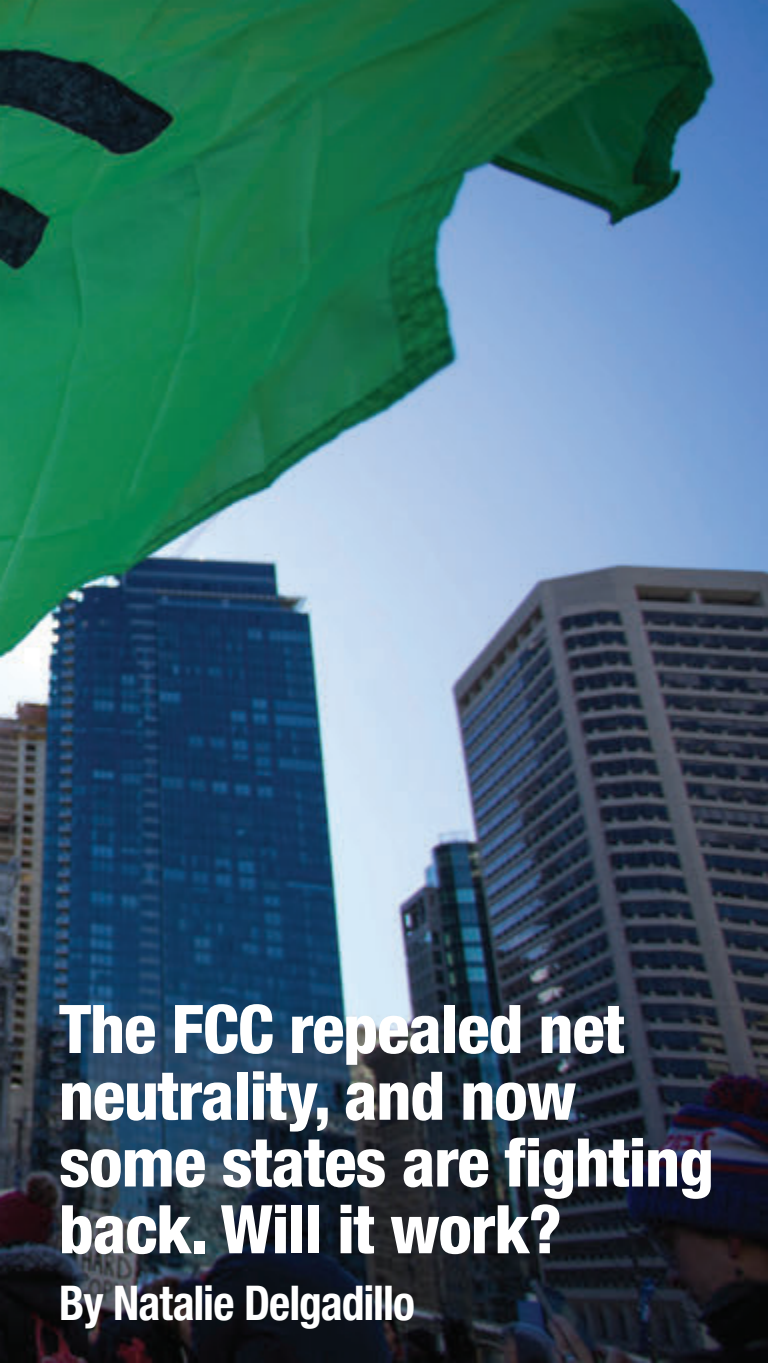
Since the Federal Communications Commission repealed its net neutrality rules in mid-December, some governors and lawmakers have taken steps to restore those regulations in their states. Montana was the first to do so: Gov. Steve Bullock signed an executive order in January requiring internet service providers (ISPs) with state contracts to abide by the FCC's old rules. New York Gov. Andrew Cuomo and New Jersey Gov. Phil Murphy followed with similar orders soon after. Lawmakers in California, Massachusetts, Nebraska, New York, Rhode Island and Washington state have all introduced net neutrality bills.

The FCC enacted its net neutrality rules in 2015 under the Obama administration to ensure that ISPs, like Comcast and Verizon, could not slow or block access to any websites—especially not for business advantage or monetary gain. In effect, the rules required providers to treat all internet content equally with regard to access and download speeds. This past November, FCC Chairman Ajit Pai announced his intention to repeal those rules and reclassify the internet as an "information service," curbing the federal government's ability to oversee and regulate it. A month later, FCC commissioners voted 3-2 to overturn net neutrality rules, with the Republican commissioners voting in favor of the move and the two Democrats opposed.

The order from the FCC includes a provision that could be a problem for states trying to take matters into their own hands. "We conclude," the provision reads, "that we should exercise our authority to preempt any state or local requirements that are inconsistent with the federal deregulatory approach we adopt today." In other words, the FCC believes it has the final say on net neutrality.

But not all legal scholars agree. "It's unclear [whether the FCC can preempt state laws]. The agency may have gone too far," says Pantelis Michalopoulos, a partner at the law firm Steptoe and Johnson and an expert in telecommunications law who has previously represented internet industry groups in net neutrality



The FCC repealed net neutrality, and now some states are fighting back. Will it work?

By Natalie Delgadillo

litigation. Federal preemption, after all, is the invalidation of a U.S. state law that conflicts with federal law. "Here, we have an attempt to preempt state laws based on nothing, or virtually nothing, precisely because the FCC has decided not to promulgate substantive rules on [net neutrality]," he says. "This makes it a little more difficult for this kind of preemption to succeed."

The uncertainty will likely lead to legal showdowns between states and the FCC. In the past, court cases regarding the commission's ability to preempt state laws have gone both ways. The FCC lost a 2015 case regarding state laws on municipal broadband networks, but it was successful in preempting matters involving internet voice service, or VoIP.

Washington state Rep. Drew Hansen, who introduced a wide-reaching net neutrality bill that would maintain all the protections the FCC rolled back, says he isn't concerned about preemption. "The FCC claims it has the power to preempt state laws, but that doesn't mean they actually do. I can claim I have the power to manifest unicorns on the capitol lawn, but if you look out your window in Olympia, there are no unicorns," Hansen says. "People throw around words like 'preemption' like they're magic."

California state Sen. Scott Wiener, who introduced a net neutrality bill in his state that mirrors Hansen's, agrees. "We don't feel the FCC has the power to preempt state laws," he says. "They have tried to preempt municipal broadband laws and courts ruled they don't have the power to do that. There will have to be litigation around preemption, but we think we have a very good argument."

If Congress were to pass legislation on the matter, Wiener thinks the federal government would have a stronger case for preemption. So far, such legislation seems unlikely to pass in the U.S. House. Nevertheless, some states—Montana, New York and Rhode Island—are taking a more cautious approach. They're trying to circumvent federal preemption by crafting very specific and narrow regulations.

In New York, Cuomo's executive order requires that providers comply with net neutrality principles in order to be awarded state contracts. The order is very similar to a bill introduced by New York state Assemblymember Patricia Fahy, which is still being discussed in the legislature. The executive orders in Montana and New Jersey are practically identical to New York's.

The workaround means these states won't be able to directly regulate what ISPs do for their consumers in the state. But Fahy and other lawmakers hope the contracts will act as a deterrent for companies considering violating net neutrality. "We are threading a very thin needle here," Fahy says, "and we know we are threading a needle."

The bills have bipartisan support in most states. In Washington state, for example, Hansen says that Republicans in some ways have the greatest interest in the bill because they represent rural areas where consumers often have only one internet service provider, making them vulnerable to changes in pricing and blocking or throttling.

Still, the bills do have their detractors. Mark Jamison, a visiting scholar at the American Enterprise Institute, a conservative think tank, warns that states could be shooting themselves in the foot with this kind of legislation. "I'd warn these states to think about what the consequences are for broadband development," says Jamison. "What we saw at the federal level when they adopted [net neutrality rules] is that the investment in broadband went down. So states may be disadvantaging themselves by doing this."

Other experts have disputed statistics about that underinvestment. But support for the repeal of net neutrality rules doesn't end there. Proponents also argue that the rules are cumbersome and unnecessary regulations on business. If ISPs can provide their customers with different internet packages and speed options, Jamison says, it could very well turn out to be a good thing for customers. "If you [as a customer] get a prize to allow me [as an ISP] to throttle certain sites to let other traffic through, and you're happy with that, why would I tell you you're wrong?" Jamison says.

Even if states' net neutrality laws don't end up in court, the issue at large most certainly will: In January, 22 Democratic state attorneys general filed a lawsuit to block the FCC's repeal. **G**

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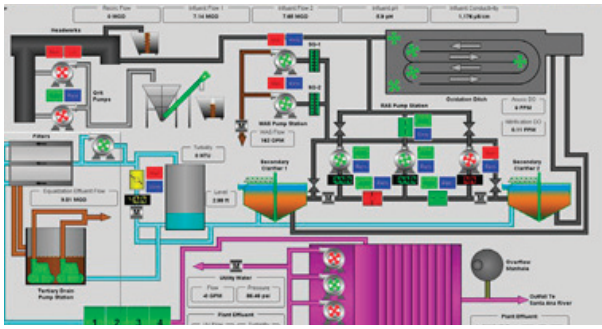
Ignition by inductive automation

Ignition Gets Data Flowing for Water District

Western Municipal Water District replaced their full SCADA system using Ignition



HMI screens can be accessed throughout the entire facility with Ignition.

Replacing a full supervisory control and data acquisition (SCADA) system is a big undertaking, and for Western Municipal Water District, Ignition by Inductive Automation® was the perfect choice. Ignition is an industrial application platform with a variety of tools for building solutions in SCADA, human-machine interface (HMI), and the Industrial Internet of Things (IIoT).

The SCADA system at Western Municipal's Southern California wastewater plant was no longer sufficient, so the district asked system integrator Trimax Systems to implement a new solution. According to Trimax's former director of operations, Western Municipal asked Trimax to make a detailed comparison between Ignition and Wonderware, which was the SCADA software that Trimax normally used. Trimax ran a 14-point, side-by-side comparison of the most important features, including cost, capabilities, and compliance with modern IT standards. Ignition was the clear winner. Trimax implemented Ignition for Western Municipal, and also for all of its other projects.

With Ignition, Trimax solved several problems at one of the district's wastewater plants. Western Municipal was seeking a new system that had the ability to display multiple, full-featured SCADA clients on different devices such as computer workstations, mobile devices, and operator interface terminals (OITs). The OITs were located in the field, so remote access to devices was a key requirement. The district also needed a unified SCADA solution across all its facilities. Ignition proved to be powerful and flexible enough to become the new standard across the entire district.

Unlimited Access

The old SCADA system placed limitations on where, how, and by whom SCADA screens could be accessed. This was especially problematic in the case of certain control panels. Before Trimax replaced the old system with Ignition, the only way to check on the control panel was to have someone physically go and look at the control panel's OIT, and then that person had to use the radio to tell someone else what was happening. Once Ignition was in place, that entire process changed.

Ignition doesn't put restrictions on how many people can be given access to the SCADA system. Ignition's web-based architecture allows unlimited clients to be launched on any device equipped with a web browser, so plant employees can view SCADA screens where and how they want.

Trimax put new industrial PCs as panel views all around the plant, so now with Ignition, operators and managers can access the system from desktops, on the plant floor, or on their mobile devices.

In the plant's old SCADA system, the control panel OITs had limited visibility and functionality because they ran a very basic, native software application. It was important for the new system to have the ability to display full-featured SCADA screens at the control panels, as well as at multiple other locations across the plant. Thanks to Ignition's open, server-centric architecture, this was easily done.

Once Ignition is installed on one server, clients can be instantly deployed without limit. This allowed Trimax to create a SCADA project in one place and share it all around the plant. With Ignition, operators and managers at Western Municipal can see screens anywhere throughout the plant and remotely. By having visibility to the whole system, they can see and control the system for the entire plant from any location. Ignition also reduces the time spent on project development because users can create one project for the entire plant — and can make changes in one place and see Ignition create the updates throughout the project.

Cross-Platform Compatibility

Previously, at different sites across the district, a mishmash of different SCADA programs were being employed, ranging from well-established systems to small, proprietary, custom-built applications. The combination of these systems was confusing and as a result the communication between different sites was much less than optimal. Ignition cut through the confusion and got the entire plant on the same system.

Ignition's cross-platform compatibility allows it to run equally well on any operating system, including Windows®, Mac, or Linux. This flexibility made Ignition a perfect solution to unify the various systems at the wastewater plant and beyond.

Trimax's former director of operations explained that it was very important to Western Municipal that the new SCADA solution be a unified system. Trimax devoted a large part of its work to forming a plan to standardize the SCADA system across the entire district for years to come. The new system not only had to work at the first plant, but also needed the flexibility to work at all the plants in the district. With Ignition, Trimax made that happen.

Bright Futures

Western Municipal Water District now has the SCADA system it needs and a solid plan to move forward. After Ignition was installed, the water district expanded Ignition to two other facilities and moved forward with a plan to make Ignition the SCADA standard across the entire district.

Trimax Systems also has a bright future with Ignition. Since the completion of this project, the company has done multiple projects with Ignition and has become certified by Inductive Automation as an Ignition Premier Integrator.

Trimax Systems, Inc., is a worldwide systems integrator, specializing in all areas of industrial automation with a high level of expertise in system design, software development, startup, and training. Trimax's expertise in integration services can provide everything needed to take a project from conception to startup. For more information, visit ***www.trimaxsystems.com***

See all Water/Wastewater Case Studies at:
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Ignition Case Study for Western Municipal Water District
by Inductive Automation

The Savings Gap

Retirement inequality may be a bigger problem than income inequality.

For years, salon owner Luke Huffstutter, of Portland, Ore., wanted to offer his employees a way to save for retirement. Costs were too steep for the small company, though, and few employees took the initiative to set up 401(k) plans on their own.

But last summer, Oregon launched a retirement savings program that automatically enrolls employees in Roth IRAs, the first such state-sponsored program in the nation. Huffstutter signed up, and most of his 38 employees are now enrolled. "When we made it easy, they all jumped on board," Huffstutter says. "The fact that they're saving, and never were before, is a huge deal."

Across the country, a large portion of American workers lack any retirement account or haven't saved nearly enough to retire. An updated index published by the Center for Retirement Research at Boston College indicates half of working-age U.S. households risk being unable to maintain their pre-retirement standard of living once they stop working. Attention has shifted to how state governments and some localities might step in, despite Congress rescinding a rule that made it easier to establish savings programs.

In recent years, rising home values and stock market gains have led to slight savings improvements for American households overall. Over the longer term, however, an increasing number of workers will face financial challenges in retirement, with the share of working-age households unprepared having climbed about 20 percentage points since the late 1980s. A range of factors drive this trend: a higher Social Security retirement age, longer lifespans and lower interest rates. "Lots of people will end up without retirement income other than Social Security," says Alicia Munnell, the center's director.

The outlook is particularly bleak for those on the lower rungs of the income ladder. A steady shift away from guaranteed pensions to defined contribution savings plans has contributed to more savings inequality over the long term. Escalating housing costs and stagnant earnings for many lower- and middle-income families are further squeezing their retirement accounts. Meanwhile, wealthier households are reaping the benefits of climbing investment values.

All of this explains why the latest data from the federal Survey of Consumer Finances reflect solid savings growth for the most affluent families with the top 20 percent of household incomes, but flat retirement savings for everyone else. Vast disparities are also found across demographic groups. When the average liquid retirement savings of white families is compared with that of African-Americans and Hispanics, the gap has widened fivefold over the past 25 years, according to the Urban Institute. Young people, too, haven't amassed the same wealth their parents did at comparable ages.

The Urban Institute's Signe-Mary McKernan says that savings and wealth discrepancies are more critical than often-cited income inequality. By one measure, she found racial wealth inequality, or assets minus debts, to be three times worse than income inequality. Disadvantaged groups are less likely to own homes. Many aren't offered retirement plans through employers, or they participate less frequently.

Inadequate retirement savings carry serious long-term implications for governments as well as citizens. They create an expanding cohort of residents who have to rely on government services or who might, for instance, miss property tax payments because they can't pay other bills. "It matters not only for families and individuals, but for their cities and communities," McKernan says.

The single biggest hurdle for many is access. By most estimates, about half of private-sector workers aren't offered plans through employers. They tend to be in low-wage jobs, or working for smaller companies uncomfortable with the administrative costs of retirement plans.

Interest in the issue has mounted in state legislatures. Most have debated or are considering bills to improve access to retirement savings plans, with nine states enacting legislation, according to the Pew Charitable Trusts. "State and local initiatives may offer the best hope to boost retirement savings," McKernan says.

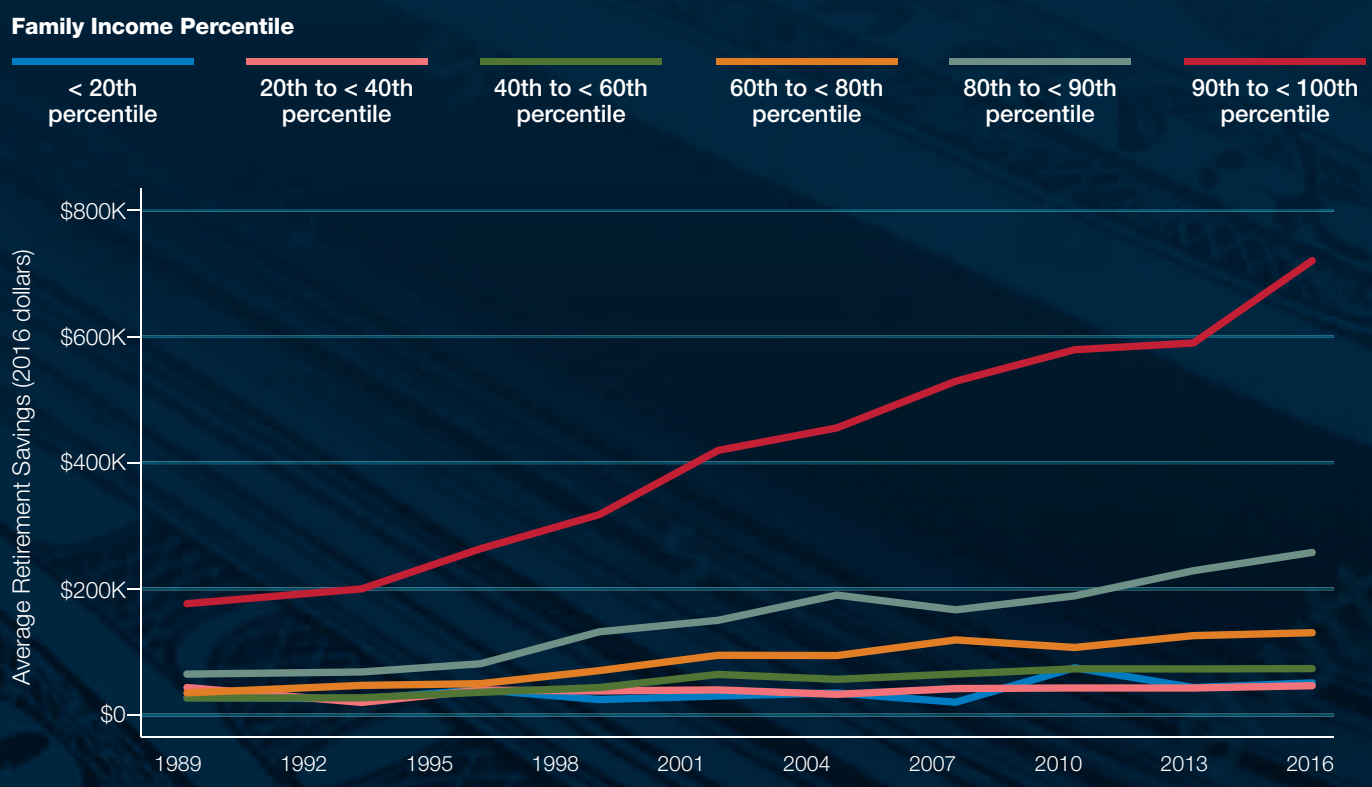
The state that's furthest along is Oregon, which began rolling out the first phase of its OregonSaves retirement plan last year. OregonSaves is a public-private partnership overseen by the state treasury department. All employers who don't offer their own retirement accounts are required to participate in the program, regardless of workforce size. Employees choose from a limited menu of three investment funds to make options simple and avoid confusion. Contributions to Roth IRAs are then deducted from workers' paychecks, with no fees paid by employers.

Employees are automatically enrolled unless they opt out. Extensive research by behavioral economists concludes that this auto-enrollment component is crucial in nudging workers to save and allowing

By Mike Maciag

The Rich Get Richer

The growth in retirement accounts for affluent families has far outpaced that of other households.



Source: Federal Reserve Bulletin, "Changes in U.S. Family Finances from 2013 to 2016: Evidence from the Survey of Consumer Finances"

plans to build up large pools of participants. A similar but recently terminated federal program, known as myRA, didn't automatically enroll participants, and few signed up. OregonSaves is working better. About 70 percent of employees in the first wave of registered businesses chose to stay in the program rather than opt out. "When we move from a place where around half the people are saving to where most are saving for retirement, it changes the dynamic dramatically," says Lisa Massena, executive director of OregonSaves.

Congress attempted to block states from facilitating their own plans last year when it repealed an Obama-era rule exempting plans from regulations outlined in the Employee Retirement Income Security Act. It's possible that some plans could face legal challenges as a result. But in an editorial in the *Benefits Law Journal*, editor-in-chief David Morse wrote that legal arguments against state-sponsored automatic IRAs were "easily brushed aside." The rollback doesn't appear to be stopping states from forging ahead, either. OregonSaves is not contingent on the rule change as its authorizing legislation was passed in 2015, before the exemption was approved.

Another challenge state-sponsored plans must confront is that program costs will rise faster than revenues as investment returns gradually accumulate. The Oregon program charges participants 1 percent of annual assets, but other programs could be forced to levy higher fees to cover the costs.

Programs sponsored by local governments remain fairly limited. San Francisco has promoted a savings program that provides cash incentives if participants meet savings requirements. The Seattle City Council recently approved a city-facilitated defined contribution program for those without plans through private employers.

More states will soon launch their own programs, and it's always possible that Congress may revisit the issue at some point and offer a federal solution. Regardless, though, demand for retirement savings options, particularly among large numbers of low-income workers and those in the expanding gig economy, is only going to keep increasing. G

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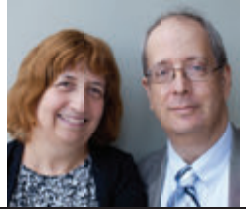


By Katherine Barrett and Richard Greene

A Failure of Oversight

Too many state licensing boards are not managed to fulfill their objectives.

Its mission statement is clear. The Board of Professional Counselors and Therapists in Maryland has the responsibility to "protect the citizens of Maryland." Like similar boards in other states, it licenses practitioners and attempts to ensure that they follow codes of ethics and guidelines for responsible behavior in dealing with their clients. But the mere existence of a board with a laudable mission is just a starting point. There are no guarantees that it will actually deliver.

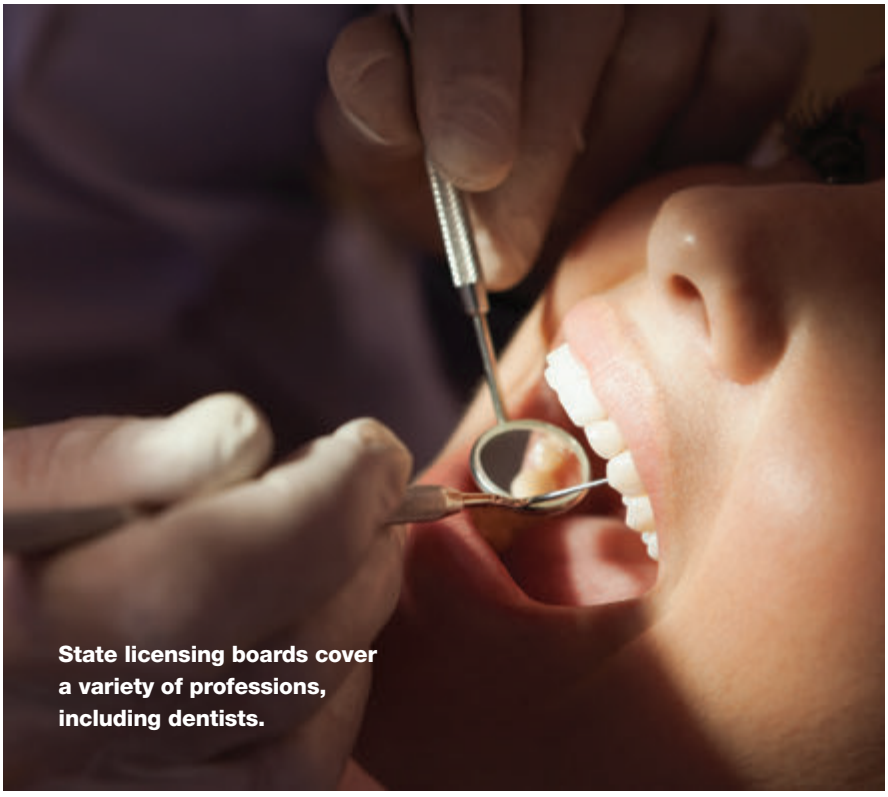
A December 2017 legislative review of the board and an earlier audit in Maryland point to substantial breaches in delivery. "They're not tracking complaints that they receive, and it takes a long time to look at complaints," says Maryland Auditor Thomas Barnickel. His previous April audit, for example, listed "untimely action" in nine of the 15 complaints the audit tested. This included three that were not submitted to the Office of Attorney General, "even though the board recommended at least 10 months earlier they should have been referred to OAG for administrative action [including license revocation]."

Maryland is only the tip of the iceberg when it comes to difficulties with the 1,800 professional and occupational licensing boards in the U.S., which are largely dominated by the men and women who are part of the very professions being governed. Though problems aren't universal, it's difficult to balance the interests of members of a profession who deliver specified services with the interests of the public who receive those services. On top of that, many licensing boards are thinly staffed; board members, who are often unpaid or poorly paid, usually have significant subject knowledge but lack essential managerial skills.

The range of problems these weaknesses cause is wide and deep. A 2016 performance audit of the Nevada State Board of Dental Examiners, for instance, found almost no oversight of board decisions, poor documentation within disciplinary files and the absence of organized filing methods. Licensees were also often overcharged for investigations. Although the board had a goal of resolving complaints within 90 days, it took on average over 400 days to settle disciplinary matters.

A particularly biting special report came out of the Iowa Office of Ombudsman a year ago. That state's 36 licensing boards cover a variety of medical professions and other occupations, such as massage therapists, plumbers and sign language interpreters. The problem, the report found, is that many of Iowa's boards operate "in the shadows" with little accountability. "Are the boards focused on the complainants? I'd have to say no. That's not really a big focus," says Andy Teas, legal counsel for the ombudsman office and the lead writer of the February 2017 report. Since it came out, complaints to the ombudsman's office have increased by about 55 percent.

One approach that has the potential for improved monitoring and oversight of licensing board activity is centralizing their work. For example, states can create a singular office that acts as an umbrella to oversee licensing board actions, such as the handling of complaints. Some states, like Arizona and Colorado, are quite centralized and provide more management oversight, which increases board effectiveness and the attention to public concerns. This kind of attention from state agencies can help make sure that technology



State licensing boards cover a variety of professions, including dentists.

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is adequate, reports are completed on time, online files are fully documented, and complaints receive timely and even-handed treatment.

In Maryland, the Board of Professional Counselors and Therapists is trying to address its problems in part by creating a new tracking system for complaints and applying other management improvements.

Despite the problems in many state licensing boards, their numbers are growing, which can present additional challenges. Back in 2015, Morris Kleiner, the AFL-CIO Chair in Labor Policy at the University of Minnesota, told us he was concerned about the expansion in the number of state licensing boards and their subsequent costs. Today, he sees another related problem in the way professionals on boards deal with complaints against their peers. "There are few individuals who are disciplined by boards," he says, "and it's extremely rare for individuals to lose their license."

As much as the issue of licensing and professional boards is not a brand-new one, it's likely that states will find they need to manage this aspect of governance more closely in the near future. The impetus for that focus will be fallout from a 2015 U.S. Supreme Court decision in which the North Carolina State Board of Dental Examiners faced off against the Federal Trade Commission. The case involved the ability of a board dominated by licensed practicing dentists to prevent non-dentists from offering teeth whitening services and products. By ruling against the dentists, the Supreme Court alerted states that they could run afoul of antitrust laws unless they supervised the actions of a board dominated by the profession or occupation it licensed. Previously boards had been immune from antitrust actions. "This is really important and will occupy occupational regulation for years to come," says Kleiner. "It makes the state government look at boards in a different way and will help make sure they're looking after the interests of consumers." G

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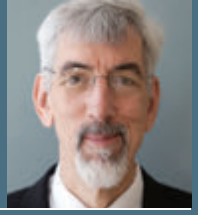

By Mark Funkhouser

The Least Understood Job in Politics

Mayors' powers vary a lot, so it's key to know what works best.

One evening in April 2010, in the middle of my time as mayor of Kansas City, Mo., some 750 to 1,000 young people descended on the city's upscale shopping district, Country Club Plaza. There were assaults, property damage, and a lot of frightened customers and upset business owners. My staff told me that what had occurred was a flash mob fueled by social media and that one had happened a couple of weeks earlier in Philadelphia. I immediately called Philadelphia's then-mayor, Michael Nutter. He gave me solid advice and worked with me to set up a meeting between our respective staffs the following day.

Now Nutter has published a book filled with blunt advice for mayors, would-be mayors and other city leaders. *Mayor: The Best Job in Politics* is an insightful look at both campaigning and serving. It's also a brisk, fun read, even in describing fiscal challenges like those his city faced in the Great Recession. He writes, "Being in my first year and not knowing all the things I needed to know, I didn't realize that the last call you ever want to get is the chief of staff and the finance director saying they want to talk to you and it's important. ... They are not coming to tell you that they found a billion dollars in the sofa."

Former Philadelphia Mayor Michael Nutter

DAVID KIDD

Nutter's book is, however, about only one kind of city. Philadelphia is what H. George Frederickson, Gary Alan Johnson and Curtis H. Wood, in their 2004 book *The Adapted City*, call a "political city," one in which the mayor is both political and administrative leader. The authors estimate that about 16 percent of American cities fit this model. At the other end is what they term "the administrative city." In these, which constitute about 14 percent, the mayor is selected by the city council from among its members and administrative authority is held by a council-appointed city manager. The remaining cities employ some variation of one or the other.

It surprises me that with the rise of interest in cities in recent years—as evidenced by programs ranging from Bloomberg Philanthropies' What Works Cities to the Rockefeller Foundation's 100 Resilient Cities to the MetroLab Network that pairs local governments with academia—no one seems to be considering these differences in governing structure. Yet Nikuyah Walker, recently selected by her Charlottesville, Va., City Council colleagues as the city's first black female mayor, has significantly different power and authority than Nutter had in Philadelphia.

This is not an argument for one form of government or another, but that the current focus on cities, while welcome, misses the important fact that the structure and authority of the mayor's office differs vastly from city to city. The subtitle of Nutter's book calls being mayor "the best job in politics." It is also the least understood. We need more research on what works best. G

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By Frank Shafroth

Paying the Retiree Bill

Localities want states to give them the leeway to reform post-retirement benefits.

The towns and cities of Michigan asked their state legislature for some help. It wasn't even a request for money. They wanted the state to give them the tools to address looming retirement benefit costs that threaten their ability to provide vital community services.

Michigan's local governments had put together a meaningful proposal last year to reform other post-employment benefits (OPEB)—the health care and other costs associated with retirement that are in addition to traditional pensions. Under the aegis of the Michigan Municipal League, localities were asking lawmakers to let them make the hard decisions to pare back health-care costs and bring them in line with the private-sector market. "Nobody is talking about ending health care for retirees," Dan Gilmartin, the league's executive director and CEO, wrote to members. "But there are innovative ways to reduce costs, and put some of the responsibility for paying a share of those costs onto the individuals who are benefiting—just as happens at most companies."

State laws, Gilmartin added, do not provide clear authority for communities to rein in costs on their own.

In December, the legislature declined localities' request for more leeway. Instead, "the common-sense plans were derailed and stripped down and replaced with a reporting-focused, nonaction-oriented proposal," according to Gilmartin.

In Michigan, as in many states, local governments provide health-care benefits to retirees. When the Michigan Legislature started cutting state taxes a few years ago, it eliminated state revenue sharing and restricted taxable property assessment increases. That fiscal double whammy undercut the ability of these local governments to meet the spiraling costs of retiree health care as well as provide adequate compensation to attract good staff to local public service, whether that be patrolling city streets, fighting fires, or enforcing city zoning and building codes.

The challenge of meeting legacy costs—OPEB as well as pensions—is not unique to Michigan. Many public employers in states all over the country have agreed to benefits that now appear unaffordable. Increasingly, promises made prior to the Great Recession are today pitted against basic public services.

> "The combination of longer lifespans and insufficient modifications has meant that state and local governments have been unable to ensure that promised benefits are affordable and sustainable."

It's also true that in recent years nearly every state has tinkered with its pension plans in one way or another, either by making meaningful changes to the structure, financing or both, according to the National Association of State Retirement Administrators. Nevertheless, the combination of longer lifespans and insufficient modifications has meant that state and local governments have been unable to ensure that promised benefits are affordable and sustainable, while at the same time making sure that vital funds are available for essential public services.

At a time when Americans are living longer—and where, in a number of states, public pension promises are protected by state constitutions—we have already seen that something will have to give. We've seen that already in municipal bankruptcy cases in Detroit, Central Falls, R.I., and other municipalities. There is insufficient public money for growing pension and post-retirement health-care liabilities.

Localities aren't asking their states for a handout. They are willing—though not happy—to make the tough decisions. In Central Falls, former state Supreme Court Justice Robert G. Flanders, the city's municipal bankruptcy receiver, told me, with tears in his eyes, he had unilaterally informed as many of the city's retirees as he could locate that he was cutting their retirement benefits in half. That was the price to ensure the city could provide essential services.

We cannot allow governments to fail because the cost of retiree benefits crowds out essential public services. Rather, perhaps it is time to consider creating or naming a new national commission to consider options—whether they be new federal bankruptcy courts for public pension funds, or the repeal of state statutes that have proved to be obstacles for localities to carry out vital public pension and other retirement benefit reforms. It's the price of survival. G

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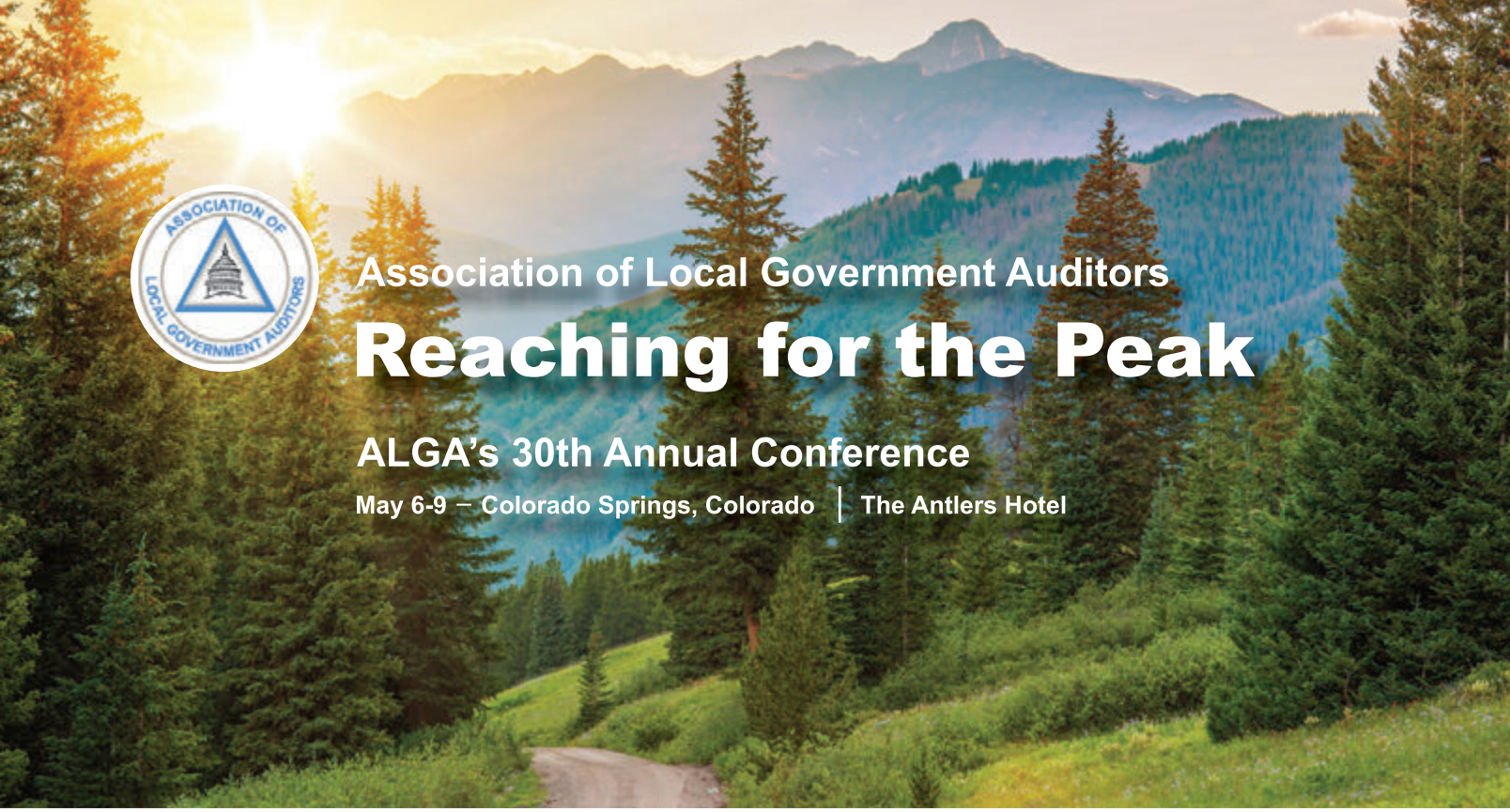

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Last Look

When spring finally arrives in Nenana, Alaska, it's cause for celebration—and a cash payout. Every February, the town's fewer than 400 residents start watching the ice melt—literally. A tripod is set up on the frozen Nenana River and connected with a cord to a clock. Residents place bets on the exact date and time the ice will give way, which is marked when the ice melts and forces the tripod to move and the clock to stop. Now in its 101st year, the Nenana Ice Classic has grown so popular that Alaskans throughout the state buy tickets. In some recent years, the prize money has ballooned to more than $300,000. Last year, there were 42 winning tickets when the ice finally gave way at noon on May 1. When the ice melts this year is anybody's guess. **—David Kidd**

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