What’s Next in Local Government?

A SPECIAL REPORT FROM GOVERNMENT EXECUTIVE’S ROUTE FIFTY
AND THE INTERNATIONAL CITY/COUNTY MANAGEMENT ASSOCIATION
What will drive the direction of local government during the next decade and beyond? Where will the “next cities”—those places that possess the attributes that attract and retain talented individuals—be located? What big ideas will transform our communities into great, sustainable places to live, work, and play? Nine issues are paramount for local governments to consider in the coming decade.

1. Importance of the City-State

For the first time in history, more people live in metropolitan rather than rural areas. Unlike in other countries, however, people in the United States live in metro regions comprised of many jurisdictions, rather than in megacities. This fragmentation heightens our sense of community but complicates our efforts to achieve results around the larger issues of our time, such as job creation, safety evaluation, environment, health care and infrastructure.

Economies are now driven multinationally, nationally and regionally. Yet, most policies and organizational structures throughout the United States do not reflect this reality and, in fact, often impede the ability to work collaboratively. The first challenge is to develop incentives to encourage multijurisdictional and multistate action while preserving the sense of community that we value so highly.

2. Organization of the Future

For the past 100 years, we have structured local government organizations to leverage specialization through separate departments for police, fire, recreation, engineering, public works, social services and the like. Yet, today we live in a time of disruptive change, and the issues we face are more complex and interrelated than ever before.

Tomorrow’s local government organizations will need to produce results around issues that require multisector, multidisciplinary and intergovernmental solutions. We will need to organize around outcomes and networks, not silos. Efficient management of traditional agencies and departments will be essential—but not sufficient—for success. In this environment, the stand-alone department or agency will be the dinosaur
of the future. Instead, the successful government organizations will be those that are integrated partnerships achieved within a multidisciplinary environment and focused on outcomes and results rather than on functions and disciplines.

3. Workforce of the Future

Leading the workforce of the future will be challenging. It will become increasingly multi-generational, and we will often have different tiers of wages and benefits for the same class of employees. What will be the new social contract for this new workforce? No longer can it be simply decent wages and great benefits, both of which will always be challenged. What if, instead, it became performing meaningful work in a leading organization that improves the quality of life for residents, workers and visitors? And what if we commit to investing in the growth and development of the workforce so that, because of that commitment to continuous learning and high performance, work in local government is seen as a résumé-enhancing experience?

4. Leadership and Management

The fiscal and political challenges of federal and state governments will force communities to decide for themselves which services are important and how they will pay for them. This will require leadership from elected and appointed officials, who can articulate clear community values and priorities, shape big ideas on management and execution and facilitate defined outcomes.

5. An Open-Source World

Bestselling author and business behaviorist Daniel Pink describes how the ubiquitous nature of information has changed the role of local government staffs forever. Historically, these employees have been the technical experts, possessing knowledge and information unique to them. Today and in the future, that knowledge and expertise will be combined with the ability to successfully aggregate, facilitate and organize the flow of information from multiple sources and “experts.”

The result of this change will be a shift of power from the institution to the individual. Crowdsourcing, apps and organic solutions to problem solving and funding create more opportunities for collaboration among individuals, the civic sector, ad hoc groups and local government. The value proposition for local government now is to integrate these activities so that the whole is greater than the sum of the parts.

6. High-Tech, High-Touch Engagement

Rapidly evolving technologies and social media present enormous opportunities to involve many more stakeholders on many more issues and decisions than ever before. The challenge is how to integrate the benefits of the reach of these new technologies with a renewed emphasis on newly designed high-touch approaches. Combining high-touch engagements designed to build shared values, relationships and understanding of different perspectives with the reach and frequency of new technologies can create a powerful vision and opportunity for a renewed emphasis on social responsibility.

7. Evidence-Based Decision Making and Accelerating Continuous Improvement

The technologies developed for the private sector—which provide real-time information and analysis across multiple data platforms that can be used to improve performance, enhance customer experience, develop new products and services and anticipate
consumer demand—are available and can be applied to local government. Through services such as ICMA Insights™, which will combine industry-leading analytics with one of the largest repositories of U.S. local government performance metrics, we can compare performance across vast numbers of local governments and apply predictive analytics to some of the more complex service delivery issues of our time.

One use of these analytics is to accelerate the adaptation of new ideas and innovations across local government. If we could reduce the time it takes for a good idea to be developed to when it becomes the state of the practice, we could improve performance and outcomes significantly.

We need to understand more about what impedes the replication of good ideas in local government and use new technology to accelerate real-time learning and exchange.

8. Finance
One of the biggest challenges facing local government is how to finance services in the 21st century. Most local government revenue systems are based on approaches developed for the economies of the 19th and 20th centuries. Designing a fairer, more equitable system for the major drivers and economic generators of this century will test our political will.

We have benefited from and yet neglected many generations’ worth of infrastructure investment. For too long, our water systems, electrical grids, transportation systems, wastewater treatment facilities, and public buildings have gone untended. If we cannot maintain and sustain the basic infrastructure of the nation, how can we articulate the requirement for development and repair and shape the bold new investments needed for us to compete in the global economy?

9. Formula for Success
Over the past decade, we have seen communities and regions take matters into their own hands, selecting and financing the programs and projects they deem vital to their own quality of life and competitive future. Each of these communities has employed a basic formula:

\[
\text{Transparency} + \text{Engagement} + \text{Performance} + \text{Accountability} = \text{TRUST}
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Trust becomes the currency that produces the investments necessary to ensure our future quality of life. Working in local government’s favor is the trust that people have in that level of government, which is much higher than that for either federal or state government. In the future, residents’ trust will be the working capital of innovation in communities and local governments.

The bottom line is: Communities do not stay the same. They either get better or they get worse. Local government organizations that employ multisector, multidisciplinary and intergovernmental solutions to challenges; invest in workforce growth and development; organize the flow of information from multiple sources; integrate technology with high-touch approaches; apply predictive analytics to local operations; and build resident trust are the ones that will succeed. They will provide essential services in the most efficient and effective manner possible to their communities.

And those communities will be the communities of the future.

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When a City Government Faces Challenges, ‘You Either Rise to the Occasion or You Don’t’

An ICMA fellowship helped Tanisha Briley develop her talents for public service and succeed where many her age struggle. Now she’s a city manager.

BY DAVE NYCZEPIR

Tanisha Briley’s ascent to the city managership of Cleveland Heights, Ohio, is a testament to how confidence-building fellowships can help diversify the ranks of local government.

Lacking exposure to the council-manager government system prevalent in other parts of the nation, the 36-year-old Cleveland native didn’t learn about city managers until after earning her master’s degree from Cleveland State University’s Maxine Goodman Levin College of Urban Affairs.

As a fellow in the International City/County Management Association’s 2006 Local Government Management program, Briley would cut her teeth juggling large assignments for layoff-stricken Davenport City Hall in eastern Iowa. There she’d gain the experience needed to self-assuredly climb the public administration ladder—unlike many of her colleagues.

“There’s a crisis at the top, where city managers are not retiring, and their assistants are not moving up,” Briley told Route Fifty in an interview. “The process doesn’t work if no one moves to the next level, but many are afraid and self-doubt is clogging up the pipeline.”

Growing up in Cleveland’s housing projects, Briley’s
impoverished family depended on city and county programs like field trips hosted by the local recreation center. Although she wouldn’t realize just how instrumental they were to her development until after college—she was the first in her family to graduate with a college degree—Briley said she was always service-oriented and civic-minded.

As a high school junior, Briley organized a protest of then-Mayor Michael White, who she felt was prioritizing the construction of the Jacobs Field ballpark to the detriment of schools. Some of her textbooks at the time dated back to the 1970s.

During her undergraduate years at The Ohio State University, Briley intended on pursuing business. But during a study abroad program in South Africa, she was surprised to find citizens wrestled with similar problems: access to quality housing and education, as well poverty. She returned to Columbus and finished her business degree but then became a staffer for state Sen. Mark Mallory.

“My life has always been touched and shaped by programs run by public administration,” Briley said. “I loved working one-on-one with constituents and helping them access services. All of the issues I wanted to affect were at the local level.”

After a stint as an OSU recruiter for a minority scholarship program, Briley returned to school at Cleveland State University to get her master’s in public administration.

In 2006, she applied for ICMA’s fellowship on a whim after graduation and was two months into a job with OSU’s ACCESS Collaborative, when she heard back from Davenport.

Briley said she was struck by longtime City Administrator Craig Malin’s passion for his profession, despite of Davenport’s significant economic challenges, "There’s a crisis at the top, where city managers are not retiring, and their assistants are not moving up. The process doesn’t work if no one moves to the next level."

TANISHA BRILEY, CITY MANAGER IN CLEVELAND HEIGHTS, OHIO
which impacted the city government. The city was missing an entire layer of middle management due to staff cuts that created what Briley called a “perfect storm.”

“Being able to come into an organization and take on challenging projects at a pivotal time—the economic recession hit while I was there—you either rise to the occasion or you don’t,” she said.

Briley rose.

Within her first year she was promoted to budget manager, prepping the administration on the more than $200 million at its disposal, advocating for particular departmental programs and learning to think outside the box when approaching the city's finances. With the budget being the primary policy statement of any community, Briley had to parse the needs and wants of the community with the available resources, all while navigating the complex decisionmaking process.

“There is no better way to learn how to manage a city than through the budget process,” Briley said.

Without ICMA’s fellowship, Briley said she might never have gotten the chance, and within three years she had earned the assistant city administratorship.

On one particular Thursday, Malin came to Briley—overworked and preparing for her younger brother’s high school graduation—and asked her to complete a federal grant request due the following Tuesday. She told him she didn’t think she could do the job well.

“He said, ‘No, I’m sure you’ll do a great job because it’s important to the community,’ and I did. I got it done,” Briley said. “We did not get the grant but I got it done, and it was a lot to do with him and how he managed to push me beyond my limits, even beyond maybe where he thought I could go.”

In the Cleveland area, there are only two city
manager positions in all of Cuyahoga County’s 59 communities, so when Briley saw that Cleveland Heights was searching for one in late 2012, she didn’t bother applying. Briley said felt she was a long shot for a too-good-to-be-true opening so close to where she grew up.

All Briley needed was one more push. A search firm called her in May 2013 about the position, though she still doesn’t know how they got her name.

“Like a lot of young professionals—especially, unfortunately, women—we discount we’re ready for the next step in our careers,” Briley said.

In August, she marked two years in the position. Like Davenport, Cleveland Heights faces its own set of challenges. The Environmental Protection Agency is concerned with the city’s aging sewer system and leaders are considering whether to turn the fiscally ailing water utility over to another public or private entity.

Add to that a four-year budget deficit resulting from the combination of Great Recession home foreclosures and population decline. Briley and the city government she helps lead have their hands full.

Members of the City Council are pushing a .25-percent income tax increase on the November ballot.

“I don’t think anyone understood the magnitude of the situation. This used to be an affluent community, but it’s seen demographic shifts.” Briley said. “I’m helping the community and organization adjust to the new reality while navigating who we were with who we want to be.” Fortunately, Briley also inherited a talented team of senior department directors with 25 to 40 years of service in the city. She’s had the chance to fill a few executive-level positions herself.

Briley said her management style is inclusive while still holding departments accountable. Without micromanaging, she makes expectations clear.

And she makes no bones about being a rarity among city managers at conferences, exuding the poise she’s gained through years of experience—all starting with an ICMA fellowship.

“You don’t see many people my age, who look like me, but it’s always been about knowing the job. I’ve never encountered issues as a young woman and person of color,” she said. “I know walking into a room there may be lower expectations of what I have to offer, but when I open my mouth all that is put to rest.”

TANISHA BRILEY, CITY MANAGER IN CLEVELAND HEIGHTS, OHIO
A More Nuanced Approach to Thinking About the Muni Bond Tax Exemption

In a new white paper, a University of Washington academic provides a fresh take on the value of the exemption for state and local governments.

BY BILL LUCIA

Software, sewers and sidewalks are just a few examples of the kinds of capital investments that state and local governments across the United States make each year.

In many cases these sorts of expenditures are financed with tax-exempt municipal bonds. The exemption means investors avoid paying federal income taxes on the interest they earn. And it is generally thought to keep borrowing costs lower for “munis” compared to other types of debt.

So what would happen if the exemption were eliminated or curtailed?

Justin Marlowe, a professor at the University of Washington’s Evans School of Public Policy and Governance, dug into this question and other related issues in a white paper he recently authored, which the International City/County Management Association and Government Finance Officers Association published in August.

One of Marlowe’s main findings is that without the exemption, state and local governments would have paid about $714 billion in additional interest expenses from 2000 to 2014.

But the paper highlights some other more nuanced aspects of the muni tax exemption as well.

“The number, the $700 billion, is important,”
Marlowe said in a recent interview, referring to the overall savings figure. “I think another really key takeaway is that there are pretty uniform benefits when you compare cities, to counties, to school districts.”

(Editor’s note: Marlowe served as the author’s graduate adviser at the Evans School.)

In other words, whether it’s a city, county or school district issuing the debt, the federal tax exemption on muni bonds tends to save the jurisdiction a comparable amount of money.

According to Marlowe’s analysis, since the financial crisis of 2008, the exemption has saved cities around $70 per $1,000 borrowed, counties $76 and schools $79.

The paper looks at the savings from the tax exemption in other ways as well, providing further insight into which bond issuances usually benefit the most.

When issuances were compared by size, for example, the differences in savings were more varied than those between the cities, counties and schools. Larger bond sales typically saw greater savings compared to smaller issuances of debt.

There’s even more variation when comparing savings across types of projects.

For instance, the average savings hospital projects enjoyed from the tax exemption in the post-crisis years was in excess of $100 per $1,000 borrowed, whereas that same figure for parks projects was around $70.

This sort of variation could offer an interesting framework to think about the tax exemption if it ever does wind up on the federal chopping block.

While there are no immediate proposals in Congress that would nix the exemption, ideas that would rein it in have been floated in various forms in past White House budgets, and in recent years by lawmakers. The main argument against the exemption is that it costs the federal government money in terms of forgone tax revenue, while benefiting wealthy investors.

Mike Nicholas, CEO of the Bond Dealers of America, said the exemption remains “on a shelf in D.C. of many revenue raisers” and scaling it back is an issue that will likely emerge as discussions about federal tax reform continue to unfold.

“All time you’re in a fiscal-cliff-type situation, or in tax reform, and the government feels like they need to raise money, raise revenue to offset something else, they look to the shelf of revenue raisers,” he explained. “We’re on that shelf.”

Depending on your viewpoint, the analysis in the white paper could raise this idea: because muni bonds falling into different categories, those issued for hospital or airport projects for example, tend to see greater savings than, say, general purpose debt cities and counties issue, the exemption could perhaps be adjusted accordingly.

“If the federal government comes in and says ‘we need to get rid of the exemption,’ you could meet them part of the way by saying ‘well, how about we just need to roll it back for certain types of entities,’” Marlowe said. “There’s definitely an argument to be made there that certain types of issuers receive such a large benefit that they could either roll that benefit back, or that benefits could maybe be calibrated a little bit differently.”

“It definitely suggests that,” Marlowe said of the analysis. But he also noted: “I don’t know if anyone’s going there.” ☛
Karen Pinkos, the assistant city manager in El Cerrito, California, says her city hall has the “ability to focus on being creative and super nimble.”

By Allison Prang

As far back as she’s able to recall, Karen Pinkos has been intrigued by local government.

She’s a self-described “local government nerd.” And in a way, her interest made sense. In Michigan, her mom was entwined in various projects with their local government and became a city clerk. Her grandmother worked the polls. Her “uncle”—Pinkos referred to him as a close family friend—was a member of the police force. His mother-in-law was a city clerk.

Pinkos has also embraced the family tradition, currently serving as the assistant city manager in El Cerrito, California, a city with 24,000 residents near San Francisco.

“I’ve always been engaged in local government,” Pinkos said.

Her career track demonstrates that. Pinkos was an assistant to the city manager in Oak Park, Michigan. Then in 2001, she moved to California to work for El Cerrito, and 14 years later, she’s still there. During her tenure, she served as a regional vice president for the International City/County Management Association.

As a political science major at Oakland University, Pinkos thought she would go into politics as an undergraduate. But she came to the conclusion in college that law school wasn’t her path forward.

Pinkos said she had spent time watching city council meetings. Then it clicked when she took a class on public
administration. And now she’s living the dream. Or as Pinkos said, “the coolest job ever.”

The biggest reward is the impact, she noted.

“The best part about working for the public sector is that, and especially local government, I am directly impacting how people feel about where they live,” said Pinkos, who also participated in the Senior Executives in State and Local Government program at Harvard’s Kennedy School of Government.

“Where you live is part of your identity,” she added. “I do that. How cool is that?”

One avenue that local government has is the option to track what bigger cities and companies are doing and adapting for a small-city environment.

“I think it makes us that much more creative, that much more flexible and that much more nimble” she said. “For a tiny little city like El Cerrito, we’re doing some crazy things.”

“Because we’re small we have the ability to focus on being creative and super nimble,” Pinkos added.

One of the more innovative things the city has done, Pinkos said, relates to its sales tax and streets. While there’s a state sales tax in California, cities can also increase their local sales tax.

More than two thirds of residents voted in favor for the tax to go toward streets repairs, she said. El Cerrito ended up fixing its streets in four years, Pinkos said. The city bonded half of the money for the repair work, and that serves as a fund for continuous repairs.

“Our streets are awesome now,” she said.

El Cerrito is also going to be looking at implementing a minimum wage ordinance, she said. Other cities—like San Francisco, for example—have already taken the bull by the horns on the issue and upped their own minimum wages citywide.

“We’re not on the leading edge of stuff . . . but we’re not that far behind,” Pinkos said. “We have a lot of examples to go by” in the San Francisco Bay area.

And being small also helps.

“We have a quicker ability to react than a larger level of government,” she said.

With the minimum wage, Congress doesn’t look like it’s going to touch it on the federal level, she noted.

“The best part about working for the public sector is that I am directly impacting how people feel about where they live.”

KAREN PINKOS, THE ASSISTANT CITY MANAGER IN EL CERRITO, CALIFORNIA

“The view seems to be that Congress isn’t going to do anything,” she said. “Even if they did, they’re not going to be able to get it to a place where it’s going to be anytime soon.”
Part of Pinkos’ job that she enjoys is how it’s general in nature, meaning she can know “enough about everything” to be effective. She’s also been able to try different things over the course of her career to fill other people’s jobs.

For example, she’s zeroing in on human resources at the moment and is looking at bringing in new employees. It also gives her a chance to look at the diversity of where she works herself.

“This is right now my baby,” she said.

It’s so much her baby that she’s been certified in human resources by the International Public Management Association.

One positive aspect of being involved in human resources is she can implement what she wants to see.

“I actually have the best way possible now to effect change within our organization,” she said.

She wouldn’t classify El Cerrito as “terrible” when it comes to that, she said. Including the city’s chief of police, five out of eight department heads are women, she said.

“I’d love to see a little bit of a better ethnic mix,” she said. “I think we’re doing pretty well.”

But despite her own intrigue in having more women represented in government, Pinkos doesn’t like the focus to be on the lack of women in government—she wants it to be on the women that are in government.

That’s why the “13 percent” problem—the percentage of women in local government who rise to the role of chief administrative officer or an equivalent, a stat that hasn’t changed much since the 1980s—bothers her.

“I want 13 percent to be irrelevant,” she said. “I want to focus on what’s right.”

While she wants more women to rise to the rank of city manager, Pinkos said she likes the No. 2 title.

“I love being an assistant city manager,” she said. And it’s a gig that shouldn’t go unrecognized.

“An assistant city manager is not just an afterthought in city manager land,” she said.

“I want the number to grow,” she added, referring to the number of female chief administrative officers. “I also don’t want to get lost in the shuffle.”

She equates her job to being No. 2 to being second to the principal in a school.

“My primary job is making my boss happy,” she said.

Pinkos uses one well-known advocate for women in the workplace as an example of someone who’s No. 2: Sheryl Sandberg, the chief operating officer of Facebook who wrote the popular book for promoting women to lift themselves up in the workplace, “Lean In.”

“She’s not the CEO,” Pinkos said.

But that didn’t stop her.

“No one would accuse her of not being a . . . women’s leader,” she added.

Although someone as gung-ho about local government might aspire to move to a larger city, Pinkos has no plans. She likes small government.

And her career path says the same thing. She’s been with the El Cerrito city government for 14 years.

“I only ever want to work in a small town myself,” she said. “I really do love feeling the direct connection to the people that I’m serving . . . it’s really great.”

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The “13 percent problem” has been a rallying call for groups like Emerging Local Government Leaders to figure out ways to increase the percentage of women who rise to leadership roles in local government. The 13 percent figure for the percentage of women who rise to the role of chief administrative officer in local government originated in a survey from a ICMA partner for the ICMA Task Force on Women in the Profession. ICMA’s own 2012 State of the Profession survey, which was administered to ICMA members and nonmembers, reveals that the percentage of women who were CAOs in local government was nearly 20 percent.
Counties Pressure Congress to Provide More Certainty With Federal Payments for Tax Exempt Public Lands

A $452 million federal program meant to compensate local governments for lost property tax revenue is set to expire at the end of September.

BY BILL LUCIA

After going into a spin, the private plane crashed in the Ridgway Reservoir on the afternoon of March 22, 2014. The pilot and four passengers onboard the aircraft were killed.

The reservoir is in Ouray County, a 541-square-mile jurisdiction located amid southwestern Colorado’s San Juan Mountains, which has a population of about 4,600 people and encompasses rugged tracts of national forest land.

After the plane crash, the county coroner was responsible for identifying the victims and an autopsy of the pilot. The coroner’s office had a $36,891 budget last year and, according to Ouray County Commissioner Lynn Padgett, the tragic crash depleted these funds entirely.

But the county had a financial cushion to help cover the unexpected costs.

“We paid for this with PILT,” Padgett explained during an event at the U.S. Capitol on Sept. 10.

PILT is an acronym for the federal government’s Payments in Lieu of Taxes program.
The program is intended to help offset the property tax revenue that local governments lose because the federal public lands within their boundaries are tax exempt.

In some places, these federal lands might comprise more than 90 percent of a county's land area, significantly reducing the amount of property that can be taxed. Especially in Western states, the payments from the program, while modest by some measures, can be important for county budgets, helping to pay for costs ranging from search and rescue operations to snowplowing.

But funding for PILT in the upcoming fiscal year, which begins on Oct. 1, will lapse if Congress does not act.

Padgett was among a group of county officials who recently visited Washington, D.C., to urge congressional lawmakers to shore up funding for the program.

“PILT,” she said, “is vital to Ouray County.”

‘You Can’t Plan On It’
For the 2015 fiscal year, Congress provided $442 million for PILT payments to local governments across the United States, although $37 million of this money will not become available until Oct. 1.

For now, evidence of any broad opposition to the program on Capitol Hill is scant, and support for it crosses party lines.

Rep. Jared Polis, a Colorado Democrat who noted that 62 percent of his district is federal land, said that PILT “usually comes under attack from people who just don’t understand what it is.”

But it remains uncertain when and how future funding for the program will be secured. And the politics surrounding PILT are tangled with sensitive, and sometimes controversial, questions about whether the U.S. government should turn over control of more public lands to states.

“The issue at hand is: Who makes the decisions about how those public lands are going to be used?” Rep. Rob Bishop, a Utah Republican who chairs the House Committee on Natural Resources, told county officials at the Capitol Hill event Padgett attended.

“Someone who lives in the county where that land is? Or someone who has a four hour flight to get back here to Washington to make that decision? I actually choose the person who’s living on the land.”

County officials, meanwhile, want Congress to do more than just extend PILT to cover the upcoming 2016 fiscal year. They want to see the program’s funding made mandatory, so it is not subject to the year-to-year whims of the congressional appropriations process.

“We never know what’s going to happen,” the National Association of Counties’ director of public affairs, Brian Namey, said of the PILT funding process in recent years.

“If every year it’s like a rollercoaster, you have to go to the Hill on your hands and knees and ask for this money, it’s very difficult to plan a budget,” he added.

Rep. Chris Stewart, a Utah Republican who is a member of the House Appropriations Committee, expressed confidence to the county officials who came to Washington that PILT funding would eventually materialize, but he offered less reassurance on the timing.

“We will get your PILT funding. I promise you we will. I’d like to get it now, I’d like you to know this week, or next month what your funding is going to be for next year,” he said. But because of the way the appropriations process is shaping up in Congress, Stewart conceded “that probably won’t happen.” He added: “I don’t know a single individual who opposes PILT.”
‘A Fairness and Equity Issue’
For Ouray, the fate of PILT is cause for concern. During the 2015 fiscal year, the county was slated to receive $346,018 from the program, according to U.S. Department of Interior figures. That’s not an insignificant sum in a place with a tightly stretched $9.4 million budget.

Still reeling from the aftereffects of the Great Recession, the county has shifted the work week for most public employees from five to four days in order to deal with sinking property tax revenues. Padgett said that without PILT, a three-day work week might’ve become necessary.

But the program is about more than just scooping up extra federal dollars to backfill the county’s budget, according to Padgett.

“We look at this as being a fairness and equity issue,” she said.

Property taxes account for 41 percent of Ouray’s general fund revenue in the county’s 2015 budget. But nearly half of the land there is federally controlled, which would mean that it is tax exempt and therefore not included on the property tax rolls.

At the same time, these federal public lands can create costs at the local level.

Public areas in and around Ouray are popular destinations for outdoor activities. When spring comes, the county typically spends about $70,000 clearing snow from high alpine roads that lead to places like the Alpine Triangle and Yankee Boy Basin, which are frequented by hikers, 4x4 enthusiasts and other recreationalists. And, in past years, applying crushed rock to unpaved roads that provide access to federal public lands has run Ouray about $150,000.

The county picks up the tab for other costs tied to the lands as well, according to Padgett, such as placing portable toilets at trailheads and providing emergency response services.

“If every year it’s like a rollercoaster, you have to go to the Hill on your hands and knees and ask for this money, it’s very difficult to plan a budget.”

BRIAN NAMEY, DIRECTOR OF PUBLIC AFFAIRS FOR THE NATIONAL ASSOCIATION OF COUNTIES
Payments in lieu of taxes, she explained, help to defray these types of expenses.

‘60 Cents on the Dollar’

The Department of the Interior has administrative authority over PILT. A formula that weighs factors such as population, other types of payments and the federal land acreage within a jurisdiction, determine the amount of money a local government is allotted each year.

Ushering in the program was the Payments in Lieu of Taxes Act, signed by President Gerald Ford in 1976. Annual funding was roughly $100 million during the 1980s and early 1990s, according to the National Association of Counties. Then, in 1994, local governments were able to successfully push for indexing the program’s payments to inflation. Costs began to rise in the years that followed.

But for much of the time it has existed, PILT has been a discretionary program, and is funded through the annual appropriations process in Congress. This means that even though funding for PILT might be authorized at a certain level based on what the Department of Interior formula says local governments should be paid, that same amount will not necessarily be allocated in appropriations legislation.

And from 1995 to 2007, that's what happened. During those years, appropriated funding consistently fell short of authorized levels, sometimes by more than $100 million, according to figures from the National Association of Counties.

“We had some years in the ’90s and 2000s, where PILT was receiving 60 cents on the dollar,” Chris Marklund, an associate legislative director for the group, said in a recent interview.

But that changed in 2008 when President George W. Bush signed the Emergency Economic Stabilization Act, which included language that made the program mandatory until 2012, ensuring that the full, authorized amount of funding would be distributed annually.

These days, the program is back on the discretionary side of the budget.

“The most immediate ask is to fully fund for the coming year,” Marklund said. But he added: “Ultimately what we’re asking for is a long-term mandatory funding solution.”

Difficult to Find $450 million

The current version of the House appropriations
bill that covers the Department of the Interior includes $452 million for PILT in fiscal year 2016. But the roughly $30 billion spending bill was pulled from the House floor in early July after a partisan spat broke out over amendments that would have barred using federal funds to pay for displaying the Confederate battle flag on federal lands. Since then, Rep. Mark Meadows, a North Carolina Republican, has introduced a piece of legislation that, among other things, would provide $450 million of
PILT funding for five years. The bill has been referred to the House Agriculture and Natural Resources Committees. As of Sept. 13, it had three co-sponsors, two Democrats, and one Republican.

The Senate, meanwhile, has not offered up a firm commitment to appropriate funds for the program.

As chair of the Senate Committee on Energy and Natural Resources, and the Appropriations Subcommittee on Interior, Environment, and Related Agencies, Alaska Republican Lisa Murkowski is positioned to be a key player in discussions about PILT in the upper chamber.

Her own state also has a sizeable stake in how the debate over the program plays out. Alaska was allotted $26.2 million in PILT payments for fiscal year 2015.

"Senator Murkowski is supportive of fully funding PILT, but we need to find offsets to pay for it," said Robert Dillon, a spokesman for Murkowski. "The Interior appropriations bill covers a lot of other important programs, and so it's difficult in this budget environment to find $450 million."

Dillon said Murkowski is seeking "other vehicles" to provide the money. "She is looking for a long-term solution," he added. "Something that would relieve that annual concern that communities have about where the funding is going to come from."

‘We Still Have Work To Do’

Two bills have been referred to the Senate Energy and Natural Resources Committee that would restore mandatory PILT funding. But both pieces of legislation seek to fund other programs as well. And whether they can gain traction among Republicans is questionable.

The more recent of the two bills is S. 1925, which is sponsored by first-term New Mexico Democratic Sen. Martin Heinrich. Introduced on Aug. 4, the legislation has 14 co-sponsors—12 Democrats, along with Independent Sens. Angus King, Jr. of Maine, and Bernie Sanders of Vermont, who is also vying for the 2016 Democratic presidential nomination.

The earlier bill, S. 517, was introduced in February and is sponsored by Sen. Ron Wyden, an Oregon Democrat, who is also co-sponsoring the Heinrich bill.

Both pieces of legislation contain identical language regarding PILT.

The bills would also both extend the Secure Rural Schools program, which funnels money toward more than 700 counties located near national forests to help them pay for schools, roads and other services.

$452M

AMOUNT ALLOTED FOR PILT IN FISCAL YEAR 2016 IN THE CURRENT VERSION OF THE HOUSE APPROPRIATIONS BILL
Enacted in 2000, the program was designed to make up for reductions in the amount of federal timber harvest revenues going to these counties.

Secure Rural Schools funding would also be extended under the House legislation introduced by Meadows.

One way Heinrich’s bill differs from Wyden’s is that it would also permanently authorize the Land and Water Conservation Fund, which mainly uses offshore oil and gas royalties to pay for conservation efforts, including land and water acquisitions by state and local governments.

Although she has not signed onto either bill as a co-sponsor, Sen. Maria Cantwell of Washington, the top Democrat on the Energy and Natural Resources Committee, supports both, and backs permanent funding for PILT, a committee press secretary said in an email.

In remarks to the county leaders who visited Washington, D.C., Sen. Cory Gardner, a Colorado Republican who is also a member of the Energy and Natural Resources panel, said that a couple of years ago, during his time in the House, there was a “sagebrush rebellion” of sorts when he, and about 40 or 50 other lawmakers, went to the Speaker’s office and threatened to withhold support for other legislation if PILT funding was not secured.

“We were able to find a solution that year,” he said. “Obviously in the Senate we still have work to do to make sure that we have a vehicle Sept. 30,” Gardner continued. But he added: “We’re committed to getting it done.”

“The most immediate ask is to fully fund for the coming year. Ultimately what we’re asking for is a long-term mandatory funding solution.”

CHRIS MARKLUND, ASSOCIATE LEGISLATIVE DIRECTOR FOR THE NATIONAL ASSOCIATION OF COUNTIES

Dillon said that Murkowski takes issue with the PILT legislation referred to the committee because “there’s no offset, there’s no way to pay for it, and that’s not sustainable.” The other problem in the senator’s view, he said, is that the bills go “way beyond PILT.”

He added: “Combining it with LWCF and SRS increases the challenge, and doesn’t make it any easier to fund.”
Orange County Turns to Big Data in Effort to Remake Child Support Services

In Southern California, an agency uses advanced analytics to improve its case management.

BY JOHN TOMASIC

Getting parents to pay child support is tough work. Part counseling, part debt collecting, it often means dealing with struggling kids and struggling adults and people who want to succeed but fail and then fail some more. It’s an enormous responsibility. The U.S. Census Bureau in 2008 estimated that child support programs serve a quarter of all the children in the country and half of all the children born to poor parents—some 18 million kids then, and millions more now.

Orange County, California, is honing a program that brings advanced analytics developed over a decade to bear on the work. The county is mining data to assign parents predictive “iScores” that estimate longer-term earning capacity and likelihood to make payments.

Steve Eldred, director of the county’s Department of Child Support Services, says effective operations hinge on seeking efficiencies and that’s what the new program is all about.

“People think about human resources and images of offices and desks flash through their head,” he told Route Fifty. “But it’s more like that U.N. truck you see on the news parked before fields of hungry people. There’s never enough resources to do the work. So this new program is about allocating resources in a scientific, analytical way to do the best you can with what you got.”
Eldred’s child support office handles 69,000 active cases and opens 12,000 new ones each year. It’s a ton of work. And that work generates a ton of data. The Orange County office figured it could use the data to better find patterns that would make caseworker predictions about who could pay child support and how much they should be paying more reliable. What’s more, the predictions, as well as the plans of action drawn up by caseworkers that the predictions informed, could be made increasingly more reliable for being evidence based.

“We wanted to find a way to get beyond the typical focus on wringing out a payment this month then a payment next month,” said Eldred. “Instead of saying ‘Drop out of school and get a low-paying job,’ we can say, even at the risk of sacrificing short-term payments, ‘In your case, staying in school is a much better bet, or getting rehabilitation, or expunging a criminal conviction.’”

How does Orange County determine a parent’s iScore? Eldred’s staff built the project in-house with the help of SAS Enterprise Miner software to work at first with 400 possible variables and winnow them down to find the “most likely to predict scenario” for each parent.

“Instead of saying ‘Drop out of school and get a low-paying job,’ we can say, ‘In your case, staying in school is a much better bet.’”

STEVE ELDRED, DIRECTOR OF ORANGE COUNTY DEPARTMENT OF CHILD SUPPORT SERVICES

In other words, Big Data could take the office beyond experienced guesswork; it could help staffers get better at managing cases by more accurately gaming out not weeks or months but years or a decade into a parent’s life.

An added benefit of the approach, in theory, is that punitive measures—court orders, garnished wages, jail time—would be trained only on true “deadbeat” parents, not the vast majority of “deadbroke” parents who miss payments.

“What we found was interesting,” Eldred wrote in an email. “Some factors confirmed our industry best practices. [But] some factors were eliminated, destroying decades of widely accepted folk knowledge. The most indicative factors included frequency of payments (any payment effort), monthly income, driver’s license status, amount of support ordered compared to income, criminal history, stability of housing, and education level. Some of the factors are
unique to the individual; some factors are derived
from census, crime-pattern records, municipal records
and other non-individual-linked information.”
One of the benefits of the program is that, done right,
it will make rookie caseworkers nearly as effective as
veteran caseworkers. Prescriptions would be spelled
out and limited on a case by case basis. It would be
much more difficult to get things terribly wrong.
Which all sounds great, except that any storyline
that features personal data points scrolling across
screens in a government office where computers are
assigning something like future competence scores to
parents has an admittedly dystopian sci-fi ring to it.
Eldred says iScores are “as secret as a person’s social
security or medical information, and are intended to be
shared or discussed only with that person.”
He acknowledges there is no secure data in the
era of great hacks, security breaches, firewall foul-
ups and government snooping, foreign and domestic,
but he adds that the iScore is based on personal-
finance credit scores, so they’re not static. You can
correct them, if they’re somehow inaccurate, and
they improve fast when you make payments, achieve
housing stability, finish school, save money and so on,
depending on how factors are weighted on a person’s
particular score.
The program has been in use in Orange County
since January of this year. Sixty case managers have
been putting it to work and assessing its effectiveness.
The office held weekly meetings for the first few
months after it went live, Eldred said, and two of the
in-house research team that put the program together
walk the floor to problem solve. Eldred now holds bi-
weekly meetings on the program to track caseworker
experience and “customer acceptance of the model.”
“It’s an approach that I think takes a while to
assess,” he said. “Take the compliance factor, for
example. We don’t know right away who is following
our advice. We won’t know right away whether
someone has gone back to get a high school degree or
the equivalent.
“We’re anxious to share a completed, fully vetted
product with the rest of the child support community,”
he said. “But for now we’re holding onto it pretty tight.”
Eldred expects he’ll be ready to take iScore on the road
to interested child services departments next summer.

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STEVE ELDRED, DIRECTOR OF ORANGE COUNTY
DEPARTMENT OF CHILD SUPPORT SERVICES
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