2012 Better Government Competition

Restoring Federalism
Compendium of Winning Entries

21st Better Government Competition

with support from

THE ROE FOUNDATION

ANCHOR CAPITAL ADVISORS LLC

NATIXIS GLOBAL ASSET MANAGEMENT

Angels Healthcare Companies

Eastern Bank charitable foundation

CLOUGH CAPITAL PARTNERS, LP
BOSTON • HONG KONG

Fidelity INVESTMENTS

SENIORLINK™

2012 Better Government Competition

2012 Better Government Competition Judges

Charles D. Baker
Executive in Residence,
General Catalyst Partners

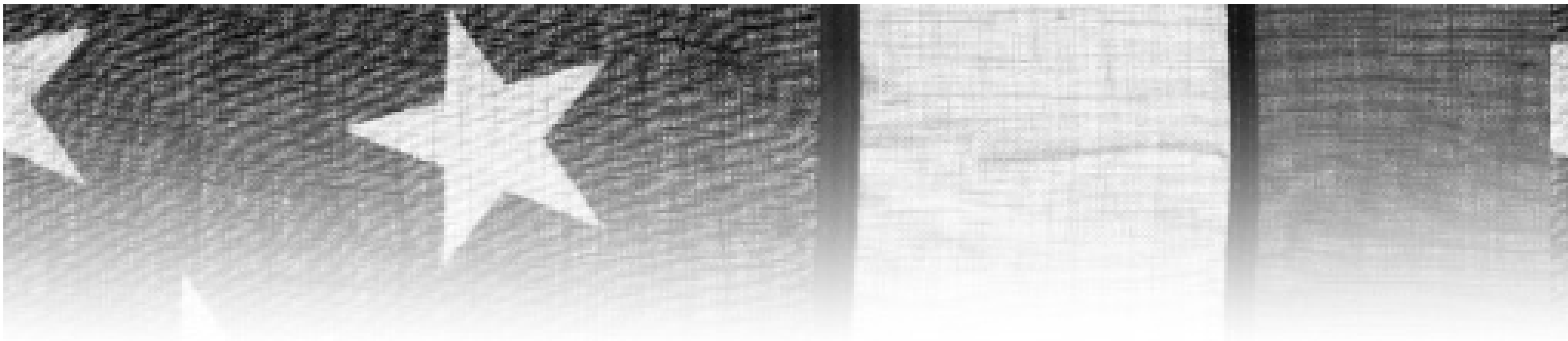
Stephen D. Fantone
President & CEO,
Optikos Corporation

Ken Johnson
Editorial Page Editor,
The Eagle-Tribune

John F. Moffitt
President,
Andover Strategies, Inc.

Richard L. Schmalensee
Howard W. Johnson Professor of
Economics and Management,
Massachusetts Institute
of Technology

PIONEER INSTITUTE
PUBLIC POLICY RESEARCH



Premier Sponsors

The Roe Foundation

Bruce and Holly Johnstone

Distinguished Sponsors

Anchor Capital Advisors

Natixis

George Hoguet

Gerald and Polly Townsend

Corporate Sponsors

Angels Neurological Centers, PC

Clough Capital Partners, LP

Eastern Bank Charitable Foundation

Fidelity Investments

Bruce and Ellen Herzfelder

Joseph Martin Institute for Law & Society

SeniorLink, Inc.

William and Anngie Tyler

Individual Sponsors

Steve and Jane Akin

Andrew Davis and Florence Bourgeois

Charles and Teak Hewitt

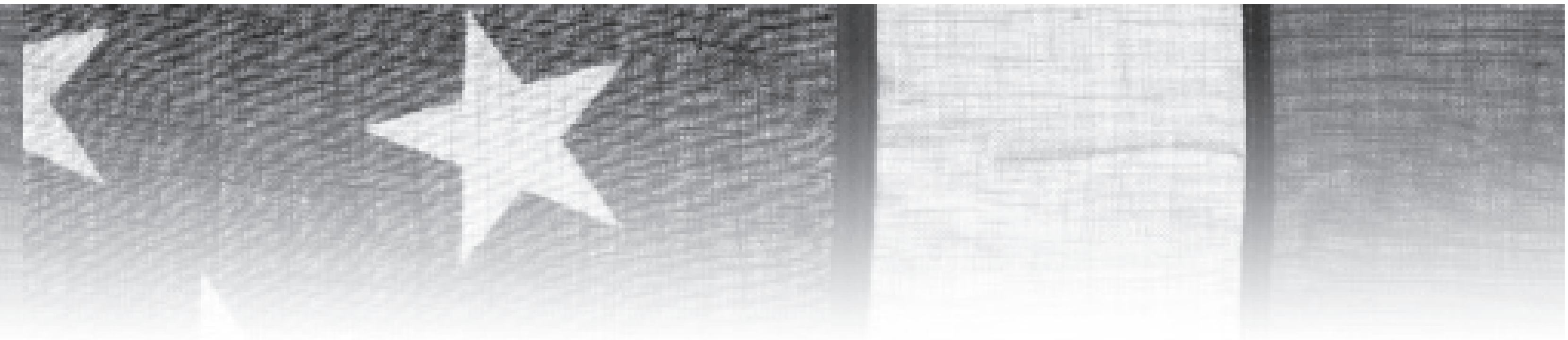
Al Merck

Alan and Cecily Morse

Richard and Diane Schmalensee

PIONEER INSTITUTE

PUBLIC POLICY RESEARCH



2012 Better Government Competition

WINNER

RUNNERS-UP

SPECIAL RECOGNITION

Foreword & Acknowledgements

Restoring Federalism

In the 21 years we have held the Better Government Competition, we have defined big problems and sought big changes. Past themes for the Competition have ranged from water quality and the environment, privatization and mass transit financing to case management in our courts, welfare, health care, child support and innovation in our schools. The effort has borne significant results. The Competition has saved the Commonwealth well over half a billion dollars and touched the lives, health and future prospects of individuals across the state.

We draw two broad lessons from this decades-long experiment in crowdsourcing. First, never try to be "the smartest person in the room." Not only are such people insufferable, but the Competition's success suggests that a more profitable approach to driving change is to tell the stories of the many smart, dedicated people who are doing *real* things and trying out new ideas. The Competition teaches us a second lesson each year: Pioneer's brand of leveraging the powerful motor of market approaches to policy is, at its best, meant both to preserve individual freedoms by limiting the scope of government and to ensure that government is effective and can do important things well.

The Competition is proof that a limited *and* effective government is no pipe-dream, but rather an ideal to which we must aspire.

Past Competitions have often focused on specific policy areas. This year's theme is "Restoring Federalism," a seemingly more abstract notion that should interest you for three reasons: First, the explosion in the federal government's scope has reached into minute aspects of how states and localities provide services. In some cases necessary to protect the rights of individuals, this federal mission creep into health care, education, and other services, is a recipe for sclerosis and poor quality service. Second, federal overreach minimizes policy experimentation and innovation; Justice Brandeis did not speak of a single "laboratory of democracy." We no more think of the federal government as a hub of innovation than we do monopolistic companies. Finally, an ever expanding federal mandate has lowered an "accountability fog" on state and local government. With multiple government players involved in delivering services, who is accountable when there is a problem? Who do you call?

The 2012 Competition winner proposes that the federal government allow states to reform how some of the country's most vulnerable citizens receive health care services. Allowing states to integrate care for "dual eligibles," those receiving both Medicaid and Medicare services, will save billions and improve the quality of the care they receive. According to a recent announcement by the Patrick Administration this idea, we are pleased to note, will be implemented for 110,000 of the 270,000 duals in Massachusetts.

The 2012 runners-up identify ways to improve USAID training programs for foreign students, rein in the runaway cost of federal natural disaster responses, augment the transparency of public pension investments, and reduce rush hour congestion through performance measurement.

I appreciate the work of Shawni Littlehale, who directs the Competition, and Matt Blackbourn who, together with Brittany Aranowitz, Meagan Gorham, and Rachel Klehmr, ably assisted Shawni in scouring the country for leads. We are also extremely grateful for the efforts of this year's judges panel, which brought public sector, private industry, media and academic expertise to our vetting process. Our sincere thanks go to Charles D. Baker, General Catalyst Partners; Stephen D. Fantone, Optikos Corporation; Ken Johnson, The *Lawrence Eagle-Tribune*; John F. Moffitt, Andover Strategies, Inc.; and Richard L. Schmalensee, MIT; for their thoughtful consideration of the various entries. Finally, we appreciate the collaboration of hundreds of media outlets, state legislators, and think tanks and universities for helping our Boston-based research institute reach out for ideas in every corner of the country.

Cordially,

James Stergios, Executive Director

Better Government Competition

2012 WINNER

Coordinated Care Management for Medicare and Medicaid Beneficiaries

Grace-Marie Turner, Galen Institute,
and Robert Helms, Ph.D., American Enterprise Institute

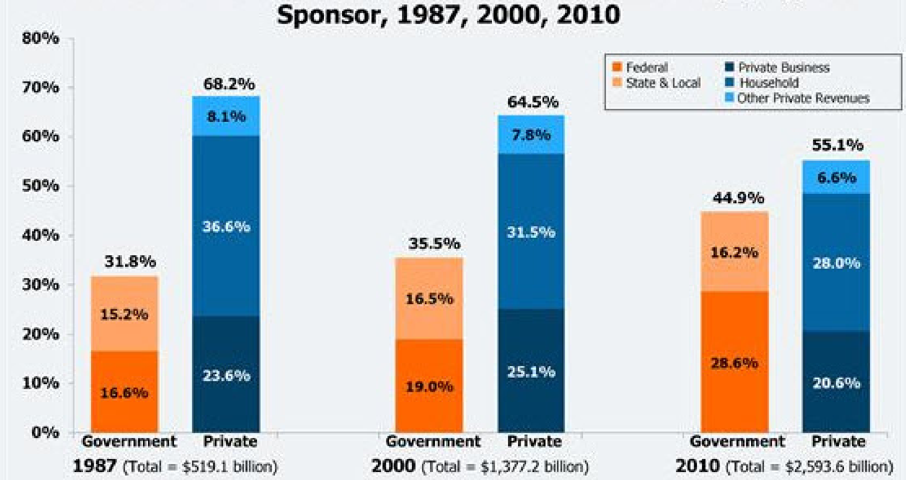
Helping the Most Vulnerable

Medicaid's historic and most important job is to take care of the nation's most vulnerable and truly needy citizens. It was created in 1965 to finance care for certain lower-income Americans through a program that is jointly funded by the federal and state governments. Medicaid was designed to complement the Medicare program, which was created at the same time as a federal program to finance health care services for senior citizens.

But the Medicaid program is aging. States must petition Washington to make even minor changes in their Medicaid programs, and state officials complain that the red tape and bureaucracy wastes taxpayer money, health care resources, and often leaves recipients with substandard care. Changes are needed so the program has the resources and states have the flexibility they need to meet the challenges of a new century. Today, more than 63 million Americans are enrolled in Medicaid, and combined federal and state spending in 2010 was nearly $400 billion. Because Medicaid expenditures represent a large and growing share of state budgets, taxpayers need relief from the program's rising costs and assurances that Medicaid money is being spent to get the best value for the dollar.[1]

An important group for policymakers' attention should be those who need Medicaid the most, those who have the fewest resources to receive care outside the program, and those who consume the greatest share of Medicaid's resources. That would suggest that those dually eligible for Medicare and Medicaid should be the first focus of attention. Dual-eligibles are patients who are eligible for Medicaid by virtue of their low incomes and for Medicare based upon their age or disability status.

Percent Distribution of National Health Expenditures, by Type of Sponsor, 1987, 2000, 2010

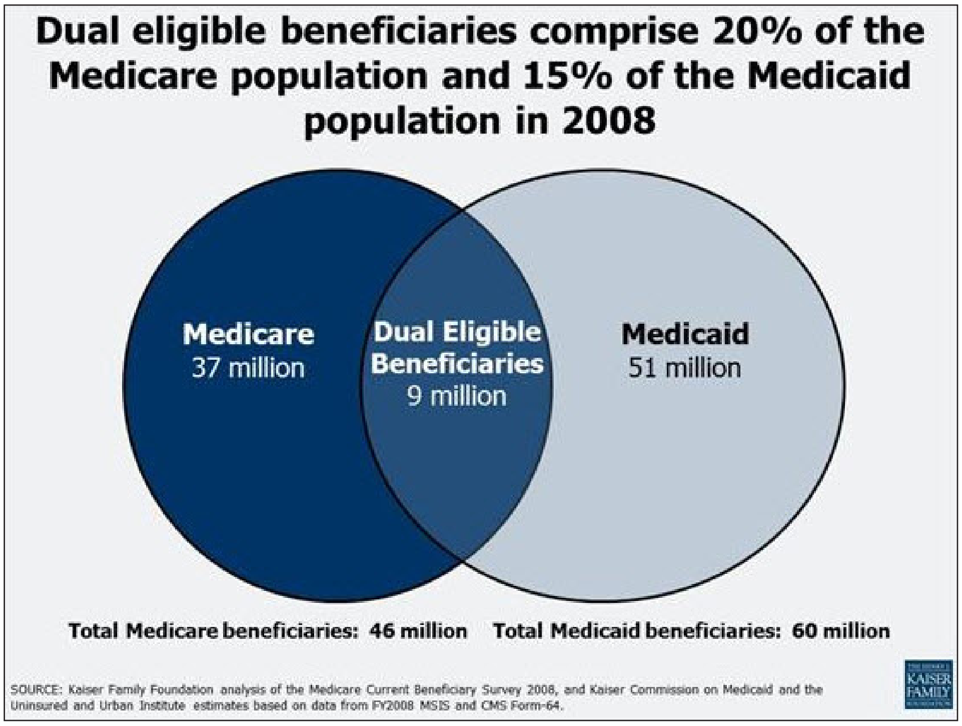


Notes: Starting with the 2009 NHE data, CMS expanded their focus on spending by Type of Sponsor, which provides estimates of the individual, business, or tax source that is behind each Source of Funds category and is responsible for financing or sponsoring the payments. "Federal" and "State & Local" includes government contributions to private health insurance premiums and to the Medicare Hospital Insurance Trust Fund through payroll taxes, Medicaid program expenditures including buy-in premiums for Medicare, and other state & local government programs. "Private Business" includes employer contributions to private health insurance, the Medicare Hospital Insurance Trust Fund through payroll taxes, workers' compensation insurance, temporary disability insurance, worksite health care. "Household" includes contributions to health insurance premiums for private health insurance, Medicare Part A or Part B, out-of-pocket costs. "Other Private Revenues" includes philanthropy, structure & equipment, non-patient revenues.

Source: Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group at https://www.cms.gov/NationalHealthExpendData/ (see Historical; NHE Web tables, Table 5).

Dual eligibles are Medicaid's most vulnerable recipients, yet they often fall into a fragmented care delivery system that perpetuates episodic rather than coordinated care. Patients may have difficulty accessing the medical care they need, and information about their care can be scattered among providers and facilities facing two or more different payment systems and sets of program rules.

More than nine million Medicaid recipients (15%) are dual eligibles, accounting for 39% of Medicaid spending.[2] On average, total spending for duals, including Medicare and Medicaid contributions, is twice as high as that for non-duals – $28,518 a year compared to $14,204.[3] Most dual eligibles have very low incomes, substantial health needs, and are more likely to live in nursing homes compared to other beneficiaries. Long-term care services account for the majority (69%) of Medicaid expenditures for dual eligibles.[4]



Because physicians and others treating these patients often don't have the patient's complete medical profile, patients can face gaps as well as duplication in treatments with no one to help coordinate their care. Too often, they fall between the cracks of the two cumbersome and highly-regulated programs. In addition, providers are paid for procedures, regardless of outcomes and without rewards for improving quality. This often leads to worse care for patients and a waste of taxpayer dollars.

Medicaid will be most effective if these patients are managed at the state and local level. To achieve that goal, changes are needed in federal Medicaid policy to adopt new incentives to implement more flexible and more effective care-coordination and disease-management programs for recipients, especially those with disabilities and chronic illnesses.

Our Expertise

We served on the federal Medicaid Commission from 2005-2006, attending more than 14 hearings. In many of them, patients and state officials testified about the need for better-coordinated care for dual-eligible patients. We heard numerous examples of state experiments that provide better care and lower costs and were convinced that policy changes are needed to facilitate more such programs. In this paper we outline the changes that would be required in federal programs and financing to facilitate improved systems of care for millions of the most vulnerable patients on the Medicaid and Medicare programs.

Some of the ideas that we offered in the initial policy proposals, which we summarize below, have been adopted in an early demonstration program by the Medicare-Medicaid Coordination Office at the Centers for Medicare and Medicaid Services. One of our fellow commissioners from the Medicaid Commission, Melanie Bella, is the new director of the Office and is very familiar with our policy recommendations.

So far, 25 states,[5] including Massachusetts, have notified Washington they are making plans to participate in the new federal demonstration program which Ms. Bella is directing to facilitate integrated care for dual-eligible beneficiaries. The goal is to develop "person-centered models that promote coordination missing from today's fragmented system." (A meeting was held in Boston on February 16, 2012, to discuss the specifics of care coordination.)

While describing the details of the new federal program is outside the scope of this paper, we will describe our larger vision for care coordination, components of which are being implemented by the Medicare-Medicaid Coordination Office. We outline our vision and the core recommendations for changes in federal health policy which we believe will allow dual-eligible patients to get better care by giving states more resources and flexibility involving their care. Much work remains to be done.

The Solution

A comprehensive program that integrates Medicare and Medicaid coverage allows providers to focus on the best way to design and provide benefits to dually-eligible beneficiaries so they receive the right care in the right setting.

New funding mechanisms must be tied to the success of providers and health plans in coordinating patient care, gathering sharable data on the patient's medical care, and giving patients more information and resources that enable them to become partners in managing their health and health care.

Coordinated, patient-centered care, facilitated by electronic data gathering, would provide an important foundation to improve the quality of care. This new program would offer dual-eligible recipients a medical home where they can receive a seamless continuum of medical care which is managed in one program under the direction of the state.

An integrated Medicare and Medicaid program for dually-eligible beneficiaries would:

- Integrate acute and long-term care benefits into a single program.
- Allow competing private plans (or the states) to provide care that is both coordinated and managed so dually-eligible beneficiaries are not subjected to the fragmented care many receive today through multiple physicians in numerous care settings without access to a shared medical record.
- Streamline Medicaid's cumbersome rules that govern marketing, enrollment, performance monitoring, quality reporting, rate setting, bidding, and grievances and appeals and which consume enormous resources that should be devoted to providing medical care.
- Eliminate redundant and inefficient spending in which Medicare and Medicaid pay for duplicative drugs, treatments, and tests because information is not being shared among the numerous providers through shared medical records.

States that adopted the new program would be able to:

- Share with the federal government in the savings achieved through innovative programs, such as disease management for patients with chronic conditions, and in the efficiencies of better coordinated care that avoids duplication and waste. Today, if states manage their Medicaid programs more efficiently, that generally means they simply lose federal dollars. Shared savings would give them new incentives for efficiency.

- Provide both the federal and state governments more predictability in budgeting for the significant part of their Medicare and Medicaid spending on dual eligible patients.

Dual Financing for Dual Eligibles

Dual-eligible recipients would participate in a single program, which we call Medicaid Advantage, where they would receive comprehensive, coordinated care rather than the fragmented care many receive today. The states, rather than the federal government, would be the primary managers of the programs.

Medicaid Advantage plans would provide the services currently financed separately through Medicare and Medicaid, including hospitalization and skilled nursing care, physicians' visits, personal care, home and community based services, prescription drugs, diagnostic and laboratory tests, etc.

The states and the federal government would continue to share the costs of caring for duals, as they do today. The federal government would continue to provide financial support to the states for Medicare benefits, but through a risk-adjusted, capitated system of Medicare payments. The states would continue to pay their Medicaid portion of the benefit.

States or the plans they select could manage services for dual-eligible beneficiaries. Many states likely would choose to contract with private health plans that would be responsible for providing the full spectrum of Medicare and Medicaid benefits. There was a backlash against other forms of "managed care" in the 1990s, but care coordination can be valuable and even essential for the most vulnerable patients who have multiple health problems and limited abilities to navigate a complex health care system on their own.

In addition, the plans would be responsible for collecting and evaluating treatment and outcomes data and for providing this information to the states. States would, in turn, audit the reports and monitor the plans to make sure that Medicaid dollars are being spent to provide the best quality of care for beneficiaries.

The federal government would set and monitor goals, not micromanage processes, so that the states, in conjunction with health plans, can work to improve the quality of care and design plans to fit the needs of patients.

How the New Medicaid Advantage Program Works

The states would have the option of participating in the new Medicaid Advantage program to develop a system that provides more efficient, coordinated care for their dually-eligible residents. The enhanced Medicaid Advantage program would require plans to provide core Medicaid and Medicare services to dually-eligible patients, but would give states more authority and flexibility to tailor benefit packages to the specific needs of patients without having to request waivers. Dually-eligible patients would choose from among competing plans and would have the right to opt-out of Medicaid Advantage and back in to traditional Medicare and Medicaid coverage.

The new Medicaid Advantage program would allow participating states to have much more control over the delivery of care to the most expensive patients in their Medicaid programs by giving them more control over financing and how and by whom care is coordinated and delivered. Specifically, states would be able to:

- Contract with competing health plans to provide the full spectrum of care for dually-eligible populations and enroll individuals into integrated Medicaid Advantage care management plans.
- Decide whether or not to automatically enroll dual-eligible patients in a Medicaid Advantage plan if patients do not actively enroll or are not enrolled by a family member or guardian.
- Decide which health plans or other care providers with which to contract to deliver services to dually-eligible beneficiaries.
- Provide incentives for these plans to compete on the basis of quality and value and reward health plans that provide higher quality care at a reduced price. States could also set up the contracts so they share in a portion of these savings.

Rather than contract with private plans, some states may decide to manage the care and assume the risks themselves, as Kentucky is doing with its new KyHealth Choices Medicaid reform plan. Kentucky developed amendments to its Medicaid program to reduce state expenditures by tailoring benefits packages to the needs of specific patient populations, introducing cost sharing, and improving health outcomes by instituting rewards for healthy behavior.

The federal program would require that states closely monitor plans and networks to make sure they meet their contractual obligations, and also monitor and audit their reports.

For their part, private health plans would participate in a bidding process to offer services in Medicaid Advantage, submitting bids representing their cost of providing Medicare and Medicaid-covered services to dual eligibles as well as other services specified by the states. Further, they would have flexibility to partner with recipients by offering incentives that encourage patients to participate in their care management.

Financing

The states and the federal government would each contribute, as they do today, to the costs of providing services currently financed separately through Medicare and Medicaid for dually-eligible beneficiaries. A new pool of funds would be created that includes federal and state Medicaid contributions plus federal Medicare and Part D contributions. These would be combined into one funding stream to finance care for duals through the new Medicaid Advantage plans.

States would gain new flexibility in designing benefit packages in exchange for receiving a capitated, risk-adjusted payment from Medicare, which would have fewer strings attached. These payments would allow “dollars to follow the patient” so that both states and the federal government would know how much would be allocated each year for care for a particular patient. The payments would be adjusted based upon various risk factors, such as health status, age, and income.

States and the federal government already have some experience with the basic mechanisms that would be needed to calculate payments for this new program. The rate-setting and risk-adjustment systems that Medicare currently uses to pay Medicare Advantage plans and that states use to pay for standard Medicaid managed care programs would provide a foundation for calculating payments.

The Centers for Medicare and Medicaid Services is developing a system of risk adjustment that includes not only health status but also geographic payment variation, the age and health status of patients, and other factors which could be employed to set payments in this new program. The agency would use its actuarial data and payment history in determining the capitated rate it pays per dual-eligible patient. This funding stream would be updated annually.

Funding: There would be three funding streams for the new Medicaid Advantage program:

- Federal Medicare payments, which are generally provided through Medicare's defined benefit structure, would be allocated to the states through a new funding mechanism. The federal government would develop a system of capitated, risk-adjusted Medicare payments. Subsidies would be adjusted to avoid selection bias and to assure access and quality treatment to the sickest beneficiaries. These payments would be sent from the federal government to the states to fund the Medicare portion of services for dual-eligible residents. This is not a block grant because funds would follow each recipient and would be adjusted for that patient's risk profile.
- State funds: States would continue to pay their share of Medicaid costs. They would have two options in setting their payments for the Medicaid portion of services for their dual-eligible residents:

  Those states that decide to contract with private plans to provide coordinated care for their dual populations could calculate an actuarially-sound capitated rate for the state's share of Medicaid services. The plans, not the state, would be at risk.

  Those states that decide to operate the program themselves and assume the risk (as well as potentially garnering more savings) could make contributions based upon their own Medicaid payment experience for services for duals. While many states have experience in setting payments for Medicaid managed care, their experience is primarily with acute care services, not long-term care support. As a result, they would need assistance in calculating these payments to fund their share of Medicaid services for duals.

  In either case, a transition period would be required where the federal government and the states would share the risk until they have gathered enough information to refine this new system of payments.

  Whether a state chooses to contract with Medicaid Advantage managed care plans or to operate the program itself, it would still receive a federal match for its Medicaid contribution based upon existing formulas.
- Drug coverage, currently paid by Medicare, would be integrated into the Medicaid Advantage plans. Medicare would calculate a Part D allocation that would be returned to each state in the form of a capitated, risk-adjusted payment. This would be another part of the patient's Medicaid Advantage funding stream.

  Since implementation of Part D that assigned duals to drug plans, skilled nursing facilities have had many problems tracking many different drug plans and formularies for these residents. Medicaid Advantage would provide a mechanism to coordinate drug coverage, as well as medical care, through one plan.

  States would have access to the pharmacy data that they lost after the transition to Part D in January 2006.

Management

Once the Medicaid Advantage plan has agreed on a fee, the plans contracted by the states would be at risk for providing care to dual eligibles (except for those states that decide to carry the risk themselves). The plans or state contractors would be responsible for providing care, for collecting and providing performance data on treatments and outcomes for each patient, and for reporting this information to the states for their monitoring activities. These plans would be accountable for outcomes with close oversight by the states, but they would have greater flexibility to provide the care that meets the needs of patients.

The federal government and the states would be responsible for carefully monitoring the plans and for bringing action against plans that do not meet their contractual obligations.

Improving quality of care for dual eligibles is an important goal of this new Medicaid Advantage proposal. But in order to pay for quality, we first must be able to measure it. Therefore, payments to Medicaid providers should be tied to objective measures of medical outcomes. To make outcome measurements fair, risk adjustments must be incorporated into the measurements so medical professionals are not discouraged from accepting higher risk patients.

Particularly challenging are managing patients with serious and chronic mental illness. Providing targeted case management, rehabilitation services, medication management, community mental health center services, and other less-costly services through a Medicaid Advantage medical home could reduce the use of expensive hospital and emergency room services while providing improved care for these patients.

An integrated program would minimize the current incentive for providers to avoid caring for the most costly patients and would better align incentives for Medicare, Medicaid, and plans to provide the best care for recipients.

The Future

We believe that doctors and patients, not government, should control health care decisions. Two massive health care financing programs – Medicaid and Medicare – were created at the same time, but they have evolved in very different ways, with tens of thousands of pages of regulations that confuse providers, patients, and payers. States are constrained by federal regulations that force them to go to extraordinary lengths to get federal permission to make any changes to their Medicaid programs. The most vulnerable patients, who are often poor and elderly and with lower-incomes, are most ill-served by the current system – victims of bureaucracy run amok.

Changes are needed at the federal level to loosen these regulatory reins and give states more flexibility and control over resources so they can develop programs to better serve patients who are dually-eligible for Medicare and Medicaid. States are much closer to them than federal officials, and they have much better information about the options and resources that are available to innovate and improve care delivery. Real change never will be accomplished with more rules and regulations from Washington, but it can be accomplished with greater flexibility for the states.

Our experience with the Medicaid Commission allowed us to see the tremendous potential for state innovation in improving the quality of care delivered. State and local governments are in a better position to improve care that better serves patients and gets better value in health spending for taxpayers.

The policies we have outlined in this paper to provide better care for dually-eligible patients already are beginning to be tested in demonstration programs around the country, and what we learn can provide a roadmap to state and federal officials to improve the programs for the future. States are ready to take the lead.

CONTACT THE AUTHORS:

Grace Marie-Turner
Founder & President, Galen Institute

Phone: 703-299-8900

Email: GraceMarie@galen.org

Robert Helms
Resident Scholar, American Enterprise Institute

Phone: 202-862-5877

Email: rhelms@aei.org

Endnotes

1. The Affordable Care Act called for states to add an additional 16 million people to Medicaid to expand health coverage to those earning up to 133 percent of poverty, or about $30,657 a year for a family of four. While the U.S. Supreme Court's decision in June of 2012 made the expansion voluntary for the states, many are considering expanding their programs, making it all the more important to begin reforming the program now.

2. Katherine Young, Rachel Garfield, MaryBeth Musumeci, Lisa Clemans-Cope, and Emily Lawton, "Medicaid's Role for Dual Eligible Beneficiaries," Kaiser Commission on Medicaid and the Uninsured, April 2012, http://www.kff.org/medicaid/upload/7846-03.pdf.

3. Medicare Payment Advisory Commission, "A Data Book: Health Care Spending and the Medicare Program, Section 3: Dual-Eligible Beneficiaries," June 2011, http://www.medpac.gov/chapters/Jun11DataBookSec3.pdf.

4. Young, et al., "Medicaid's Role for Dual Eligible Beneficiaries," Kaiser Commission on Medicaid and the Uninsured.

5. AZ, CA, CO, CT, HI, IA, ID, IL, MA, MI, MN, MO, NC, NY, OK, OH, OR, RI, SC, WA, WI, TN, TX, VA, and VT.

Better Government Competition

2012 RUNNER-UP

Devolving Responses to Natural Disasters

Matt A. Mayer, Visiting Fellow, The Heritage Foundation

Background/Problem

After three full years (January 20, 2009, to January 19, 2012), it is clear that the Obama Administration has adopted the views of the Clinton and Bush Administrations on how to use the Federal Emergency Management Agency (FEMA) as a political pork-barrel spending agency. In 2011, the Obama Administration set records for:

- The total number of FEMA declarations: 242 versus 158 set in the 1996 election year;
- The number of Major Disaster Declarations (MDDs): 99 versus 75 set in 1996 and 2008; and
- The number of Fire Management Assistance Declarations (FMADs): 114 versus 86 set in 2006.

It also posted the third-highest number of Emergency Declarations (EDs) in FEMA history—29 versus 68 set in 2005, the year of Hurricane Katrina. These records fell despite the absence of any successful terrorist attacks, any Category 2 or higher hurricanes, or any earthquakes greater than 6.0 on the Richter Scale.

Because FEMA is funded with federal income tax receipts, this level of activity impacts its budget. FEMA's budget is in excess of $10 billion per year and Congress must periodically replenish the Disaster Relief Fund, which is the fund used to cover the costs of natural disasters. Limiting FEMA's activities would reduce the cost of FEMA and the frequency with which Congress replenishes the DRF.

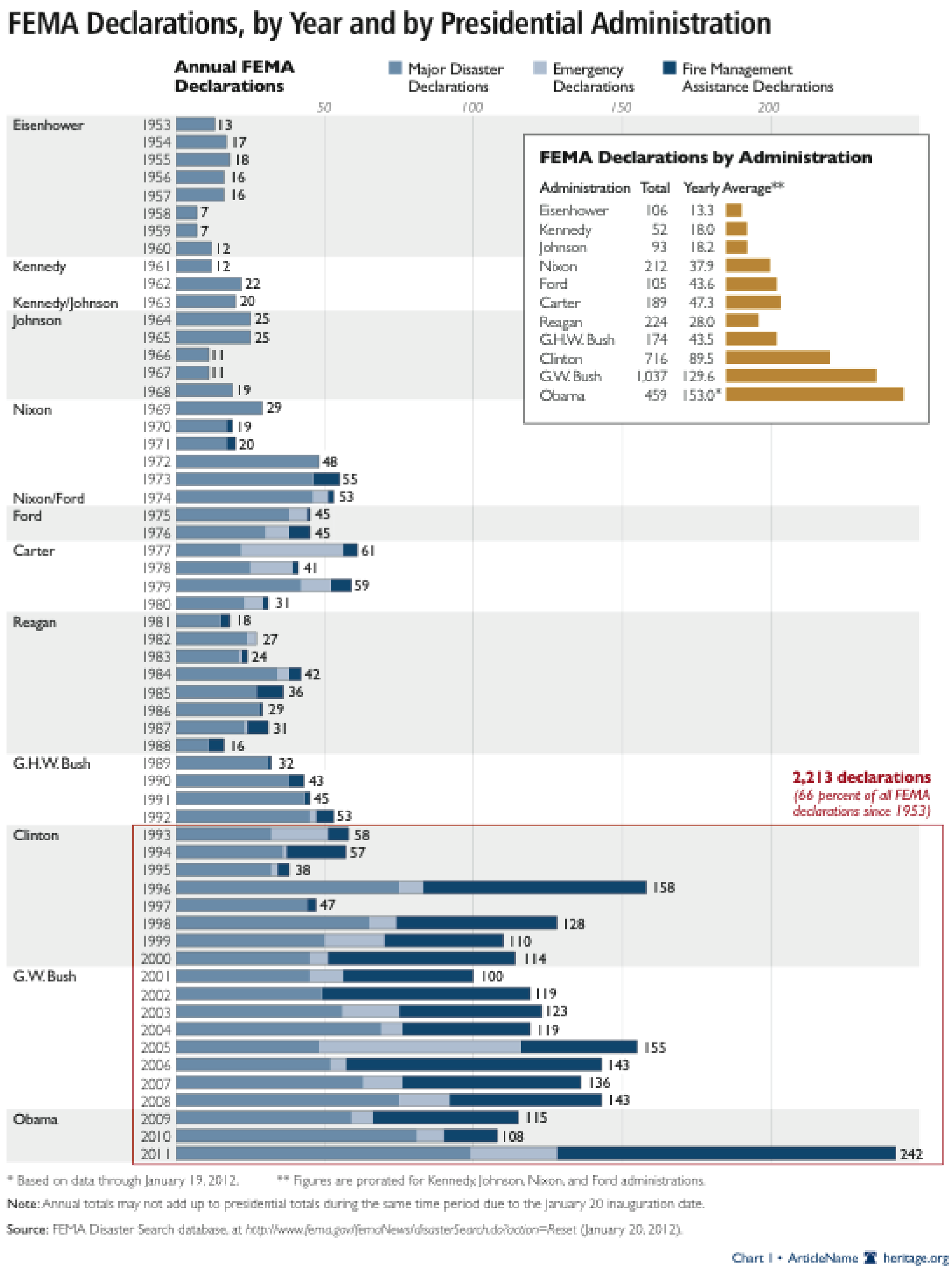
FEMA's budgetary woes came to the fore during the most recent budget brinksmanship in Washington, D.C., that ended with a deal that postponed one of the key questions driving the debate: Should FEMA continue federalizing more and more natural disasters, or should the federal government respect the Constitution? FEMA's current spending and declaration trends represent a microcosm of the larger problems facing America; namely, the federalization of activities, driven by a massive expansion of the federal government. Congress should either limit the use of FEMA declarations or accept the near total federalization of disasters, as well as the federal fiscal cost and increased danger that goes with that reality.

A Historical View of FEMA Declarations

As the chart on the following page shows, the federalization of natural disasters began its dramatic increase in 1993 with the election of Bill Clinton. In his reelection year, President Clinton issued 158 declarations, which broke the record of 61 declarations that had stood since 1977. That same year, he issued 75 MDDs, which was a 56 percent increase over the 1972 record of 48 declarations, and 75 FMADs, which more than tripled the previous record of 20 he set in 1994.

In just eight years, President Clinton issued a whopping 716 FEMA declarations, encompassing 62 percent of all FEMA declarations from 1953 to 1993. Clinton's yearly average of FEMA declarations was 89.5 declarations, more than doubling President George H. W. Bush's yearly average (43.5) and tripling President Ronald Reagan's yearly average (28). Other than under Reagan, since 1953, the yearly average has increased every presidential term.

President George W. Bush raised the bar even higher by finishing his eight years having issued 1,037 declarations, or 129.6 per year. He broke Clinton's record of FMADs by 11 declarations in 2006



and tied the record for MDDs in 2008. He set the record for the number of EDs at 68 in 2005 when the response to Hurricane Katrina involved nearly every state. Bush's declaration total represents a full 31 percent of all FEMA declarations from 1953 to today.

Though President Obama started off slowly, relatively speaking, with 108 declarations in each of his first two years, he did break the record of MDDs by posting 81 declarations in 2010. In 2011, Obama once again set a record by issuing 243 declarations, which included a record 100 MDDs and a record 114 FMADs. Obama's three-year average stands at 153 declarations per year.

To truly put this figure in perspective, it means that somewhere in America in 2011, a disaster occurred every day and a half that required the intervention of the federal government because each of these disasters overwhelmed a state and its local governments. Most Americans would be hard-pressed to remember any disasters in the United States in 2011 other than Hurricane Irene (15 MDDs compared to four MDDs due to Hurricane Katrina), the Joplin tornado, and the Tuscaloosa tornado.

Federal Disaster Policy Creates Incentives to Nationalize Disasters

Continuing this approach would be a colossal mistake given that (1) most response resources are locally owned, and (2) response times from Washington, D.C., are often achingly slow. With the exception of hurricanes, disasters do not generally provide advanced warning about their arrival; as a result, federal responses come well after the fact. Just as significantly, the federalization of natural disasters has led to the fact that, today, a majority of states do not benefit from FEMA's largesse. Thus, a majority of states would be far better off keeping their funding and managing their routine natural disasters without federal intervention.

Under the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988 (Stafford Act), the federal government pays at least 75 percent of the disaster response so long as FEMA has issued a declaration. That means that at least 75 percent of the above costs are shifted to the other 49 states not affected by the disaster. Without a FEMA declaration, these costs are borne entirely by the state and local governments affected by the disaster.

Given these incentives, it should not be a surprise to anyone that Presidents, given their electoral interests, have been eager participants in this redistribution game. Governors encouraging federalization are adopting a "spread the wealth" mentality.

Federalization of Disasters Leaves States and FEMA Ill-Prepared

Often overlooked in the discussion on the role of FEMA is the impact that federalization has on the overall preparedness of both the states and FEMA. In addition to the above-mentioned incentives for governors to nationalize disasters so they can spread the costs of their disaster management to other states, the federalization of disasters also undermines the preparedness of state and local emergency management agencies.

As discussed more fully in the author's book *Homeland Security and Federalism: Protecting America from Outside the Beltway*:

> [w]hen FEMA federalizes routine natural disasters, states and localities lose the incentive to prepare for those events. As a result, FEMA will inherit the load. At the same time as changes were happening in Washington that caused substantial complaints from the emergency

management community, states, responding to the federalization of disasters, were cutting emergency management budgets by an average of almost 25 percent.

These cuts leave states with too few disaster response capabilities, which only create more incentives to nationalize routine disasters. This ratchet-down effect places all but the smallest disasters outside the reach of the Stafford Act.

The federalization of routine disasters requires FEMA to get involved with a new disaster somewhere in the United States every 1.5 days. This operational tempo keeps FEMA perpetually in a response mode, leaving too little time and resources to adequately focus on catastrophic preparedness. It, therefore, should be no surprise that FEMA, according to a government audit in 2008, "continues to perform well responding to non-catastrophic or 'garden variety' disasters; however, it still has much to do to become a cohesive, efficient, and effective organization to prepare for and respond to the next catastrophic event." The bottom line is that this heightened pace is putting an undue burden on FEMA staff and systems.

Solution: A Fairer – and Better – Way to Manage Disasters

It is clear that the current definition used by FEMA to issue declarations is routinely ignored. After all, no reasonable person would concede that, pursuant to the Stafford Act, the vast majority of FEMA declarations involved disasters that were "of such severity and magnitude that effective response [wa]s beyond the capabilities of the State and the affected local governments and that Federal assistance [wa]s necessary." In some cases, the FEMA declarations were issued months after the disaster struck, further highlighting the extent to which federal responses to natural disasters have become more a matter of money than emergency support.

In order to reverse this federalization of disasters, Congress should:

- Modify the Stafford Act. As the litmus test for federal disaster dollars, the Stafford Act fails to accurately determine which disasters meet the federal requirements and which do not. Congress should establish clear requirements that limit the types of situations in which declarations can be issued—eliminating some types of disasters entirely from FEMA's portfolio.
- Lower the cost-sharing provisions. Congress should reduce the cost-sharing provision for all FEMA declarations to no more than 25 percent of the costs. This will help to ensure that at least three-fourths of the costs of a disaster are borne by the taxpayers living where the disaster took place. For catastrophes with a nationwide impact, such as 9/11 and Hurricane Katrina, a relief provision could provide a higher federal cost share when the total costs of a disaster exceed a certain threshold amount.

Stop the Federalization of Disasters

From 1953 to today, Presidents have issued 3,367 FEMA declarations. In just the past 19 years out of those 59 years, Presidents Clinton, Bush, and Obama have accounted for 2,213 FEMA declarations, or 66 percent. Global warming aside, this juxtaposition of figures indicates a far simpler explanation for the remarkable jump in federalized disasters: pork-barrel politics.

Over the last 19 years, politicians on both sides of the aisle and from across the country viewed the increasing federalization of FEMA declarations as another way to get federal funds into their states. It is time for policymakers to stop clamoring for money and to start living by the motto they all proclaim: "All disasters are local." Almost all disasters are indeed local, which is why the vast majority of them should be responded to, run by, and funded by state and local governments and their taxpayers. Save FEMA and federal funds for the exceptional catastrophes that do require the federal government to step in.

CONTACT THE AUTHOR:

Matt A. Mayer
President,
Opportunity Ohio

4852 Carrigan
Ridge Drive
Dublin, OH 43017

Email:
mattamayer@me.com

Costs/Funding

The current proposal does not require additional funding; rather, FEMA's budget needs to be reduced.

Positive Outcomes

There are four positive outcomes stemming from the implementation of this idea: (1) federal spending would be reduced; (2) FEMA would focus its resources on preparing for truly catastrophic events; (3) states and localities would retain funding that could help build state and local capabilities to handle most natural disasters without federal intervention; and (4) states would stop indirectly subsidizing risks in other states (e.g., Ohioans, via federal incomes taxes, would not subsidize tornado responses in Oklahoma).

Legislation

The only legislation that would be needed to institute the reforms articulated in this paper is legislation that amended the Stafford Act as recommended above.

Applicability to Massachusetts

Massachusetts is a loser when it comes to FEMA. Specifically, as the 14th largest state encompassing roughly 2.1 percent of the U.S. population, Massachusetts pays a lot more in federal taxes to FEMA than it receives back due to MDDs. From 1993 to today, Massachusetts only received 1.3 percent of all FEMA MDDs. During that span, FEMA issued just 14 MDDs, or just 0.7 MDDs per year, to Massachusetts. As a result, Massachusetts subsidizes the other states.

Future Goals/Conclusion

After successfully winning this battle, the future goal is to decentralize as many federal functions that historically were handled entirely by state and local governments. There is simply no reason why the federal government dictates policy on education, health care/Medicaid, transportation, and interior domestic security. State leaders don't need the federal government telling them how to educate their kids, tend to their poor, maintain their infrastructure, or secure their jurisdictions.

Congress should reform the fundamental problems with FEMA's disaster-response framework and return power to state and local governments—even if they would gladly give up that power for federal funds. Political expediency and fiscal bailouts should never trump the Constitution.

Better Government Competition

2012 RUNNER-UP

Reducing Congestion Through Performance-Based Transportation Programs

Wendell Cox, Alan E. Pisarksi, and Ronald D. Utt, Ph.D.

Background/Problem

Traffic congestion in most of America's metropolitan areas has worsened steadily over the past two and a half decades and is at its worst in the nation's major commercial centers. There is growing evidence that this congestion, once considered merely a nuisance and an unpleasant side effect of modernization and prosperity, is impeding economic activity in some metropolitan areas—a trend that could diminish prosperity by raising the cost of products and services by way of higher transportation costs and wages, uncertain delivery, and production delays.

A key reason for this worsening congestion is that road capacity has not kept pace with population, licensed drivers, automobiles, or vehicle miles traveled (VMT). Too many cars and trucks are sharing too little pavement.

Since 1970, the federal government has spent (in inflation-adjusted 2005 dollars) nearly $800 billion on roads, and the 50 state departments of transportation combined have spent an even larger sum. Yet despite this vast amount of money, capacity increased by only 6 percent. The outcome for transit spending was considerably worse: Annual expenditures have risen 275 percent, in inflation-adjusted terms, since 1970 while transit ridership has risen less than 20 percent.

The apparent failure of the public sector to improve infrastructure and produce much new capacity with the great sums of money it has spent on transportation programs has made both taxpayers and representatives reluctant to support proposals for transportation-related tax increases at the federal, state, and local levels. As a result, the federal highway program and the state DOTs have been forced to make do with current levels of financial resources, which recently have stagnated because tax and fee revenues (mostly from fuel taxes) have flattened out since 2000. In response, public officials have cited funding limitations as an excuse for their inability to stem the decline in mobility over the future, and some have attempted to turn the blame back on motorists (for driving too much) and local communities (for building too many houses).

Solution: Emerging Emphasis on Performance Measures and Quantitative Goals for DOTs

State officials are adopting new strategies to use available resources more efficiently in order to provide the greatest measure of transportation services. These plans differ significantly in detail, but all of them rely on quantitative performance measures that the state DOT is required to attain over a specified period of time.

Although congestion relief should be the most important goal, other quantitative performance goals could be included in a state performance plan. These include measures of safety, roadway incidents and response time, maintenance and repair, environmental quality, and emergency preparedness.

Without these performance goals, a comprehensive set of data on needs, and the concise goals to guide the allocation of limited resources, the outcome of a state performance plan would be less than optimal, and scarce resources would be wasted on inefficient and ineffective programs and projects, as they are in most states and municipalities today. Instead of being focused on mobility enhancement, most federal, state, and local programs and projects are chosen to accommodate influential constituencies, powerful elected officials, and whatever is currently in fashion among America's planning community.

A performance-based system anchored on the attainment of measurable goals related to mobility and congestion relief and safety enhancement requires the development of a comprehensive set of data on how the citizens of the state choose to travel. Thus, one of the earliest steps in implementing such a system is to establish a comprehensive data collection and reporting system. The development of this reliable information will help to ensure that goals of congestion mitigation and safe roads do not lose out to fiscal imprudence and impractical allocation of resources: often the result of Smartgrowth-supporters touting ephemeral trends and fashions in urban planning.

Costs and Benefits, Modes and Choices

Most transportation programs are ill-equipped to serve their users because they lack basic information on how much it costs to provide a particular transportation service by mode and by location. Few, if any, state DOTs have attempted such analyses, and the federal government has done it only once.[1] Absent information on unit costs by mode of transportation, officials cannot allocate scarce resources effectively among alternative modes to maximize consumer mobility.

Suppose, for example, that the DOT identifies a certain corridor as suffering from severe congestion and subsequently reviews alternative modal options as potential remedies subject to whatever budgetary limitations are imposed on it. Obviously, it would want to use the most cost-effective mode, and the relative cost information would be essential to making the best decision. In essence, the current predicament confronting state DOTs is not dissimilar from that which would confront a family trying to get the best nutritional value on a limited budget in a supermarket that posted no prices.

Absent information on modal/project unit costs, state DOTs have no way of determining how best to allocate their fixed financial resources among competing uses to serve the citizens of the state most effectively. For example, such information would be a valuable resource for a state DOT that is attempting to get the greatest mobility bang from its limited budget.

Under the circumstances and with the cost differentials described above, a performance-based system would suggest that states and the federal government examine the benefits of shifting public resources and government attention from transit to carpooling and telecommuting so as to maximize the impact on improving mobility. While many have noted the declines in both carpooling and transit over time,[2] shifting some resources from transit to carpooling (e.g., to fund more and bigger parking lots and collection stations at critical connection points), deregulating carpools (allowing fees to be charged), and telecommuting (e.g., modifications in labor laws and incentives for remote telecommuting centers) might reverse that trend.

Basic Principles for Performance and Accountability Legislation

One way to translate the above-described processes and goals into legislation that establishes an operational program based on quantitative measures of performance and accountability is to group the necessary tasks into a series of separate, well-defined steps that, when combined, will lead to an effective program for state DOTs. Based on the preceding analysis, a state transportation program built on quantitative measures of performance and accountability should include five components:

1. State Traffic Flow Improvement Plan. This plan will include immediate, low-cost, high-return investments throughout the state that reduce congestion and other impediments to traffic flow that affect safety and the environment. Such actions will include traffic management improvements, vehicle incident response systems, ramp metering, and other information technologies that enhance the flow of the state's existing investment in its transportation system. This program should be completed within 18 months of enactment.

2. State Traffic Congestion Reduction Program. This plan will include longer-term capital investments as part of a performance-based investment plan to reduce congestion throughout the state. Investments will be ranked by their ability to reduce delay. Performance of the system and progress toward the goal will be strictly monitored. The goal of this program is to increase the entire state's competitiveness in both the national and international spheres.

3. State Infrastructure Improvement Plan. This plan will include actions to bring the condition of the state's inadequate bridges, roadways, and transit facilities up to acceptable levels. Those levels will be strictly monitored and rated against predefined quantitative performance standards of quality.

4. State Traffic Safety Enhancement Plan. This plan will include the provision of safer and more secure transportation services on the state's roadways and rails and will be a key component of the DOT's measure of performance and accountability. This plan will establish goals for improving safety as measured by the annual rate per 100 million VMT of collisions, personal injuries, and fatalities in the state.

5. State Data Collection and Reporting Plan. This plan requires the state to establish a comprehensive and timely data collection and reporting system that covers operating and capital costs by mode and by normalized standards such as per-passenger-per-mile measures; truck volume and truck share of VMT; quality of service measures in terms of congestion and safety; quantitative measures of the quality of infrastructure, including roadbeds and bridges; daily usage by mode by number of passengers; and any and all other data necessary to fulfill the performance goals established in the plans. The data will also be used to provide meaningful periodic reports to the governor, legislature, and public on all measures of performance and progress, or lack thereof, toward the goals established in the legislation.

Model Legislation: State Transportation Performance and Accountability Program

Combining the principles and proposals of the preceding two sections yields a general legislative proposal that could serve as the basis for model legislation in any state. Where specific references to specific metropolitan areas are required, this draft uses, by way of example, the state of Virginia, where two of the authors reside. This model legislative language can be modified, adapted, and expanded to accommodate the characteristics and interests of any state.

The preamble of the legislation (The Transportation Performance and Accountability Act of 2006) states as its purpose both the economic and quality of life benefits of reducing traffic congestion:

> *...to minimize traffic congestion, contribute to the economic growth of the State, and improve the wellbeing and safety of all Virginians.*

The legislation can be reviewed, in full at http://demographia.com/db-tr-account.pdf.

Applicability to Massachusetts

Massachusetts is no different from Virginia or the other states. There is a strong association between economic growth, job creation, poverty reduction and the ability to quickly travel throughout modern urban areas. This program would provide Massachusetts officials with the tools to focus on the objectives of transportation, both with respect to personal travel and goods movement. It would encourage the state to examine policy and funding priorities that look beyond individual projects toward overall policies that deliver better value and better lives to its customers, who pay the highway user fees that finance the system (and are also the ultimate customers, the taxpayers).

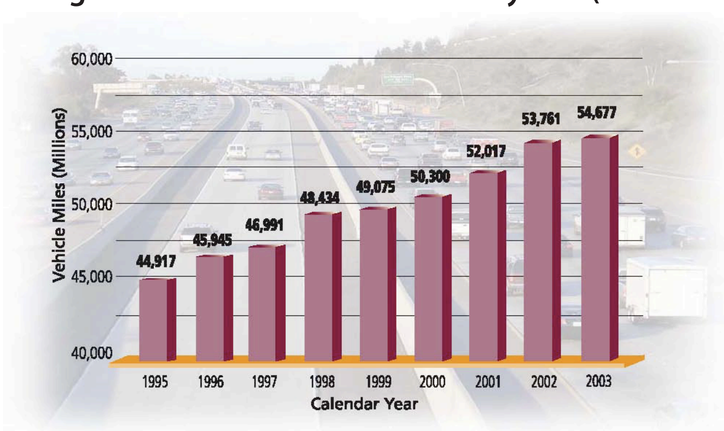
Conclusion

One by one, government programs in a growing number of states are becoming subject to performance-based systems to ensure that unresponsive bureaucracies are held accountable to the same standards of performance that have always been common in the private sector, where the difference between success and failure is often a matter of survival.

Public education was one of the first state programs to be subject to quantitative measures of performance and accountability, shifting the emphasis of school management and teaching from process to results: For example, what proportion of students are able to read at grade level? The state of Virginia was one of the first to adopt such a system in 1995, when then-Governor George Allen convinced the legislature to enact his Standards of Learning (SOL) program. A focus on accountability for results has dominated most state education debates as well as the federal education debate for the past decade.

Now many states are adopting performance-based plans of varying degrees of value for their transportation departments. Many of these plans are recent in implementation and had little previous experience to draw upon in developing the system. As a result, most should be viewed as works in progress that will likely experience some measure of modification over time in response to citizen feedback and to the rate of progress toward goals.

Average Vehicle Miles Traveled in Maryland (All Roads)



Source: Maryland Department of Transportation, "2005 Annual Attainment Report on Transportation Performance," December 23, 2004.

The Maryland performance plan offers an interesting case study in how such a program can evolve over a relatively short period of time through trial and error. Over the past six years, it has undergone substantial revisions in the DOT's[3] goals and the quality of the information it provides citizens, elected officials, and transportation officials.

As more and more states adopt such plans,[4] the rate of experimentation will accelerate, the number of successful practices will increase, and these discoveries, in turn, will displace those found to be of limited value.

CONTACT THE AUTHORS:

Wendell Cox
demographia@gmail.com

Alan E. Pisarski
AlanPisarski@AlanPisarski.com

Ronald D. Utt, Ph.D.
ron.david.utt@gmail.com

Endnotes

1. See "Federal Subsidies to Passenger Transportation," U.S. Department of Transportation, Bureau of Transportation Statistics, December 2004. Congress subsequently eliminated funding for the program, and its 2004 report was the first and last.

2. See, e.g., Alan E. Pisarski, *Commuting in America III: The Third National Report on Commuting Patterns and Trends*, National Research Council, Transportation Research Board, National Cooperative Highway Research Program *Report* No. 550, October 2006.

3. See Maryland Department of Transportation, "2005 Annual Attainment Report on Transportation Performance," December 23, 2004, at http://www.mdot.state.md.us/Planning/Plans%20Programs%20Reports/Reports/Attainment%20Reports/2005%20MDOT%20Annual%20Attainment%20Report.pdf.

4. For links to many of the state transportation performance plans now in place, see Washington State Department of Transportation, "WSDOT Accountability," at http://www.wsdot.wa.gov/accountability/default.htm (January 4, 2007).

Better Government Competition

2012 RUNNER-UP

Devolving U.S.A.I.D. Training to State Colleges and Universities

Matthew R. Auer, Professor, School of Public and Environmental Affairs, Indiana University

Background/Problem

For fiscal year 2013, President Obama's budget request for the U.S. Department of State and U.S. Agency for International Development (USAID) amounts to $51.6 billion (Voice of America, 2012). More than 80 percent of that sum will be dedicated to foreign aid. An important tool in foreign aid programs and projects is short-term and long-term targeted training of citizens from foreign countries – also known as "Participant Training." USAID claims that "hundreds of thousands" of "Host Country Residents" and "Nationals" take part in USAID-sponsored Participant Training programs worldwide, though it does not provide precise data revealing how many trainees receive training within the United States (USAID, 2012a). USAID and other sources declare that thousands of USAID-sponsored visitors are trained at American colleges and universities, each year (USAID Office of the Inspector General, 2004b; Fox, 2000: 21; USAID Office of the Inspector General, 1995). USAID has professed the value of Participant Training, particularly short-course, certificate-based or degree-based academic training at U.S. universities (USAID, 2012a; Fox, 2000). A World Bank report exploring USAID's experience with Participant Training observes:

> Most USAID professionals regard these programs as one of the most successful areas of USAID activity, an assessment generally based on the observation that earlier participants have moved into key positions in government (Fox, 2000: 21).

That same report declares, however, that there is uncertainty about Participant Training's verifiable "effectiveness." For example, USAID has been unable to establish whether and to what extent jobs obtained by trained beneficiaries, are, in fact, a result of Participant Training. Also, USAID does not present clear criteria for who is trained, and hence, cannot demonstrate that it trains the "right people" (Fox, 2000).

Apart from being unable to affirm that Participant Training outcomes are meaningful, lasting, and that they reach the right beneficiaries, USAID has recurring problems processing participants' records and in tracking their whereabouts, particularly after training is completed.

For example, an audit by the Office of the Inspector General found that USAID did not have a reliable system for verifying that participants trained in the US from Egypt actually returned to Egypt at the end of the training period (USAID Office of the Inspector General, 2004a: 12). Of 21 participants who were classified as "non-returnees" to Egypt, unpaid fees for training amounted to more than $240,000 – fees that were supposed to be paid directly by participants through training agreements (USAID Office of the Inspector General, 2004a: 11). Similar problems were reported in other country programs, including Nigeria (USAID Office of the Inspector General, 2004b).

The urgency of some of these problems, and the challenge for USAID to address them, is captured by the Inspector General's conclusion that:

> As a practical matter, it is impossible to handle U.S.-based or third-country Participant Training effectively without an experienced U.S.-based or third-country entity to administer day-to-day oversight and monitoring requirements, and in the case of U.S.-based activities, to adhere to the Department of Homeland Security regulations (USAID, 2012b: 5).

This author proposes an effective and efficient alternative to the current administrative arrangement for USAID Participant Training. The conventional wisdom suggests that matters of foreign policy, including foreign aid, are the provenance of the federal government and that state governments and their partners are ill suited to perform these functions. However, USAID Participant Training could be administered more competently by state government departments of higher education and public colleges and universities, compared to the current contractor-awarded arrangement, considering that:

- state higher education departments know the organizational and professional landscapes of colleges and universities more intimately than do private sector contractors;
- public higher education entities have vast experience recruiting, placing, and monitoring international students, particularly post-9/11; and
- colleges and universities, staffed by experts in program evaluation, are much better-suited to evaluate Participant Training outcomes than is the federal government or its current array of Participant Training matchmakers.

At the broadest level, state government departments of higher education and state colleges and universities are better suited than are federal contractors to match participants with higher education trainers. Furthermore, devolution of Participant Training functions to state and local levels could increase state government and civil society actors' ownership in the development and execution of foreign aid responsibilities, thereby increasing public awareness of the purposes of foreign aid, and helping combat negative perceptions of foreign aid.

Solution

Virtually every state college and university in the United States maintains an office and/or dedicated staff with expertise in handling international student admissions, ranging from students seeking conventional undergraduate and graduate degrees to non-credit and executive education students. Indeed, state institutions of higher learning are increasingly incentivized to grow international student admissions because these students tend to pay tuition and fees at non-resident rates, helping replace shortfalls in state funding.

State colleges and universities tend to have robust systems in place for processing international student records and are well-versed with new visa rules and regulations that Congress and the Department of Homeland Security created in the wake of 9/11. Colleges eager to attract international students are experts in the processing of J-1 visas and in meeting the requirements of the Student Exchange and Visitor Information System (SEVIS). Universities are linked to on-line portals that require student applicants to take ownership in the application process and to present credentials, including proof of financial capacity (e.g., local bank accounts and account balances; tax ID), prior to admissions. These are regularized functions that are easily dispatched by universities, in contrast to USAID Missions or USAID contractors who are not higher education specialists. In recent years, USAID Missions have been criticized in how they, or their contractors, handle student visa and SEVIS data, including problems in processing of records (see, e.g., USAID, 2003: 8, 9, and 12).

USAID-sponsored participant training at the University of Indiana, 2000

State governmental departments of higher education are suitable intermediaries to facilitate USAID Participant Training at state colleges and universities, and are better suited to that role than are D.C.-based USAID offices, USAID Missions or aid contractors. First and foremost, state departments of higher education know, intimately, organizational architectures, institutional capacities, and academic and pre-professional assets of each state college and university in their jurisdiction. This contrasts sharply with USAID contractors who have comparatively little knowledge of the organizational and programmatic strengths and weaknesses of U.S. colleges and universities and who, in the experience of this author, "cold call" administrators and professors at universities to seek matches between overseas participants and prospective training sites. This approach is, at best, information-poor and prone to sub-optimal pairings of participants and training institutions.

Moreover, whereas international students at state colleges and universities typically must produce evidence (e.g., proof of savings) and/or make security deposits for tuition prior to traveling to the U.S. and even prior to admission, these provisions typically are not in place for USAID Participant Training programs which explains the unpaid fees by participants (particularly "no show" participants or participants who fail to return to their home countries).

State departments of higher education have campus liaison responsibilities. In the proposal here, those responsibilities would include channeling USAID requests for Participant Training to state colleges and universities. In fact, the state liaisons would have little or no responsibility for handling participant transactions and records (e.g., visa processing, participation fees, etc.). These duties would be handled by state colleges and universities who already administer these functions for international students.

Costs/Funding

In 2011, USAID issued a project award worth up to $242 million to the private sector contractor World Learning for the purpose of administering a five-year Participant Training program called FORECAST II (World Learning, 2012). This is a significant outlay of U.S. taxpayer resources for the purpose of Participant Training, and neither USAID nor World Learning divulges what portion of those resources is absorbed in administrative fees. Considering that World Learning and other contractors ultimately retain the services of colleges and universities to perform Participant Training, a key administrative issue is how to move those resources to higher education trainers in the most accountable and efficient manner.

USAID should establish a competitive process whereby states apply to administer Participant Training funds. Federal agencies are already well versed in competitive bidding by states for federal resources in areas such as education (e.g., Race to the Top) and community service (e.g., Social Innovation Fund). Likely start-up costs for a federal-state competitive bidding process and for the administration of the Participant Training program, itself, would include:

- The development of eligibility rules, application procedures, and application review and selection criteria for states;
- Identification of appropriate units in state higher education departments to assume Participant Training administrative functions. These functions are appropriate for state higher education officials who perform facilitating and enabling (rather than regulatory) roles.

- Development of administrative functions, including training of state higher education officials (from states that win bids), to handle applications from USAID Missions and central USAID offices for requests for Participant Training; and
- Higher workload for state colleges and universities that receive trainees for Participant Training. However, in practice, state colleges and universities would incur minimal start-up costs since these bodies already regularly perform comparable international student admissions, placement, and record-keeping functions. Moreover, it is already the case that state colleges and universities are administering Participant Training functions (through current, contract-based placement arrangements). Hence, start-up costs for experienced state colleges and universities would be effectively nil.

USAID, and in particular USAID's Economic Growth and Trade (EGAT) office which is the "contract manager" for the current system of placing trainees, would cease to administer competitive bids for federal contractors. Instead, USAID would issue competitive awards to states; the principal unit in the agency responsible for issuing awards to states would be USAID's Office of Procurement which is USAID's self-described "business" office, and unlike EGAT, has principal responsibility for executing contracts, grants, and cooperative agreements. Considering its primary procurement role, it is better suited to administer competitive awards to states than is EGAT, though the latter could perform a facilitating role in determining competitive awardees.

State awardees will administer the awards through their own higher education agencies who, as argued above, have more intimate knowledge of the organizational and professional capacities of state colleges and universities that typically execute Participant Training. Costs for the program proposed here are not "new and additional." Indeed, there is potential for cost-savings and the promise of stronger accountability in the proposed system vs. the current arrangement. Currently neither USAID nor its contractors disclose overhead costs in administering Participant Training programs. In contrast, state government sunshine laws oblige state agencies to account for every dollar spent.

Positive Outcomes

Expected positive outcomes are considerable. They include:

- Greater financial accountability. In state cost accounting systems, administrative costs (e.g., indirect costs, staff salaries, insurance, etc.) are generally differentiated from substantive program costs, such as costs of delivered goods and services (e.g., commodities, equipment, fees paid to higher education trainers). This stands in stark contrast to USAID public accounting documents on Participant Training (see, e.g., USAID Congressional Budget Justification at USAID, 2012c; see also USAID Agency Financial Report at USAID, 2012d) that do not itemize these costs. Accounting disclosures by private contractors involved in Participant Training are even less revealing.
- Knowledgeable intermediaries. State departments of higher education deal directly with colleges and universities on admission policies, applications for new degree programs, credit transfer, higher education financing, and institutional audits. These state agencies are far more knowledgeable about their institutional partners than are federal contractors to USAID.
- More transparency. State departments and commissions of higher education abide by strict conflict of interest rules that allow them to separate college/university funding decisions from regulatory functions (e.g., audits of state-sponsored student financial aid). Rules to separate

awarding of Participant Training from state regulatory decisions could be easily developed and enforced, e.g., state departments of higher education could constitute panels of academicians from representative colleges and universities to recommend Participant Training awards.

- A better job of program evaluation. To date, USAID and its contractors have been unwilling or unable to adequately account for outcomes of Participant Training. In contrast, virtually all state colleges and universities have faculty and/or professional staff trained in program evaluation and institutional effectiveness; these experts can serve as third party auditors of program outcomes.
- Enrolling ordinary Americans in foreign aid delivery. Foreign aid is a perennially unpopular program, according to public opinion polls (see, e.g., Miller and Epatko, 2011; PIPA, 2001). This stems, in part, from public ignorance of the scope and scale of foreign aid and the scarcity of opportunities for public involvement in foreign aid institutions. A system that privileges state colleges and universities in Participant Training is less "elitist" than one open to private universities and think tanks. It is fitting for students in state educational institutions to have proximity to trainees from overseas – perhaps becoming directly involved in training itself by serving as student hosts and ambassadors or as assistants to trainers.

Legislation

USAID has considerable flexibility to award funds to its contractors and cooperators, and in practice, it is not precluded from involving state government or other public sector actors (e.g., federal government partners, per the Federal Acquisition Regulations System) from administering federal funds. However, were Participant Training to be exclusively administered by states, this would require a "Justification and Approval Document for other than Full and Open Competition," under General Services Administration procurement rules (See GSA, 2012). Depending on the size of the potential awards to states, this arrangement would invite Congressional scrutiny, particularly by the Senate Foreign Relations Subcommittee on State, Foreign Operations, and Related Programs.

Applicability to Massachusetts

The State of Massachusetts is typical of U.S. states in terms of its prospective capacity to administer the program described here. First, its Department of Higher Education is suitably organized to administer Participant Training liaison functions considering it has both an admissions and transfer office, an office dedicated to campus relations, and an internal evaluation and reporting function (see Massachusetts Department of Higher Education, 2012). Taking on board Participant Training administration responsibilities would likely require additional staff hires in Massachusetts' Department of Higher Education, particularly support staff that handle requests or task orders from USAID Missions and central offices. Importantly, these transactions would mostly entail identifying appropriate state college or university candidates for Participant Training. Administrative duties would not involve handling of participant eligibility information, participant records, and participant costs – tasks reserved for the colleges and universities that already administer these functions, every day, for international students and international trainees.

Consider, for example, the University of Massachusetts at Amherst's well-specified and regularized processes for handling pre-admission, eligibility, fee, visa, and travel functions for international students and visitors (University of Massachusetts, 2012; see also University of Massachusetts Boston's international student application and admissions procedures at University of Massachusetts Boston, 2012).

Public institutions of higher education in Massachusetts have already participated directly in USAID Participant Training activities. For example, the University of Massachusetts at Amherst was a key destination for individuals trained in the recent Malawi Participant Training Program (USAID, 2009). Hence, key actors in Massachusetts already understand the aims and objectives of Participant Training and are familiar with U.S. Department of State, USAID, and Department of Homeland Security documentation rules and regulations governing Participant Training.

Like many state higher education systems, it is also the case that Massachusetts state colleges and universities are contending with shrinking state financial support (see, e.g., Jan, 2010). An important political benefit to the system proposed here is that state government, which is often the bearer of bad financial news for state colleges and universities, can offset funding shortfalls by facilitating the awarding of federal funds for Participant Training.

CONTACT THE AUTHOR:
Matthew R. Auer
Dean, Hutton College
Professor, School of Public and Environmental Affairs
Indiana University
811 East 7th St
Bloomington, IN 47405
Phone: 812-855-3550
Fax: 812-855-5416
Email: mauer@indiana.edu

Future Goals/Conclusion

The author recognizes the value of foreign aid, including its role in promoting U.S. national security and in maintaining America's reputation as a strong and compassionate nation ready to help people in need in developing countries, around the world. The potential value of Participant Training is also apparent, considering the author has trained students from overseas – students who have returned to their home countries with new professional skills and knowledge and who feel gratitude towards Americans and America, generally.

A key global trend is the demand for specialized training by visitors to the U.S; these visitors often aspire to obtain that training in state colleges and universities. State government agencies for higher education have a role to play in matching trainees with trainers. The system described here entails a comparatively low administrative burden on state government, considering that state colleges and universities – not state agencies – would discharge the detailed administrative work (compliance with participant eligibility rules, handling of participant applications, records, fees, etc.,). Public colleges and universities already routinely discharge the kinds of Participant Training administrative functions that high-overhead federal government contractors struggle to master. Transferring a well designed, efficient and transparent Participant Training placement and auditing system into the hands of state colleges and universities, aided by state departments of higher education, is clearly in the public interest.

References

Fox, James. 2000. *Applying the Comprehensive Development Framework to USAID Experiences*. Washington, D.C.: World Bank. http://lnweb90.worldbank.org/oed/oeddoclib.nsf/DocUNIDViewForJavaSearch/184D637C15695AF38525697C004E2559/$file/OEDWP15.pdf.

GSA. 2012. Subpart 6.3: Other than Full and Open Competition. Available at: https://www.acquisition.gov/far/current/html/Subpart%206_3.html.

Jan, Tracy. 2010. Higher Education Chief Decries Cuts in Funding, *Boston Globe*, 9 September.

Massachusetts Department of Higher Education. 2012. About Us. Available at: http://www.mass.edu/aboutus/staffdirectory.asp.

Miller, Talea and Epatko, Larisa. 2011. Foreign Aid Facing Proposed Cuts and a Public Perception Problem. Available at: http://www.pbs.org/newshour/rundown/2011/03/foreign-aid-facing-proposed-cuts-public-perception-problem.html.

PIPA. 2001. Americans on Foreign Aid and World Hunger: A Study of U.S. Public Attitudes. Available at: http://www.pipa.org/OnlineReports/ForeignAid/ForeignAid_Feb01/ForeignAid_Feb01_rpt.pdf.

University of Massachusetts Amherst. 2012. Graduate School. Available at: http://www.umass.edu/gradschool/admissions/international-students.

University of Massachusetts Boston. 2012. Prospective Students: International Student & Scholar Services Offices (ISSS). Available at: http://www.umb.edu/academics/oita/isss/prospective_students/.

USAID. 2012a. Education, Universities and Training: Participant Training: A Brief Overview, 2012. Available at: http://www.usaid.gov/our_work/education_and_universities/ptraining.htm.

USAID. 2012b. ADS Chapter 253: Participant Training for Capacity Development. Available at: http://www.usaid.gov/policy/ads/200/253.pdf.

USAID. 2012c. Congressional Budget Justification. Available at: http://www.usaid.gov/performance/cbj/index.html.

USAID. 2012d. Agency Financial Report. Available at: http://www.usaid.gov/performance/afr/index.html.

USAID. 2009. Malawi Participation Training Program Outcomes Study. Available at: http://pdf.usaid.gov/pdf_docs/PNADS256.pdf.

USAID. 2003. Memorandum: Report on Audit of USAID/Bulgaria's Participant Training Activities (Report No. B-183-04-001-P). Available at: http://www.usaid.gov/oig/public/fy04rpts/b-183-04-001-p.pdf.

USAID Office of the Inspector General. 2004a. Audit of USAID/Egypt's Participant Training Activities. Audit Report No. 6-263-04-004-P. Washington, D.C.: Office of the Inspector General.

USAID Office of the Inspector General. 2004b. Audit of USAID's Participant Training Activities. Audit Report No. 9-000-04-005-P. Washington, D.C.: Office of the Inspector General.

USAID Office of the Inspector General. 1995. Audit of Cost-Containment in USAID's Participant Training Program. Audit Report No. 9-000-95-012. Washington, D.C.: Office of the Inspector General.

Voice of America. 2012 USAID Chief Defends Foreign Aid Budget for 2013. Available at: http://blogs.voanews.com/breaking-news/2012/03/21/usaid-chief-defends-foreign-aid-budget-for-2013/.

World Learning. 2012. World Learning Welcomes FORECAST II Award. Available at: http://www.worldlearning.org/26827.htm.

Better Government Competition

2012 RUNNER-UP

Government Transparency Derivatives

Greg Kaza, Executive Director, Arkansas Policy Foundation

Background/Problem

The federal Dodd-Frank Act (Public Law 111-203) fails to require government units using financial derivatives to publicly disclose and report their positions. The Act increased regulation of the U.S. financial services industry without enacting adequate transparency for government units using derivatives. The problem is that government units ranging from towns, cities, and counties to state retirement systems are not required to adequately disclose their use of derivatives. A double standard exists in the derivatives regulation. Private derivatives users are aggressively regulated while government units are not.

The largest municipal bankruptcy in U.S. history was caused by the speculative use of derivatives by Orange County, California officials.

In 1994, Orange County announced a $1.6 billion loss resulting in bankruptcy. Testimony before the U.S. Senate Committee on Agriculture, Nutrition and Forestry in 1998 revealed approximately 187 California government units deposited tax revenues and other public moneys in several pools, including a commingled pooled fund (the 'County Pools'). The County Pools were managed by Robert Citron, the Orange County treasurer and totaled an estimated $7.6 billion. The treasurer used reverse repurchase agreements, a type of derivative whose purchases were based on the erroneous assumption that interest rates would remain at low levels. The treasurer also used leverage: the estimated $7.6 billion in deposits was leveraged to more than $20 billion. The treasurer's strategy appeared to work until the Federal Reserve Open Market Committee raised the Intended Fed Funds rate six times starting in February 1994. Orange County declared bankruptcy in December 1994, and Citron later pleaded guilty to criminal charges. (http://articles.latimes.com/1995-04-28/news/mn¬59983_1_bob-citron)

Another highly-publicized episode involves the speculative use of derivatives by government officials in Jefferson County, Alabama. The U.S. Securities and Exchange Commission has pursued enforcement actions in the episode, which involved the use of interest rate swap. The SEC charged J.P. Morgan Securities, Inc., and two of its former managing directors for their

Increase in Federal Funds Rate, 1994

	Change	New Level
February 4	+1/4	3-1/4
March 22	+1/4	3-1/2
April 18	+1/4	3-3/4
May 17	+1/2	4-1/4
August 16	+1/2	4-3/4
November 15	+3/4	5-1/2

Source: Federal Reserve Bank of New York roles in an unlawful payment scheme that enabled them to win business involving municipal bond offerings and swap transactions with Jefferson County. J.P. Morgan Securities settled the SEC's charges, paid a $25 million penalty, made a $50 million payment to Jefferson County, and forfeited more than $647 million in claimed termination fees. The SEC also charged Birmingham Mayor Larry Langford and two others for undisclosed payments to Langford related to municipal bond offerings and swap agreement transactions that he directed on behalf of Jefferson County while serving as county commission president. Langford was found guilty in October 2009 in a parallel criminal case. (http://www.sec.gov/news/press/2009/2009-232.htm)

Dodd-Frank Act fails to require government units using financial derivatives to publicly disclose and report their positions. Without transparency it is possible another Orange County-style bankruptcy could occur in the U.S.

Solution

The Orange County bankruptcy would not have occurred if derivatives transparency had been required of California government units.

The most frequent reference to derivatives at the state level is found in the Uniform Principal and Income Act, which defines the financial instruments and regulates private users. The Massachusetts Principal and Income Act (2005) defines derivatives as "a contract or financial instrument of a combination of contracts and financial instruments which gives a trust the right or obligation to participate in some or all changes in the price of a tangible or intangible asset or group of assets, or changes in a rate, an index of prices or rates, or other market indicator for an asset or a group of assets." Massachusetts regulates the use of derivatives by state banks. A 2011 act (session law chapter 115) states "credit exposure" to "a counterparty in connection with derivative transactions shall be determined based on an amount that the bank reasonably determines under the terms of the derivative or otherwise would be its loss were the counterparty to default on that date, taking into account any netting and collateral arrangements and any guarantees or other credit enhancements."

Michigan enacted the "Good Government Financial Report Disclosure Act" (PA 427 of 1996) after a small local unit (Independence Township) lost $2 million on domestic swaps. The Michigan law requires derivatives to be reported in an "audit report or other report for a local unit." Units are required to disclose this information to the state treasurer or auditor general. The reports must include "the cost and fiscal year end market value of derivative instruments or products in the local unit's pension or non-pension investment portfolio at year end reported on an aggregate basis and itemized by issuer" and type of derivative instrument or product. The Act also applies to state retirement systems and creates a depository for reports, which are subject to the state Freedom of Information Act.

Dodd-Frank regulates private derivatives users. Massachusetts regulates private derivatives users, and includes a review mechanism for government users within the treasurer's office employing counsel with technical knowledge of the subject. Michigan provides more transparency, requiring government units to disclose their derivatives.

Massachusetts could increase transparency by requiring government units to publicly disclose their derivatives.

Costs/Funding

The costs associated with Michigan's policy were paid for by state and local units of government out of existing budgets. Nonpartisan Michigan legislative analysts found "no costs" associated with enactment of the policy.

Initial opposition revolved around whether a problem existed, and whether transparency was required to address it. A derivatives ban was considered by some legislators. The Orange County bankruptcy increased support for derivatives transparency, and the disclosure of Independence Township's loss led the Michigan legislature to advance the measure, which was signed into law by Governor John Engler.

The costs of reporting government derivatives use in audit or other annual reports would be paid for by state and local units out of existing budgets. There would be a modest cost if the preference was to also post all reports on government sites so individuals with knowledge of derivatives, citizens and news media could review them.

Positive Outcomes

There are legitimate reasons to use financial derivatives including non-leveraged hedging. Other states responded to the Orange County bankruptcy by severely restricting the use of derivatives by government units. The Wisconsin Investment Board lost more than $95 million in leveraged derivatives linked to movements in the Mexican peso. (U.S. Senate Committee on Agriculture, Nutrition and Forestry, December 1998) Wisconsin law was amended to read, "After May 7, 1996, the board my not purchase or acquire any derivative in the state investment fund except in accordance with rules promulgated by the board (State of Wisconsin Investment Board). Rules … may not permit the purchase or acquisition of derivatives in the state investment fund unless (it) is made for the purpose of reducing risk of price changes or of interest rate or currency exchange rate fluctuations with respect to investments held by or to be held by the board." Michigan's policy permits the use of derivatives with the caveat that government units must be transparent.

Legislation

The only legislation to date has been Michigan's (15.422) "Good Government Financial Report Disclosure Act of 1996."

The policy has not expanded since its inception, though the technical definition of derivatives should be updated to reflect changes in financial markets since the original measure was enacted in 1996.

Applicability to Massachusetts

Massachusetts faces the same potential problem caused by Dodd-Frank's failure to require government units using financial derivatives to publicly disclose and report their positions, though the state has taken positive action (see below).

Other references to derivatives, in addition to those referenced above, have been incorporated in Massachusetts in the 21st century. For example, section 44 of a 2004 act further regulating the Department of Revenue states, "Section 38B of said chapter 63, as so appearing, is hereby amended by inserting after subsection (b) the following subsection:

(b ½) For the purposes of subsection (a), "securities" includes (1) equity or debt instruments and options, futures and other derivatives, that are traded on and were acquired through a public exchange or another arms length secondary market."

Current Massachusetts practice is for the state treasurer to issue "a Request for Responses ("RFR") from law firms or individual attorneys who specialize in legal matters pertaining to the issuance of debt" including derivatives. The treasurer seeks firms or attorneys "interested in presenting their qualifications to provide legal services related to the issuance of municipal securities by the Commonwealth of Massachusetts and Treasury Agencies." The treasurer selects "one or more qualified Firms" from the responses "on an as needed basis to provide legal services" in areas including "Derivatives Counsel." The Swaps/Derivatives Counsel section states, "Two Firms are expected to be selected for swaps/derivative counsel. One Firm will be primary and the other Firm will be a back-up counsel. The Treasury is seeking law firms to assist it with various derivatives transactions and with issues that may arise in connection with modifying or terminating existing derivative agreements. The legal representation may include, without limitation, the following tasks:

- Render legal opinions associated with new or amended interest rate swap or other derivatives agreements;
- Assist in the development and negotiation of new or amended ISDA contracts;
- Assist with restructurings of existing derivative agreements, including innovations, modifications, and terminations;
- Analyze and advise on federal or state legislation affecting derivative agreements;
- Assist with issues associated with terminated derivative agreements; and
- Advise Treasury on debt management and other policies."

(Request For Responses, Legal Services Related To The Issuance Of Debt, The Treasurer and Receiver General of the Commonwealth of Massachusetts, August 31, 2011 http://www.mass.gov/treasury/docs/final-tre-bond-legal-service-rfr-august31-2011.pdf, p. 1, 23)

Future Goals/Conclusion

The author intends to work with policymakers in other states interested in requiring government units using financial derivatives to publicly disclose and report their positions. He will also continue to rely on his experience as author of the Michigan Act, and published research, to explain that the Dodd-Frank Act aggressively regulates private derivatives users while not requiring transparency for government units.

The author's published research includes two articles for peer-reviewed academic journals:

- "A review of state statutes regulating financial derivatives in the USA." Pensions, an International Journal, Vol. 9, Number 3, 194-202 (2004) London, U.K.: Palgrave Macmillan
- "Regulation of financial derivatives in the U.S. code." Derivatives Use, Trading & Regulation, Vol. 11, 381-86 (2006) London, U.K.: Palgrave Macmillan

The reform requires government units to publicly disclose their use of derivative financial instruments, a requirement not included in the Dodd-Frank Act. The purpose is to prevent the speculative use of derivatives by government officials. The reform, enacted in Michigan in the mid-1990s has prevented an episode similar to Orange County, California, forced to declare bankruptcy in 1994 as the result of government officials' speculative use of derivatives.

CONTACT THE AUTHOR:

Greg Kaza
Executive Director
Arkansas Policy Foundation

111 Center St
12th Floor, Ste 1200
Little Rock, AR 72201

Phone:
501-537-0825

www.arkansaspolicyfoundation.org

Turning Back Road Financing to the States

Gabriel Roth

The principle of "subsidiarity" postulates that government decisions should occur at the lowest possible level. This paper explores the applicability of subsidiarity to the federal financing of state roads and concludes that road financing should be "turned back" to the states.

History[1]

Substantial federal involvement in US road finance was the result of the 1956 Highway Revenue Act that created the Federal Highway Trust Fund (FHTF) to finance the construction of the 41,250-mile Interstate Highway System (IHS). However, subsequent legislation extended the length of the IHS several times. In 2002 the designated length was 46,726 miles, and all but 5.60 miles were complete.[2] The FHTF is funded mainly by dedicated taxes on fuel. Revenues accumulated in the FHTF can be used to pay for up to 90 percent of project construction costs, without the states having to borrow, or to draw on general funds. The powers under this legislation were designed to expire on June 30th, 1972.

The Status of Federal Legislation in August 2012

The 1956 law required Congress to appropriate monies from the FHTF for road improvement, which it did every five or six years between 1960 and 2012. The latest transportation legislation, passed on June 29, 2012, and signed by President Obama on July 6, 2012, was Public Law 112-141, the $127 billion "Moving Ahead for Progress in the 21st Century" Act (MAP-21)[3] to keep federal financing in force until June 29, 2014.

Advantages and Disadvantages of Federal Financing of State Roads

Advantages

The main advantage was the financing of the IHS, possibly the greatest public works project since the completion of the 56,000-mile Roman system of paved roads, which took some 500 years to build. In view of the difficulty many governments have executing projects, the men and women involved with the IHS deserve the highest praise.

Disadvantages

The basic disadvantage is that substantial federal payments give states incentives to select low-priority projects for federal financing. Boston's "Big Dig" project, which grew in cost from $2.8 billion to $8.1 billion (both figures in 1982 dollars), would never have been funded by Massachusetts alone. Other disadvantages are the diversion of over a third of the revenues to non-road purposes,[4] that federal involvement raises road costs substantially, that the federal congress uses its powers to favour some states at the expense of others, that it imposes damaging conditions, such as 55 miles/hour speed limits, on the use of the funds it appropriates, and that it imposes uncertainties and delays that severely impede infrastructure planning and implementation not only by the states but also by the private contractors concerned.

States as Innovators

Reforming the way road users pay for roads in the 21st century raises challenging and difficult problems for at least two reasons:

- First, as vehicles become more fuel efficient, and as electrically-powered vehicles need use no fossil fuel, taxes on fuel become less suitable as a road financing method; and
- Second, the development of electronic methods of charging for road use, such as EZ-Pass, opens the possibilities of road use charges varying from place to place, and even by time of day, to reflect the costs involved.

The federal government employs bright people, who may hit on the best way to charge for road use and to allocate the funds thus raised. But it is much more likely that fifty separate states, introducing different methods, would enable the best solutions to emerge. This was the experience with welfare reform, which was achieved after 20 years of state experimentation.[5] On the other hand, for over 50 years, Congress has been unable to reform air traffic control, mainly because federal procedures are so slow that when reforms were eventually agreed to they were out-of-date.

Of course, no method of charging for road use could survive without being useable in other states. But the development of the telephone and the Internet show that technologies developed in individual states can be applied nationwide.

Political Implications

The 1956 legislation was meticulous in protecting general revenues from being used to finance roads. Congress could only appropriate monies earlier paid into it by road users, in conformity with the "user pays" principle. But this principle was abandoned in the June 2012 legislation and the traditional "user pays" policies for roads have been augmented by "taxpayer pays", thus increasing the influence of federal officials, with infrastructure supply becoming more dependent on political preferences rather than on consumer choice.

And this change has other significant consequences:

- Under the "user pays" tradition, infrastructure financing can come from many sources, both governmental and private, e.g. by the use of tolls.
- But under "taxpayer pays", the supply of transportation infrastructure is limited by federal budget considerations and governed by priorities having nothing to do with consumer preferences. For example, under "user pays", road users with limited budgets could decide for themselves to spend less on vehicles and more on roads. But, under "taxpayer pays", it would become harder for travellers to make their preferences effective.
- The problem facing Congress is that members want infrastructure expenditures to be maintained without having to vote to obtain the required revenues by raising the rates of dedicated fuel charges. Turning back financing to the states offers a simple solution. The federal government could get out of infrastructure financing altogether, wind down the FHTF, and leave infrastructure financing to states, local authorities or private entities.

This solution would be economically efficient, fiscally responsible and politically attractive:

- It would be economically efficient because, as shown above, federal financing of infrastructure is wasteful.
- It would be fiscally responsible because the federal government has run out of money.
- And it would be politically attractive to the federal congress, as it would transfer to the states, where it belongs, the odium of having to increase charges in accordance with voters' wishes, and it would give significant benefits to road users, who vote.

Transit users and providers could become worse off by losing federal subsidies. But transit projects should be funded locally, not federally. Furthermore, transit users (whose travel comprises less than two percent of US urban travel-miles, but who get twenty percent of federal subsidies) are concentrated in states (such as California, Massachusetts, Illinois and New York) that generally support Democrats, so transit users' displeasure is unlikely to change federal voting results.

CONTACT THE AUTHOR:

Gabriel Roth

4815 Falstone Ave
Chevy Chase, MD
20815

Phone: 301-656-6094
Fax: 530-326-4267

Email:
roths@earthlink.net

A Process for Turning Back Road Financing to the States

In theory, the simplest way to abolish the federal financing of roads would be to sunset the 1956 legislation, as envisaged by those who passed it. Then, following a transition period (to enable the completion of projects already approved), both the fuel taxes and the congressional powers would expire, and the funding of state roads reverts (gets "turned back") to the states, where it was until 1956.

A principal obstacle to "Turnback" is that it would require members of Congress to give up power, which many might be reluctant to do. Therefore, an effective way to achieve this objective might be for road users to lobby in the states — such as Arizona, Colorado, Florida, Georgia, Indiana Ohio and Texas — that would make substantial gains from Turnback. A study published in 2005[6] calculated that road users in some thirty-five states were made worse-off by the federal involvement in roads.

Because gains by free market proponents in the 2012 national election are possible, and because they could lead to better legislation, the time to start the Turnback process is now, and the place is in the states likely to gain from it.

Conclusions

Because of the damaging policies, costs and regulations associated with the federal financing of state roads, the principle of subsidiarity applies to this case with particular force. State provision of roads would be quicker, less costly, and more responsive to road users' needs. States would be better at reforming the current systems of owning, funding and managing roads. They would be more likely to reform road-use charges and to make it easier for private providers to maintain existing roads and provide new ones on a commercial basis, eventually eliminating the need for government financing, even by the states. Therefore the next legislation on infrastructure financing, now due by June 2014, should replace our out-dated road financing mechanism with one more suited to the 21st century.

Endnotes

1. I am indebted to Federal Highway Administration Historian Richard F. Weingroff for information and insights relating to the Interstate Highway System and federal Highway Trust Fund.

2. As of October 31, 2002, all but 5.60 miles of the 46,726-mile Interstate System were completed and open to traffic. "Dwight D. Eisenhower National System of Interstate and Defense Highways", Federal Highway Administration, Washington DC, March 2012. http://www.fhwa.dot.gov/programadmin/interstate.cfm

3. http://www.dot.gov/map21/

4. Utt, Ronald. "Federal Highway Trust Fund: Recommit to Better Highways and En-hanced Mobility". WEBMEMO #2944, Heritage Foundation, Washington DC, June 30, 2010. http://heritage.org/Research/Reports/2010/06/Federal-Highway-Trust-Fund-Recommit-to-Better-Highways-and-Enhanced-Mobility

5. Archambault, Joshua, and James Capretta, Amy Lischko, and Tom Miller. "The Great Experiment: The States, The Feds, and Your Health Care", Pioneer Institute, Boston, 2012.

6. Gabriel Roth "Liberating the Roads: Reforming US Highway Policy", *Policy Analysis* No. 538, Cato Institute, Washington DC, 2005.

A Holistic Approach to Regulatory Reform

Sam Batkins, American Action Forum

Regulatory Overreach

"Our regulatory system must protect public health, welfare, safety, and our environment while promoting economic growth, innovation, competitiveness, and job creation." President Obama's Executive Order 13,563 on regulatory reform echoed what many of his predecessors have stressed through their executive orders. However, after several presidents, executive orders, and countless legislative efforts, it is clear that: 1) reform efforts have failed and 2) our current system promotes neither economic growth nor job creation.

The American Action Forum catalogues federal rules that impose private sector or intergovernmental costs, and their corresponding paperwork burden. In 2011, we tracked more than $231 billion in costs from proposed or final federal regulations, including more than 133 million paperwork burden hours, adding to more than 10.3 billion total compliance hours.

The problem of federal overreach is real and states are often either passive participants in regulatory activity or unwilling instruments of executive policy. Despite the Unfunded Mandates Reform Act (UMRA), intergovernmental mandates continue unabated. Based on the regulations under White House review, there are 53 measures that have federalism implications.

According to our database, these regulations alone could impose more than $169 billion in private-sector or intergovernmental costs and 17.6 million new paperwork burden hours.

Before tackling reform of the administrative state, the Forum identified the drivers of new costs:

1. Congress: Legislators too often cede regulatory authority to the executive. In the current Congress, there are four bills that impose significant burdens on states or the private-sector.
2. President: The executive has a constitutional responsibility to enforce previous laws but administrative prerogative and "midnight" regulations impose significant burdens.
3. Independent Agencies: Regulations like "net neutrality" illustrate that independent agencies have few checks on their power. They are exempt from executive orders and often fail to produce routine cost-benefit analyses.
4. Courts: Consent decrees with regulated entities often create legal and regulatory burdens on other businesses without following the normal guidelines. There are currently 57 court-mandated actions, ten of which have an impact greater than $100 million.

No one solution will address all four cost drivers simultaneously and provide states with greater flexibility to implement their desired regulatory policy. The scope of regulatory overreach requires a holistic approach and concerted action at all levels of government.

Proposed Solution: "Upstream Approach"

The first phase of regulatory reform should start where most regulations begin: Congress. Instead of attacking harmful regulations after promulgation, an "Upstream Approach" could curb regulatory excess before agencies have broad rulemaking authority under a particular law.

The Upstream Approach would:

1. Require all agencies to conduct retrospective reviews of regulations after promulgation.
2. Demand agencies rescind duplicative rules.
3. Place a limit on the number of agency regulations during implementation of a law.
4. Establish regulatory "pay as you go," requiring the elimination of a significant rule whenever an agency adopts a significant new rule ("One-in, One-Out").
5. Prohibit new regulations where costs exceed benefits.

Ideally, Congress, or a state, would pass this approach through comprehensive reform legislation. Alternatively, Congress could incorporate the upstream approach in each piece of legislation, similar to "Constitutional Authority Statements" currently in use.

This approach would merely codify retrospective reviews and the rescission of duplicative rules already taking place. The idea that Congress should place a limit on the number of regulations is somewhat novel, but it would allow the legislative branch to control future regulatory implementation without acting as a super-regulatory body. In addition, prohibiting rules where costs exceed benefits merely ensures that agencies pick the least costly alternative that still achieves the regulatory goal.

Proposed Solution: Freedom for States

Pending regulations with federalism concerns account for significant regulatory costs. For example, five notable federal regulations could cost Massachusetts more than $280 million, according to Forum data. The Upstream Approach will indirectly aid states by curbing some costly rules but it does not directly address the federal-state compact.

Congress attempted to curtail unfunded mandates when it passed UMRA but the law has failed to achieve its goal. According to the Government Accountability Office, UMRA includes 14 exemptions. The Congressional Budget Office noted that 13 bills have triggered UMRA since 1996, with countless more evading review.

Unfunded mandates deserve a legislative response. Reform should amend UMRA to:

1. Mandate that all rules with federalism implications follow heightened Administrative Procedure Act (APA) guidelines. Currently, regulations avoid UMRA scrutiny if agencies issue an interim final rule.
2. End APA exceptions for rules emanating from independent agencies.

3. Enhance judicial review. Amending Title IV of UMRA could lead to greater state and private-sector oversight through the judicial process. Currently, if agencies fail to comply with UMRA, the omission "shall not be used as a basis for staying, enjoining, invalidating or otherwise affecting such agency rules." Striking this language from UMRA could provide heightened oversight during the regulatory process.

CONTACT THE AUTHOR:
Sam Batkins
Director of Regulatory Policy
American Action Forum
555 13th St NW
Ste. 510 West
Washington, D.C. 20004
Phone: 202-706-7053
Email: sbatkins@americanactionforum.org

Proposed Solution: Applying "One-In, One-Out"

On a national level, and in Massachusetts, adopting Britain's regulatory reform could yield cost savings. The program requires that for every new regulation imposing a direct cost, government must also "remove or modify an existing regulation of an equivalent cost." This reform has already saved £3.32 billion ($5.15 billion).

In the U.S., it may be difficult to repeal regulations with a scheduled statutory or judicial deadline. Thus, this proposal should include "baskets," similar to those used in tax law. Rules with statutory and judicial timelines comprise untouchable baskets, and all other rules are discretionary. Thus, "One-in, One-out" would not apply to 11 percent of current actions.

Conclusion

Ideally, these reforms would provide a much-needed check on the four drivers of regulatory costs. States, such as Massachusetts, would be afforded additional relief through UMRA reform and could borrow aspects of Britain's "One-In, One-Out" program for local reform efforts.

Future success in regulatory reform demands an understanding of federalism and the recognition that our competitors overseas are busy freeing businesses from new regulatory burdens.

Public-Private Partnership for Local Public-Goods Provision

Iliya Atanasov, Rice University

The Problem

States have become increasingly dependent on federal subsidies for financing vital public-policy priorities such as education, redevelopment, transportation and, especially after 2014, health care. Contrary to widely held misconceptions, the main route for federal intervention in these policy areas typically does not take the form of outright mandates and regulations, but of providing financial incentives to encourage states' compliance with federal goals and standards. This approach to policy implementation successfully inhibits competing local initiatives in the same policy areas, while ensuring that federal policy objectives remain unmet, too. Federal subsidies provide local political elites with easy money without the disciplining effect of having to raise taxes, while inducing little interest in pursuing the spirit of the policy beyond the attainment of some basic benchmarks, necessary to maintain the funding.

Meanwhile, state and local governments are scrambling to make ends meet in the face of mounting debt and deficits. In the process, key public assets, often constituting natural monopolies, are being privatized with blatant incompetence and/or disregard for the public interest. Arizona authorities' selling government buildings only to rent them back at exorbitant rates; Chicago leasing its parking meters and the Skyway for almost a century with poor oversight of service quality and for pennies on the dollar; the Massachusetts Bay Transit Authority securitizing its parking revenue to finance its operating costs. Nevertheless, there is a very powerful case to be made for the handling of these projects at the state and local level. Public-private partnerships (PPPs) are the only feasible way to finance the provision of certain public goods without substantial increases in public debt. They can help break the addiction of local politicians to federal subsidies and open up the policy debate at the state and local level for competitive and innovative state and local solutions.

Critical Goals of PPPs

- Establish clear and simple contracting criteria and publicize auction documentation, including independent cost/benefit analyses and usage/demand projections.
- Position the policy at the appropriate level of government (state, county, municipal, etc.).
- Allocate separable tasks to specialized providers, preferably in the private or nonprofit sector.
- Reduce conflicts of interest in contracting and implementation; align closely the participants' interests with the public-policy goal.
- Generate revenue streams for the project's own long-term sustainability if at all possible.
- Secure cheaper financing to fund critical development goals without burdening the fisc.

- Make even large public investments independent of federal subsidies.
- Improve policy by increasing citizens' direct engagement and input in the process.

Best Practices in Designing PPPs

While each project carries its own complexity and faces unique challenges, PPP contracting can be done in a systematic way that takes into account the vast global experience from the past two decades. In order to be successful, the proposed PPP framework need be shielded from the whims of local politics using two complementary mechanisms – by securing broad support for it through public debate and by insulating it from tampering by enshrining it into laws and regulations. While minimizing the likelihood of suboptimal PPP outcomes and misallocation of public resources, this approach would provide potential private-sector partners with a clear and stable risk-minimal environment to participate in public projects or utilize publicly owned assets effectively.

The critical benefits of the PPP approach flow from the possibility of allocating different stages/tasks to actors that are best equipped to perform them and minimize the associated risks. Most projects can be notionally divided into six functional components: strategic evaluation, planning, financing, construction, operation and maintenance, and oversight. These functions do not necessarily proceed linearly in time or have to be performed by different agents. Their efficient allocation can be best determined on the basis of two criteria: (1) the amount of agency slack and transaction costs implied by any given allocation and (2) the relative level of expertise and operational resources of the corresponding providers in any given scenario.

MBTA Parking

The proposed MBTA financing deal that was announced in February 2011 is a prime example of how not to manage publicly owned assets and how the PPP framework can be used to remedy such disastrous decision making. Securitization does not result in any efficiency gains and therefore is not an effective approach to solving structural financial problems of the kind that the MBTA will inevitably encounter very soon. As population density in Greater Boston continues to rise, commuting by train will only grow in importance, so the parking garages at outlying T stations are a long-term asset that can be helpful in servicing the MBTA's debt if handled properly.

Instead of the myopic securitization scheme, the MBTA can apply the PPP framework in order to design a better strategy for using its parking garages. The garages easily meet the criteria for successful PPP leasing – they are not an overly monopolistic service, risks are clear-cut and there will surely be substantial interest from private companies, which could significantly improve collections. The public-interest concern dictates that the garages should first be leased out on a shorter-term basis for (about 3-5 years) in order to maximize long-term revenues and reduce the risk premium over longer-term usage uncertainty that the lessees would demand. The appropriate course of action would be to survey the utilization of the garages by commuters and ensure that the public does have a vested interest in continuing it; otherwise it would be better to sell the property altogether.

If there is sufficient demand by commuters for the continued existence of the garages, what would the leasing scheme look like? The garages can be leased out individually in staggered auctions in order to ensure maximal competition among bidders (smaller lot size making smaller companies viable participants) as well as competition among the winning parking operators for commuters (by avoiding the Chicago parking-meter situation where the entire market is operated by a monopoly).

CONTACT THE AUTHOR:
Iliya Atanasov
Department of Political Science
Rice University
P.O. Box 1892
Houston, TX 77251-1892
Phone: 713-348-4842
Fax: 713-348-5273
Email: iliya@rice.edu

The proliferation of contractors will not only help maximize auction bids, but also result in an incubator of best practices of sorts that can inform future decisions about managing the garages or improve the PPP scheme itself. The MBTA can start by auctioning a single garage in order to benchmark bids and improve procedures before contracting out the remaining garages. That would also help gauge the public reaction to the PPP implementation and any unforeseen problems with ensuring proper commuter service, especially in the cold season.

Candidates can bid on the percentage of revenue they are willing to give back to the MBTA, while maintaining pre-specified quality and maintenance criteria required of all participants in the auction. Since the operation of a parking garage is not an overly complex activity, any capital investments should also be the responsibility of the contractor, which would free each leaseholder to choose the optimal mix of improvements, occupancy and fees to maximize profitability, while taking the MBTA completely out of any decision-making responsibility. Thus, administrative overheads will be entirely the responsibility of the private partner and allow the MBTA to eliminate any of its in-house costs associated with maintaining and owning the garages.

Each individual contract auction should pre-specify corresponding fees for not meeting the required operating criteria. A Massachusetts PPP agency, if one existed, would make sure that the contractually specified services are provided and that the MBTA uses its revenues from the PPPs for their intended purpose – debt repayments. Agency staff would monitor lessees' service quality as stipulated in the contracts and the agency would receive a percentage of the MBTA's collections from the garages. The agency would be responsible for civil suits and contract termination if such was deemed appropriate. It would also receive a percentage of any settlements obtained from contractors for its own financing needs.

PPPs as Bulwarks of Local Government

The proposed PPP framework provides the twin benefits of (1) improving the transparency and accountability of policy making and (2) weaning public officials off their addiction to unserviceable debt and federal subsidies. It puts substantial hurdles before the pet projects of local politicians and their narrow constituencies, while opening a viable avenue for proactive policy-making without federal help or coercion. In no way is it required that every PPP project be self-sustainable or privately owned. Rather, the framework forces into the spotlight the potential costs and benefits of any policy initiative, giving citizens the opportunity to choose a better-informed balance between fiscal costs and the level of public goods provided – and governments the most effective toolset to realize that balance.

Florida's Medicaid Cure

Foundation for Government Accountability

The Problem

Medicaid is a vital safety net for Americans who are poor or disabled. Yet too often, a state's Medicaid program does not actually improve health, achieve higher patient satisfaction and control taxpayer costs. Florida's Medicaid Reform Pilot is different. It is a Medicaid Cure and it shows Massachusetts and other states how Medicaid can and should work, both for patients and for taxpayers.[1]

Jackie's Story

Jackie developed Type 2 diabetes six years ago. Now her diabetes is getting worse because she cannot get the care she needs. She had to drop her endocrinologist, Dr. Wong, because Medicaid reimbursements were too low.

Jackie grew up on welfare, and as a single mom, she vowed to make a better life for her and her son, Donovan. But she couldn't get the care she needed. Now she's getting sicker and can't work as many hours. She had to stop taking classes toward her nursing degree.

Jackie then became part of Florida's Medicaid Cure. Rather than Old Medicaid's single take-it-or-leave-it plan, Jackie can choose among 11 plans. She finds one with Dr. Wong in network. The plan has added benefits she needs, like over-the-counter medication.

Now that Jackie can manage her diabetes and get preventive care for her and her son, she gets up to $250 in financial rewards a year. That's a cash incentive for taking control of her health – like she always wanted to.

18 months later, Jackie is in good health, finished school, and took a job at a local hospital. She's getting private insurance and moved into a nicer place in the same school district. Donovan reads to her every night. Florida's Medicaid Cure saved Jackie's life.

Good health, a better life. That's how Medicaid works with Florida's Medicaid Cure. Florida's Reform Pilot shows how to build a Medicaid Cure that is pro-patient and pro-taxpayer.

The Proposed Solution

Imagine building a home. Under Old Medicaid, the state controls every step. The state draws up the blueprints for a $100,000 house. The state decides which materials to use. And the state does the building.

The finished product? An over-budget, high cost Medicaid house. It's dull, leaky and run down. It's a house inside which no one wants to live, but Medicaid patients are trapped.

What about Medicaid managed care? A little better than the Old Medicaid house, but the state still drew up the plans, and picked the materials. The only difference is the state hired a contractor to do the building. It's still costly and run down.

But Florida's Medicaid Cure is different. The Medicaid Cure doesn't just tweak what's old like managed care does. It's built from the bottom-up to transform Medicaid with free market principles.

Under the Medicaid Cure, we have $100,000 and want a Medicaid house built that is at least 1,800 square feet, and has a minimum of three bedrooms and two baths. Instead of the state blueprints, private developers design and build houses that meet the state's minimum requirements, but maximize the value. The result is several higher quality Medicaid homes, and the patient gets to choose in which one to live. Florida's Medicaid Cure is built brand new. It's a Medicaid home inside which patients are healthier and happier.

Overview of Florida's Medicaid Cure

- Passed in 2006 as a five-county Medicaid Reform Pilot with bipartisan support
- Goals of the Reform Pilot: more choice, expanded services, competition among plans, improved access to specialists, better health outcomes, ability to opt-out for private coverage, and higher patient satisfaction
- Has already saved Florida taxpayers $118 million annually
- Achieves 16.8% savings per person for families and children, and 10.9% savings per person for elderly and disabled compared to estimated Florida averages
- Patient health outcomes exceed national Old Medicaid average in 53% of target areas, and near national average in another 15% (64% better in Reform than non-Reform counties)

How the Medicaid Cure Would Change Current Practice

- Patients have the power to choose among many different personalized health plans
- Patients can change plans annually, for any reason at all—if they don't have access to certain doctors, medications, services or hospitals; or if they are not treated well by the plan
- Medicaid managed care plans compete on value, not cost, and they are incentivized to maximize value and make patients happier and healthier
- Policymakers focus on health outcomes, not controlling the delivery of health care services
- Budgeting is more stable and predictable

Costs and Benefits of the Medicaid Cure Compared to the Status Quo

The benefits of implementing the Medicaid Cure in the other 49 states are enormous. First, patients will move from a government-centered system to one where they have the power and freedom to choose the best plan, are rewarded for maintaining and improving health, and have access to benefits and services not available save in Florida. Second, patients would have better health and satisfaction outcomes, compared to the U.S. average for Medicaid managed care. And third, taxpayers would save billions on a lower cost, higher-performing safety net.

In current Medicaid Reform counties, Florida spends$10,115 per SSI Medicaid patient and $1,584 per TANF Medicaid patient (over age 1) compared to a U.S. average of $16,183 and $2,563, respectively. If all states replicated Florida's value-based Medicaid Cure and achieved similar spending per

Medicaid patient for all 5.8 million SSI Medicaid patients and 44.4 million TANF Medicaid patients in America (over age 1), taxpayers would save $78.9 billion in fiscal year 2012 alone. Total savings over the next decade would be more than $1 trillion.

CONTACT THE AUTHOR:

Foundation for Government Accountability

15275 Collier Blvd Suite 201-279

Naples, FL 34119

Phone: 239-244-8808
Fax: 239-217-4397

www.floridafga.org

Implementing the Medicaid Cure in Massachusetts

Right now, Massachusetts Medicaid patients choose among managed care plans simply based on the doctors within each plan's network. Unlike Florida, Medicaid patients cannot get different or additional benefits by choosing one plan over another.

Regarding Medicaid managed care patients' Health Outcomes, Massachusetts only reports on 9 of the 30 HEDIS (Healthcare Effectiveness Data and Information Set, developed by the National Committee for Quality Assurance) health outcomes that Florida's tracks for its Medicaid patients.[2] In a third of the HEDIS measures reported in both Massachusetts and Florida, Florida's Medicaid Reform Pilot patients had better outcomes. Such comparisons are difficult, since Massachusetts reports fewer outcomes than Florida.

Implementation in Massachusetts is less difficult, given that the framework is already in place:

- Massachusetts already has a strong presence of statewide Medicaid managed care (63.7 percent[3] of all Medicaid recipients in comprehensive managed care)
- Massachusetts has few benefits carved out of managed care (just dental, non-emergency transportation and vision, which would have to become part of the private plans)
- Massachusetts already has reporting of HEDIS health outcomes and CAHPS patient satisfaction surveys (although this is not required in Massachusetts, but is required as part of the Cure)
- Massachusetts already has an 1115 waiver that would simply need to be amended[4]

Conclusion

States looking to replicate Florida's Medicaid Cure would need to change their Medicaid statutes to give the lead Medicaid agency authority to establish this patient-centered approach. But with the solutions and outcomes provided by Florida's Medicaid Cure, and the fact that it is truly pro-patient and pro-taxpayer, it would definitely benefit any state. It has proven to work in the Sunshine State, and with the right focus and support, it can work anywhere.

Endnotes

1. For an extensive 24-page report about Florida's Medicaid Reform Pilot please read: Bragdon, Tarren. "Florida's Medicaid Reform Shows the Way to Improve Health, Increase Satisfaction, and Control Costs." The Heritage Foundation. November 9, 2011. Available at: http://www.floridafga.org/2011/11/a-medicaid-cure-floridas-medicaid-reform-pilot/

2. Costanzo, Terri et al. "MassHealth Managed Care HEDIS 2010 Final Report." Center for Health Policy and Research at UMass Medical School." November 2010. Available at: http://www.mass.gov/eohhs/docs/masshealth/research/hedis-2010.pdf

3. "Medicaid Enrollment in Comprehensive Managed Care as a Share of Total Medicaid Enrollment." Kaiser Family Foundation's StateHealthFacts.org. October 2010. Available at: http://www.statehealthfacts.org/comparemaptable.jsp?ind=985&cat=4

4. Gifford, Kathleen et al. "A Profile of Medicaid Managed Care Programs in 2010: Findings from a 50-State Survey." Kaiser Family Foundation. September 2011. Pages 52-53, 58, 63, 64, and 72. Available at: http://www.kff.org/medicaid/8220.cfm

2012

Better Government

Competition

Better Government Competition Series

2011	Budget Busters - Better Government Competition 20th Anniversary
2010	Governing in a Time of Crisis
2009	Health Care Reform
2008	Sustaining School Reform
2007	Improving Government at the State and Municipal Levels
2006	Better Government Competition 15th Anniversary
2005	Streamlining Government
2004	State and Local Focus
2003	Innovative Ideas on Key Public Issues
2001	Law Enforcement, Education, Housing, Family Preservation
2000	Ideas Into Action
1999	A Wise and Frugal Government
1998	Streamlining Government
1997	Bringing Competition to State and Local Government
1996	Public Safety and Fight Against Crime
1995	Local Solutions to Public Problems
1994	Welfare in Massachusetts
1993	Improving Policies and Programs Affecting Children
1992	Improving Environmental Policies and Programs
1991	Restructuring/Privatizing State Operations

Available individually for $5 or the complete set for $80

Pioneer Institute for Public Policy Research is an independent, non-profit organization that specializes in the support, distribution, and promotion of research on market-oriented approaches to Massachusetts public policy issues. As a tax-exempt 501(c)(3) organization, Pioneer Institute relies solely on donations from individuals, foundations, and corporations, and does not solicit or accept government funding. All contributions are tax-deductible.

85 Devonshire Street, 8th Floor | Boston, MA 02109 | 617.723.2277 | www.pioneerinstitute.org