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Meeting a Texas-sized challenge. Not to mention \$29 million in savings.

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Damaging Side Effects

This has not been a good year for public-sector unions. While private-sector unions steadily declined in numbers and power over the last decade, public unions held steady. That was until this spring when Wisconsin Gov. Scott Walker took away their collective bargaining rights. Soon after, other states led by Republican governors followed suit and began dismantling a number of rights and benefits.

It turns out this was just the tip of the iceberg. Democratic governors and mayors have also taken on the powerful unions and proved successful in achieving concessions. In May, labor unions in Massachusetts gave up their battle to hang on to certain collective bargaining rights, allowing the state's mostly Democratic Legislature to empower local governments to increase health insurance costs for workers. Most dramatic of all occurred next door in Connecticut: Gov. Dannel Malloy threatened to lay off more than 4,000 state workers before union leaders agreed to \$1.6 billion in concessions to help the state trim costs and keep the budget balanced. (Members were set to vote on the deal June 24.)

The fast and furious pace at which these changes have come about, and the combative nature under which they have occurred, has had an unfortunate side effect. Union bashing has turned into government worker bashing. Public servants are now public enemies, according to *Governing* columnist Peter Harkness.

"Now, as the economy has staggered, the concept of public service is being denigrated, both in Washington and out in the country," he wrote in the March issue. The result, one school teacher told Harkness, is the sense that government workers had it coming despite decades of public service. "All of a sudden, we are the enemy," she said.

Public unions will have to change and find ways to compromise, as they did in Connecticut and elsewhere. The current system—based on seniority and with benefits packages that are no longer available to the private-sector workforce—is out of step with today's economy. But unions continue to play an important role in representing the rights of workers. A nationwide Gallup poll in March revealed that 61 percent of respondents supported collective-bargaining rights.

Let's not forget that government employees—whether they belong to a union or not, and whether they are social workers in rural Kentucky, teachers in the inner city or Navy SEALs hunting terrorists in Pakistan—deserve the same level of respect for the public service they deliver, day in and day out.

Please let me know how we're doing by e-mailing me at publisher@governing.com.



By Fred Kuhn, Publisher

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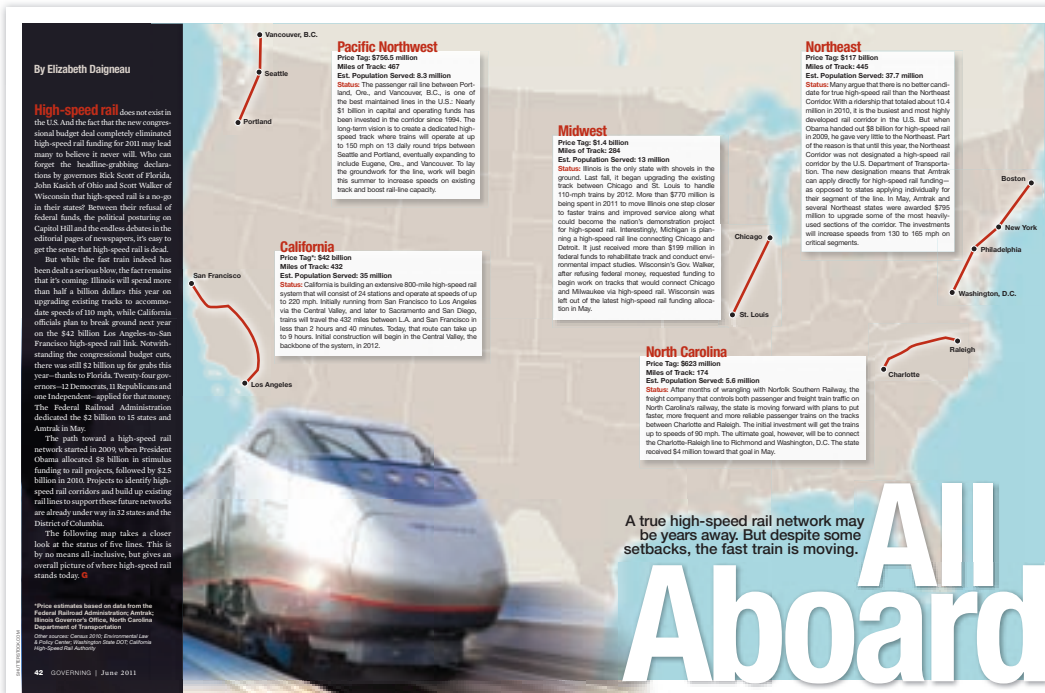
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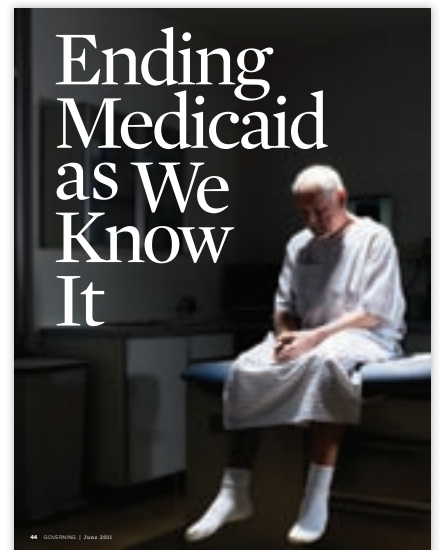




Medicaid's Not the Problem

Congratulations and thanks to [John] Buntin for a very well written article [Ending Medicaid as We Know It, June 2011]—it pulls in the right perspectives and poses the right questions. Just as in welfare reform, notice that the Republican leaders' approach is to cap the payments and expect the end recipients to deal with the consequences, not look for a comprehensive, careful, balanced approach to all the aspects of the health-care system. As noted, the issue is not with Medicaid as a program, the

real issue is the structure of health-care delivery in the U.S. and its unsustainable cost growth. The author gives credit



High-Speed Progress?

Great piece on high-speed rail [All Aboard, June 2011]. The idea for the national high-way program was proposed in 1938. It took 18 years of pilot projects and start-stop progress before it was fully launched in 1956. High-speed rail is cruising forward by comparison.

—Phineas Baxandall, senior analyst, U.S. PIRG, Boston

Four of the lines you cited in your recent article are hardly “high speed.” The fifth, California, is true high-speed but may never see the light of day. See our column, California's Bullet Train—On the Road to Bankruptcy.

—C. Kenneth Orski, editor and publisher, Innovation Briefs, Potomac, Md.

I find it interesting that in spite of the continuous bashing these proposed projects have endured over the past two years, they still seem to be pretty popular with the public. So, I am wondering if perhaps Americans are latching onto this visionary, but expensive, technology today like their parents and grandparents latched onto the visionary and expensive space programs of the '60s and '70s? While riding in a high-speed rail car could never compare to the thrill of traveling in space, it would be an experience that more than just a few astronauts could enjoy. It would be high speed for the masses!

—Charles Ball, executive director, The Regional Planning Commission of Greater Birmingham, Ala.

Praise for Reform

The Atlantic Associate Editor Conor Friedersdorf picked John Buntin's feature on Mississippi's corrections reform [August 2010] as one of “Nearly 100 Fantastic Pieces of Journalism.” The selection was part of what Friedersdorf calls his “personal picks for the best nonfiction of 2010.” Of the feature, he wrote, “In the most notorious prison system in America, that rarest of things happened—a push for reform that actually worked.”

to liberals for wanting systemic reform, but it should not be up to them. It should be that any policymaker with a heart, brain and conscience should be pursuing comprehensive systemic reform, not manipulating the discussion to pit one part against the other and avoid dealing with complex problems.

—thinker on Governing.com





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The Long View

In Oregon, hard legislative choices reflect national structural changes under way.



Oregon's capitol building in Salem

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S*ine die.* Legislatures are at rest in all but a handful of states. A hard year by any measure, legislators tackled a number of contentious issues that made headlines, but left just enough room to debate structural reforms that might otherwise have been avoided in favor of short-term fixes and budget gimmicks. Sacrifice in a time of scarcity seems like a throwback to an earlier era, as is the willingness to defer gratification to help ensure a brighter future.

But a day in Salem at the Oregon Legislature late in its session provided an object lesson in doing things the old-fashioned way. The capitol building is largely run by a cadre of volunteers—men and women of a certain age who guide tours, help visitors find the right hearing room or office, and keep order in the rotunda. Another group acts as docents for an exhibit of military uniforms from the Great War to the Gulf War, each with a picture and biography of the local men and women across the state who served and sacrificed.

A third group gathered around television monitors outside a hearing room. They had come to meet with legislators in a bid to save programs that serve the state's 30,000 low-income seniors. They quietly lobbied for programs on which

they rely, including Oregon's Project Independence, which provides aides to help keep 2,000 elderly and disabled people in their homes. Over the years, the project has both been lauded as a national model for aging in place and has been a recurring target for cuts as lawmakers struggle to balance the budget. It has been brought back from the brink before, but under one proposal this year, it stood to lose up to half of its funding.

John Thomasian, director of the National Governors Association Center for Best Practices, says Oregon fits a pattern of cuts and hard choices taking place across the country. "Legislatures and everyone involved in government recognize the money isn't there, so there has to be some serious thinking about priority setting."

The 2011 legislative session differed from recent years in that budget cuts and program alterations were being done with long-term change in mind. "In the coming years, government will be thousands of employees smaller, more streamlined with different policies in a number of areas," he adds. "That is a significant change. When the economy recovers—and it will—you are going to see a fundamentally different-looking government."

That new look is likely to reflect structural changes to ensure cost containment on Medicaid, prescription drugs, prisons, and state employee pensions and benefits. "Next year will be about using those savings and what we're getting in increased revenues to pour back into progressive policy initiatives ... around jobs and even reinvest in education and infrastructure," says Thomasian.

Back in Salem, one of the seniors lobbying for Oregon's Project Independence said she hoped she would be able to stay in her own home, while also acknowledging there may be other groups that need the money more. Such an admission during the crucial final days of session could be seen as going off message.

Seen another way, it is a return to the ideal that was etched in stone above their heads in the rotunda. "In the souls of its citizens will be found the likeness of the state which, if they be unjust and tyrannical, then will it reflect their vices, but if they be lovers of righteousness, confident in their liberties, so will it be clean in justice, bold in freedom."

It is the stuff of the long view, and yet still pertinent to today's issues. **G**

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A look at the people, events and ideas that shape state and local government.

OBSERVER

By Ryan Holeywell



A Roundabout Solution

For many people, the term “roundabout” brings to mind Chevy Chase and the movie *National Lampoon’s European Vacation*. There’s that famous scene where Chase’s character, Clark Griswold, enters a London traffic circle during daylight, and by nightfall is still driving in a loop, laughing hysterically at his inability to exit.

But then, there’s Mayor James Brainard of Carmel, Ind. For him, roundabouts—the one- to two-lane circular intersections—conjure up images of a city free of traffic lights.

Brainard’s effort is garnering national attention, and by the end of the summer, the Indianapolis suburb will have 60 intersection roundabouts with another 35 to go before the project is complete. “You can drive for miles in your car without coming to a stoplight and without having to stop,” Brainard says of the city.

Today, roundabouts are more popular than ever—and not just in Carmel. In 1997, there were only about 200-300 roundabouts in the country. That number has increased tenfold, says Gene Russell, professor emeritus at the Center for Transportation Research and

Training at Kansas State University. Communities in Colorado, Kansas, Maryland and Washington are among those leading the way. Their popularity is largely due to the safety benefits of the configurations. It’s nearly impossible to have a head-on or T-bone collision when using the roadways, and collisions that do happen tend to occur at much lower speeds. Other benefits of roundabouts include reduced fuel consumption, due to a lack of idling, and a construction cost that is at least \$150,000 less than installing traffic lights.

Brainard’s inspiration for roundabouts comes from his days attending graduate school abroad in the early 1980s and seeing the prevalence of roundabouts in England and France. “Why do we have to go to Europe to have cities like that?” Brainard says.

Still, roundabouts have their obstacles—mainly, explaining them to drivers. When the roundabout first arrived in Carmel, the city ran constant public service announcements instructing residents how to use them. That didn’t stop a recent out-of-towner from driving the wrong way through one. Russell says roundabouts are often the victim of “irrational myths” and fears. Cue the Chevy Chase movie. That’s not how roundabouts work in the real world, he says. “For a single-lane roundabout, it’s pretty hard to screw it up.” **G**



Smoke and Mirrors

Over the last decade, states and the District of Columbia have aggressively pushed to increase cigarette taxes—collectively hiking them 100 separate times. Today, more than half the retail price of a pack of cigarettes is composed of taxes and other fees, and last year, cigarettes generated more than \$16.8 billion for state governments, according to the U.S. Census Bureau. That aggressive push has had an unintended consequence: It's made the cigarette market very attractive to smugglers and bootleggers.

The intent behind cigarette taxes has always been to discourage an unhealthy habit that increases health-care costs while generating revenue in a way that is politically palatable to most voters. But all those cigarette taxes give criminals extra incentives: They make money if they can get away with selling cigarettes *sans* the state fees. Estimates of just how much cigarette tax evasion costs states are hard to come by, though the Government Accountability Office is expected to take a stab at the number later this year. California has previously pegged the cost of cigarette tax evasion to the state at \$182 million annually, plus another \$94 million for other tobacco products.

As a result, states are trying to recoup the revenue they've lost from cheats, and they're launching high-profile takedowns of cigarette tax scofflaws. The Michigan Treasury Department is notifying 300 businesses that it will start cracking down on those selling homemade cigarettes without a tax stamp. Pennsylvania recently put more than 2,000 liens on homes and properties of residents who didn't pay taxes on cartons bought online, and New York City has billed more than 7,000 customers

\$71 million for buying untaxed cigarettes online from retailers with names like eSmokes.com. New York City also sued 32 residents accused of buying nearly half a million cartons of untaxed cigarettes from a Kentucky dealer. "In these challenging economic times, we will continue to use the law to defend the public fisc from tax evaders," New York City Corporation Counsel Michael A. Cardozo said in a statement.

Evaders skip the tax in a number of ways, including illegally selling cigarettes on American Indian land, marking cigarettes with phony tax stamps and reselling smokes bought in a different state with lower taxes. That last method is especially tempting, given the wide disparity in cigarette taxes among states. For example, a case of cigarettes purchased in Virginia, which has among the lowest cigarette taxes in the nation, can be illegally resold in New York City, which has among the highest taxes, for a profit of \$3,300.

Meanwhile, the increasing cost of cigarettes has coincided with the rise of e-commerce, making the Internet a haven for cigarette outlaws. A federal law called the Pact Act, which took effect last year, beefs up laws targeting Internet retailers and is helping states secure data to collect taxes from their customers. Using information dating to 2005, Pennsylvania, for example, has so far collected \$23 million of \$27.5 million in taxes owed on the purchase of more than 1.7 million cartons. "We can't just turn our heads and ignore it," says Elizabeth Brassell, a spokeswoman for the Pennsylvania Department of Revenue. "If we have a credible data source, how do we not pursue that? It's our job to collect that money." **G**

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One Man's Toxic Waste ...

When it comes to radioactive waste, no one wants it. That was until one Texas county saw a chance to cash in on the issue by hosting a national dump site for the refuse.

This spring the Texas Legislature approved a measure that would vastly expand the operations of a facility in rural Andrews County, which was designed to house low-level radioactive waste from Texas and Vermont under a compact between the states. Under the new deal, other states would be able to either join the compact for up to \$50 million a piece or pay fees to

store a more limited amount of waste.

The site could be a boon for the west Texas county, whose population hovers at 15,000. The county will receive 10 percent of the fees paid by each state that joins the waste compact. Additionally, Andrews County and the state government will split a

10 percent surcharge on all waste stored at the facility. County Judge Richard Dolgener says projections indicate his county could receive about \$10 million in annual revenue during the facility's initial



A radioactive waste-disposal site in Andrews County, Texas

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years—a huge sum relative to the county's \$18 million annual budget.

"The reason the county got involved was we were trying to decentralize," Dolgener says. "Andrews County is probably

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one of the biggest oil-producing counties.” He estimates that 92 percent of the county’s tax base is somehow tied to the oil industry—a risky situation given the potential for fluctuations in that market—so the county seized on the chance to diversify.

The opening of the facility solves a problem many states struggle with: where to store low-level radioactive waste generated by nuclear power plants, hospitals, universities and research centers. The storage center at Andrews would create a relatively permanent place to house that waste, and it could be a financial windfall for Waste Control Specialists (WCS), which operates the facility. Nationwide, there are just three other commercial sites open to storing low-level radioactive waste.

Supporters of the deal say allowing states that aren’t part of the compact to store waste at the facility will decrease the costs of disposal for Texas and Vermont tenfold. Meanwhile, the company has argued that it needs to receive waste besides that of the two states to turn a profit on the hundreds of millions of dollars it has already invested in the facility. Under the legislation, the state only regulates rates for waste accepted from Texas and Vermont; WCS sets rates for those states outside the compact. Critics say that’s a sweetheart deal for WCS that was structured to benefit the company and its politically connected owner Harold Simmons, who has donated millions to Republican lawmakers, including Texas Gov. Rick Perry and Lt. Gov. David Dewhurst.

Critics also say Texas shouldn’t become a dumping ground for the rest of the country’s toxic waste, and they have warned of potential damage to the water supply as a result of the facility. But Dolgener says he is confident that the facility won’t have negative effects on the environment. And, he says, getting involved in the project is fitting for the county. “We’re into energy,” Dolgener says, whether it’s producing it or disposing of its byproducts. **G**

E-mail rholeywell@governing.com

We Don’t Need No Education

Must superintendents have experience in the classroom?



Cathie Black,
former New York
City schools
superintendent
and former pub-
lishing executive

What do former New York City Superintendent Cathie Black and Aurora, Colo., Superintendent John Barry have in common? They both lack the licenses that most states require of superintendents. They also represent a growing trend of school districts being run by people without any previous classroom experience.

It’s a trend with high-profile hits as well as misses. Barry, a retired U.S. Air Force general, was named superintendent of the year by the Colorado Association of School Executives for turning around an underperforming school district. New York’s Black, a former publishing executive, resigned in April after a brief three-month tenure marked by complaints from parents, teachers and officials that she was unqualified and unable to understand fundamental education issues.

Almost all states except Colorado, North Carolina and Utah technically require superintendents to have not only licenses but also degrees and experience in education. But that’s changing. At least 10 states, including Arizona, Louisiana and Michigan, have enacted legislation in the past decade making it easier for people with little or no education experience to become principals or superintendents. Additionally, more than a dozen states, including New York, offer alternative pathways to certification or waivers for superintendent requirements.

In Oregon, a bill passed this year by the state House would remove the license requirement for superintendents—allowing them to instead complete a training program once in office. According to the bill’s sponsor, Rep. Julie Parrish, the majority of a superintendent’s job doesn’t tap into one’s knowledge of education but instead focuses on things like labor negotiations, public relations and finance. “Some of our school districts have bigger budgets than most of our corporations have,” she says. “Why would I have a shop teacher do that job?”

But Becca Uherbelau of the Oregon Education Association, the state’s largest teachers union, notes that districts are increasingly looking to superintendents for guidance on instruction and curriculum: “It just makes good sense that the leader of the school district would have a background in effective instructional practices.”

Nevertheless, there’s been an uptick in the popularity of organizations that provide training for school leaders who lack a background in the classroom. The Broad Superintendents Academy, which trained Colorado’s Barry, has seen a marked increase in applications since it opened in 2002, says Broad Center Executive Director Becca Bracy Knight. Removing the license requirement for superintendents “doesn’t mean that anyone of any background can run a school district,” Knight says. What it means, she believes, is that “you should cast a wide net in order to find the very best people who can.” **G**

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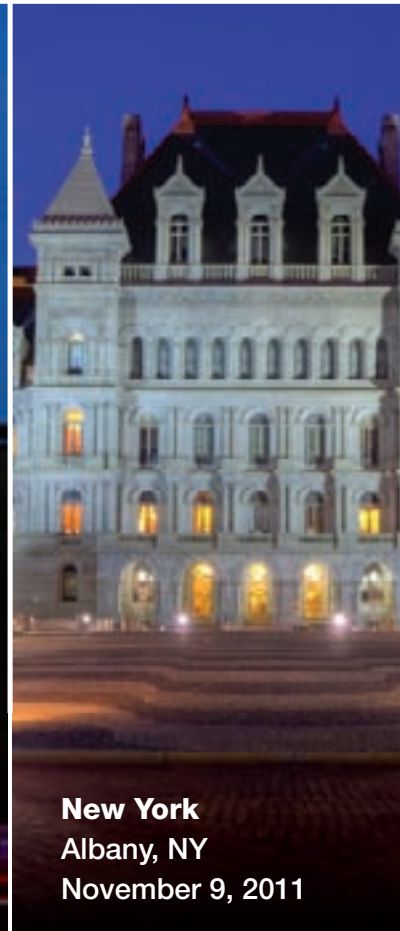
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Urban Revival

Cities, not the feds, need to take the lead in fixing the economy.

My wife and I just returned from almost three weeks in Italy, a trip we had wanted to take for a long time. A lot of scenes compete as my favorites, but my true “aha moment” was more subtle. It was during a visit to the Galileo Museum in Florence, when what I had read in my history books so many decades ago finally sunk in. Leonardo da Vinci, Galileo, Michelangelo, Botticelli and all the other famous artists, musicians, engineers and scientists—most of whom lived in the same 110-year span of time in Florence—collectively had sparked the Renaissance that led Europe out of the Dark Ages.

That very same collaborative brilliance promoted by the Medici in Florence is today created and promoted by cities, according to a new book. “The artistic innovations of Florence were glorious side effects of urban concentration; the city’s wealth came from more prosaic pursuits: banking and cloth-making,” writes Edward Glaeser in *Triumph of the City* [see *Looking Up*, page 52]. These days, in the same way, “Bangalore, New York and London all depend on their ability to innovate.”

Glaeser is an economist, director of Harvard University’s Taubman Center for State and Local Government and a free-market conservative. His book presents economic and demographic data that is poignant and easy to digest. Some facts: Workers who live in U.S. metropolitan areas with large cities earn 30 percent more than those who don’t, largely because they are so much more productive.

“There is a near-perfect correlation between urbanization and prosperity across nations,” he points out. “On average, as a share of a country’s population that is urban rises by 10 percent, the country’s per capita output increases by 30 percent. Per capita incomes are almost four times higher in those countries where a majority of people live in cities than where a majority of people live in rural areas.”

The Great Recession will be challenging for cities, yet he argues that “our urban future looks bright. Even the Great Depression failed to dim big-city lights. The enduring strength of our cities reflects the profoundly social nature of humanity.”

Glaeser is right about that. Until the U.S. economy collapsed three years ago, an urban revival was well under way. It was uneven and complex, for sure, but it was happening in most cities in every region. Yet the current news from many of our urban areas is dismal: layoffs, salary cuts, sale-leasebacks of public structures, down-and-dirty fights with public employee unions, dwindling stimulus funding and slashes in state aid.

With Washington paralyzed by its overhanging debt and states facing structural deficits (despite their recent revenue bounce), the pressure is on local governments. Cities, counties and



Detail from Ambrogio Lorenzetti’s *Allegory of Good Government in the City*, painted in 1338

There is a very clever name for this phenomenon: the “Medici Effect,” which is described in a book published five years ago by Frans Johansson. “When you step into an intersection of fields, disciplines or cultures,” he wrote, “you can combine existing concepts into a large number of extraordinary new ideas.”

That’s what happened in Florence in the mid-15th to mid-16th centuries. The banking and merchant family, the Medici, largely underwrote the Renaissance, much like the Carnegies, Mellons and Rockefellers did centuries later in the U.S. during the Industrial Revolution.

regions must raise more revenue or make significant structural changes to reduce costs, or both.

It can be done. I write this from Benzie County in northern Michigan, a rural county in what usually is described as the nation's basket-case state. Voters here just approved two millage increases to continue the Benzie Bus service (three-to-one approval) and to boost the budget for two libraries (more than two-to-one). It reinforces my feeling that if voters know what budget increases are for, they are far likelier to approve the funding. What needs more discussion is why the county, the state's smallest in land area, has 12 townships and seven town governments. Including the county itself, that's 20 governments for 16,000 citizens, with plenty of overlapping services.

The chief advantage local governments have in sorting out possible solutions is that their politics tend to be less ideological and partisan and more pragmatic. That brings to mind yet another recently published book worth perusing, this one by Rick Baker, the two-term mayor of St. Petersburg, Fla., and a winner of *Governing's* 2008 Public Official of the Year award. *The Seamless City: A Conservative Mayor's Approach to Urban Revitalization That Can Work Anywhere* is a recounting of how Baker achieved such success, not only in improving public services and energizing the economy, but particularly in healing racial and economic rifts. He was re-elected in 2005 by a landslide, winning 90 percent of the vote in the core precincts of Midtown, where most voters are African-American (Baker is white) and where riots took place a decade earlier.

Baker is not so much a conservative as a pragmatic, determined, businesslike leader. We've had a bunch of them in cities of all sizes in the past couple of decades, and we still do. As a group, they stand out as our most impressive political leaders, which is good because that's the most important ingredient in continuing the revival of urban America. **G**

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Cutting Washington's Red Tape

Dealing with D.C. could get easier for states and localities.

Navigating federal bureaucracy can be a major headache for states and localities. But that could soon improve, thanks to a new initiative in Washington to cut red tape and offer greater flexibility to state and local governments administering federal programs. In an effort to help governments reduce their costs, the Office of Management and Budget (OMB) has told agencies to quickly find ways to make it easier for states and localities to deal with the federal system.

The effort, launched in February and further clarified in an April OMB memo, puts a special emphasis on eliminating duplicative reporting requirements—a common complaint among state and local leaders. Being required to submit the same information again and again to secure funding from similar but distinct programs can waste precious personnel and other resources. That can be a huge problem at a time when states and cities are already cutting back. “For the fiscal climate we’re in, the need has come about [to] be more efficient and bring down the costs,” says Stephanie Spierer, a lobbyist with the National League of Cities.

Agencies have also been told to find ways to simplify the process of applying for federal programs, possibly by creating unified applications for multiple programs.

“The goal is not ‘flexibility for flexibility’s sake,’” the OMB wrote in the April memo. “It is to provide flexibility when it will enable state and local governments to focus more attention and resources on efforts that will improve outcomes.” Federal agencies must report on their progress as well as recommendations for future improvements by Aug. 29.

It’s an aggressive plan, says David Quam, who leads the National Governors Association’s Federal Relations Office. “The scope of this is a bit daunting. It’s all agencies, all regulations, all at the same time.”

Still, Quam says he’s optimistic the OMB effort can produce results—but only by getting extensive, ongoing feedback from state and local leaders. “If this is just rushed forward and ended without looking for outcomes, it will be [just] another exercise,” Quam says. “If, however, this is about really opening those lines of communication and continuing them, then you have something that can be longer lasting and meaningful.”

The push from the OMB is only the latest in a series of steps the White House has taken to increase agency efficiency, including an executive order in January calling for federal agencies to analyze their rules and regulations from a cost-benefit perspective. But the overall effort to cut red tape won’t result in what many Republican governors would consider the best way the federal government can give flexibility to states: a Medicaid block grant.

In March, the administration announced steps states can take to obtain waivers that would allow them to implement health reform in a way that differs from the federal law—so long as it is just as comprehensive. But there’s a limit to how much flexibility President Obama’s willing to offer when it comes to health care: “I am not open to refighting the battles of the last two years.” **G**

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Trimming City Fat

A town in Massachusetts puts healthy choices at the heart of its planning efforts.

When nearly half of your elementary school student population is either overweight or at risk of becoming obese, you have a serious problem. In 2002, a Tufts University study found that 46 percent of first- through third-graders in the Boston suburb of Somerville, a working-class city of 75,000, were at risk of becoming or were obese, a chronic illness that can lead to diabetes and heart disease.

Rather than try to mandate certain behavioral changes, a group of community leaders decided to motivate change by creating a citywide campaign to slow down and reverse the weight epidemic. The result: Shape Up Somerville, a program funded by the Centers for Disease Control and Prevention.

This year, the John F. Kennedy School of Government picked Shape Up Somerville as one of the Top 25 programs in its Innovations in American Government Awards.

Since the program began, a number of cities nationwide have followed suit, with Somerville helping to get their citywide programs off the ground. The keys to success, according to city officials, lay in a handful of principles:

Challenge people rather than create a public mandate.

“You can’t accomplish what we’ve accomplished, and what we will accomplish, simply by mandating that trans fats can’t be served in restaurants—or any other promulgation of health policy, rules or regulations,” Curtatone says. “You have to motivate people’s hearts and minds.”

Involve constituents to gain buy-in. According to Program Coordinator Nicole Riales, community members and partners assist in molding the work the team does. “Once the community’s engaged and helps shape the policy, behavior follows,” she says. The initiative has a steering committee of about 40 to 45 organizational members who contribute to the city’s 20-year master planning process.

Take a community-based and environmental approach. People tackle the health issue from different perspectives, according to Riales. Some people view it as a quality of life issue, while others see a sustainable and cleaner environment as key to a healthier community and local economy. “That’s why we have such broad support,” she says, “because the work we do stretches across all different sectors, paradigms and values.”

Create solid partnerships. The Somerville project consists of more than 40 stakeholders, including government agencies, social services agencies, academia and the business community. “We have economic development partners as well because of the intersections between supporting our local economies, local food economies, walkability,” says Program Director Jaime Corliss.

Rooting out failed policies isn’t easy. Shape Up Somerville affects every policy decision in the city, such as how street networks are developed, potential alternate forms of transportation, and land use and planning. “Anything and everything we do, all these policies have a consequence on our quality of life, which is why we bridge it across our entire life,” he says. “Obesity is not the problem. It’s a consequence of a collision of failed policies over time.” **G**



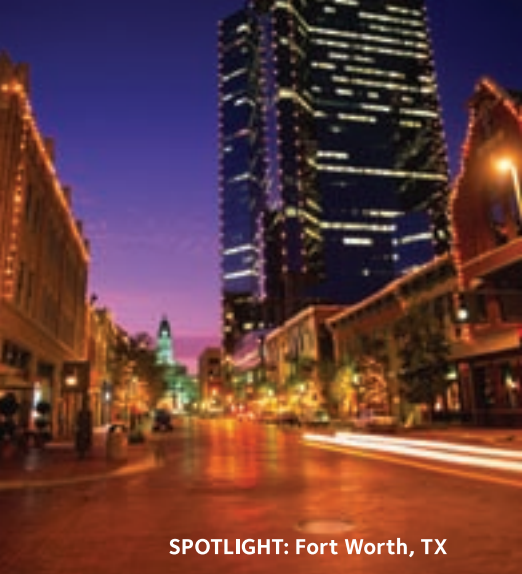
As part of an integrated planning effort to encourage healthy living, Somerville, Mass., created community gardens.

Under the program, the city replaced fatty foods and sweets in the school lunch program with more healthy choices, added bike lanes for more exercise, encouraged local restaurants to offer more healthful foods on menus and promoted community gardens.

“We saw this as an opportunity to improve people’s quality of life,” says Somerville Mayor Joseph Curtatone. “If we can improve their wellness and make this a healthy place to live, to work, to play, we’re going to be a more productive community, and people will want to invest and locate their businesses here.”

After a year, positive results were apparent: Schoolchildren gained 15 percent less weight than the peer average, and twice as many people were riding bikes than in the past, according to *USA Today*, which profiled the program in 2009.

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SPOTLIGHT: Fort Worth, TX

Population: 736,200

Rank: 17th-largest city in the U.S.

Known for: Western heritage; Top 10 U.S. Art Cities; A safe place to live and work

Slogan: Fort Worth – City of Cowboys and Culture

Nickname: “Cowtown”

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Mike Moncrief
Mayor, City of Fort Worth

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SPOTLIGHT: Santa Clarita, CA

Population: 177,641

Rank: 4th-largest city in Los Angeles County

Known for: First authenticated discovery of gold in California; Popular location for major films and TV series; FBI-ranked as one of the nation’s safest cities

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Marsha McLean
Mayor, City of Santa Clarita

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THINK GREEN®

Goodbye, Yellow Pages

San Francisco bans the phone book.

Back in May, Janan New, executive director of the San Francisco Apartment Association, told NPR, “If the tenants don’t pick them up, the books collect down there in the lobby, which creates ... not only a garbage hazard but a fire hazard. And there’s no reliance on either the owner or the resident manager to pick all of that up and recycle it.”

New was talking about the Yellow Pages, that stalwart of the landline era when looking up a commercial phone number meant flipping through page after goldenrod page, squinting at lines of six-point type to find the right listing. Today, it’s not easy being yellow in an era of green: Critics of the Yellow Pages say they’re wasteful, bad for the environment and about as useful as a mimeograph or card catalog.

And the more the books go unused, the more they pile up in apartment hallways, landfills and recycling centers. Last year alone, San Francisco received about 1.6 million Yellow Pages books for only 800,000 residents, creating nearly 7 million pounds of waste.

So in May, San Francisco banned the books. In a 9-1 vote, the city’s Board of Supervisors approved an ordinance to create a three-year pilot program limiting delivery only to customers who are at home to physically accept them or who give prior approval by phone, mail or sticky note. (San Francisco Mayor Ed Lee signed it into law just two weeks later, making it the first city in the country to ban what some have called a glorified doorstep.)

“The overdistribution of telephone directories results in an unconscionable waste of natural resources and costs the city over \$1 million every year to process through our refuse

system,” said Melanie Nutter, director of the San Francisco Department of the Environment, in a statement.

Of course, publishers of the phone books took issue. The ban will “put hundreds of San Francisco residents out of work, restrict small businesses’ ability to reach customers and disenfranchise seniors, as well as Hispanic, Chinese and LGBT [lesbian, gay, bisexual and transgender] communities,” according to the Local Search Association, a trade organization of print, digital, mobile and social media publishers. For that reason, the ban’s lone dissenter, Supervisor Sean Elsbernd, argued that an “opt-out system” would be a more even-handed approach.

San Francisco’s not the only place looking a little less yellow these days. In October, Seattle passed an ordinance allowing people to place themselves on an opt-out list for receiving the Yellow Pages. The city councilman behind the measure, Mike O’Brien, said Seattle spent about \$350,000 a year disposing of unwanted books. Many other efforts nationwide are aimed at saving money by cutting down on paper waste. In addition to Seattle’s ordinance, a California-based nonprofit, Catalog Choice, has recruited five localities across the country to encourage their residents to opt out of receiving any unwanted junk mail.

Yellow Pages will almost certainly pull out of the market in San Francisco now, and perhaps eventually Seattle too. After all, who’s going to pay to list their business in the Yellow Pages if there’s no one left to let their fingers do the walking? **G**

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Tax Credit or Tax Cut?

Polarized politics complicate the role of business tax credits.

When California Gov. Jerry Brown released his proposed budget in January—the one that would have erased a \$25 billion budget deficit half through cuts and half through taxes—one of the programs he proposed eliminating was the state’s version of enterprise zones.

Nobody was surprised. Enterprise zones were a hot Reagan-era idea, essentially providing businesses located in low-income neighborhoods with tax cred-

its for creating jobs. The idea, however, had gone cold in recent years. In California, zones made a difference in a few locations, but a 2009 report from the Public Policy Institute of California (PPIC) found that enterprise zones had no statistically significant effect on job creation. Among other things, the benefit of a California income tax credit is small compared to the possible benefit of a federal income tax credit, which of course doesn’t exist.

For another, the governor might have wanted to send a message that he was serious about job creation.

But there may have been another reason: Brown clearly wanted to keep open the option of negotiating for a balanced budget, and some Republicans had made noise publicly that eliminating the enterprise zones tax credits was a “tax increase.” They also said the available tax credit helped make California more competitive with surrounding states.

California’s enterprise zones debate is indicative of how polarized the overall discussion on taxes and economic development has become in states throughout the country. It’s common practice to provide tax breaks in hopes of keeping or attracting businesses. But is a tax credit or tax abatement a tax “cut”? And if the credit or abatement is eliminated, is that a tax “increase”?

Many Republicans would say it is a tax increase. And therein lies the basic problem with the current debate: Political rhetoric has come down to being for or against taxes, broadly defined. There is little discussion about what motivates businesses to relocate or stay put, whether the tax credits actually work and whether eliminating the tax credits would harm the business climate.

Even in a blue state like California, this puts Democrats in a box. In a down

“ The recent debate about enterprise zones shows how much the political rhetoric about taxes and economic development has changed since Reagan’s time.

Yet when Brown released the “May revise” of the budget—a long-standing tradition in California—the enterprise zones program had been restored. The only difference was a proposed change requiring employers to document that they actually created jobs using the tax credit rather than simply employed people. It is hard to know the precise political reasons why enterprise zones were back in the budget. For one thing, with \$6 billion in additional revenue, the state required fewer cuts.



When Gov. Jerry Brown proposed cutting an ineffective tax credit, state Republicans called the proposal a tax hike.

FLICKR/CHAD BEN-YOSEPH



economy, nobody wants to be against jobs. So Democrats often respond within the same narrow political context, arguing that their tax credits are better than Republican tax credits.

Yet facts matter. Yes, California has a high income and sales tax burden compared to surrounding states, many of which have no income tax. However, because of California's Proposition 13, property tax burdens are low, especially for longtime business landowners. Yes, California has a tough regulatory climate. But taxes and regulation rarely top the list as the most important factors in business location. They affect some business sectors even less than others. (Some blue-collar industries are more concerned with, say, air quality regulation.)

While other researchers have disputed the PPIC's disappointing findings on tax credits, the research on incentives such as tax credits in general is decidedly mixed. Maybe they encourage job creation; maybe they don't. Perhaps more to the point, sometimes they do and sometimes they don't. And then, of course, there's the actual cost of the tax credit or tax abatement. Sometimes tax incentives can add up to \$50,000 or even \$100,000 per job. Is that worth it to the taxpayers?

More than anything, the recent debate about enterprise zones shows how much the political rhetoric about taxes and economic development has changed since Reagan's time. Democrats used to advocate for targeted tax credits, while Republicans simply argued for lower taxes and less regulation, suggesting that tax credits were the wrong approach.

But when a Democratic governor proposed killing a tax credit, Republicans squawked, saying that was actually a tax increase. In other words, the debate is no longer about tax credits for some vs. lower taxes for all. Now it's all mushed together. Lower taxes for some—i.e., a tax credit—is considered in and of itself a good, no matter whether that benefits everybody or not. No wonder California can't pass a budget. **G**

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Manufacturing Returns to the City

Smaller, specialized firms set up downtown.

They were once common sights in many American cities: Sprawling brick factories, packed warehouses, busy railyards and bustling waterfront docks—all part of the large-scale manufacturing sector that dominated the economy for much of the 20th century. Today, most of the old-time manufacturers have left urban centers for the suburbs and foreign shores. But a post-industrial city doesn't equal a post-manufacturing city. Think of the fashion and apparel businesses in New York City, the biotech firms in Boston, and the food and beverage industry in Los Angeles.

What these urban manufacturing sectors have in common is that they are decentralized networks of small, specialized firms. In 2007, one-third of these 50,000-plus manufacturing firms that employ fewer than 20 people were located in the nation's 10 largest cities, according to a report published by the Brookings Institution, Urban Institute and Harvard and New York universities.

While much of this sort of manufacturing is hidden from plain sight, it makes up a growing portion of America's manufacturing economy. It represents the 21st-century form of production, according to the report, *The Federal Role in Supporting Urban Manufacturing*. Today's manufacturing is "supple, peer-to-peer networks, rather than large, vertically multi-tiered entities."

Not surprisingly, cities want to attract these modest-sized companies, known as small urban manufacturers, or SUMs. They like the high median wages they pay their skilled workers, the relatively green processes they use, their proximity to existing infrastructure and their dynamic customer base.

Of course, not all cities have benefited from SUMs. Cleveland, Detroit and St. Louis, for example, have lost their industrial prowess, and have made little headway with this new form of manufacturing, often because they lack a workforce with the appropriate skills, access to capital and adequate infrastructure. To help these and other cities grow SUMs, local and state governments have patched together a variety of tools and strategies, including land-use planning, financing, workforce development, access to green resources and export assistance.

But the missing equation is a coordinated federal policy for boosting the urban manufacturing sector. One key federal agency is the U.S. Department of Housing and Urban Development (HUD). "They recognize the paradigm has shifted as far as urban development and manufacturing is concerned," says Nisha Mistry, co-author of the report and an independent consultant. "But HUD needs to be involved in a more concrete way and think more broadly."

What HUD and other federal agencies and policymakers need to do is rethink urban programs and economic development policies to include this new type of manufacturer. Current policies and programs are not designed to address the special challenges SUMs face. In many instances, they create barriers to this new industry.

"We're not proposing a rewrite of the budget or huge set-asides," adds Mistry, but federal policies need to support localities looking to attract urban manufacturing. **G**



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Governors and mayors say their workers are demanding unsustainable benefits. Union rebuttals are not turning the tide.

By Alan Greenblatt



PUBLIC DISUNION

Being a cop, George Beattie doesn't use loaded expressions lightly. But when he considers the terms San Jose Mayor Chuck Reed is dictating to city workers, the president of the San Jose Police Officers Association can't help himself. "He's basically putting a gun to our head," Beattie says. "He is saying either do what we say, or this is what is going to happen."

San Jose has suffered 10 straight years of budget shortfalls. It will certainly face another one in the new fiscal year just getting under way. Like so many other cities, San Jose is looking at retirement health and pension costs that are set to grow at a rate that threatens to swallow enormous chunks of the municipal budget.

That's why Reed has just declared a state of "fiscal emergency." He has put forward a proposal that would raise the retirement age for city workers, abolish cash payments for sick leave and recalculate how pension benefits are accrued. Because the plan changes retirement rules for both current workers and new hires, it's certain to be challenged in court—that is, if it passes muster with voters first.

Beattie claims to be certain of the outcome. "If he puts this on the ballot, and he will," the police officer says, "there's not a doubt in my mind that people will vote this in."

Reed's proposal may be onerous for city workers, but it's not really so different from what state and local employees are seeing all over the country. Due to budget constraints over the past three years, hiring and wage freezes have become common while unpaid furlough days are now nearly *de rigueur*. More than 300,000 state and local workers have lost their jobs in the past two years. This year, they may be joined by 450,000 more.

On top of all this, elected officials in states such as Wisconsin and Ohio have directly challenged the ability of their workers to have a say in how budget cuts will affect them—by trying to strip them of their collective bargaining rights. All in all, this set of circumstances represents the biggest challenge public-employee unions have ever faced.

If the stakes were not high enough already, union leaders in the public sector are attempting to raise them even higher. The current circumstances, they say, represent a challenge to their workers—and, indeed, to government programs in general. They also consider themselves to be on the front lines of a broader battle between corporations and the wealthiest Americans on one side, with union members and middle-class workers on the other. "This is a bigger fight than just public-sector unions," says Lee Saunders, secretary-treasurer of the American Federation of State, County and Municipal Employees (AFSCME). "It's a fight about the direction of the country."

State and local retirement accounts might be more than \$1 trillion in the red, but union leaders such as Saunders say it's unfair to blame government workers when legislatures failed to make scheduled payments to pension funds over the years. Better to blame Wall Street, they say, for racking up



"It's a political fight and it's about power," says Lee Saunders of AFSCME. "Folks want to take us out of the picture."

record profits even as large-scale investment losses have blown a hole through pension accounts. "Public employees are being blamed for problems they never caused in the first place," says Randi Weingarten, president of the American Federation of Teachers (AFT), who, like Saunders, says Wall Street bears greater responsibility. "There's a very coordinated, mean-spirited strategy to use a budget problem to try to divest ordinary people of any voice in the electorate or the workplace."

It's true that the Republican leaders who have sought to strip unions of their bargaining power are working hand-in-glove with advocacy groups that have deep backing from business interests, such as Americans for Prosperity and the Club for Growth. Those groups have not only argued that public-sector pension plans are



DAVID KIDD

too generous to be sustainable, but have also sought to portray government-employee unions as recalcitrant for trying to hold onto such benefits. “The other side has been very successful with divide and conquer—look at the greedy unions, look at what they’re getting and you’re not,” says Stephen Madarasz, a union official in New York state. “Nobody should ignore the fact that corporate America is in many cases trying to undermine the middle class.”

Union leaders like to point to polls showing that most of the public supports collective bargaining rights for government workers. They also note that approval ratings for anti-union governors such as Scott Walker of Wisconsin, John Kasich of Ohio and Rick Scott of Florida have fallen into “buyer’s remorse” territory. “They’re really overreaching,” says AFSCME’s Saunders. “I believe the majority of Americans are recognizing that.”

A key test of that belief will be the July 12 recall elections of several Wisconsin senators who helped push through Walker’s



FLICKR/MARISSEY



FLICKR/MARISSEY

AFT President Randi Weingarten (top) has grown more confident that political backlash against governors like Wisconsin’s Scott Walker will help unions prevail.

plan to strip most unions of collective bargaining power. Union leaders also have taken heart from the results of a May special election in upstate New York, where a normally Republican district was captured by a Democrat who railed against the congressional GOP’s plan to turn Medicare into a voucher program. That election spoke to the “whole notion” of pensions, Weingarten says. “People in America get that Medicare is one of the only retirement security programs they’ve got,” she says. “They don’t want it touched.”

At the same time, however, plenty of polls suggest that most of the public sees the kinds of benefits that government workers get—and private-sector workers often don’t—as rich and unaffordable. The unions are right to see that they are in a political fight against enemies with an agenda beyond shoring up budgets. But that doesn’t mean they’re bound to win. Polls indicate that support for public-sector unions is at an all-time low.

“The body blows the unions are suffering now in states like Wisconsin can be overcome if unions are able to get their base out, change the narrative somehow and defeat their political enemies in 2012,” says Richard Kearney, a professor of public administration at North Carolina State University. But he notes that there has

been a strong conservative tide in recent state elections. “They’re facing long odds, because there is this toxic combination of business and Republicans working against them.”

It’s not just Republicans who are demanding that unions change with the times. Democrats such as Govs. Dannel Malloy of Connecticut and Andrew Cuomo of New York are demanding that unions give up billions of dollars in concessions or face workers being laid off by the thousands. “Government can’t blame the unions in total,” says Patrick O’Connor, a Chicago alderman. “Government is what put the benefits in place. But I don’t think anybody who looks at pension plans thinks they can be funded at the levels they’re at.”

For decades, public-employee unions have been able to associate themselves and their members with the services that the public enjoys. They’ve framed any cuts to their wages and benefits as an attack on the teachers of our children, the hospital workers who tend the sick, and the police and firefighters who save our lives. “The unions did control the narrative,” Kearney says. “They had public buy-in.”

But that kind of argument is harder to sustain when government programs are being cut across the board. Politicians make the case that by cutting worker salaries and benefits, they’re not weakening public services but trying to protect them. If they don’t cut worker benefits, they say, they’ll have to close more pools and libraries and let the roads remain rutted with potholes. “If you’re a local taxpayer,” says Geoffrey Beckwith, executive director of the Massachusetts Municipal Association, “and 20 cents of your property tax dollar goes to pay for benefits that are richer than you get, and that’s going to rise to 25 cents, then the public at some point is going to have a reac-

tion that actually would do much more damage overall to the public-sector workforce.”

Both chambers of the Massachusetts Legislature—which are both overwhelmingly Democratic—recently voted to block collective bargaining rights over health-care plans at the local government level. The change was meant to address skyrocketing costs for towns and cities. Union leaders in the state said they were disappointed their nominal friends in the Legislature would make such a move. Future electoral backing would be predicated on how they came down on the measure, the unions warned, calling it an attack not only on their rights but also on the middle class itself. “You are either on the side of collective bargaining for the workers who have been willing to compromise on this issue, or you are against those collective bargaining rights and want to reward intractable, uncompromising management advocates,” Robert J. Haynes, the president of the Massachusetts AFL-CIO, wrote to legislators.

But the problem, Beckwith argues, is that the unions had been unwilling to compromise. Until now, they held veto authority over health plans offered by local governments and seldom had been willing to brook change, even at the threat of layoffs. The Massachusetts legislation would

give cities and towns the ability to alter health plans, but they would have to remain at least as generous as those offered to state government workers in terms of co-pays and deductibles.

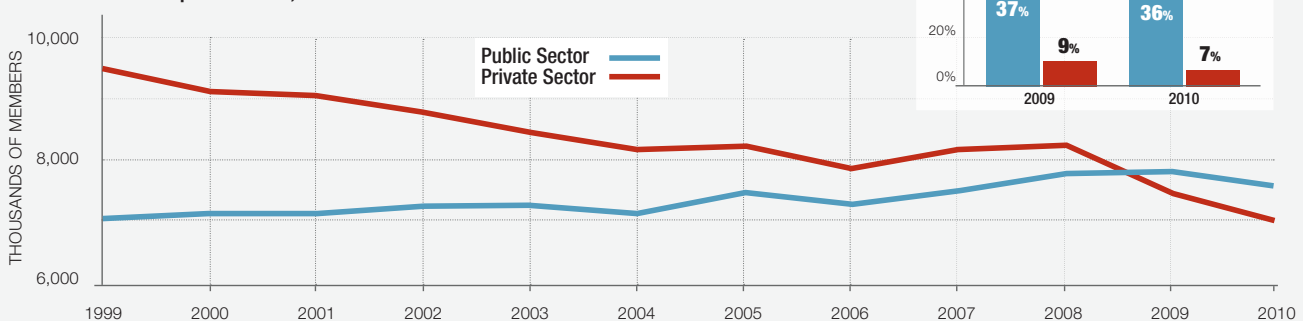
Massachusetts unions were trying to ride a wave of sympathy that carried all the way east from Wisconsin. Union leaders in Wisconsin, as elsewhere, have argued that there shouldn’t be a “race to the bottom” in terms of benefits. But the reality is that 80 percent of workers in the private sector do not have defined-benefit pension plans, and fewer and fewer of them are getting

“This is a bigger fight than just public-sector unions. It’s a fight about the direction of the country.”

Public-Sector Unions Hold Steady

Membership in public-employee unions grew slightly over the past decade while private-sector unions declined by about a fourth. The proportion of public employees belonging to a union changed little during that period, while the percentage of unionized private-sector employees fell sharply.

Union Membership in the U.S., 1999-2010



SHERRY TESLER

SOURCE: CQ RESEARCHER/UNIONSTATS.COM



health insurance coverage through employers. There may be limits as to how much traction public-sector unions can get with a solidarity argument when private-sector workers resent their members' benefit levels. "This is one of the major risks that union leaders are taking, by not recognizing that these are new times," Beckwith says. "When society overall sees a change, it's unsustainable for one segment to try to remain as an island."

"However you define unsustainable, it's unsustainable," San Jose Mayor Reed says of efforts to shore up retirement benefits.

Union officials and their allies note that people working in government aren't getting rich. Benefits have gone up but wages haven't, says David Madland, director of the American Worker Project at the Center for American Progress. This means public-sector worker compensation has declined as a share of state costs over the past 20 years. The average defined-benefit pension pays out less than \$25,000 a year, according to AFSCME. "Public-sector unions are being scapegoated for budget problems that were mostly not of their making," Madland says. [For more on public payrolls, see *The Firing Line*, page 62.]

The whole idea of collective bargaining, after all, is to come up with ideas that both labor and management can live with. Union leaders complain that government officials are being high-handed when they come to the table demanding that workers either accept large-scale layoffs or serious givebacks. In New York state, for instance, Cuomo has warned his unions that if they don't come up with \$450 million worth of cuts, he'll have to lay off 1,900 workers. It doesn't have to be "an either/or," says Madarasz, who is the director of communications for the Civil Service Employees Association in New York, AFSCME's largest chapter. "If both sides are approaching things in good faith," Madarasz says, "there are a thousand solutions you can come up with."

The problem, say both critics of the unions and plenty of their friends, is that for too long public-employee unions have resisted accepting the sort of changes that would help stave off financial disaster. Many mayors and governors will tell you that some of their unions "get it" and recognize that the times call for a

fundamental restructuring of public employee contracts. But others have sought to preserve wage levels and benefits that were hard-won over the decades, even as the financial terrain changed and made them both fiscally and politically unsustainable.

It's difficult for union leaders to come back to their membership with packages that represent no increase in pay—or actual cuts. Union leaders face the prospect of their members not only rejecting austere contract agreements, but ousting them as well. And laid-off workers, however much they are missed, will not vote in the next union election.

In San Jose, Mayor Reed is warning that he will have to lay off two-thirds of the city's workforce if he can't achieve significant savings in retirement benefit costs. What consumed \$65 million of the city's budget a decade ago already accounts for \$250 million and half the city's budget shortfall. Retirement costs could rise to as much as \$650 million annually over the next few years, Reed says.

In Reed's mind, it's simply a math problem. Last year, he convinced six of the city's 11 unions, representing about a quarter of its workforce, to accept a 10 percent salary cut for employees. But even if the police and firefighters accept that kind of cut again, he says, it will only represent half the amount that pension and retirement benefit costs have increased. "We are draining money out of services and pouring them into retirement benefits," Reed says. "However you define unsustainable, it's unsustainable."

The mayor is convinced the public will be with him. San Jose voters and taxpayers think it's reasonable, he says, to raise the retirement age, over 20 years, to 65 for most government workers and to 60 for those in public safety. Some of the unions are betting he's wrong, rallying against his fiscal emergency proposal and even importing a pro-union state senator from Wisconsin to raise the argument that Reed's plan represents an attack not only on city workers, but on the broader middle class.



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Beattie, the president of San Jose's police union, is nervous that that kind of strategy won't carry the day. The San Jose Police Officers Association has hired its own auditors and forensic accountants to examine the city's books. He knows the problem is real, but he blames Reed for not giving serious weight to a pension reform proposal that the police union has come up with that would save the city \$100 million over the next 15 years.

Beattie can cite plenty of examples of when his union was willing to make concessions on retirement pay formulas, increased health premium contributions and pay cuts. Reed's declaration of a fiscal emergency is "political in nature and has nothing to do with solving the problem." Still, if Reed is willing to break faith and bypass the bargaining process, Beattie thinks the mayor can win. "Right now, we're the haves," he says. "The people without jobs are the have-nots."

Union leaders nationwide are betting that the argument will play out differently. Casting themselves as the have-nots, they hope to prevail over attempts not only to cut their members' wages and benefits, but also to block their basic right to bargain collectively over compensation. "It's a political fight and it's about power," says AFSCME's Saunders. "This is a power grab, and folks want to take us out of the picture so we will be silent and they can do what they want to do."

Whether or not the charges are fair, it's clear that unions are going to have to respond to the argument that government employment grants benefits that are out of line with what's offered to workers in the private sector and unaffordable in the current budget environment. Weingarten, the AFT president, says public-sector unions are in for a "big fight," but she says she's grown more confident that they'll prevail

since the political backlash against governors such as Wisconsin's Walker and Ohio's Kasich has set in.

Public employees in every state would have won mandated collective bargaining rights under the federal Public Safety Employer-Employee Cooperation Act, which came close to passage in 2008. But that bill's chances ended with the death of its sponsor, Sen. Edward M. Kennedy of Massachusetts, and the Democrats' loss of their House majority in 2010. Instead, public-employee unions are watching collective bargaining rights being chipped away, not only in the high-profile fights in the Great Lakes region, but also in other states such as Nebraska and Tennessee.

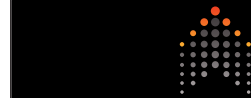
Unions may be able to turn the tide through their political efforts,

with many of them, such as the International Association of Fire Fighters, shifting attention and resources away from federal campaigns and toward state contests in 2012. There are now more unionized workers in state and local government than in the private sector, but it's hard to see how they can grow either in number or strength over the coming years. "Right now, we're going to see a race between the potential impact of these policies, which will dramatically weaken union power in these states," says David Madland, the American Worker Project director, or "whether, before these policies actually kick into effect, unions can build on public support for their basic positions."

"It's sort of even odds" as to the question of whether public-sector unions will be significantly weakened over the next several years, says Rick Kearney, the North Carolina State political scientist. "People are saying it's an existential threat, and it is, if the unions can't adjust course here. They have to adapt, and they have not, as we now see they should." **G**

"Public employees are being blamed for problems they never caused in the first place."

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By Jonathan Walters

RETIR

States are putting limits on their pension plans and retiree benefits.

MICHAEL P. KING/WISCONSIN STATE JOURNAL



Wisconsin's collective bargaining bill called for increased pension contributions from employees.



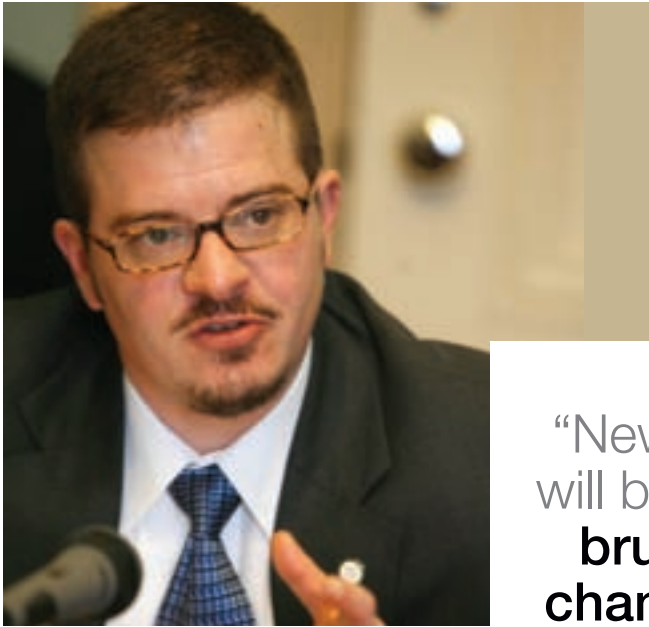
When it comes to the fiscal health of public employee pension systems, “bending the curve” sums up what went down at the 2011 legislative sessions. Public employees gave ground, but—with one notable exception—that ground did not represent any major concessions.

While a lot of legislators considered the laws they passed pension reform, “reform” is probably too strong a word for the vast majority of legislation. Mostly it was tweaking—although arguably important tweaking—that included a broad push to increase incrementally the amount of money employees are obligated to contribute to their retirement accounts, as well as changes in vesting and length of service rules.

States also looked at “anti-spiking” measures. That is, they focused on revising how end-of-service salaries are calculated in order to prevent public employees from purposely jacking up final salary numbers in the last few years of service—thus inflating their retirement checks.

But the anti-spiking measures were probably as much about the current anti-public employee sentiment filtering through state capitals as it was about fiscal reality. While agreeing that such measures are needed, Elizabeth McNichol,

WRITING EVIDENCE



VSEA Director Jes Kraus negotiated a pension increase that puts the Vermont fund “within striking distance of a pension that is 100 percent funded.”

Still, the increases were, for the most part, spread across the workforce. However, a significant handful of states followed an increasingly familiar pattern when it comes to who bears the brunt of changes in pension contributions and retirement policies: new hires. States from Arizona to New Hampshire ramped up the percentage of salary the newbies will be required to ante up as their share of the pension contribution. They also tightened up vesting and length-of-service calculations.

“New hires will bear the brunt of changes in retirement policies.”

Nobody in organized labor likes to see increases in employee contributions to pensions, but there are places where labor took steps to cooperate. In Vermont, for example, the state treasurer and the Vermont State Employees Association (VSEA) sat down at the beginning of the legislative session and worked out a deal whereby state employees will kick in an extra 1.3 percent of their pay toward their pensions every year for the next five years, after which the salary surcharge will sunset. The deal softened the blow for employees and took pressure off state contributions from the general fund. More important for everyone, it

puts the state, says Jes Kraus, director of the VSEA, “within striking distance of a pension that is 100 percent funded.”

co-author of a Center on Budget and Policy Priorities paper on fixing pension problems, says anti-spiking provisions “are not what’s going to solve the problem. States simply need to make their actuarially required contributions, whether it’s the employer or the employee who pays for that.”

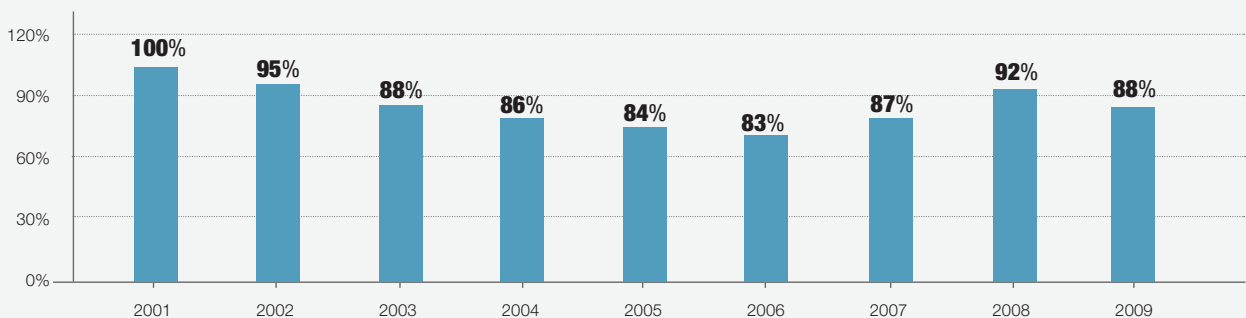
While in most places the additional contribution asked of employees was modest, some union officials argue that, given other administrative and legislative moves that affect workers, increases in employee contributions translate into a pay cut. “While 2 or 3 percent more might not seem like a lot, when you’re in the middle of pay freezes, that money comes right out of employees’ paychecks,” says Steve Kreisberg, head of negotiations for the American Federation of State, County and Municipal Employees (AFSCME).

In some states, the increases in what employees are being asked to contribute haven’t been modest at all. Last year, for example, California public employees saw their required contribution double from 5 to 10 percent.

While most states took incremental steps, Utah passed a radical pension overhaul. The plan gives new employees a choice between a defined-benefit plan or a defined-contribution plan starting in 2011. Under the new arrangement, the state contributes 10 percent of every worker’s salary to a 401(k)-style plan (12 percent for public safety workers). Employees then have the option of kicking more into their account if they want.

The question of defined-contribution (DC) versus defined-benefit (DB) pension plans will likely be the major fight of the

Percent of Actuarially Required Contributions Paid by State and Local Pension Plans



SOURCE: PUBLIC PLANS DATABASE

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Connecticut Gov. Dannel Malloy and union leaders reached a tentative \$1.6 billion agreement in May that includes pension givebacks.

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future. Payouts under the former are decided based on what the employee and employer have contributed over the life of the plan and how an individual employee’s pension investment portfolio has performed. Employees, in other words, take all the performance risk of their investment portfolio. Defined-benefit plans, on the other hand, promise retirees a guaranteed monthly payment depending upon such factors as length of service and annual pay, regardless of pension portfolio performance—including losses from the stock market crash at the beginning of the Great Recession. In this case, employers are liable for investment risk.

The battle lines for the DC versus DB fight are set up along the employer-employee divide. A handful of governors—including Wisconsin’s Scott Walker—are arguing that states shouldn’t be making promises that they might not be able to afford down the road, that locking states and localities into potentially unsustainable obligations over the long run is fiscally imprudent. They say the most prudent approach is to make sure the money is in hand—hence a DC plan.

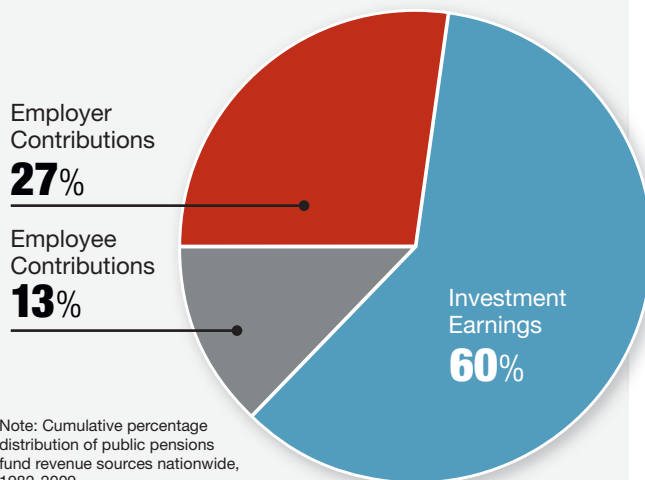
Organized labor sees things differently. Its leaders argue that defined-benefit plans are cheaper to operate and have performed quite well over the long run. Even DC supporters concede that DB plans are less expensive to operate—because funds are pooled.

AFSCME’s Kreisberg contends that defined-benefit plans have served governments well. Even though he wasn’t thrilled with the wide-scale increases in employee contributions enacted by legislatures this year, he argues that the sessions were a “vindication” of defined-benefit systems. “It’s a viable system, and it’s a more flexible system,” Kreisberg says. “What we are seeing is that you can tweak it around the edges and over the long run get your pension fund where it needs to be.” **G**

“What we are seeing is that you can tweak [defined-benefit systems] around the edges.”

Trust Fund Earnings Make Up a Large Share of Public Pension Revenues

State and local pension trust fund sources of revenue:



Note: Cumulative percentage distribution of public pensions fund revenue sources nationwide, 1982-2009.

SOURCE: CENTER ON BUDGET AND POLICY PRIORITIES

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TODAY'S EXPERTISE FOR TOMORROW'S SOLUTIONS

Cops and Docs

How a police chief's battle with cancer inspired a new approach to policing.

By John Buntin

Photographs by Scott Indermaur

Growing up on New York City's Upper East Side, Dean Esserman always knew what he'd be as an adult—a doctor. His father, Paul Esserman, was a beloved primary care provider and a faculty member at New York University's School of Medicine. He was also a physician with a strong sense of social justice. Although the Esserman family was Jewish, summers were spent working in hospitals run by the Catholic Missionary Service in countries such as Ethiopia, China and Guatemala. For young Dean Esserman, these were hands-on experiences. "I was 11 when we moved to Guatemala," he says. "That was the first time I did surgery."

But in college at Dartmouth, Esserman discovered an affinity for a very different profession—policing. Instead of going into a pre-med program, Esserman started interning at the New York City Transit Authority police, the nation's sixth largest police department. He went to law school, worked as a prosecutor and then returned to the transit authority as its general counsel. In the fall of 1991, he went to New Haven, Conn., to run the police department. There, he went through the New Haven police academy and joined the community of sworn police officers. ("A lot more push-ups than law school," he says.) Stints followed as the chief of New York's Metro North police force and as chief of police for Stamford, Conn.



Dean Esserman:
“The first teaching
is the teaching that
goes on inside the
police department,
just like doctors
teaching doctors
inside a hospital.”

In 2003, Providence Mayor David Cicilline asked Esserman to come head the Providence Police Department. (This April, the new mayor, Angel Taveras, reappointed Esserman to the position.) As chief of police, Esserman was a vigorous reformer. He divided the city into nine police districts and devolved power to district commanders, holding them accountable through the CompStat computerized crime-tracking system. He introduced the precepts of community policing to the department, forging connections with community groups and reaching out to other government agencies and nonprofits.

Then, on Oct. 3, 2005, at the age of 48, Esserman was diagnosed with colon cancer.

“Obviously since the days when I’d started doing surgery with my father in Guatemala, I’d been around mortality,” says Esserman. “But it’s different when it’s your own mortality.”

Esserman started radiation and chemotherapy treatment that fall. At first, he prided himself on not missing a day of work. Then, in February 2006, he underwent surgery to remove a tumor at the Miriam Hospital, a teaching hospital affiliated with Brown University’s Alpert Medical School. An infection and a second round of chemotherapy proved exhausting. Esserman lost 45 pounds; he was unable to get out of bed for several weeks. When he could, Esserman took to walking the hospital floors to rebuild strength, chatting with everyone from janitors to nurses to attending physicians along the way.

In the process, Esserman became fascinated by something he thought he’d put behind him—the world of medicine. What interested him most was how “the Miriam,” as a teaching hospital, was organized to help medical students, residents and attending physicians learn. Soon, Esserman was sitting in on case conferences, where physicians talked about how to hand patients from one shift to the next. He even attended the weekly morbidity and mortality conference, where physicians discussed the most complex cases, areas for improvement and cases that had gone wrong.

For most of his adult life, Esserman had viewed his decision to enter the world of public safety as a step away from medicine. But now that he had re-entered the medical world, he noticed similarities between the two professions everywhere he looked.

“Here I am in a teaching hospital,” Esserman recalls thinking. “Maybe I could create a teaching [police] department.”

That’s exactly what he’s set out to do. It’s an intriguingly simple notion: Design a “residency” program for police officers similar to what hospitals require of medical students. But the implications of Esserman’s insight—and his work in Providence to implement it—could forever change the way police departments are structured, says Bernard Melekian, director of the federal Office of Community Oriented Policing Services (COPS). Esserman’s idea, says Melekian, “will revolutionize policing.”

A century and a half ago, both the medical and police professions were disorganized, lacking any real, coherent set of professional standards. In 1838, Boston organized the first paid police department in the United States, modeled on London’s recently created Metropolitan Police Services, also known as the Met. Other American cities quickly followed suit. But while London’s “Bobbies” (named after

the prime minister who created the Met, Sir Robert Peel) quickly won the respect of the British public, American police departments struggled to define themselves as a profession.

In theory, policemen were responsible for a bewildering array of tasks. They apprehended criminals and then prepared the cases against them when they appeared in court. They picked up loose paper on the streets (blowing paper could spook horses), cleared weeds from abandoned lots, enforced foot-and-mouth disease regulations, notified businessmen of upcoming police auctions and enforced licensing requirements. Officers also responded to fires and floods. However, few seemed to apply themselves to their work with much zeal. A 1904 study of the Chicago Police Department found that police officers “spent most of their time not on the streets but in saloons, restaurants, barbershops, bowling alleys, pool halls, and bootblack stands.” The activities of detectives were more suspect still. Operating out of saloons and dives in plainclothes—supposedly in order to better monitor the underworld—it was often difficult to distinguish them from the men they were tasked with policing. Detectives routinely demanded cuts from the pickpockets, pimps, burglars and “bunco” men who operated in their areas, often at the behest of local elected officials who frequently insisted on a cut as well.

This wasn’t altogether surprising. Police jobs were treated as patronage positions by urban machines. Policemen received no training and very little support. After being hired, officers were required to supply themselves with the gear necessary for the job: typically two uniforms, hats, boots, a revolver, a gun belt and cartridges, and handcuffs and a billy club. For this, they were paid about \$75 a month at the turn of the century—less than a milk deliveryman.

At the same time, the medical profession also was struggling. In 1909, the Carnegie Foundation commissioned educator Abraham Flexner to investigate the condition of the nation’s teaching hospitals. What he found was horrifying: medical schools that would accept anyone who could pay the tuition, medical schools without laboratories and even a medical school where decaying cadavers were stored in an outhouse. Flexner’s report, *Medical Education in the United States and Canada*, recommended a different approach, one that called for higher standards for physicians and training that emphasized both biomedical research and hands-on training in a hospital setting.

At the heart of Flexner’s recommendations was the idea of a teaching hospital. “A hospital under complete educational control is as necessary to a medical school as is a laboratory of chemistry or pathology,” his report proclaimed.

The American Medical Association embraced the Flexner report, and it—along with the great foundations borne of the Gilded Age—funneled hundreds of millions of dollars into medical schools and teaching hospitals, creating an elite corps of some 400 teaching hospitals that are the center of the field of medicine today.

Policing attracted reformers too, most notably Chicago Police Superintendent O.W. Wilson and Los Angeles Police Chief

“[A]s soon as you cross the river to East Providence,” Dean Esserman says, “it’s a different type of policing, for better or worse. There is no American policing.” He wants to change that.



William Parker, who in the 1950s and 1960s brought modern planning and research techniques to police departments, as well as modern technology, computerized records and radio patrol cars. Yet despite similar efforts, the police and medical professions developed in very different ways. Where the medical profession extended life spans, police departments presided over a crime explosion. In the 1970s, high-profile policing innovations, notably the practice of assigning radio patrol cars to patrol a geographic district and respond to calls for service, were found to be ineffective by a series of classic studies. “There was a sense that nothing worked,” says crime analyst George Kelling, whose research in Kansas City in the early 1970s first called into question the dominant paradigm of policing.

In the 1980s, a new generation of innovative police executives and academics developed a new approach that responded to these critiques: the community-policing model. William Bratton’s successes as police commissioner in New York City in the early 1990s unleashed new types of innovation that contributed to dramatic reductions in violent crime, returning many American cities to crime rates not seen since the early 1960s. Yet despite two decades of falling crime, there is a widespread sense of concern about the future of the profession, says Harvard University’s Christopher Stone, who directs the Kennedy School of Government’s program in criminal justice policy and management. “Police organizations have enjoyed a couple of decades of great innovation and great success in many respects,” says Stone. “But since the beginning of this century, policing has become so complex that to think in terms of community policing no longer helps police executives think through the most difficult challenges, whether it’s counterterrorism, organized crime or just dealing with the new surveillance technologies.”

Medicine offers a compelling model for dealing with these emerging complexities, says Stone. “I think medicine has embraced its own version of a new professionalism in recent decades, with a greater emphasis on communications, patient care and family practitioners. There’s been a lot of improvement in medicine that I think policing could learn from.”

Medicine also offers the law enforcement world strategies for dealing with the challenge of disseminating information to an incredibly decentralized field. No other country has anything approaching the 20,000-odd police departments the United States has, notes Stone. While such radical decentralization has upsides—notably, democratic local control—it also has a major downside: Police departments in the United States tend to be parochial. “We need a way of overcoming parochialism in American policing just as we do in medicine and education,” says Stone. “Medicine has done that through training, through accreditation, through standards. There are lots of devices that have made American medicine global in its knowledge base even as it remains local in its practice. Similarly, the education world has become much more sophisticated and less parochial.” Policing, he says, needs to go through that same growth process.

Esserman puts it even more bluntly.

“We are the old Detroit,” he says. “You joined the Providence Police Department; you didn’t join American policing. You joined a company and you stayed there until you retired. Period. That was the culture and education you got.”

Medicine was different. “I don’t think the cancer treatment I got was Brown University-Miriam Hospital’s cancer treatment. It was the medical profession’s best cancer treatment. The doctors at Miriam have been back and forth across the country. I got the best quality medical care that the profession had to offer, not what Brown medical school had to offer.” By contrast, he says, “in American policing, as soon as you cross the river to East Providence, it’s a different type of policing, for better or worse. There is no American policing.”

Esserman’s ambition was to change that.

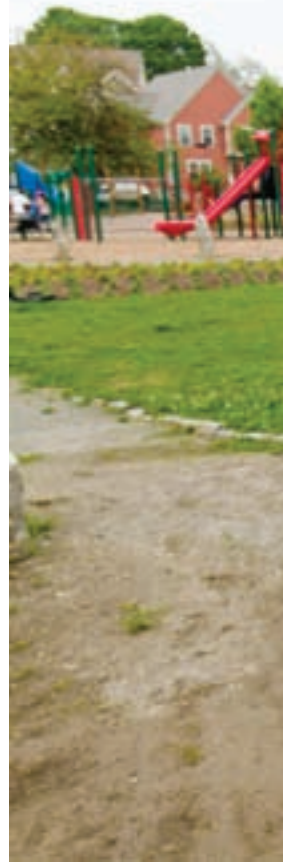
Esserman’s surgery and subsequent round of chemotherapy were successful. By the summer of 2005, he was cancer free. (He remains so to this day.) But he didn’t leave his interest in teaching hospitals behind when he returned to work. In 2006, Esserman and Dr. Fred Schiffman, the oncologist who oversaw Esserman’s cancer treatment, collaborated on a program that sent doctors and police detectives into the Rhode Island School of Design Museum to hone their powers of perception and description. They named the program, which was inspired by a similar program at the Frick Museum in New York City, “Cops and Docs.”

Esserman sought to form other partnerships as well, reaching out to the Institute for the Study and Practice of Nonviolence and to Roger Williams University, which ran a police training program for departments across Rhode Island. Esserman began requiring newly promoted sergeants and lieutenants to participate in a two-week management development program there. But Esserman’s most important attempt to create a teaching police department comes directly from the world of the teaching hospital—the concept of a residency.

Starting later this summer, all 17 of the department’s lieutenants will work with organizational psychologist Joan Sweeney and Robert McKenna, who directs Roger Williams’ justice systems training program, as well as outside consultants (all of whom are supported by a grant from the federal COPS office) to develop a residency program for command staff.

“Part of what we are hoping to do is shake up the notions in policing of what the competencies are that 21st-century police leaders really need to have,” says Sweeney. “Critical thinking skills, the ability to be a reflective practitioner, the ability to use a body of knowledge in the field to actively inform decision-making are not currently the emphasis of most training programs. We want to change that.” But not in a top-down fashion.

“This is not just an academic endeavor with academics teaching police officers,” continues Sweeney. “Nor is it cops visiting other cops and taking each other on ride-alongs and talking about what they are doing.” Instead, the goal is to develop a program that represents the best of both worlds—and that the lieutenants buy into.





Lt. Dean Isabella has presented his work to Providence's other lieutenants and to departments across the country, exactly what Esserman hopes to encourage.

"They will inherit this place," she notes, and changing their habits and their mindset "is a much deeper type of change than winning the heart and mind of a police chief who may be there two or three years."

Just west of downtown Providence is Olneyville, the roughest neighborhood in the city and the poorest place in the state of Rhode Island. It and other tough neighborhoods make up the city's Fifth District, currently under the command of Lt. Dean Isabella, a 24-year veteran of the Providence Police Department. If Esserman hopes to revolutionize the police profession, he's going to need guys like Isabella.

Olneyville is a neighborhood Isabella knows well: He grew up there, in the top floor of a white triple-decker on the corner of Manton Avenue and Unit Street. "I remember there was a wiener joint at the front of the first floor and a mob social club in the back. I think they fenced stolen goods from back there." There was heroin, too. Isabella recalls bounding out of his family's apartment as a 5-year-old and encountering a man slumped over on the stairs, who'd just shot up. "Don't step on a needle, kid," the man told him.

When Isabella took command of the district in 2008, one area in particular near the Woonasquatucket River accounted for about 17 percent of his calls. Following in the footsteps of his predecessors, Isabella worked with the Local Initiative Support Corporation in an attempt to redevelop the area using what's known as crime prevention through environmental design. Driving past a new playground, crowded with children after school, Isabella points out the features that have transformed the feel of the neighborhood. "The windows of all the houses are pointed toward the park, so [would-be criminals] there never know who's watching them," Isabella says. A bike path along the river is wide enough for police cars to drive on, and is set back from the river

bank, closer to bystanders. Lights were left out of the playground, to discourage drug dealing and prostitution at night.

Isabella says the experience of partnering with the local community and the changes that resulted have been transformative.

"We could have put a police officer on every corner, and it wouldn't have solved the problems," he says of the old Olneyville. "What solved

the problem was a partnership that changed the way people who lived in the neighborhood perceived it. They now feel that they live in a good neighborhood." And they insist that the people in it behave accordingly, he says.

Isabella has presented his work to Providence's other lieutenants and to police departments across the country. It's exactly the kind of learning that Esserman hopes to encourage.

"People could perceive a teaching police department as something that is arrogant: 'Come and learn from us; we will teach the world,'" says Esserman. "But I look at a teaching police department's first concern as inward-focused, as what we teach each other. The first teaching is the teaching that goes on inside the police department, just like doctors teaching doctors inside a hospital."

According to COPS director Melekian, it's this kind of cultural change that makes the Providence experiment so exciting. Many departments offer training to the top executives, "the chiefs and sheriffs and possibly the seconds-in-command," says Melekian. But it's rare to emphasize to first- and second-line managers—the sergeants and the lieutenants—that their careers will involve ongoing education growth.

"If we can change the career officer or the career supervisor, if we can change his or her point of view to see this career as life-long learning," says Melekian, "I think that's the revolutionary part of changing the profession."

*Editor's note: After eight and a half years on the job, Dean Esserman resigned as the Providence police chief on June 23. In his sudden announcement, Esserman cited the "distraction" caused by controversy over underage drinking at a party celebrating his daughter's recent high school graduation. **G***

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It was a clear Tuesday,

Oct. 27, 2009, a day that may go down in history as a turning point in the rise of public-sector cloud computing. On that day, in the historic art deco Los Angeles City Hall building, council members voted unanimously to shift about 30,000 city workers from the city's cranky, old e-mail platform over to Google Apps. It was an epic move, making L.A. the first major jurisdiction to migrate its entire enterprise to Google's Web-based e-mail and other office tools.

The five-year, \$7.25 million contract with the Internet search engine giant emerged after months of fierce opposition from rival Microsoft and arguments from council members, who weren't sure if the move would actually cut costs or whether the system could store sensitive data. But such fears didn't deter Eric Garcetti, the tech-savvy city council president who shepherded the measure through the vote.

"There are some potential pitfalls and great upsides to being an early adopter because this is a brand-new space," Garcetti says. "To be on the cutting edge, cloud



Eric Garcetti, L.A.'s tech-savvy city council president



Blue Skies?

Cut through the hype and hard sells, and you'll find that cloud computing is no easy plug-and-play fix.

By Russell Nichols

computing has to be a part of your strategy in order to serve constituents and employees in the most efficient manner possible.”

Since L.A.’s move, several state and local governments have had their heads in the cloud, tantalized by the prospect of improving services and spending less. They imagine a world without maintenance and ownership, where IT teams could focus on projects rather than repairs. The attraction is mutual. Companies big and small have been pitching the cloud as a virtual field of dreams that can help make data storage issues and server problems disappear: Shut down those ancient server rooms! Stop purchasing so many software licenses! Reduce IT maintenance costs!

Cut through the hype and the hard sells, and you’ll find the story behind the story: The cloud is no easy plug-and-play fix. In reality, agencies that adopt Web-based solutions must overcome the same hurdles that lie on the path to any enterprisewide IT implementation. With the market still in its infancy, governments can’t afford to overlook changes in technology or challenges with security. Issues like privacy, change management, standards and compliance are common concerns, but variables such as levels of service and the specific requirements of each government make a one-size-fits-all approach impossible.

It is relatively uncharted and heavily technical territory. But as the cloud movement continues to expand, policymakers like Garcetti play a pivotal role as a bridge between the IT professionals and the public. By separating facts from fiction, they can help spearhead cloud strategies in state and local governments. “Policymakers need to dispel fear and downplay exaggeration,”

How to Get Into the Cloud

William Eggers, global director of public sector research at Deloitte who coined the term “Government 2.0,” tells *Governing* that state agencies should adopt cloud services in four steps:

1. Develop a cloud strategy tailored to your state. Cloud computing is not a one-size-fits-all solution. Tailor it to your specific environment to garner the greatest benefit to your organization.
2. Start small with non-mission-critical applications. Develop a business case for a simple pilot project and follow it closely. Plan, measure and evaluate costs and benefits before, during and after implementation.
3. Gradually expand utilization of cloud computing. As government moves to more strategic services, be conscious of the implications of cloud computing on employee workflow and business processes.
4. Bring other government entities into the cloud. The big benefits from cloud computing will come from numerous state, higher education and local entities all sharing a common computing platform.

Garcetti says. “The cloud is not going to do more than what it does, but it also isn’t going to make anything fall apart.”

The concept of “the cloud” predates the Internet. Sources trace the idea back to the 1960s, when John McCarthy—the renowned computer scientist who coined the term “artificial intelligence”—suggested that “computation may someday be organized as a public utility.” The notion popped up again in the early 1990s, when telecommunications companies started offering virtual private network (VPN) services to better manage bandwidth. In the early computer network diagrams, the Internet was also depicted as a literal cloud.

In its current context, the cloud is shorthand for cloud computing, where customers have secure access to a variety of Web-based software programs (e-mail, budget tools, collaborative software), as well as significant data storage capacity, all available on demand from any network device. The resources, however, reside in a remote data center, usually managed by a third-party firm. Rather than purchase computers, networks and software—and hire the necessary staff to run and maintain them—cloud customers lease the services they need. Corporate giants like Amazon, Google and Microsoft have charged into the arena headfirst, renting out server space to thousands of companies. In recent years, with governments caught in economic turbulence, the cloud has come to represent a beacon of cost-cutting possibilities, with the federal government out in front.

In September 2009, United States CIO Vivek Kundra launched Apps.gov, an online procurement vehicle featuring federally certified software. In a blog posted to the White House website, Kundra called Apps.gov a “one-stop source for cloud services—an innovation that not only can change how IT operates, but also save taxpayer dollars in the process.” In a move partially attributable to the surge in cloud computing, the feds expect to close 800 of roughly 2,100 data centers by 2015. This spring, the General Services Administration (GSA) issued a solicitation for a \$2.5 billion contract to become the first federal agency to adopt a cloud solution for e-mail.

“It’s been a long vetting process with both industry and our customers,” Bill Lewis, the director of cloud computing at GSA’s Federal Acquisition Service, told Federal News Radio in May. “The key is we did a lot of market research and we did a lot of discussions with agencies.”

Across the country, policymakers have been keeping a close eye on the private sector and the feds, but they’re not waiting around. Cloud solutions have been popping up everywhere from Minnesota to Orlando to San Francisco. In Klamath County, Ore., a scattered onsite system and a budget pinch drove the IT department to implement Microsoft’s Business Productivity Online Suite, a set of messaging and collaboration tools delivered as a subscription service.

But state and local governments should take precautions or they may end up wasting money on bad service and solutions doomed to fail, according to David Cottingham, senior director of telecommunications and managed IT services at CDW, a software and solutions provider. The key is to “avoid the mega-project

trap,” he says, and instead approach cloud adoption in steps: Identify the application that will be the easiest to transfer, figure out the potential savings, see which vendor has a solution that fits and test it out. Policymakers can help by detecting areas that might benefit from Web-based solutions. But rushing into the cloud because it’s the new “it” thing could lock an agency into a partnership that might do more harm than good in the long run.

“Last year, there was a lot of frenzy that took place,” says Gail Thomas-Flynn, vice president of state and local government at Microsoft. “People thought it was an easy solution and you flip a switch and go to the cloud. Now people are a lot more measured in their approach.”

Every silver cloud has a dark lining. Amazon found that out the hard way in April when technical glitches rattled its Web servers and caused major websites to crash or suffer severe slow-downs for days. The country’s biggest online retailer traced the problem to its northern Virginia data center. The domino effect took down about 70 sites—including such communities and tools as Reddit, Four-square and HootSuite—that rent space on Amazon’s massive cloud hosting service.

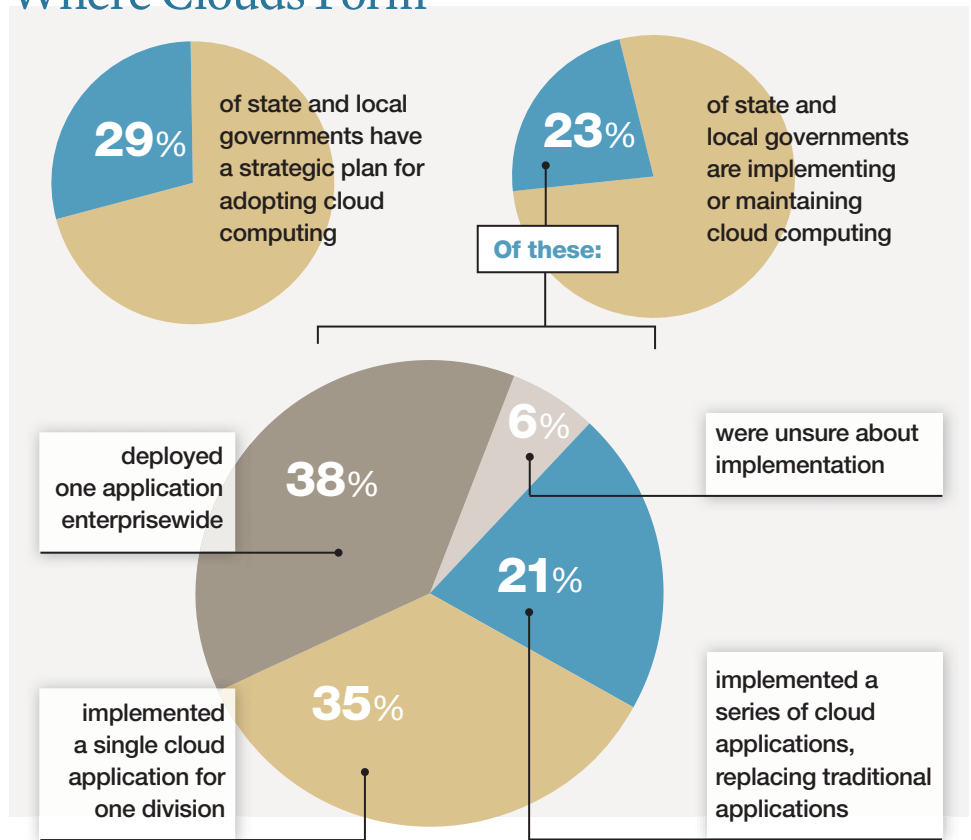
For some critics, this significant failure proved that a shift to the cloud is premature and will only lead to disaster. Others recognize the incident as a reminder to design for failure, which means clients need to set up applications that can still run independent of technical difficulties at the data center. Back-up and recovery plans are critical due to the many moving parts in the cloud, according to Lydia Leong, research vice president in Gartner’s Technology and Service Providers group.

“Any one of them going wrong can bork [block] your entire site/application,” Leong wrote in a post on Gartner’s blog. “Your real problem is appropriate risk mitigation—the risk of downtime and its attendant losses, versus the complications and technical challenges and costs created by infrastructure redundancy.”

These lessons also apply to state and local governments. Policymakers need to be paying attention to the failures and successes of the cloud in the private sector to understand both the risks and the rewards. Asking questions early in the process can help prevent a devastating reality check down the line, says Rosa Akhtarkhvari, Orlando’s chief information officer and chief security officer. Where does the data reside? How secure is it? What are the back-up plans?

In the wake of L.A.’s announcement, Orlando adopted Google Apps to replace an aging legacy system in December 2009.

Where Clouds Form



Akhtarkhvari admitted that research was essential because guidance was limited. For policymakers, she recommends identifying standards and creating an oversight committee.

But following all the steps won’t keep governments from running into trouble. L.A. is a prime example. Since becoming a government cloud pioneer in 2009, the city has hit a few speed bumps as Google has struggled to meet security requirements. Google and its partner, Computer Sciences Corp. (CSC), missed two key deadlines that caused the L.A. Police Department to delay its move onto the cloud, according to an internal memo obtained by the advocacy group Consumer Watchdog.

“CSC and Google’s behavior goes beyond a mere failure to communicate in a timely manner and instead, on several occasions, has risen to the level of misrepresentation,” said the memo from L.A. Chief Technology Officer Randi Levin.

Due to the snags, city council members considered pursuing legal action earlier this year, but in May sources said the move was unlikely. Concerns about data encryption have made it harder to get police departments to even consider a move to the cloud. But no matter what happens in L.A., Garcetti says, one thing is clear: At its best, the cloud illustrates the power of collaboration.

“Cloud computing underscores how dynamically technology is changing,” he says. “It’s very difficult for governments to keep up with that in-house.” **G**

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That '70s Transit

A rapid transit system unlike any other
endures in the hills of West Virginia.

By **Tod Newcombe**

Photographs by David Kidd



When West Virginia University is in session, nearly 15,000 passengers ride the personal rapid transit system each day. Below: Students board a car at one of the system's five stations.



M

Morgantown, WVa., looks like your typical college town in the Northeast, with church towers piercing the skyline and clusters of brick buildings and tree-lined streets abutting a large university. But as you drive down the road and head toward the campus, something unusual emerges: a modest-sized elevated roadway that skirts the Monongahela River and winds its way through West Virginia University (WVU) for several miles. Then a small box-like car, painted in WVU's blue and yellow school colors, zips overhead and you realize it's not an elevated road at all, but something very different.

Welcome to America's one and only personal rapid transit (PRT) system, serving downtown Morgantown and the WVU campus. Though other transit systems may claim they are PRTs, Morgantown's is the only one in the world where riders can hop into cars and travel directly from point to point without stopping at other stations along the way.

On a typical fall and spring semester day, 15,000 passengers will travel between the five stations along an 8.7-mile track, riding in 71 self-propelled cars that travel at speeds of up to 30 mph. It's easy to see why the people mover, as it is sometimes called, is so popular. With a wait time of just five minutes or less, as many as 20 passengers at a time pass the traffic congestion on the narrow streets below.

In fact, the PRT is part of the reason why WVU went from a student enrollment of approximately 10,000 in the late 1960s to nearly 30,000 today, according to Haven Sions, a mechanic supervisor who has been working on the system for 34 years. "In the pre-PRT days, we relied on shuttle buses to move students," he





recalls. “Because of traffic, the university had to schedule classes as much as two hours apart so the students wouldn’t be late.” Once the PRT was built, schedules tightened up considerably, making it possible to schedule more classes, which meant enrolling more students.

The Morgantown PRT began in 1975 as a transportation research project funded by the federal government and developed by Boeing. The project cost \$120 million and relied on computer technology that can be described as primitive by today’s standards. However, virtually every aspect of the PRT was original when it was built. Consider the four-wheel steering system for each vehicle (the cars run on rubber tires), or the special heating system, powered by four boiler plants that pumps a mixture of chemicals and hot water through pipes to clear the guideway of snow and ice during the winter.



Top: Morgantown’s traffic congestion makes the PRT a valuable rapid transit option for moving large numbers of students quickly between classes.
Middle: A PRT car travels on the elevated guideway, which is more than 8 miles long.
Bottom: Passengers ride in one of the self-propelled, driverless cars.

Boeing got out of the transit business a long time ago, so the iconic people mover basically has to fend for itself in terms of maintenance and repairs, says Arlie Foreman, WVU’s associate director of transportation. A crew of 55 keeps the system operating six days a week, working constantly to repair the aging cars and guideway, scrounging for hard-to-find parts. According to Foreman, the university spends \$5 million annually to operate it.

In 1995, the computer control system was upgraded and now work is under way to modernize the individual control and propulsion systems in each of the 71 cars that remain in service. The PRT maintenance crew is proud of the fact that of the 80 million passengers who have ridden on the PRT since its start, no serious injuries or fatalities have occurred.

As afternoon traffic builds on the local streets, slowing movement to a crawl, the PRT vehicles continue to glide past quietly and efficiently. “The Morgantown PRT stands as an example of how cities can better cope with pollution, traffic and environmental demands,” Foreman says. **G**



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Above: Each of the PRT stations is configured to allow cars to bypass the stop if they are headed to a different destination.

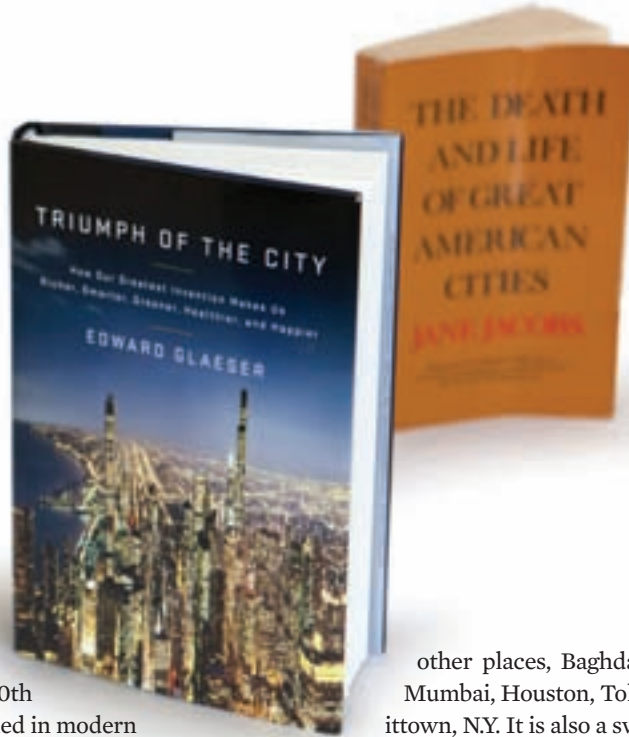
Left: A technician is at work maintaining PRT equipment, much of which was designed and built more than 35 years ago.

Below: PRT cars (called trucks by the maintenance crew) are serviced every 3,000 miles. Some of the cars have traveled more than 500,000 miles since they were built.



Looking Up

**Is it time
to retire
Jane Jacobs'
vision of
the city?**



The gospel of Jane Jacobs, the iconic urban thinker of the 20th century, has become so ingrained in modern planning that it is essentially synonymous with what most people think of as a “good” city. Since the publication of *The Death and Life of Great American Cities* in 1961, politicians, urban planners and academics—virtually everyone who cares about cities, really—have seen cities through Jacobs’ eyes. Her celebration of the “ballet” of street life, her admiration for diverse, high-density neighborhoods with a mixture of buildings and usages, her animosity toward standardization and “monotony”—they have all become part of a shared vision of the way a city should look.

Therefore, when someone challenges that vision, it’s noteworthy. When that someone is Harvard economist Edward Glaeser, one of the nation’s most influential thinkers on urban affairs, it’s an argument worth listening to. In his academic papers, his frequent posts to *The New York Times*’ Economix blog, and in essays for such publications as *The New Republic* and *City Journal*, Glaeser addresses big questions in creative ways: “Do Mayors Matter?” “Did Cheap Credit Cause the Housing Bubble?” “When Are Ghettos Bad?” Now, in his first book, *Triumph of the City: How Our Greatest Invention Makes Us Richer, Smarter, Greener, Healthier and Happier*, Glaeser takes on the Jacobs vision and offers a different set of lenses, one based in urban economics.

Glaeser’s subject is larger than Jacobs’ was. While Jacobs focused on American cities, Glaeser’s book discusses, among

other places, Baghdad, Detroit, Rio de Janeiro, Mumbai, Houston, Tokyo, Dubai, Atlanta and Levittown, N.Y. It is also a sweeping work of history, one that offers an account of the rise of the city over the course of human history. Yet it is to Manhattan that he most frequently returns. This is no surprise. Glaeser is a child of New York City, literally and intellectually. He grew up in Manhattan in the 1970s. (His father, an architect who lived through Hitler’s Third Reich in Berlin, oversaw the Ludwig Mies Van Der Rohe archives at the Museum of Modern Art.) Like Jacobs’ classic, *Triumph of the City* sings the virtues of a certain type of city—and warns of certain perils. But the conclusions he draws are quite different from Jacobs’ prescription for cities.

After three generations, is it time for city planners, politicians and urban activists to move beyond what urban design critic Lewis Mumford once described as “Mother Jacobs’ home remedies” and toward a more market-friendly set of policies instead?

Jacobs wrote at a time when the city

was under attack. Glaeser writes of the city triumphant. It is worth pausing for a moment to consider just how remarkable this claim is. Globally, cities clearly are ascendant. A majority of the world’s population now lives in urban areas, and demographers expect the percentage to rise by another 10 percent over the next 30 years. In the context of the United States, though, the city’s triumph is hardly self-evident. Glaeser notes that Americans

By John Buntin

who live in cities with populations of more than a million people are, on average, 50 percent more productive than people who live in smaller cities. Yet the past half-century has been a terrible time for big, high-density cities. Freeways and suburbanization, rising crime and race riots, busing and white flight, deindustrialization and, yes, destructive urban planning—all have combined to undermine the dense, mixed-use city and lively streets that Jacobs celebrated. The so-called urban renaissance evident in cities such as Boston, Chicago, New York and Washington, D.C., is not only about their “triumph.” It’s also about their recovery from a near-death experience.

Glaeser acknowledges as much. He notes that eight of the 10 largest U.S. cities in 1950 have lost at least a fifth of their population over the past 50 years. Of course, new cities have risen in their place, but these are sprawling, car-centric urban areas, not the dense big cities that Glaeser celebrates as marvels of productivity. Their growth has been anemic. Recent census figures show that New York City grew by 2.1 percent between 2000 and 2010. The New York metropolitan area did slightly better, achieving a growth rate of 3.1 percent, due largely to rapid growth in its outer ring suburbs. In comparison, as urban development author Joel Kotkin has noted, over that same period Raleigh-Durham, N.C., an area with just 1,700 persons per square mile, grew by 42 percent.

The recession of 2007 has stopped the growth of most Sunbelt cities. Whether it will resume is cause for debate. But if the future of the Sunbelt is uncertain, the fate of Rust Belt cities such as Detroit seems clear. They will continue to shrink. Glaeser insists that the implosion of Rust Belt cities “doesn’t reflect any weakness of cities as a whole.” Rather, he writes, it reflects “the sterility of those cities that lost touch with the essential elements of urban reinvention”—industrial diversity, entrepreneurship, and most important, an educated workforce. By this account, Detroit strangled on what initially made it successful: the production line. The rise of the Big Three created a monoculture that discouraged education and small-scale entrepreneurship. And for decades, that didn’t matter. In 1970, for instance, per capita incomes were higher in industrial Cleveland and Detroit than in better-educated Boston and Minneapolis. Then, for reasons that are still hotly debated among economists, the return on education began to increase. When it did, Northern cities that failed to produce educated workers were doomed.

The correlation between education and earnings is striking: According to Glaeser, a 10 percent increase in the share of the population with college degrees is associated with an increase in per capita gross metropolitan product of 22 percent. An educated workforce has become the defining condition of a successful city, or at least a successful Northern city. (The percentage of employees with college degrees is actually only

the second best predictor of urban growth. The best predictor is temperate winters.) Yet instead of focusing on improving their education systems, many local officials remain in the thrall of what Glaeser describes as “the folly of building-centric urban renewal,” such as GM’s Renaissance Center in downtown Detroit. “[P]ublic policy should help poor people, not poor places,” he writes.

For Glaeser, the cardinal sin of struggling cities is their failure to educate their workforces. The cardinal sin of successful cities is using zoning and historical district regulations to artificially



GM’s Renaissance Center in downtown Detroit represents “the folly of building-centric urban renewal,” Glaeser says. “Public policy should help poor people, not poor places.”

limit supply. And it is here, Glaeser believes, that Jane Jacobs went seriously wrong.

One of Jacobs' four prescriptions for successful cities was "the need for aged buildings." (The others were mixed primary use neighborhoods, short blocks and density.) Maintaining a mix of older housing and commercial stock, Jacobs believed, allowed neighborhoods to retain the diversity that she valued above all else. "New ideas," as she put it so memorably, "must use old buildings."

Jacobs also believed in community organizing. During the 1950s, she took part in the successful fight to block Robert Moses' plans to run a four-lane extension of Park Avenue through Washington Square in Greenwich Village; in the early 1960s, she fought efforts to "renew" the neighborhood as the co-chair of the head of the Committee to Save the West Village.

Glaeser doesn't much like planners or urban redevelopment schemes. (He's a fan of Rio's *favelas* and Mumbai's shantytowns, which he sees as the evidence of cities' vitality, the first rung on the ladder to a better life.) He rejects Jacobs' belief that preserving

tion, Glaeser estimates that New York City could cut the cost of an average 1,200-square-foot apartment in a high-rise building from about \$1 million today to roughly half of that, making Manhattan much more appealing to (upper) middle-class families.

Jacobs' beloved West Village, which

was a working-class neighborhood when she lived there, has long since been transformed by gentrification. But even in 1961, what she alluringly described as the "ballet of Hudson Street" was atypical. So too is the kind of city that Glaeser extols, at least in the United States. Glaeser devotes a chapter of his book to the merits of skyscrapers. He argues that they should play a bigger role in cities. In a place such as San Francisco, which recently began work on a new master plan for housing, Glaeser's prescription may be sound. But for most American cities, it is impractical. Only 0.3 percent of Americans live downtown, and only five cities have downtowns with more than 50,000 residents. Glaeser's praise of skyscrapers is, in the context of this country at least, every bit as romantic as Jacobs' paeans to Hudson Street.

In fact, despite Glaeser's rather pointed criticism of Jacobs for her supposed failure to understand the laws of supply and demand, the similarities between the Princeton- and Harvard-educated economist and the Scranton Central High School graduate are more striking than their differences. Glaeser has described himself as a "progressive libertarian." According to sociologist Nathan Glazer, Jacobs also had pronounced libertarian tendencies. Both are suspicious of central planning, and both celebrate the role small businesses play in thriving cities. Indeed, even the issues where Glaeser disagrees with Jacobs often rest on a misunderstanding. For instance, Glaeser faults Jacobs for criticizing density levels higher than 200 homes per acre. That criticism doesn't accurately reflect Jacobs' arguments. In fact, she pointedly defends Boston's North End, with its 275-units-per-acre level of concentration. It's true that Jacobs was wary of the monotony of tall buildings (which she associated largely with New York's disastrous foray into building housing projects) while Glaeser is more willing to welcome big developments that expand supply. But even his defense of skyscrapers acknowledges Jacobs' influence: Properly designed skyscrapers, he insists, can support vigorous, mixed-use street life.

Ultimately, Jacobs and Glaeser are complementary thinkers. "Cities are thoroughly physical things," Jacobs wrote. Her ability to influence how cities are perceived remains unrivaled. But Glaeser adds a compelling new component to that perception. His forceful case for increased density and his critique of place-centric rather than people-centric redevelopment efforts should provoke serious discussions among state and local officials for years to come. **G**

Ultimately, Jacobs and Glaeser are complementary thinkers. "Cities are thoroughly physical things," Jacobs wrote. Her ability to influence how cities are perceived remains unrivaled. But Glaeser adds a compelling new component to that perception. His forceful case for increased density and his critique of place-centric rather than people-centric redevelopment efforts should provoke serious discussions among state and local officials for years to come. **G**

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In the 1960s, Jane Jacobs argued against the monotony of tall buildings.

old buildings will maintain neighborhood affordability. That, he says pointedly, "is not how supply and demand work." New York City's subsequent history certainly suggests that on this point Glaeser is correct.

Glaeser also stakes out a very different position on neighborhood organizations and historic preservation than Jacobs. He argues that New York City's Landmarks Preservation Commission, originally established after the destruction of old Penn Station in 1963, has become excessively powerful, with authority over 25,000 buildings and 100 historic districts, amounting to about 15 percent of Manhattan's non-park land. By following Chicago's lead instead and encouraging new residential construc-



Problem Solver

Real-world solutions and ideas for government managers.



Baltimore is trying to engage gay black men through the “ballroom” community or underground performance competitions like this one in the Bay Area.

JEAN MELESARNE

A Changing Viewpoint

Baltimore seeks to improve its public image among high-risk communities.

By Heather Kerrigan

Baltimore is known for its world-class medical institutions like Johns Hopkins University. But the reputation of the city’s health department is a little less renowned. Hoping to change that, the city is getting serious about tackling the worst health problems affecting its residents—a battle that begins with changing the way citizens think about its health department.

A major part of this effort centers around the city’s goal of reducing HIV rates, a longtime epidemic that’s made

Baltimore home to some of the highest infection rates in the nation. In the past, the Baltimore City Health Department reached about 15,000 residents a year by conducting HIV testing and distributing prevention information at free health clinics and through mobile units. Reaching those with the greatest risks of infection, however, proved even more difficult.

As a result, health officials set out last year to make inroads with gay and transgender residents, and more specifically, with the community of black men who have sex with men (MSM). They are

about five times more likely to contract HIV than MSM of other races.

Enter Keith Holt, the department’s youth outreach coordinator, who came to the department thinking he could reach this group through what are called “ballroom” or “house and ball” communities. Ballroom communities are underground subcultures where groups of gay and transgender youth compete in dance and performance competitions for trophies and prizes at events known as “balls.” Often, those involved sought the ballroom community at a young age, looking for a surrogate family.

Before developing his plan of attack, which Holt admits is based on a lot of trial and error, he looked to other large cities, including New York, to find out how health departments were reaching this critical group. He discovered that nonprofits and other community organizations were conducting a majority of work in the ballroom scene, where city health departments were event sponsors. “We saw that this was really something we needed to get involved in,” Holt says.

When Holt began meeting with house and ball leaders, he learned that their opinion of the city’s health department was not always positive. For one, they weren’t even aware of services the city offered beyond HIV testing. Holt realized that changing that opinion would be key in reaching this community. “We want to let people know that we’re not just here to test,” Holt says, “we’re here to help and support.”

In November, Holt partnered with house leaders to throw a free ball with music and dancing alongside HIV screenings and free condoms. The event, which carried a \$6,000 price tag (paid for by federal funds for HIV screening) had approximately 500 attendees, all of whom were approached about HIV screening, health care, food stamps, housing and other city services. “The great thing about the ball was our opportunity to really go to the community,” Holt says. People might not always want to come to the clinics, he says, so the ball gave the health department an opportunity to provide HIV prevention and services information to a community that has typically fallen under the radar.

From the November event, Holt and his colleagues have subsequently been invited to sponsor or attend different events where they are given additional opportunities to screen and educate.

Prevention education and enrollment in care has become a hallmark of the department’s outreach and HIV reduction message. Toward that end, the department has taken unique steps to encourage those at high risk of HIV to get educated

and tested. If someone in the city needs HIV care, the department not only makes same-day doctor appointments, but also transports that person to his or her first and second appointments. This helps the city ensure that recommended treatments are being sought out and adhered to.

So far, the response from the community has been extremely positive, but evaluating the success of these programs can be difficult. The health department reviews the number of people tested for HIV and the number of those identified

““ If someone needs HIV care, the department makes same-day doctor appointments and transports that person to appointments.

as newly infected on an ongoing basis. But in this instance—because the numbers in the ballroom community are so small—the sample size is often not large enough to be considered significant for evaluating success. This hindrance, which makes success difficult to measure, shut down a similar ballroom-community outreach program in Philadelphia in 2004.

What is even more difficult to evaluate is how the health department’s image is changing. One of Baltimore’s goals is to encourage the community to take advantage of the city’s two free health clinics and get tested without fear of rejection or judgment. This data is generally subjective, and can only be collected and evaluated by continuing to meet with community leaders to get a sense of how the department has progressed.

In terms of early success, 115 attendees were screened for HIV at the November ball in Baltimore, and of those, 60 percent

were linked to care. That’s an encouraging statistic for a community in which approximately 45 percent of black MSM are HIV positive, according to a Johns Hopkins study. Late last year, the health department’s ball was awarded Ball of the Year—an accolade that has helped to elevate the department’s profile in the ballroom community.

For health department staff, evaluating success goes beyond the numbers. “Our staff cares about the well-being of the citizens that we do provide the services for,” Holt says. They use this drive to continuously try to identify community stakeholders and make the department ready and available with HIV screening and support information. The department is hoping to begin making similar inroads with the transgender community and reach those beyond the ballroom scene—with an end goal of decreasing new HIV infections by 25 percent.

Baltimore’s renewed focus on citizen health doesn’t stop at HIV. On May 10, the city unveiled Healthy Baltimore 2015, an ambitious public health plan that focuses on 10 priority areas that have the most potential to improve citizen health. Priority areas include obesity prevention, lowering tobacco use, improving heart health and promoting healthy lifestyles for children. Each priority area is matched with a measurable goal like reducing the rate of early death from cardiovascular disease and decreasing the number of food deserts. “Through an approach that includes policy, promoting access and quality, and maximizing community engagement, we will be able to accelerate and improve health outcomes,” says Baltimore City Health Commissioner Oxiris Barbot.

Baltimore still has a long way to go. Per 100,000 city residents, the number of years of potential life lost before age 75 is 14,887—twice the number of years lost in the state as a whole. **G**

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By Katherine Barrett and Richard Greene

Fit for Few

Across-the-board budget cuts may not bring real savings.



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Utah has 44 state-operated liquor stores. All of them are money makers, bringing in about \$100 million worth of profits for the state and local governments.

In late 2009, the state alcoholic beverage control agency was asked to make a 2 percent cut in its budget. How to accomplish that? The agency closed one of its stores. Remember, the store made money. So by closing it, Utah wound up with less money than it had before it made that particular cut.

This is precisely the kind of questionable activity that goes on all the time when states must save cash. Realistically, this requires making hard decisions—the kind

that are based on careful reviews of priorities and benefits. Instead, all too often, states and cities treat their agencies like one-size-fits-all hats that really don't fit anybody well.

The point here is that no two agencies are created alike. And when states determine to make some kind of move with regard to them—whether it's cutting budgets, raising budgets, requiring regulatory changes or a number of other activities—it's important to differentiate between them. To do otherwise makes little sense to us. "Anytime you are looking at across-the-board cuts," says Rep. Kelda Roys of the Wisconsin State Assembly, "you are doing it because it is

politically easy and it is politically easy because it is intellectually lazy."

It almost got worse in Utah, when the decision this year was to exact a 7 percent cut on the Department of Alcohol and Beverage Control, which would have forced the closure of nine more outlets. However, there was such a citizen outcry that the state had to take a second look at the issue. "People were asking, 'Why are you closing a profitable liquor store?'" says Vickie Ashby, the department's public information officer. She notes that even people who don't drink wanted the stores open. That's because 10 percent of all liquor sales go to the school lunch program. So the state figured out a way to keep the stores open—at least for the time being.

Consider California. Nancy Vogel, principal consultant for California's Senate Office of Oversight and Outcomes complains that many of the 2009 and 2010 furloughs foisted on state agencies either failed to save money or actually cost more. Vogel says she can appreciate the immediate impulse. "In the heat of the moment, I can understand why the Schwarzenegger administration put out blanket furloughs—they wanted to save cash quickly. I can understand why they wouldn't want to wrestle with the nuances." But then the short-term policy on furloughs went on for a while, which leads Vogel to wonder whether policymakers should have taken the time to figure out whether the policy was effective in reaching its goal. "There could have been time to ask, 'What is the source of this money?' and 'Does it even save money in the general fund? Does this cost us money? Is it just imaginary savings?'"

In a report Vogel wrote, she points to several different types of organizations that should have been spared furloughs:

- self-funded operations, such as the Department of Motor Vehicles;

By Caroline Cournoyer

- round-the-clock organizations that had to pay out overtime to make up for the furloughs;
- other agencies that have an exceptionally high volume of work: “State officials estimate that furloughs have ‘saved’ \$27 million in federal money for salaries and benefits through October, but the ‘savings’ have been used to hire more employees and finance overtime to deal with an exceptionally high volume of unemployment insurance claims”; and
- tax-collecting agencies.

Indeed, cuts to tax-collecting agencies, as mentioned by Vogel, may well be the poster child for these kinds of misbegotten actions. In Montana, according to Taryn Purdy, the principal fiscal analyst at the Montana Legislative Fiscal Division, analysis has shown that beyond a certain point, the state loses \$3 in revenues for every \$1 it makes in revenue department cutbacks.

“This is a classic in government finance,” says John Petersen, professor of public policy at George Mason University (and *Governing* columnist). “Probably the highest payoff you have is hiring tax auditors. Auditors pay for themselves many times over.” The cuts may be easy to make, he suggests, “because their activities are unpopular.”

There’s yet another wrinkle to this sad story. If cities or states agree that they should subject their fiscal decisions to careful analysis, then they clearly need the kind of staff that can provide them with the necessary data. As we’ve bemoaned in the past, too many cities and states have pounded their analytic arms relentlessly, leaving them with less of this kind of capacity than they had before. Just consider the defunding of two well-respected analytic agencies, the Oregon Progress Board and the Kentucky Long-Term Policy Center. Meanwhile, a series of cuts to Florida’s well-respected office of Program Policy Analysis & Government Accountability were enacted recently.

Honestly, we just don’t get it. **G**

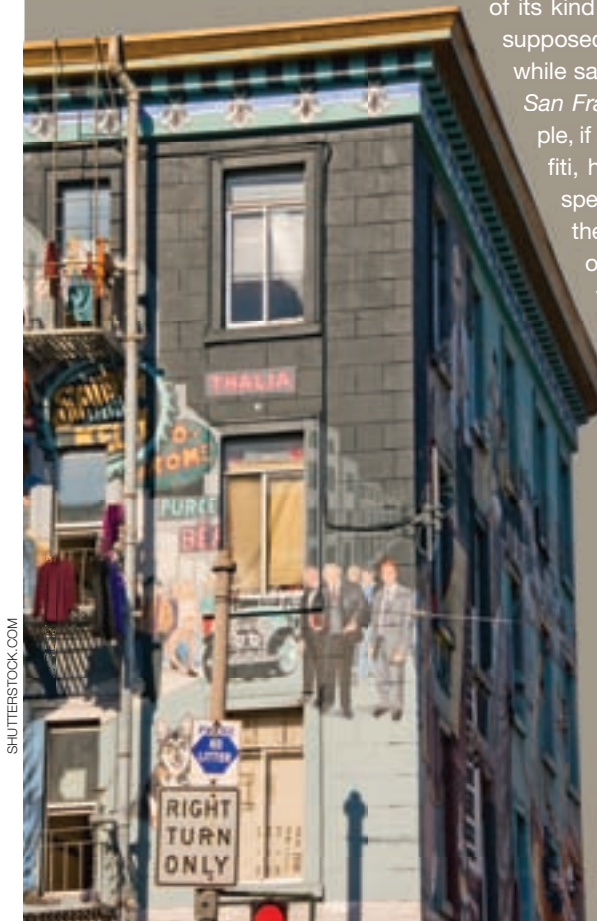
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Piloting Flexibility

If Minnesota cities and towns have the authority to establish pilot projects, then why shouldn’t counties? Some state lawmakers have been asking themselves this question, evidenced by the introduction of bills in the House and Senate to give counties more freedom to serve their citizens’ needs. Lacking the powers that cities have, counties currently must seek the Legislature’s approval to begin a pilot program—a process that can take years with no guarantee of moving forward, wrote a county board chair in an op-ed. They are also prohibited from pursuing any initiative not explicitly permitted in state guidelines—a rule dating back to the 1800s, according to the Association of Minnesota Counties. If enacted, counties would be permitted to adopt ordinances, resolutions or regulations to improve the lives of their residents—as long as they don’t conflict with state or federal law. A section of the bill referred to as the MAGIC (Minnesota Accountable Government Innovation and Collaboration) Act would grant counties waivers to launch outcome-based pilot programs. Rather than requiring the Legislature’s approval to initiate the pilot, the Legislature would have the final say on whether it becomes a permanent county program. The Senate bill has been referred to the finance committee for consideration.

Neighborhood Justice

In San Francisco, people accused of low-level, nonviolent crimes have historically been sent to criminal court where it could take months to see a judge. Now, the accused are given the option of going to “neighborhood court,” where they can see their record cleared within two weeks of getting caught. This is the only program of its kind from coast to coast, and it’s supposed to lessen the load for courts while saving them money, reports the *San Francisco Chronicle*. For example, if someone is written up for graffiti, he or she can admit guilt and speak to a panel of people living in the same community. The panel of volunteers will then give the violator a “restorative justice” assignment, such as cleaning up graffiti. After the walls have been cleaned, the panel will clear the offense from the vandal’s record. The entire process can take just two weeks, according to a neighborhood prosecutor, and costs about \$300 per crime—just a fifth of the price tag for putting someone through the criminal court system.



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By Steve Towns

Why Does Open Government Matter?

A new tool helps agencies measure the value of transparency, trust and accountability.

Online initiatives that let citizens help themselves to government data or allow them to collaborate and interact with public officials are popular with policy-makers and constituents alike. But these undertakings don't always lend themselves to a traditional dollars-and-cents evaluation of results. So how do you measure open government's value?

To be sure, there's economic value in putting government spending data on an easily accessible "government checkbook" site—if it reduces the number of open records requests an agency receives. But open government goals such as strengthening accountability, building trust and improving citizen satisfaction defy simple financial metrics.

"We know open government matters, but the question we kept hearing was, 'How does it matter?'" says Meghan Cook, program manager with the University of Albany's Center for Technology in Government (CTG). "There are limited resources to do open government, so business cases are being built—but not all of them have the strongest financial business case because that's not really what it's about."

In May, CTG released a tool designed to help government leaders make better decisions on open government investments. The Open Government Portfolio Public Value Assessment Tool—PVAT for short—goes beyond typical return on investment analysis to measure the social, political, strategic and government-integrity value of open government initiatives.

"It's not a replacement for ROI—that will always be done," says Cook. "But used in conjunction with ROI, it creates a fuller picture of value."

The tool, which is based on simple Microsoft Excel spreadsheets, runs users through a series of questions about the purpose of an open government initiative,

how it ties to agency goals and the groups it will impact. Users also rate the initiative's importance across seven "public values," ranging from economic to quality of life. The result is a graphic depiction of the project's value across a comprehensive set of issues and stakeholders.

PVAT is rooted in CTG's Public Value Framework, a concept developed by the organization several years ago to help gov-

She admits the spreadsheet technology behind PVAT is hardly cutting edge: "We say the thinking is very new, but the platform is very 1990s," Cook told *Government Technology*. But the concept is proving to be powerful. Since its release in early May, PVAT has found a wider-than-anticipated audience. "We've had international interest—a lot of downloads from all over the world."



Meghan Cook says a new assessment tool helps make the business case for open government.

CENTER FOR TECHNOLOGY IN GOVERNMENT

ernment agencies evaluate the nonmonetary benefits of technology deployments. Cook says the new tool gives agencies a more structured way to talk about the value of typical open government goals like transparency, public trust and citizen satisfaction. It also provides a consistent framework for comparing the value of multiple initiatives to help leaders determine the best investment.

CTG created the tool to help federal agencies comply with the Obama administration's 2009 Open Government Directive, which compelled agencies to develop open government plans and undertake transparency and citizen engagement initiatives. But it works just as well for state and local government, says Cook, and it's available for download on CTG's website.

CTG even had to quickly retool its PVAT licensing agreement to accommodate a surprising amount of demand from nongovernmental organizations. Some of that demand may be driven by agency managers scrambling to protect programs on the chopping block due to budget pressure. But Cook says PVAT's popularity reflects a deeper desire to find formal ways of expressing open government benefits.

Everyone assumes open government is a good idea, but—as CTG notes—that's not the strongest foundation for measuring the results of existing initiatives or for planning new ones. In an environment where every budget dollar is under a microscope, CTG's evaluation tool is worth a look. **G**

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The Firing Line

Public employees are paying a high price for widespread voter angst.

Job cutbacks for public workers are all the rage. In New York, Mayor Michael Bloomberg, faced with a deficit in the city's \$68 billion budget, is proposing to eliminate 4,000 teachers. The savings: \$270 million. Across the Hudson in New Jersey, lower local tax receipts and reduced state aid are leading to reductions in local budgets and the number of teachers. The township of Willingboro, N.J., for instance, is laying off 28 of its 130 teachers.

But teachers aren't the only ones under the gun. In Massachusetts, the city of Lawrence has reduced its 160-person police department by 50 positions over the last two years, even as it sees its crime level increasing. Costa Mesa, Calif., in one of the more dramatic gestures, voted last March to give termination notices to 45 percent of its workforce in an effort to rein in public worker pay and benefits.

The discharges come at a high cost. When it comes to depressing consumption and causing economic hardship, loss of public-sector jobs has the same impact as those lost in the private sector. Between 1990 and 2008, state and local sector employment, which accounts for almost 15 percent of total national employment, added about 200,000 jobs per year to the economy. Much of the growth was driven by increasing public school enrollments. Today, the trend in jobs is in reverse. In 2009, total state and local employment started declining at a rate of about 10,000 per month; in 2010, it was 20,000 a month. So far in 2011, the job losses will likely continue to grow, creating a potential total loss of 800,000 jobs over the last three years. The greatest job losses are occurring at the local level, which is absorbing about 80 percent of the cuts.

These job losses, which are tied directly to the contentious issue of employee compensation, have been reinforced by

reductions in federal funding. As the stimulus money has been spent, states have cut back on payments to localities. Meanwhile, localities, which direct much of their spending toward public education, are experiencing their own budget woes as property values continue to sag and tax revenues are moribund.

The public jobs controversy is also fueled by the question of how much public workers are paid. On its face, the average public-sector worker is paid about the same as a similar private-sector employee. But such comparisons are muddied by complicating factors. First, public-sector wages are heavily influenced by teachers who are more educated (at least

especially in terms of defined-benefit pension plans, than do typical private-sector workers. Much of the disparity stems from the fact that public employees are better organized. Thirty-seven percent belong to unions—it's even higher among teachers and public safety employees. Only 7 percent of private-sector employees belong to unions.

Much of the political battle over compensation has dealt with increasing the ability of localities to alter work rules for teachers and offer lower-cost local benefit packages. But in the broader context, there is a changing of priorities. Faced with declining economic prospects on a personal level, the average voter is no



in terms of college degrees) than the typical private-sector wage earner. Second, teachers typically get an extended summer vacation and sundry holidays that private-sector workers do not. Third, lower-skilled public workers are paid more than their private-sector counterparts—but the reverse is true at the higher-wage, professional levels. Last, and most important in today's debates, public-sector employees enjoy better health and retirement benefits,

longer swayed by the idea of honoring "first responders" or reducing class size. Aging voters—with mortgages underwater, unemployed kids living at home and worries about cutbacks in the federal entitlement programs—are hunkering down. And public employees are at the front of the firing line to pay the price for this widespread voter angst. **G**

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Player

MARY TAYLOR

Lieutenant Governor, Ohio

State to state, the duties of the 45 lieutenant governors vary. Many preside over the state Senate and various commissions; a few perform as secretary of state. But Ohio Lt. Gov. Mary Taylor is the only deputy to also serve as the state insurance commissioner.

Appointed by Gov. John Kasich to lead the Ohio Department of Insurance and a wider regulatory reform effort, the former state auditor is responsible for bringing more jobs to Ohio—especially insurance jobs. Ohio is the seventh largest state for insurance industry employment. Taylor is also in charge of establishing insurance exchanges as mandated by the health-care reform act—although Ohio is one of 27 states suing the federal government over it.

To prioritize her responsibilities, Taylor focuses on whatever the important issue of the day is, while staying in communication with her staffers if traveling and promoting job creation efforts. “Balance is always a question. It’s always a valid question. It’s always a tough question to answer,” Taylor says. “I think we do it every day in our lives, whether it’s professional or personal, or responsibilities at work.”

—Tina Trenkner



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