GOVERNING

THE STATES AND LOCALITIES

May 2018

WHO RUINED ILLINOIS?

THE SUPERMAJORITY
GEORGE RYAN
ATTORNEY GENERAL
TAXES
THE DEMOCRATS
PENSIONS
TAXPAYERS
BRUCE RAUNER
THE VOTERS
SCANDALS
BLAGOJEVICH
BRIBES
PAT QUINN
WASTEFUL SPENDING
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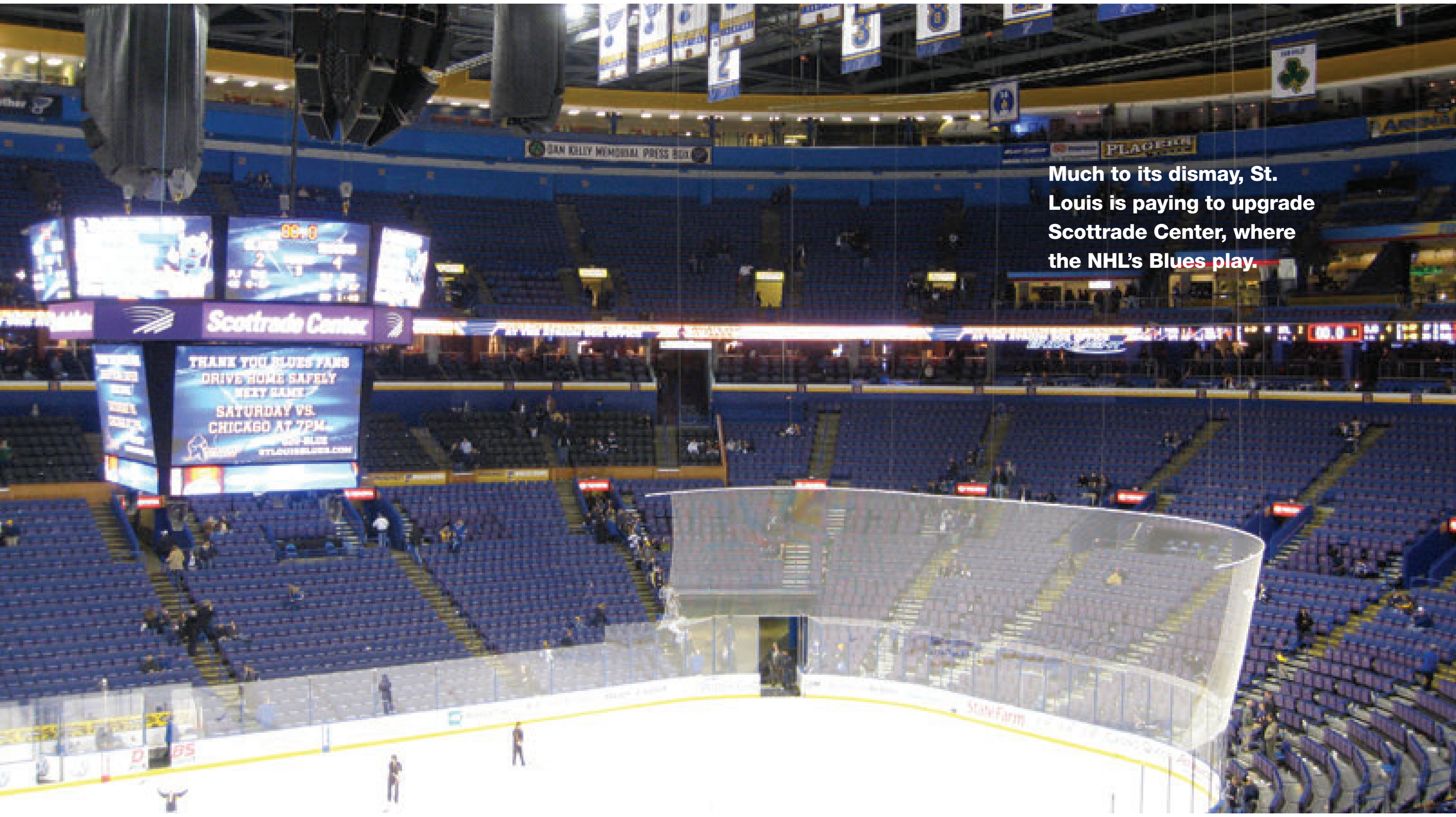

Much to its dismay, St. Louis is paying to upgrade Scottrade Center, where the NHL's Blues play.

PHOTO BY FLICKR/CHRIS YUNKER; COVER PHOTO BY DAVID KIDD

DEPARTMENTS

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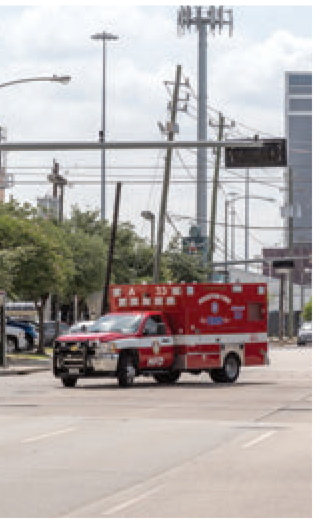

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Question the ordinary
Imagine the extraordinary
Create the enduring
The Second Avenue Subway expands rail transit service on Manhattan's Upper East Side.
200,000 riders take the Second Avenue Subway each day.
The new line has allowed the MTA to reduce crowding on the Lexington Avenue line by 13%.
Second Avenue Subway
New York, New York
WSP's Role: Construction Management

Stadium Fantasies

Back when I was mayor of Kansas City, Mo., I repeatedly argued against spending city tax dollars on sports stadiums, and I was never successful. My opponents maintained that the stadiums were creating thousands of jobs and generating millions of dollars in tax revenues. Thankfully, it seems that the folks on the other side of the state, and one hopes elsewhere in the country, have begun to figure out that this is baloney. As Liz Farmer points out in her article in this issue, the voters in St. Louis, after the loss of four different NFL teams, have become skeptical about "investing in gaudy entertainment amenities the lower-income population couldn't afford to use."

An honest conversation about public funding for stadiums would reflect the fact that what is really at stake is civic pride and recognition, not economics. Last year, the Federal Reserve Bank of St. Louis reported that 83 percent of economists surveyed agreed that "providing state and local subsidies to build stadiums for professional sports teams is likely to cost the relevant taxpayers more than any local economic benefits that are generated."

Mark Funkhouser, Publisher

Spending money on a stadium—an entertainment venue—is essentially consumption, and it is entirely different from investing to improve education, transit or public safety, all of which will yield an economic return. This is especially true for spending on infrastructure, and it's by no means a new idea. Back in 1992, Alicia Munnell, then senior vice president of the Federal Reserve Bank of Boston, summarized the research on public spending on infrastructure, writing that its impact "on private-sector output and productivity has been positive and statistically significant."

Every expenditure of public money involves "opportunity costs"—the value of the next highest use of the resource. When the opportunity cost exceeds the value actually obtained, you know you've made a bad decision. But, of course, it all depends on what you value most. For those in the high-priced stadium suites, maybe prestige and image are more important than they are to those in the bleachers.

In a recent blog post, Aaron Renn, a senior fellow at the Manhattan Institute and *Governing* columnist, wrote that if current trends continue, "St. Louis will soon drop below 300,000 in population—perhaps America's most stunning population collapse." If St. Louis' voters and leaders have concluded that it will take something other than more spending on stadiums to turn things around, good for them.

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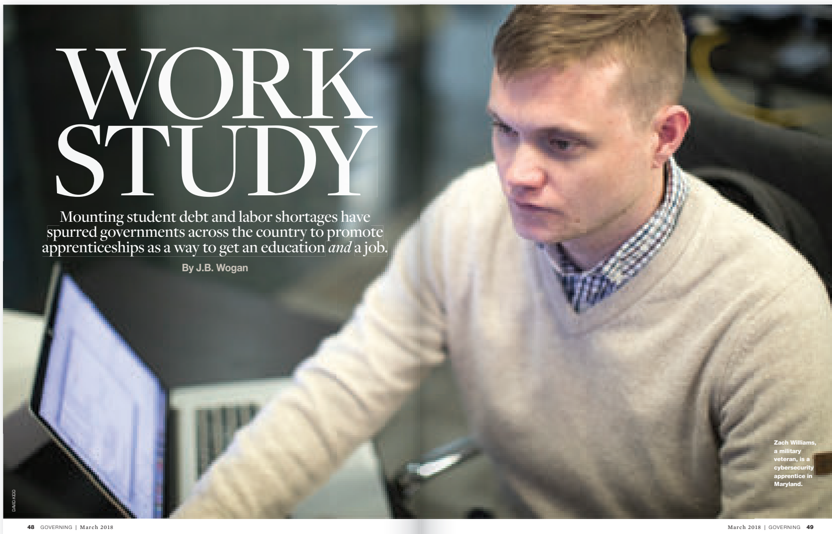

PUBLIC OFFICIALS *of the* YEAR 2018

NOMINATE AN OFFICIAL

Tell us about an outstanding state, city or county leader who has shown true courage, innovation, creativity and excellence in his or her job. Submit your nominations by Friday, June 1, at **governing.com/poy**.

Apprenticeships Work

In the March feature "Work Study," J.B. Wogan looked at what states are doing to address the skills gap. "The people looking for work simply aren't qualified for the positions that companies need to fill," he wrote. As a result, "a growing number of states are turning to apprenticeships ... as a potential solution to their labor shortages." In crafting programs, several governors have toured apprenticeship programs in Europe.

Train them in what? We are at the brink of a new age. As soon as we develop the education to match the current digital world need, new technology gets discovered that makes it obsolete. Technical trades are quickly being supplemented by AI mechanics.

We need to put aside this illusion of the grass is always greener and really look at how our current resources and employees can be easily adapted into today's workforce demand with little investment. Or we will always be falling further behind.

—Shannon McCallister on Facebook

We have very few people with basic mechanical skills. A European-style apprentice program is the only answer.

—Joe Gierga on Facebook

In our city, businesses have worked with a technical high school to train students in the skills they need and guarantee them a job when they graduate. [It] works!

—Susann Kaltwasser on Facebook

Independent Disadvantage

In his March Politics Watch "Breaking Ranks," Alan Greenblatt wrote about the increase in the number of independent candidates running for governor in 2018. Several are running as independents in Maine, as well as running or exploring bids in Alaska, Arizona, Connecticut, Kansas, Nebraska and Rhode Island. "Independent candidates have always had a tough road ahead of them," he wrote. "The two main parties enjoy huge structural advantages." Two readers argued that state laws, in particular, make it hard to run as an independent.

In 2010, I was the third woman to be on Idaho's gubernatorial ballot. All three of us (in the 1890s, 1900s and 2010) ran as independent candidates. I came in third in a five-way race, behind the Republican and Democratic candidates.

As the two-party system becomes more focused on self/party and less focused on the good of all, we will indeed see more independent candidates. These will be the candidates who are looking out more for the good of all, because running as an independent is an uphill battle with many legislated marks against running as an independent (at least in Idaho).

—Jana Kemp, Boise, Idaho

This subject is near and dear to my heart because I registered as an independent voter back when President Richard Nixon was running for reelection. Starting as a single digit percentage of voters back when John F. Kennedy was president, independent voters have increased in numbers until they are now almost half of registered voters. At the same time, the number of independent candidates has decreased.

There is an answer to this. Since about 1970, party politicians at the state level have been passing election laws designed to keep independent candidates from qualifying for the ballot. For example, here in Arizona a Democrat or Republican running for statewide office gets on with about 5,000 signatures and a minor party candidate with about 100, but an independent candidate has to get between 30,000 and 40,000.

This obviously favors one major party over the other, as we saw in Alabama's election for senator. With no possibility of placing an independent candidate to run against a bad Republican candidate, a Democrat won that race.

—Robert B. Winn, Maricopa, Ariz.

Correction: In his March Assessments column "A High-Stakes Game of Chicken," Alan Ehrenhalt referred 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." According to the California Poultry Federation, that measure applied to "egg-laying" chickens, which is, of course, most of them, but not all.

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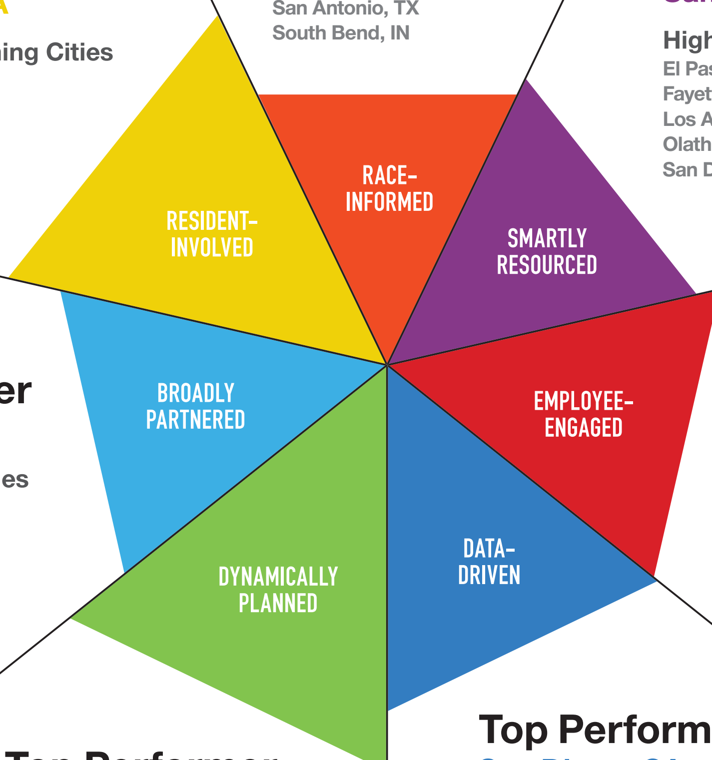

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Observer

By Alan Greenblatt

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NEW HAMPSHIRE DOESN'T collect sales or excise taxes on the purchase of liquor, yet it relies on liquor sales to keep its budget afloat. That combination has led to a long list of troubles, including allegations of bootlegging, money laundering and tax evasion, to name a few.

The tax-free liquor brings in lots of customers from other states. These aren't just out-of-state visitors looking to save a couple of bucks on a bottle. It's pretty common for people to drive up in trucks with New York license plates and purchase thousands of dollars' worth of booze. These purchases, often made in cash, frequently total just under $10,000 apiece—the threshold that triggers Internal Revenue Service disclosure requirements.

Andru Volinsky, a member of the state's Executive Council—a sort of advisory governing board for the state—started hearing complaints about such transactions from Liquor Commission employees. "They were being encouraged to turn a blind eye to a number of practices by bootleggers, as well as their superiors at the Liquor Commission," Volinsky says.

He decided to check things out for himself. Hearing that a customer had phoned in a large order one Saturday, he went to the store in question. It was in Keene, just north of Massachusetts, off Interstate 91. Volinsky watched a man and a woman buy $24,000 worth of Hennessy cognac, splitting up the order into multiple purchases, mostly paid for with cash. "I saw it happen in open space," Volinsky says.

He reported his findings to the governor and the attorney general and then took his allegations public. The Liquor Commission soon sprang into action, firing its own employee at the Keene store, whom Volinsky describes as a whistleblower. Blaming the messenger appeared to be the strongest initial impulse. The state Republican Party called for Volinsky himself to be investigated for running what party spokesman Patrick Hynes calls a "bizarre sting operation." GOP Gov. Chris Sununu suggested that wasn't a bad idea, calling for an investigation "on both sides."

Because Volinsky is a Democrat, this might be dismissed as yet another skirmish in an era of partisan warfare. The reality is that what Volinsky saw was not really news to anyone. There have been complaints for years that the Liquor Commission encourages—or at least fails to discourage—dodgy out-of-state purchases. Back in 2012, House Speaker Bill O'Brien commissioned a report that made serious allegations of impropriety. That year, a couple of drivers in Massachusetts were caught illegally transporting liquor apparently purchased in New Hampshire. One of them carried 1,676 bottles of Hennessy.

O'Brien's report came out just before that year's election, in which he and his fellow Republicans lost their House majority, so they were unable to take further action. "Quite frankly, if I became speaker again, we would have looked at doing away with the commission and privatizing the sale of liquor," O'Brien says. "It's an agency of government that needs greater oversight and maybe the mission could be changed."

Border towns in much of the country feature gas stations, liquor stores or cigarette barns that make it easy for residents of neighboring states to take advantage of lower tax rates just across the line. New Hampshire's Liquor Commission makes it especially easy. Stores are located in places that happen to be convenient to bootlegging routes, and their complete inventories are publicly available online. As a result, you don't have to waste time driving around to find the stores that stock tens of thousands of dollars' worth of cognac.

Patrick Delaney, Vermont's liquor commissioner, says New Hampshire's setup is basically tax evasion. The New Hampshire Liquor Commission insists, however, that there's "nothing illegal or unscrupulous" about selling to out-of-state customers. "Our prices, selection and service are one of the many reasons more than 11 million customers from around the world spent $700 million with us last year. We welcome all customers, no matter where they live."

The New Hampshire Liquor Commission nets $150 million a year, or about 6 percent of the state's total revenues. State law makes clear that prioritizing profits is at least as important a purpose for the commission as regulating the distribution of alcohol. As Volinsky has found, pointing out the flaws in this system is more likely to lead to disparagement than change.

Medication-assisted treatment, such as methadone, is not common in prisons and jails. Some think it should be.

An Opioid Success Story

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IN RECENT YEARS, most states have devoted increased resources to easing the transition of prisoners back into society through job training programs and, in some cases, therapy and counseling. But few provide effective drug treatment programs, such as methadone maintenance. Given the rising number of opioid deaths, they might want to consider doing so.

The period immediately after release from prison is a dangerous time for addicts. They've experienced a stretch of enforced, if not total, sobriety. Suddenly they have access to drugs, but their tolerance level has diminished. The stress of re-entry and the difficulty finding jobs and housing don't help. One study of released prisoners in Washington state found that they were 13 times more likely to die from drug overdoses than the population as a whole.

In Rhode Island, the Corrections Department now provides medical addiction treatments to criminals while they are still incarcerated. The results have been striking. Between 2016 and 2017, the number of deaths among recent ex-prisoners dropped by 61 percent. That was enough to bring down the total number of overdose deaths in the state as a whole by 12 percent, even at a time when opioids are driving up the death rate in most places.

Weaning people off drugs through the use of medication is standard operating procedure in health clinics. Some states run "step-down" clinics to help prisoners or the mentally ill get off drugs, but medication-assisted treatment in prisons and jails is not common. "Providing those same treatments to people who are severely involved in opioids in the prison system seems like an appropriate response, since they are at risk," says Ingrid Binswanger, an addiction expert at the University of Colorado.

Rhode Island brought licensed medication providers into prisons to run its program. They not only lent expertise, but gave prisoners admission in advance to one of a dozen community treatment centers around the state. "That gets rid of delays when somebody is waiting for a spot in a clinic," says Jennifer Clarke, the medical programs director at the Department of Corrections.

Rhode Island's success may not be easily replicated elsewhere. It's a small state. What's more, it has a combined prison-and-jail system, meaning that prisoners can be tracked more easily throughout their period of incarceration. Still, Rhode Island's immediate success in cutting down deaths among ex-prisoners is something other jurisdictions should consider. "The take-home message," Binswanger says, "is that treatment in facilities can have a significant impact on the reduction of overdose in those populations."

Erie, Pa., has not only lost factory workers, but also lawyers, engineers and accountants.

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White-Collar Job Drain

IT'S A SAD BUT familiar story. A plant closes, and dozens or hundreds or thousands of decently paid factory workers lose their jobs. Unable to find work that compensates them nearly as well, they have little choice but to accept low-wage employment in retail or restaurants.

What's less familiar is that under such scenarios factory towns lose sizable chunks of their white-collar workforce as well. Consider Erie, Pa., which in recent years has experienced shutdowns at General Electric and Hammermill facilities, among others. Over the past decade, Erie has lost 8 percent of its accountants, 20 percent of its lawyers and 40 percent of its engineers, according to the Associated Press. Similar stories can be told about Sheboygan, Wis., Decatur, Ill., and Wichita, Kan. All told, a third of the nation's major metropolitan areas are now losing more white-collar jobs than blue-collar ones.

Unlike many of the former factory workers, members of the professional class have options. They can pick up and move. John Dombrowski is an engineer who started a firm in Erie that moved across the border into Ohio. There was no advantage to being in Erie, he says. Local customers either wanted a cheap rate or preferred hiring out-of-town firms. What's more, there's not enough happening in Erie to keep engineering talent in town. "From the standpoint of trying to attract people to Erie, it was difficult," says Dombrowski, who now works for a national firm. "There were more leaving town as they graduated."

The attractions of bigger cities, which include cultural amenities and better-paying jobs, can be hard for professionals to resist once an anchor employer shuts down. Newton, Iowa, is an example. Newton has made a pretty good comeback since Maytag closed its headquarters and manufacturing plant there. A dozen new firms have helped create 2,000 jobs, more than Maytag employed at the time it shut its doors. The unemployment rate is at a low 3 percent and companies are having a hard time filling openings.

But most of the newer jobs are blue collar. With the state capital of Des Moines and its insurance companies just half an hour away, the professional class in Newton has packed up and left. "We did lose a significant number of white-collar jobs," says Frank Liebl, executive director of the Newton Development Corporation. "The majority of white-collar workers we had went to work in Des Moines."

THE BREAKDOWN

$70k

The salary for the governor of Maine, the lowest in the country. Gov. Paul LePage has successfully pushed to increase it to $150,000 for his successor.

50%

The proportion of eligible Florida teachers who must pay dues to a union in order for the union to remain certified, according to a recently enacted state law.

Zero

Amount of money spent in the first two years from a $2 billion California bond approved by state voters in 2016 to provide housing for the homeless. The bond is tied up in court.

58.1%

Weekday subway trains arriving on time in New York City—a new low.

SOURCES: *PORTLAND PRESS HERALD, TAMPA BAY TIMES, LOS ANGELES TIMES, THE NEW YORK TIMES*; IMAGE: SHUTTERSTOCK.COM

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Amateurs in the Morgue

WANT TO BE A CORONER? In South Carolina, you may already be qualified. You need only be a registered voter 21 or older, hold a high school diploma "or its recognized equivalent," and have a record free of felony convictions. Last year, the South Carolina House approved an expanded list of requirements, including three years of experience in death investigations and at least an associate's degree, but the bill went nowhere in the state Senate.

South Carolina is not unique. Coroners are chosen by voters in most states. Many are not pathologists, or even doctors. That often leads to reporting of inaccurate information in cases of homicides and suicides. Now, an already inadequate system of death investigation has been "strained to its absolute limit" by the spike in overdose deaths from opioids, says Suzanne Bell, who chairs the Department of Forensic and Investigative Science at West Virginia University.

The word "coroner" derives from French and Latin roots referring to officers of the crown. Historically, Bell says, "the death investigator was more interested in sorting out taxes and inheritance" than worrying about the cause of death. Not much has changed. More than a third of Americans live in counties where coroners have to meet only minimal qualifications to hold office, or none at all, according to a 2009 National Academy of Sciences report.

That report, as well as a more recent study from the Obama White House, pleaded for raising the bar when it comes to coroner qualifications. Such calls have been made for a century or more, but generally lead to no action. "It's very entrenched," Kim Collins, vice president of the National Association of Medical Examiners, says of the practice of electing coroners. "Egos get involved, and the science gets pushed to the background."

Collins notes that plenty of coroners do fine work, even if they lack medical training. The pertinent question is whether they have experience in death investigations. Recognizing homicides is obviously important, but determining the cause of death also matters when it comes to public health. Coroners and medical examiners are on or near the front lines when it comes to spotting outbreaks of infectious diseases, or determining whether new designer drugs are killing people.

In many cases, coroners may lack not only experience, but also the budgets to find out exactly what happened. In one Ohio county, with a population of 43,000, the county commission allocates funds to perform just three autopsies a year, according to a recent academic study. In the remaining cases, there are external examinations only, or deaths are certified based on the medical record. With opioid deaths, "people are saying we've gone over our budgets, we can't afford autopsies," says Collins.

Coroners in many states have come to recognize their limitations. The Arkansas Coroner's Association now runs training courses that are more popular every year. "In Arkansas, we have made huge strides when it comes to death investigation," says Kevin Cleghorn, the association's president. But Cleghorn concedes that some coroners who have been in office for as long as 30 years refuse to be retrained, insisting on doing things the way they've always done them.

The problem isn't only political, however. There just aren't enough qualified pathologists to go around. If you're a physician, there are other specialties that pay more and can lead to happier outcomes. "If everybody went to a medical examiner system tomorrow, we don't have the pipeline established," says Bell, the West Virginia professor. "Bless the people who do it, but I can see why it's not the most appealing thing for everyone."


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By Alan Ehrenhalt

Road Rage

Drivers and some legislators hate traffic cameras. But they make streets safer.

I opened the mail one day last fall and found an envelope from the D.C. government charging me $100 for driving too fast on K Street on a Sunday afternoon a couple of weeks before. You go through little stages in those situations: First, disbelief—"Surely we weren't doing that." Then, anger—"Can't the District of Columbia find a better way to pay its bills?" And finally, a fear of having blundered into a rigged game. Maybe we were going 39 miles an hour in a 25-mph zone, as alleged, but 25 is a suspiciously low limit for a spot just off a freeway. Is the whole point to make a little extra money off unsuspecting motorists? If so, the only practical way to enforce that kind of rule is with cameras, which is exactly how it's done in D.C.

If this is the way they are going to use technology, you may be tempted to say, perhaps we'd all be better off if they took the cameras out. But would we? Let's stop and think about it for a minute.

They've been thinking about it a lot in Iowa, where an angry and long-running fight is taking place between cities that consider traffic cameras an essential component of safety and conservative state legislators who see them as one more scheme for fleecing taxpayers. Both sides accuse the opposition of playing Big Brother. But they have wildly different ideas about just who or what Big Brother is. To the anti-camera Republicans in the legislature, Big Brother is the cities that have installed the machines to snoop on motorists. To the cities, Big Brother is an insensitive state government trampling on local rights.

Iowa began using the cameras in large numbers shortly after they were introduced into this country in the early 1990s. There are currently more than 75 of them in eight Iowa cities, placed strategically to photograph drivers going too fast or running red lights. In a typical year, the fines from these violations bring the cities about $12 million, which is their net take after they pay the private companies that install and maintain the machines.

The cities insist they are saving lives, as well as easing some of their budget problems. But the Iowa Department of Transportation has never liked the cameras, especially because a fair number are on state-maintained highways. In 2015, the agency ordered nine cameras shut down and three others moved off state property. The city of Cedar Rapids went to court to block the order. The initial rulings went the city's way, but in April of last year a state judge told the city the cameras had to be dismantled. That meant a potential loss of several million dollars a year. Cedar Rapids took the case to the state Supreme Court, where it awaits a decision.

Meanwhile, however, the anti-camera faction decided to fight it out in the legislature and possibly preempt the Supreme Court. The result was an old-fashioned battle of ideologies, which played out on the Senate floor in February. "Big Brother has stepped in again," warned pro-camera Democrat Tony Bisignano. "I don't think the state should dictate to communities how to enforce their public safety."

"The cameras are a racket," countered anti-camera Republican Brad Zaun. "The whole thing is about money." He insisted the main beneficiaries are the companies, some of them foreign, that put the machines in place.

Zaun's side had the votes. The Senate passed, 32-18, a ban on traffic cameras in the state after July 1. That sent the issue to the House, where a sizable centrist faction argued that the cameras should be legal, but subject to state regulation. In the end, the House refused to ban the cameras, but approved an amendment requiring cities to present evidence they are needed.

The same argument has been taking place in Ohio. In 2015, the Republican legislative majority undercut the use of traffic cameras throughout the state by passing a bill that required an officer to be present any time a violation was recorded. This amounted to an outright ban. No police force in the state could afford to have its personnel spending their days lounging by the roadside next to a machine and waiting for someone to break the law.

It was a clever move, and in 2017 the state Supreme Court ruled that it was a bit too clever—it constituted a violation of local sovereignty. Dayton immediately put its installations back in place. Joe McNamara, an attorney for the city of Toledo, called the decision "a great victory for home rule and local democracy."

The argument isn't over yet in Ohio. House Republican Rep. Bill Seitz has introduced legislation that would allow the cameras to remain in place but reduce each

city's share of state aid by the amount of money its cameras bring in every year. This too would be equivalent to putting the whole process out of business. In addition, anti-camera activists launched an effort to get a measure on this November's ballot that would reinstate the officer-must-be-present rule. In late March, the House passed Seitz's bill over the cities' militant opposition. Given the judicial history on this issue, it seems unlikely that the bill could stand up in court. It will also require approval by the state Senate.

All of this, however, begs the fundamental question: Do traffic cameras actually save lives, or are they just a thinly disguised revenue scheme? A fair amount of evidence exists on this point, if the combatants are in a mood to listen to it.

Currently, about half the states have traffic enforcement cameras of some sort. Ten states ban them altogether. There are red-light cameras in more than 420 communities and speed cameras in more than 140. Citizens tend to trust red-light enforcement more than they do speed enforcement; one survey found 62 percent support for using photography to trap red-light runners.

Most of the statistics on these cameras come from the Insurance Institute for Highway Safety, which doesn't disguise its support for camera enforcement, but doesn't seem to have an incentive other than saving money for its members by cutting down on accidents. If the cameras didn't make driving safer, the IIHS would have every reason to say so. What it says is the opposite. As of 2016, the IIHS was reporting that in some years red-light running had caused nearly 800 fatalities nationally. Most of the people killed were pedestrians or passengers, not the scofflaw drivers. Cameras had reduced the number of fatal crashes at photographed intersections by 21 percent. Turning the cameras off had caused the number of fatal crashes to spike by 30 percent.

The data on speed cameras is less comprehensive, but it points in the same direction. A seven-year study in Montgomery County, Md., completed in 2015, reported that the presence of speed cameras reduced by nearly 60 percent the number of drivers traveling more than 10 miles per hour over the speed limit. The IIHS extrapolated that, if adopted nationwide, a speed control program similar to the one in Maryland had the potential to prevent thousands of fatalities and injuries in a single year.


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It's possible, although I think unfair, to dismiss the IIHS as a predictable cheerleader for camera enforcement. But a couple of academic studies over the past few years have come to similar conclusions. Both have focused on red-light cameras in Chicago. Research conducted in 2014 by a team from Texas A&M University reported that cameras led to a reduction of 15 percent in the number of "T-bone" crashes—ones in which two vehicles hit each other at right angles. A subsequent study in 2017, conducted by Northwestern University, found a 19 percent decline in fatal right-angle crashes at intersections where cameras were present.

Both of these studies, as well as earlier ones, found that the cameras actually led to a slight increase in rear-end collisions, because drivers tended to stop suddenly when they feared being photographed. But because rear-enders are less lethal than right-angle collisions, the net result in deaths and injuries was positive.

The academic research does suggest some simple ways that camera enforcement can be made more effective. One is to make the yellow interval between red and green lights longer. Chicago was making the yellow transitions as short as 1.1 seconds. Stretching them out by even a half-second encourages drivers to stop and wait for the next sequence rather than rushing through. But this adjustment for safety has a price; the Northwestern team estimated that a longer yellow light could cost Chicago as much as $17 million a year as a result of fewer citations issued.

The bottom line is that traffic cameras are a nuisance, and sometimes even an injustice, but there is no credible way to deny that they reduce the overall number of fatal crashes on American roads. Jurisdictions that rip them out are adding significantly to the annual death toll.

Having read through some of the history on this, I'm inclined to think the opposition to traffic cameras is based in part on a misperception of whom they are there to help—who the real customer is. When I get a ticket for driving 14 miles per hour over the speed limit, I may have reason to be angry. But the cameras aren't there to make my life easier. They're there to protect all the other drivers who are threatened by my failure to obey the law. When they work properly, they are a modest price to pay for more safety. That's why, once I vented a little bit about getting cited for speeding, I calmly wrote a check for $100 and went on about my business. **G**

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By Peter A. Harkness

Time to Try Federalism Again

Our toughest problems can't be solved unless we learn to work together.

I love small-town newspapers, in large part because they offer a unique local take on national issues. One of my favorites is the *Park Record* in Park City, Utah. (The town was once a silver mining center and a camp for union troops sent by Abraham Lincoln to make sure Mormons didn't seize control of the area. Nestled in the Wasatch Mountains just east of Salt Lake City, it is now better known for fancy ski resorts, the Sundance Film Festival and liberal politics.)

From a recent front-page story in the *Record,* I learned that Utah's House of Representatives had voted 58-14 to reject legislation that would have overturned Park City's ban on plastic bags. When the state Senate approved the bill, city leaders complained that the state should not intervene in a local decision, reminding legislators how upset they are when the feds meddle in state matters.

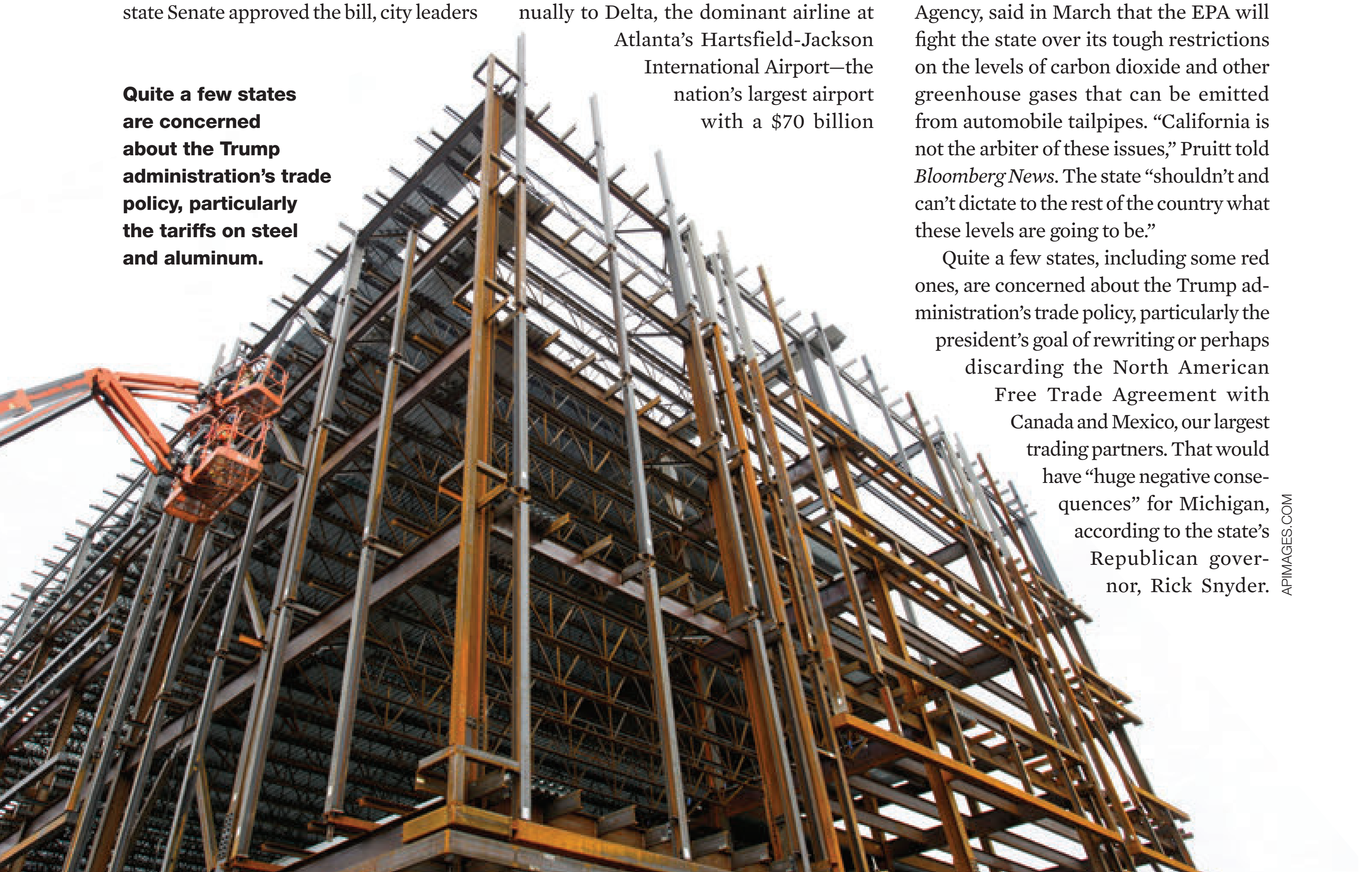
It worked. Park City is solidly green, and Utah definitely is not. Still, even conservative legislators who took a dim view of the plastic bag law voted against the bill to repeal it.

Most of the time, unfortunately, things don't work that way. The Georgia Legislature recently punished Atlanta-based Delta Airlines because it terminated its discount for members of the National Rifle Association. Legislators stripped from a tax bill a provision to eliminate sales taxes on jet fuel, a break worth $40 million annually to Delta, the dominant airline at Atlanta's Hartsfield-Jackson International Airport—the nation's largest airport with a $70 billion annual impact on the region. Atlanta Mayor Keisha Lance Bottoms saw the legislature's move as petty vindictiveness. "So much of what we do is with the corporate community," she said, "including Delta." The effort against Delta and Atlanta was led by Lt. Gov. Casey Cagle, a proud NRA member who is favored to win the Republican nomination for governor this year.

As contentious as the state-local relationship can be, though, it's not as dramatic as what often happens when things go awry between states and the feds. California is at the heart of that friction in a range of disputes, most of which will end up in court. Scott Pruitt, administrator of the U.S. Environmental Protection Agency, said in March that the EPA will fight the state over its tough restrictions on the levels of carbon dioxide and other greenhouse gases that can be emitted from automobile tailpipes. "California is not the arbiter of these issues," Pruitt told *Bloomberg News*. The state "shouldn't and can't dictate to the rest of the country what these levels are going to be."

Quite a few states, including some red ones, are concerned about the Trump administration's trade policy, particularly the president's goal of rewriting or perhaps discarding the North American Free Trade Agreement with Canada and Mexico, our largest trading partners. That would have "huge negative consequences" for Michigan, according to the state's Republican governor, Rick Snyder.

Quite a few states are concerned about the Trump administration's trade policy, particularly the tariffs on steel and aluminum.



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The Brookings Institution estimates that Michigan relies on Canada and Mexico for more than 70 percent of its steel and aluminum products. These imports support the state's automotive and metalworking clusters, which together employ 230,000 workers.

All this is going on at a time when our procedures for handling intergovernmental conflict are in tatters, both in Congress and the states. And so far, there has been little apparent interest in reconstructing the cooperative federalism that existed just a few decades ago.

That could change. U.S. Rep. Gerry Connolly, a Democrat from Virginia, is promoting the Restore the Partnership Act, which would establish a new commission in the vein of the old Advisory Commission on Intergovernmental Relations, which was phased out 22 years ago. I'm dubious much will happen until after the midterm elections, but if there is a blue wave, the idea might get some traction next year.

What may hold more potential is the Task Force on Intergovernmental Affairs, created by House Speaker Paul Ryan and House Democratic Leader Nancy Pelosi. It is chaired by Utah Republican Rob Bishop, with six other Republican members and six Democrats. In its first year the panel held only three hearings, which hardly conveys a sense of urgency. But its advisory council includes representatives from all the "Big Seven" associations of state and local officials, plus the National Academy of Public Administration, a nonpartisan network of more than 850 people from government at all levels who have experience in dealing with federalism issues and possible solutions. For a half century, the group has tried to serve as a public intelligence bank to guide policy and management decisions.

If we are to make progress on challenges like climate change, infrastructure and immigration, we must improve intergovernmental cooperation. Doing that almost certainly requires taking steps to address our hyperpartisan culture and introducing reforms to our electoral system. **G**

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By Alan Greenblatt

Uncontested No More

Record numbers are running for the legislature.

Graig Meyer, who serves in the North Carolina House, spent months recruiting fellow Democrats to run for legislative seats this year. He hoped to find a live body for every race, but admits he was skeptical it could happen. Back in 2016, 45 percent of the legislative seats in the state were uncontested by one party or the other.

But Meyer pulled it off. This year, there's a Democrat running for every seat in the state House and the state Senate. On the Republican side, the recruiting effort fell just short of perfection, with a single House seat conceded to the Democrats.

In recent cycles, it's been common around the country for more than 40 percent of seats to be left uncontested. This year is different. States where filing deadlines have passed have seen more Democratic candidates sign up than any time since at least 1982. "Thank you, Donald Trump," says Andrea Dew Steele, president and founder of Emerge America, which recruits and trains Democratic women candidates.

There's no question Democrats are fired up. Individuals who thought they might run someday recognize that 2018 is likely their best shot, Meyer says. And Democrats in districts where they know they have little chance of winning still want to run, to force Republican incumbents to expend at least a little effort and not devote their fundraising prowess to helping more marginal candidates.

> "It's not just more Democrats running: The number of Republican candidates has also increased."

But it's not just more Democrats running: The number of Republican candidates has also increased. They've been inspired by President Trump, too. In addition to traditional Republicans, the party is seeing new hopefuls emerge from its growing working-class wing. While Democrats are looking to make inroads in suburban areas, Republicans believe they can prevail in more blue-collar towns.

A portion of the GOP's success in legislative elections this decade has resulted simply from taking most contests seriously. Republicans have long competed in more districts than Democrats. "They are doing what they've been doing, which is brilliant," Steele says. "They know what Democrats are just catching up to, which is that you can't win elections if you don't have candidates."

It seems like an obvious point. Democracy works best when voters have a real choice. But the parties have neglected to offer choices in many districts. Instead, they've concentrated their resources on the relatively few swing districts where control of the chamber seemed to be at stake.

This year, both parties expect the playing field to be much wider. That's all to the good. When incumbents go unchallenged, there's no way to hold them accountable for misdeeds or incompetence. "Our system is better than that," says Virginia Democratic state Rep. Cheryl Turpin, who last year decided to run in a district where the GOP incumbent had previously gone unchallenged. Turpin ended up taking the seat by 382 votes in November, becoming the only Democrat in the state to win a district Trump had carried in 2016. "Every candidate," she says, "should be opposed." **G**

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By Mattie Quinn

Uber to the ER?

Ambulances are expensive. Efforts are building to diversify the current system.

It's more than just an inexpensive, convenient way to get to the airport or back home safely from an evening of bar-crawling. More and more, people are calling Uber, Lyft and other ride-hailing services in place of ambulances to take them to the emergency room. There's no mystery to their motivation. People see ride-hailing as more reliable and vastly cheaper than traditional emergency transport: A ride in an ambulance can cost a user as much as $1,200, depending on what insurance covers.

So it probably shouldn't be surprising that in March Uber announced that it was venturing into health care. Uber Health is a digital portal that allows health-care organizations to book rides for a patient or caregiver. The company says it is also working to allow people without access to a smartphone or computer to receive trip details.

It's not the first time that ride-hailing companies have been tapped to supplement traditional health-care transportation options. Last year, the AARP Foundation and UnitedHealth Group partnered with Lyft and the University of Southern California to offer free rides to low-income Los Angeles seniors who had missed two or more medical appointments in the previous year. And the University of Pennsylvania offered Lyft rides to 800 West Philadelphia Medicaid patients for scheduled appointments.

The results for the Philadelphia project weren't particularly encouraging: The missed appointment rate improved by barely a percentage point. Still, these projects are evidence for many in health care that the current model of health transportation and ambulatory services needs to be diversified. Ambulances, along with government-provided paratransit for the disabled, are increasingly thought of as overly expensive services plagued with bureaucratic inefficiencies and the high costs of "super-utilizers" who overuse the transportation services and emergency rooms. "We've done a wonderful job of telling people that they can call 911 and have emergency services show up," says Dean Dow, president and CEO of the Reno, Nev.-based Regional Emergency Medical Services Authority (REMSA). "Now we must educate people on when to use and when not to use it, as well as give people alternate numbers [for nonemergency situations]."

Serving Reno and Washoe County since 1986, REMSA is a nonprofit provider of emergency medical services that receives funding from both the state and federal government for a three-pronged effort aimed at taking some of the pressure off of its ambulance services. The program's offerings include a nurse health line for people needing immediate health advice. There's an alternate transportation program that sends people who don't really need the ER to more appropriate services such as urgent care, a mental health facility or rehab. And a paramedicine program helps those super-utilizers with needs like nutrition and medication management.

Similar efforts are underway elsewhere. In 2014, for example, the city of Houston launched its Emergency TeleHealth and Navigation program, which connects patients with a nurse over video chat if a paramedic responding to a 911 call deems a situation a nonemergency. In its first three years, the program has reportedly prevented some 6,000 emergency transports.

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There are barriers to quick, widespread adoption of these alternatives. Private insurers are reluctant to reimburse new models of care without years of data and evidence of effectiveness. Dow says REMSA struggles "on a weekly basis" to find long-term reimbursement streams, even with support from the state's Medicaid program. But "the model has to evolve," he says. "It's not functionable for the future." G

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By Liz Farmer

Growing Pains

A clean energy program grapples with lending standards and consumer protections.

By the numbers, the home loan program PACE—or property assessed clean energy—is one of the most successful tools for helping property owners pay for otherwise expensive clean energy and environmental upgrades. PACE loans for residential properties shot up by more than one-third over the past year alone to total more than $4.6 billion.

Despite that, two governments in California abruptly shut down their PACE programs last summer, citing concerns from mortgage lenders and realtors about the financing program's structure. Lenders have issues with the fact that PACE loans get paid back first—over a mortgage—and real estate agents say it's harder to sell a property with a PACE loan attached.

Kern County and the county's seat, Bakersfield, stopped issuing PACE loans even as the state legislature was in the process of passing legislation that imposed stricter loan standards and required new regulations to protect borrowers from deceptive financial practices.

PACE loans help residential or commercial property owners pay for energy-efficient upgrades, such as solar panels, LED lighting and window insulation. The residential loans are typically around $25,000 and are automatically paid back through a separate assessment on the borrower's property tax bill, making local governments responsible for authorizing the programs. California is home to the most residential PACE programs in the country, while others exist on a much smaller scale in Florida and Missouri.

Alan Tandy, Bakersfield's city manager, says he and other officials felt California's PACE legislation failed to address their concerns about the disruption to the area's real estate market, where home prices haven't recovered from the recession. "There were people who bought [a home] without realizing there was a [PACE] lien pending on it," he says. "So, our standard real estate deals were getting to the 11th hour and getting disrupted."

That concern was fueled in part by a document put together for the city by the Bakersfield Association of Realtors. It detailed 47 homeowner complaints that included allegations of price gouging and efforts to mislead property owners about the cost. "The problem with almost all of these is the misrepresentation," says Kim Schaefer, the government affairs director for the Bakersfield Association of Realtors. "These folks were never told the amount of money they were going to be charged. It just hit them a year later when it showed up on the property tax bill."

The document also found that 19 owners reported they had trouble selling or refinancing their home with the loan still outstanding. Some said they struggled to make payments after not being able to refinance. And others complained that they were forced to use their home equity to pay off the loan before selling.

But those in the industry say such anecdotal evidence is dwarfed by a growing body of research that indicates the clean energy loans are a win-win for homeowners and jurisdictions. Joaquin McPeek, a spokesman for PACE lender Ygrene, notes that a study published in 2016 in the *Journal of Structured Finance* found that homes with PACE loans had a higher resale value than comparable properties. It also found that, on average, PACE homeowners recovered the full cost of their investment whereas other home improvement projects, such as a bathroom remodel, typically recovered just 60 percent of the cost. (While the study was independently conducted, the authors received funding from PACE lender Renovate America.)

Still, it's not just lenders and realtors that have looked somewhat dubiously upon PACE loans. Last year, the industry beat back an effort in Congress that would have killed PACE financing completely. And in December, the Federal Housing Administration decided to stop insuring mortgages that carry PACE liens, reverting to an earlier policy. The agency had begun insuring such mortgages in 2016 after years of refusing to do so.

Meanwhile, local governments are still embracing PACE at a steady clip. Since June 2017, when Kern County and Bakersfield ended their programs, 66 governments have authorized a PACE program in California alone, according to data from lender Renew Financial. To date, more than 430 governments in California have a PACE program. That, says Renew Financial CEO Cisco DeVries, is a "powerful" testament to the fact that PACE is working. "We hope and trust that someday," he says, "Bakersfield will come back in." G

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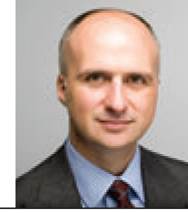

By Aaron M. Renn

When the Amazon Smoke Clears

There are lessons to be learned from the way the HQ2 frenzy has played out.

The epic feeding frenzy set off by Amazon's search for a second headquarters has been unprecedented, not just among the cities and regions bidding for the prize, but also among journalists and analysts covering the event. I have not been immune. After all, it's hard to imagine another offering on the scale of Amazon's. But the online retailer's play wasn't the first big economic development competition, and it won't be the last. There always will be plenty of lesser but still significant opportunities for cities, regions and states to compete against one another. Once Amazon makes its choice, the world of economic development will move on. Still, there are some important lessons one can take away from this process.

First, tax incentives and other giveaways are here to stay. Many people have decried the immense public subsidies that communities and regions have offered to Amazon. I personally signed an open letter organized by urbanist Richard Florida calling on cities to forgo subsidies. But let's be realistic: For deals like this, it's essentially impossible for cities and states to resist. It's like being caught in the prisoner's dilemma, when two parties acting in their own self-interest take actions that result in a negative outcome for both.

Second, talent is still king. Amazon's selection of 20 finalists was heavily driven by where the company believed it could readily find the talent it needs to fill 50,000 high-paying white-collar jobs. This includes huge cities with large labor forces, but also smaller cities that have been developing the kind of talent Amazon might want to hire. This is most evident in the Midwest, which despite being slower-growing overall had four finalist cities: Chicago, Columbus, Indianapolis and Pittsburgh. The last three were among the top cities in the region for growth since 2000 among people ages 25-34 with college degrees. Detroit, despite being bigger than all three, didn't make the cut because of the talent factor. Since 2000, Detroit ranked last in Midwest growth for young adults with college degrees.

Third, only a limited number of cities will win big in tech. There were 238 entrants for Amazon's HQ2. But even if the company ends up putting facilities in multiple cities—a definite possibility as it is already expanding in places like Boston and New York—most of the finalists are going to end up as losers in this competition. In that respect, it's metaphoric of the tech industry in general. Software-based platforms like Facebook and Google have very high fixed costs but very low marginal costs—the expense of producing each additional unit of a product or service. This makes them hyper-efficient as they scale up. Network effects on these platforms can also promote a winner-takes-all outcome: People are on Facebook because their families and friends are on it. This means a relatively small number of firms dominate in many categories. Amazon itself is an example of this, though it is much more of a physical business than these others. This means that by nature the major headquarters will be located in a limited number of cities.

That doesn't keep lots of cities from aspiring to create a high-tech hub. Realistically, most of them are not going

A rendering of Amazon's second headquarters in Washington, D.C.

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to be a major player. That doesn't mean it's not worth pursuing the tech business or trying to build something of a local tech community. But tech is unlikely to be a mass-scale employer in the vast majority of places. Cities that pin too much hope on the technology business are likely to be disappointed.

Fourth, mature corporations are becoming the drivers of tech. The image of a tech company may be as a startup in a garage, but gigantic, mature technology firms like Apple, Facebook and Google increasingly dominate today's Silicon Valley. Salesforce, whose market capitalization hit $90 billion this spring, is building the tallest skyscraper in San Francisco.

It's not that cities outside Silicon Valley won't benefit from tech growth. The tech industry is swelling with new jobs in New York City, for example, but the major employers are in most cases established big names. Facebook employs 5,000 there and is growing. Google already owns one building in New York and employs 6,000 people. It just bought another building, Chelsea Market, for $2.4 billion. And even before the HQ2 bidding got underway, Amazon announced that it was hiring 2,000 people in New York.

So for cities desiring to grow employment in the tech sector, convincing these companies to open offices in them may be increasing in importance relative to traditional new startups, though the latter remain critical. In this light, the HQ2 competition may be a preview of coming attractions.

And finally, don't get too focused on the huge, sexy deals. It's understandable why cities and states went hog wild over HQ2. But most of the growth in a local economy is going to come from existing businesses. Places need to put the same effort into growing the companies they already have that they do into luring companies from elsewhere. They also need to do what they can to grow new local startups, and not just in the tech sector. There's no substitute for doing the hard work of starting and scaling up locally based companies. G

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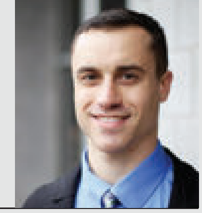
By Scott Beyer



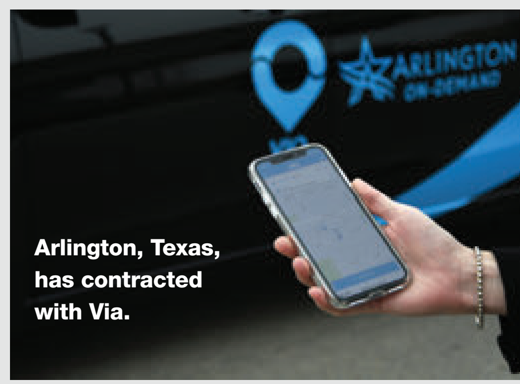
The Rise of Microtransit

As transit systems grow antiquated, cities should try nimbler options.

The organization Strong Towns recently introduced the hashtag #OrderlyButDumb to describe top-down plans that are large and straightforward, yet ignore the complexity of urban life. To me, the hashtag perfectly describes public transit these days.

For decades, cities have overseen transit monopolies that use heavy infrastructure, fixed routes and set schedules, under the premise that these will spur surrounding growth. And in many cities, they have. But thanks to the rise of the gig economy, workers often find themselves making multiple trips in a given day, and public transit has proven inflexible—unable to get them from point A to point B in a timely manner, or at all. As a result, even densifying cities have seen declining ridership.

Contrast that with private transit, which has grown in success by pursuing "microtransit." This model stresses malleable routes, on-demand service, smaller vehicles and minimal brick-and-mortar infrastructure. Companies include the bus services Via and Chariot; the ride-hailing services Uber and Lyft; and the bike-share services Zagster and LimeBike. Their flexibility lets them locate where demand exists, rather than counting on populations to come to them. Given these industry shifts, will cities stick with the "macrotransit" model, or embrace and even subsidize microtransit? St. Louis, where I recently spent some time, could be a case study.



Arlington, Texas, has contracted with Via.

CITY OF ARLINGTON

For decades, the population there has declined, with percentage losses similar to Detroit's. But this hasn't stopped St. Louis from building infrastructure to anticipate a growing future. The city's transit agency built an east-west rail system that the Federal Reserve Bank of St. Louis has called a boondoggle, citing minimal induced development and dreadful farebox recovery. The agency has also built a fancy downtown transit center and is considering adding bus rapid transit. Meanwhile, St. Louis' population and its transit ridership both continue to decline. Between 2015 and 2016, it saw an almost 7 percent decline in ridership.

But St. Louis has made one pivot toward microtransit. In March, its downtown development district launched a four-month pilot project to roll out electric shuttles that can be hailed by an app and are free to riders. This mirrors a shift other cities have made toward microtransit. In 2016, Kansas City, Mo., hired Bridj to manage a small downtown van fleet (an experiment that ultimately failed). Arlington, Texas, has joined several other cities in contracting with Via. And Los Angeles County just launched an Office of Extraordinary Innovation to improve its microtransit imprint.

These examples are just the start, says Rahul Kumar, a mobility director at TransLoc, a microtransit consulting firm. In the future, microtransit companies may become the sole transit providers in smaller cities. For big cities, they may supplement existing systems by solving the first-mile/last-mile problem. "If you can actually encompass an entire short journey with a microtransit vehicle, while having that work hand-in-glove with a larger, high-capacity network, that's the ideal," says Kumar.

Indeed, these new microtransit companies could increase the flexibility of transit, creating systems that are complicated yet smart, not orderly but dumb. G

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HOW LAS VEGAS CREATED AN INFRASTRUCTURE FOR THE FUTURE

Las Vegas attracts nearly $60 billion in tourist dollars each year. To keep that money rolling in, city leaders must ensure infrastructure functions well. To appeal to new businesses and residents, they must also prove they are innovative.

A few years ago, city IT leaders realized their complex, dated IT infrastructure was holding them back. The city used numerous systems from nearly every large IT vendor, and almost 80 percent of its IT budget was spent maintaining those legacy environments. The city struggled to respond to citizens efficiently and effectively, enhance worker satisfaction and productivity, and compete with other municipalities.

"In no other time in history have cities competed with one another for businesses, for citizens, for everything like they do today," says Michael Sherwood, director of innovation and technology for the city of Las Vegas. "Everything is about time-to-market. Staying competitive means having the right data to produce proposals and handle citizen requests. All those things take time, which was something we didn't have."

In March 2016, the Las Vegas City Council created an Innovation District. "The goal was to test new technologies to see how they might help us revitalize parts of the city, improve communications and mobility, increase public safety and create a better community overall," says

THE CITY'S GOAL IS TO EVENTUALLY MOVE ROUGHLY 50 PERCENT OF ITS SYSTEMS FROM A PHYSICAL ENVIRONMENT TO THE CLOUD.

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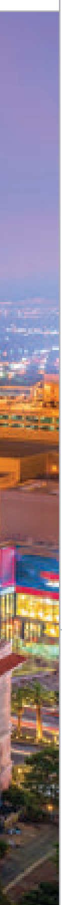


Sherwood. "We were looking for new approaches to some of the age-old problems cities face."

City leaders quickly realized they needed to move away from hardware-dependent systems and adopt a more agile IT infrastructure. All signs pointed to cloud as a tool to modernize, streamline, reduce costs and innovate.

Las Vegas looked to Oracle and partner Arisant for help. Oracle and Arisant proposed migrating the city to Oracle Cloud at Customer — essentially placing a piece of Oracle's public cloud inside the city's data center. Doing so would give the city all the advantages of public cloud in an on-premises model.

The city began migrating to the cloud in 2017, starting with its business suite, including payroll, human resources and purchasing systems. Working with Oracle, Las Vegas is using a lift-and-shift strategy, keeping some systems on-premises while gradually rolling other systems to Oracle's managed platform in the cloud.

"We are not a hardware maintenance company," says Sherwood. "We wanted to move away from things we aren't good at, to shift that load to experts so the labor we have can be reallocated to more value-add tasks."

The city's goal is to eventually move roughly 50 percent of its systems from a physical environment to the cloud.

DATA, TALENT AND ANALYTICS

It's still early in the migration, but city IT developers have already drastically reduced the time it takes to build and test new IT environments. And because core functions like backups, failovers, patching and security are now automated, city staff have more time to work on higher-value tasks. Rather than manage hardware, staff use cloud and data analytics to help the city maximize efficiency.

"I'm able to put workers in new areas where they are mining data, producing reports and training on software modules rather than worrying about disk utilization and upgrades," says Sherwood. "It allows me to focus my resources on things that can help the city grow, attract new business, increase safety and improve citizen services."

The city recently developed a mobile app called Go Vegas that allows residents to take pictures of potholes, graffiti and other city blights and upload those photos directly to city personnel, who can then quickly address those issues.

"That's something we wouldn't have been able to build and implement if we were still managing all the legacy components of our previous environment," says Sherwood. "It's a huge opportunity to improve citizen service. It's also a way to promote economic growth and development because it highlights how Vegas is different."

Sherwood says the changes are also providing his IT staff with opportunities for growth and advancement, while leveraging the Oracle cloud platform has helped the city attract and retain new IT talent.

"By doing things that are new and revolutionary, we're creating a buzz," says Sherwood. "The word is out that the city is on the right path with technology."

Cloud also enables the city to leverage data and analytics. Using a combination of cloud, Oracle BI and Internet of Things (IoT) sensors to monitor traffic flow, air quality, trash collection and more, the city can better manage operations, analyze data in real time and make faster business decisions.

THE VALUE OF GOOD PARTNERS

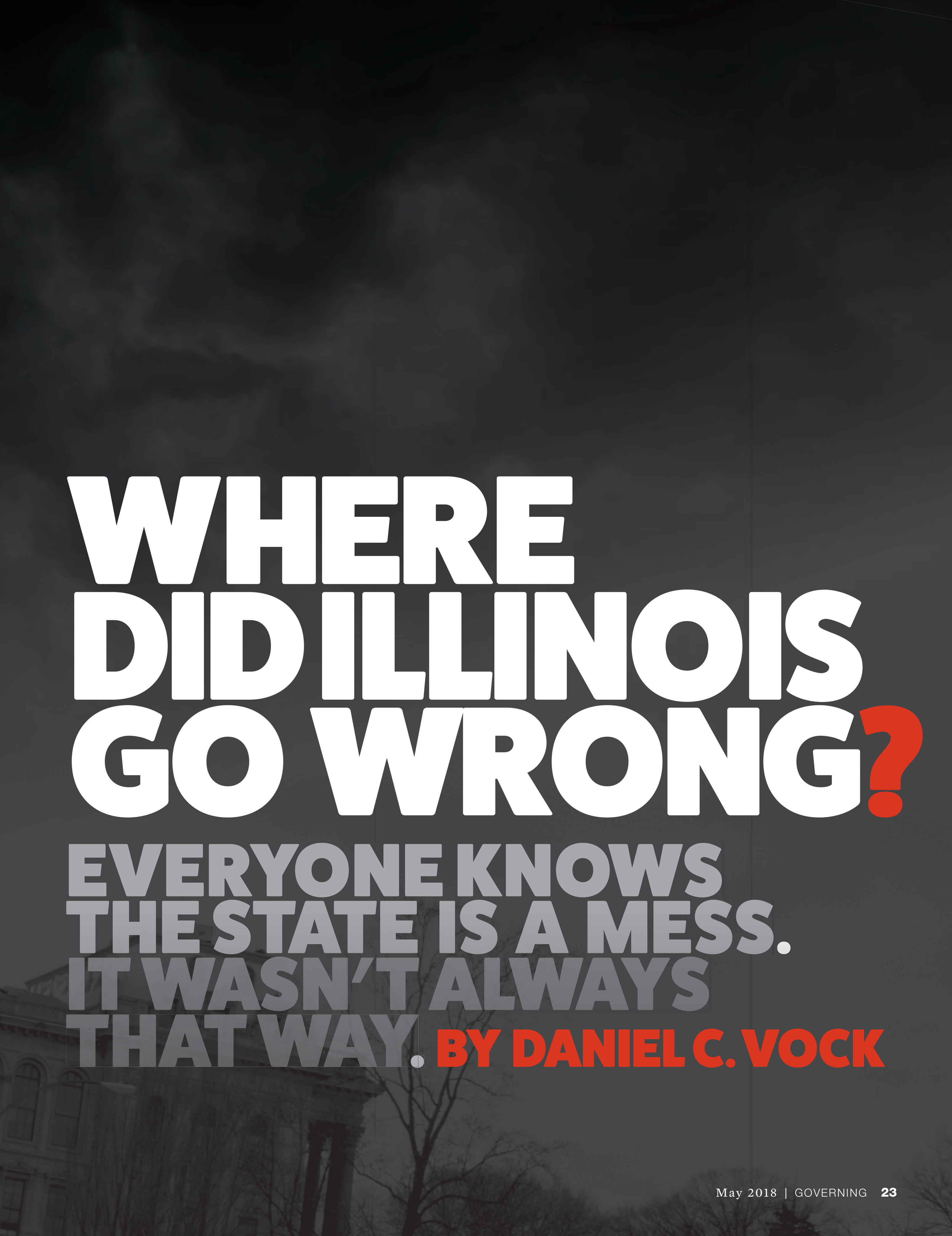
Modernization is important for Las Vegas, but the city is also wary of risk. "Las Vegas is known for gambling, but our strategic technology plan is not something we want to gamble with," says Sherwood.

Sherwood says the city's strategic partnership with Oracle and Arisant is key to minimizing risk. "As a government agency, we always have concerns about storing citizens' personal data. The Oracle solution enables us to store data locally as well as leverage the benefits of cloud," says Sherwood.

Moving away from physical hardware to the cloud will also help the city better prepare for the future. "With new technologies and things like autonomous vehicles on the horizon, we need to be agile," says Sherwood. "We also need access to data that will help us understand our community and what our citizens need so we can meet future challenges."

The cost savings are also already significant. The city went from spending $1.4 million a year on IT maintenance and hardware, network storage and staff to a much smaller spend and a higher value-per-dollar.

"By continuing to put money into hardware, we were putting huge resources into things that weren't helping the city succeed," says Sherwood. "Freeing ourselves from legacy infrastructure is allowing us to spend more time on things that make a difference for the community. It's the future of our city. If we don't have that cloud advantage, we're going to be behind."



WHERE DID ILLINOIS GO WRONG?

EVERYONE KNOWS THE STATE IS A MESS. IT WASN'T ALWAYS THAT WAY.

BY DANIEL C. VOCK

"However bad you think government might be," Bruce Rauner tells an audience, "it's worse." Rauner, a Republican governor seeking reelection, has plenty of reasons to portray his state as fundamentally broken. It's a way to explain why he hasn't been able to make the big changes in Illinois he promised when he ran four years ago. But it's also a great line for a knowing audience, and the crowd of call center workers in Moline, on the Mississippi River, laughs appreciatively.

Illinois voters have endured a lot from their state government. It hasn't been just one recession or one administration that's done the damage, either. It's been nearly a generation of political upheaval and dysfunction at the state Capitol. "Springfield has not been working for them, and I think voters, residents of Illinois are frustrated and angry. They should be," Rauner tells me after his Moline event. "Always unbalanced budgets. Not paying pensions. Not growing the economy and creating good-paying jobs. Massive corruption, cronyism and patronage. And four of my nine predecessors have gone to prison. It's a broken system."

Nearly everyone agrees with Rauner that the system is broken, but there's no consensus about why the system is failing. Pick your favorite culprit—legislators, unions, pensions—and you may have a case. But the one thing that current and former elected officials, academics and Springfield insiders cite most is perhaps the most painfully obvious: "Illinois government did work," says former Gov. Jim Edgar, a Republican who presided over what now looks to be the state's heyday in the 1990s. "But then we had bad luck with a couple of governors."

Illinois governors are powerful. They have many executive tools at their disposal that their counterparts in other states don't possess. As chief executives, they have the biggest say on the state's financial situation and the biggest platform to tend to the state's economy. But over the last two decades, public confidence, financial stability and economic growth in Illinois have all suffered.

During that time, Illinois has had four governors: two Republicans and two Democrats. George Ryan came first, starting

George Ryan might have gone down in history as one of Illinois' greatest governors, if he hadn't landed in prison instead.

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in 1999, and despite substantial achievements in Springfield, erased the public's trust in state government with a corruption scandal that landed him in prison. Rod Blagojevich swept into power in the wake of Ryan's scandal, promising reform and renewal, but exited in disgrace after an FBI arrest and subsequent impeachment trial, leaving a state woefully unprepared for the Great Recession. Illinoisans breathed a sigh of relief when Pat Quinn stepped in, but the relief died quickly, as a major tax increase failed to steady Illinois' finances, and low-level patronage scandals undercut his reputation as a reformer. Rauner capitalized on Quinn's unpopularity and defeated him in 2014. But Rauner saw his own standing collapse last year when rank-and-file GOP lawmakers abandoned his cause after a two-year budget standoff.

The cumulative effect is that the state's credit rating teeters on the edge of junk bond status. Officials have only recently started dealing with a $16.7 billion backlog of unpaid day-to-day bills. Longer term, Illinois is $129 billion short of what it needs to pay its pension obligations. Only a tiny fraction of residents believes the state is heading in the right direction.


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Even before Rod Blagojevich's self-immolation, he had wreaked havoc and brought long-lasting damage to Illinois' government.

Getting Illinois back on track will require years of calm attention to rebuilding public trust, balancing budgets and practicing the neglected art of governing. "The governor has to be the fiscal leader. He has to be the one who worries about not going too far into debt," Edgar says. "The legislature likes to spend money and it doesn't want to raise taxes. They'll blame you. That's OK, though. That's why you get the house, the car and the plane." The fact is, he says, "good government is boring."

But politics in Illinois has been anything but boring.

Twenty years ago, Illinois was humming along. Its median household income stood at nearly $64,000 in today's dollars—more than $6,300 above the national average and higher than it's been at any time since 2000. Edgar handed his successor a surplus of more than $1 billion in state revenue. Bond ratings had been upgraded a handful of times during his tenure, a first in Illinois history. Lots of people grumbled at Edgar's fiscal austerity, but he left office at the end of his eight-year tenure more popular than ever, with a 60 percent approval rating.

It was hard to see at the time, but the start of Illinois' downward slide came with the election of George Ryan as governor in 1998. A Republican pharmacist from Kankakee, Ryan was an imposing figure with deep-set eyes, a gravelly voice and large hands that barely budged when you shook them. He rose through the ranks in Springfield as a legislator, House speaker, lieutenant governor and secretary of state. When Edgar decided to retire, Ryan was the logical choice for Republicans. His term as governor extended the GOP's winning streak for that office to 26 years.

Ryan might have gone down in history as one of Illinois' greatest governors, if he hadn't landed in prison instead. He pushed through a much-needed but pork-heavy $12 billion public works program, expanded Chicago's convention center and its O'Hare Airport, orchestrated a deal to expand riverboat casino gambling, called for an end to the U.S. embargo of Cuba and visited Fidel Castro, opened a new Abraham Lincoln Presidential Library in Springfield, and won international accolades for emptying death row by commuting more than 160 death sentences in his final days of office.

But that's not what Illinoisans remember him for. Instead, they associate him with a sprawling bribes-for-licenses scandal that dogged Ryan from his days as secretary of state. It sprang from

A SHARP DECLINE

Twenty years ago, Illinois' state government wasn't much different than that of other industrial Midwest states. But after George Ryan was elected in 1998, Illinois endured huge corruption scandals and financial mismanagement that have left voters in the state in a sour mood.

BOND RATINGS

Illinois' bond ratings held steady until the Great Recession. Gov. Rod Blagojevich's administration was ill-equipped for the downturn.

an investigation over a fiery traffic crash in 1994 that killed five children because an Illinois trucker failed to heed warnings that his taillight was loose. The truck driver, it turned out, had bribed someone who worked for Ryan to get his Illinois commercial driver's license. (In Illinois, the secretary of state administers driver's license facilities.)

To advance his career, Ryan not only developed political skills that helped him cut deals on big-ticket issues but also relied on cozy relations with contractors and a de facto patronage army of workers at the secretary of state's office. Corruption allegations followed Ryan to the governor's office and clouded most of his term. His approval ratings plummeted from 50 percent in 1999 to 27 percent a year later. Ryan defiantly denied any wrongdoing, but his standing would never recover.

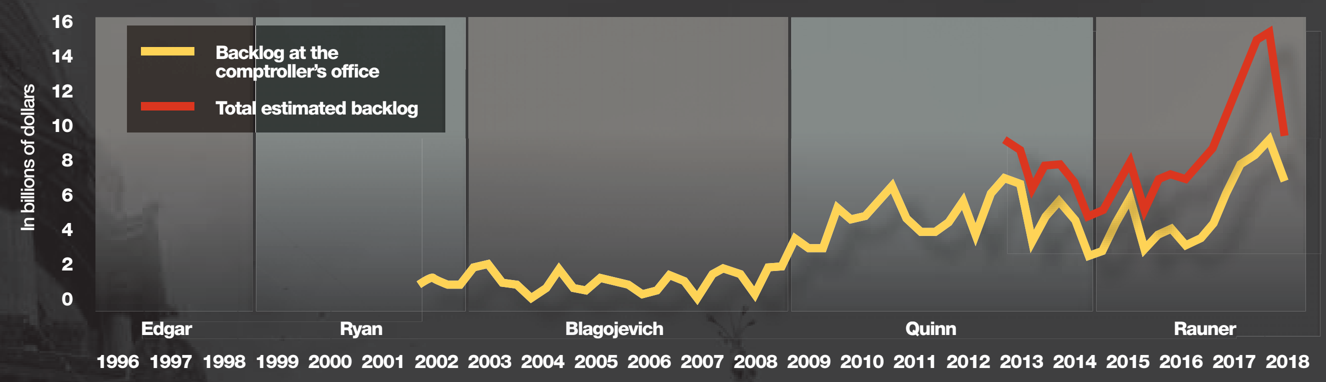
From his weakened position, Ryan had to guide the state through an unprecedented fiscal crisis after the 2001 terrorist attacks. When the books closed on his final budget, Illinois had posted back-to-back deficits of more than $1 billion. An early retirement package that Ryan pushed to trim the state's payrolls proved far more popular than he or lawmakers anticipated—11,000 employees jumped at the chance, compared to the 7,400 that Ryan and lawmakers expected. That drove up fiscal pressure on the state's already-stressed pension funds.

Nobody was surprised when Ryan was indicted on a variety of federal corruption charges nearly a year after he left office. He served six and a half years in prison and was released in 2013. But the scandal that tainted his administration would open the door to a successor who would not only land in prison, but would also become a national pariah.

Rod Blagojevich became instantly infamous when the FBI arrested the sitting Illinois governor in his running clothes in the morning darkness of Dec. 9, 2008. The same feds who had patiently stalked Ryan for years said they had no choice but to arrest Blagojevich after listening to seven weeks of wiretaps of his phones and office. Blagojevich, they claimed, was about to sell an appointment to the U.S. Senate seat vacated by the newly elected president from Illinois, Barack Obama.

Illinois lawmakers quickly impeached and removed Blagojevich. But the disgraced governor launched a media roadshow while he

BILL BACKLOG Illinois struggled since the early 2000s to pay its bills on time, but the biggest spike came during the two years the state went without a budget under Gov. Bruce Rauner. (Prior to the 2001 recession, the state generally paid its bills within a month.)



PENSION PROBLEMS The biggest reason Illinois' pensions are in bad shape is that its lawmakers for decades did not make the annual payments that actuaries said were needed. Illinois started making its full payments under Gov. Pat Quinn, but the payments were so large they used most of the money from an income tax hike.

SOURCES: ILLINOIS COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY; ILLINOIS OFFICE OF THE COMPTROLLER

awaited trial. His cartoonish claims of innocence failed to keep him out of prison—there were, after all, lots and lots of wiretaps—but the spectacle undercut Illinois' reputation just months after Obama won the White House.

Even before Blagojevich's self-immolation, he had wreaked havoc and brought long-lasting damage to Illinois' government. To make a clean break from the Ryan years, Blagojevich had brought in out-of-state advisers and political neophytes to run his administration. They quickly ran into a big problem: Illinois' government still had not recovered from the 2001 recession, and there was precious little money to pay for ambitious programs.

So Blagojevich's team came up with a brazen idea: a $10 billion pension bond sale. While the state might have conceivably saved money in the deal, in reality it was an elaborate way to skip $2.7 billion in otherwise required pension payments. Lawmakers went along with the idea anyway. The gimmick not only deprived the pension systems of needed cash, it also skewed the state's budgets for two years. When the third year came, there was no money "built in" to the budget for pension payments. So Blagojevich and the Democratic-controlled legislature opted to take a "pension holiday" for another two years. That meant they'd pay only half of their expected contribution, shorting the system another $6.8 billion.

Meanwhile, Blagojevich quickly made enemies with the leader of his own party in Springfield, House Speaker Michael J. Madigan. Shortly after Blagojevich's reelection, the governor suggested switching from a sales tax to a gross receipts tax. Madigan, who opposed the idea, embarrassed the governor by quickly putting it up for consideration in the House, where it failed to get a single vote.

On top of that, federal prosecutors and local reporters started to look into Blagojevich's fundraising tactics, especially because so many of the people Blagojevich appointed to state boards and commissions had contributed tens of thousands of dollars to the governor's campaign.

Two months before his arrest, Blagojevich had few friends left, in Springfield or in the state as a whole. The *Chicago Tribune* reported in October 2008 that only 13 percent of Illinoisans viewed him favorably. FBI wiretaps showed that the feeling was mutual. "I [expletive] busted my ass and pissed people off and gave your grandmother a free [expletive] ride on a bus. OK? I gave your [expletive] baby a chance to have health care," the governor vented, as he ticked off some of his legislative achievements. "And what do

I get for that? Only 13 percent of you all out there think I'm doing a good job. So [expletive] all of you."

Before Blagojevich's removal, few people would have envisioned Pat Quinn as governor. For decades, the Democrat had been in and around state government, but mostly as a rabble rouser. In the early 1980s, he led a successful effort to reduce the size of the Illinois House by a third, but then he bounced from office to office. He won election for a single term as state treasurer, lost a bid to oust Ryan as secretary of state and then ran successfully for lieutenant governor on the same ticket as Blagojevich. (At the time, Illinois gubernatorial candidates did not pick their running mates.)

Once Quinn became governor, he did a lot of heavy lifting, especially on budget-related matters, that Blagojevich refused to do. But he had to do it in the throes of the Great Recession.

Months after assuming office, Quinn reported that the state would face an $11.6 billion shortfall over the next year and a half if lawmakers didn't take drastic action. That came at a moment when the backlog of unpaid bills had risen to $8 billion. The legislature cut spending by $2 billion, gave Quinn the power to cut $1 billion more, relied on $1.8 billion in federal stimulus money and authorized $3.7 billion in short-term borrowing to make that year's pension payment. It wasn't enough, and the situation kept getting worse.

When Quinn ran for a full term in 2010, he campaigned on raising the state's income tax by a percentage point to address persistent deficits. But within two months of his victory, rating agency threats of a downgrade to junk bond status and a projected deficit of $15 billion convinced Quinn that more was needed. So he persuaded outgoing lawmakers in a lame-duck session to raise the income tax by double the original proposed amount. Lawmakers hiked personal income tax rates from 3 percent to 5 percent, and raised corporate rates as well. The catch was that the new rates would last only four years before going back down.

But the new money did help the state catch up with some of its unpaid bills. By the end of Quinn's term, the backlog was down to $6.6 billion.

Quinn also tried to take on the pension problem by reducing retirement benefits. In 2010, he signed a law that reduced pensions for most new state employees and teachers. But Quinn pressed for more, and in 2013, lawmakers agreed to a package that would have curbed benefits even for workers and retirees covered under the original pension scheme. Those changes, though, never took effect. In 2015, the state Supreme Court struck down the law for violating the Illinois Constitution, which has strong protections against diminishing retirement benefits for state employees.

Eventually, the public soured on Quinn. The governor faced accusations that his administration misspent $55 million on a Chicago anti-violence program months before his 2010 election, in order to boost his political standing rather than lower the city's murder rate. His reputation took another hit when an investigator found widespread patronage hiring at the state Department

Once Pat Quinn became governor, he did a lot of heavy lifting, especially on budget-related matters. But he had to do it in the throes of the Great Recession.

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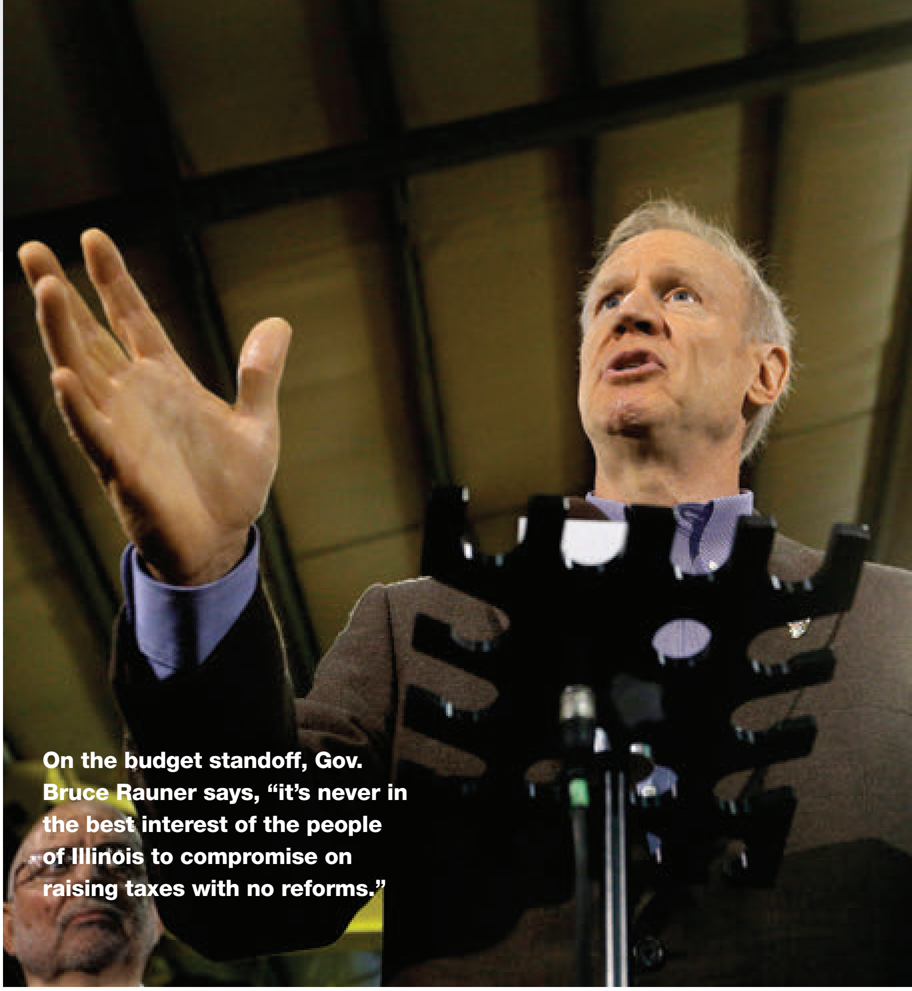
of Transportation, both under Blagojevich and under Quinn.

When Quinn came up for reelection in 2014, his loudest critic was a wealthy businessman who won the Republican nomination to oppose him. "Pat Quinn is not the folksy, bumbling fool he'd like us to think he is," Bruce Rauner said at the time. "He knows what he's doing. He knows what he's done."



On the budget standoff, Gov. Bruce Rauner says, "it's never in the best interest of the people of Illinois to compromise on raising taxes with no reforms."

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Although Rauner had long mingled in political circles and once counted Chicago Mayor Rahm Emanuel as a friend, he was virtually unknown to most Illinoisans before his bid for governor. But the private equity investor soon became a household name, thanks to the $65.3 million he spent of his own money to boost his candidacy and a general election message that centered on his frugality and the need to "shake up Springfield."

Once in office, though, Rauner set his sights on limiting the power of public employee unions and career politicians in the General Assembly. He called for far-reaching concessions that would have limited the power of both and demanded that they be met before he signed a full year's budget. Illinois desperately needed a budget, because the temporary income tax hike that Quinn pushed through expired just before Rauner came into office, and there were no spending cuts to offset the lost revenue.

But rather than being cowed by the governor's tactics, labor leaders and Democrats in the General Assembly dug in their heels. The standoff lasted nearly two years, during which time Illinois limped along without any clear spending plan. It was the longest span any state had ever gone without a budget.

Strangely, much of the government continued to function. Long-standing laws required Illinois to make pension contributions and bond payments even without a budget. Rauner cut a deal with lawmakers to keep money flowing to schools during the hiatus. And courts insisted that state employees be paid, and ordered the state to abide by consent decrees that mandated spending on certain social services.

But the impasse created all sorts of havoc in other places. It devastated nonprofit social service agencies that worked with the state but weren't covered by court orders. Many of them had already reduced services and laid off staff during the recession. State-run universities also got no funding from Springfield during the budget crisis. All sorts of contractors, from the utility that provided power to the Capitol to dentists who treated state employees, were frozen out as well.

Meanwhile, the backlog of unpaid bills shot up again. Illinois was spending about the same amount it had spent when the income tax had been higher, but the state was no longer collecting enough money to sustain that spending. By last November, Illinois was $16.7 billion behind in its payments. Comptroller Susana Mendoza warned that Illinois was dangerously close to not having enough cash to meet its most essential bills: payments to schools, pension systems and bondholders.

On Wall Street, bond rating agencies grew increasingly alarmed by the impasse. Two of the three downgraded Illinois to a step above junk bond status. If they had moved it any lower, institutional investors would no longer have been able to buy the state's debt, because it would be considered too risky. No state had ever been in this situation.

As the collateral damage grew, so did pressure on lawmakers to end the crisis. In the Senate, President John Cullerton started negotiating with the Republican leader, Christine Radogno, to come up with a "grand bargain" that would combine some of Rauner's business-minded proposals with a restoration of the income tax increase. The talks were so promising that the governor even counted on the revenue they would produce in his annual budget proposal. But as the deal moved closer to a vote, Rauner attached ever more demands and ultimately warned Republican senators not to support it.

So Democrats, who have a supermajority in the Senate, passed the budget they negotiated with Republicans, which included both the tax hike and $3.8 billion in spending cuts. But they did not pass changes to the worker's compensation system or a local property tax freeze that Rauner wanted. "The governor got none of his so-called reforms," Cullerton says. "He doesn't know how to work or compromise."

The Senate's action shifted focus to the House, where Blagojevich's old nemesis, Speaker Madigan, had emerged as Rauner's whipping boy and most stubborn obstacle. Unlike in the Senate, though, Democrats on their own didn't have enough votes to pass a budget and override Rauner's expected veto. They needed a handful of Republicans to go along, too.

The impetus came from rank-and-file Republicans. Rep. David Harris was one of them. "What we did with the two-year budget stalemate was the most disgraceful thing the Illinois General Assembly has ever done," he says. He met with a group of about 10 fellow Republicans—many of them from downstate, which was "on fire" because of the impasse, he says—to figure out what they wanted in the budget if they negotiated with Democrats. They wanted to know whether Democrats were serious about ending the standoff, or just wanted to use it to discredit the governor.

The House Democrats took them up on their offer to work together. Fifteen Republicans were among the 72 House members who supported the spending plan. When Rauner vetoed the measure, 10 of the GOP members joined in a successful move to override him. On July 6, 2017, after two years of costly stalemate and embarrassment, Illinois finally had a budget again.

The budget package allowed the state to borrow money to pay off its oldest bills, which due to penalties were accruing interest at a rate of 12 percent annually. Those bonds were also used to pay off Medicaid bills, because the state receives matching federal funds for those expenses. The governor describes the budget as a "massive loss for taxpayers in the state." Was it worth fighting about? He thinks so. "It's never in the best interest of the people of Illinois to compromise on raising taxes with no reforms," he says. "That's a disaster."

For several years, Moody's Analytics, which examines the state's economy for the legislature, has warned that the uncertainty over Illinois' financial situation "threatens to discourage firms from locating or remaining in the state." It's not that Illinois' costs of doing business are particularly high, the economists note. Its taxes, labor and energy costs are in the middle of the pack for industrial Midwest states. What sets Illinois apart, they say, is the recent political tumult in Springfield. The state went more than two decades with stable income tax rates, but since 2011, it's changed those rates three times, making long-term planning for businesses difficult. "The good news," Moody's added this year, "is that the state's two-year budget logjam finally broke with the passage of a $36 billion spending package, easing some of the long-standing uncertainty in the outlook."

Rauner and many of his fellow Republicans point their fingers at House Speaker Michael Madigan as the true source of trouble in state government.

There is another widely held theory to explain Illinois' decades of mismanagement, and one that Rauner has had a lead role in promoting. That is the idea that Madigan, the powerful House speaker who has held the title for all but two years since 1983, is the real center of power in Springfield. Rauner and many of his fellow Republicans point their fingers at Madigan as the true source of trouble in state government.

There's no question Madigan is a powerful figure. The speaker controls the legislative agenda in the House, and makes most of the important decisions behind closed doors, leaving lobbyists, members, the media and even governors to guess why certain bills die or suddenly come back to life. His pronouncements to the press are practically Delphic, and his public remarks rarely deviate from a very short script.

In addition to being speaker, Madigan is the chair of the state Democratic Party and a much-feared ward boss on the southwest side of Chicago. He has allies throughout government: former staffers who now have lucrative lobbying practices; neighborhood residents who got government jobs thanks to his clout; and judges and legislators he supported in tough election fights. On top of that, he is the partial owner of Chicago's top law firm for property tax appeals, meaning that huge corporations come to him to try to knock off some of their tax bills for downtown skyscrapers.

Madigan has been entrenched in Illinois politics for so long that he's had a hand in basically every major decision the state has made for decades. He went along with budgets that ran deficits, shorted


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the pension systems, underfunded schools, empowered unions and imposed regulations. "Madigan's got an empire in the state of Illinois. He's led the corruption. And he's very powerful," says Rauner, who, along with Republican groups that he largely funds, has hammered Madigan with similar messages on TV commercials for nearly three years now. There is no sign that they will let off anytime soon. Rauner says his Democratic opponent this coming November, J.B. Pritzker, is Madigan's "hand-picked candidate."

Rep. Barbara Flynn Currie, Madigan's top lieutenant in the House, says Rauner's constant talk of corruption has poisoned the atmosphere in Springfield, especially because business groups and the *Chicago Tribune* editorial board have also pounded away at the message. "You can disagree with someone's policies without calling them corrupt," she says. "The people who should be cheerleading for the state are spewing doom and gloom."

There are a few big holes in the theory of Madigan as the root of all evil. The first is that the timing doesn't work. Illinois' troubles have come and gone and come again all while Madigan held the speaker's gavel. They don't seem to be tied to the presiding officer of the lower chamber, so much as the occupant of the executive suite on the second floor of the Capitol. The second problem is that it doesn't explain why Republicans cheered Madigan as he led the opposition to Blagojevich but denounced him when he used similar tactics against Rauner.

But maybe the biggest shortcoming of anti-Madiganism is that it imbues the speaker with more clout than he actually wields. Madigan has stayed in power all these years because he can read the changing political dynamics. He has crossed traditional allies such as teachers unions, trial lawyers and Chicago mayors when the politics demanded it. But even he has misjudged the climate from time to time. He recently faced threats to his position, at least as head of the Democratic Party, because of harassment allegations in his political operation. He himself was not implicated.

Both Democrats and Republicans have benefited from inflating Madigan's stature. His Democratic allies gain the advantage of a friend whom no one wants to cross. Republicans get an enemy who is easy to vilify, encouraging them to rally voters to support GOP candidates.

As governor in the 1990s, Edgar, a Republican, often ran afoul of Madigan. He jokes that, when he had to undergo quadruple bypass surgery in office, he blamed one of the bypasses on stress caused by Madigan. But it's easy to go too far, he says. "The media give too much credit to Madigan. He's very smart. He was the smartest guy in Springfield when I was there. You have to treat him with respect. But still, the governor is the important thing. Even a weak governor like Blagojevich is stronger than the speaker."

Does Rauner agree? "No," he says, emphatically. "The governor is strong, and I've done major things. And I've beat him." But, Rauner adds, "those victories are difficult and not often enough. He's got too much concentrated power."

Recently, Rauner survived a scare in the Republican primary. Rep. Jeanne Ives, one of the most conservative elected officials in the state, ran to the right of Rauner and came within 3 percentage points of beating him. She attacked him for going back on his promise to veto a law that provides public funding for abortions. In a sign of how focused the governor is on his House nemesis, Rauner ran TV ads accusing Ives of being in league with Madigan.

But as Rauner addresses the workers in Moline, he is trying to reassure them. He talks up the state's educated workforce, its vital infrastructure, its manufacturing prowess. "We have every advantage in Illinois," he says.

One can see signs of economic vitality while driving through the hills of northern Illinois. Huge new wind turbines and mirror-sided grain elevators rise in the distance. Farther east, construction crews erect towering corporate headquarters and condo towers that will join Chicago's iconic skyline.

David Harris, one of the GOP lawmakers who opposed Rauner on the budget vote, makes a point to stand up every day in the Illinois House to say something good about the state. In these strange times, it's something of an act of political defiance. "There is a commitment on the part of public officials to address our problems," he tells me. "Don't write us off simply because of some of the bad things you hear. There's an awful lot that Illinois has to offer." **G**

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CAMPUS POLITICS

As states debate the purpose of higher ed, some say partisanship is playing an outsized role.

By Alan Greenblatt

The University of Wisconsin

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The Western Wisconsin College of Hair Design and Mortuary Science offers a host of majors to choose from, including diesel mechanics and private investigation. It's also announced plans to open a new School of Taxidermy in the near future. The university's official motto is "Meeting Wisconsin's Workforce Needs Since 2007!"

The school itself, however, doesn't actually exist. It's a fantasy campus with a parody Facebook page set up by Jon Loomis, a creative writing professor at the University of Wisconsin in Eau Claire. He created the spoof in 2015 after Wisconsin lawmakers cut the state university system's budget by $250 million and eroded tenure in ways that made it easier for administrators to fire faculty and eliminate programs. Gov. Scott Walker had also suggested that the lawmakers erase from the university's charter such lofty language as the "search for truth" and change the mission statement to say the purpose of the school was to "meet the state's workforce needs." The legislature stopped short of doing that, but forcing universities to become more responsive to workforce demands was clearly part of the motivation behind the enacted changes.

Loomis' mordant joke had been an attempt to poke a little fun at lawmakers' efforts to turn the university system into what he describes as "a network of low-cost vocational centers." But this spring, Loomis stopped laughing. "It was funny until it wasn't funny," he wrote recently for *Inside Higher Ed*, a trade publication, "until it became prophetic."

In March, the University of Wisconsin's Stevens Point campus announced a plan to eliminate 13 humanities and social science majors, including English, history, political science and foreign languages, while expanding programs such as marketing, graphic design and fire science. The proposed changes, which university officials say are needed to address budget shortfalls and declining enrollment, have been met with protest. But they echo changes announced last year at the university's campus in Superior, which called for suspending nine majors and 15 minor programs. "Part of the whole idea of having these regional universities is to offer the full slate of educational opportunities," says Nick Fleisher, a linguist at the University of Wisconsin-Milwaukee. "All that stuff is being chipped away by these types of cuts."

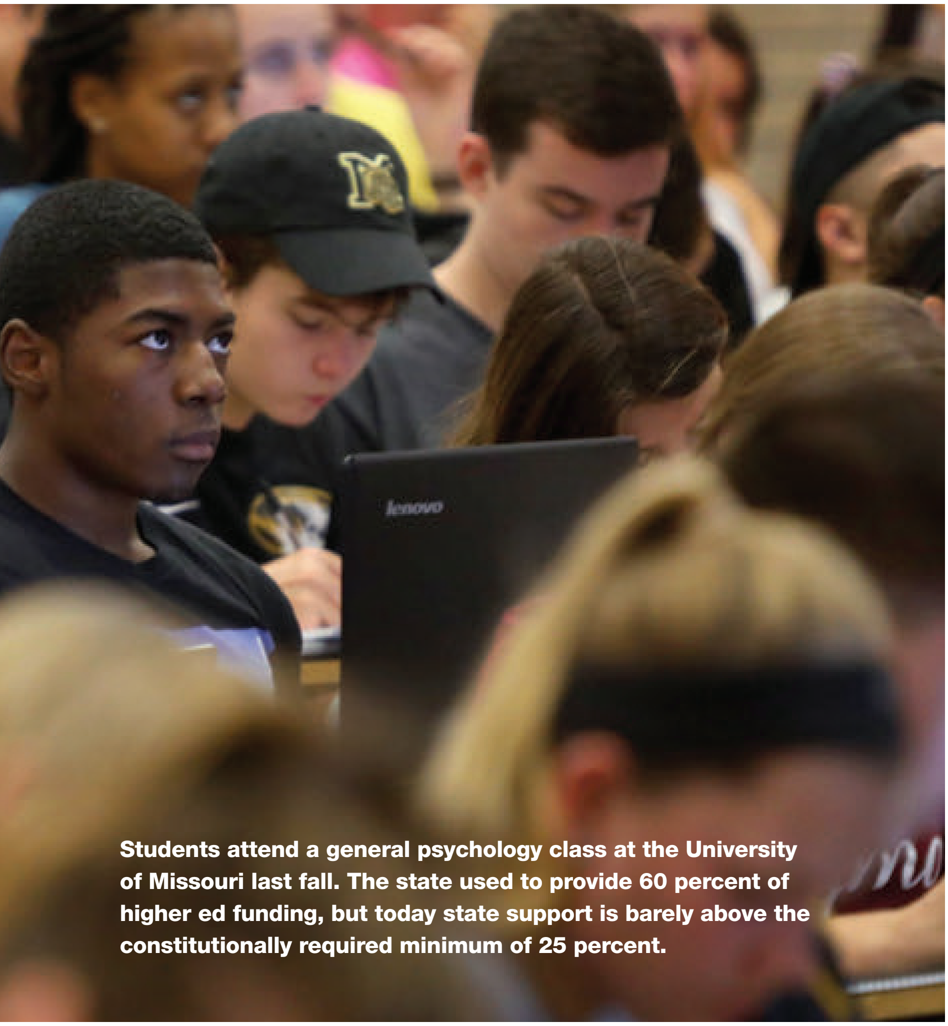
Wisconsin is at the forefront of a nationwide effort to reshape higher education. Governors and legislators have grown tired of hearing about students who are saddled with debt, yet can't find a job appropriate to their level of educational attainment. At the same time, employers tell them they can't find workers with the training or education needed to fill jobs in fields such as advanced manufacturing. The vast majority of jobs created since the recession require some education or training beyond high school, but not necessarily a four-year degree.

Higher education is still seen as the surest path to opportunity, but many policymakers are seeking to make colleges and universities offer more programs designed to meet labor force needs and to provide more information upfront about the career outcomes of recent graduates. "There is a movement in this country to see how we can better align our post-secondary education to the jobs that are available," says Robert Behning, who chairs the Indiana House Education Committee. "Higher education has unfortunately been an ivory tower that has not been as responsive as it needs to be."

Like other legislators, Behning is looking for ideas that will ensure that students are prepared for jobs that actually exist. Everywhere, the emphasis is on workforce development, whether it's adult education, apprenticeships or academic credit for veterans. Numerous states are seeking to follow Tennessee in providing scholarships to attend community colleges, which offer more practical or technical training than four-year institutions.

The differing sets of responsibilities that have traditionally separated the roles played by high schools, community colleges and university systems are starting to blur as states prod institutions at each level to do different things to prepare students for jobs. "We need to get students into the employment pipeline more quickly," says Dave Murphy, a Wisconsin state representative. "We're working hard to cut down time to degrees, so they can get to work."

It's not hard to find faculty members at four-year schools who defend the idea that the role of the university is not just to train welders and widget makers, but prepare students to think and reason for themselves. For the most part, the university community is willing, at least publicly, to cede the ground of learning for learning's sake. Not many are highlighting the importance of a broader understanding of Athenian democracy or Renaissance art history.



Students attend a general psychology class at the University of Missouri last fall. The state used to provide 60 percent of higher ed funding, but today state support is barely above the constitutionally required minimum of 25 percent.

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Instead, their most potent arguments lie within the realm of creating career-ready graduates. Louisiana State University President F. King Alexander, for example, toured the state in February, touting figures that showed the economic value the university contributes to each parish.

The emphasis on financial returns doesn't mean universities are ready to eliminate humanities majors in favor of producing accountants, nurses and software developers. From English and history majors come future teachers, while a degree in philosophy might provide the right background for law school. University officials stress the importance of learning so-called soft skills, such as communications and critical thinking. Those types of robot-proof abilities may not always lead to specific jobs, but humanities majors may be well-prepared for big careers, even in business.

Job-oriented students will need to be equipped not just for the opportunities immediately available when they graduate, but the ones they'll take on 10 or 20 years down the road. Earning a certificate that amounts to a job training program for a factory nearby may pay off in the short term, but individuals may change jobs 15 times over the course of their careers, notes Rolf Wegenke, president and chief executive officer of the Wisconsin Association of Independent Colleges and Universities. "What about when they go for that fifth or sixth job?" he asks. "How are they prepared to adapt?"

People in higher ed are armed with statistics spelling out the monetary benefits of completing four-year degrees. But the political playing field is shifting dramatically. Over the past couple of years, pollsters at both the Pew Research Center and Gallup have noted a sharp spike in skepticism about the value of universities, particularly among Republicans. Democrats have their issues with higher ed, especially when it comes to the question of cost, but many Republicans now see universities as part of the political opposition, little more than indoctrination camps for radical leftists. Education Secretary Betsy DeVos hasn't talked much about higher education, but in a speech to the Conservative Political Action Conference earlier this year, she said that she believes faculty and administrators at colleges and universities are trying to indoctrinate kids, telling them "what to do, what to say and, more ominously, what to think."

"If you go back and look at news sources that are traditionally considered more conservative, the only stories that have run about higher ed are about kicking mainly conservative speakers off campus," says Brandon Busteed, executive director of education and workforce development at Gallup.

A majority of Republicans and Republican-leaning independents—58 percent—view colleges and universities, on the whole, as bad for the country, according to a Pew survey released last summer. Every time a campus hosts a forum on "toxic masculinity" or offers a course on "the problem with whiteness," some legislator is bound to put out a press release demanding that its funding be cut in half. Universities are trying to communicate the value of all that they're doing, says Daniel Hurley, CEO of the Michigan Association of State Universities, but it's becoming an uphill battle. He says that the message that universities have a positive impact on their communities "is not being well-received, by lawmakers in particular." Campuses have become a front in the culture wars just at the moment when lawmakers are wondering not only about how much aid to provide to their state universities, but also whether the whole system needs to be reset. For the most part, colleges and universities have fended off the most drastic changes, but at the very least they are facing a serious political and public relations problem.

The combination of anger over student debt and the willingness of the media to highlight college graduates who are working as baristas at coffee shops or living at home (or both), as well as the desire among some conservative politicians to turn higher ed into a wedge issue, has caused public support for higher education to plummet. "It's a pretty negative narrative," admits Terry Hartle, senior vice president of the American Council on Education, a higher ed advocacy group. "Higher education was pretty oblivious to the emergence of that picture."

Many lawmakers want to ensure that universities hand out more degrees in fields like advanced manufacturing, and fewer majors in Russian literature.

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The debate over whether the main purpose of higher education is personal enrichment or pragmatic training is as old as the country itself. Some of the founders believed that learning languages such as Latin and Greek was useless to farmers, mechanics and merchants. Benjamin Rush, who signed the Declaration of Independence and wrote the charter for Dickinson College, hated the ancient languages, contending they were not suited to American education. Thomas Jefferson, who founded the University of Virginia, disagreed, as did John Adams. "Classics, in spite of our friend Rush, I must think indispensable," Adams wrote to Jefferson after Rush's death.

The Morrill Act of 1862 gave states land to establish schools of agriculture and mechanic arts—institutions that were meant to serve as training academies, of a sort. Purdue University, for one, never offered a classics major until 1998. Over time, however, those institutions grew to become comprehensive, offering liberal arts degrees as well. As Behning, the Indiana legislator, sees it, "the pendulum swang too far to the point where there was not enough practical knowledge."

He is not alone in that belief. Last September, Kentucky Gov. Matt Bevin argued that his state's colleges and universities needed to concentrate more on training kids to take jobs "that matter." Bevin said it was fine if students wanted to study interpretive dance, but that wouldn't lead to many jobs, echoing comments he'd made earlier about intending to provide more support to electrical engineering students than French literature majors. "Find entire parts of your campus ... that don't need to be there," he told officials at a conference on post-secondary education. "You're maintaining something that's not an asset of any value, that's not helping to produce that 21st-century educated workforce."

When Bevin released his budget this year, he proposed cutting higher ed spending by 6.25 percent, or $72 million a year. University administrators were pleased. They had feared the cuts would be much worse. Similarly, Nebraska university officials breathed a sigh of relief after the legislature approved cuts that didn't go as deep as the 4 percent reduction sought by Gov. Pete Ricketts.

It was the same story with Congress. Last year's federal tax package imposed a tax on university endowment income, although the final version affected only about a sixth of the schools that would have been hit under the House version. The Senate also refused to sign off on the House plan to tax graduate tuition waivers as income and end student loan interest deductions. In the end, the provisions in the House-passed bill that would have eliminated roughly $70 billion in tax benefits for students and families were ultimately dropped by the Senate. "The bill," says

Hartle of the American Council on Education, "went from being absolutely terrible for higher education, in the first version introduced in the House, to being, by the time the president signed it, merely bad."

Still, merely bad is not good. State support for colleges and universities is down by $9 billion, when adjusted for inflation, from pre-recession levels. It's traditional for universities to suffer cuts during a recession since they have a separate revenue source in the form of tuition. Now that tuition has increased—and student debt loads, partially as a result, have shot up 153 percent over the past decade—lawmakers remain unhappy with higher ed and are seeking further cuts and changes.

That's the case in Missouri, which used to provide 60 percent of public higher ed funding. Today, with state support barely above the constitutionally required minimum of 25 percent, more cuts are on the table. The state's flagship university has suffered a precipitous drop in enrollment, following protests in 2015 that led to the departure of the system's president and the campus chancellor. The university has been making necessary changes to degree programs being offered and the size of the faculty, says Caleb Rowden, whose state Senate district includes the main campus. "The days of four-year institutions trying to be good at everything are gone," he says.

The sense of disruption is particularly acute in Wisconsin, which for more than a century held to a homegrown concept called the "Wisconsin Idea." University leaders during the Progressive Era at the turn of the last century believed that the whole of the state should be touched by the "beneficent influence of the university." That meant the work of the university would be widely shared, whether it was the development of new agricultural techniques or fresh Greek translations. "The Wisconsin Idea was that the university and the people of the state, regardless of whether they're students, have a connection," says Thomas Loftus, a former state House speaker. "The second part of the idea is that students who graduate are expected to go out into the world, and no matter what they do, make it a better place."

The Wisconsin Idea has been badly undermined by the budget cuts and structural changes occurring within the higher ed system, claim Democratic politicians. For their part, university officials in Wisconsin contend that their campuses are ramping up programs demanded by the marketplace, such as artificial intelligence centers or training for pharmacists.

> Campuses have become a front in the culture wars just at the moment when lawmakers are wondering whether the whole system needs to be reset.

In Wisconsin and elsewhere, however, no matter how many career-centric programs are offered, there are always going to be kids who prefer to sign up for English or art. And no matter how much lawmakers may be enraptured by practical apprenticeships, plenty of kids still want a liberal arts education—often prodded by parents inculcated with the belief that only a four-year degree means your kid has safely made it. "What we're starting to realize," Behning says, "is that not all students need a four-year degree."

Lawmakers are trying to provide a countervailing force, passing dozens of laws in recent years to stem the drop in vocational education at the high school level and encourage students and parents to see the value in programs that can offer them debt-free college credits. Not everyone sees this as a positive trend. States are emphasizing technical degrees at a time when a greater share of the student population is made up of minorities. "A lot of people feel those folks are not as deserving," says Joe Garcia, president of the Western Interstate Commission for Higher Education, "and we shouldn't be spending our taxpayer dollars to educate them."

Demographic divides are deepening around higher education. College education itself has become a partisan indicator. In the 2016 presidential election, Donald Trump carried noncollege educated whites by better than a 2-to-1 margin, but only carried whites with college degrees by 3 percent. "If you look at who is most negative about higher ed, it's white men with no college education who are 18 to 49 years old and in the Midwest," says Busteed, the Gallup pollster. "When we see an issue that's split by political party, any kind of issue, it usually never recovers."

Harvard, Yale and Stanford will always have more applicants than they can accept, regardless of their shocking sticker prices. The same is probably true of the more prestigious flagship public universities. Perhaps regional universities will find a renewed lease on life by concentrating on preparing students for jobs that are readily available.

It's easy to understand the desire to make them do so. But it's possible that their changing role will mean there are fewer spaces open for people who would prefer to pursue a full four-year degree. What worries Wisconsin state Rep. Dianne Hesselbein is that "we're making it harder for people to get the degrees they want to get." The argument that a four-year university education is the province of elites, in other words, can become self-fulfilling. **G**

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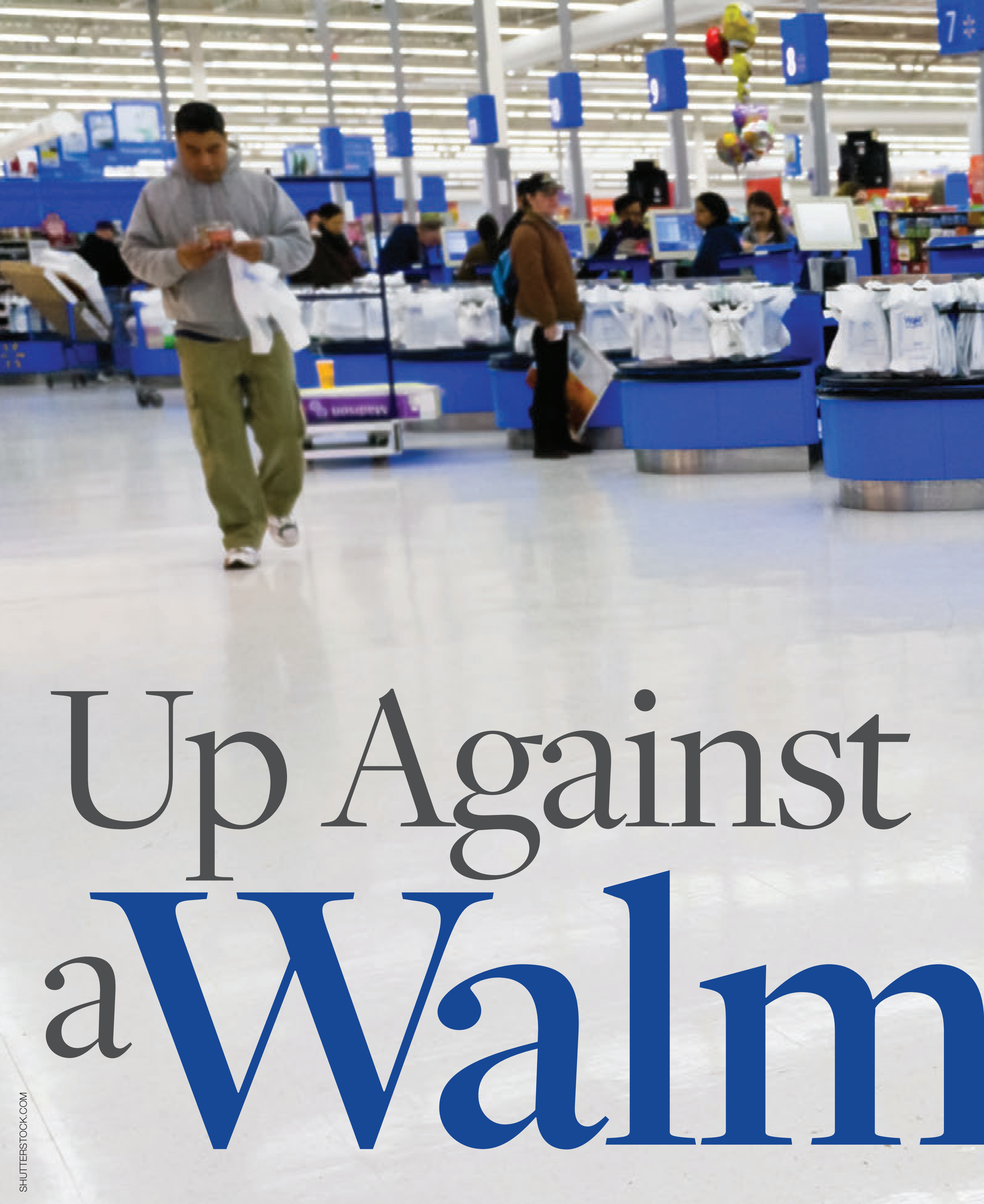

Up Against a Walm

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art

It's not easy for small towns to win a wage battle against big-box retailers. **By J.B. Wogan**

Desert Hot Springs, Calif., is a bedroom community of 28,000 people, 110 miles east of Los Angeles. It's best known for its natural hot springs and spas, which bring in about $1 million in revenue each year. Otherwise, the city lacks jobs, especially ones that pay much above the minimum wage. Most residents commute out of town to work at nearby casinos, restaurants, hotels, retail stores and hospitals.

Councilman Russell Betts keeps track of the town's economic health through informal barometers. When times are good, the roads are crowded. For quite a while, he says, "there wasn't a traffic jam. People were just sitting at home, having a real hard time, not making money."

For years, officials in Desert Hot Springs have looked for ways to increase the city's median income—about $34,000 for a three-person household in 2016, roughly $20,000 less than the national average. They have pursued better-paying jobs not only to reduce poverty, but also to revive spending at local businesses around town. About four years ago, Betts and fellow Councilman Joe McKee proposed a solution: Walmart had bought a parcel of land and planned to open a store in town. Why not require it and other big-box retailers to pay workers a "good wage"? At the time, the minimum wage in California was $9. Betts and McKee introduced a bill that would inch up the lowest hourly wage at big-box retailers incrementally until it reached $12.20. After that, pay would be tied to the consumer price index and would rise automatically with inflation.

Both Betts and McKee had concerns about the arrival of Walmart. They were aware of studies that found the company ultimately eliminated more retail jobs than it created. They knew Walmart often relied on part-time workers who got by on a mix of government benefits and near-minimum wage pay. Of course, many residents said they didn't want to be forced to drive 10 miles to the nearest Walmart to go shopping. Having a store in town would save them grocery and gas money. "That may be true," says McKee, "but there are economic consequences for other people, for people who own the small businesses, for the people working for the small businesses."

The first time the council voted on the wage bill, in 2014, the result was a tie. The mayor at the time, Adam Sanchez, supported the bill but recused himself because he had received campaign contributions from a local union. The rest of the council was split. But a year later, another vote was scheduled at the first meeting after a new election.

Walmart bought a full-page ad in the local newspaper opposing the bill. A company spokeswoman charged that the proposal was aimed at blocking the store from coming to Desert Hot Springs. The company also got involved in the local council elections, paying for mailers that criticized candidates supporting a higher wage and praising candidates who agreed that it would scare away new businesses. Two pro-Walmart candidates won their elections, and at the next council meeting, the proposal was tabled. It was one of at least three occasions in the last 15 years in which a city came close to enacting a minimum-wage law for Walmart and other large retailers, but ultimately backed off.

Those fights about Walmart's pay are emblematic of larger debates about the nature of low-wage jobs today, especially in the

Desert Hot Springs backed off its "good wage" ordinance after Walmart opposed it.

FLICKR/MRISASHA

retail sector. Retail employees work about 31 hours per week, on average, according to recent data from the Federal Reserve Bank of St. Louis. They have seen their hours decline steadily since the mid-1960s, when the average was 37 hours. Large employers in the retail industry use scheduling software to call in workers when business picks up and send them home early when it slows down. The workforce has to be available with little advance notice when these impromptu shifts open up. That may be a more profitable and efficient management practice, but it presents problems for workers who need predictable schedules for child care, doctors' appointments or adult education.

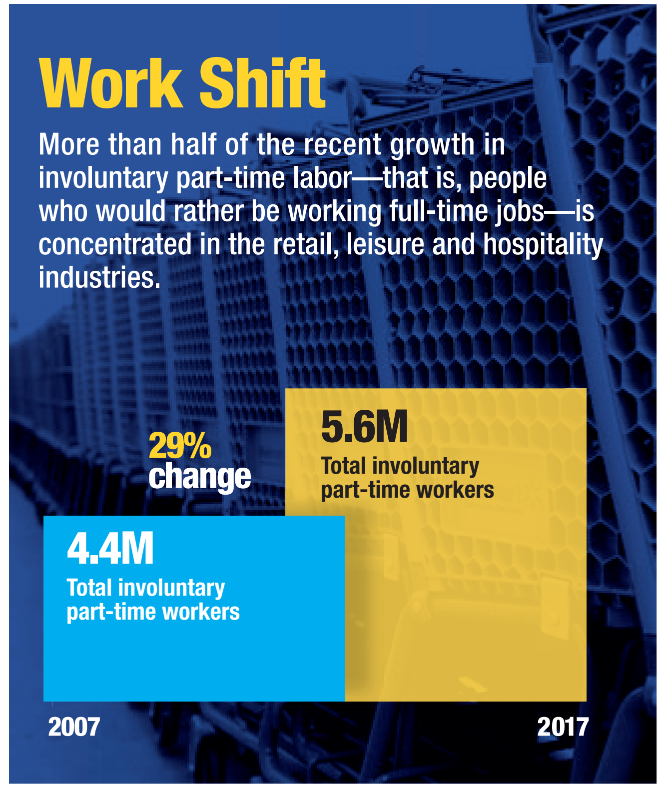
Economists call schedules like these "involuntary" part-time work, meaning that the employee would like to work full-time but can't get the hours. Between 2007 and 2017, the number of people working involuntarily increased almost 30 percent, according to Lonnie Golden, an economist at Penn State University. While involuntary part-time labor is present in a range of sectors, more than half of the recent growth is concentrated in the retail, leisure and hospitality industries. The prevalence of involuntary part-time work could reflect lingering effects of the recession and a slow economic recovery, but Golden thinks it also represents a "structural shift" in the market. In other words, some of the missing hours might never come back.

"That is now a permanent feature of our economy," says Zach Schiller, research director at Policy Matters Ohio, a think tank focused on reducing poverty. "In Ohio, we have a million part-time workers. It's not as if all of those folks—or a giant share of them—are simply casual workers who are doing a part-time job because they're moonlighting or something."

As more workers have had to rely on low-wage, part-time jobs, the labor movement has pushed for state and local laws that require employers to pay higher wages, offer better benefits and provide more predictable schedules. Desert Hot Springs was one of the few places that tried to single out a specific big-box retailer like Walmart to provide higher pay. In both Chicago and the District of Columbia, slim majorities on the city councils passed ordinances requiring large retailers to pay more than the existing minimum wage. But in both cases, the mayor vetoed the legislation and the issue died.

It makes some sense that Walmart would be a target of these laws, given that it is the nation's largest employer. Walmart occupies a special symbolic status, both because of its size and because critics have painted the Walton family that founded it as the face of growing income inequality in the United States. Most of the wage growth in the past four decades has been concentrated among the top 20 percent of wage earners, who saw real wages increase from $38 per hour to $48 per hour. By comparison, the bottom fifth of earners saw their real wages fall slightly over the same period. In 2016, the Waltons were wealthier than the bottom 40 percent of Americans combined.

But there are additional reasons why officials might scrutinize the company more than others. "They do set the standard in a lot of places," says David Cooper of the left-leaning Economic Policy Institute. "If Walmart is raising pay, every other employer in the rural area where Walmart dominates is also going to have to respond. It does have outsize significance in that respect."



SOURCE: *GOVERNING* ANALYSIS OF FEDERAL BANK OF ST. LOUIS DATA

Nonetheless, most places haven't tried to hold Walmart or other large retailers to a higher standard. Instead, states and localities have enacted across-the-board minimum-wage increases. Since 2014, at least 21 states and the District of Columbia have raised their minimum wage. Dozens of cities and counties have passed laws requiring an even higher local minimum wage. (While those state and local laws do not explicitly target big-box retailers, some do set a higher minimum pay for the largest employers.)

During the same period, nine states and nearly 30 localities have mandated that employers provide paid sick days. This year, both the state of Maryland and the city of Austin, Texas, enacted laws requiring paid time off for illness. In January, New York became the fourth state to establish a family leave program for parents of newborns, funded through employee payroll deductions. D.C. passed a similar law at the local level and plans to begin providing up to eight weeks of parental leave by 2020.

While city halls and state legislatures continue to consider wage and benefit laws, unpredictable schedules and the insufficient hours that often come with them are becoming the next area of focus for labor advocates. So far, Oregon and a handful of cities, including San Francisco and Seattle, have enacted laws requiring employers to post schedules two weeks in advance. Many of these laws also mandate that employers offer additional hours to current part-time workers before they bring on new hires. "All of these issues work together and they're all different parts of the same story," says Andrea Johnson, an attorney who oversees state policy at the National Women's Law Center. "If you're not getting anywhere near full-time hours, then a $15 wage doesn't really mean much to you."

Feeling pressure from organized labor and public opinion, some large retailers are starting to raise wages voluntarily. Target, for example, plans to raise its minimum hourly pay to $15 by 2020 and has announced two pay bumps since last fall. Walmart has also raised wages, though not at the same rate. When Doug McMillon became CEO of Walmart in 2014, he addressed criticism about the company's low pay and promised to raise wages in the future. "In the world, there is a debate over inequity," he told a television interviewer. "Sometimes we get caught up in that and retail does in general."

The TV interview was significant because it was the rare moment when company leadership even acknowledged concerns about pay. McMillon was "giving a nod to all of the campaign work out there that was raising all of the issues around inequality and the damage that that was having on our economy," says Daniel Schlademan, co-director of OUR Walmart, a group that has organized protests at company stores across the country with help from the United Food and Commercial Workers International Union.

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Walmart's most recent wage boost lifted the pay of all hourly associates from $10 to $11.

Walmart and other big retail companies say critics ignore the fact that low-wage workers often start with gaps in the foundational skills of reading, writing and working with numbers. "Walmart in particular and retail in general has always been a great access point for people into the workforce," Walmart Foundation President Kathleen McLaughlin told an audience of governors recently. "Very low barriers to entry, people can come in, get a good start, they can acquire skills on the job, learn what they need to do to move up," she said.

For many, those first jobs are opportunities to advance within the organization. McMillon began his career at Walmart by unloading trucks, and three-quarters of the company's store managers started as hourly workers. "But it may not be the experience of every person who came and showed up for a job at Walmart," McLaughlin conceded. "We said to ourselves, 'How can we make that more systematic?'"

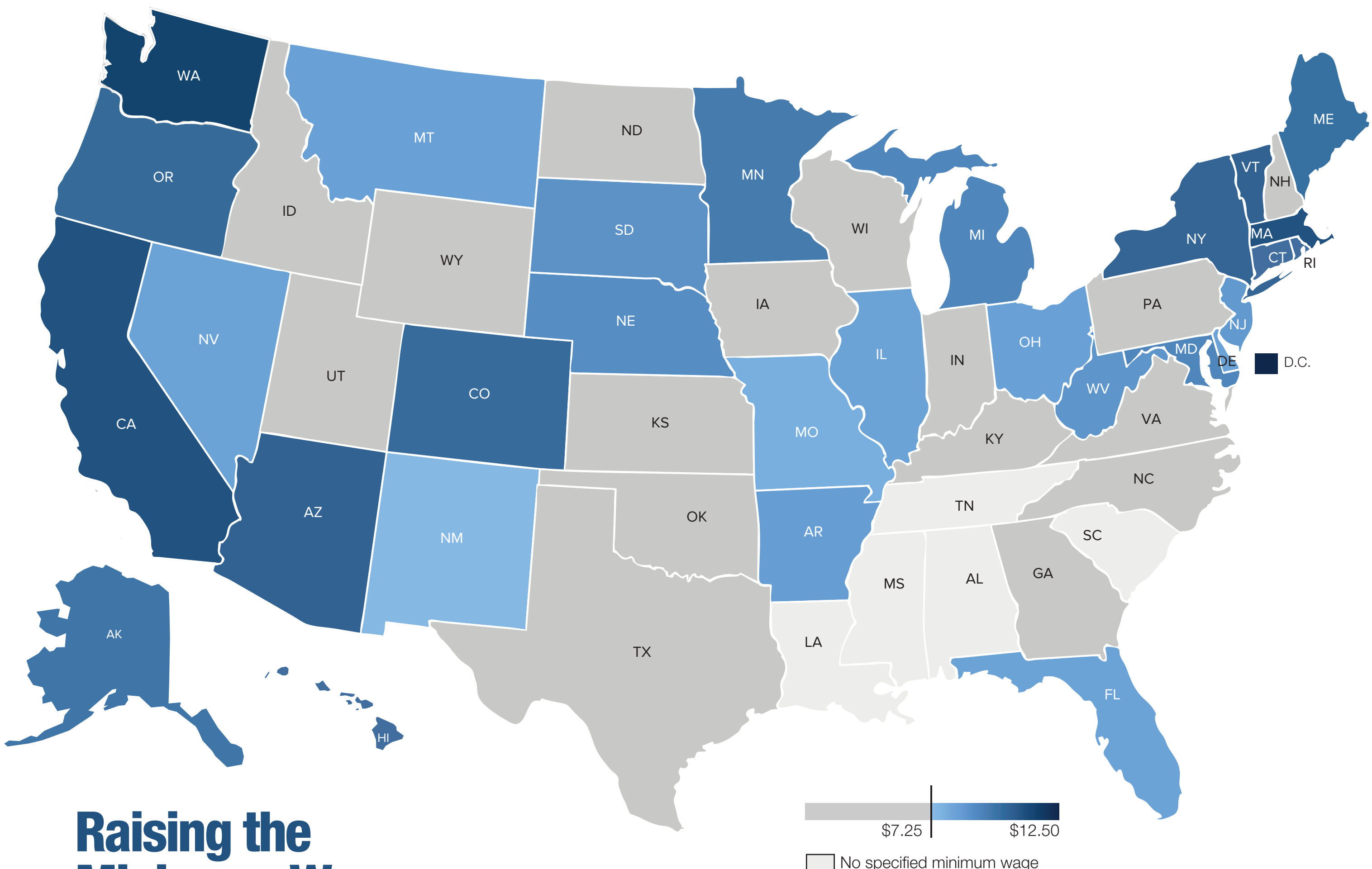
As a result, Walmart has invested more than $2.7 billion in higher wages and training for employees since 2016. The company has opened more than 200 academies and trained more than 250,000 workers in skills necessary to move up in their careers, such as inventory management and customer service. The Walmart Foundation has donated $100 million to workforce development programs aimed at "upskilling" workers in the retail and service sector more broadly.

Although those investments came after unions rallied around wages and benefits at Walmart, the company does not credit outside pressure for the changes. "I don't know that it was in response to a particular criticism," says Tricia Moriarty, a spokeswoman for the company. Instead, she says, the company saw a business case for investing in employee training. "It's such a return on investment because associates are more engaged. We're seeing higher retention among our academy graduates and the people they lead. It's pretty transformational."

Walmart's most recent wage boost lifted the pay of all hourly associates from $10 to $11. At the same time, the company liberalized its parental leave policy and provided up to $1,000 in one-time bonuses for some employees. The company says it already had plans to increase wages and parental leave, but credited corporate tax cuts in the 2017 federal tax law for accelerating those plans. Another reason may be that big-box retailers are competing to attract and retain workers at a time when unemployment is at its lowest point nationally in more than a decade.

Walmart critics note that even after the increase, a full-time employee at one of the company's stores making $11 an hour would still be below the national poverty line for a family of three. "We're making progress, but we still have a ways to go," says Schlademan. "Our belief is still that the minimum wage at Walmart should be $15."

More than two years after the "good wage" ordinance died in Desert Hot Springs, Councilman Betts is more optimistic about the local economy. "The town is really busy right now," he says. He notices more customers at restaurants and the UPS



Raising the Minimum Wage

Twenty-nine states and the District of Columbia have a minimum wage that is higher than the federal government's.

SOURCE: ECONOMIC POLICY INSTITUTE

Store, more people getting haircuts at the local salon and more commuters leaving for work in the morning.

One thing hasn't changed, though. The city still doesn't have a Walmart. After the company won its campaign against the wage bill, it gathered petition signatures to bypass the regular development approval process, which would have let the city require Walmart to change its site plans to lessen the negative impacts on traffic and the environment. Before the question could go on the ballot, the city council voted to approve Walmart's initial application without the typical negotiation and impact fees.

But then Walmart announced that it wouldn't be building in Desert Hot Springs after all. "It showed how large organizations could bully small towns," says Councilman McKee. "There are people in town who continually ask why isn't Walmart here and blame the city council. We've passed something saying they can come. What more can we do?"

The pullback from Walmart is consistent with a nationwide strategy in which the company isn't trying to expand its physical presence the way it was a couple of years ago. When it announced wage increases for associates in January, it also closed 63 of its Sam's Club stores. In recent years, it has backed off plans to open stores in New York City and add locations in Washington, D.C. "It does feel like many of the battles over Walmart coming into cities have not been as front and center as in the past," says Schlademan. "Their focus now is on trying to compete with Amazon online and [go] where retail is heading."

Even without Walmart, new economic development in Desert Hot Springs is taking place. In 2014, it became the first California city to permit large-scale commercial cultivation of medical and recreational marijuana. The industry is expected to bring in 2,000 jobs and $4 million in tax revenue a year. (The city's entire annual budget is $16 million.) Betts is quick to manage expectations—it's not as if the city's poverty has been alleviated—but he's happy to see more white-collar jobs, including opportunities for bookkeepers and human resources professionals, being created as a result. And even though a big-box wage bill never passed, the local marijuana businesses have voluntarily offered a base pay above the state or federal minimum wage. New hires at some of the grow facilities start at about $15 an hour. G

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Stadium

Major league teams used to get everything they wanted from sports-mad cities. Now they have to fight for it.

By Liz Farmer

St. Louis is used to getting stood up by football teams. The city has been home to four different franchises, and all of them have left town. But the last two departures—and especially the loss of the Rams to Los Angeles in 2016—have been gut-wrenching experiences that seem to have broken much of the city's storied enthusiasm for sports.

In 1987, St. Louis' NFL team, the Cardinals, skipped town abruptly. Tired of the old Busch Memorial Stadium and increasingly indifferent fans, the team packed up after 27 years and headed for Arizona. The loss was a bitter one for St. Louis. But the city went after another NFL team with zeal. In the early 1990s, local officials had little trouble winning approval of a new downtown stadium funded entirely with taxpayer dollars. The city failed to win one of two NFL expansion teams awarded in 1993, but eventually it lured the Los Angeles Rams, who had their own problems with an ancient facility and a waning fan base. By 1995, the Rams were kicking off in downtown St. Louis.

It was a time when other cities were making similar choices. The Maryland Stadium Authority built a new publicly funded football stadium in 1998 as a prize for the NFL team it had stolen away from Cleveland two years earlier.

Fatigue

St. Louis is stuck paying off debt on its now vacant football stadium until 2022.

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Cleveland, in response, built a taxpayer-funded stadium and won back an NFL franchise in 1999.

In those days, many local leaders assumed that the prestige and income of a major league team would not only boost tax revenue, but would also spark a revival in nearby neighborhoods. Economic impact reports—generally commissioned by the cities and by business communities already bent on getting a team—enthusiastically promoted this idea by promising a job windfall as a reward for the expensive civic down payment.

St. Louis bought into that argument wholeheartedly and found out the hard way that these deals aren't as good as they seem. In its desperation to win a team, the city agreed to a contract that, among other things, required the dome to rank in the top 25 percent of NFL stadiums. Although the contract was vague on what exactly defined "top tier," it listed locker rooms, scoreboards, concessions facilities and other fan amenities as being subject to the requirement. But thanks in part to an ownership that was lax in enforcing all the provisions of that maintenance contract, the dome fell out of its top-tier status. The city would have to pay a hefty bill—by most estimates, more than what it cost to build the stadium in the first place—to restore the first-class standard. That became a problem when a new owner, Stan Kroenke, took over in 2010.

Whether or not Kroenke ever intended to keep the Rams in St. Louis is a debate that will rage in local bars for years to come. But one thing is certain: By the 2010s, the city's stadium infatuation had disappeared. In the early 1990s, St. Louis warded off a relocation threat from its National Hockey League team by paying to build a new downtown arena. Then, in the 2000s, the city's baseball team, the Cardinals, still playing in the old Busch Memorial Stadium, asked for help in building a new downtown ballpark in the shadow of the Gateway Arch. Although the ballpark was primarily financed with private money, the city helped with the cost by relinquishing to the team revenue from a ticket tax that most estimates say will amount to $350 million over 30 years. St. Louis County also provided a $45 million long-term loan.

So when Kroenke came along and had the gall to start making demands for a football team that hadn't had a winning record since 2003, the city was—quite literally—spent. St. Louis was suffering under the same socioeconomic and fiscal pressures as Cleveland, Detroit and most other Rust Belt cities. Its population was declining rapidly, and it was stuck paying off debt for the existing stadium until 2022. Residents were increasingly skeptical when it came to investing in gaudy entertainment amenities the lower-income population couldn't afford to use. Understandably, officials resisted, kicking off a legal battle over what investments were necessary to bring the dome back into compliance with the original contract. An arbiter sided with the Rams in 2013, but the city's convention authority still refused to pay. As a result, the team began operating on a flimsy one-year lease in 2015.

By this time, Kroenke, a Missouri native and real estate billionaire whose sports properties also included three major league franchises in Denver, had his own ideas. In 2014, he purchased 60 acres in Los Angeles County and began developing plans for a billion-dollar stadium on the site. St. Louis didn't want to go down without a fight. But the opposition to any deal was fierce; taxpayer-subsidized stadiums had come to be viewed as presents

MATT MARCINKOWSKI

for billionaire owners who could afford to buy what they wanted with their own money. Despite that and worries about affordability, city and state officials still managed to come up with a plan to build a 64,000-seat downtown football stadium. The final offer in the fall of 2015 was a riverfront stadium at a cost of just under $1 billion. Half the money would come from public funds, with the city's share at $150 million.

Those involved thought they were making an offer that stood a chance. But Kroenke didn't bite. Not long after he skipped town with the Rams in early 2016, then-Gov. Jay Nixon chastised the NFL for "making up reasons" to allow the team to move to Los Angeles.

St. Louis had given away more than most cities when it came to sports, and was left holding the bag yet again. "It left a sour taste in people's mouths," says Mayor Lyda Krewson. And the experience soon influenced the city's dealings with its other sports teams. Shortly after the Rams left, the NHL Blues said the 23-year-old city-owned arena they played in needed upgrades. This time, getting that money wasn't going to be so easy.

With the benefit of hindsight, St. Louis' brash move in the 1990s to woo back an NFL team looks like one of the worst stadium deals ever made. Over the following two decades, governments have gotten a little savvier in their negotiations with professional sports teams. There are now requirements that teams stay as long as their stadium bond is outstanding. If they don't stay, these so-called non-relocation

City Comptroller Darlene Green tried to block the deal with the Blues, saying it could put the city's credit rating at risk.

agreements force the teams to pay hefty penalties. Nearly all cities are now less inclined to foot the entire bill for stadiums when they see team owners benefiting from luxury suites and other high-price add-ons that increase the team's valuation and put more money in owners' pockets. The economic impact reports singing the praises of sports development have largely been discredited.

The era of taxpayer-financed stadiums came about almost by accident. Seeking to limit the use of government bonds in stadium financing, the federal Tax Reform Act of 1986 included a provision that capped at 10 percent the direct stadium revenue—mostly from ticket sales and concessions—that could be used to pay for the cost of the facility. That meant that governments would have to raise broad-based taxes, such as on sales or business, to cover the rest of the cost. "They didn't think that would happen," says Dennis Zimmerman, a former congressional budget analyst who is an expert on stadium financing. "They thought taxpayers would rebel against that."

But Congress didn't account for the fan loyalty and pride that—at the time—made raising local taxes more acceptable. The new tax rule came at the dawn of what turned out to be a building boom for professional sports stadiums. Between 1991 and 2010, 101 new stadiums were opened across the country and most included some component of taxpayer funding. Some 22 stadiums built since the 1960s have been financed entirely with public money, according to a 2010 study from the National Conference of State Legislatures. The boom was driven in part by demand from teams and fans for a more sophisticated sports experience than the drab concrete coliseums they were used to. Meanwhile, the launch of Major League Soccer and expansion teams in the other major sports—the NHL has added 10 teams since 1990, while the NFL has added three, Major League Baseball four, and the NBA two—added kerosene to the fire.

But the recession's toll on many cities' finances, combined with mounting evidence that sports stadiums and arenas often aren't the economic engine they promise to be, has curbed the public enthusiasm. In the worst-case scenario, stadium financing made a fiscal collapse worse. Stockton, Calif., filed for bankruptcy in 2012 in part because it was laden with debt that it had assumed on a publicly financed arena and Minor League Baseball park.

Spending scarce taxpayer money to build a new sports stadium or arena so that team owners could charge more for tickets seemed increasingly absurd, even to many loyal fans. The Washington, D.C., soccer team, D.C. United, spent years negotiating with the nation's capital over a new soccer-specific stadium. Those talks effectively shut down once the economic downturn hit in 2008, and the team spent another seven years shopping around in the surrounding counties—even going as far as Baltimore—trying to find a local government that would pay for the facility. None would bite. Ultimately, the team stayed in D.C. and is paying to build a stadium on land the city spent $150 million acquiring. The deal includes a non-relocation agreement.

Back in St. Louis, voters were still smarting from the Rams' exit when they were asked if they wanted to approve partial public funding for a new stadium as a way of attracting a soccer team. They'd heard this tune too many times before. Backers of the proposal spent more than $1 million trying to persuade voters to approve money for the stadium from a proposed sales tax increase. Opponents spent $765 to fly a plane over Busch Stadium, just days before the election, urging "City Services Not Stadiums—Vote No on Prop 2!" Voters approved the sales tax hike for city services. They rejected the idea of spending any of it on a soccer stadium.

Meanwhile, Kiel Center Partners, the firm that owns the NHL Blues, had asked the St. Louis City Board of Aldermen for $64 million to finance upgrades to the Scottrade Center. Had the city's voters not been distracted by the soccer stadium proposal and by a heated mayoral election, the financing might have met more resistance. Some aldermen did question whether the city's 1994 lease with the team required it to pay for upgrades, but still the proposal narrowly passed. If it had been submitted to a popular vote, it most likely would have failed.

Not long after the aldermen acted, a mini-uprising started. Alderwoman Cara Spencer, former state Rep. Jeanette Oxford and former city counselor James Wilson banded together to sue the team. They charged that the bond issuance, which, including interest, would cost the city's general fund about $105 million over 30 years, amounted to a gift and was therefore illegal under the Missouri Constitution. City Comptroller Darlene Green, who had previously warned against using any city revenue to pay for the upgrades, stepped in to block the bond sale. The additional debt, she said, would put the city's credit rating at risk at a time when it had already suffered two downgrades over the past year. Mayor Krewson, who remained largely silent during the court battle, says today that it would have been even more devastating to the city's reputation and credit if it had reneged on the bond approval.

FLICKR/SCOTT TREIBER

After several efforts by city officials to get out of helping to finance upgrades to the Scottrade Center, where the NHL St. Louis Blues play, a $64 million deal is finally going forward.

Still, there were many who questioned whether taxpayer money might be better spent elsewhere. The city's meager reserve fund, for instance, had been decimated during the recession and still hadn't been built back up. Debt payments, including those for pensions and retiree health care, gobble up 14 percent of the $1 billion St. Louis operating budget. Ratings agencies have consistently flagged that burden—given residents' lower-than-average income—as a big weakness.

Green says she thought her move would spark new negotiations with the hockey team that would include a discussion of alternate sources of revenue. "I thought if we all sat down, we'd just figure it out," she says. Instead, Kiel Center Partners sued her. "All they wanted was the money, they didn't care where it was coming from," she says. "So they just sued me because I was the lowest denominator in the whole thing."

The Blues' ownership, which did not respond to interview requests for this story, has called the comptroller's actions "frivolous, disappointing and embarrassing," while warning they could be extremely costly to both taxpayers and St. Louis' reputation.

In the end, the team's attorneys out-lawyered the insurgents. In November, a judge ordered Green to allow the bond sale. Green signed the paperwork, but held it in escrow so she could appeal. Lawyers for the Kiel Center Partners then threatened her with a contempt of court citation and fines of up to $1,000 a day. In December, Green dropped her appeal and settled. Later that month, the lawyers turned their attention to the plaintiffs in the other suit and filed a motion to require them to pay attorneys' fees. Faced with the potential threat of covering the rates for some of the highest-priced lawyers in the city, Alderwoman Spencer backed down and settled the lawsuit earlier this year.

So the hockey team got its way. Things like that still happen. But they don't happen easily, and they don't happen with broad public support. Several years ago, for instance, when the NFL's Minnesota Vikings wanted a publicly funded stadium, the state legislature rejected the proposal. Eventually the team got its money, but with a state law capping public contributions to the $1 billion project at $498 million. In 2016, voters in San Diego called the Chargers' bluff and overwhelmingly rejected funding most of the cost for a new $1.8 billion stadium for the NFL team. The vote sent a clear message to the team's ownership, which packed up and joined the Rams in L.A. the following year.

With a few exceptions, the decades-long city infatuation with major league sports teams has been cut by a healthy amount of skepticism. Few now speak of stadiums as the windfall agent many thought they would be. To be sure, officials remain guilty of throwing gobs of money at other high-priced proposals. The billion-dollar incentives to win Amazon's second headquarters are evidence that what Zimmerman, the stadium financing expert, calls "ribbon-cutting syndrome" is still alive and well. But when it comes to public money, public opinion and wealthy team owners, the honeymoon is over. "The Blues had to fight like cats and dogs to get the city to live up to its obligation," says Kevin Horrigan, a longtime reporter and columnist for the *St. Louis Post-Dispatch*. "I think a lot of it was, 'We just don't want to be snookered again.'" **G**

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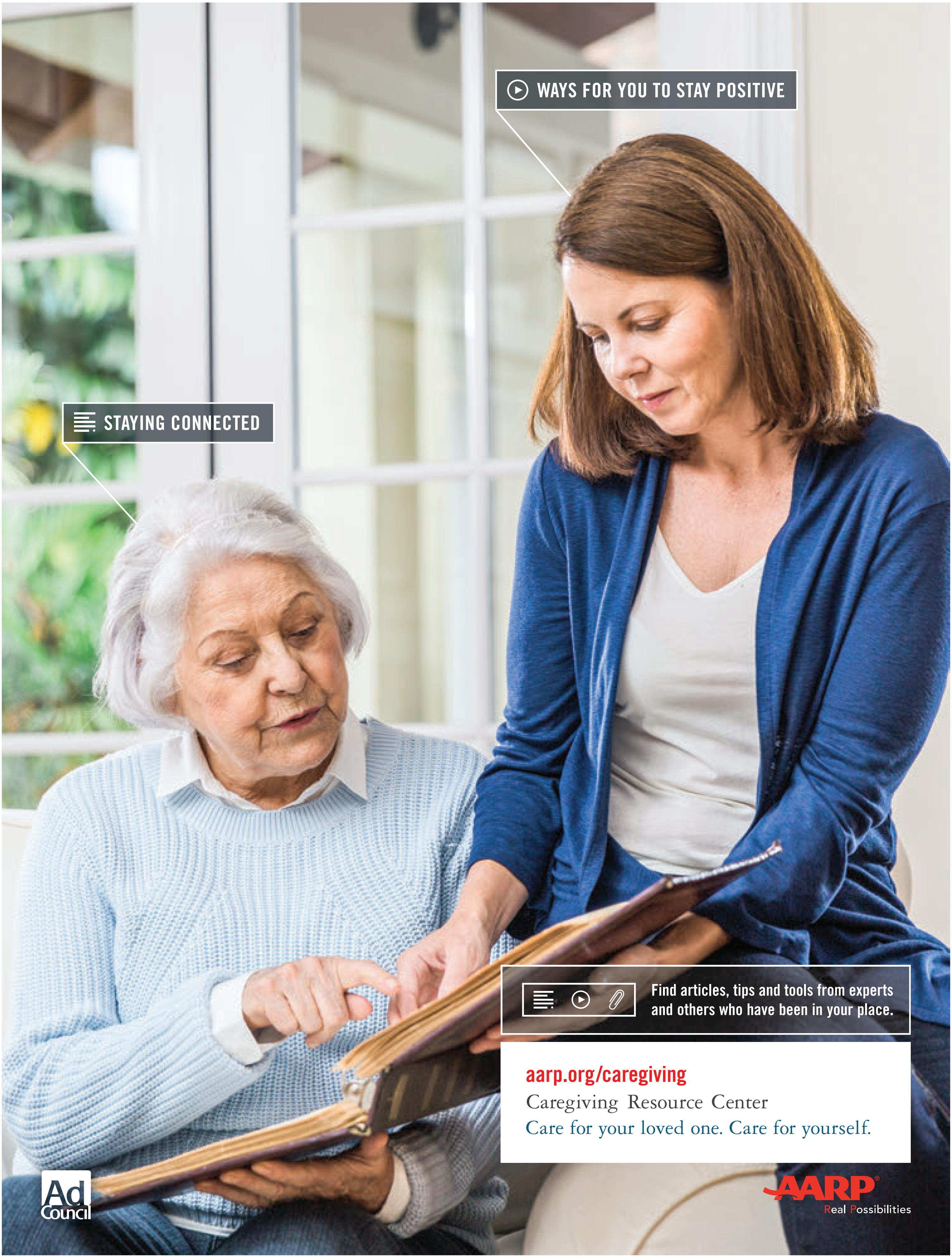
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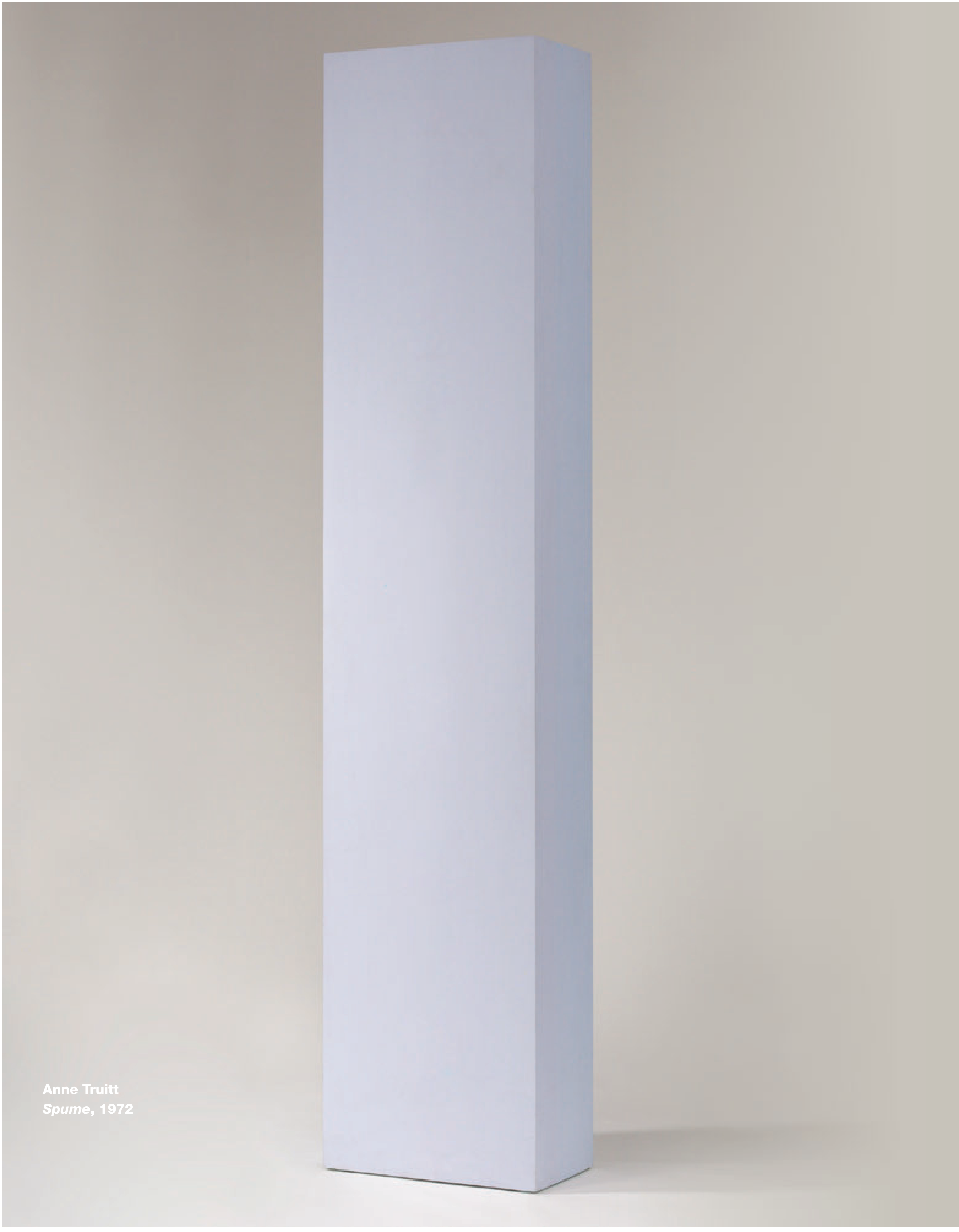

Anne Truitt
***Spume*, 1972**

The Loneliness Epidemic

Social isolation may be a bigger public health threat than smoking or obesity.

By Mattie Quinn

NATIONAL GALLERY OF ART, WASHINGTON

"One of the things that's k individualized, not eve ryo of interaction." — Kellie Payne of

Since stepping down as surgeon general in April of last year, Vivek Murthy has turned his attention to what he considers to be America's fastest-growing public health crisis. No, it isn't cardiovascular diseases or obesity or smoking or even the nation's system of health-care delivery. Murthy is taking on a more unlikely cause: loneliness.

"During my years caring for patients, the most common pathology I saw was not heart disease or diabetes; it was loneliness," Murthy wrote in the *Harvard Business Review* in 2017. "The elderly man who came to our hospital every few weeks seeking relief from chronic pain was also looking for human connection: He was lonely. The middle-aged woman battling advanced HIV who had no one to call to inform that she was sick: She was lonely too. I found that loneliness was often in the background of clinical illness, contributing to disease and making it harder for patients to cope and heal." Loneliness, he wrote, is associated "with a greater risk of cardiovascular disease, dementia, depression and anxiety."

Loneliness is a concept that's been gaining attention of late. It's been 18 years since Robert Putnam's seminal book *Bowling Alone* chronicled America's "declining social capital" and how individuals had become less and less inclined to join community organizations, civic groups and social clubs. The two intervening decades since then—with the encroaching ubiquity of the internet, the advent of smartphones and the explosion of social media—can make Putnam's talk of bowling leagues and Kiwanis clubs seem quaint. Countless essays have decried the ways technology is fostering a culture of ever-increasing isolation.

But much of that discussion has centered around loneliness as a social problem. Today, an emerging consensus on loneliness suggests that it isn't just bad for communities, it's a legitimate public health threat. A groundbreaking 2010 study from Brigham Young University found that weak social connections can shorten a person's life by 15 years—roughly the same impact as smoking 15 cigarettes a day. Research presented at the American Psychological Association's annual convention last year showed that greater social connection corresponds with a 50 percent decrease in the risk of early death. A related report, which analyzed 70 other studies representing some 3.4 million individuals in North America, Europe, Asia and Australia, found that social isolation or living alone can be more harmful to a person's health than obesity. Loneliness isn't just an undesirable way to live. It can kill you.

More than 42.6 million adults over age 45 suffer from chronic loneliness, according to an AARP survey. More than a quarter of the U.S. population now lives alone, and more than half the population is unmarried. Census data show a decline in both marriage rates and the number of children per household. "Just because you live alone or are unmarried, doesn't mean you aren't connected," says Julianne Holt-Lunstad, a neuroscience professor at Brigham Young and the author of the 2010 study. "But each one of those things is robustly linked to risk. It's like [body-mass index]: It's crude and has its limitations, but it is a strong predictor of obesity risk."

Governments in some countries have begun to take action. The United Kingdom launched a national campaign to fight loneliness in 2011, an effort that Australia emulated shortly thereafter. Denmark has introduced piecemeal efforts to address isolation, such as its "Danmark spiser sammen" ("Denmark eats together") campaign to encourage everyone—from government entities to nonprofits to private companies—to host dinner parties. Earlier this year, British Prime Minister Theresa May announced that she would make loneliness a policy priority, and appointed a minister for loneliness, a new cabinet position in charge of creating new initiatives and shaping policy.

There haven't been similar large-scale efforts in the United States to address the health impacts of social isolation. Most of the work that is being done to combat loneliness is happening on a hyperlocal level: YMCAs hosting social nights for seniors, for example, or animal rescue centers running cat foster care programs for homebound adults. But experts say a local approach might not be a bad place to start. "Social activism typically begins at the community level in America," says Sachin Jain, president and CEO of CareMore, a health plan serving Medicaid and Medicare beneficiaries. In fact, Jain takes to task some of the high-profile efforts in other countries. A public awareness campaign, he says, doesn't necessarily mean there's a systematic plan to address policy in a meaningful way.

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England's Campaign to End Loneliness

The CareMore health plan is in seven states. Last year, the group kicked off "Be in the Circle: Be Connected," an initiative in four states to integrate social connectivity into the primary care setting. When seniors come in for primary care visits, they're now asked several questions aimed at giving doctors a better sense of the patient's potential for social isolation: How often do you see friends? How frequently do you go to the grocery store? If a senior is deemed to be at risk for social isolation, they can receive home visits and weekly phone calls from a social worker. Many lonely seniors' only human interaction is when they visit their doctor's office, so CareMore took advantage of that by redesigning their care centers to include more social activities such as Zumba classes and group lunches.

Jain says that some of the participating seniors will answer their weekly phone call by greeting their social worker by name, "because that person is the only one calling them."

The largest advocacy organization for older Americans in the country is also mounting a campaign against loneliness. The AARP Foundation launched the Connect2Affect tool last year, an online assessment and portal that helps seniors figure out how isolated they might be, and connects them with resources in their ZIP code. Foundation President Lisa Marsh Ryerson says the effort is still in awareness-building mode, but collaborating with governments will be crucial. "For effective solutions, we will need public-private partnerships. When I think about working with governing bodies, I think about working with them on the decisions that are made around accessible transportation, walkable sidewalks," things that can determine whether an older person is able to leave their house or not, Marsh Ryerson says.

In England, the plan for the minister for loneliness is to convene with leaders across industries—from transportation to finance to health care—to see how all roles of government can help get people more connected. One of the first orders of business is expanding the role of community connectors across the country. Similar to CareMore's model, the community connector works as a liaison between a primary care physician and the patient. If someone is suffering from isolation, the community connector can help create a plan for them to feel more connected to other people. "One of the things that's key about loneliness is it's so individualized, not everyone needs the same amount of interaction," says Kellie Payne, research and policy manager for England's Campaign to End Loneliness. "The connector can help them understand what their personal needs are."

As governments begin to think about this issue, they'll be looking for policy solutions that can have a big impact. The interventions in England and for CareMore beneficiaries are not only relatively low-cost, they're also scalable. Other initiatives to mitigate the risks of social isolation might not be as immediately obvious. For example, last year a bipartisan bill to make certain hearing aids available over the counter was signed into law by President Trump. That's significant, experts say, because hearing loss is one of the key risk factors that causes some seniors to retreat away from others. "People will come to me and say, 'What can we do to legislate good relationships?' Well, we can legislate things that reduce risk," says Brigham Young's Holt-Lunstad. "That's why I love the hearing aid example. No one's freedom was impacted. We say we don't really know what to do about [loneliness], but there are interventions that have worked."

Advocates say that policy changes like that are a short-term goal. But the longer-term goal is for everyone to start looking at social interactions as an integral part of a person's well-being, like eating well and getting enough sleep. "If we think about our checklist of being healthy, it usually includes exercise and eating vegetables and not smoking," says Payne. "But we don't think about our social connections as being just as vital as those things. If you have good contacts, the restorative effects can be just as strong as those other, more traditional methods of being healthy."

As more American health plans move to a managed care system—one that pays for services based on quality instead of quantity—CareMore's Jain says it's imperative that social isolation be integrated into health care. "We've defined loneliness as a treatable human condition, and up until now there just haven't been payment models to encourage that," he says. "But primary care doctors now have an obligation to address it." **G**

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The Inequality of Incentives

Cities that give away the most money in tax breaks tend to be those with greater levels of income inequality.

Early this year, construction began on a $130 million luxury high-rise apartment building in St. Louis' burgeoning Central West End neighborhood. The development will dramatically alter the area's skyline, but the city won't be reaping much tax revenue from it anytime soon. Local officials approved a 95 percent property tax abatement that will be in place for a decade, as well as an exemption from sales taxes on the construction costs of the project.

These tax breaks coincide with steep spending reductions St. Louis made last year to bridge a budget shortfall. They are contributing to concerns that many neighborhoods and lower-income residents in the city aren't benefitting from the tax breaks enacted to encourage projects like the luxury apartment complex.

Many other localities aren't all that different from St. Louis. Early evidence from newly released financial data suggests that local governments most heavily reliant on tax incentives tend to be those with greater levels of economic inequality.

Governing analyzed revenue losses resulting from property tax abatements, tax increment financing (TIF) and other incentive programs, using data compiled from financial reports by the corporate watchdog group Good Jobs First. Total revenues foregone on a per capita basis for the most recently ended fiscal year were compared to a jurisdiction's level of income inequality, as measured by the Census Bureau's Gini Index. Out of 446 cities and counties in our sample, the 100 with the highest levels of income inequality recorded a median per capita total tax abatement approximately double that of all others reviewed.

The data is the result of a new accounting rule from the Governmental Accounting Standards Board that requires the disclosure of how much revenue governments lose to tax breaks.

Many jurisdictions reporting the highest per capita tax abatements were large urban areas. New York City's tax abatement programs, for example, added up to nearly $3.4 billion in fiscal 2017, dwarfing all other places and representing the fourth-highest amount per capita.

Smaller jurisdictions abating the most revenues generally made substantial use of TIFs, which earmark property tax revenues to fund infrastructure or other development expenses in designated areas.

TIFs can be useful economic development tools, and their use for revitalizing communities may partially explain why high-inequality jurisdictions tend to spend more. The problem is that many larger urban areas use TIFs too broadly, says St. Louis Alderman Sharon Tyus. "It's supposed to be used for places that wouldn't get any development," she says. "Now, they're being used as a giveaway."

In St. Louis, 84 percent of TIF incentives between 2000 and 2014 supported projects in the city's newly revived central corridor, according to Team TIF, a local group that tracks incentives. Other studies have found a heavy concentration of TIF spending for retail projects in wealthier communities outside the city.

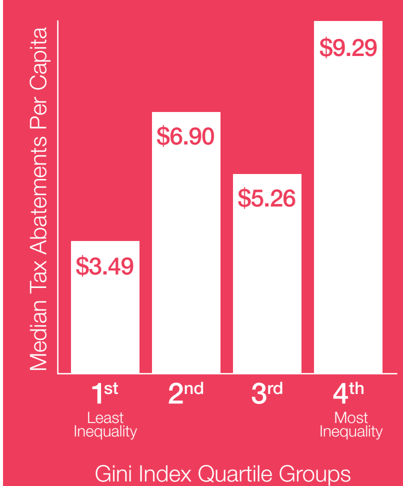
TIFs may initially target one or two areas of a city, but over time many expand to the point where just about any neighborhood might have them. "In places like Chicago, tax increment financing for many years was simply a slush fund of the mayor," says T. William Lester, a professor of city and regional planning at the University of North Carolina who studies tax abatements.

It's difficult to gauge, given data limitations, the extent to which incentives actually worsen inequalities. Unemployment rates and educational attainment did not correlate with greater use of incentives in our sample.

Research, though, has identified several reasons why business incentives could potentially widen income disparities. In a recent report, Brookings Institution researchers reviewed tax incentive data for four cities, finding that industries receiving incentives paid above-average wages. Black and Hispanic workers, however, were underrepresented in these industries in all four cities. Frequently, the jobs went to commuters who already possessed the required skills or education.

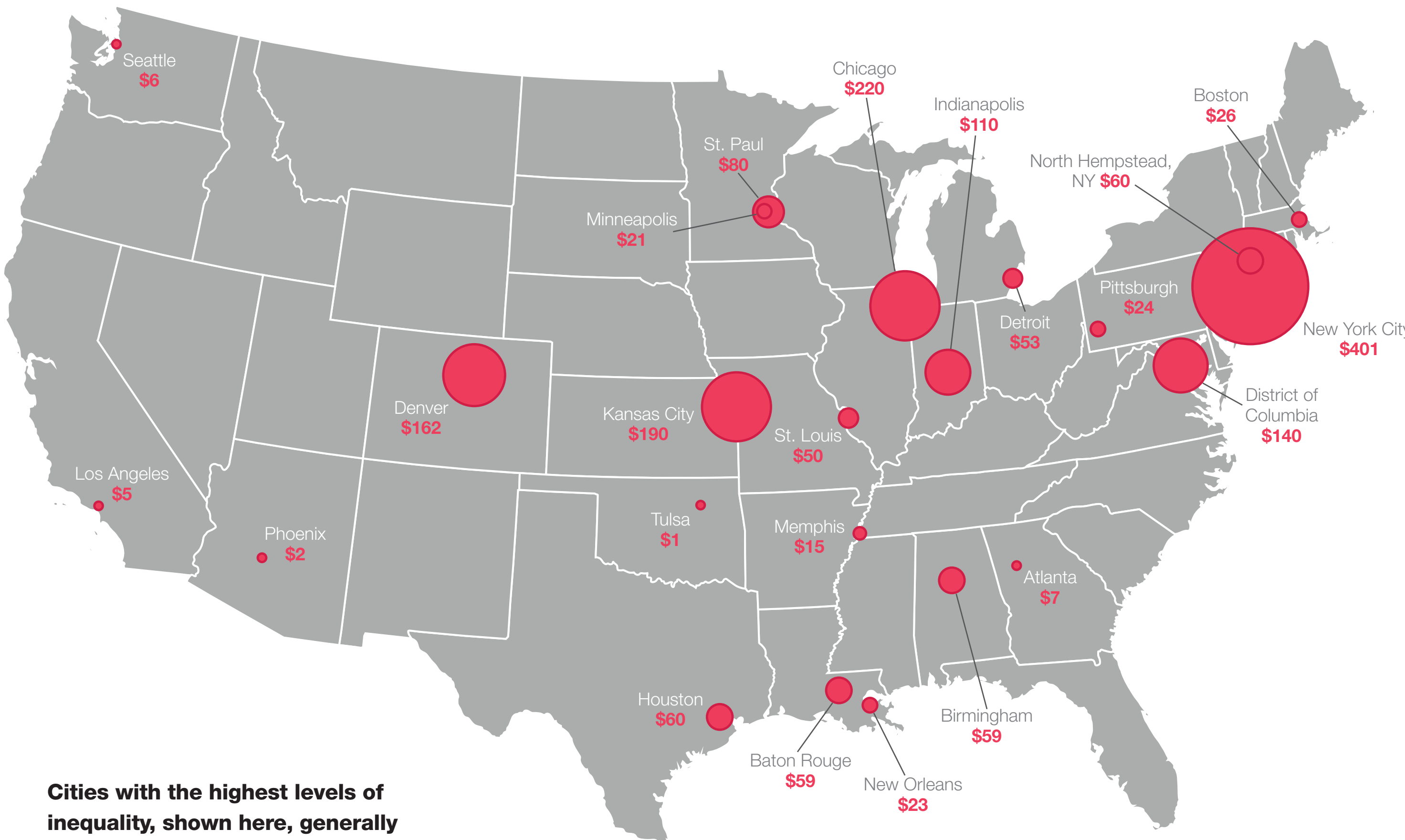
Big businesses often employ many workers at opposite ends of the pay scale.

Of the cities reviewed, the top quarter in terms of inequality spent the most on tax incentives.



Rates calculated for 446 cities and counties with populations exceeding 25,000.

By Mike Maciag



Cities with the highest levels of inequality, shown here, generally spend significantly more on tax incentives, shown in red. Among all 446 jurisdictions we reviewed, the median amount spent on tax incentives was $5.85 per capita.

For more on the methodology and additional data, visit governing.com/taxabatements

SOURCES: *GOVERNING* CALCULATIONS OF TAX INCENTIVE DATA COMPILED BY GOOD JOBS FIRST, U.S. CENSUS BUREAU 2016 FIVE-YEAR AMERICAN COMMUNITY SURVEY.

A 2015 study published by the National Bureau of Economic Research found that disparities in wages between high-skill jobs and other positions within a company's workforce expand as the size of the employer increases. The study further found a link between rising wage inequality and large firm employment growth across a group of developed countries.

It's these same major corporate players that reap the vast majority of tax abatements. A Good Jobs First report noted between 80 and 96 percent of states' incentives were routed to businesses that employed more than 100 workers, or weren't independently or locally owned.

If there's a type of economic development program that seems likely to worsen disparities, says Greg LeRoy, executive director of Good Jobs First, it's one that favors capital and technology over labor. Tax breaks for data centers, chemical plants and other large capital-intensive facilities may benefit shareholders, but they rarely yield many jobs. A study conducted at the University of Richmond found that incentives supporting professional and business services companies worsened local income inequality in Virginia, while those attracting manufacturing jobs reduced it.

One often-cited policy tool that could mitigate unequal effects of tax incentives is a community benefits agreement. These agreements, employed in Detroit, Los Angeles and Pittsburgh, among other cities, sometimes include requirements for mixed-income housing or local hiring on the part of the tax break recipient. Some states, however, maintain preemption laws preventing their localities from enforcing the provisions of such agreements.

Ultimately, whether tax incentives escalate disparities depends on how they're used. Lester, the UNC professor, says most tax breaks don't spur job creation; they're just a regressive transfer of funding away from the public sector, often to companies that would have created jobs anyway. "Only offering cash to whoever comes and knocks on your door," he says, "doesn't seem like a very equitable or smart thing to do." **G**

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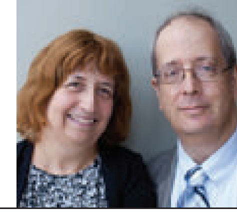

By Katherine Barrett and Richard Greene

Delayed Again and Again and Again ...

Project deadlines are set for a reason. Why do so many miss the mark?

The Second Avenue line of New York City's famed subway system was approved by the city's Board of Transportation in September 1929. The estimated cost was $100 million. The first leg of this ambitious project was passenger-ready on Jan. 1, 2017. The estimated cost of the whole thing is $17 billion.

This may be the king of all delayed projects—short of efforts to achieve peace on earth. But as residents of most large cities can tell you, project delays are not exactly big news, even if they are a regular feature in the local press. To be sure, some of these delays are unavoidable. But many are self-inflicted wounds.

Delays in the completion of IT projects, for instance, are a commonality. Take, for example, the new driver's license and identification technology system at the Kansas Department of Revenue (KDOR). Known as KanLicense, it was slated to be finished by early 2012, but the completion date was shoved back to January 2018. Then an announcement was made that the project was being delayed once again for an uncertain period of time.

Although KDOR representatives were unwilling to comment on the reasons for delays, one local newspaper, *The Garden City Telegram,* reported that "KanLicense has been rife with difficulties and delays." A recent legislative audit, which pointed to holdups in building and testing the system, raised red flags about its security.

One of the issues with the Kansas project was that its scope continued to change, a surefire way to guarantee a project won't be completed on time.

A substance abuse pilot program in Virginia, involving the use of medication-assisted treatment for alcoholism, was funded at $100,000 for fiscal 2017. The program lagged behind its apportionment of resources. Only $28,000 was spent that year. A January 2018 report by Virginia's budget office pointed a finger at the cause. "The delay in hiring of program staff was the biggest challenge for program start up."

Delays in work on New York City's parks have been a "source of enormous frustration for the city council," according to Councilman Mark Levine, who chaired the parks committee for the last four years. For example, it takes up to three years for the parks department to complete construction of a $3 million comfort station. The cause, as Levine sees it, is partially an accumulation of generations of added steps in the procurement process to avoid corruption, get the best prices possible and make sure the contract reflects the city's diverse population. The requirements, he says, "are all motivated by worthy intentions, but the accumulation is a Rube Goldberg-like flow chart."

This is not unlike issues with civil service systems, which are established to avoid nepotism and discrimination. They certainly can help avoid these kinds of issues, but when the rules become too difficult to fulfill without delays, there's an unfortunate trade-off.

The first leg of New York City's Second Avenue subway line was completed 88 years after its initial approval.

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Clearly, one of the biggest areas in which delays are epidemic is in governmental procurement. According to Dugan Petty, a senior fellow for the Center for Digital Government at *Governing*'s parent company, e.Republic, there are a number of reasons for this. Procurements can be slowed by an overabundance of burdensome rules, as with the New York City parks, but there are sometimes even simpler reasons. For instance, with the number of upcoming retirements, Petty says that thinned-out staff "are just not going to be able to run the process at optimal speed."

Jorge A. Lynch, an internationally known procurement adviser, offers some of the most significant reasons for delayed procurements: lags in preparing technical specifications; failure to start the procurement process on time; extension of bid or proposal submission date; holdups in starting or finishing the evaluation process; and delays in the approval process and in contract negotiation. "The duration of contract negotiations is beyond the control of the procuring entity," Lynch advises, "so it should be conservatively determined during procurement planning and scheduling."

Petty sees another solution in "sourcing teams," which bring all the major players into the effort at the outset of the procurement. Massachusetts has long used the approach. It draws together members from the executive branch, as well as municipalities that use statewide contracts. These groups meet regularly to ensure the contract is running smoothly for the duration of the project.

Curiously, many projects that appear to be missing deadlines may actually be on schedule or moving ahead in reasonable time. They may be victims of a phenomenon called optimism bias. "It's the risk we face when we assume that something that goes wrong will not go wrong for us," says Kiron Bondale, a consultant in the project management field. "A lot of decision-makers on projects tend to see the world through rose-colored glasses." **G**

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By Mark Funkhouser

What 'Political Will' Is and Isn't

As LBJ understood so well, you have to create it.

At a recent *Governing* roundtable, I heard once again that the failure to act on a serious public problem was due to a lack of "political will." Hearing this from people who are wise and good public officials always leaves me a little annoyed. I agree with David Roberts of *Vox*, who wrote, "To me, it has always sounded like the political equivalent of the Force in the *Star Wars* movies. It explains everything and nothing."

When you hear a public official or pundit say that the reason this or that desirable thing cannot be done is because of a lack of political will, what you are actually hearing is that person blaming other people's moral failings. This is born of a lack of insight and analysis. The Oxford English Dictionary defines political will as "the firm intention or commitment of a government to carry through a policy, especially one that is not immediately successful or popular." Political will is not some kind of immutable and innate personal quality. It is not the same as political courage or conviction. It is a deliberate social construct, and every positive advance of public policy rests upon its successful creation.

As the Oxford definition suggests, issues that require political will are ones that are not easily resolved. What is required for success is the creation of ever-broader coalitions. There will be opposition and conflict. The status quo is what it is because of powerful interests, and, as Frederick Douglass said, change always requires struggle because "power concedes nothing without a demand." The best way to manage that conflict is, paradoxically, to stop fighting. That is, to stop responding to and vilifying the intransigents on the other side. Instead, build a narrative that embraces the values of the majority of folks who are not unalterably committed to either side. What is needed is not moderation or even necessarily compromise, but effective stories that appeal to widely held beliefs about ourselves. Despite the terrible rhetoric we hear all the time, we have far more in common than is widely believed.

Few people in public life have been better at creating political will than President Lyndon B. Johnson. Notice how, in his address to Congress advocating passage of the 1965 Voting Rights Act, he focused on our interconnectedness. While his objective was to secure the voting rights of African-Americans, he did not frame the problem that way. What he said was, "There is no Negro problem. There is no Southern problem. There is no Northern problem. There is only an American problem. And we are met here tonight as Americans—not as Democrats or Republicans—we are met here as Americans to solve that problem."

Rather than expressing dismay or scorn or outrage over the way the political system works, people who actually want to effect change need to learn how to use that system. As LBJ understood so well, they need to learn to create political will. **G**

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By Frank Shafroth

Diaper Dip

Demographic trends suggest trouble ahead for state and local revenues.

The number of babies born in the U.S. fell in 2016, and the birth rate continues to inch its way down. That's a problem for companies like Kimberly-Clark, which manufactures Huggies diapers and Kleenex tissues. As a result, the company plans to close about 10 plants, shedding 13 percent of its workforce—Kimberly-Clark's biggest restructuring in over a decade.

But the demographic trend is also a problem for state and local governments, especially those that host Huggies and Kleenex plants. In Fullerton, Calif., for instance, Kimberly-Clark's 62-year-old factory that employs more than 300 people is on the company's shutdown list. For Fullerton, that means a likely downturn in constituent income and spending power—and a threat to revenue intake.

Beyond that is an even bigger issue for states and localities. The downturn in births is not balanced by an equal diminishment in the growth rate of older people. Americans are living longer. The National Institute on Retirement Security (NIRS) estimates that more than half of millennials will live to the age of 89 and beyond. But they aren't necessarily planning for such an inevitability. A recent NIRS report finds a deeply troubling retirement outlook for the millennial generation. A majority—66 percent—are not saving for retirement, and those who are, aren't saving nearly enough. Among Latino millennials, the numbers are even worse: 83 percent have nothing saved for retirement.

We are, in effect, watching an almost upside-down pyramid take shape where we have a greater generation of retirees assuming the fiscal and financial support of a smaller generation of millennials. Moreover, even though two-thirds of that generation work for an employer that offers a retirement plan, just over one-third participate. As these millennials age into their golden years, it is likely to be state and local governments that get stuck with the bills to care for them. Absent actions now to address this demographic tidal wave, state and local leaders will need to brace themselves to address poverty rates for senior citizens not seen since the Great Depression. Some estimates are that by 2050, nearly 25 million older Americans will be in or near poverty.

Another trend that will impact state and local purses: reduced property values. The National Association of Realtors reports that the largest generational group of homebuyers are those 36 years or younger—a group that is growing smaller. Millennials also seem to be less ready and willing than their parents and grandparents to buy homes. This will likely have implications for assessed property values and affect cities, counties and public school districts.

Then there are the impacts from federal actions, including record federal debt and deficits—interest rates will rise as the fed borrows to finance U.S. debt—and the new tax law's caps on the deductibility of new mortgages and the elimination of the deduction for new and existing home equity loans. These latter caps will also negatively influence assessed property values. Given these changes, Moody's Analytics estimates an average nationwide drop in housing prices by this summer of 4 percent.

These changes and demographic trends appear certain to be reflected in state and local tax intakes. It will be elected city and state leaders who will have to make hard decisions—the kinds of decisions that members of Congress and the president simply are not making—about how to balance their budgets.

The fiscal challenge is that the longer we wait, the more expensive it will be to resolve—not just in terms of deficits and higher taxes, but also in the very fabric of our country. **G**

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Amazon S3
IAM

Last Look

SARA BENNETT

"It's not the similarity to the prison cell that I'm trying to highlight, but the contrast," photographer Sara Bennett told the social journalism publication *Medium*. "They all have items on display that would have been contraband in prison. ... Now these bedrooms are their own." Bennett, who worked for 30 years as a criminal defense attorney in New York, was talking about "The Bedroom Project," a collection of photographs of women released after serving 15 to 35 years at a maximum security prison. Bennett photographed the women in their bedrooms as a way of humanizing them, as well as protesting long prison sentences and arbitrary parole denials. Tracy, who is shown above, served 24 years in prison. Today, she has her own apartment in Jamaica, N.Y.
—David Kidd