

2009 Conference Recap

If you weren't with us in Washington, DC, you missed a heck of a conference. We were fortunate to be hosted in the facilities of the Brookings Institution, right in the heart of DC, and to be able to attract interesting speakers from nearby and abroad. Here is our traditional annual summary of the conference panels and presentations, traditionally late for a third-quarter issue (sorry about that). Many thanks to our intrepid reporters—Vanessa Allen, Marci Edwards, Steve Kroes, Jennifer Pike, and Lise Valentine. Steve and Lise each wrote two articles, and are now my personal heroes.



Opening Roundtable Session

As is our tradition at GRA conferences, we began Monday morning with a roundtable session, allowing attendees to describe their organizations' recent projects, strategies, successes, and prospects for upcoming work. The session was also guided by answers to a profile questionnaire submitted by organizations before the conference. Thanks to Eric Lupher for gathering that information this year and for many years.

The questionnaires showed a number of common themes in GRA research this year: the economy, employment, local government cooperation or consolidation, pensions, healthcare, charter schools, other education issues, property taxes, and economic development. During the roundtable session, a number of attendees described their recent and upcoming work in these thematic areas. As always, GRA members are generating important impacts in their communities and states.

The roundtable discussion also provided an opportunity for discussion of technology and different ways to communicate to policymakers, the media, members, and the public. As an example, Lise Valentine from the Civic Federation in Chicago described the Federation's revamped website, which contains more "web 2.0" interactive features, including a blog and improved searching capabilities.

Steve Wray from the Economy League of Greater Philadelphia said his organization is now publishing a "Friday journal" instead of a blog, and the writing is rotated among staffers. Several other organizations are publishing blogs, and a discussion about blogging provided valuable insight. Some key ideas: publish 2 to 3 times a week to keep it interesting, try to be light and funny at times but maintain standards for content and style, and

*The National Organization of
Individuals Professionally
Engaged in Government
Research*

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keep entries to 600 words or less. Editorial boards and other journalists will read these blogs if they are well done, providing great media connections for those who use them.

John Kennedy from the Texas Taxpayers and Research Association described how the organization started creating webcasts and placing Power Point presentations online to better communicate with members about their work. This developed partly because many members were facing travel restrictions from their companies and could not attend conferences. The results look promising.

All in all, we had a productive session of sharing ideas for generating publicity, discussing research accomplishments and ideas, and helping attendees understand the kind of work GRA groups accomplish. This is always a great way to start the conference, especially because attendees have plenty of time on the subsequent days to ask questions of each other about these activities and formulate ideas to take home to their own organizations.

*Steve Kroes
Utah Foundation*

Coping with the Effects of Recession in the States

Panelists in the opening substantive session explored the health of state economies, discussed factors that have influenced the differences, and considered how federal stimulus funds and state-level proposals are likely to turn the tide. The session was moderated by Earl M. Ryan, president of the Citizens Research Council of Michigan, who cautioned that states are facing a revenue cliff in coming years, when they will have to reckon with the hazards of a growing reliance on the use of non-recurring revenue. The federal stimulus funding boost that resulted from the American Recovery and Reinvestment Act (ARRA) is the latest windfall of non-recurring revenue that is being used nationwide to prop up ongoing expenses of state governments.

Marcia Howard, executive director of Federal Funds Information for States, outlined the ARRA funding that was made available to the states. The state aid to local governments was offered through formula grant programs and competitive grants. Assistance

to individuals was offered through tax breaks and bond provisions.

The state aid was made available just in time for final budget preparations, so that many states were able to conduct their planning in time to apply for funds and to staff up to manage the additional funds in certain areas. Despite the welcome and eager acceptance of the funds, there are several challenges ahead. At the same time they are staffing up to administer the new funds, states must develop downsizing strategies to cope with the pending loss of funds in two years. Additionally, there are administrative costs, information management and performance measurement strategies to develop in short order.

Donald J. Boyd, senior fellow at the Rockefeller Institute of Government, discussed more broadly the recession's impact on the states. As employment has been declining in nearly every state, so have revenue levels. When the economy slows, state governments generally see revenue declines more quickly than the local or federal governments, because the taxes that decline first are sales taxes. Although local governments rely heavily on sales taxes, property taxes remain fairly stable.

In coping with revenue declines, state officials must consider the distinction between budget balance and quality budget balance. Although generally public sector employment is more stable than private sector employment, downsizing is occurring around the nation, with cuts primarily to arts/entertainment, legislative and executive staff. However, that was as of December 2008, he noted—and this fiscal crisis still has a long way to run.

*Jennifer Pike
Public Affairs Research Council of Louisiana*

Corrections and Public Safety: Towards More Wise Public Investments

The second of the GRA Conference focused on the effects of public policy decisions to incarcerate and alternatives for minimizing growth in correctional populations and spending. Panelists included Adam Gelb with the Pew Center on the States, Don Pryor from the Center for Governmental Research (CGR),

and Craig Thiel of the Citizens Research Council of Michigan (CRC).

Historically, the ideological debate regarding corrections and incarceration has centered on punishment and rehabilitation. But the panelists looked at providing solutions for two seemingly contrarian objectives: reducing the cost of corrections while improving results.

In the Pew Center on the States report titled “One in 31: the Long Reach of American Corrections,” it was reported that today, 7.3 million adults, or 1 in 31, are under some form of correctional control. Over the past 25 years, the number of prison and jail inmates has increased 274 percent. While the increase in community corrections has not been as dramatic, it still accounts for 5.1 million individuals. One in 45 adults participates in criminal justice supervision through some type of parole or probation in their community. This not only consists of conventional parole and probation, but can include programs such as electronic home monitoring, day reporting, work release, community service, counseling and drug testing. With the vast expansion of community corrections, funding has not risen nearly as fast. Although incarceration must inevitably cost more than community corrections, the price disparity is astounding. In 2008, the daily cost of supervising a probationer was \$3.42, while the average daily cost of a prison inmate was \$78.95. When faced with the data, reducing the prison population while creating and funding economical, effective alternatives appears to be a win/win effort.

Adam Gelb has been working on the Public Safety Performance Project (PSPP) with Pew. The PSPP helps states advance financially sound, data-driven sentencing and corrections policies and practices that protect public safety, hold offenders accountable and control costs. The PSPP currently provides assistance to 13 states that want to improve their return on public safety investments. Gelb’s discussion focused on what he termed the five fallacies about corrections and public safety in America:

1. Police determine the crime rate.
2. The crime rate drives the incarceration rate.
3. Prisons are full of low-level, non-violent offenders.
4. Everything “works,” nothing “works.”
5. Rational crime policy is political suicide.

Gelb then discussed the realities of these misconceptions. He stated that police are important in determining the crime rate, but corrections also play a huge role. Then he stated that the primary driver of incarceration rates is policy choices, not crime rates. In response to the fallacy that prisons are full of low-level, non-violent offenders, he corrected that most individuals in prison are serious offenders, but the small percentage that aren’t can save a lot of money in funding. Fallacy #4 was reversed with data proving that well targeted, well run correctional institutions can cut recidivism by up to 30 percent. Finally, he argued against the idea that rational crime policy is political suicide, stating that it is instead political salvation. Gelb’s presentation suggested that good public policy and an efficient correctional system can be successful in improving the surmounting correctional challenges faced today.

Craig Thiel recently worked on a study for CRC titled, “Growth in Michigan’s Corrections System: Historical and Comparative Perspectives,” intended to initiate a fact-based debate on public policy options for corrections. His presentation focused directly on Michigan’s correctional system.

Michigan has had one recurring theme in its criminal justice system since 1973: prison population growth. During the past quarter-century, Michigan’s prison population has grown an estimated 538 percent despite a crime rate reduction of 42 percent in roughly the same time period. This can be attributed to several factors, such as increases in felony convictions, higher recidivism rates and a longer average prisoner length of stay, which increased 50 percent from 1981 to 2005.

Regardless of the reasoning behind such an increase, the funding to support it cannot continue. Currently, the Michigan Department of Corrections is the largest program operated directly by the state, accounting for almost 20 percent of the discretionary general fund. This disproportionate spending is “crowding out” other state-funded areas and assisting in the creation of deeper budget deficits. Thiel recommended reducing the prison population by reinvesting money in community corrections and creating better policy through sentencing reforms. In looking forward, budget decisions and rational public policy will be key components in improving Michigan’s correctional crisis.

CGR won a 2007 GRA “Most Distinguished Research” Award for a comprehensive study of criminal justice system practices in Chemung County, NY. This study, titled “Strengthening Criminal Justice System Practices in Chemung County, NY,” was led by the session’s third panelist, Don Pryor. It focused on assessing the county’s criminal and juvenile justice system practices, including its alternatives to incarceration (ATI) programs, and determining their impact on the county’s jail and detention populations.

Pryor’s discussion concentrated on ATIs. The reality of local corrections is that much incarceration is unnecessary, but there are many criminal justice practices in place that boost the growing jail populations. Jail admissions and daily census often increase even as crime and arrest patterns decline, defendants are frequently held for extended periods on minor offenses and end up receiving non-jail sentences, and women are increasingly incarcerated on minor charges. One main reason for all of these ineffective practices is that there are very few alternatives in place.

Pryor went on to say that significant, cost-effective reductions in the jail population are achievable by following seven key strategies:

1. Revise existing procedures to effect earlier releases of people in jail on low bails, low risks.
2. Expedite earlier releases for defendants released after 45 days for lack of timely prosecution.
3. Expedite Pre-Sentence Investigation (PSI) processing for defendants in jail, and schedule sentencing closer to PSI completion.
4. Changes in Project for Bail practices
5. Expanded dedicated focus on Intensive Supervision Program caseloads.
6. Creation of Electronic Home Monitoring capability within criminal justice system.
7. Streamline Drug Court screening and admission process.

Realizing that there are often less expensive, more effective alternatives to incarceration allows policy makers to make better decisions, while improving the results of the correctional system.

*Marci Edwards
Public Affairs Research Council of Alabama*

Municipal Finance in Peril

The Monday luncheon speaker was Richard Ciccarone, Managing Director of McDonnell Investment Management. Mr. Ciccarone has over thirty years of experience in the investment industry and co-founded the National Federation of Municipal Analysts. He has also served as an elected trustee of the Hinsdale, IL, village board and currently serves on the Civic Federation’s Board of Directors.

Mr. Ciccarone began by explaining that many state and local governments had pre-existing structural financial problems that were exacerbated by the recession. He noted that state governments have been harder hit than local governments so far perhaps in part because more local governments rely on property tax revenues, which are a more stable revenue source than income or sales taxes in a recession. Still, the fiscal situation for most governments is expected to worsen in 2010 and 2011 as federal stimulus dollars expire. Those governments that did not make significant cuts in 2009 will face even deeper deficits and harder choices in subsequent years.

Recent governmental accounting standards changes have helped to shine a light on major financial liabilities that many agencies have accumulated. Legacy costs for employee pension and healthcare benefits have become a sobering burden, similar to the liabilities faced by old line manufacturing and auto industry companies. Deferred infrastructure maintenance is another area of concern, as the average age of capital assets has been rising rather than falling for many governments.

Mr. Ciccarone identified positive and negative effects of the turmoil in the municipal bond market. He noted that while the liquidity crisis has made it harder for some governments to borrow at a desirable rate, the contraction of the bond insurance market has prompted more analysts and bond buyers to examine the creditworthiness of governments themselves because they can no longer rely on insurance. This prompts more scrutiny of how well governments manage their finances.

Mr. Ciccarone noted that earlier this year the federal government had suggested that it might move to guarantee state and local government bonds in order to loosen up the municipal lending market. He

warned that a federal guarantee would ultimately harm state and local governments because it would allow them to avoid making the cuts needed to address their long-term structural deficits. This moment of fiscal duress is a critical opportunity for those governments that have been living beyond their means to reprioritize and “right-size.” Failure to do so could lead to higher borrowing costs, taxpayer revolts, and even defaults or bankruptcies.

*Lise Valentine
Civic Federation*

The Future of the Census—Public Finance Statistics

Our Tuesday working breakfast featured Christopher Pece, the Assistant Division Chief of the Governments Division at the U.S. Census Bureau. Chris discussed the state and local government finances data that many GRA members use in reporting interstate differences and rankings of tax burdens and spending patterns. The division is working to implement recommendations made in 2007 by the Committee on National Statistics. These recommendations included improvements in data quality and relevance, timeliness of releases, and improvements in dissemination of the data.

Regarding data quality, the division is gathering input from data users to assess where changes should be made. It has begun making changes with a redesign of the quarterly tax survey and the annual employ-

ment and finance surveys. The division is also organizing a unit dedicated to examining research and methodology, looking for ways to improve.

The timeliness of data releases is being addressed by examining internal processes to streamline and hasten publication of data. One method for doing this is releasing preliminary data as soon as possible, with a scheduled revision after agencies provide feedback on problems in the preliminary data. This has recently been implemented, with a preliminary release of the 2007 Census of Governments data in September of this year and a scheduled revision for November. This data is now available on the division’s website at: www.census.gov/govs/estimate/.

Dissemination of data is being improved through enhancements to the Governments Division section of the Census website. The site now includes dates for upcoming releases and revisions, and a new “build-a-table” feature is available for the government employment data. The data is also now available through a federal search system called DataFerret, and the staff is working on greater publicity for new data releases.

Chris urged GRA members to contact him with any comments or suggestions about the data. He can be reached at: (301) 763-7330 or Christopher.Pece@census.gov.

*Steve Kroes
Utah Foundation*

Chris provided a schedule of upcoming releases:

Release Date	Release	Frequency
July 2009 (Oct., Jan., Apr)	Public Employee-Retirement System Assets	Quarterly
September 2009	2007 Census of Finance	Quinquennial
September 2009 (Dec., Mar., Jun.)	Quarterly Tax	Quarterly
October 2009	2008 Annual Employment	Annual
November 2009	2008 State Government Finance	Annual
December 2009	S & L Public Employee-Retirement Systems	Annual
March 2010	Annual State Tax Collections	Annual

Transportation Infrastructure: Paving the Tracks for Better Legislation

Concern over the nation's transportation infrastructure is widespread. The manner in which this infrastructure is maintained and enhanced has become a central topic of debate, especially given that resources to complete such tasks are running dry. Given the gaps in infrastructure needs and available dollars, this panel discussion focused on current federal transportation policy and how new policies could better address the nation's vital transportation systems.

Rob Henken, the president of the Public Policy Forum, moderated the discussion and led off with a review of prior, current and pending transportation policy. The three major federal policies that have steered development of the nation's surface transportation are: the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991; the Transportation Equity Act (TEA-21) of 1998; and the Safe, Accountable, Flexible, Efficient Transportation Equity Act (SAFETEA-LU) of 2005. Commissions authorized under SAFETEA-LU found that the current level of investment had failed to meet the needs of the current system, necessitating exploration of other funding streams, particularly user charges. SAFETEA-LU authorized investments of \$244 billion in transportation infrastructure, but it expires at the close of September 2009. Though Congress has extended this program for another 18 months, significant debate continues regarding its replacement bill.

Emilia Istrate of the Brookings Institution argued that more should be done on the federal level to develop a national transportation policy, to empower metro areas, and to ensure performance and outcomes. She pointed out that the majority of federal funding does not flow directly to local governments but to states. This has the potential of watering down the input and needs of metro areas, which make up a small fraction of the country geographically but hold the majority of the nation's population, economy, and transportation use. Istrate emphasized the need to have a more strategic plan for transportation investment, one that is more efficient and accommodating to public needs. She suggests that, in order to stretch scarce dollars in a more strategic manner, any bill

that replaces SAFETEA-LU should also make greater use of cost-benefit analyses. These analyses should not only consider the costs and benefits seen in the transportation arena but should also make links to other areas such as housing and education.

As stated by Janet Oakley of the American Association of State Highway and Transportation Officials, the dollars spent today meet only 40 percent of the nation's transportation needs. A lack of funding has largely resulted from diminished purchasing power, reduced funding from the Highway Trust Fund, and limited support for increased user fees—challenges recognized by all panel members. Oakley provided the following funding breakdown needed to provide adequate transportation infrastructure investment from 2010 to 2015:

- Highways: \$375 billion
- Transit: \$93 billion
- Freight: \$42 billion
- Intercity passenger rail: \$35 billion.

These projections total a funding increase of more than \$200 billion over current levels. To achieve these funding levels, tough decisions must be contemplated, whether it be new revenue streams or a shift in transportation priorities.

The need for greater investment was echoed by William Millar, president of the American Public Transportation Association. He indicated that of the seven largest rail systems, there is a backlog of maintenance amounting to \$50 billion. Investments in mass transit, Millar notes, will enhance mobility and access, support a better economy, provide greater jobs, lessen U.S. reliance on oil, reduce greenhouse gases, strengthen national security, and improve public health.

As 2009 comes to a close, the push for a new transportation bill will intensify. How and to what extent transportation is funded are questions that remain unanswered. However, without significant and strategic reform, it is apparent that transportation systems will continue to suffer.

*Vanessa Allen
Public Policy Forum*

The American Community Survey and the Decennial Census

This session was moderated by Eric Lupher, Citizens Research Council of Michigan, and featured Deborah Griffin, American Community Survey Office, U.S. Bureau of the Census. Ms. Griffin provided an overview of the changes to the decennial Census to be realized with the 2010 Census, including the elimination of the long form survey. The changes result from the full implementation of the American Community Survey (ACS). Ms. Griffin gave a detailed explanation of the methodology of the ACS and how it differs from the decennial Census. Highlights include:

- ACS data is collected continuously through the year
- ACS results are released annually, and in 3- and 5-year rolling aggregates
- Content of ACS is defined by the Office of Management and Budget, not the Census Bureau
- ACS includes the same set of geographic areas as the decennial census
- ACS surveys US residents at their current residence as of the interview date

Ms. Griffin provided several examples of data products that are or will be available from the ACS. She also noted that the ACS data tables, unlike the Census data tables, include the margins of error. The ACS has more sampling error than the decennial Census, but is thought to have less non-sampling error. Other benefits of the ACS over the decennial Census include more current estimates and greater flexibility in adding or dropping questions. Like the Census, the ACS is mandatory for respondents.

Organizational Roundtable

We wrapped up the conference with a discussion of financial challenges facing our organizations during the recession and steps we are taking to respond to them.

The Economy League of Greater Philadelphia has institutionalized its Regional Leadership Exchange, which helps to diversify the League's membership base and also bring in fees and sponsorship dollars. Milwaukee's Public Policy Forum has taken on different projects this year in a facilitator role that grantors have supported.

The North Carolina Center for Public Policy Research prepared a preview of the state legislative session and a post-session review for a group of foundations. The Texas Taxpayers and Research Association has focused on keeping in touch with board members and with those persons at their companies who make the funding decisions. The Public Affairs Research Council of Louisiana is beginning to research planned giving as a new source of support.

The Bureau of Governmental Research in New Orleans is wrapping up a \$3 million endowment campaign, which was an effective way to meet new people and ones that may not have wanted to contribute to the endowment but did contribute to other BGR projects.

The Utah Foundation and the Economy League of Greater Philadelphia both said that they may not continue to exist in the same form much longer due to financial considerations. The Utah Foundation may become part of the United Way.

Finishing up on a lighter note, members discussed the possibility of inviting other GRA organizations to serve as reviewers of major research projects and several groups were interested. Eric Lupher asked if members might be interested in a mid-winter GRA webinar on a topic of mutual interest and there was general support for the idea.

*Lise Valentine
Civic Federation*

Notes from the Field

Lupher Appointed as Vice Chairman of GASAC

The Trustees of the Financial Accounting Foundation, at their August meeting, appointed **Eric Lupher** as Vice Chairman of the Governmental Accounting Standards Advisory Council (GASAC). The GASAC is a diverse, 30-member advisory group consisting of public sector financial statement preparers, auditors, and users of government financial reports. The GASAC provides input to the Governmental Accounting Standards Board (GASB) on its mission to provide decision-useful information for investors and other users of financial reports. The GASAC is responsible for consulting with the GASB on technical issues on the Board's agenda, project priorities, matters likely to require the attention of the GASB, selection and organization of task forces, and such other matters as may be requested by the GASB or its chairman.

Eric has represented the GRA on the GASAC since January 2006. He is the Director of Local Affairs for the Citizens Research Council of Michigan (CRC). He has been with the CRC since 1987, the first two years as an intern in the Lent Upson-Loren Miller Fellowship Program. During this span, he has done studies on a number of different state and local government policy issues. In addition to his research responsibilities, Eric manages the CRC website and has served as treasurer of the GRA since 1995. Eric received a Bachelor of Arts from James Madison College in Michigan State University and a Masters of Public Administration from Wayne State University.

The GASB is the independent, not-for-profit organization, formed in 1984, that establishes and improves financial accounting and reporting standards for state and local governments. Its seven members are drawn from the Board's diverse constituency, including preparers and auditors of government financial statements, users of those statements, and members of the academic community. More information about the GASB can be found at its website, www.gasb.org.

The Financial Accounting Foundation (FAF) is responsible for the oversight, administration, and fi-

nances of both the Financial Accounting Standards Board and its counterpart for state and local government, the Governmental Accounting Standards Board. The FAF also is responsible for selecting the members of both Boards and their respective Advisory Councils.

Change at the Top, and a Familiar Face, at WRC

Al Ralston has decided to pursue a new career direction and has stepped down as president of the Washington Research Council. Al was president for two years, and served on its Board when he worked for Boeing.

Dick Davis, the Research Council's former president for many years, has agreed to oversee the work of the Research Council for the next 12 to 18 months. Dick, through a contract with his firm, The Simeon Partnership, will manage the day-to-day work of the Research Council, including research, communications, outreach and fundraising. This is in addition to his ongoing work with the Washington Alliance for a Competitive Economy (WashACE).

Kriss Sjoblom continues as WRC's primary researcher and **DeDe McConnell** provides administrative support and general office management.

Jeffrey Guilfoyle New President of CRC of Michigan

Jeffrey P. Guilfoyle, 39, became the sixth president of the Citizens Research Council of Michigan at the 93rd Annual Meeting of CRC on September 11. He was Director of the Office of Revenue and Tax Analysis (ORTA), Michigan Department of Treasury, a post he held since 2007. He succeeds **Earl M. Ryan**, who has held the position since 1994 and who retired from CRC at the end of October.

Guilfoyle began his career with the Department of Treasury in 1998 as a tax analyst and was Director of the Economic and Revenue Forecasting Division from 2004 until assuming his current position. As Director of ORTA, his responsibilities include forecasting and tracking state tax receipts, estimating

the impact of legislation on state tax revenues, and providing economic research support to the State Treasurer.

He received his B.A. in economics from the University of Michigan and his M.A. and Ph.D. in economics from Michigan State University.

Kudos for NCCPP Awards

If you win an award from the GRA but no one knows about it, did you really win? The folks at the **North Carolina Center for Public Policy** don't have to worry about solving that age-old conundrum, as they received congratulatory notices on the editorial pages of two newspapers. NCCPP won the state-level Most Distinguished Research and Outstanding Policy Achievement awards at this year's GRA conference. The Beaufort Observer enthused, "We would like to add our congratulations to Ran Coble and the Center not only for winning these awards but for the truly outstanding work they do at the Center and thereby for the service they render to the people of North Carolina. They have been doing so for many years and their longevity is a testament to the quality of their work and the importance of what they do." The Transylvania Times of Brevard, NC, was similarly effusive: "North Carolinians are fortunate to have an independent, nonprofit organization that analyzes state programs and other issues important to this state. Its recommendations have helped improve the lives of our residents and promote the more efficient use of government funds. For those reasons, its latest honors are well deserved."

New Health Policy Newsletter

The **Public Affairs Research Council of Louisiana** (PAR) started a new newsletter series dedicated to health care topics. On The Health Record will spotlight some of the facts and figures central to the public health care debate and explored further with in-depth reports published by PAR. The premier issue was published in October and discussed national reform in the Louisiana context. www.la-par.org/Publications/PDF/OnTheHealthRecord_Oct2009.pdf

Highway Funding Study

Significant new revenue will be required to prevent the long-term deterioration of the Louisiana highway

system, **PAR** says in a report released in July, "Moving Highway Funding to Stable Ground." The second in a two-part series on highway funding, this report examines a variety of options for funding the highway program and considers innovative approaches to funding mega-projects. A reasonable objective is for the state to provide an additional \$650 million a year in highway funding. This amount could be put to work effectively and would ideally be achieved using annually determined general fund appropriations that maintain optimum budget flexibility for the overall state budget. In addition, there are some revenue dedications that would be acceptable sources of new funding. www.la-par.org/Publications/PDF/Highway_Funding_July2009.pdf

Economic Development Incentives

The Louisiana Department of Economic Development (LED) should provide more accessible and consistent information about its discretionary incentive programs, according to **PAR's** analysis, "Filling the Gap or Tipping the Scale? An Analysis of Louisiana's Use of Financial Incentives to Spur Economic Development," which was released in August. This study examines the state's Mega-Project Development Fund and Rapid Response Fund, which are used to make discretionary incentive payments to businesses. The payments can be provided as direct cash payments or through the purchase of things such as facilities, land and equipment. These two funds are distinguished from other performance-based incentives offered by the department by the fact that they allow goods and services to be purchased for private entities, which can maintain ownership. Louisiana's use of financial incentives is consistent with practices in other states, but lacks some of the oversight and accountability mechanisms in line with neighboring states that are leaders in these areas. At a time when all state resources are scarce, the expenditure of these funds should be undertaken with only the highest degree of scrutiny. www.la-par.org/Publications/PDF/ED_IncentivesAugust2009.pdf

CRC Report Tracks Changes in Public Sector Employment

Michigan has been shedding jobs continuously since June 2000, and Michigan employment is now more than 20 percent below the June 2000 peak. In its a recent publication, the **Citizens Research Coun-**

cil of Michigan focuses on the job losses in the public sector over this time period, comparing public sector outcomes with what has occurred in the private sector. *Michigan Private and Public Sector Levels over the Business Cycle* finds that the changes in public sector employment have been multifaceted, with the public sector employment changes dependent on a number of factors.

In the short-term, public sector employment levels tend to be more stable than the private sector. This is attributable to a host of factors, including the composition of state and local government employment, the relative stability of the underlying revenues supporting state and local jobs, and the “countercyclical” nature of some governmental programs. As a result, state and local government employment may not react as quickly to the ups and downs of the business cycle. Over the longer-term, however, public sector budgets are forced to cope with declining resources and adjust personnel levels accordingly.

Over Michigan’s prolonged recession, dating back to 2000, trends in public sector employment levels mirror what has occurred in the private sector, but without the severity. Since its high water mark in August 2001, the size of the public sector in Michigan has contracted. Within the public sector, however, there has been considerable variance with respect to composition. Generally, higher education and hospital employment levels are up and K-12 education and State of Michigan classified employment levels are down. www.crcmich.org/PUBLICAT/2000s/2009/note200901.html

Report on Prefunding of OPEB

A new issue brief from the Center for State & Local Government Excellence takes a hard look at the options state and local governments are pursuing to reduce their unfunded liabilities for retiree health care.

The brief, “**Prefunding Other Post Employment Benefits (OPEB) in State and Local Governments: Options and Early Evidence,**” cites examples of how governments are addressing their OPEB obligations:

- West Virginia, which has established a trust fund, also made changes in its healthcare benefit plan for retirees, and most recently, eliminated retiree healthcare subsidies for all employees hired after July 1, 2010.

- Montgomery County, Maryland, developed a multi-year plan to arrive at full funding, including the establishment of a Section 115 trust and an independent board to manage the trust and its investment policies.
- Oakland County, Michigan, began prefunding retiree health care liabilities in 1987 and more recently has issued OPEB bonds to help fund the County’s Section 501(c)(9) Voluntary Employees’ Beneficiary Association (VEBA).
- Gainesville, Florida, a city with a consistent history of paying in excess of its annual required contribution and that may be the first local government to complete its prefunding obligations through the sale of OPEB bonds in 2005.

Governments know that their retirement benefits have helped them attract and retain the talent they need. Most governments continue to fund their retiree health benefits on a “pay-as-you-go” basis even as they assess strategies to deal with escalating costs.

www.slge.org/vertical/Sites/{A260E1DF-5AEE-459D-84C4-876EFE1E4032}/uploads/{F7CBC101-1E69-4DE7-AEEC-ECFE6F41CAF5}.PDF

Two Great Websites Open Budget to Citizens

Sometimes governments really get it right. Observe the Metro Nashville (KY) government, an amalgam of the City of Nashville and Davidson County. To make their budget more transparent to the average citizen, they created two easy-to-use websites:

- www.nashville.gov/citizens_budget/2009/
- www.nashville.gov/finance/planning_performance/cgmp/

The Citizen’s Guide to the Metro Budget and the Citizen’s Guide to Metro’s Performance, respectively, are meant to be accessible and understandable to just about anyone, and Nashville has succeeded. Take a look and see what can be done with a little ingenuity and a notion that citizens deserve understandable information about their governments and can comprehend it if you give it to them.

The Governmental
Research Association

GRA

Frederick P. Gruenberg Award

Is Hereby Presented to

Glenn. H. Ivy

In recognition of his distinguished and productive career in governmental research. He was a member of the original staff of the Texas Research League and spent 24 years there, including 11 as Research Director. The League's well-earned reputation for producing first-class, insightful research was due in large measure to his efforts. His work left an indelible, enduring imprint on the fabric of Texas government. During his 27 years of governmental research, the studies he directed led to major improvements in virtually every major state agency and program. His groundbreaking research on public school finance was the foundation for a complete restructuring of the system for funding Texas schools. His leadership and unwavering commitment to excellence challenged, inspired and elevated the work of his colleagues and set a standard that all in the profession should aspire to achieve.

by the

Trustees of the Governmental Research Association

July 28, 2009

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