

NACO National Association of Counties

CountyNews

The Voice of America's Counties

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NACo presses to protect muni-bond tax exemption

By BEVERLY SCHLOTTERBECK
EXECUTIVE EDITOR

Just in time for March Madness, NACo has mounted a full court press against threats to the tax-exempt status of municipal bonds.

A diverse coalition of more than 50 groups, brought together by NACo, has urged Senate Majority Leader Harry Reid (D-Nev.) and Minority Leader Mitch McConnell (R-Ky.) to support the tax-exempt status of municipal bonds, which state and local governments use to build America's schools, hospitals, roads, bridges, airports, water systems and other essential public infrastructure.

Coalition members represent

local and state governments, housing, transportation, infrastructure and private industry.

In a letter to Congress March 20, the coalition partners — including the U.S. Conference of Mayors (USCM) and the National League of Cities (NLC) — expressed grave reservations about language in the Senate Fiscal 2014 Budget Resolution that suggests the possibility of capping tax expenditures including the exemption for interest earned on municipal bonds.

"As the Senate prepares to consider the fiscal year 2014 Concurrent Budget Resolution, we are writing to raise a serious concern regarding

See MUNI-BONDS page 11

Quick Takes

Top 5 Fastest Growing Atlanta Region Counties

County	Percent Yearly Growth
Forsyth (Pop. 158,914)	7.2
Paulding (Pop. 127,906)	6.7
Jackson (Pop. 59,254)	6.7
Barrow (Pop. 67,139)	6.3
Cherokee (Pop. 204,363)	5.3

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House passes workforce SKILLS bill

By DESEREE GARDNER
ASSOCIATE LEGISLATIVE DIRECTOR

The House has passed legislation — the Supporting Knowledge and Investing in Lifelong Skills (SKILLS) Act (H.R. 803) — that reauthorizes the Workforce Investment Act of 1998 (WIA).

The SKILLS Act would consolidate more than 35 existing federal employment and training programs into a single Workforce Investment Fund. In addition, the bill would eliminate provisions relating to automatic designation of local workforce areas, allowing state boards to designate local areas in consultation with the governor.

NACo, along with the United States Conference of Mayors (USCM), the National League of Cities (NLC) and the National Association of Workforce Boards (NAWB) sent a letter to House Speaker John Boehner, Major-

See SKILLS page 2



Photo by Stormi Greener, Dakota County, Minn.

You are never too young to start a lifetime of physical activity like this girl in a Yoga for Kids class sponsored by Dakota County, Minn. parks. Health behaviors such as exercise and diet figure prominently in the County Health Rankings, a collaborative program between the Robert Wood Johnson Foundation and the University of Wisconsin Population Health Institute. The Rankings were released last week. See pages 5–10 for a special County News report on the Rankings and what they mean to your county.

CountyNews Features

Congress avoids shut-down; okays stop-gap funding

By LEGISLATIVE AFFAIRS STAFF

Another fiscal impasse was averted as the Senate and House agreed to a continuing resolution (CR) to fund the government through Sept. 30, the end of the federal fiscal year.

The Senate voted 73 to 26 on March 20 to approve the bipartisan legislation. The House quickly passed the CR with no changes on March 21 by a vote of 318–109. The bill had stalled on the Senate floor due to disagreements over what amendments would be considered in the

chamber, but appropriators reached bipartisan consensus with leadership on both sides to move forward.

The FY13 spending package (H.R. 933) maintains an overall spending level of \$984 billion, which locks in the \$85 billion in sequester cuts. The bill does not contain wider reprogramming authority, which would have given agencies more latitude to implement sequestration.

Ordinarily a CR continues funding for federal departments and

See STOP-GAP page 11

INSIDE



Read about and see the highlights at NACo's Legislative Conference in a County News after-the-conference report > [Page 6](#)

Ryan Yates, NACo associate legislative director for public lands, testified before the Senate Energy and Natural Resources Committee on future funding for PILT and Secure Rural schools > [Page 2](#)

The Senate is working on its FY14 Budget Resolution, which could put municipal bonds tax exemption at risk > [Page 4](#)

NACo testifies before Senate on payment in lieu of taxes

By RYAN R. YATES

ASSOCIATE LEGISLATIVE DIRECTOR

NACo has urged Congress to extend mandatory funding provisions for the Payment in Lieu of Taxes (PILT) program, in testimony before the U.S. Senate Energy and Natural Resources Committee.

Ryan R. Yates, NACo associate legislative director, said local governments have relied on PILT for more than 30 years to provide payments to counties and other local governments to offset losses in tax revenues due to the presence of substantial acreage of federal land in their jurisdictions.

Local governments are unable to tax the property values or products derived from federal lands, therefore these payments support essential county services including law enforcement, emergency response, transportation infrastructure and access to health care.

At the March 20 hearing, NACo also cautioned the committee against pursuing legislative efforts to consolidate PILT with other federal land management revenue-sharing programs such as Secure Rural Schools. Testimony by the group Headwaters Economics promoted such a consolidation to “reduce costs to federal taxpayers” and redistribute funding under a new program to counties “that have the greatest economic needs.”

Yates said, “While Congress may seek to fund both SRS and PILT on



Photo by Jack Hernandez

Ryan Yates (r), NACo associate legislative director, testifies before the Senate Environment and Natural Resources Committee in defense of PILT funding with Paul Pearce, president of the National Forest Counties and Schools Coalition and a former Skamania County, Wash. commissioner.

the same legislative vehicle, NACo opposes any effort to consolidate PILT with any natural resource based revenue-sharing program.

“Any consolidation of these two would be disastrous for federal land counties and would ultimately politicize an otherwise apolitical and straightforward federal program.”

NACo also provided guidance on possible legislative efforts to reform or streamline the PILT formula including the elimination of population caps and prior-year payment reductions from the program’s distribution formula.

“Visitor populations are not taken into consideration by the

current PILT formulas,” Yates added. “Counties are required by law to provide services to people — regardless of their place of residence.” Regarding population caps, the federal government should not reduce its tax obligation to local governments, solely because of other land-management revenue

agreements between governments, he said.

The hearing also highlighted provisions in the Senate’s FY14 budget resolution that would include a deficit-neutral reserve fund for rural counties and schools to provide for the reauthorization of SRS or changes to the PILT program, or both. The commitment from the Senate Budget Committee provides a major step forward toward securing the government’s financial commitment to rural, public land counties.

“NACo applauds Chairman Ron Wyden and Ranking Member Lisa Murkowski for holding the hearing to highlight the importance of PILT and federal revenue-sharing programs to county governments,” said Mike Murray, NACo Public Lands Steering Committee chair, Lewis and Clark County, Mont.

“Counties look forward to working with members of the committee and staff to develop and pass legislation that will continue the historic partnership between federal and county governments by extending continued mandatory funding for the PILT program for FY14 and beyond,” he added.

NACo expresses concerns about House WIA reauthorization

SKILLS from page 1

ity Leader Eric Cantor, Minority Leader Nancy Pelosi and Minority Whip Steny Hoyer, expressing significant concerns with certain provisions in H.R. 803 surrounding local area designation, youth funding mechanisms and program consolidation, which undermine existing governance structures and dilute the important role of local stakeholders in the administration of workforce development activities as envisioned in the 1998 law.

The groups called on Congress to enact a bipartisan workforce development bill this year.

Enacted in 1998, WIA established a framework for the nation’s workforce development system, serving as the largest single source of federal funding for workforce development activities. The law replaced multiple existing training programs with state formula grants and created a nationwide network of locally administered “one stop” centers where both workers and

employers could access training, employment and support programs administered through the U.S. Department of Labor and other agencies.

The law authorizing WIA expired in 2003 and is currently unauthorized yet operating through the annual appropriations process.

WIA envisioned a strong role for local stakeholders in the administration of workforce development activities. The leadership role of elected officials was essential to maximizing WIA’s impact in state and local jurisdictions through collaboration with state and local Workforce Investment Boards (WIB), and policy setting for the workforce system to achieve broader human capital and economic development goals.

Under WIA, the chief elected official (CEO) is designated in local operating agreements covering local workforce investment areas and plays a key role since most funding flows to the local level to be invested in alignment with

a local plan. Like the governor, the CEO is liable for these funds, which can be administered either by local government or by a fiscal agent designated by the CEO. The CEO also appoints the local WIB chair, who is accountable to the CEO for planning and oversight of the public workforce services in the area.

Given this more than a decade-old structure, it is critical that any workforce development bill maintains a system that promotes intergovernmental collaboration between state and local elected officials in order to adequately determine services and programs that effectively respond to local emerging economic realities and business needs.

NACo strongly supports enactment of a bipartisan workforce development bill that is responsive to emerging economic realities and business needs. The reauthorization of WIA presents a critical opportunity to enact needed improvements to the nation’s

workforce system that encourage collaborative partnerships at the local level to leverage the existing infrastructure, expertise and resources of current WIA service providers and stakeholders, without siphoning off critical resources to build and implement a new workforce system.

Any further action on WIA reauthorization now moves to the Senate. However, due to significant membership changes on the Senate Health, Education, Labor and Pensions (HELP) Committee, it is currently unclear how the Senate will proceed on WIA reauthorization. Although it is not expected that the Senate will take up the House-passed bill, the bill will likely serve as an important starting point for any future congressional WIA reauthorization negotiations.

The SKILLS ACT was introduced by Reps. Virginia Foxx (R-N.C.), Buck McKeon (R-N.C.) and Joe Heck (R-Nev.) and passed the House, as amended, March 15 largely along party lines.

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House, Senate unveil FY14 budget resolutions

By LEGISLATIVE AFFAIRS STAFF

Both the House and Senate FY14 budget proposals presented earlier this month include an overall discretionary spending level of \$966 billion, but that is where the similarities end.

The House proposal, which was approved by the Budget Committee March 13, would achieve a balanced budget by reducing spending by \$4.6 trillion over 10 years. Most of the deficit reduction would come from spending cuts, including cuts in mandatory programs such as Medicaid. Additionally, defense would be exempt, meaning that all of the discretionary spending cuts would come from domestic programs.

This departs from the debt-limit legislation, which requires \$109 billion in domestic cuts over the next eight years, with \$55 billion coming from the Defense Department. The “Ryan budget,” from House Budget Committee Chair Paul Ryan (R-Wis.), also assumes that the improved economy and the tax changes enacted earlier this year will contribute to deficit reduction.

The more modest Senate budget, which was approved by the Budget Committee March 14, aims to reduce the deficit by \$1.85 trillion over 10 years and repeals the sequestration cuts. It proposes \$975 billion in spending cuts and calls for \$975 billion in new revenue. It counts the \$2.4 trillion in cuts that have already been implemented toward the 10-year reduction package and also assumes a lower interest on the debt. Part of the \$975 billion in deficit reduction includes \$240 billion in defense cuts over 10 years.

Negative Implications for Municipal Bonds

The Senate budget calls for the elimination or modification of tax breaks that disproportionately benefit the wealthiest Americans, aggressively addresses the tax gap and offshore tax abuse, and eliminates some business tax loopholes.

While specific loopholes and breaks were not detailed, as in the House Budget, the Senate Budget does suggest two approaches that the Senate Finance Committee could take to generate additional revenue.

The first, a familiar recommendation, is an across-the-board limit on tax expenditures claimed by high-income taxpayers. That limit could come in the form of a limit on the rate at which itemized deductions and other tax preferences can reduce an individual's tax liability, a limit on the value of tax preferences based on



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- » Senate maintains same overall funding level as House
- » Shifts funds to increase transportation
- » Interior, EPA take largest hit

a certain percentage of a taxpayer's income, or a specific dollar cap on allowable deductions.

The second approach would use similar recommendations from the Simpson-Bowles tax reform plan and restructure particular tax expenditures. This would entail converting certain itemized deductions into limited tax credits, which the budget plan argues delivers tax benefits more equitably.

Even though not specifically mentioned, the language continues to cause concern for counties because of the potential that the tax-exemption for interest earned on municipal bonds would be included in the limit. NACo strongly opposes any changes to the tax-exempt status of municipal bonds because this would increase the borrowing costs for counties and hinder current economic recovery efforts.

It should also be noted that the Senate budget plan supports the use of tax-credit bonds by state and local governments for infrastructure development and argues that tax-credit bonds are more cost-effective for the federal government to support state and local governments. NACo continues to support tax-credit bonds as an additional tool for counties but not as a replacement for traditional tax-exempt bonds.

Health Policy Implications

For the third consecutive year, House Budget Chairman Ryan has called for major structural changes to federal health care programs important to counties in his budget blueprint for FY14 and beyond.

Ryan's budget cuts \$885 billion from Medicaid and Medicare over the next 10 years. With Medicaid, he wants to roll the federal share of Medicaid and the Children's Health

Insurance Program (CHIP) into a block grant for states, with caps on growth indexed to population growth and inflation. In exchange for taking on the additional health care exposure, states would be given more autonomy over their Medicaid programs, largely freed from federal program requirements. With Medicare, he proposes means testing Parts B and D, and reprises his Medicare premium support system for individuals who become eligible for Medicare in 2024 and beyond (those born in 1959 or later). Under his plan, seniors would receive premium support to purchase their choice of private health insurance plans or traditional Medicare on a new Medicare Exchange. The savings are achieved by enforcing a hard cap on the growth of premium support per beneficiary — half of a percentage point over the growth rate of the overall economy.

The Ryan budget also repeals the Affordable Care Act, including the Medicaid expansion and the subsidies provided to qualified individuals for the purchase of private health insurance on the new marketplaces (a.k.a. exchanges). These cuts yield a savings of \$1.84 trillion over 10 years. It is worth noting that he does keep the ACA's Medicare savings as part of his baseline, helping him balance the budget in 10 years.

Senate Budget Chairwoman Patty Murray's (D-Wash.) budget proposal does not make major structural changes to Medicare, Medicaid or the ACA. Nevertheless, her approach is not without risk to counties. She proposes finding \$275 billion in unspecified cuts to Medicare and Medicaid, which would have to be determined by the Senate Finance Committee.

Farm Bill Implications

The House budget plan calls for cutting farm bill programs by \$31 billion over 10 years but leaves it up to the Agriculture Committee to decide how to make the cuts. This is a change from last year when the budget resolution specifically targeted crop insurance for a reduction. The farm bill the House Agriculture committee approved last year would have saved \$35 billion over 10 years.

The Senate budget proposes enacting a farm bill similar to the Senate-passed version of the last Congress that failed to become law. That farm bill cut spending by \$23 billion over 10 years. The Senate budget also proposes to reinstate funding for programs that benefit rural development, beginning farmers and ranchers, and energy

production that were left out in the current extension which lasts through Sept. 30.

Human Service Program Implications

Neither proposal specifically mentions eliminating the Social Services Block Grant (SSBG), which the House included the last two years. SSBG could still be subject to cuts as part of the budget process, or in the context of entitlement reform. SSBG is more vulnerable in the House than in the Senate. The base funding for SSBG is \$1.7 billion, but it received an increase of \$585 million for Hurricane Sandy disaster relief. The program was subject to a \$117 million cut under sequestration, but the Office of Management and Budget did not specify how much of the cut would come from the base funding.

The House budget would once again turn the Supplemental Nutrition Assistance Program (SNAP) into a block grant for states, causing a potential cut of \$135 billion over 10 years. This marks the third consecutive year that SNAP block grants have been included in the House budget. However, the House Agriculture Committee did not include the SNAP block grant in its farm bill reauthorization in the last Congress, although \$11 billion in House Farm bill savings would have come from SNAP. The Senate budget proposal doesn't include the block grant.

Loan Program Implications

The House budget requires the costs of legislation related to housing be calculated on a fair-value basis

and authorizes the use of fair-value costs estimates for all federal credit programs. Current cost estimates are calculated based on the Federal Credit Reform Act (FCRA).

The proposal targets housing programs, but if ever adopted could increase the budget authority required to operate all federal credit programs. Counties use direct and guaranteed loan programs to finance various types of infrastructure. This proposal could eliminate or drastically curtail the amount of loan assistance available to counties from the federal government. For example, USDA Rural Development's Community Facilities program currently operates at no cost to the federal government and offers more than \$1 billion in financing every year to rural communities. However, applying fair-value cost estimates would force USDA to calculate additional market risks that would drive the program's costs up considerably and threaten to derail this type of financing. The Senate Budget does not include this proposal.

Employment and Training Program Implications

The Senate budget includes new targeted investments in job training programs and would cancel sequestration. The budget features a \$100 billion jobs and infrastructure package that includes \$10 billion in investments in worker-training programs for youths and adults. Investments will be targeted at programs that have demonstrated effectiveness in training workers for jobs and meeting the needs of employers struggling to find qualified workers to fill open positions.

In Case You Missed It

News to use from past County News

» Why Counties Matter' video and fact sheet available to download

NACo recently launched its “Why Counties Matter” campaign at the 2013 Legislative Conference in Washington, D.C. as part of two key communication tools. The other is an info graphic fact sheet, designed to be left in offices, libraries or meetings with constituents.

Both the video and fact sheet are available to download on NACo's website at <http://www.naco.org/countiesmatter>.

» Register online for the WIR Conference and save

NACo's 2013 Western Interstate Region Conference, May 22–24 in Coconino County (Flagstaff), Ariz., will focus on public lands and issues critical to Western counties. Workshop topics will spotlight economic development, immigration, disaster recovery and more. Attend to hear from expert speakers and network with other county officials.

To register online and save \$25, visit <http://www.naco.org/meetings/participate/WIRConference>.

Transportation programs get modest increase in funding

STOP-GAP from page 1

agencies at the prior year's level, but this CR locks in the \$85 billion in sequestration or automatic, across-the-board cuts of 5 percent for domestic discretionary programs. The funding measure includes detailed appropriation language for five of the 12 FY13 spending bills — Agriculture, Commerce-Justice-Science, Homeland Security, Military Construction-Veterans Affairs and Defense — and added exceptions to other appropriation

receive an across-the-board cut of 5 percent and will still likely implement furlough programs in the coming months. However, some programs were maintained at current levels with wider across-the-board cuts to other programs used to make up the difference.

The bill does not delve into controversial policy matters such as implementation of the Affordable Care Act or the Dodd-Frank financial regulatory overhaul. The measure adheres to the top-line spending allocation in the original House-passed continuing resolution, H.R. 933, but it would shift about \$1.15 billion in FY13 funding. Among the 12 appropriations bills, Interior-Environment would take the largest hit, being cut \$779 million to \$29.8 billion; Transportation-HUD would get the largest increase, rising by \$385 million to \$51.8 billion. All bills except the State-Foreign Operations measure would see at least some changes compared to the House version — but most of those revisions would entail less than 1 percent of their spending. The remaining seven bills would continue funding at current levels minus the across-the-board cuts for the final six months of FY13 with some spending

The Budget Process

The Congressional Budget Act of 1974 calls for both chambers to pass a concurrent resolution by April 15. The budget resolution is a blueprint meant to be general in nature and sets the overall spending caps. The job of deciding specific funding levels for individual discretionary programs falls to the Appropriations committees. The budget resolution sometimes includes language known as reconciliation that directs the authorizing committees to make program changes to achieve deficit reduction. The reconciliation process is often used to reform entitlement programs.

Both chambers are supposed to come to an agreement on spending caps and deficit reduction, but the budget resolution is used to direct congressional action and doesn't get enacted into law by the president. Congress has not agreed to a budget resolution in years, and the Senate has not taken up a measure since 2009.

Two twists have been added to the process this year. If a resolution is not passed by April 15, the "No Budget, No Pay Act of 2013" (P.L. 113-3) requires that lawmakers' salaries be held in escrow until the chamber in question agrees to a budget resolution. Another twist is that the president is supposed to submit his proposed budget by the first Monday in February, but it has been delayed until April.

Given the wide differences in both approaches, some doubt that an agreement can be reached, especially on reconciliation instructions. However, the proposals could be seen as the opening negotiating positions of each party. The president has also been meeting with Republican House and Senate members in an effort to restart the so-called "grand bargain" negotiations, but they are still very far apart on spending and taxes.

SpeedRead » » »

- » Senate puts tax exemption for municipal bonds at risk
- » House would eliminate ACA
- » Farm programs hit by both chambers

bills sought by lawmakers. The five spending bills attached to the CR represent three-quarters of the federal operating budget.

For the most part, all domestic discretionary programs and agencies funded through these bills would

anomalies inserted.

The Senate floor debate offered Senators their last opportunity to undo the sequester for a select few programs. Senators offered over 100 amendments that threatened to derail the funding bill. Many of the amendments were "poison pill"

amendments which House leadership had warned would jeopardize support for the overall bill in the House. However, the majority of amendments were minor tweaks to maintain funding for agencies with critical functions. Sens. Mark Pryor (D-Ark.) and Roy Blunt (R-Mo.)

won approval of an amendment that would effectively reverse the sequester for the Department of Agriculture's Food Safety and Inspection Services and avoid furloughing meat inspectors. Senator

See STOP-GAP page 16

House majority leader supports muni-bond tax exemption

MUNI-BONDS from page 1

the future treatment of tax-exempt municipal bonds as part of any upcoming tax reform efforts," the letter said.

State and local jurisdictions issued \$1.65 trillion in municipal bonds for infrastructure projects between 2003–2012, according to a joint report — *Protecting Bonds to Save Infrastructure and Jobs* — issued by NACo, NLC and USCM last month. If proposals to eliminate the federal tax exemption for muni-bonds had been in place over the same time period, it would have cost state and local governments an additional \$495 billion in interest expense, the report said.

Coalition members urged Senate leaders "to make clear that any comprehensive tax reform does not eliminate or cap the current tax-exempt deduction of municipal bond interest."

Meanwhile in the House, leaders there are lining up in support of the muni-bond tax exemption. Bloomberg News reported that House Republican Leader Eric Cantor told state treasurers last week he understands the need to keep the tax exemption.

"The message was received, at least in my office, about the impor-

tance of that benefit to states," Cantor said. "We can't be pulling back on that right now given the current state of our existing infrastructure."

NACo has issued several Action Alerts to its members urging them to contact their senators in support of the municipal bond tax exemption. It has also urged members to support action in the House where Reps. Lee Terry (R-Neb.) and Richard Neal (D-Mass.) have co-sponsored a resolution, House Resolution 112, which reinforces the importance of bonds to local governments across the country.

NACo has also built a Web-based resource center in support of municipal bonds. It can be accessed at <http://www.naco.org/muni-bonds>.

Coalition Partners

- Association of California Water Agencies
- Airports Council International – North America
- American Association of Airport Executives
- American Association of State Highway and Transportation Officials
- American Concrete Pavement Association

- American Concrete Pressure Pipe Association
- American Council of Engineering Companies
- American Federation of State County and Municipal Employees
- American Public Power Association
- American Public Transportation Association
- American Public Works Association
- American Road and Transportation Builders Association
- American Society of Civil Engineers
- American Sport Fishing Association
- American Traffic Safety Services Association
- Associated Equipment Distributors
- Association of Equipment Manufacturers
- Association of Metropolitan Planning Organizations
- Chesapeake Bay Foundation
- Construction Management Association of America
- Council of Infrastructure Financing Authorities
- Distribution Contractors Association

- Food & Water Watch
- Government Finance Officers Association
- International City/County Management Association
- International Economic Development Council
- International Public Management Association of Human Resources
- International Union of Operating Engineers
- Laborer's International Union of North America
- National Asphalt Pavement Association
- National Association for County Community and Economic Development
- National Association of Clean Water Agencies
- National Association of Counties
- National Association of County and City Health Officials
- National Association of County Behavioral Health And Developmental Disability Directors
- National Association of County Collectors, Treasurers and Finance Officers
- National Association of Development Organizations
- National Association of Federally

- Impacted Schools
- National Association of Health and Educational Facilities Finance Authorities
- National Association of Local Housing Finance Agencies
- National Association of Regional Councils
- National Association of State Auditors, Comptrollers and Treasurers
- National Association of State Treasurers
- National Association of Towns and Townships
- National Community Development Association
- National Council of State Housing Agencies
- National Latino Farmers & Ranchers Trade Association
- National League of Cities
- National School Boards Association
- National Urban League
- National Utility Contractors Association
- Portland Cement Association
- The Associated General Contractors of America
- The Council of State Governments
- The National Grange
- U.S. Conference of Mayors
- Water Environment Federation

Legislative Conference **After-Action Report**

County officials who attended NACo's 2013 Legislative Conference had their pick of a variety of meetings and educational sessions ranging from advocacy strategies to health reform. The following are some highlights of those sessions.

Monday, March 4

★ Counties in the Global Economy: Increasing Exports from Your Community

Who spoke?

- **Marek Gootman**, strategic partnerships director, Metropolitan Policy Program, Brookings Institution
- **Peter McLaughlin**, commissioner, Hennepin County, Minn.

What participants learned:

Growth markets are moving outside of the U.S. By 2020, the worldwide, middle-class market for goods and services will weigh in at \$31 trillion, Gootman said. Exports generate jobs and companies in the export business are more stable, research shows, than businesses solely dependent on one market. In contrast to its trade deficit in goods of \$475 billion, the U.S. has a \$168 billion trade surplus in financial, travel and software services.

To help communities forge a strategy to capture the benefits of a global marketplace, the Brookings Institution has pioneered the "Metropolitan Export Plan," and worked closely with several metropolitan regions, including the Minneapolis-St. Paul area, to develop a guide for local leaders that offers 10 steps to successfully launch an export initiative.

McLaughlin's Minneapolis-St. Paul region, which includes 13 counties across two states, was one of the four regions where Brookings piloted its metro exports program. Brookings learned a number of lessons as it assessed its pilot programs. Leaders in Hennepin County also learned important lessons, McLaughlin said. Most important: "You need to inject yourself and your counties into the export efforts." It's not unusual to have the big-city mayors in metropolitan regions assume the leadership roles in export development planning, McLaughlin said. "It's important to get yourself in the game."

Staff Contact: Stephanie Osborn, 202.942.4235, sosborn@naco.org.



Photos by David Hathcox

Grover Robinson, Escambia County, Fla., questions panelists at health reform workshop.

★ Cyber Counties: What Elected Officials Need to Know "The 101"

Who Spoke?

- **Kelvin Coleman**, branch chief for government engagement, Department of Homeland Security's Natural Cyber Security Division
- **Kristin Judge**, executive director of the Trusted Purchasing Alliance at the Center for Internet Security
- **Ralph Johnson**, chief information security and privacy officer, King County, Wash.
- **Steve Brannon**, principal for research and intelligence, Verizon Risk Team

What participants learned:

Not every county employee has to possess an encyclopedic knowledge of how information technology security works, but in their own capacities they should be aware of their system vulnerabilities and what they can do to protect them.

Coleman said cyber criminals could be anyone, regardless of location or political affiliation.

"Criminals, nation states, the kid down the street," he said. "They're all trying to get into your systems."

As counties put an increasing number of services online, they will become more of a target.

"We used to say it was the new threat," he said. "It is the 'now threat.'"

Judge implored county elected officials to maintain or increase their

budgets for cybersecurity.

"If you cut IT budgets, you won't be secure," she said. "A 'cyber 9/11' is imminent."

She said any database that contains Social Security numbers must be encrypted, and suggested system passwords of a minimum of nine characters, including numbers and capital letters, be the standard for county employees.

King County's Johnson advised counties to set policies governing information technology that would stand up to changes in elected officials and demonstrate due diligence to constituents whose information

is contained in those systems.

"Everyone in your organization is responsible for information security," he said. "They don't have to run a firewall, but they need to know their areas of responsibilities."

He listed five types of policies each county should establish:

- information security
- information privacy
- information classification
- access control, and
- acceptable use

Brannon told county officials to steer conversations with vendors away from "silver bullet" solutions they try to sell and more toward a



John "Rusty" Russell, director, Huntsville-Madison County, Ala. Emergency Management Agency, makes a point in the Disaster Recovery workshop.

personalized approach that protects their systems uniquely from other organizations'.

Staff Contact: Karon Hardon, 202.942.4277, khardon@naco.org.

★ Disaster Recovery: What You Need to Know

Who Spoke?

- **John Russell**, emergency management director, Madison County, Ala.
- **Judson Freed**, emergency management director, Ramsey County, Minn.

What participants learned:

Russell warned elected officials against relying too much on the Federal Emergency Management Agency for help following a disaster that overwhelms local emergency management service capacity.

"Don't think FEMA is responsible for fixing your community," he said. "A lot of people blame them. Locals (emergency workers) will be there from beginning to end."

He stressed prioritizing the reopening of supermarkets and gas stations, which would be a force multiplier in helping residents meet their needs.

Davidson County, N.C. Commissioner Fred McClure chimed in to say cooperation with other municipalities in the county ahead of time was crucial to a smooth reaction to a crisis.

"Make sure cities in the county were on board with who's in charge," he said. Forrest County, Miss. Supervisor Chris Bowen suggested it might be more effective to take down the gas and electrical grids in advance of a weather emergency, like a hurricane or tornado, to avoid complications if they are damaged.

"It might be better for the residents to be inconvenienced for a night than to stare down a gas explosion."

Freed said within the next five years, the federal government's Integrated Public Alert and Warning System (IPAWS) will grow to the point that it would decrease the need for automatic calling systems, so-called "Reverse 911" technology that only reaches landline phone numbers, which are decreasing with the proliferation of cell phones. IPAWS is designed to reach a variety of media, include radio, weather bands, cell phones and email.

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Health Reform workshop shows both sides of implementation

WORKSHOPS from page 6

★ Health Reform: Where Do We Go From Here?

Who spoke?

- **Monica Popp**, professional staff member, majority, House Energy and Commerce Committee
- **Kelly Whitener**, professional staff member, majority, Senate Finance Committee

What participants learned:

Knowledgeable Washington insiders, Popp and Whitener spoke to a packed room of county officials about possible options counties will have and what they can expect as the Affordable Care Act starts being implemented.

With a Senate perspective, Whitener said the Senate Finance Committee's role has shifted to oversight of implementation of the Affordable Care Act. Collaborating with Health and Human Services—and hearing from states and participants who want or have health insurance—helps the committee get a better sense of the constituencies involved and what they're seeing and thinking.

"Every state needs to seriously think about expanding Medicaid to help with implementation," Whitener said. To date, 24 states and Washington, D.C. favor expanding Medicaid.

Giving the House perspective, Popp explained how House Republicans are looking at the preparedness of the Administration on Medicaid and implementation of the exchange and mandates at the individual and employee level. She also touched on deficit reduction being an ongoing conversation with the Affordable Care Act.

"Possible cuts to parts of the health care law that have not been implemented is something Congress may have to explore for deficit reduction," Popp said.

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★ How to Improve Your Rural Economy despite Resource Constraints

Who spoke?

- **Matt Erskine**, deputy assistant secretary for economic development, U.S. Economic Development

Administration (EDA)

- **Joe McKinney**, executive director, National Association of Development Organizations

- **Liz Thorstensen**, vice president, knowledge management and economic development practice, International Economic Development Council (IEDC)

What participants learned:

Erskine focused on the federal resources that are available to help rural counties and regions grow their economies, highlighting the U.S. EDA's role in "catalyzing bottom-up economic development."

One such program is the Rural Jobs and Innovation Accelerator Challenge, which the Obama Administration announced last year. It resulted in \$9 million of investment in rural communities to foster job creation and innovation. This year, EDA is launching the Make it in America Challenge, a partnership between the departments of Commerce and Labor, which will provide \$40 million in competitive grant funding.

He said agencies in Washington are "working collaboratively ... to break down bureaucratic silos to be a more effective partner."

McKinney emphasized the importance of looking outwards for solutions. It's a strategy that served him well as a former county manager and as director of a regional council of governments (COG). "If you really want resources, you're going to have to go and work with officials outside your county," he said. "Implement locally but plan regionally."

He mentioned the WNC Agri-Ventures project in western North Carolina, one of the winners of the Rural Jobs and Innovation Accelerator Challenge. The state's 23 westernmost counties collaborated to land an \$815,000 federal grant to promote sustainable agriculture.

He advised county officials to go home and get involved with their regional councils or COGs. "You have the ability to shape what that organization does for you."

Thorstensen explained how counties can work more closely with IEDC and shared results of research the council has conducted. She said a recent survey of economic development organizations had its biggest response from rural communities. Among the trends IEDC is seeing at the local level are mergers of organizations with similar missions, for instance, EDOs and chambers of commerce, and innovation in funding. She cited crowd-funding to support business incubators as an example.



Photos by David Hathcox

Matt Ryan, Coconino County, Ariz., questions panelists at the MAP-21 workshop.

She said the innovation coming out of rural areas belies some perceptions. While rural communities may have fewer resources, business there have the advantage of being able to grow more slowly and in isolation from direct competitors, she added. "Innovation in rural areas tends to be driven by individual entrepreneurs."

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★ MAP-21: How the New Highway and Transit Legislation Can Benefit Your County

Who spoke?

- **Cheryl Walker**, director, Office of Legislative Affairs and Policy Communications, Federal Highway Administration
- **Henrika Buchanan-Smith**, associate administrator for program management, Federal Transit Administration

What participants learned:

Walker said federal transportation officials are already looking ahead to the next long-term bill while implementing MAP 21 (the Moving Ahead for Progress in the 21st Century Act), funded

through 2014.

MAP-21 consolidates a number of programs, she said, and most of the projects that previously were eligible remain so. "It's just that the pots of dollars are more consolidated where states have more flexibility in how to use the dollars," she added.

The act creates a closer link between highway infrastructure safety and safety programs for drivers and vehicles, she said. It also provides statutory support for accelerating completion of highway projects.

FTA's Buchanan-Smith hit the highlights of transit-oriented changes in MAP-21. Newly authorized under the law are safety authority for FTA, bus and bus facilities formula grants, public transportation emergency relief and transit oriented development (TOD) pilot grants.

"This new theme of performance measures, state of good repair and asset management continues to be pretty common throughout both of the chapters within MAP-21," she said.

Further, she discussed the new Public Transportation Emergency Relief Program. It's designed to get public transit systems back up



Norm Steen, Teller County, Colo., learns about counties in the global economy at a workshop March 4.



Legislative Conference After-Action Report



Attendees at NACo's 2013 Legislative Conference, March 4-6, had several opportunities to hear Administration and congressional officials on the pressing issues of the day, as well as one of the nation's leading political observers.

Following is a report on their remarks.

Opening General Session, March 4

Sen. Roy Blunt (R-Mo.)

Blunt gave the opening general session a self-effacing assessment of Congress' performance leading up to the implementation of sequestration. The first-term senator served seven terms in the House of Representatives and started his political career with 12 years as the Greene County, Mo. clerk.

"The last time the United States Senate passed a budget, nobody had an iPad," he said. "The continuing resolution, that's something most of you wouldn't try to get away with where you work."

He welcomed the budget cuts that have been part of sequestration.

"We're appropriating more money than the law says we're allowed to spend," he said. The key to keeping that under control, he said, is recognizing what level of government is best equipped to handle a problem.

"The common-sense solution comes from the level of government that's closest to the problem," he said.

He predicted that the new chairwoman of the Senate Finance Committee would be a major player in reaching a solution for the nation's budget woes.

"I think Barbara Mikulski may be the secret weapon in getting us back on track," he said. "She's very determined; she's been doing this a long time, and she understands it can't always be exactly the way you want it. Frankly, I don't think the majority leader will be able to stand up to her and say 'no, I'm not going to take your bills to the floor.'"

Eric Holder, U.S. Attorney General

U.S. Attorney General Eric Holder used his turn at NACo's lectern as an opportunity to promote the Administration's gun-control proposals, decry the impact of sequestration on the Justice



Photos by David Hathcox

Bob Woodward, journalist and author, speaks at the opening General Session.

deal with the complex problems faced by people returning to communities after incarceration. "After all, we know re-entry is not just a matter of public safety — it's also an issue of housing and health care policy; a question of education and employment; and a fatherhood and family challenge that affects millions across the country every year," he said.

The attorney general revealed some dramatic figures to bolster his argument about the importance of pursuing data-driven, broad-based re-entry policies.

"The reality is that—in America today—one in 28 children have a parent behind bars," he said. "For African-American children, this ratio is roughly one in nine. In total, approximately 700,000 people are released from state and federal prisons every year. And another 9 to 10 million cycle through local jails."

Through the Second Chance Act, the Justice Department has awarded more than 400 grants, totaling \$250 million to support adult and juvenile re-entry programs, Holder said. However, DOJ's efforts to support counties in their drive to improve the strength and integrity of local justice systems has been put at risk by Congress' failure to pass a budget deficit plan in time to prevent the across-the-board cuts of the sequestration.

"If allowed to persist, this so-called 'sequester' — which will cut over \$1.6 billion from the Justice Department's budget over just seven months — will undoubtedly have a negative impact on programs affecting the safety of Americans across the country," he said.

"It will curtail our ability to respond to crimes and other threats, and to investigate wrongdoing," he added. "And it will reduce our capacity to offer assistance and provide grants to partners like you — by eliminating over \$100 million in grant money for awards like the ones I've just mentioned."

Bob Woodward, journalist and author

Bob Woodward shared his views on Washington through the prism of his 40 years of covering U.S. presidents — ranging from Watergate to last year's debt-ceiling debates to the current sequestration.

"If we were to spend time asking what we should worry about most in this country... my answer to the question is secret government," he said. Nixon tried it, and there's an increasing tendency toward secrecy in the current White House, "with this concentration of power, with the shields up," he added.

Woodward's comments came at a time when he had recently accused an Administration official of

threatening him over a story critical of President Obama's handling of the sequester.

On the across-the-board sequestration cuts, Woodward suggested the president could have shown more leadership. "I'm not sure that President Obama fully understands the power that he has," he said. Not that leading in today's Washington is a walk in the park, he added, noting that Republican opposition has been "obstructionist."

"It's come to the point where the biggest story in Washington is the town itself," he said. "Color me baffled that these people cannot sit down and talk and figure out how to work together."

See **SPEAKERS** page 9

Tax reform gets close look at conference workshop

WORKSHOPS from page 7

and running after disasters such as "Superstorm" Sandy. FTA is in the process of issuing an "interim final rule" on how to implement the program, which includes \$10.2 billion for systems damaged by Sandy.

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★ The Battle over Tax Reform: What's at Stake for Counties

Who spoke?

• **Michael Decker**, managing director and co-head, municipal securities division, Securities Industry and Financial Markets Association

• **Dustin McDonald**, director, federal liaison center, Government Finance Officers Association

What participants learned:

Decker said the long-deferred action to reduce the federal deficit has largely been arbitrarily put in place by politicians, but will change soon.

"We've seen a number of manufactured deadlines up to this point, but sooner or later there will be outside forces that arise that create really serious pressure on Congress to address the crisis," he said.

Decker called the looming need to address those fiscal deadlines the most serious threat to the tax-exempt status of municipal bonds that he's

seen. Luckily, though, reluctance to embrace the 28 percent cap on values of tax preferences recommended by the Simpson-Bowles Report was "dodging a bullet," which would have been even more damaging to county finances.

He said complete revocation of tax-exempt status for municipal bond interest would add more than 2 percent to borrowing costs for counties that issue bonds.

"It will be the smaller communities that are affected," he said. "For those borrowers, it makes a difference," because their budgets have less flexibility to adjust to increased financing costs.

McDonald reported that the House Ways and Means Committee was moving forward with a comprehensive tax reform package, with an April 15 target date in mind and focusing on corporate and individual tax reform. That effort would seek a revenue-neutral end result.

The Senate Finance Committee will likely examine tax reform as a whole, rather than piecemeal.

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(County News staff, Charlie Ban, Christopher Johnson, Bev Schlotterbeck and Charles Taylor contributed to this report.)

* Get more conference coverage online at www.naco.org/countynews.

Moody's Zandi predicts economic growth rate increase in 2014

SPEAKERS from page 8

Harking back to the story that made his career, he cited an example of presidential power and courage from the Watergate era—President Ford's pardon of President Nixon, which may have cost Ford the presidency.

In the early '70s, the pardon smacked of a deal, Woodward said. But in an interview with Ford, years after he had left office, Ford told Woodward that he acted in the best interests of the nation. The economy was in trouble, the Cold War was continuing. Ford said if Nixon were investigated, it would have drawn out the Watergate mess another two to three years.

"I had to have my own presidency," Woodward said Ford told him. "I did not pardon Nixon for Nixon or myself, I pardoned him because it was my assessment that was what the larger interest was."

In hindsight, Woodward said, it was "an act of political courage that we so rarely see—setting aside one's interests for the larger interest."

Mark Zandi, Moody's Economist

Moody's Economist Mark Zandi gave the opening general session an optimistic national economic forecast.

"I've felt as good (about the U.S. economy) as I have in a decade," he said.

His prediction for gross domestic product growth—doubling in 2014 from its current 2 percent—was admittedly more than his contemporaries', especially given the half-a-percentage-point hit to GDP as a



Photos by David Hathcox

Bob Woodward signs copies of his latest book, *The Price of Politics*, after speaking at the March 4 opening general session.

result of the full sequester, but the Federal Reserve's continued stimulus would help offset those effects.

He said that by adding up all deficit reduction since the austerity movement began in 2010, the 10-year deficit reduction total is \$4 trillion.

"One could argue that under reasonable economic assumptions, policymakers have come pretty close to fiscal sustainability," he said. "Enough to appeal global investors."

He said as the effects of sequestration become more ingrained in the budget, its results would vary regionally, with struggles in the Washington, D.C. region and the Southeast, Missouri and New Mexico, because of their dependence on government and federal contractor employment.

Generally, the Midwest would be poised to thrive, he said.

He didn't think the political situation would reach a government shutdown, but the threat remains.

"I don't think it's in anyone's political interest to shut the government down," he said. "I think everyone recognizes that would be bad politics."

Medicare and Medicaid reforms, however, would be necessary to maintain fiscal stability.

Though sequestration would stymie the growth in gross domestic product change from the 2 percent it has held for the last four years, he predicted it would double in 2014 and return the United States to full employment (5.5 percent–6 percent unemployment) by 2016.

"To be precise, by June 2, at 2 p.m. Eastern Time," he joked.

The threats to this economic improvement, he suggested, could include a government shutdown, loss of cooperation among European governments in handling their debt crisis and the possibility of oil prices increasing if tensions with Iran spike.

General Session, March 5

Nancy Pelosi, House Democratic Leader

In her general session remarks, House Minority Leader Nancy Pelosi took plenty of swipes at her Republican colleagues for their role in allowing automatic spending cuts, known as the sequester, to go forward March 1. At the same time, she praised NACo in its call for a balanced approach to deficit reduction.

"NACo has understood the stakes of the sequester battle from the start. Last October, you made your stance clear to the bipartisan leadership of Congress. You called



Nancy Pelosi, House Democratic leader, argues for a balanced approach to deficit reduction.

the sequester, and accurately so, quote: [an] 'irresponsible way to reduce the nation's deficit.'

The need for a balanced approach that includes raising revenue as well as cuts was another theme she returned to over the course of the speech.

"The effect of federal cuts has reduced funding of the public sector. We cannot afford a sequester that leaves more women out of work. We simply cannot afford it," she said. "Nor can we achieve deficit reduction on the backs of counties—unless you join us, as you have, in the fight for a balanced approach. As you showed us, you have led the way in the balanced approach."

She reminded audience members that Congress had already agreed to \$1.2 trillion in cuts in the Budget Control Act passed in 2011. And the cuts, she suggested do nothing to reduce the deficit.

"So let us not think that cutting investments in education, sciences, STEM (science, technology, engineering, mathematics) and the rest, is in any way helping our deficit."

Several times Pelosi accused Republicans of appearing to be more interested in sequesters than solutions.

"In the sequester debate and beyond, we all too often would say the Republicans in Congress appear more interested in protecting loopholes and a broken system, than in solving problems," she said. "We are calling upon them to close loopholes in our tax system, close the loopholes in our gun laws. Where are these loopholes? Look at

all these loopholes.

"We are calling on Republicans to fix a broken immigration system and fix a broken campaign finance system," she added. "We are calling on Republicans to work across the aisle to strengthen our democracy and restore our confidence in our future."

Pelosi also expressed her pride in the Affordable Care Act, whose passage is often attributed to her efforts.

"As you know, that in the months ahead there will be the implementation of the Affordable Care Act. It's tak-

ing shape across the country," she said, "I want to say about it, that it is something that I am very, very proud to be a part of, of passing it. You may not know this because of all the noise that had gone on at the time of its passage, but it's about innovation; it's about wellness; it's about invention; it's about the health of Americans, not just the health care."

In closing, she thanked NACo members for their leadership. "Nearly all Americans' lives are made better each day by their county governments. That's why counties matter."

"That's what I came to say to you today; to thank you and express my respect for what you do."

Sen. James Risch (R-Idaho)

Risch decried the federal spending problem that he saw as a symptom of Congress' distance from the taxpayers when he addressed the general session.

"There's a cavalier attitude about money; I don't get it," he said. "This isn't Las Vegas, this isn't make-believe money; it's real money."

He said the country's economic outlook was much more dire than anyone realized and there was no likely "soft landing" in the cards, though there was a way out.

Borrowing 37 cents out of every dollar spent (\$10.4 billion a day) won't hold up, he said.

He said there was no proposal being debated in Congress that he felt could control spending.



Mark Zandi, Moody's economist, gives an optimistic forecast for the economy.



Legislative Conference After-Action Report

Innovation Summit, committee meetings dominate weekend of Legislative Conference

The Legislative Conference doesn't formally get going until Monday but that doesn't stop policy deliberation and meetings among committees. These supplementary events feature specialized topics and speakers.

Following is a report on some pre-conference sessions.

Saturday, March 2

Innovation Summit

Future economic models, cloud-based solutions and what the technology world will look like in five years were some of the subjects speakers discussed at the newly named semi-annual NACo Innovation Summit, formerly the Technology Summit, held each year in conjunction with NACo's legislative and annual conferences.

"The name of the summit changed because this is where counties are," said Helen Purcell, Maricopa County, Ariz. recorder. "Everything technology does is innovative."

NACo President Chris Rodgers thanked the sponsors of the summit and gave brief remarks on cybersecurity. "Cybersecurity has become a big issue for counties," he said. "Technology even in the last four years has changed so dramatically that this issue must become a top priority."

Norm Jacknis from Cisco Systems opened up the morning session saying economic models no longer work in this technological age and that many corporations are starting to turn away from telecommuting.

"Synergy and having a human side is key," Jacknis said. "This is the main reason Yahoo! decided to end telecommuting in favor of employees being in the office during work hours."

The Cloud Solutions eight-speaker panel touched on everything from how cloud computing is evolving traditional IT departments to how counties are developing their own applications to make collaborating easier. Rens Troost, CEO, Virtual Clarity, said cloud computing is changing the way IT departments are run and that counties need to be more innovative when it comes to using it. Don Parente, AT&T, touched on cloud security in the Internet and intranet worlds.

"Counties need to be careful with their information whether it is in their internal system or outside," Parente said. "Using a trusted

provider who can use a firewall, encryption and a private network will help keep the cloud secure."

Bill Schrier, deputy director, Center for Digital Government, talked about the many uses cloud computing has from human resources and payroll to public health and hospital records.

Wanda Gibson, chief technology officer, and Jeff Porter, director, platform technologies in Fairfax County, Va., concluded the panel discussing the county's cloud and how collaborating with companies and other counties is the only way to implement cloud computing successfully. Gibson also touched on how cloud computing saves counties time and money while letting staff use cloud apps to work from anywhere to continue being productive.

Anand Paul, IBM Research Division, spoke at lunch about "The 5 in 5," IBM's predictions of five innovations that it believes will impact people's lives in the next five years. They chose a list relating to the five senses: touch, sight, hearing, taste and smell.

Touch will use mobile devices to give people the opportunity and challenge to make it interwoven in everyday experiences. An example,



Photos by Jack Hernandez

Anand Paul, IBM Research Division, speaks at NACo's Innovation Summit.

a doctor doing a physical examination without being in the same room by touching a screen that gives electric impulses, generating patterns through the nerves.

Sight will be used through cognitive computing, showing more detail and making it easier for humans to

differentiate between a sandbox and a beach or show more detail on an x-ray sooner.

Hearing will be used by computers to detect unique sounds such as animals and babies using their own sound or speech. Examples are baby monitors that know why a

baby is crying or mountain sounds helping to predict mudslides or other disasters.

Taste from digital taste bugs will help everyone eat smarter by helping provide new recipes that will appeal to our sense of taste while meeting our need for healthier foods. School lunches will be optimized to kid's palates.

Finally, computers will have a sense of smell. Your cell phone will know you are sick before you do. Tiny smelling sensors could be placed in phones, buildings, almost anywhere. They could also sniff out bacteria in food, preventing outbreaks of ecoli.

The summit wrapped up with a discussion on NACo's Application Store, introduced after the annual conference last summer.

Sunday, March 3

Agriculture and Rural Affairs Steering Committee

Doug O'Brien, the USDA deputy undersecretary for rural development, updated steering committee members on the USDA budget and opportunities for rural America.

Among the opportunities O'Brien mentioned was manufacturing. Jobs coming back from overseas, low energy prices and productivity will help bring a lot



NACo President Chris Rodgers signs a Memorandum of Understanding between NACo, the Bureau of Land Management (BLM) and the U.S. Forest Service. Also pictured are: (l-r) Neil Kornze, BLM acting deputy director; Cynthia Moses-Nedd, BLM, NACo liaison; Randy Phillips, U.S. Forest Service, NACo liaison; and Tom Tidwell, Forest Service chief.

Federal agency officials address NACo steering committees

CONFERENCE from page 10

of manufacturing jobs back to rural America.

The White House is also looking into becoming more engaged in relationships with local governments focusing on such issues as concentrated poverty. Lack of education and income are among the key factors that cause this. Working together on the issue will help the concentration decline.

"NACo highlights our need to partner together to help solve these issues," O'Brien said. "The Administration continues their support for rural America, but partnerships are going to be key."

Around the country, 4,800 people work for USDA Rural Development in 450 offices. They lost 17 percent of staff (1,000 people) in the last 15 months to office closures and job cuts among other factors.

Justice and Public Safety Committee

Denise O'Donnell, director, Bureau of Justice Assistance (BJA), U.S. Justice Department, said her agency's strategic plan aligns almost "perfectly" with the priorities of NACo President Chris Rodgers' Smart Justice Initiative in encouraging measurable outcomes, data-driven solutions and evidence-based programs.

She focused her remarks on four areas: Byrne Justice Assistance Grants (JAG), the Second Chance Act, cost-effective solutions to decrease recidivism, and criminal justice and mental health programs.

Last year, BJA made 245 direct

local Justice Assistance Grant awards to counties of more than \$15 million, she said. Additionally, 76 counties were fiscal agents for about \$55 million that went to joint county-municipal awards.

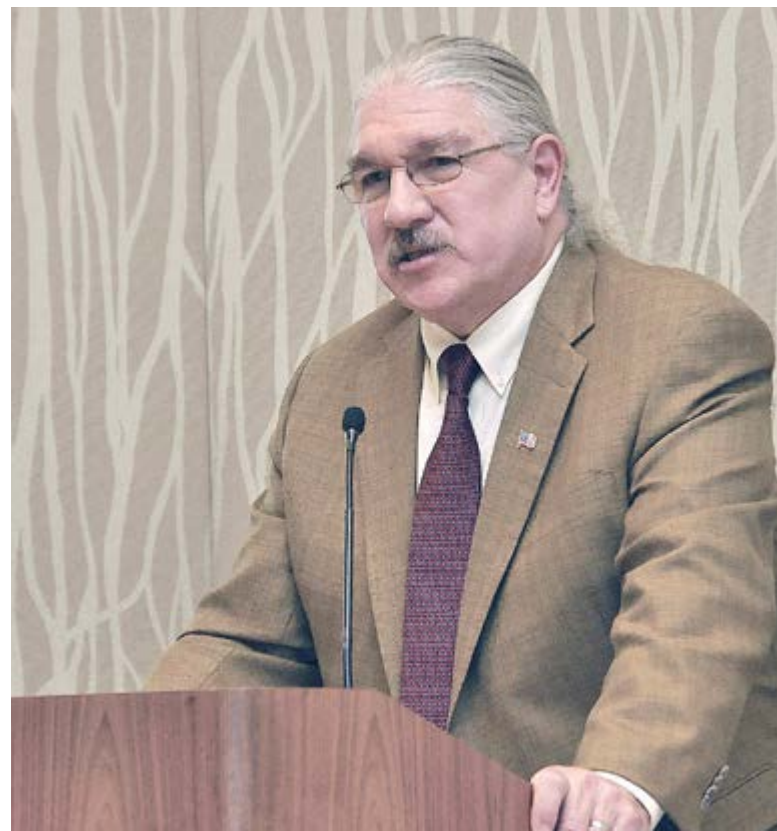
"There's a lot of discussion ... about the federal government trying to provide incentives over and above JAG funding to encourage localities and states to invest in the kinds of programs that President Rodgers is talking about," she said.

BJA funding opportunities are available through 17 current solicitations for which counties are eligible, she said and encouraged counties to apply. Several have deadlines that are fast approaching.

O'Donnell said the Second Chance Act was designed to improve outcomes for people re-entering communities from prisons and jails, including lowering rates of recidivism. The law is an important source of funds to help counties build an evidence base of successful programs, she said, encouraging counties to advocate for its reauthorization.

Touching on smart approaches to reduce recidivism, O'Donnell mentioned the Justice Re-investment Initiative. "Part of our commitment is to continue to aid in smart research that has practical implications in this field of re-entry and community corrections. I think that's really important," she said.

Attention has been focused on mental health in the wake of recent mass shootings. O'Donnell highlighted BJA's Justice and Mental Health Collaboration Program, which is designed to facilitate



Butch Blazer, USDA deputy under secretary for Natural Resources and Environment, addresses Public Lands Steering Committee members March 3.

collaboration among the criminal justice, juvenile justice, mental health treatment and substance abuse systems to increase access to treatment for mentally ill offenders.

She is hopeful that Congress will reauthorize the program this year.

Labor and Employment Steering Committee

Coordinating ways for employers and granters to connect with job seekers and projects in need of funding are chief among priorities for Gerri Fiala, deputy assistant sec-

retary of employment and training administration at the Department of Labor.

The efforts boil down to consolidating information where the right people can see it. When organizations apply for grants through the Department of Labor, their project abstracts are now posted online.

"It allows everyone to see everyone's ideas," she said. "If they don't get the grant, it creates a database that allows other funders to see what projects are out there. Maybe help them find a match."

As for as making the job market more efficient, her agency's efforts focus on helping employers search through available candidate profiles to find some with skills they desire, particularly among veterans.

"Everyone wants to help veterans and everyone jumped into it with their own projects," she said. "So there are all of these sites and we're trying to make sense of them" — standardize job banks for veterans.

She wouldn't speculate as to sequestration's effects on the labor department.

"We don't even have a 2013 budget yet, we've been working under a continuing resolution," she said. "I won't make numbers up."

She said a letter would likely be sent to governors next week, describing potential situations set off by varying ways the department could absorb the sequester.

She also touched on a number of grants available through the department's website at www.doleta.gov/grants/.

Public Lands Steering Committee

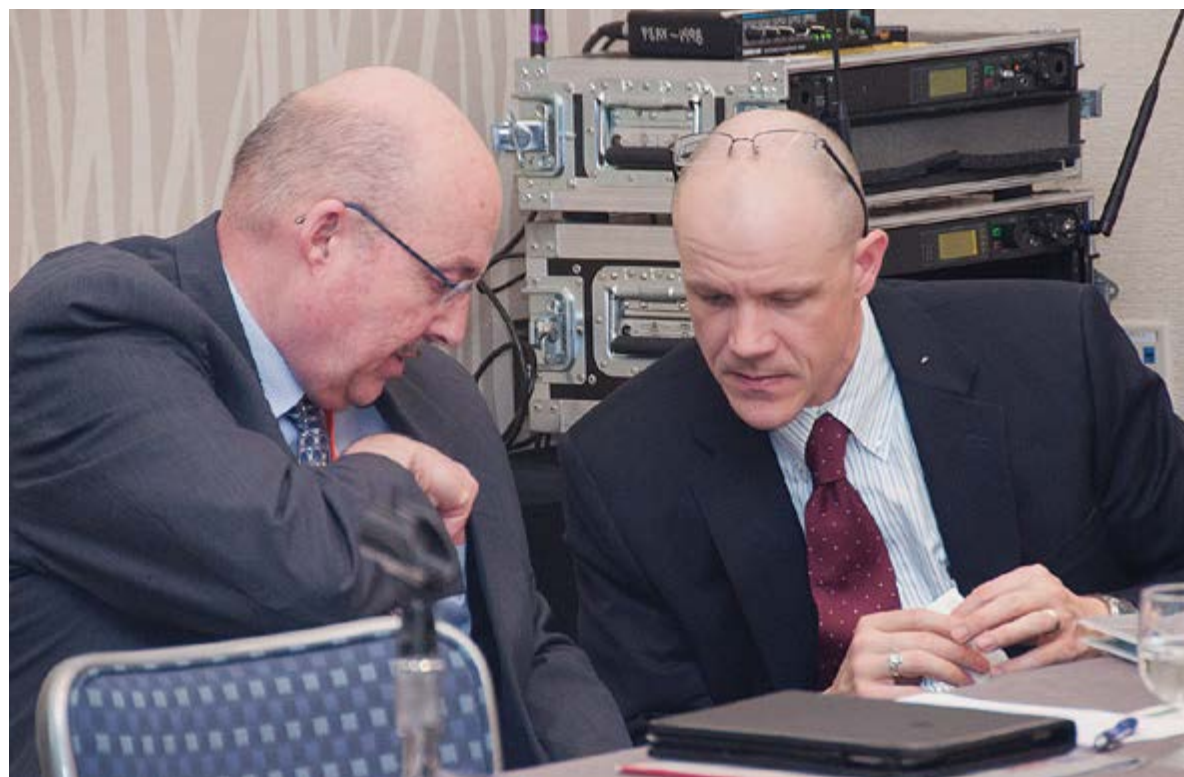
Public Lands Steering Committee members were offered a Capitol Hill view and a federal agency perspective on public lands management at their full committee meeting March 3. Todd Ungerecht, senior counsel to Rep. Doc Hastings (R-Wash.), chairman of the House Natural Resources Committee, told the committee that Hastings believes "federal forest service management has failed rural schools and forest health." Meanwhile, the need remains to provide a more stable tax base to fund schools. Hastings, Ungerecht said, is committed to finding an alternative to the failed SRS (Secure Rural Schools) funding. The chairman also believes the Endangered Species Act is a failure and intends to "make sure it benefits people as well as species."

From the other side of Capitol Hill, U.S. Forest Service Chief Tom Tidwell believes there has been an important shift in attitude among the stakeholders involved with managing the nation's forests.

"It's an interesting time for managing forests and grasslands. There's been lots of conflict over management until about five years ago when there began a shift in attitude with people coming together to solve problems." Tidwell attributed the shift to recent legislation that gives his agency more flexibility than it encountered under the older environmental laws such as National Environmental Protection Act, the Clean Water Act and Endangered Species Act.

Despite reduced funding, the Forest Service, Tidwell said, is engaging in accelerated restoration strategies such as undertaking large environmental impact studies involving hundreds of thousands of acres instead of the less efficient study of smaller parcels, pushing its contractors to be more efficient, and reaching out to new partners such as utility companies. On the marketing side, he said the Forest Service is doing what it can to expand markets for forest products.

Acting Bureau of Land Management (BLM) Director Neil Kornze also spoke to the committee about the progress his agency is making in serving the country's energy needs, including the launch of an online drilling permit process now in a pilot stage that is expected to go nationwide by the end of the year. In the pilot stage, the online permit process has reduced permit waiting times from 200 days to 60 days.



Bob Fox (l), Renville County, Minn. commissioner and chair of NACo's Agriculture and Rural Affairs Steering Committee, and Doug O'Brien, USDA Deputy Under Secretary for Rural Development, speak and exchange business cards after O'Brien's presentation to the Agriculture and Rural Affairs Steering Committee.

See CONFERENCE page 12

Arming county systems against cyber attacks crucial, experts say

CONFERENCE from page 11

Telecommunications and Technology Steering Committee

Kelvin Coleman, the branch chief for government engagement in the Department of Homeland Security's Natural Cyber Security Division, made it clear it wasn't a matter of if county information networks could be compromised, it was when it would happen.

"Loss of vital networks would quickly cripple any county," he said. "None is immune from cyber attack."

He offered his office's assistance in doing educational outreach to counties, which would include partnerships with private sector entities.

"Reaching out to you makes you a force multiplier in getting the message out to citizens," he said. "If all the counties came to me and said 'we could use your help,' that would be a good problem for us to have."

Chief among populations to educate, he said, was senior citizens.

"(They) are going online in numbers that blow the mind because we're putting more services online," he said. "They're using Facebook to communicate with their grandkids," and the amount of business done on "Cyber Monday" indicated online commerce was reaching the point of ubiquity. He cited calculations that Americans spend 2.6 billion hours a month on the Internet.

Gregory Vadas, the chief of the Office of Intergovernmental Affairs at the Federal Communications Commission, updated the committee on the FCC's "cramming" guidance.

Cramming, a type of fraud in which third-parties place unauthorized charges on consumers telephone bills, typically in small amounts on line items where consumers will overlook them.

The FCC's Truth in Billing regulations already cover landlines, but the commission was still reviewing input from a comment period that closed in mid-2012 regarding cramming in wireless and voice-over-Internet provider bills.

(County News staff, Charlie Ban, Christopher Johnson, Beverly Schlotterbeck and Charles Taylor contributed to this report.)

Speakers stress digital divide, need for new Farm Bill

SPEAKERS from page 9

"The solutions are too common-sense," he said. "Congress is not designed to handle these things, he said. "It will rise to the occasion in a crisis, though."

He suggested a modest 1 percent decrease in spending over several years to return the federal budget to balance.

"We can ease our way out of this, but it's not likely going to happen," he said, because the federal budget process is accustomed to growing.

He compared the United States' debt crisis to Greece's with two main caveats — the United States is larger and can't be bailed out by the rest of Europe, and the U.S. credit limit is higher.

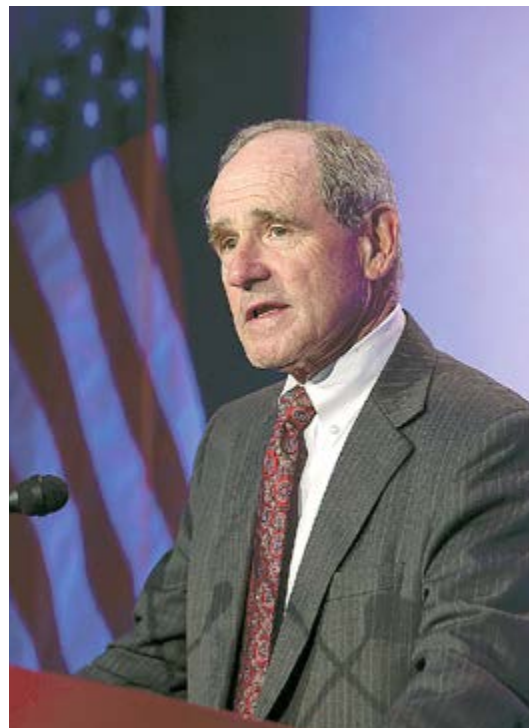
Rep. Lee Terry (R-Neb.)

Terry spoke to the need for expanded broadband Internet access in rural areas when he addressed the general session.

"The digital divide in rural areas is truly a lack of infrastructure; there's no broadband in a lot of our communities," he said. "It's difficult to incentivize businesses to spend millions of dollars to hook up one person. They're not going to do that."

Because some school systems have evolved to the point where instead of taking books home to do homework, students log into the school's network to access material, Internet access has become a basic foundational element of the educational system, he said.

There is also an urban digital divide with different economic



Sen. James Risch (R-Idaho) says Congress has a 'cavalier attitude' about money.

struggles, he said.

"It isn't that they aren't hooked up, they can't afford the equipment," Terry said. "We need to acknowledge there's a divide between rich districts and those experiencing poverty. Sometimes in an urban area you can't send your child, at 8 p.m. a half-mile down the road to the library, if it's even open."

He said part of the solution for expanding access in rural areas would be to equip more community centers with state-of-the-art technology.

Terry cited his local cable provider's (Cox Cable) success in expanding broadband access for children, which provides free computers to students eligible for the federal free-and-reduced lunch program.

"Those children who start using computers, their parents learn along with them," he said.

Tom Vilsack, Agriculture Secretary

Agriculture Secretary Tom Vilsack highlighted the effects of sequestration on rural America and the need for a new farm bill.

He called the sequester "bad policy" but said the U.S. Department of Agriculture will try to minimize disruption in its implementation of funding and

program cuts. "It is a difficult, horrible process but it is the law," Vilsack said.

One of his major concerns is food inspection. He said "front-line" and support staff accounts for 87 percent of USDA's food safety inspection budget. "There is no way, based on how the sequester is structured, that I can avoid furloughing food safety inspectors."

Among other effects, he said many rural counties that have already received Secure Rural Schools Act payments might have to return the money,

and the sequestration will significantly reduce nutrition assistance through the WIC program. As a result of the latter, some 600,000 mothers who depend on the infant nutrition program would be placed on a waiting list, he said.

Money to promote U.S. exports

will also take a hit to the tune of \$15 million to \$20 million, he said, noting that every dollar spent on promotion generates \$35 in trade. He added that USDA will also have to cut its commitment to farm credit: That means about 1,500 farmers and ranchers will "likely not get the credit that they thought they were going to get...."

On the farm bill, he said, "We need some certainty in policy, which is why we're going to continue to work and focus on getting a five-year food, farm and jobs bill through the legislative process."

It's unfortunate that the legislation wasn't passed last year, he said, noting that he expects it to be more of a challenge to put together a coalition to get it enacted this year. He said current proposals have a strong safety net, commitment to exports, a continued commitment to research and expanded rural development opportunities.

Vilsack urged NACo members to use their Capitol Hill visits to discuss the "importance of getting this bill done."

(County News staff, Charlie Ban, Beverly Schlotterbeck and Charles Taylor contributed to this report.)



Rep. Lee Terry (R-Neb.) stresses need for expanded broadband.



Agriculture Secretary Tom Vilsack calls the sequestration 'bad policy' that hurts rural America.

The H.R. Doctor Is In

HR Directors Deserve a Hug

As I dictate this article, 450 new lawsuits will have been filed in America by the end of the day. Paychex, Inc. reports that 75 percent of all the litigation filed against companies involves employment practice disputes. Fifty-seven percent of companies have had at least one employment-related lawsuit to contend with in the past five years.

Although these statistics may entice several thousand of new law students to specialize in employment law, and while they reflect our nation's love of lawyers and lawsuits, they are sobering numbers for executives in public and private organizations to consider.

The many risks and high stakes involved in administrative complaints, lawsuits, resulting bad publicity, poor morale and mission distractions, compel us to spend some time looking at why people

When times are tough in an agency, HR must be at its best. It must be assertive, knowledgeable and trusted by others throughout the agency.

may sue their employers and how well organizations prepare themselves to aggressively fight false allegations and quickly repair the damage done by valid ones. It also should cause each of us in public agencies to implement strategies now, to prevent or deter people from filing complaints which are compelling and successful.

In the public sector, we face

risks and liabilities that would make our private sector sisters and brothers break out in a rash. Government employees have protections and entitlements which are as rare in the private sector as a successful mating of pandas.

There are civil service or merit system rules and procedures restricting the latitude of government managers in hiring, promoting and disciplining workers. While nearly half of government employees are covered by union contracts, less than 10 percent of private sector employees are covered. These contracts generally include provisions that terminations must be for cause and are appealable to binding and compulsory arbitration. The contracts may well also contain processes, rules or deadlines, which are hard for managers in field operations to interpret amidst a shortage of

trained and experienced assertive HR folks to help out.

Most public employees are not "at will" employees, as is the case with the large majority of private sector workers. At will employees work at the employer's pleasure and may be terminated for any reason or no reason, just not for an illegal reason.

Government employees, on the other hand, are anointed with the holy oil, or perhaps Teflon spray, of tenure the moment after they have survived the rigors of a probationary period. The burdens on supervisors and managers of at will employees are easier to bear since "due process" tenure protections are not present in the private sector at anywhere near the level they are in government agencies.

All these protections for government workers stem from an innate fear of improper actions by government based in a 19th century "spoils system" of political patronage and many cases of abuse. Unions are not to blame for the genesis of most of these protections. While managers and supervisors are generally fine human beings struggling to do a good job for the public in tough circumstances, the behavior of some can be very poor indeed.

Many of my union colleagues from over 40 years of my service as a chief negotiator have shared their opinions with me, and I agree, that if it weren't for the arrogant, inappropriate and sometimes illegal behavior of a minority of elected and appointed officials, as well as their supervisors, there would be little interest in union organizing in government.

All that being said, it is human resources which should be standing in the forefront of protection for agencies against liabilities, while assuring equitable, legal and respectful treatment of employees and their dependents. However, HR is a general funded agency,

along with libraries, parks and recreation programs. That makes them especially vulnerable to assaults on budgets and restrictions on staff growth and training. When HR is already understaffed, which is often the case, the effects of budgetary whacking and anti-tax torches and pitchforks can be particularly harmful. HR's ability to sense trouble ahead and to intervene early in addressing developing problems is stymied; training and development for supervisors is reduced, and the staff is stressed to the point where both the best and brightest look for other work — or they retreat into a clerical fortress of passive file maintenance.

When times are tough in an agency, HR must be at its best. It must be assertive, knowledgeable and trusted by others throughout the agency. It must be innovative in trying to avoid agency liability, perhaps suggesting alternatives to layoffs when possible.

The key to preventing trouble is to act decisively to put off the day when problems fester and lawyers take over. This ability to "put off the day..." is the key to executive protection in the sense of the Secret Service. It is the key to great parenting, and great supervisory or managerial success. It is foolish to diminish this essential capability by ignoring HR issues, by not including the HR director in the topmost decision-making team, or by pretending that the best default in times of trouble is to "send in the lawyers." The successful agency elected and appointed officials appreciate HR's immense potential in an organization. They go out of their way to hug the HR director (professionally, of course) at every opportunity.



Phil Rosenberg
The HR Doctor • www.hrdtr.net

NACo on the Move

» NACo Officers, County Officials

• NACo Executive Director **Matthew Chase** joined U.S. Conference of Mayors CEO Tom Cochran and National League of Cities (NLC) Executive Director Clarence Anthony at the NLC's Board of Directors meeting in Washington, D.C. March 9. The three local government organizations have renewed their partnerships on key federal policy issues such as protecting tax-exempt municipal bonds, pushing for national compliance with remote and online sales taxes, and restoring America's economy and infrastructure.

Chase also participated with Charlotte, N.C. Mayor Anthony Foxx and Alma Salazar of the Los Angeles Area Chamber of Commerce on a panel dealing with local Workforce Investment Boards at the National Association of Workforce Boards Legislative Conference in Washington, D.C. March 11.

» NACo Staff



Alex Koroknay-Palicz

• **Alex Koroknay-Palicz** has joined NACo as the membership coordinator. Previously, Koroknay-Palicz was at the National Youth Rights Association where he was a managing board member and executive director. He received his bachelor's degree in communications, law, economics and government from American University.

• **Deborah Cox** has been named the new director of Legislative Affairs. Previously, she served as deputy legislative director. Prior to joining NACo, she was the director of



Deborah Cox

legislative affairs for the National Association of Development Organizations.

• **Bert Jarreau** has been named chief innovations officer. Previously, Jarreau was the chief information officer.

• **Stephanie Osborn** has been named director of strategic initiatives. Previously, Osborn was deputy director of County Solutions and Innovation.



Therese Dorau

• **Therese Dorau** has been named program manager for NACo's Green Government Initiative. Previously, Dorau was senior associate for ICF International in the climate change and sustainability division.

• **Katie Bess** has been named health care associate. Previously, Bess was a research assistant.

• **Camille Galdes** has been named research associate. Galdes previously worked at the Brookings Institution as an intern and research consultant.

• **Erik Johnston**, associate legislative director, gave a presentation to the board of the National Rural Economic Developers Association in Washington, D.C. March 20.

• **Ryan Yates**, associate legislative director, spoke to delegates on exploring opportunities for collaboration on policies affecting western states, counties and municipalities during the National League of Cities Congressional City Conference in Washington, D.C. March 11.



Camille Galdes

On the Move is compiled by Christopher Johnson.



online

Resources and information vital to counties and local governance are just a click away.

Go online to access the Legislative Blog (The Pulse), County News, publications, webinars, grants, and more.

www.NACo.org



News From the Nation's Counties



► VIRGINIA

ARLINGTON COUNTY is installing vending machines in its county offices that will provide staff with **healthier snack options**. County Board Chairman J. Walter Tejada recently kicked off the effort at a Healthy Vending Tasting event at the county administration building.

The plan is to start with having about 50 percent of the snacks in these machines meet the county's guidelines for healthy vending and to increase the percentage over time.

Items that meet the county's requirements adhere to the following guidelines, among others: no more than 250 calories per item, no more than 35 percent calories from fat, no more than 10 percent from saturated fat and at least of 75 percent of the snack choices in each machine will have 150 milligrams or less of sodium per serving.

In August, the county will begin updating vending machines in community centers and parks. Community machines will be 100 percent healthy vending.

► COLORADO

The **EL PASO COUNTY** Board of Commissioners approved a resolution supporting public and private efforts to rescue, renew and restore the rights of **victims of human trafficking** and to find a long-term solution to this problem.

The Interstate 25 corridor makes El Paso County particularly susceptible to becoming an unwilling host to those people involved in the trafficking industry, Commissioner Peggy Littleton said.

► FLORIDA

Chickens may soon begin to dot the backyards in **HERNANDO COUNTY**, because the commissioners approved an ordinance allowing **up to four hens** on certain residential properties.

Deed restrictions and homeowners association rules will take precedence over the ordinance. Any permit for chickens issued to someone who lives in a community that forbids them would be void.

Instead of going before the Planning and Zoning Commission, an administrative permit will be issued if someone gets written permission

from all adjacent property owners, according to the *Tampa Bay Times*.

► IDAHO

Counties want the Legislature to **dump Idaho's personal property tax** for virtually all small and medium-sized businesses, according to a bill that will be considered against a competing version from industry aiming to eliminate the tax for nearly all companies, including the state's biggest.

The bill by the Idaho Association of Counties was filed a day ahead of the Idaho Association for Commerce and Industry's bill, which advocates for a full repeal of the tax.

The counties' plan would exempt the first \$100,000 in personal property from taxes and the state would tap into its general fund to replace \$20 million in revenue that local governments stand to lose, the Associated Press reported.

The competing proposal by the Idaho Association of Commerce and Industry would cut \$120 million in personal property taxes in phases through 2020. The state would replace the revenue for local governments.

► INDIANA

As of April 1, **ALLEN COUNTY** employees will **use rental cars** instead of driving their own vehicle for any trip of more than 75 miles.

The policy will cut down on costs and pare the number of county-owned vehicles. The county had been paying employees' mileage — 56.5 cents a mile — and for a round trip to Indianapolis the reimbursement totaled more than \$140. The county will be able to use a state contract with Enterprise Rent-A-Car and obtain cars for \$26.99 a day.

Employees will first be urged to form a carpool with a county vehicle whenever possible. Rental vehicles are to be refueled at one of the county fueling stations and if someone uses more gasoline while traveling, they will be reimbursed, the *Journal-Gazette* reported.

► MISSISSIPPI

Legislation introduced in the Mississippi House would essentially dissolve the current board of the **HARRISON COUNTY** Tourism Commission and create a **three-county agency that would promote tourism** across south Mississippi.

House Bill 1716, introduced by Rep. Richard Bennett, would rename the agency to the Mississippi Gulf Coast Regional Convention and Visitors Bureau. Harrison County is home to Biloxi and has the largest share of the coastal tourism industry. It would provide the most tax revenue to the Tourism Bureau, would appoint nine members. **HANCOCK** and **JACKSON counties** would each appoint three members, according to the *Sun Herald*.

► NEW JERSEY

A state appeals court has ruled in favor of **BERGEN COUNTY** Executive Kathleen A. Donovan's motion to delay the implementation of **new contract for the county Sheriff's office**. The delay will remain in effect until a lower court rules on whether her office has the right to be part of contract negotiations with the sheriff's department.

The stay blocks more than \$10.5 million in raises for the department in a new contract that was negotiated by Sheriff Michael Saudino without participation of the county executive.

Donovan contends that, as county executive, she has the right and a responsibility to sit at the bargaining table for any employee contract negotiations, since the county approves the sheriff's budget.

• GLOUCESTER COUNTY

will **shutter its jail** in a move to cut costs and, in a shared-services agreement, will pay neighboring counties to house its inmates.

The county's Board of Freeholders recently approved a resolution that would allow **CUMBERLAND** and **SALEM counties** to start taking inmates after Gloucester closes its jail closes in July.

Gloucester Freeholder Director Robert Damminger said the arrangement could eventually save county taxpayers \$10 million a year, *The Press of Atlantic City* reported, adding that the county's current cost of \$300 a day to house an inmate would drop to \$100 under the deal.

► PENNSYLVANIA

ALLEGHENY COUNTY Executive Rich Fitzgerald called it "great news for our region" — the U.S. Air Force's decision to **spare the 911th Airlift Wing** from closure. It was a reversal of an earlier decision to close the base in September, the *Pittsburgh Post-Gazette* reported.

"In the end, the Air Force finally agreed that the 911th is one of the most efficient, skilled and mission-ready airlift units in the country," said U.S. Rep. Tim Murphy (R-Pa.), whose district includes the base.

Fitzgerald said the county is "thrilled" that the Air Force decided to keep eight C130s at the 911th with full manpower for FY13 and FY14.

Air Force spokeswoman Ann Stefanek said the service branch is continuing to study its needs, especially in light of the \$46 billion in recent spending cuts mandated by the sequester. "In fiscal year 2015 [the 911th will] be considered, along with all the other locations, for structure decisions," she said.

► TEXAS

For the second year in a row, **HARRIS COUNTY added more residents** than any other county in the United States, according to U.S. Census Bureau population migration data.

See NEWS FROM page 15

Word Search

Teton County, Idaho Facts

Learn more about this featured county in 'What's in a Seal?'

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- BONNEVILLE (adjacent county)
- DRIGGS (county seat)
- FREMONT (adjacent county)
- JOHN COLTER (discoverer of the Teton valley while on Lewis and Clark Expedition)
- LEWIS AND CLARK (famous explorers)
- MADISON (adjacent county)
- PIERRES HOLE (former name of Teton Mountains and valley)
- TARGHEE (National forest located in county)

- TETON (county in Wyoming as well as Idaho)
- TEVANITAGON (Pierre's Hole named after Pierre Tevanitagon)
- TWENTY-TWO (number of counties or parishes with the same name across state lines)
- WYOMING (state along with Idaho that has same name county)

Created by Christopher Johnson

Financial Services News

Retirement Savers May Qualify for a Tax Credit

When county employees make eligible contributions to a supplemental retirement plan such as the NACo Deferred Compensation Program, they may be able to take a tax credit when they file their federal income tax return.

It's called the Saver's Credit. Congress included it in the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) as an incentive for middle- and lower-income taxpayers—the majority of workers in the United States—to save for retirement through 457(b)

deferred compensation plans as well as 403(b) and 401(k) plans and IRAs.

As with other tax credits, it can increase a refund or reduce the tax owed. The amount of the credit that a taxpayer can claim is based on the contribution amount made and the credit rate, but can amount to as much as \$1,000 for single filers or \$2,000 for married couples. The lower the income, the higher the credit rate.

The nearby table details the Saver's Credit in effect for 2013 to help individuals decide whether and

how they may qualify for the credit, so they can increase contributions accordingly.

Below it is the table that was in effect for 2012, which may assist those who qualify for last year's credit as they prepare their federal income tax filing due April 15. To apply for the credit, filers must include Form 8880 in their tax return. The form includes instructions to help taxpayers file for the correct credit amount.

The Saver's Credit is just one benefit that may be available to county workers who participate in

the NACo Deferred Compensation Program. And, of course, not everyone will qualify. But the program offers other features that may make participation advantageous such as tax-deferred investing.

Some county workers may be concerned that investing involves market risk, including possible loss of principal. As representatives of the NACo Deferred Compensation Program, Nationwide Retirement Specialists can help employees understand the risks they may face and strategies that may help them deal with them—another benefit of participation in the program. Other features of program participation include:

- lower pricing for program options and services than might be found elsewhere
- educational workshops that can help participants better prepare for retirement
- closing a retirement income gap before it forms
- one-on-one service from non-commissioned retirement specialists, and
- no tax penalty, regardless of age, for withdrawals after leaving employment.

County employees interested in getting more information about participation in the NACo Deferred Compensation

Program should contact a Nationwide Retirement Specialist, or call 877.677.3678.

(Financial Services News was written by Bob Beasley, communications consultant, Nationwide Retirement Solutions.)

Nationwide Retirement Solutions (Nationwide) makes payments to the National Association of Counties (NACo), NACo RMA LLC and the NACo Financial Services Center Partnership (FSC) for services and endorsements that NACo provides for all its members generally related to Nationwide's products and services sold exclusively in public sector retirement markets. More detail about these payments is available at www.nrsforu.com.

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NRM-9495AO-NX (12/2012)

Employers: Help workers take credit for deferrals

Perhaps the most challenging aspect of the Saver's Credit is getting the word out; that is, helping employees recognize that it is available.

Nationwide provides promotional tools counties can use to help employees become more aware of the benefits of deferred compensation participation, including the Saver's Credit.

To learn more about the NACo Deferred Compensation Program and how promoting deferred compensation can benefit county employees, contact Lisa Cole by email at lcole@naco.org or phone at 202.942.4270.

Saver's Credit Table

For tax year 2013*	Filing Status / Adjusted Gross Income		
Amount of Credit	Joint	Head of Household	Single/Others
50% of first \$2,000 deferred	\$0 to \$ 35,500	\$0 to \$26,625	\$0 to \$17,750
20% of first \$2,000 deferred	\$35,501 to \$38,500	\$26,626 to \$28,875	\$17,751 to \$19,250
10% of first \$2,000 deferred	\$38,501 to \$59,000	\$28,876 to \$44,250	\$19,251 to \$29,500
For tax year 2012**	Filing Status / Adjusted Gross Income		
Amount of Credit	Joint	Head of Household	Single/Others
50% of first \$2,000 deferred	\$0 to \$ 34,500	\$0 to \$25,875	\$0 to \$17,250
20% of first \$2,000 deferred	\$34,501 to \$37,500	\$25,876 to \$28,125	\$17,251 to \$18,750
10% of first \$2,000 deferred	\$37,501 to \$57,500	\$28,126 to \$43,125	\$18,751 to \$28,750

Sources: *IRS Announces 2013 Pension Plan Limitations, IR-2012-77, Oct. 18, 2012; **IRS Announces Pension Plan Limitations for 2012, IR-2011-103, Oct. 20, 2011.

Dane County, Wis. plans for climate change

NEWS FROM *from page 14*

The county grew by about 80,000 people to more than 4.2 million between July 1, 2011 and July 1, 2012, the *Houston Chronicle* reported. About half of the increase comes naturally—more births than deaths—the rest is the result of people moving to the area. Experts cite the region's robust oil and gas industry as a magnet.

► WASHINGTON

KING COUNTY Councilmember Reagan Dunn has proposed legislation to create a memorial to the 15 King County sheriff's deputies killed in the line of duty since the department's creation in 1852.

"I look forward to working with Sheriff (John) Urquhart and the King County Police Officers Guild

to make this memorial a reality," Dunn said.

The first deputy killed in the line of duty was in 1853, the most recent was in 2006. All 15 deputies are recognized both in Washington, D.C. as part of the National Law Enforcement Officers Memorial and in Olympia, where they are listed on the Washington State Law Enforcement Memorial. But there is no memorial in the county where the deputies lost their lives.

► WISCONSIN

Citing record heat waves, floods, droughts and snowstorms in recent years, **DANE COUNTY** Executive Joe Parisi has convened a new council to ensure county government is prepared for weather extremes brought on by global climate change. The **Dane County Climate Change Action**

Council is the first of its kind for a county in Wisconsin, Parisi's office said.

The new council's charge is to report to Parisi within six months on recommendations of any changes or additional resources the county or its public safety partners may need to pursue to better prepare to cope with changing climate.

"We want to know areas where we're ready, areas where we may need to make some operational changes, and whether we have the right resources should our communities and citizens be afflicted by the unfortunate new norm of severe weather," he said.

(News From the Nation's Counties is compiled by Charles Taylor and Charlie Ban, staff writers. If you have an item for News From, please email ctaylor@naco.org or cban@naco.org.)

What's in a Seal?

» **Teton County, Idaho**
www.tetoncountyidaho.gov



Teton County was established Jan. 26, 1915, with its county seat at Driggs. It was named for the adjacent Teton Mountains and valley.

The Teton Valley was discovered in 1808 by John Colter, a member of the Lewis and Clark Expedition (1804–1806). It became known as Pierre's Hole, named after Pierre Tevanitagon, leader of a group of Iroquois Indians. It hosted the 1832 Rendezvous, where hundreds of mountain men, trappers, Indians and fur company traders met to sell furs or trade for supplies. It became a strategic center of the fur trade in the northern Rockies.

The seal shows the Teton Mountains and valley along with the county name, when it was established and "State of Idaho" across the top.

(If you would like your county's seal featured, please contact Christopher Johnson at 202.942.4256 or cjohnson@naco.org.)

Model Programs From the Nation's Counties

Montgomery County, Ohio

Advertising, QR Code Scavenger Hunt Help Local Businesses

BY CHARLIE BAN
STAFF WRITER

When departing manufacturers left Montgomery County, Ohio with a psychological and fiscal hole, in stepped a former corporate resident to help fill the gap.

The county's economic development office created a "buy local" program called ThinkTwice MC that received significant programmatic support from Cox Media Group, an Atlanta-based media

conglomerate that was founded in Dayton in Montgomery County, and a local information technology firm, Comtactics.

Erik Collins, the county's economic development manager, was watching his daughter's soccer game along with Cox's John Condit in 2010, and the two brainstormed a plan to give local businesses an inside track in their television market.

"We had to let our citizens know our county isn't dead," Collins said. "We made it a call to

action to tell people they can make a difference and not let outside sources dictate how it will be."

The first step was developing a partnership between Cox and local businesses to create low-cost advertisements that would run on Cox's stations, generally costing \$150 for 45 days of broadcasting.

"It's a tremendous deal," Collins said. "The market price for that kind of advertisement is much higher, so Cox really stepped up in making that happen."

Cox calculates reaching close to 1 million viewers a day, a reach Collins said was crucial to getting local businesses' names the exposure they needed to compete with online merchants.

"We try to communicate to the public that there's a conscious decision to be made when shopping, and supporting local businesses puts money back into the community and the county's tax revenues," Collins said. "We're quite literally asking our residents to think twice before they buy."

Comtactics got involved in 2011, via the local Rotary Club, and added a social media dimension to the plan. The firm designed a QR code "scavenger hunt" for local businesses to garner loyalty and attract new customers. By scanning unique QR codes on storefront windows using their smartphones, customers could access exclusive coupons to the stores and enter drawings to win prizes, including an iPad. It also gave merchants and the county feedback to see if those leads developed into sales.

A case study on a local wine store showed that 48 percent of

customers who scanned the store's QR code also made a purchase.

There's a certain poetic coincidence to this facet of the program because the bar code scanner—the predecessor to the QR code scanner—was developed by the NCR Corp., which left Montgomery County years ago. Now, that code is helping revive its business community.

Following the 2008 recession, the county's sales tax revenue increased by 2.5 percent from 2009 to 2010. From 2010 to 2011, after ThinkTwice was introduced, sales tax revenue increased by 8.7 percent. The county's costs totaled \$7,500 to create the framework for the scavenger hunt program.

"What we ended up with was a novel approach to helping our business community," Collins said. "In the face of jobs leaving, our community showed it had a way to address those challenges."

Model Programs from the Nation's Counties highlights award-winning programs. ThinkTwice MC was recognized as the Best in Category entry for Community and Economic Development in the 2012 Achievement Awards.

Research News

The Young and The Restless *Are Counties Ready for Retirement?*

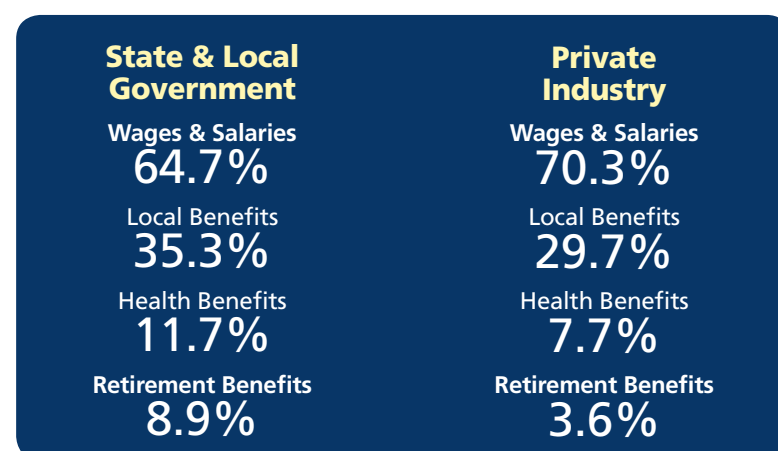
As the workforce grays, employers across the United States are not only forced to look at their retirement programs and funding, but also their policies.

This has been the case for some time in counties. According to the Center for State and Local Government Excellence (CSLGE), 36 percent of local government employees are over 60, compared to only 26 percent of the private sector. Only 14 percent of local government employees are under 30, but 26 percent of the private sector is younger than 30. Public sector employees are generally older, with an average age of 44 compared to 39 for private sector employees.

A recent study conducted by the Conference Board shows that 62 percent of workers between the ages of 45 and 60 plan to delay their retirement in 2012, up from 42 percent in 2010.

Counties are facing high benefit payouts as the baby boomers begin to retire and governments continue to be strapped for cash. A CSLGE survey on 2012 trends shows 61 percent of governments made changes to their retirement benefits in the past year, and that the most common reform was increasing employee contributions to pension plans for both new and existing employees.

For many years, public sector benefits have sweetened the deal for government workers to turn down



SOURCE: U.S. Department of Labor, Bureau of Labor Statistics. (2012)

higher wages and salaries offered by the private sector. According to the U.S. Bureau of Labor Statistics, wages and salaries of state and local government employees make up 64.7 percent of their total reimbursement compared to 70.3 percent of that of the private sector, while retirement benefits make up 8.9 percent in state and local government jobs compared to only 3.6 percent for the private industry. If county governments begin to reform and make cuts to their retirement plans, they will need to compensate with higher wages to attract young talent once the baby boomers retire in the coming years.

Beyond the pay issue, the public sector is already less attractive to young workers because public sector careers are more linear. Age and experience are better rewarded,

making it more difficult for young workers to move up and grow. Young workers enter the workforce ambitious and enthusiastic about making a change in the world, and often seek private sector jobs because they feel the private sector will allow them to grow faster, have direct impact and offer more career opportunities.

Counties must take a closer look at their retirement plans while also examining their hiring policies. To attract qualified young talent to civil services, counties must actively recruit and educate young people entering the workforce about the opportunities for making a direct impact on the community and offer them a real chance to make a change.

(Research News was written by Anya Nowakowski, CIC research assistant.)

Sequester-related furloughs will start late April

STOP-GAP from page 5

Jerry Moran (R-Kan) held up the bill for days and was ultimately unsuccessful in his effort to redirect Federal Aviation Administration research and capital funds to provide \$50 million to keep rural contract air traffic control towers open.

The CR provides some flexibility to implement sequestration, but the overall magnitude of the cuts will ensure that the announced furlough plans of many agencies will largely still go into effect. County governments can expect decreased service delivery from their federal partners.

Furlough plans vary widely, with some agencies saying they won't need to require employees to take unpaid days off, while others have projected furloughs ranging from several days to 22 days. Where furloughs are planned, timing also

differs. Several agencies, including the largest, the Defense Department, expect to start the week of April 21, while some don't expect to begin until later. The impact of these furloughs comes on top of stagnant salaries, numerous general hiring freezes by federal agencies and cuts to overall staffing levels over the past several years.

The current CR (P.L. 112-175) would have expired on March 27, but with this funding crisis averted and appropriation decisions locked in until Sept. 30, appropriators will turn their focus to the FY14 appropriations process. The next major fiscal showdown will occur in May when the nation's statutory borrowing limit will be reached.

Visit the online edition of County News to read an in depth profile of the spending decisions made in the CR for programs utilized by counties.