NACA

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The Journal of County Administration

Inside

A New Paradigm: The Local Government, Local Business, Non Profit Partnership

by Bob McEvoy, Managing Editor

Theodore Roosevelt and Andrew Carnegie, business leaders and founders of professional local government management and United States capitalism, were change agents of their times and would be very pleased to have the honor of introducing a distinguished business leader and change agent of our time, Carl Hum, President of the Brooklyn Chamber of Commerce. Carl begins for us a wonderful story about the current successes of a model business-non profit-county/city government collaboration where retail capitalism and the free market can be successful again.

Carl Hum

Analyzing the Economy of a Large, Urban County–The Case of Kings County, New York

Introduction by Carl Hum, President, the Brooklyn Chamber of Commerce

Kings County, New York, is one of the five counties that make up the City of New York. But, on its own, with an estimated population of 2,556,600 in 2008, it is the seventh most populous county in the United States. It has a diverse and changing economy with a labor force of over 1.1 million that has continued to grow even during the current recession.

New York City's five counties also function as boroughs within the structure of the city government; and, as a borough, Kings County is Brooklyn, the city's largest borough. Described by *Crain's New York Business* as "an activist champion of small business," the Brooklyn Chamber of Commerce manages an aggressive advocacy program combining research, surveys, government relations and communications. The Brooklyn Chamber, through its Board of Directors and Government Affairs Committee, has forged key relationships with elected officials and leaders of government agencies, making it a forceful advocate for the business community and helping it to secure major investments for the economic and community development of Brooklyn.

Each year, the Brooklyn Chamber of Commerce publishes its annual *Brooklyn Labor Market Review* to provide the Brooklyn business community and other stakeholders with reliable and timely information on economic changes in Brooklyn. The *Review* is prepared by the Fiscal Policy Institute, a non-profit research organization with offices in New York City and Albany. And the production and publication of the *Review*, is made possible in part through funding provided by the Brooklyn delegations of the New York State Assembly and the New York City Council.

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President's Corner

By Patrick Urich, County Administrator, Peoria County, Illinois

Happy New Year! As we start a new decade of service to county governments across the country, it is important to pause and reflect upon that service and why it is so important. As the appointed executives charged with managing the day-to-day operations of our counties, our responsibilities are seemingly endless. County managers provide direction to department heads and coordination with elected officials, manage the financial operations to maintain the financial health of our counties, faithfully execute the policies that our elected policymakers set, implement programs and coordinate service delivery. But just as essential to these functional responsibilities is the responsibility to lead. This leadership is exemplified by adhering to ethical conduct, a concern for the best interests of our counties, and respect for the form of government under which we work. Our leadership is critical to making our counties great places to live and work.

It is also important to reflect upon why the National Association of County Administrators was established. Looking to our Bylaws, the purpose of NACA shall be to encourage professional excellence and to improve the management of county government. The purpose of this association will be achieved through the following: Sharing knowledge, information and experience among the members of the association; Assisting counties with the establishment or improvement of effective county administration in the United States; Encouraging continued professional development of county administrators; Developing and maintaining a professional association with the International City/County Management Association (ICMA) in order to assist NACA and ICMA to achieve their general goals and objectives; and Assisting the National Association of Counties on matters having an impact on county government. Our professionalism is critical to making our profession, and county government, stronger throughout the country.

In this issue, the first story concerns the importance of retail sales to all levels of government. We also speak to the continuing saga of the large financial loss local government has experienced because of the federal pre-emption of state authority to require the collection of internet sales taxes. As the Great Recession has affected all of our revenue streams, this is a timely article that will keep us—and our elected officials—informed. Thanks for your commitment to professional county government, and all the best in 2010.

(Introduction, continued from page 1)

The article on page 3 by James Parrott, the Fiscal Policy Institute's Deputy Director and Chief economist, is based on the 2009 edition of the *Review* which presented updated employment forecasts for Brooklyn and New York City, and for the first time anywhere, detailed a personal income forecast for Brooklyn for 2009. This edition of the *Review* also included an examination of how the American Recovery and Reinvestment Act (ARRA) is affecting the Brooklyn economy.

The full 2009 edition of the *Brooklyn Labor Market Review* with detailed tables is available at: http://www.ibrooklyn.com/site/advocacy/research/surveys. ■

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Analyzing the Economy of a Large, Urban County—The Case of Kings County, New York

By James Parrott, Deputy Director and Chief Economist, Fiscal Policy Institute

An economic snapshot of Brooklyn

New York City has been losing jobs since August 2008, and is on track to lose a projected 115,000 jobs in 2009 compared to 2008. Brooklyn's rate of payroll job decline is expected to be about half that of the city overall. Because many Brooklyn residents work in Manhattan where the city's job losses are heavily concentrated during downturns, resident employment (jobs held by Brooklynites) will decline by 25,000, significantly more than the 8,500 decrease in Brooklyn payroll jobs. Total personal income received by Brooklyn residents will decline by about $2.4 billion this year, a 2.9 percent decline, slightly better than the 3.2 percent citywide income drop.

Brooklyn's unemployment rate has increased significantly, in part because the labor force continues to expand which reflects the borough's attractiveness to newcomers. Nonetheless, unemployment will hover in the 10 percent range for the second half of 2009, raising this year's annual average rate to 9.7 percent.

Recent trends in Brooklyn's employment landscape

The recent pace of economic decline has eased compared to the last quarter of 2008 and the first quarter of 2009, and national Gross Domestic Product could increase in the July-September quarter. Still, most forecasts call for the continuation of very high unemployment for several more months and well into 2010.

Brooklyn has a higher concentration than the city overall of jobs in health, education and social services—typically more recession-resistant sectors—and a lower concentration in financial, professional and information services, which usually decline sharply during a downturn. These elements help moderate Brooklyn's job loss during a downturn.

Although the national recession officially began in December 2007, New York City's payroll employment continued to expand through August 2008. From August 2008 through July 2009, the city lost about 100,000 private sector jobs, measured on a seasonally adjusted basis. Brooklyn's private payroll job count was 4,800 greater in the fourth quarter of 2008 than in the fourth quarter of 2007, while the citywide jobs number declined by 10,900.[1] This disparity is explained by the fact that the city lost 12,800 financial sector jobs, almost all in Manhattan, while Brooklyn's finance jobs increased slightly. Moreover, wholesale trade employment was flat in Brooklyn but it declined by 4,200 citywide. Finally, Brooklyn had a slight overall percentage gain in health, education and social services jobs.

The citywide private job change from the first quarter of 2008 to the first quarter of 2009 was slightly less than the forecast presented in last year's edition of the *Brooklyn Labor Market*

James Parrott

Review; an actual decline of 73,000 jobs compared to our forecast of an 80,000 decline. Although the forecasted net job change was reasonably close, there were several differences at an industry level.

Blue collar jobs citywide in construction and manufacturing declined much more than last year's *Brooklyn Labor Market Review* had forecast, as did jobs in wholesale and retail trade. On the other hand, while there were significant declines in finance and professional services, neither of these declined as much as had been anticipated. And while last year's *Review* had expected a slight decline of 2,000 in educational services employment, that sector actually grew by 7,300.

Employment projections for the recession's first full year in New York City and Brooklyn

For the 2009 edition of the *Brooklyn Labor Market Review*, the Fiscal Policy Institute projected that New York City will lose 115,000 private jobs (a 3.7 percent decline) during 2009, the first full year of the recession in New York City. (The recession began in New York City in mid-2008, a half-year later than for the nation.) This projection is measured by the change in the annual average employment levels for 2008 and 2009. By comparison, the Mayor's Office of Management and Budget projects a 2009 private job loss of 164,000, a 5.1 percent decrease.

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1 As the 2009 issue of the Brooklyn Labor Market Review went to press, just-released data showed that Brooklyn lost 1,750 private jobs from the first quarter of 2008 to the first quarter of 2009. This was a 0.4 percent decline, much less than the citywide 2.4 percent decline over the same period. Brooklyn employment in accommodation and food services rose 5.4 percent (while the city as a whole lost 0.7 percent), but that was offset by declines in construction, manufacturing, finance, and retail that matched citywide declines.

(*Kings County, continued from page* 3)
Adjusting for a very slight expected decline in government employment, the City Comptroller projects a 3.2 percent private job decline in 2009, and the Independent Budget Office projects a 4.1 percent employment loss.[2]

Except for health, education and social services, most industries are projected to show a net job loss for 2009 with the biggest concentrations citywide in construction, manufacturing, wholesale trade, and financial services—all expected to see jobs decline at a pace at least double the 3.7 percent decline projected for citywide private sector jobs overall.

The recent expansion in the retail sector will allow Brooklyn to experience a smaller degree of job retrenchment compared to the city overall. While Brooklyn now has about one in every five retail jobs in New York City, the recession this year will claim 1,000 jobs in Brooklyn compared to 10,000 citywide. The opening of new hotels in Brooklyn in recent years, together with the increase in new housing and the restaurant industry that have transformed several neighborhoods, are expected to combine to keep employment flat in the accommodation and food services sector in 2009, a sector that otherwise contracts in a downturn.

Brooklyn's total personal income declines in 2009

One indicator of the severity of the current recession is that the new edition of the *Brooklyn Labor Market Review* projected that total amount of personal income received by Brooklyn residents would decline for the first time in at least 40 years (which is the period covered by the U.S. Commerce Department's annual local income series). For this new edition of the *Review*, the Fiscal Policy Institute projected that Brooklyn residents' personal income would decline from $83.4 billion in 2008 to $81.0 billion in 2009, a 2.9 percent decline.

This net decline of $2.4 billion results from a $4.2 billion decline in net earnings (comprised of wages and proprietors' income), partly offset by a $2.3 billion increase in transfer receipts (Social Security, unemployment insurance, food stamps and the value of Medicare and Medicaid payments made in Brooklyn). The category "dividends, interest and rent" is also expected to decline by $500 million. Net earnings by place of residence, which is projected to decline by 7.9 percent, is by far the largest component of personal income, accounting for about 64 percent of the total.

The wages and salaries that Brooklynites earn in Manhattan, or in other places they commute to for work, are a large component of net earnings by place of residence for Brooklyn. Net commuter earnings, in fact, account for about half of the net earnings by place of residence, with the other half comprised of wage and salary and proprietors' income earned from jobs and businesses located in Brooklyn.

Commuter earnings, as a share of the total, rise during growth periods and subside during recessions. For 2009, commuter earnings are expected to fall by 14.8 percent, reflecting the fact that many Brooklynites are expected to lose high-paying jobs in Manhattan's financial and professional services businesses. On the other hand, net earnings for Brooklyn-based economic activity are expected to decline by only 0.4 percent.

Transfer receipts by Brooklyn residents are projected to increase by 10 percent in 2009, largely as a result of a 7.7 percent increase in Medicare and Medicaid payments, which account for roughly two-thirds of all transfer receipts. Unemployment insurance receipts are expected to more than double in 2009 over 2008. ARRA-related increases in Social Security and food stamps will also boost transfer receipts in 2009.

Brooklyn's projected 2.9 percent personal income decline in 2009 is less than the 3.2 percent decline projected for New York City overall. The city's slightly greater decline in income is largely due to the more than proportionate fall-off in earnings by Manhattan residents working in the financial and professional services sectors.

On the positive side, after rising by 3.9 percent in 2008, the Consumer Price Index for the New York metropolitan area rose by only 0.7 percent through the first half of 2009. Most of this decline stems from lower energy prices. *(continued on page 5)*

Figure 1

Projected 2008-2009 annual job change, Brooklyn vs. NYC

Industry	Brooklyn share	Projected employment change, 2008-2009: Brooklyn		NYC	
All private sector employment	14.2%	-8,500	-1.9%	-115,000	-3.7%
Utilities	27.6%	0	0.0%	0	0.0%
Construction	20.8%	-3,000	-11.2%	-13,000	-10.1%
Manufacturing	24.5%	-3,000	-12.8%	-14,000	-14.7%
Wholesale trade	17.8%	-1,000	-4.0%	-11,000	-7.9%
Retail trade	19.7%	-1,000	-1.7%	-10,000	-3.4%
Transportation & warehousing	17.2%	-750	-4.1%	-7,000	-6.5%
Information	4.3%	-250	-3.7%	-7,000	-4.5%
Financial services	5.3%	-1,000	-5.6%	-30,000	-8.9%
Real estate	12.1%	-750	-5.2%	-4,000	-3.3%
Professional sci. & tech. services	4.1%	-500	-3.6%	-18,000	-5.4%
Management of companies	3.9%	500	21.4%	-2,000	-3.3%
Admin. & sup.srvcs. and waste mgmt.	9.3%	-750	-4.3%	-8,000	-4.3%
Educational services	16.0%	500	2.3%	3,000	2.2%
Health care & social assistance	25.4%	2,500	1.8%	8,000	1.4%
Arts & entertainment	6.7%	-250	-5.5%	-2,000	-3.0%
Accommodation & food services	9.5%	0	0.0%	-1,000	-0.4%
Other private services	15.5%	250	1.1%	1,000	0.7%

Note: Brooklyn share is of total NYC employment.
Source: Projections by the Fiscal Policy Institute, August 2009.

2 New York City, and Brooklyn to a lesser extent, is expected to continue losing jobs during the first half of 2010. The above projections are only for job losses in 2009 compared to 2008.

Figure 2

Projected 2009 Personal Income

(in billions of dollars)

	Brooklyn		New York City	
	Projected 2009	Percent change 2008-2009	Projected 2009	Percent change 2008-2009
Total Personal Income	$81.0	-2.9%	$416.2	-3.2%
Components that sum to total personal income				
Net earnings by place of residence	$48.9	-7.9%	$267.4	-6.1%
Dividends, interest and rent	$7.0	-6.0%	$63.9	-6.0%
Personal current transfer receipts	$25.1	10.0%	$84.9	10.0%
Selected components that factor into net earnings				
Earnings by place of work	$28.6	-0.4%	$394.5	-7.8%
Wage and salary disbursements	$20.5	-0.4%	$280.8	-10.1%
Proprietors' income	$3.7	-1.0%	$57.1	-1.0%
Adjustment for residence	$23.7	-14.8%	-$86.6	-14.8%

Source: Projections by the Fiscal Policy Institute, August 2009.

American Recovery and Reinvestment Act's impact in Brooklyn

The economic freefall in the wake of last September's Wall Street meltdown and credit crunch triggered massive layoffs around the country. In the six months following the meltdown, over 600,000 jobs were lost each month, nearly four times the job loss rate during the recession's first nine months. Consumer and business confidence evaporated, causing Gross Domestic Product—the broadest measure of the level of economic activity—to shrink at a 6 percent annual rate during the fourth quarter of 2008 and the first quarter of 2009.

In late 2008, most economists agreed that a massive stimulus in the form of federal government spending was urgently needed to brake the freefall. Within a month of taking office, President Barack Obama pushed through and signed the American Recovery and Reinvestment Act (ARRA) which included a broad range of spending initiatives totaling nearly $500 billion as well as $288 billion in individual and business tax cuts.

Broadly, the chief aims of the spending components of the stimulus bill were to:

- Provide fiscal relief to states to avert severe state budget cuts that would otherwise result from shrunken tax revenues and would exacerbate the downturn;
- Promote job creation and long-term growth by funding ready-to-go transportation, public housing renovation, waste water, and other infrastructure projects;
- Promote job creation and energy conservation by funding weatherization programs and other "green" jobs;
- Invest in education and skills training to increase long-term growth potential; and
- Boost consumer spending by providing increased temporary payments to individuals in need including food stamp and public assistance recipients, workers receiving unemployment insurance benefits, and recipients of social security and veteran benefits recipients.

In the first four areas, much of the spending is allocated on the basis of existing program formulas and flows through state governments. Some spending goes directly to localities or is disbursed on a competitive grant basis to governments or non-profits.

In regard to transportation and other infrastructure projects made possible by ARRA funding, at least $122.5 million will go to transportation-related construction projects in Brooklyn. Public housing projects in Brooklyn will benefit from $177.1 million in reconstruction and renovation work to replace roofs, or to rehabilitate elevators or apartments in projects throughout the borough. Thus, Brooklyn is receiving 4.43 percent of the national total of $4 billion in public housing funding under ARRA.

In addition, various citywide infrastructure refurbishment projects in the transportation and public housing areas will fund work that is done in Brooklyn. Also, some of the $1.1 billion in ARRA funding for Metropolitan Transportation Authority mass transit projects will benefit Brooklyn.

For the new edition of the *Brooklyn Labor Market Review*, the Fiscal Policy Institute estimated that Brooklyn residents will receive $722 million under the four major ARRA spending streams providing temporary payments to the unemployed and other individuals. For example, food stamp recipients will receive a 13 percent increase in their monthly food stamp allowances, ARRA will provide an additional $25 weekly to those receiving unemployment insurance benefits, and a one-time $250 payment was sent in May to all Social Security recipients and those receiving Supplemental Security

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Figure 3

ARRA Payments to individuals, estimates for Brooklyn residents

(in millions of dollars)

Unemployment insurance	$318
Food Stamps	$307
Social Security	$71
Supplement Security Income	$26
Total, four categories of payments to individuals	**$722**

Source: Fiscal Policy Institute estimates, August 2009.

(Kings County, continued from page 5)
Income. This $722 million in payments to Brooklynites represents 0.97 percent of the national total for such payments to individuals, compared to Brooklyn's 0.84 percent share of the nation's population.

Brooklyn's economy will benefit in many other ways from ARRA stimulus-related funds that are flowing through New York City or New York State. For example, residents will benefit from $60.8 million in grants funding training programs around the city, $48.2 million in Community Development Block Grants overseen by the City that will fund such initiatives as emergency housing repairs and homeless services, and $29.1 million in various criminal justice assistance grants that the City will disburse. The amounts to be spent on projects such as weatherization, while potentially significant, are difficult to project at this time.

Three Brooklyn Community Development Financial Institutions—Brooklyn Cooperative Federal Credit Union, CAMBA, and BOC Capital Corporation—will receive a combined $2.35 million to support neighborhood development lending. These CDFIs have proven invaluable to small businesses, as traditional lending has tightened in the past 12 months.

In summary, the federal stimulus funds are providing a substantial counter-weight to the unprecedented job losses and consumer spending cutbacks that characterize the current recession. While it is too early to quantify the job creation impact of ARRA spending, it is reasonable to conclude that the impact on Brooklyn in 2009 and 2010 will be measured in the billions of dollars. A rough estimate suggests that Brooklyn will benefit directly or indirectly over time from $4 billion or more from the $500 billion in ARRA spending programs and from about $2 billion from the individual tax cuts.

Brooklyn's growth industries

Before the recession set in, several industries in Brooklyn recorded impressive job growth. In fact, there was a Brooklyn boomlet in professional services, with double digit growth in the number of architecture, design and management consulting businesses in 2008. The job count grew by about 20 percent in both design and management consulting. Architecture jobs grew by 8 percent and accounting jobs grew 6 percent.

While Brooklyn-based film and TV production businesses are not (yet) a big employer, the number of jobs increased by more than 50 percent to 350 in 2008. Within retail trade, there was strong growth in electronics and appliance stores, food stores, drug stores, and general merchandisers. School bus transportation companies added 800 jobs in Brooklyn last year. Specific industries showing sizable job growth within the health, education and social services sector include: educational support services, doctors' offices, home health services, residential mental health facilities, and child day care centers. ■

Technology Corner

with Dr. Costis Toregas, PTI President Emeritus

Organizing information for the "big chill"

The chill in the air is unmistakable. The economy is still slow to recover, revenues at the local level are way down and the spending patterns of years past have left us little space to maneuver. Budget deficits are large, and they appear to be ready to spend some protracted time with you, oh harassed and beleaguered county administrators!

As counties attempt to sort priorities and establish some sustainable path forward, are there things that technology can do to help? In prior columns, we have discussed Business Process Reengineering (BPR) and automation (to be implemented in that order) as a way to reduce operating expenses and find ways to close these gaping jaws between revenues and expenditures. Unsurprisingly, there may be many interests in the county which rally against such cost cutting plans. Whether it is the employee organization with vested interests in retaining members, or a community group interested in hanging on to a valuable asset, the voices resisting the budget ax are many and powerful. This month, we will talk about the science of Knowledge Management, and how we can maximize the chances of a savings plan's success by being smart about how information is presented and defended.

First, any budget savings plan is complex. It is vital that a way is found to present it simply and convincingly, since the excuse of "it's too difficult to understand, so it can't be right / good" is just around the corner. Technology offers ways to take complex numbers and turn them into eye-catching graphics and colorful displays that can allow decision makers to take in the necessary information before they get distracted by the arguments against your proposals. You should also consider having different staff people whose expertise is communications methods and graphic arts take over at a certain point of budget development. Too often, we ask the very smart people who create the savings strategies to also be the ones to communicate them on our behalf- this is rarely a smart assumption of expertise and capability.

Secondly, do not allow your budget savings strategy to be picked apart by discussing it in separate packets. Organize an enterprise-wide display, and be as creative as you can to show the entire system and the entire impact of your proposals. Psychologists tell us that the best problem solutions are accepted when the totality of the prob-

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(*Technology Corner, from page 6*)
lem is laid out in front of the decision maker simultaneously; getting this view is not easy, but vital to establish and visualization technologies such as graphing and 3-D presentations can help!

Thirdly, the "what if" capabilities of technologies such as Excel spread sheets have all but been forgotten in our budget battles. Of course spread sheets are the work horses of data crunchers, but they are rarely used as more than giant adding machines. What is desirable is to allow decision makers to explore the relativities of proposed budget solutions by clicking on a dynamic, electronic paper display and seeing the success or failure of their ideas as they struggle to accept recommendations or develop more appealing options. I have found that it is the *relativities* between parameters such as FTEs, salary and retirement and service level benefits and other factors rather than the absolute numbers behind those relativities that convey the most important decision inflection points, and spread sheets can help do that! The notion of a "live war room" where enterprise data for the entire county is organized and related to outcomes, and where decisions are launched and evaluated one after the other is still not practiced much, but those who try it report strong results.

Finally, there are tools in a mathematical branch called operations research (or OR) that can help decision makers find solutions that minimize, maximize or optimize desired results according to the available data. Such tools have been used in areas as diverse as fire station location (where the objective is to find the least number of stations needed to meet policy targets of response time), vehicle pool operations where the optimal point for the replacement of a county vehicle is sought, and public safety operations where staffing of police agencies is adjusted given historical patterns of incidents, geographic dispersion using GIS and risk factors that describe the public's sentiments towards security.

The vital question every county administrator is asking these days is "where can I reduce funding allocations and yet do no harm to the vulnerable or reduce my ability to respond appropriately to the daily challenges?" Such an analytic approach must be done by looking at the entire county as an enterprise, and by looking at the interconnections and relativities *between* departments. Traditional budget processes attack departmental accounts and look for economies within each, but sometimes miss the possible fruits of collaboration between departments. The Shared Services approach is beginning to gain popularity in the field, because it explicitly looks for areas where several departments can pool resources in the same activity (such as HR, Procurement and IT) and consequently reduce overall system costs through consolidations.

Technology has one final offer for this strategy building exercise: the benefit of consistent and accurate communications between the administrator's office, the employees and the public. It is vital that the story is told in your words and with your facts, not someone else's. Social networking tools such as Facebook and Twitter can help push out an accurate reflection of your reason why cuts are necessary and why a specific strategy is selected- use them!

Ultimately, you will not make the decisions- this is the undesirable chore for your elected officials. But it is your responsibility to provide the best ideas, and present them in the most clear and convincing way. Although it will not make the challenge any easier, creating a convincing presentation and communicating your ideas using all the technology tools at your disposal can sometimes carry the day and help your officials make the preferred decisions! ■

NACA Events at NACo Legislative Conference—March 6–8, 2010

Please plan to join your county colleagues at these events planned to coincide with the 2010 NACo Legislative Conference. To participate in the Idea Exchange, please register at: http://www.CountyAdministrator.org by February 26.

EVENT	DATE	TIME	LOCATION
Executive Board Meeting	Saturday, March 6	2:00–4:00 pm	Arlington County—Arlington Economic Development 1100 North Glebe Road Suite 1500 Arlington, Virginia
Idea Exchange	Sunday, March 7	9:00 am–2:00 pm	Arlington County—Arlington Economic Development 1100 North Glebe Road Suite 1500 Arlington, Virginia
NACA Reception hosted by ICMA-RC	Sunday, March 7	5:30–6:30 pm	Marriott Wardman Park Hotel Harding Room / Mezzanine Level
No Host Dinner	Sunday, March 7	7:00 pm	Restaurant (TBD)
Past Presidents Breakfast	Monday, March 8	9:00–10:00 am	Marriott Wardman Park Hotel
General Membership Meeting	Monday, March 8	3:30–5:30 pm	Marriott Wardman Park Hotel Maryland A / Lobby Level

Asthma and Flu is Deadly, Especially for Our Children

by Bob McEvoy, Managing Editor

The excellent Boston Globe article by Stephen Smith, below, is a very important message to increase our vaccination outreach. I have also included the CDC pediatric death evolution to show you how much at risk our children with asthma really are, and the risk is growing.

Severe H1N1 cases and asthma are linked

Prominent among hospitalizations

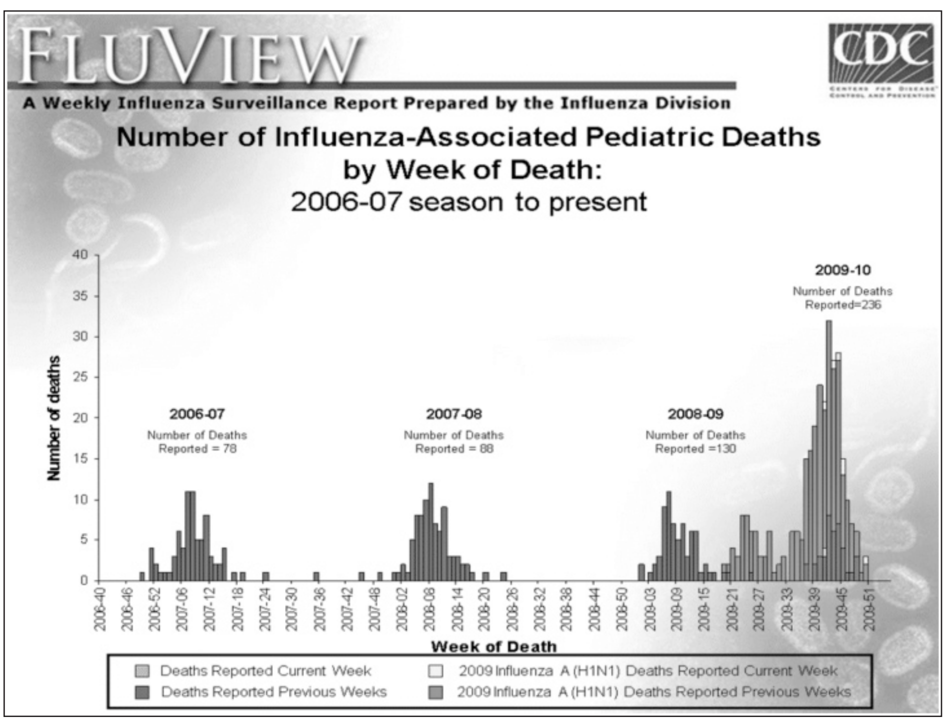
By Stephen Smith, Boston Globe Staff / December 30, 2009

When swine flu emerged last spring, disease trackers warned that children and adults with underlying medical conditions would be especially susceptible to the ravages of the virus.

Now, a review of disease surveillance records by Massachusetts health authorities has found that one chronic condition is far more common than any other among patients hospitalized with H1N1 infections: asthma.

The persistent respiratory ailment, which has become strikingly more prevalent in recent decades, was present in 31 percent of swine flu patients who entered Massachusetts hospitals already suffering from longstanding health problems. By comparison, 6 percent of those swine flu patients had heart problems, and 6 percent had kidney disease.

The finding provides fresh evidence of the toll influenza exacts on people whose ability to breathe is already compromised. And it led specialists this week to reinforce their admonition that patients with asthma, chronic obstructive pulmonary disease, and other respiratory conditions should be vaccinated against H1N1 as well as the seasonal strain.



"This should be a major impetus for anyone who has these underlying conditions to be immunized," said Dr. Lauren Smith, medical director of the Massachusetts Department of Public Health. "We have a very long flu season in Massachusetts, so don't be lulled into some false sense of security."

And it's not just swine flu that can prove dangerous to patients with asthma. Seasonal flu ignites the same complications.

"H1N1 has gotten a lot of attention, but I think maybe the regular flu gets slighted," said Doug Brugge, a Tufts University School of Medicine researcher who has studied asthma in Boston's neighborhoods. "It's not as flashy because we've been living with it for so long, but it does something very similar. So putting people who have asthma toward the front of the line for immunizations makes a lot of sense."

The state analysis of swine flu, which included 179 patients with underlying medical problems, mirrored findings nationwide.

And it confirmed something doctors who make their living treating pulmonary disease and viral infections have long recognized: Flu germs can swiftly set up shop in the lungs of patients whose respiratory capacity is already hobbled.

"We've been looking at information on hospitalizations from our emerging infections program network, and what we find is that asthma and chronic lung disease are very common," said Dr. Anne Schuchat, a top flu specialist at the US Centers for Disease Control and Prevention, "in particular in children."

Tia Ribeiro, 9 years old and asthmatic, was one of them.

She left for school in Nashua on Oct. 23 with no hint of illness. A day later, she lay in the intensive care unit of Children's Hospital Boston, after being transferred from a New Hampshire medical center, her body collapsing under an influenza assault so ferocious that doctors placed her on life-support machinery and induced a coma.

(continued on page 9)

(H1N1, continued from page 8)

"It's a feeling no parent should ever have to go through," said Tia's mother, Tracy Ribeiro. "It was my baby who went to school on Oct. 23 and then she was lying there, lifeless. It was amazing, how quick and how fast it can take your kid down."

Tia spent more than two weeks at Children's before going home, where she has recovered from an infection that nearly killed her.

Since the first swine flu cases were reported in late April, 74 percent of patients hospitalized in Massachusetts with the infection had underlying health problems that potentially complicated their recovery.

At Children's, 21 of 75 swine flu patients in the intensive care unit suffered from asthma (and, often, other conditions as well), said Dr. Adrienne Randolph. The chronic breathing condition can open the door to a crushing cascade of medical problems.

"If you already have a chronically inflamed lung and you have trouble moving mucous out already, then you can also get a secondary bacterial infection on top of" the flu, said Randolph, a critical care specialist at Children's.

To provide an extra blanket of protection for asthmatics during flu season—especially children—some physicians boost doses of medications that help control the disease, said Dr. Benjamin Kruskal, director of infection control for Harvard Vanguard Medical Associates, a major Massachusetts medical practice.

In some patients, he said, the rattling cough and basso wheezing that herald an asthma attack are scarcely evident for much of the year. That changes with winter's arrival. "There are many kids who are perfectly fine," Kruskal said, "but then they get a cold or the flu, and they have a big asthma attack."

Stephen Smith can be reached at stsmith@globe.com.

ICMA-RC's Capitol Review

By Joan McCallen, President and CEO, ICMA-RC, and John Saeli, Vice President, Marketing Services, ICMA-RC

Outlook on Retirement Issues in the New Year

Going into 2010, a number of key retirement issues are expected to gain traction. At the same time, debate on various economic recovery initiatives and on health care are expected to remain at the forefront.

Automatic IRAs and expansion of the Savers Credit are two key retirement-related provisions in the President's legislative agenda outlined in his Fiscal Year 2010 budget proposal. Legislation on automatic IRA's received almost no attention in 2009. However, previous sponsors of the bill—Sen. Jeff Bingaman (D-NM) and Rep. Richard Neal (D-MA)—are expected to introduce it again in 2010. Serious legislative consideration of the proposal is expected in 2010.

Enhancements to the Saver's Credit would it make fully refundable up to $500 per individual and require the credit to be deposited into an individual's retirement plan or IRA. The Administration also proposes to increase the required adjusted gross income limits on who is eligible. This change will make the credit similar to an employer match and increase the likelihood that low- and middle-income households will save for retirement.

Legislation on health reimbursement arrangements pushed forward late last year when House leaders included provisions of the Tax Equity for Health Plan Beneficiaries Act (H.R. 2625) in the comprehensive health reform bill (H.R. 3962). The provisions will provide tax parity for non-spouse and non-dependent individuals who qualify for and receive employer-provided health plan benefits. The provisions are not currently a part of the Senate health bill, but there is some cause for optimism that they will be included in the final agreement between the House and Senate, before it is sent to the President. If it is included in the final health bill signed by the President, a likely effective date would be in 2011.

Fee disclosure legislation, which is most staunchly supported by Chairman George Miller (D-CA) of the House Education & Labor Committee and Rep. Richard Neal, Chairman of the House Ways & Means Subcommittee on Select Revenue Measures, did not move much in 2009. If fee disclosure picks up in 2010, the House will likely consider a bill that blends elements of the Miller and Neal bills. At this time, there is relatively little prospect that the Senate will address fee disclosure in 2010.

On the regulatory front, the Department of Labor (DOL) expects to release fee disclosure rules in final form utilizing public comments received on the proposed rules originally released by the Bush Administration. One area of potential change from the original proposed rules may be a requirement for bundled service providers to give plan sponsors separate prices for administration and investment management of assets. The DOL expects to issue final rules regarding fee disclosure to plan sponsors under ERISA Section 408(b)(2) in May and final rules regarding disclosure by plan sponsors to participants in September. While these DOL reforms apply to ERISA plans, public sector employers and providers often use ERISA regulations as a guideline for administration of their 457 plans.

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This is Our Moment in History to Make the Structural Changes

Editorial by Bob McEvoy, Managing Editor

Personal consumption expenditures are the major component of our economy, approximating 70% of Gross Domestic Product. This is the time to restructure and create new collaborations with our local retailers and businesses that provide for our personal consumption, as well as their local chambers of commerce. Our front page article by Carl Hum and James Parrott is the model for this new paradigm.

We can demonstrate the effectiveness of this business-nonprofit –government collaboration through out this great nation by supporting the movement to end the sales tax discrimination against thousands of our local retailers who dutifully collect local sales taxes. Billions of dollars of Internet sales taxes are not collected now creating a large price advantage for the Internet sales corporations over our local retailers. This discrimination happens because Internet sales corporations have refused to collect the legally due and long standing state and local sales tax and were protected from collecting sales taxes by a 1992 Supreme Court ruling. The results were disastrous, but the grounds for the ruling are long gone.

In a December 14, 2009, NACo *County News* article, Ted Potrikus, Executive Vice President of the Retail Council of New York State, was quoted regarding the completely changed sales tax collection environment today. He said: "To hear companies that rely on technology to make their money say that it's too expensive to use technology to calculate sales tax is nonsense. There is software that can match the purchaser's zip code with the local tax rate. Technology is available now that was not around when the Supreme Court last opined. The barriers they recognized long ago are gone."

The *NY Times* recently described this unfair situation in their Editorial, "Yes You Owe That Tax." According to the *Times*: "Those rules are based on a 1992 Supreme Court ruling that it would be unduly burdensome for retailers to collect other states' sales taxes. Of course, that was before online shopping was so widespread and before software and other support services made collecting easy. Congress has never tried to change those rules." The *Times* went on to say: "Fairness demands sales tax collection by all online retailers—to level the competitive playing field, to ensure that tax law is administered consistently and to distribute the overall tax burden more progressively."

Many local merchants unfortunately closed their doors during this time and when some of us came to their assistance, we realized we were in a battle with international, Internet sales giants who made billions in untaxed sales. The Center on Budget and Policy Priorities concluded, following extensive research regarding Amazon, that "By claiming sales tax immunity in the vast majority of states, Amazon has enjoyed an unfair 5 to 10 percent price advantage over local retailers, while also depriving states and localities of hundreds of millions of dollars of legally due revenue each year."

We have been in this battle ever since. Andrew Carnegie and Theodore Roosevelt would have been there with us, representing our local retail businesses, and also telling America that there is a direct connection between the international Internet sales giants becoming much wealthier and hard working citizens losing their jobs and neighborhoods becoming unsafe because of police and fire layoffs and much more.

Our local businesses help make our communities great and employ our people. It isn't the very wealthy Internet sales moguls and their many billions in untaxed annual sales. If left unchecked, they will continue to unfairly extract huge fortunes from our economy resulting in more local and family business closings. We must become more active in making transparent those who do this, with their lobbyists.

A friend of small local business, U.S Senator Mike Enzi, in testimony to the Senate in 2006 said:" I have been working on this issue since joining the U.S. Senate in 1997. As a former small business man, it is important to level the playing field for all retailers—in-store, catalog, and online—so an outdated rule for sales tax collection does not adversely impact small businesses and Main Street retailers. On December 20, 2005, I introduced S.2152, The Sales Tax Fairness Simplification Act, a bill that will treat all retailers in a similar fashion so each retailer has the same sales tax collection responsibility. All businesses and their retail sales should be treated equally."

Let's congratulate Senator Enzi for submitting legislation and his support ever since; and NACo and the National Council of State Legislatures (NCSL) and their allies in the Big Seven who have been trying to right this wrong. During this moment, our moment in history to make the structural changes, ask your Members of Congress to take similar action. ■

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Another DOL priority for 2010 will be to encourage annuitization of defined contribution plan benefits. Labor Secretary Hilda Solis said that DOL will work with the Treasury Department "to determine how best to enhance the retirement security by facilitating access to a lifetime stream of income at retirement." DOL regulatory action in 2010 is also expected to include issuance of a re-proposed investment advice regulation in February and issuance of a proposed regulation regarding benefit statements in September. ■

There is an old saying, "What gets measured, gets done." Today more than ever, managers need to know the metrics of how well their organizations are performing. In Peoria County, we have been using performance measures since the early 1980's thanks to then County Administrator David Krings. Peoria County uses performance measurement to identify emerging trends in service delivery, cost changes, and for defining outcomes. The enclosed articles from the ICMA Center for Performance Measurement will give you a good understanding of the importance of performance measurement and the value it holds for your organization.

—Patrick Urich, Peoria County Administrator

Realizing Meaningful Change: The Role of Performance Management

Launching a discussion with staff, elected officials, or citizens about how to use performance information to inform decisions, link performance measures to department or organization goals, and select appropriate targets for improving service plays a crucial role in realizing meaningful change within your organization.

To make the experience more meaningful to your organization, choose a performance indicator that is particularly important to your jurisdiction. With a little bit of work, you can evaluate the practices others are using to achieve success and determine whether they might work in your jurisdiction.

How Can I Be Sure that What Works in One Community Will Work in Mine?

In short, there is no guarantee that any practice used in one community will work in another. However, practices like those presented in What Works are proven practices, and whether they are adopted by your jurisdiction without change or adapted to your jurisdiction's unique circumstances, they represent options for promoting movement from good to great, or whatever outcome you may be seeking, by:

- Streamlining your performance measurement program
- Refining your decision-making processes
- Boosting performance, either organization-wide or within a specific service area

If you think you are ready for a change, consider the following guidelines for ensuring the best possible outcome from your efforts:

1. Measure your current performance level. Because most local governments operate in a limited-resource environment, it is important to direct resources toward boosting performance in areas of greatest need.
2. Assess priorities, that is, consider carefully whether a change is warranted. Although it may sound obvious, first make sure that a change in performance level is desired. Because most local governments operate in a limited-resource environment, it is important to direct resources toward boosting performance in areas of greatest need.

   Being the best, or nearly the best, in every service area is not necessarily an appropriate goal. Because your resources are probably limited, be sure to assess priorities (through citizen surveys, consultation with elected officials, and other means) and direct resources toward providing the highest level of service in your priority areas.

   If you determine after this assessment process that a change is needed, proceed to the next step.
3. Find out who is doing it better and how they are doing it. Don't reinvent the wheel. See what others are doing, and determine whether wholesale adoption or adaptation of one of their practices is more appropriate.
4. Pick the best of the best, and adopt or adapt the practice. In some cases you might be able to adopt another jurisdiction's practice exactly as it is being used, but you might also need to adapt it in order for it to work in your jurisdiction. Also consider the particular kind of "best" of most importance to your community. Try looking beyond only those that are "top in class" for best practices. For communities with modest resources, best might be defined as communities that produce above-average results with below-average resources. For those jurisdictions with well-below-average results, the kind of best of most interest might be those jurisdictions that made significant improvements in a relatively short span of time.
5. Measure your service level again. After the new practice has been in effect for a period of time, perhaps several months or a year (or in some cases more time), you will want to figure out whether it has had the desired effect.

For more information on What Works *or to learn more about the process undertaken by the CPM in compiling the case studies, contact cpmmail@icma.org.*

NACA

National Association of County Administrators

ICMA
777 North Capitol St, NE, Suite 500
Washington, DC 20002-4201

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