

The Briefing

www.andrewyoungschool.org

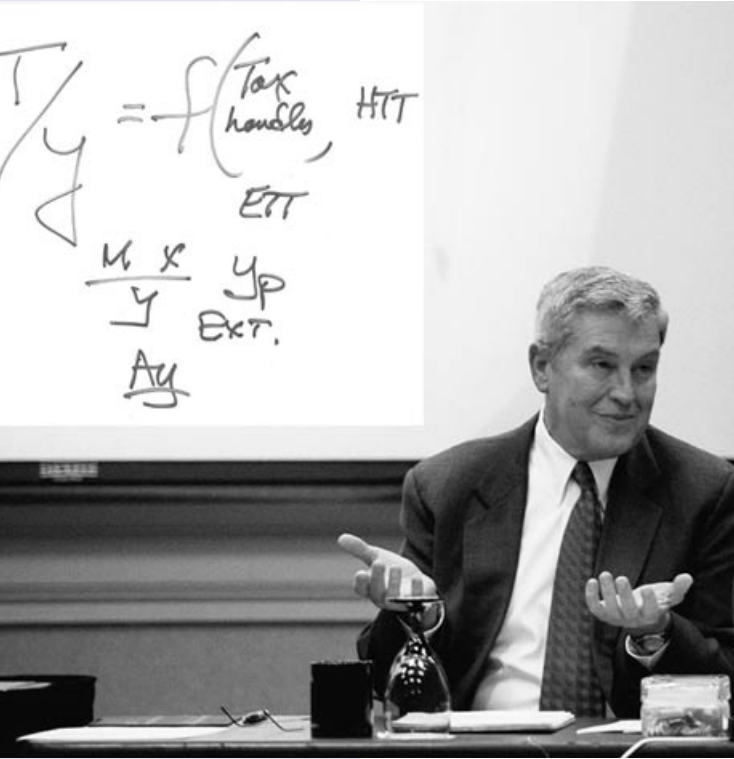
mastering the science of
public
affairs



- PUBLIC FINANCE
& BUDGETING
- CITY MANAGEMENT/
URBAN POLICY
- ENVIRONMENTAL
POLICY &
MANAGEMENT
- PUBLIC
MANAGEMENT/
ADMINISTRATION
- NONPROFIT
MANAGEMENT
- SOCIAL POLICY

Why we specialize

When we were charged with creating the Andrew Young School of Policy Studies in 1996, we knew that our goal would include becoming one of the best schools of public affairs in the United States. We also knew we would offer the requisite full core of coursework, and decided that our approach had to involve strategic specialization rather than broad coverage.



“...we listened to what students and the marketplace for new graduates were demanding.”

We chose our fields of excellence based on several criteria. First, we chose areas where we had a critical mass of faculty in place, or the resources to develop that critical mass. One or two faculty in a given specialty would not develop the depth of excellence and synergy that we had in mind.

Second, the specialization should fit our mandate, i.e., there should be public interest in the subject. One of our great comparative advantages is that we sit squarely in the middle of Atlanta, Georgia. We planned for a good overlap between our fields of specialization and the comparative advantages of the region in which we are located.

Third, we would work in areas where scholarship and policymaking have a chance to reinforce one another, i.e., policy to inform theory and theory to inform policy. Success with this approach would show up in both influencing the policy debate and advancing scholarship on our subjects. We also chose areas of concentration that overlap with one another, to draw the interest of faculty from several disciplines.

We deliberately worked to bring an international dimension to most of what we do. To leave it out would be to miss the current of the times in which we live. Finally, and perhaps most important, we listened to what students and the marketplace for new graduates were demanding.

This strategy has led us to concentrate our efforts on building excellence in the following public affairs areas:

- Public Budgeting and Finance
- City Management and Urban Policy
- Environmental Policy
- Public Management and Administration
- Nonprofit Management
- Social Policy

To reinforce our strategic specialization, the second part of our strategy was to bring our research and policy experience into the classroom in a big way – to expose our students to real policy work that matters.

I hope you will enjoy this issue of our annual research magazine. We invite you to read what our faculty and students are doing in each of our selected specialties and learn how our school is attempting to master the science of public affairs.

Roy Bahl

Roy Bahl

Dean

PUBLIC FINANCE AND BUDGETING

Fiscal policy and growth: Looking for the links	3
State revenue shortfalls: Assessing the response	4
Is "human capital" a taxable commodity?	5
Spatial econometrics testing made easier	5
Russia and China field market economies: Who's on first?	6
Conferences bring fiscal policy experts to GSU	7

CITY MANAGEMENT/URBAN POLICY

Helping ICMA raise professional standards	9
Is competition near? When location incentives matter	10
Electronic ties bind citizens to government	11

ENVIRONMENTAL POLICY

Experimental economics: It's about the lab	13
Georgia first East Coast state to require agricultural water metering	14
New programs strengthen environmental policy	15
Biodiversity conservation: Buy it to save it	16
Financing brownfield redevelopment can aid growth	17

PUBLIC MANAGEMENT/ADMINISTRATION AND NONPROFIT MANAGEMENT

Nonprofit sector can profit from research	19
Governors rely on AYSPS advisors	20
Examining the War on Terrorism	21
Georgia's civil service reforms under review	22
Exploring the role of perception in governance	23
Will Atlantans support a tax for the arts?	24
Giving in the lab	24
Using experimental research to understand fundraising practices	25

SOCIAL POLICY

Clarifying the debate on guns, drugs and juvenile crime	27
Who is winning the race for talent?	28
Pilot program tackles juvenile health and justice	29
Atlanta Federal Reserve draws on AYSPS expertise	30
GHPC improving the status of the uninsured through collaboration	31

FACULTY LISTING 32

SCHOOL SOON MOVING TO PRIME DOWNTOWN SPOT 34

The Andrew Young School's policy research is easy to access; it is published in numerous academic and professional journals and cited in any number of related studies. It is used to teach in classrooms around the world. This issue of *The Briefing* is merely an introduction to the breadth and depth of the research conducted by our faculty and staff. You are invited to go to www.andrewyoungschool.org to find full research citations in the AYSPS annual reports.

public finance and budgeting



PUBLIC FINANCE AND BUDGETING

Faculty members include (L to R) Kelly Edmiston, assistant professor of economics; Mark Rider, associate professor of economics; Roy Bahl, dean; Katherine Willoughby, professor of public administration; Jamie Boex, research assistant professor of economics; Jorge Martinez-Vazquez, professor of economics and director of the International Studies Program; James Alm, chair, Department of Economics; David Sjoquist, professor of economics and public administration and director, Fiscal Research Center; Sally Wallace, associate professor of economics

The Andrew Young School has created world-recognized programs in both domestic and international public finance and budgeting by drawing heavily from its economics and public administration and urban studies departments. Faculty members are called upon frequently to advise leading local and international policymakers, to referee influential finance-related journals and to present their research findings at leading industry symposiums and conferences.

Domestically, the **Fiscal Research Center** provides nonpartisan research, technical assistance and education in the evaluation and design of state and local fiscal and economic policy, including both tax and expenditure issues. Its faculty members examine and advise on tax policy and reform, education finance, urban policy, economic development and other issues. David Sjoquist is director.

The **International Studies Program** brings useful public finance theory and training to developing and transitional countries. Its rigorous academic and professional training courses strengthen fiscal policy knowledge and practices abroad. Field research and technical assistance promote sound public policy and sustainable economic growth in developing countries that struggle to balance fiscal federalism and state-local finance.

The students, faculty and staff at AYSPS form unique, entrepreneurial partnerships with their domestic and global policy clients, adding zest to the school's offerings in academics, research and training with the interaction and understanding gained in these experiences.

Two new assistant professors in public administration, Robert Eger and Carolyn Bordeaux, are soon joining this group of experts. To get more information on the economics and public administration faculty experts and research programs in public finance and budgeting, go to www.andrewyounghschool.org.

Fiscal policy and growth: Looking for the links

The average annual growth rates of per capita income in the 48 contiguous U.S. states ranged from 1.73 percent to 3.15 percent in the last half of the 20th century, according to James Alm (above, right), who chairs the AYSPS economics department. “Small changes, compounded over 50 years, have an enormous impact on the level of income that individuals in the states receive,” says Alm.

He examines these differences and an extensive set of variables that may cause them in “Do State Policies Affect Economic Growth?” a working paper co-authored by Janet Rogers at Colorado’s Office of State Planning and Budgeting. This research asks whether it is possible to identify the processes that cause states to show such variations in their economic growth rates. They are specifically interested in public policies that affect economic growth.

“In 1947, the median per capita income for these states was \$7,500. If a state grew 1.7 percent a year, at the end of 50 years its per capita income would be \$17,700. But if the growth rate was 3.2 percent over that period – the highest rate – that same initial income of \$7,500 would grow to over \$35,000,” Alm says. “So the questions then become, what determines growth, and are there things states can do to get that marginal increase in overall economic growth?”

The study attempts to identify particular institutional characteristics or policies that are correlated with economic growth. “The subject started as Rogers’s dissertation at Colorado, which I supervised,” said Alm. “First, we looked at what things determined growth. Second, we tried to find state policies that can be shown to be consistently related to economic growth – either positive or negative. Are there things states should do or things they should avoid to increase growth?”

“Rogers collected data on 48 states from 1947 to 1997: state income, state demographic characteristics, state political characteristics and state public policy variables – things that reflect what the states are doing. We looked carefully at state and local tax and expenditure policies. We put everything together and then decided what variables we really wanted to focus on.

“You can spin lots of stories, but the question becomes – what is the evidence? So we included in the empirical work lots of different measures of taxes, things

like total tax revenues, the different types of taxes, the composition of taxes. We also included variables that reflect how the government spends money, such as on education, highways and welfare. Other variables included state demographic characteristics, political features, voting trends, and geographic differences.

Alm reports that they found some surprises. “We found some connections between policy variables and economic growth, but many of these results were not very robust. By changing some of the variables or changing some of the time periods, we could flip the results around. This suggests that some of the results out there in the literature need to be taken with a grain of salt.

“For example, we found in some regressions that higher tax revenues were associated with lower growth – a supply-side result – but we didn’t find this in all time periods and in all regressions. We also didn’t find much growth impact from different mixes of taxes, like a heavier or lighter reliance on income taxes or property taxes. However, one of our more consistent results was that greater use of sales taxes was typically associated with higher economic growth.

“As for state spending policies, higher welfare expenditures correlated, as expected, with lower economic growth. But interestingly, more spending on education and highways tended to be negatively associated with growth, something we didn’t expect.”

Their research also addresses the measurement errors inherent in per capita income data: the methods commonly employed for growth analysis appear to be inadequate, adversely affecting the results. “One can find connections between these variables and growth, but they are tenuous and not robust across all time periods or specifications,” he said.

Alm is associate editor of *Public Finance Review* and the *Review of Economics of the Household*, and a member of the Executive Committee of the National Tax Association. His international projects have been funded by the World Bank, the U.S. Agency for International Development, the United Nations Development Program and the International Monetary Fund. For more information on Alm’s public finance and budgeting research and teaching, go to www.andrewyoungschool.org.



related reading

Alm, James. “What is an ‘Optimal’ Tax System?” *Taxation: Critical Perspectives on the World Economy*, Simon James (ed.), 238-255. London and New York: Routledge, 2002.

_____, with Raul Barreto. “Corruption, Optimal Taxation, and Growth.” *Public Finance Review* 31 (3) (2003): 207-240.

_____, with Jill Ann Holman and Rebecca Neumann. “Globalization and State/Local Government Finances.” *State and Local Finance under Pressure*, David Sjoquist (ed.), Edward Elgar Publishing (forthcoming).

_____, with Michael McKee. “Tax Compliance as a Coordination Game.” *Journal of Economic Behavior and Organization* (forthcoming).



STATE REVENUE SHORTFALLS:

Assessing the response

Most state governments in the United States have some sort of balanced budget requirement. With general fund revenues plunging and total budget shortfalls growing to \$82 billion by 2004, as projected by the National Governors' Association, what's a governor to do?

Katherine Willoughby can tell you what they have told their constituencies they will do. In her latest annual analysis of all "State of the State" gubernatorial addresses for The Council of State Governments' *Book of the States 2003*, Willoughby assesses each governor's plans to meet the fiscal challenges presented in his or her state. Her chapter, "State Revenue Choices: 2003 and Beyond," will appear in the latest "encyclopedia of state government."

In response to 2003 shortfalls that totaled almost \$40 billion,

Willoughby writes, governors used familiar budget-balancing strategies to manage their fiscal crises. To increase revenue, they raised taxes on items like tobacco and alcohol; they created or raised fees and charges for state licensing and other services; and many used up "rainy day" funds or borrowed from other reserves. At the same time, they cut and delayed expenditures; shored up vacancies; initiated hiring freezes, layoffs and early retirements; and expanded other efficiency efforts. More than half initiated budget cuts to Medicaid and other health and social services.

With states facing more revenue shortfalls after tapping out efficiency measures, Willoughby asks, "What avenues are available for governors to bring about fiscal solvency in 2004?"

In the May issue of *Governing*, John Petersen of George Mason University names the current crisis "The Budgetary Abyss." Willoughby found that the governors concur: "More so than last year, governors acknowledged their states' dire fiscal conditions, and they recognized that painful and burdensome fallout from budgetary choices are looming."

Not surprisingly, most governors consider increased federal funding as the first and best fix for their budget shortfalls. Also, Willoughby found them just as consistent in suggesting more local and legal remedies and some program management improvements to bolster state economies. Governors were willing to discuss the need or potential for tax reform in their states, with many claiming their dedication to a more equitable state system. "Rather than dismiss tax increases out of hand, governors illustrated discernment in mentioning revenue-raising strategies," she writes.

Willoughby's report closes with an overview of current tax shares and revenue possibilities and an assessment of the tone of the governors' parting comments.

related reading

Willoughby, Katherine. "State Revenue Choices: 2003 and Beyond." *The Book of the States 2003*. The Council of State Governments, 2003.

_____. "State Revenue Choices in Slow Times." *Spectrum: The Journal of State Government* 75(2) (2002): 9-11.

Melkers, Julia, and _____. "Budgeters Views of State Performance Budgeting Systems." *Public Administration Review* 61(1) (2001): 54-64.

PERFORMANCE MEASUREMENT A KEY TOOL

Willoughby and Julia Melkers of the University of Illinois at Chicago were members of the original team that assessed performance measurement and budgeting experimentation in subnational governments in the U.S. for the Governmental Accounting Standards Board. "I have been involved with the GASB for some time," says Willoughby, who helped develop its Performance Measurement Survey. She and Melkers have conducted substantial research to assess state and local government experiences with performance measurement and reporting for budgeting purposes, in particular.

Willoughby will continue to contribute in this area. She was recently asked by another government accountability association to serve as a reviewer for a pilot study of local government service efforts and accomplishments reporting.

Willoughby is a prolific researcher and author of articles on state and local government and budget practices. She is co-author with Kurt Thurmaier of Iowa State University of a popular text on public budgeting in the U.S., *Policy and Politics in State Budgeting* (M.E. Sharpe Publishers).

Is “human capital” a taxable commodity?

What if you were taxed on your potential employment earnings instead of what you actually earn? When the Council of Economic Advisors in Washington, D.C. started kicking around this controversial idea, AYSPS faculty Sally Wallace and Jorge Martinez and their former graduate student Dagney Faulk took a closer look. “We wanted to have some fun with it,” says Wallace.

Their “fun” resulted in a paper presented at the National Tax Association Meetings in Orlando, Florida in November. “The Fairness and Efficiency of Taxing Potential Income from Human Capital,” is now being readied for submission to an academic journal.

“This paper is about how we would structure an income tax that is based on a person’s human capital, or their health, education, skills and experiences,” says Wallace. “The idea behind it is that one’s education and other characteristics largely determine their wages. It is a real touchy subject because it seems pretty invasive. But on the other hand, our current income tax system ‘penalizes’ only people who do work – which is kind of ironic!”

Their paper, Wallace says, concentrates on the earned income portion of this taxation. “In particular,” they write, “we are interested in how the distributions of tax burdens and welfare losses from a tax on potential income from human capital compare to a classical actual income-based tax system, similar, for example, to the U.S. federal income tax.”

“From a theoretical standpoint, a tax on the potential income from human capital may be among the most efficient and equitable,” they write. It would reward individuals who work harder and earn more than their potential income, while penalizing those who earn less than their potential. It could be designed to exempt completely individuals in extenuating circumstances such as child-bearing, disability, illness and involuntary unemployment.

“The general trend in modern tax reform has been to move away from taxes on potential income and toward taxes on actual income, yet we think there may be a strong case for reconsidering this choice at a national or subnational level, especially in the case where tax administration is not very strong,” said Wallace. “We believe the taxation of human capital is a policy option that should be discussed more extensively as a fair and efficient alternative. We hope that our paper will contribute to reigniting this dialogue.”

Spatial econometrics testing made easier

Note to fiscal researchers. Mary Beth Walker is going to make your job a little easier. She is improving on current tests for the presence of spatial relationships by developing a new statistical test that has a broader application.

Walker says her interest in spatial econometrics, or the recognition of spillover – feedback effects from an event in one area to other areas – began a couple of years ago. Many statistical models, including those that measure the effects of fiscal policy changes, need to incorporate spatial relationships.

“Many of the actions taken by economic units (household, firms or governments) are directly influenced by actions taken by neighboring units. An example would be the set of tax incentives that a state might offer to attract new business. If Alabama should adopt new incentives, Georgia might want to follow suit to remain competitive. On the other hand, Georgia might be completely unaffected by Idaho’s tax policies.”

Applied researchers want to know if they need to incorporate spatial econometrics in their models or whether they may be safely ignored, says Walker. She found that in some situations, current tests may indicate that there are no spatial relationships when, in fact, there are. “Existing tests are set up in a specific framework that may not work for all situations,” she says. “We will provide good evidence on how well the test will work in small data sets as well as in larger ones.”

Walker and her co-author, Mary McGarvey from the University of Nebraska, have presented their early research at Southern Economic Association conferences. They hope to publish their findings in a format that will help researchers compute the test with standard econometric statistical programs like SAS and STATA. “We think it will be a useful tool for people working in spatial econometrics,” Walker said.

“We will provide good evidence on how well the test will work in small data sets as well as in larger ones.”

MARY BETH WALKER

related reading

Walker, Mary Beth, with Mary McGarvey. “Robust Covariance Estimators for Spatially Correlated Errors in Fixed Effects Models: Finite Sample Performance.” *Econometric Reviews* (forthcoming).

_____, with David Sjoquist and Sally Wallace. “A Mixture Model Analysis of Local Sales Taxes, Property Taxes and Expenditures.”



RUSSIA AND CHINA FIELD MARKET ECONOMIES:

Who's on first?

As China and Russia transition to market economies, they have generated considerable attention in the economic literature, according to Jorge Martinez-Vazquez, director of international studies. Much of this attention has focused on how well each country is performing in a central piece of their economic policy reform: fiscal decentralization, or the dividing of tax and expenditure functions among different government levels.

Most of this research credits China's fiscal policies for aiding its rapid economic growth, while blaming Russia's policies for its dismal performance. Martinez and Christine Wong disagree. "Our findings go against the conventional wisdom, which has been 'look at how well China is doing,'" says Martinez.

In their report, "Two Large Experiments in Fiscal Decentralization Compared: China and Russia," Martinez and Wong show that Russia's



relative economy has recently improved, its GDP growth rate now second only to China, while little has changed in either country's fiscal decentralization program. They write that Russia's dramatic change in economic performance, with little change in its fiscal policy reforms, calls into question the validity if not the relevance of former comparisons that were based on China's market-preserving federalism.

"Russia has solved the big issue of political transition and has a functioning democracy," says Martinez. "For better or worse, the country has

dealt with decentralization and revenue sharing. China has not – it still has significant hurdles to jump over. It's not clear that China is ahead."

In comparing the relative performance in fiscal decentralization policies of these two large and strategically significant transitional countries, Martinez and Wong conclude that they are far from seeing a clearly better performance of the Chinese system. "China's gradualist approach to reform has brought inconsistencies and contradictions in the public sector ... that are large enough to throw any country into economic, if not political turmoil. Russia's fiscal decentralization system, although still suffering from significant problems, is generally more advanced and can yield quite useful lessons to China's problems," they write.

The International Study Program's faculty and research staff conduct research and administer technical assistance and training projects around the world that are typically funded by the host government, U.S. Agency for International Development or through arrangements with the World Bank, International Monetary Fund or regional development banks.

RUSSIA:

Has struggled in its efforts to build a democratic political system and market economy to replace the strict social, political and economic controls of the Communist period.

CHINA:

Political controls remain tight even while economic controls continue to be relaxed.

THE WORLD FACTBOOK 2002 (CIA)

related reading

Martinez-Vazquez, Jorge, and Roy Bahl. "Fiscal Federalism and Economic Reform in China." *Fiscal Federalism in a Global Economy*, T. Srinivasan (ed.). Stanford University (forthcoming).

_____. "Revenue Assignment and the Budget Process at the Subnational Level in China." *China's Subnational Fiscal Arrangements*, Deepak Bhattacharya and Christine Wong (eds.). Washington, D.C.: World Bank (forthcoming).

_____, and Sally Wallace. *Tax Reform in the Russian Federation During the Transition Years*, Cheltenham, U.K.: Brookfield (forthcoming).

_____, with Zhihua Zhang. *The System of Equalization Transfers in China*, Ministry of Finance, China, 2002.

Alm, James and Jorge Martinez-Vazquez (eds.) *Public Finance in Developing and Transition Countries*. Edward Elgar Publishing (forthcoming). For this book, Alm and Martinez co-wrote "Institutions, Paradigms, and Tax Evasion in Developing and Transition Countries."

Conferences bring fiscal policy experts to GSU

Each year the International Studies Program organizes an international conference to bring together a select group of senior policy experts, academics and policymakers to address an important policy theme. This year's conference, "The Hard to Tax," attracted public finance experts from organizations like the World Bank, the International Monetary Fund, the United States Treasury and global institutions and universities for a three-day session that will result in a published volume of their research presentations.

Milka Casanegra, a senior consultant with 24 years of experience at the IMF, attended. She works with developing countries and economies in transition. "I have been concerned with this issue (the hard to tax) for more than 15 years. For these countries, it is a big issue," she said. "This is the first time I've seen a really concentrated interest in this subject. We can use the research."

"I am glad to meet the people from Georgia State and other world experts," said Gérard Chambas, director of research for CERDI at the Université d'Auvergne in France. He said he was very glad to have his experiences with less developed countries in Africa confirmed by the case histories he heard from other transitional areas.

Indira Rajaraman, R.B.I. chair professor at the National Institute of Public Finance and Policy in New Delhi, India, has worked eight years in the hard to tax subject area.

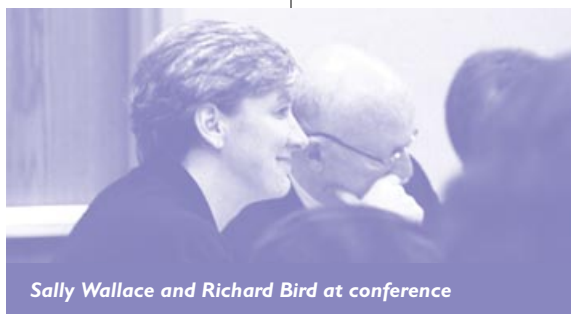
"This subject is of central relevance to the developing world, which constitutes the majority of the world's population. Developing countries can in general be characterized as hard to tax – people are poorer – their income is lower. Most economic activity is conducted outside formal institutions of the kind you have in the West. The information you need to tax them is simply missing."

Rajaraman considers the AYSPS annual conferences a great forum for the exchange of ideas. "The paper I brought, the papers that others brought on different parts of the world and countries emerging from com-

munist rule all add up to what one could describe as a basic denominator of common problems, of methods used to address them. You take home the knowledge of what has been attempted, the success and failure of those efforts."

Top AYSPS graduate students were also invited to attend. Attendee Bayar Tumennasan (upper right), working on his Ph.D. in economics, during last year's conference presented a paper on public finance in transitional and developing economies. "In being here and listening to the discussion, I've learned from the experiences of people who deal with these issues. I know this is very complementary to what I'm learning in the classroom," he said.

AYSPS will publish the papers presented at the "Hard to Tax" conference. Materials from previous conferences are available online at isp-aysps.gsu.edu.



Sally Wallace and Richard Bird at conference



"The Andrew Young School has always been at the forefront on issues of relevance to the developing world."

INDIRA RAJARAMAN
NATIONAL INSTITUTE OF
PUBLIC FINANCE AND POLICY
NEW DELHI, INDIA



Students from AYSPS and Morehouse College study in South Africa in a joint summer program

city management/urban policy



CITY MANAGEMENT/URBAN POLICY

Faculty members with leading expertise in city management and urban policy include (L to R) Geoffrey Turnbull, professor of economics; Ben Scafidi, assistant professor of economics and public administration; Greg Streib, professor of public administration and urban studies; Christine Roch, assistant professor of public administration and urban studies; John Clayton Thomas, professor of public administration and urban studies; Gary Henry, professor of public administration and urban studies

The Andrew Young School is well established as a center for the study of local government management and policy issues. Its faculty and staff place a high value on applied research that contributes to the practice of local government management. Its faculty, students and research are highly integrated into the Atlanta metropolitan area.

Faculty members are as well known to local public officials as to academics who study city management and urban policy issues. They publish frequently in journals such as *Public Administration Review*, *State and Local Government Review*, the *Journal of Urban Affairs*, and *Public Performance and Management Review*. They write for organizations such as the International City/County Management Association and publish articles in practice journals such as the *Municipal Yearbook*.

Faculty and staff in the **Educational Policy Group** and others in **Domestic Programs** work together to evaluate existing education programs and to study their impact in order to support and shape improved policies. Their findings in the areas of evaluation, school financing, school choice and teacher issues, among others, attract a good deal of attention around the country and are seen as key for improving policies. This work benefits from significant external funding. Recent research has appeared in the *National Tax Journal*, *Public Administration Review* and the *Journal of Education Finance*, among other leading publications.

Students with an interest in local government issues pursue the Master of Public Administration degree and take a concentration in management and finance. AYSPS graduates are highly placed in cities and counties and in other organizations with a community focus.

To get more information on the city management and urban policy faculty experts and research programs at AYSPS, go to www.andrewyoungschool.org. See also the *public management concentration as described on page 18*.

Helping ICMA raise professional standards

There is more than one way a policy school can promote excellence in local government. The Andrew Young School shows how. While its M.P.A. program, accredited by the National Association of Schools of Public Affairs and Administration, continues to provide a growing supply of top M.P.A. graduates to the workforce, its work with the ICMA adds policy relevance around the globe. This emphasis is having an impact at AYSPS, too, where M.P.A. enrollment has grown 85 percent from fall semester 2000 to 2002.

An alliance with the ICMA (International City/County Management Association) has expanded the reach of the Andrew Young School well beyond the classroom to promote excellence in the professional management of local governments.

A team of faculty and researchers at AYSPS led by Greg Streib, professor of public administration and urban studies, has renewed a five-year contract with the ICMA that will impact communities around the globe. More than five years ago, AYSPS was awarded ICMA's initial contract, valued at \$250,000, to develop the two instruments in the Management Practices Assessment – the Applied Knowledge Assessment (AKA) and Performance-Based Assessment (PBA) – used by ICMA members to determine their professional development needs.

The Management Practices Assessment has an important place in ICMA's array of professional development offerings, according to Barbara Moore, director of publishing and information resources at ICMA. "It is the first assessment tailored to the unique set of competencies required for effective professional management of cities and counties."

According to the ICMA, the AKA and PBA are the only such tools developed exclusively for local government managers. Moore calls the

AKA the "gateway" to ICMA's Voluntary Credentialing Program. "A member must complete the assessment before applying for the credential, then use the results to create a professional development plan." Per the new contract, Streib's team will continue to score and analyze the assessments, which could impact up to 8,000 ICMA members.

AYSPS was awarded the original contract in competition with national consulting firms and other universities. Streib says he thinks the school won the award "because we wanted it more than the others and we pulled together a team to do it. Dean Bahl offered us strong support. Our M.P.A. faculty has a fantastic national reputation for local government research, and Gary Henry and the (former) Applied Research Center provided us with important resources."

Streib said another factor was the school's willingness to take a risk in developing a partnership with ICMA. Rather than receiving a grant for the initial contract, valued at \$250,000, the school retains ownership in and receives a portion of the revenue from the assessments. "This was a big practical issue. We had the audacity to say we would do it."

In advancing professional training and research, "the ICMA sets the standards for 'good' municipal government. It is the heart and soul of pro-

fessional local government management," says Streib. "Anybody with an important position in local government uses ICMA materials or is a member of the organization."

The AYSPS team invested nine months of research and resources to develop the assessment instruments. Streib is principal investigator and Mark Rivera, research associate, who helped develop an automated scoring process for the tool, is project director for the ongoing assessments. PAUS Chair Lloyd Nigro, Professors Ted Poister and Katherine Willoughby and Rivera helped develop assessment items. Professor Gary Henry provided project management assistance during their development.

Moore reports that sales of the assessment have increased each year since its introduction in 1999. "Nearly 2,200 members have purchased the AKA – and a major upward swing occurred when the credentialing program was announced. Over 200 members have used the multi-rater PBA, and we expect its use to increase over time," said Moore.

Feedback is generally positive, said Moore. "Members feel the assessment has helped them identify areas in which they need to further develop their skills. We have received some suggestions for improvement as well, and the Andrew Young School has been very responsive in helping us make them."

Streib says that all ICMA members who take the assessment correspond with AYSPS, providing the school with a data-rich supply of information on the latest management knowledge from all the top managers in the country.



Is competition near?

When location incentives matter

Economic development, formerly known as industrial recruitment, is big business. Every state, every major city, and most counties and towns have professionals in development authorities, chambers of commerce, private utilities and government offices, standing ready to serve companies that are looking to relocate or expand their facilities. Many aggressively market their unique locational advantages.

Ask any economic development professional about the state and local tax incentives available in their community, and they will rattle them off like the names of their grandchildren. Geoffrey Turnbull (above) and Kelly Edmiston, AYSPS economists, decided to examine the factors driving community incentives for industry recruitment in "Local Government Competition for Economic Development" (FRP Report No. 83). Their goal was to better identify the factors that determine the role of tax abatements and

similar investment incentives in community economic development policies.

"Empirical work on the topic has been hampered by the lack of data," they wrote. A state government survey of local government development policies in Georgia, however, provided a unique opportunity to study the factors affecting whether or not local governments choose to include tax abatements and similar incentives in their policy arsenal. Turnbull and Edmiston examined this data to determine the extent to which local competition for corporate and industrial capital investment drives their use of incentives.

Turnbull says their study was motivated, in part, by an observation they made while reviewing existing research. "Even though most U.S. states empower local governments to employ tax abatements or similar recruitment incentives, not all localities use these incentives," he said. "It appeared that competition plays a role."

In simpler terms, the process of industry recruiting resembles a tournament between competing jurisdictions, they wrote. This view exposed the factors most likely to affect a locale's reliance on development incentives to attract or retain firms. "It implies a spatial relationship, in which neighboring localities compete more vigorously with each other than with those farther away. In Georgia, for example, we found a robust proximity effect. The policies adopted by more distant counties had a diminishing effect on a given county's economic development policy."

Refuting a common assumption, Turnbull and Edmiston found little evidence that fiscal distress drives Georgia counties to more aggressively recruit firms. "What this likely reflects," they wrote, "is that fiscally troubled governments cannot sustain or are not willing to incur the short-term costs of aggressive industry recruitment to garner the longer term benefits as multiplier effects wind out over time."

<http://frp.aysps.gsu.edu/frp/index.html>

related reading

Turnbull, Geoffrey. "Land Development under the Threat of Taking." *Southern Economic Journal* 69(2) (2002): 468-501.

_____, with Chinkun Chang. "Bureaucratic Behavior in the Local Public Sector: A Revealed Preference Approach." *Public Choice* 113(1) (2002): 191-210.

_____, with Thomas J. Miceli and C.F. Sirmans. "Land Ownership Risk and Urban Development." *Journal of Regional Science* (forthcoming).

Electronic ties bind citizens to government

To say the Internet is producing fundamental changes in how citizens interact with government is an understatement. Government Web sites are now so common, media such as governing.com list only the more unique sites under categories like "WebWatch: Innovation on the Internet." A sample listing:

"THE ELECTRONIC FLEA MARKET

One person's junk is another's new sofa. In that spirit, King County, Washington, has set up a Web site that allows residents to advertise items such as furniture or electronics that they are planning to throw away. Other area residents can contact them if they want their used goods. The county sees it as a way to prevent bulky items from entering landfills, and the Solid Waste Division of the Department of Natural Resources and Parks set up the site. Unlike eBay, however, there is no bidding or money exchange on the site. <http://dnr.metrokc.gov/swd/exchange>" (www.governing.com, 6-6-2003)

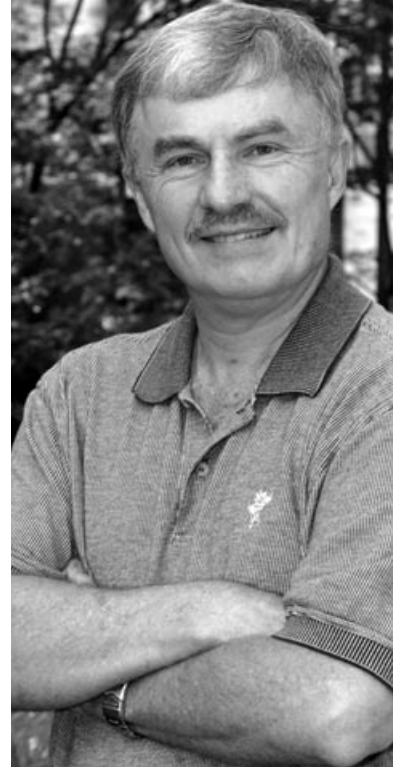
Professor John Clayton Thomas has studied how citizens communicate with their governments for more than two decades. His interest in e-governance – how these connections are made through the Internet – has resulted in his latest research with Professor Greg Streib, "E-Democracy, E-Commerce, and E-Research: Examining the Electronic Ties Between Citizens and Governments," which they are preparing for publication.

Their analysis addresses fundamental questions about who visits government Web sites and what they do when they get there. "The growth of the Internet has prompted much speculation about a possible new era of electronic government where many government operations will move online," they write. Yet little was known about how citizens

use the Internet to connect with government and even less about the reasons that prompt those connections. Thomas and Streib's research is an early attempt to find what e-governance means for the citizens it serves. They identify the demographic makeup of citizens most likely to engage in e-governance, and conclude by discussing the implications for its role in connecting citizens with their governments and the role of public administrators in facilitating those connections.

In data from a random sample of more than 800 Georgia residents, Thomas and Streib found the range of reasons that citizens visit government Internet sites was broader than could be documented, so they classified them within three categories. E-commerce visitors were those doing business with government, such as filing taxes and buying licenses. E-researchers were there to get information on items like educational opportunities, legal regulations and the like. A smaller proportion of citizens used the Internet for E-democracy, or efforts to join in governmental decision-making.

They found e-governance involvement is an "elite enterprise, limited to those who are computer knowledgeable, although we can hope this bias will erode as computer access becomes more widespread." This may happen sooner rather than later, as their findings also implied a broad and growing citizen interest in engaging with governments via the Web.



So what is the implication for future citizen engagement? "E-governance will be more about e-commerce and e-research than about e-democracy," they write, although that component might be expected to grow as government Web sites become more interactive. For public administrators, the broad and growing citizen interest in a connection via the Internet implies the need to continue efforts to make their Web sites more accessible and useful.

related reading

Thomas, John C. "Public Involvement in Public Administration in the Information Age: Speculations on the Effects of Technology." *eTransformation in Governance: New Directions in Government and Politics*, Matti Malkia, Ari-Veikko Anttiroisto and Reijo Savolainen (eds.). Hershey, PA: Idea Group Publishing (forthcoming).

_____, with Greg Streib. "The New Face of Government: Citizen-initiated Contacts in the Era of E-Government." *Journal of Public Administration Research and Theory* 13 (2003): 83-101.

environmental policy



ENVIRONMENTAL POLICY

Faculty members in the AYSPS Environmental Policy Program include (L to R) Ragan Petrie, assistant professor in economics; Paul Ferraro, assistant professor in economics; Susan Laury, associate professor and associate director of the Experimental Economics Lab; Ron Cummings, director and holder, Noah Langdale Jr. Eminent Scholar Chair in Environmental Policy; Laura Taylor, associate professor, associate director, and program advisor and director of the North Georgia Metro Water Planning and Policy Center

The Environmental Policy Program has provided policy advice to government and private sectors since 1993. Faculty and staff are engaged in scholarly research with a focus on water resources conservation and environmental and natural resources management. The objective is to enhance the quality of environmental policy throughout Georgia and the nation.

Faculty members have published in a number of top journals that include *Science*, *Journal of Policy Analysis and Management*, *Journal of Environmental Economics and Management*, and *American Economic Review*. Support for the program has come from the U.S. Geological Survey, Oak Ridge National Laboratory, the U.S. Fish and Wildlife Service, the Georgia Department of Natural Resources, the Georgia Research Alliance and related state and federal agencies.

The program houses the largest **Experimental Economics Lab** in the Southeast and the **Georgia Water Policy and Planning Center**, a three-university consortium whose research and planning efforts are targeted to help Georgia's state and local legislative bodies understand how water quantity and quality is affected by alternative incentive systems, alternative political institutions and alternative legal systems.

Students are involved in a wide range of research projects related to water management. Some have worked as interns for Georgia's Environmental Protection Division. Others assist faculty on research projects concerning, as examples, the value of water use permits, the preparation of basin water plans and new applications of offset banking programs for improving water quality. Graduates have moved into leading policy positions.

For a fuller picture of the faculty experts and research programs in the Environmental Policy Program, go to www.andrewyoungschool.org.



A 36% increase
in credit hours at
AYSPS is the highest
of all colleges at
Georgia State
University since
the semester
conversion in 1998

EXPERIMENTAL ECONOMICS:

It's about the lab

universities around the world, it allows researchers to observe how people behave under a variety of incentive conditions.

The experimental lab at AYSPS is based in the Environmental Policy Program where it has been used to develop and improve a water auction program for Georgia, to measure and inform effective environmental policies, to determine the effectiveness of various tax policies and to shed light on the management and provision of public goods, as in the research cited throughout this newsletter. The AYSPS lab is the most advanced in the Southeast.

AYSPS faculty and staff are using the lab to show effective outcomes, designing and evaluating a growing body of policies that will work. Susan Laury, associate professor and senior associate in the Environmental Policy Program, says the latest research idea under consideration is a joint research program to look at "common pool" resource issues that impact the actions of independent net shrimpers and deep sea trawlers. In the lab, Laury and her team will mimic the decision-making environment that would best determine the characteristics of the problem, using it to find the mechanisms needed to yield better outcomes for both types of shrimping concerns.

The Experimental Economics Lab is a computer-intensive research lab in which the economic relationship between rules, incentives under those rules and outcomes are studied. A highly regarded tool present in select research uni-

Georgia first East Coast state to require agricultural water metering

During the 2003 session, Georgia's legislators learned what many of the state's key environmental professionals already know. The ideas generated at the Georgia Water Planning and Policy Center are creating the potential for a sea change in the state's water management policy and practices. GWPPC is a targeted program of water research, teaching and policy analysis conducted by a consortium of three state universities that includes the Environmental Policy Program at AYSPS.

Policy experts at GWPPC were asked to take recommendations from the state-crafted "Joint Comprehensive Water Study Committee Report" to draft water management legislation for 2003, which became House Bill 237. Making the request were Rep. Bob Hanner, chairman of the House Natural Resources and Environment Committee and Harold Reheis, director of the Environmental Protection Division of the Georgia Department of Natural Resources.

HB 237 signaled Georgia's entry into statewide water planning. It introduced state policymakers to the latest findings on limiting interbasin transfers, on metering and on giving the EPD the authority to deny water permits. HB 237 attempts to address four issues:

- authorizing the EPD to develop a state water plan,
- restricting inter- and intra-basin water transfers,
- authorizing the Georgia Soil and Water Conservation Commission to establish an agricultural water monitoring system, and
- allowing an existing permit holder to sell his or her water rights in instances where there are constraints on issuing new permits.

When concerns about water permit trading blocked passage of the bill, Rep. Hanner took the metering language from HB 237 and introduced HB 579 as a separate bill naming the Georgia Soil and Water Conservation Commission responsible for establishing an agricultural water monitoring system dependent upon state funding for installation, operation and maintenance of water-measuring devices by the state. It passed.

Before the session, GWPPC and the Soil and Water Conservation Commission had installed two dozen meters in a voluntary program to measure agricultural water use in the Flint Basin. GWPPC recommends that \$2 million from the state's Drought Protection Act be used to fund the first year of metering under HB 579. "We will continue to help the state get a handle on how much water we're using," says Dotti Crews, assistant director of intergovernmental relations for the Environmental Policy Program at AYSPS.

The GWPPC consortium that helped draft the original legislation will work through the summer to improve the policy recommendations in HB 237, according to Crews, who said the bill will be in conference when the legislature convenes in January. She named a "wonderful group of advocates for both bills" that included Georgia Power, the Metro Atlanta and Georgia Chambers of Commerce, Georgia Association of Realtors, Homebuilders Association of Georgia, Georgia Farm Bureau, Georgia Agribusiness Council, Atlanta Regional Commission, Georgia Soft Drink Association, Georgia Pulp and Paper Association, International Paper, Georgia Mining Association and several cities and counties.

“House Bill 237 is perhaps the most important single piece of water legislation to be considered by the (Georgia) General Assembly in over 30 years.”

GEORGIA WATER & POLLUTION
CONTROL ASSOCIATION,
WWW.GWPCA.ORG



RELATED GWPPC WATER STUDIES

Water Rights Transfers: Options for Institutional Reform (#2001-001)

Georgia must address a critical question for its water basins, wherein it is unlikely that new water use permits will be issued. Under such conditions, the question becomes: How does a region grow and take advantage of economic development opportunities to avoid conditions leading to a stagnant economy? The authors review the successes and failures of market-like institutions used by western states, identify issues that have given rise to problems, and suggest alternative designs for a water permit transfer system in Georgia. They argue that a change in the current system is necessary for the state's continued economic growth and environmental protection.

Changing Rules for Agricultural Water Use: Policy Option Related to Metering and Forfeiture for Non-use (#2001-03)

There is a strong case for requiring the metering and annual reporting of all water use in Georgia, and for requiring that all water use permits include provisions for the forfeiture of a permit for non-use. These policies will protect stakeholder interests in water-related litigation; will allow the state to adopt fairer, more effective actions during water emergencies; and will contribute to more effective farm management and basin-wide planning. This paper identifies water management issues faced by the EPD and stakeholders in the Flint River Basin in attempting to impose conditions on existing permits.

Attitudes of Georgia Irrigators Regarding the Use of Water Meters (#2003-01)

In the summer of 2002, a sample of Georgia farm irrigators was surveyed to determine knowledge of and attitudes about water meters. This paper reports their position on the adoption of water meters and provides a model used to understand the stages in persuading people to use new products or technologies. This analysis is useful to Georgia policymakers in deciding the mix of promotion, incentives and regulation needed to encourage the adoption of water meters.

www.h2opolicycenter.org



Students at the Andrew Young School can now choose another environment-friendly specialization: Natural Resource Management. Two programs – a M.P.A. with a resource management career track and a graduate certificate – offer courses designed in the AYSPS Environmental Policy Program to improve understanding of and responses to the often competing interests of economic development and the environment.

"This specialization was created around 1999, as a result of my work with professors at Albany State," said Ron Cummings, Noah Langdale Jr. Eminent Scholar Chair in Environmental Policy and program director. "We were inspired by the program that we initiated with farmers in South Georgia to establish the Flint River Water Planning and Policy Center, which has since expanded into the Georgia Water Planning and Policy Center. The academic program begun at Albany State has expanded to AYSPS and Georgia Southern via distance learning facilities.

"Water scarcity, air and water quality, natural resource conservation in land-use, transportation and agricultural planning and policies: such decisions in public governance and administration are increasingly impacted by these environmental issues," said Cummings, who designed the course line-up. "These programs will supply our students with the legal, economic and social policy tools they will need to better manage the demands of growth on our natural resources. There has to be a better balance."

Areas of study include water resource management, environment policy and planning, and natural resource conservation. The programs serve professionals working on environmental issues within government agencies, non-profit organizations and the private sector, and those who are entering the field of environmental management. Cummings reports that the program had five graduate students, all M.P.A.s, in its first year.

www.gsu.edu/~wwwenv/academics.htm

New
programs
strengthen
environmental
policy

BIODIVERSITY CONSERVATION:

Buy it to save it

Mother Nature still needs an agent, someone who will protect her interests above all others. Although billions of dollars have been invested to protect biodiversity in developing nations, some natural scientists predict that a third or more of earth's species could become extinct in this century, according to AYSPS environmental economist Paul Ferraro.

Ferraro just might be the right agent. In his research on global biodiversity conservation, Ferraro argues that the best way to protect biodiversity, already a heavily traded commodity, is to "make it economically attractive and feasible for people to protect it instead of destroy it." His findings: direct payments to the caretakers who conserve biodiversity would serve developing nations better than any indirect intervention currently in use.

In "Direct Payments to Conserve Biodiversity" published in *Science*, Ferraro and Agnes Kiss report that the

biodiversity of such nations has substantial economic value, so biodiversity conservation should be viewed as an important economic activity. Biodiversity conservation is a public good, they note. One way or another, it must be subsidized because individuals will not voluntarily bear its cost on behalf of society at large. They found that "Local users can reap far greater economic rewards from depleting biodiversity than from conserving it. ...direct payments will help rectify this problem."

Ferraro's championing of direct payment for conservation in developing countries – a method commonly used in the U.S. (with land leases, purchases and easements) – flies against the more popular practice of self-financing "sustainable" activities like eco-tourism or extraction of unique biological products in developing countries. He shows how a direct payment policy can be more cost-efficient, effective and equitable, citing migration corridors on private land in Kenya that the Wildlife Foundation secured through conservation leases at only \$4 an acre per year.

"We are not arguing against short-term assistance for profitable, eco-friendly activities that can protect biodiversity," Ferraro wrote in a March 2003 response to a "Letter to the Editor" by Jack A.A. Swart in *Science*. "Conservation practitioners and donors, however, must ask themselves why external assistance is necessary if these activities are so profitable."

The direct payment approach allows a nation's individuals and communities to decide how to meet their own goals, rather than taking subsidies for activities predetermined by those providing the indirect payments. "Given the lack of alternatives," Ferraro and Kiss conclude, "we believe that direct payments for biodiversity conservation offer the best and most effective use of limited global conservation funds."

Ferraro's research has secured him speaking invitations at international conferences on global biodiversity conservation. His findings have been covered in media outlets from National Public Radio to the Australian Broadcasting Company, and in print journals like *New Scientist* and *Nature*. He has advised Madagascar's Environmental Policy Support Project and is a contributing author for the Millennium Ecosystem Assessment project report, a \$21 million comprehensive review of the state and management of the planet's ecological resources.



related reading

Ferraro, Paul. Assigning Priority to Environmental Policy Interventions in a Heterogeneous World. *Journal of Policy Analysis and Management* 22(1) (2003): 27-43.

_____, and Agnes Kiss. "Direct Payments to Conserve Biodiversity." *Science* 298(29) (2002): 1718-1719.

_____, and R.D. Simpson. "The Cost-effectiveness of Conservation Performance Payments." *Land Economics* 78(3) (2002): 339-353.

_____. "Global Habitat Protection: Limitations of development interventions and a role for conservation performance payments." *Conservation Biology* 15(4) (2001): 990-1000.

Financing brownfield redevelopment can aid growth

Properties containing known releases of environmental contaminants, often referred to as brownfields, can degrade an urban area. According to Professor Laura Taylor, news of a contaminated site will often ripple out, harming property values in a much larger area.

Taylor has measured negative value impacts as far as 1.5 miles away from hazardous waste sites. In "Externality Effects of Small-Scale Hazardous Waste Sites: Evidence from Urban Commercial Property Markets," Taylor and Keith Ihlanfeldt of Florida State University looked at the effects of contaminated sites on commercial and industrial properties, land uses that, unlike residential communities, had not been extensively studied. Their goal was to fully assess the brownfield "spillover" effect on adjacent land values to determine the feasibility of using tax increment financing to fund their clean-up.

Their study of one Georgia county found substantial land value losses for properties adjacent to contaminated sites recognized by the Environmental Protection Agency, although their contamination was too low to list them on the EPA's National Priority List. "Experts in risk assessment argue that these sites generally pose only a small threat to human health and the environment," write Taylor and Ihlanfeldt. "It is not the actual risk, but the perceived risk that affects the willingness to pay for a property."

"Potential buyers may fear that the contaminants on hazardous sites may migrate to surrounding properties, evaporate and foul nearby air quality, or create a hazard to those who inadvertently cross property boundaries," they write. Often located near a hazardous waste site, "commercial and industrial properties are more likely to incur spillover-induced changes in value large enough that private cost-sharing and tax-increment financing emerge as clean-up options."

Tax increment financing for brownfield remediation is a feasible tool for local governments to use to unlock impacted urban land for redevelopment, they found. With a TIF, the local government would issue bonds to fund clean-up efforts at a contaminated site, said Taylor. For it to be successful, the property values surrounding a post-remediation site must rise high enough to pay the annual debt service and to repay the bonds at their maturity.

In past surveys, respondents have ranked toxic waste sites at the top of environmental problems, ahead of nuclear accidents, pesticide residues and ozone destruction. The extent to which commercial and industrial properties near toxic sites lose their value illustrates their blight on urban neighborhoods and indicates the degree to which investors are reluctant to develop, warns Taylor. "Estimates of the total value losses caused by many brownfields are sufficiently large to justify tax-increment financing as a clean-up option."



related reading

Taylor, Laura O., with Keith Ihlanfeldt. "Externality Effects of Small-Scale Hazardous Waste Sites: Evidence from Urban Commercial Property Markets." *Journal of Environmental Economics and Management* (forthcoming).



Andrew Young talks to AYSPS students following a symposium

30% of the graduate students at AYSPS are international

public management/administrat



PUBLIC MANAGEMENT/ADMINISTRATION AND NONPROFIT MANAGEMENT

Faculty members with expertise in public and nonprofit management and administration in the Department of Public Administration and Urban Studies include (L to R) Greg Lewis, professor; John O'Kane, instructor; David Van Slyke, assistant professor; Harvey Newman, professor; Ted Poister, professor; Janet Johnson, senior research associate; William Waugh Jr., professor; Lloyd Nigro, chair; Michael Rushton, associate professor. Right, Michael Mescon, holder, Ramsey Chair of Private Enterprise and AYSPS Advisory Board member



The AYSPS graduate public management and administration program is one of the nation's strongest. Faculty members are nationally recognized for their broad range of quality research-based contributions to theory and practice. The school consistently ranks highly on measures such as a publication output and reputation.

In existence since 1972, the M.P.A. program now numbers some 200 students. Accredited by NASPAA, the school offers a strong public management and administration-oriented core and several specializations, including public management and finance, human resources and natural resource management. In addition to their course work, students must complete internships with public or nonprofit agencies and engage in practice-related projects. They leave the school fully prepared to meet the challenges of public management on all levels of U.S. government and the global community.

The **Nonprofit Studies Program** prepares those who aspire to be future leaders and enhances the skills of those already working in the nonprofit sector. The M.P.A. and Master of Science in Urban Policy Studies degree programs offer specializations in nonprofit management. Curriculum addresses nonprofit leadership, economic decision-making, volunteer management, marketing, fundraising and financial management. Innovative courses incorporate cutting-edge theory and "best practices."

To get more information on the public management and administration and nonprofit faculty experts and research programs at AYSPS, go to www.andrewyoungschool.org.

Nonprofit sector can profit from research

A clearer picture of local charitable giving trends is emerging in research, revealing patterns that nonprofits around the country can use to strengthen their economic viability and expand their programs, according to David Van Slyke, an assistant professor of public administration and urban studies who specializes in public and nonprofit management.

In May, Van Slyke (right) and Janet Johnson of AYSPS released "Tracking Trends: Giving, Volunteering and Trust in Metro Atlanta." Commissioned by the Community Foundation for Greater Atlanta, this report was the final analysis in a series of quarterly surveys used to track these measures in a local framework. "The findings represent opportunities for nonprofit organizations to reevaluate their strategies for promoting their own causes, as well as the philanthropic viability of the local sector overall," wrote Johnson and Van Slyke.

"While respected national nonprofit agencies, like the Independent Sector, have for years given a clear picture of national trends," he said, "this study represents one of the few attempts at the local or regional level to examine volunteering, trust and giving trends to reveal strategies that can help nonprofits more effectively manage their relationships with clients, donors, and volunteers."

In their trend analysis, Van Slyke and Johnson found that volunteers give more money to the causes they support with their time and efforts, when asked. The research also found a strong connection between attitudes about trust and giving behavior, said Van Slyke. "People with higher levels of trust also gave and volunteered more than those reporting lower levels of trust," he said. These results suggest that fundraisers target requests for financial support to their own organization's volunteers, since they are more likely to contribute.

These findings on the impact of trust and volunteering on charitable giving raise issues that warrant further reflection and consideration, which are presented in greater detail in the report.

- What can nonprofits do to foster and build interpersonal trust?
- How do nonprofits ensure that all people, even those disenfranchised, share interconnectedness in this sector?
- How can the recent increase in volunteer hours be sustained or even increased?
- What is the most effective way to build a donor base from volunteers?

Atlanta nonprofits have taken note. "We are seeing the nonprofits use our findings in their marketing and



fundraising plans and in some of the management decisions they make, such as the relationship between volunteer management and development/fundraising" reports Van Slyke. "The best part of being at the Andrew Young School is that your empirical research is valued in the community; it informs policymaking and management decisions."

Alicia Philipp (above, left), executive director of the Community Foundation, agrees. "The impetus for commissioning the study was to provide useful information to the greater Atlanta nonprofit community," she said, "information that community organizations could use to better target their message. This is particularly important at a time when nonprofits are, or should be, re-examining how they do business, not only in service delivery, but how they work to better engage donors, potential donors, volunteers and other key constituents crucial to their cause, mission and sustainability."

The Community Foundation has posted this report online at www.atlcf.org.

AYSPS Nonprofit Studies research will continue to offer a better understanding of how the sector functions, further improving management tools and practices. Recent activities by its faculty and research associates include researching giving patterns for the United Way Women's Leadership Forum, consulting with a local nonprofit board on strategic planning, partnering with the Regional Leadership Foundation and facilitating the annual Coca-Cola Student Leadership Conference.

related reading

Van Slyke, David, with Sarah Eschholz. *New Evidence about Women and Philanthropy: Findings from Metro Atlanta*. Funded by the United Way of Metropolitan Atlanta's Women's Philanthropic Initiative, 2002.

_____, with Arthur Brooks. *Individual Philanthropy Patterns in Metropolitan Atlanta*. Atlanta, Ga.: Research Atlanta, 2001.

Governors rely on AYSPS advisors

Georgia Gov. Sonny Perdue (below, right) has a four member policy staff. Two of these experts were recruited from the Fiscal Research Center of AYSPS – Ben Scafidi and Jeanie Thomas (below, left and center). Scafidi, who works on issues in early childhood, pre-k, k-12 and higher education, had earlier advised former Gov. Roy Barnes on education policy. Thomas advises the governor on economic development, natural resources and transportation.

"I'm quite proud of the support that the Andrew Young School provides the state through its knowledgeable faculty and graduates," said Gov. Perdue. "In my office, Jeanie and Ben have done a super job making a successful case for our New Georgia legislative agenda with their ability to artfully communicate empirical evi-

dence and best practices research. Many folks here have come to count on their sound judgment."

In the text that follows, Scafidi describes his policy journey during a legislative session that was the longest recorded in 100 years. Gov. Perdue is Georgia's first Republican governor in more than 100 years.

What was your role in the governor's policy office?

Scafidi: I took what the governor wanted to do regarding k-12 education and helped turn it into legislation. My other role was to keep abreast of education bills not sponsored by the governor to support ones that he liked and provide evaluations on all related bills. I would brief legislators with facts and figures to help them make public arguments about these bills, or would make sure amendments improving the bills were drawn up and offered.

Was any new legislation passed in areas where you worked?

Scafidi: Gov. Perdue signed his k-12 education bill, Senate Bill 249, into law in late May. The bill gives school boards flexibility in using their resources – now they can target state funds to the schools and students who need them most. Before this bill was signed, the state was giving schools money with stringent spending guidelines. If local schools could not spend the money as required, they had to send it back to the state.

What other big policy issues are you helping the state address?

Scafidi: Very soon, lottery revenues will not cover the costs of Georgia's lottery-funded programs, pre-k and HOPE scholarships, yet we need to preserve and strengthen them. I am working on gathering and evaluating options to take to the governor. Professor Gary Henry also will help the state think through this issue.

In early childhood, the governor is interested in the welfare of at-risk children aged 0-4. Georgia is a national leader with its pre-k program for 4-year-olds. The governor wants options on what we can do to improve the welfare of younger children as well. Monica Herk, Laura Henderson and Henry will be helping the state consider these options.

Georgia needs good education data on students and schools on which to base future decisions. I am co-chairing a committee to help make sure this data will exist.



THOMAS OFFERS ANOTHER POLICY VIEW

Jeanie Thomas shows how practicing policy advisors have strengthened and enriched the programs and experiences of students at AYSPS. After 20 years of working in policy research for the state, Thomas joined the Fiscal Research Center at AYSPS in 1997 to help match faculty with Georgia's administrative and legislative opportunities.

After Perdue's victory, Thomas was invited by the governor-elect and Hank Huckaby, Perdue's budget advisor (and the first director of the AYSPS Fiscal Research Center), to be one of four people assisting the governor-elect in preparing the budget for his first legislative session. After his term began, her policy work shifted to its current focus.

"As always, it is the new people and issues that make the work most satisfying," says Thomas. "One of the most interesting experiences this first session was our work on the 'water bill' (HB 237), the legislature's first effort to establish statewide water resource planning and management. It was a pleasure to work with colleagues from the Georgia Water Planning and Policy Center at AYSPS and Albany State, who were important resources for our office and the legislators throughout this process.

"I am very appreciative of my roots at AYSPS and how much this resource continues to support Georgia's government. There is much to be done, and lots of talent and good research at AYSPS to support our policy work at the state!"

Finally, Georgia needs to augment its k-12 accountability system to align it with the mandated federal initiative, "No Child Left Behind." These are the biggest issues I will be working on over the summer.

How were you chosen to advise the Governor?

Scafidi: Before advising the Perdue administration, I worked with Henry and Ross Rubenstein for two years, staffing Gov. Barnes's Education Reform Study Commission. Gov. Perdue's staff used findings from my

research on accountability and flexibility in his "Major Education Plan."

After the election, it became clear that the Perdue administration wanted me on loan – full-time. I started working for the governor on January 6.

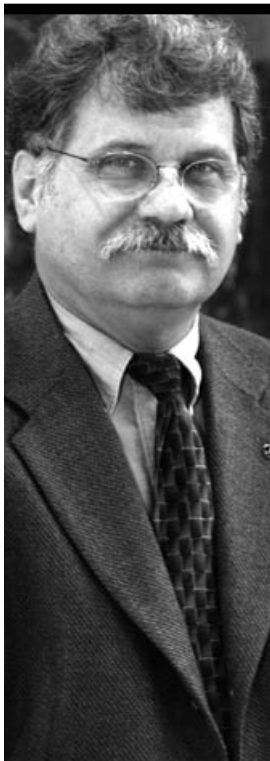
Describe what it is like to work as a policy advisor for a sitting governor.

Scafidi: It has been very exciting and very exhausting. I have learned a lot about the policy process, interest groups, the legislature, etc. Professors work very hard, but working for the

governor is different; if something does not get done in the next 30 minutes, it is too late to get it done. You cannot plan your day.

What will your experience bring to the Andrew Young School?

Scafidi: I am glad I took this position. The experience has been invaluable, fun and exhausting, but I look forward to coming back to AYSPS soon. This experience will improve both my teaching and my research.



"Terrorist attacks may occur despite our best efforts to prevent them," says Bill Waugh. "Therefore, increasing capacities to respond to and recover from such disasters, particularly at the community level where they typically occur, is critical."

Waugh's research examining Homeland Security efforts and the National Emergency Management Network, "Organizing for the War on Terrorism," was reported on in *The Briefing* (Research Issue 2002). A year later, Waugh continues to make significant contributions to the academic literature on the inter-organizational, intergovernmental and inter-sector (public/nonprofit/private) issues involved in reducing the threat of terrorism and recovering from terrorist attacks.

"Currently I am working on a book focusing on the nature of the 'new terrorism' and how communities can best prepare to deal with the threat. It is an expansion of my earlier book *Terrorism and Emergency Management* (1990) and builds upon the work I am doing on local capacity-building," he reports.

His research, "The Global Challenge of the New Terrorism" came out in the *Journal of Emergency Management* this spring, "NGOs, Homeland Security, and the National Emergency Management Network" will be published in *Public Organization Review* this year, and "Securing Mass Transit: The Challenge to Homeland Security" will be in the *Review of Policy Studies* later this year as well. "All will flow into the book I am working on," says Waugh.

Waugh is a member of the national commission that oversees the Emergency Management Accreditation program for state and local emergency management agencies.

He is involved in a new study series at the University of Georgia's Center for the Study of the County on the role of counties in policy areas such as Homeland Security and terrorism.

He is co-editing with Kathleen Tierney, director of the Natural Hazards Center at the University of Colorado, an International City/County Management Association "green book" on emergency management and Homeland Security that will assist city and county officials in the U.S. and Canada in designing, implementing and operating programs to deal with natural and technological hazards and disasters. Green books are also used as textbooks in M.P.A., planning and other academic programs.

Examining the War on Terrorism

related reading

Waugh, William. "Valuing Public Participation in Policy-making." *Public Administration Review* 62 (2002): 281-284.

_____, with Richard Sylves. "Organizing the War on Terrorism." *Public Administration Review* Special Issue (2002): 145-153.

Georgia's civil service reforms under review

In the mid-1990s, Georgia altered its civil service law and human resource management systems. Two key elements in these reforms – *GeorgiaGain* and Act 816 – provided state supervisors a new set of performance management tools and systematically eliminated the civil service code for all state employees hired after July 1, 1996. “They essentially created an “at-will” employment status for state employees and greatly decentralized and deregulated the HRM system of the state,” said Lloyd Nigro, chair of the Department of Public Administration and Urban Studies.

After deciding to review the true impact of these reforms, Nigro and J. Edward Kellough of the University of Georgia conducted a survey of State of Georgia employees during the first quarter of 2000. Their paper, “Civil Service Reform in Georgia,” reports on the attitudes, feelings and perceptions of state employees about the key elements of these reforms. They have presented their findings at the national conferences of the American Society for Public Administration and American Political Science Association and were published in the *Review of Public Personnel Administration*.

The research was targeted to determine if state employees hired under the terms of Act 816 were more likely to be supportive of Georgia's new HR policies and practices than those who entered the system prior to the 1996 reforms. “We were interested in seeing if the 2000 data suggested in any clear way that the designers of *GeorgiaGain* and the advocates of Act 816 might have reason for long-term optimism about the prospects for achieving their goals,” they write.

“HR reforms such as these,” said Nigro, “are attempted to address attitudes and behaviors commonly associated with performance and responsiveness ‘problems.’ Georgia's reforms were intended to build a

new workforce, to set new attitudinal and behavioral levels.”

What their survey found, particularly with *GeorgiaGain*, was that state employees were highly critical of the way the reform had operated. “Many were suspicious of the motives of those who advocated these reforms,” they wrote. “These findings were not encouraging, although not entirely unexpected given the anecdotal evidence of widespread dissatisfaction existing before the survey was done.” They also found that state employees' perceptions of Act 816 had little of the desired impact on agency performance.

Their findings suggest that state workers are not convinced civil service reforms have done much, if anything, to improve human resources practices or performance.

Nigro and Kellough treated the 2000 data as merely suggestive; they feel the jury is still out. “A follow-up survey of the state workforce is needed if substantial conclusions about the effects of civil service reform in Georgia are to be reached,” they wrote. “Keeping close tabs on trends in employee perceptions ... over the next two or three years should provide the information needed to reach some firm conclusions about the likelihood that Act 816 will achieve its authors' purposes, in whole or in part.”



Nigro, with his father Felix A. Nigro, has authored two widely read textbooks on public administration, *Modern Public Administration* (Harpercollins) and *The New Public Personnel Administration* (F.E. Peacock), which was given a four-star rating at Amazon.com. Currently, he and Kellough are editing a book for SUNY Albany Press on civil service reform in the states.

www.andrewyoungschool.org

related reading

Nigro, Lloyd, with J. Edward Kellough. “Pay for Performance in Georgia State Government: Employee Perspectives on Georgia Gain After 5 Years.” *Review of Public Personnel Administration* 22(2) (2002): 146-166.

_____. “The Reform Agenda: Where Do We Go From Here?” *Public Personnel Administration: Problems and Prospects*, 4th ed., Steven Hays and Richard Kearney (eds.), 367-378. Prentice Hall, 2002.

Exploring the role of perception in governance

Christine Roch believes an understanding of customer satisfaction plays an important role in a democracy. Not in the commercial sense, but certainly when social services, “inherently governmental services,” are provided by a private agency.

“A growing number of government reforms extend accountability to a broader structure of governance,” says Roch, an assistant professor of public administration and urban studies. “Citizen satisfaction with these policies and services is often linked to the performance of non-elected officials. So where does the buck stop? What implications do these reforms have for our citizens? Where do they take their complaints – or their votes?”

Her current research examines these implications. In “What do They Know and Who do They Hold Accountable: Citizens in the Government-Nonprofit Contracting Relationship,” Roch and David Van Slyke fill a gap in the research about the relationships between the changing government service delivery and citizen satisfaction.

“We focus on the mistakes people make when they try to identify a service provider. We found that citizens expect better service from nonprofits: when they are unhappy, they are more likely to identify the provider as a government. Public managers need to do a better job of ‘branding’ the provider so good performance by government is not incorrectly attributed to nonprofit organizations. It would also prevent

poor performance by nonprofits from being attributed to government,” she said.

In “Using Citizens’ Judgments as an Accountability Mechanism in Democratic Governance: Considering the Role of Trust and Impersonal Influence,” Roch focuses on the difference between a person’s perception of personal and collective experiences with services. “Research in the area of service satisfaction has not considered the differing roles these perceptions may play in accountability and governance. Trust plays a critical role – as its influence grows, we see a decline in the degree of the potential bias in citizens’ political judgments.”

www.andrewyounschool.org

“We found that citizens expect better service from nonprofits: when they are unhappy, they are more likely to identify the provider as a government.”

CHRISTINE ROCH



Will Atlantans support a tax for the arts?

The vision: "Arts and culture will be recognized as defining elements of the quality of life in the Atlanta region." The challenge: to find a sustainable, regional funding mechanism that will work to make this diverse, culturally polarized metropolitan area a premier center for the arts. The Metro Atlanta Chamber of Commerce's Task Force on the Arts, charged with developing a common vision and action plan for advancing the arts throughout the region, commissioned Research Atlanta to study what other comparable metro areas have done to meet this challenge.

"Many cities in the U.S. use some percentage of an 'earmarked' revenue source, a part of a retail sales tax or property or hotel/motel tax devoted exclusively to arts funding," says Michael Rushton, associate professor of public administration and urban studies. "It is seen as a way to ensure stable funding, hopefully increasing the cultural profile of the city. It is important to look at the experiences of

other cities to see what Atlanta can learn as its regional leadership considers whether to establish an arts funding mechanism here."

Rushton produced "Sustainable Funding for the Arts: Earmarked Taxes and Options for Metropolitan Atlanta" for Research Atlanta with research assistance from AYSPS graduate student Teresha Freckleton-Petite. In his analysis of the experiences in 10 comparable cities, Rushton offers lessons and additional questions for Atlanta.

Considerations Rushton presented include whether earmarking taxes, in general, is good public policy and how the three tax bases compare. Georgia's main experiences with earmarked revenues have been lottery funding for education and



Giving in the lab

Are the people who are more altruistic in lab experiments also more likely to make more charitable contributions in their natural environment, away from the lab? Laura Taylor and Susan Laury, AYSPS research faculty and experimental lab specialists, examine this question in their paper, "Altruism Spillovers: Does Laboratory Behavior Predict Altruism in the Field?" which they will present at the 2004 meeting of the American Economics Association in San Diego, California.

"There is a growing body of research on altruism that is based on the assumption that the answer is 'yes,'" says Taylor. "Yet a frequent criticism about using lab experiments to test economic hypotheses about charitable giving is that a context-free environment is sterile; it may have little relevancy for 'naturally occurring' markets and behaviors that are much more complex. We are attempting to determine whether behavior in the lab is predictive of behavior in the field."

After running preliminary lab experiments, the first context-free and the second context-specific, Taylor says the findings were a surprise. In the first test, subjects were given "endowments" in tokens and were asked to make decisions on how those tokens were used, either for private consumption or "invested" in a public good that would benefit the contributor and the group. Subjects were then paid in cash for earnings they accrued as a result of their choices. In the second experiment, which immediately followed the first, the same subjects were asked to use their earnings to make a contribution to a naturally occurring local public good.

"Our preliminary results suggest that, contrary to our expectations, the people who were more likely to be generous and altruistic in a neutral lab setting, where their earnings were tokens that would be converted to money, were less likely to let go of their earnings when they were in cash. Subjects who behaved more altruistically in a context-free experiment were significantly less likely to contribute to the naturally occurring local public good," said Taylor.

The implications for these findings have sent Laury and Taylor back to the lab to test the robustness of their results. "If the results remain robust, experimental economists may need to rethink what we have learned from laboratory experiments about altruism, fairness and equity," said Taylor.

gasoline taxes for transportation infrastructure. To successfully sell a tax earmarked for the arts, he wrote, it is important to show how public interest is served. He identifies challenges presented by metro Atlanta's geography and cultural diversity, and suggests options for administering the fund allocation.

"When new taxes are earmarked for a particular purpose, like education," says Rushton, "we have seen strong voter approval for their implementation and their renewal. By identifying how public interest is served, a similar case can be made for the arts."

Whether that support would be found in metro Atlanta depends on a number of factors, he wrote. "There needs to be a precise articulation of public interest in the arts, as well as a criteria for funded projects. Defining this public interest will require some consensus-building across cultural groups. This is a challenge, but it has been done elsewhere. The different cultural communities of Atlanta could benefit in many ways from a discussion of our common interest in preserving, experiencing and enhancing our cultural life."

related reading

Rushton, Michael. "Political Oversight of Arts Councils: A Comparison of Canada and the United States." *International Journal of Cultural Policy* 8(2) (2002): 153-165.

_____. "Cultural Diversity and Public Funding of the Arts: A View from Cultural Economics." *Journal of Arts Management, Law & Society*, (forthcoming).

Using experimental research to understand fundraising practices

Charitable giving in the United States totaled \$212 billion in 2001, just above 2 percent of Gross Domestic Product, as reported in *Giving USA*. Giving trends mirrored the economy's slower growth, rising less than half a percent in 2001 compared to six percent in 2000. Competition for this limited resource has led fund-raising institutions, like businesses, to seek strategic ways to improve their growth.

In looking at the research used to determine factors that influence charitable giving, Ragan Petrie (below, left), an assistant professor in economics, and co-author James Andreoni, at the University of Wisconsin, spotted a discrepancy in the practice of fund-raising versus a common research practice in experimental economics. Public goods researchers tend to protect the confidentiality of their subjects, when in reality fund-raising institutions often identify donors and gifts.

Andreoni and Petrie examined this contradiction and found that a better understanding of real practice suggested a broad set of new questions for economic researchers: did the practice of fund-raising – or its research – return more effective results?

For "Public Goods Experiments without Confidentiality: A Glimpse into Fund-Raising" Andreoni and Petrie show how revealing the actions and the identity of the actor affect giving. They found that two conditions mimicking common fund-raising practices had the most dramatic influence on giving behavior. "Giving donors the option to remain anonymous increased contributions to their highest level," say Andreoni and Petrie. "Categories, or levels of giving, affected contributions by significantly shifting their distribution."

These findings suggest that in fund-raising research, better information can be gained by shifting the research toward understanding individual preferences, social effects and the institutions designed to take advantage of them. "The effects that economists factor out of their experiments and out of their models may be the very effects that fund-raising institutions may be using to help overcome free-riding and promote efficiency," Andreoni and Petrie say. "Indeed, this research could be seen as a first step at collecting the kind of information that may be useful to inform a theoretical model of fund-raising practices."

related reading

Petrie, Ragan, with James Andreoni and Marco Castillo. "What Do Bargainers' Preferences Look Like? Experiments with a Convex Ultimatum Game." *American Economic Review* 93(3) (2003): 627-685.

_____, with James Andreoni. "Public Goods Experiments Without Confidentiality: A Glimpse Into Fund-Raising." *Journal of Public Economics* (forthcoming).

466 students participated in the experimental lab last year.





SOCIAL POLICY

Faculty members with expertise in social policy include (L to R) Monica Herk, director, Child Policy Initiative; Judith Ottoson, associate professor of public administration and urban studies; Paula Stephan, professor of economics; Karen Minyard, director of the Georgia Health Policy Center; Julie Hotchkiss, associate professor of economics; Laura Henderson, research associate; Mary Ann Phillips, project director, GHPC; Tina Anderson Smith, rural health systems developer, GHPC; Erdal Tekin, assistant professor of economics (not pictured)

The school's social policy teaching and research focus on health policy, science and technology, labor market issues, the effects of social reforms and the determinants of crime.

The **Georgia Health Policy Center** raises the health status in communities by developing recommendations and implementation strategies to improve health care quality, access and cost. Through research, policy development and program design and evaluation, center staff, university faculty and representatives of collaborating organizations assist in the formulation of health care policy at the state and national levels.

Recent projects have addressed children's health and well-being, long term care, rural and community health system development, public and private insurance coverage and policy development, evaluation, and program implementation efforts with the Department of Community Health, Division of Medical Assistance. Several other initiatives include evaluation projects related to fire and fall prevention, school health leadership, diabetes and public health worker training.

Through its **Child Policy Initiative**, the Center has expanded its focus to address children's policy issues beyond health care. GSU's new interdisciplinary **Public Health Institute** draws upon the staff expertise within the GHPC in program evaluation, health policy and health economics.

Graduate students are often employed to work on evaluation projects, where they are exposed to the nuts and bolts of research on social policies. They are taught skills that will help them to better judge a program's effectiveness and to encourage refinements and improvements to social policies that impact health and education.

To get more information on the social policy faculty experts and research programs at AYSPS, go to www.andrewyoungschool.org.

CLARIFYING THE DEBATE ON

Guns, drugs and juvenile crime

Many people recognize the bumper sticker slogan introduced in the 1980s: “Guns don’t kill people. People kill people.” More than 20 years later, “the link between gun ownership and criminal activity is still hotly contested,” writes Erdal Tekin (with Naci Mocan) in “Guns, Drugs and Juvenile Crime: Evidence from a Panel of Siblings and Twins.” He uses a nationally representative panel data set of high school students, with an oversampling of siblings and twins, to investigate the impact of gun availability at home and drug use on robbery, burglary, theft and damaging property for juveniles.

In all the research, empirical evidence on the impact of gun ownership on crime is mixed, he says. Tekin, an assistant professor of economics, cites several of these studies in his paper. “Despite the strong evidence that drug use and criminal activity are positively correlated, the causal impact of drug use on crime has not been conclusively established.”

Tekin focused his research on youth, he says, because the extent of the relationships between guns and crime and drugs and crime has not been identified at that age. “An investigation into the factors that determine juvenile crime is important because of this activity’s high social costs and the implications it has for the future well-being of any person who participates in illegal activities early in life.”

Most research on gun/crime relationships in studies cited by Tekin in this report relies on aggregate data on crime rates at the state or county level. He identifies the main shortcoming of this research as the measurement of gun ownership or availability, which previous studies have estimated by using various proxies. In Tekin’s study, each respondent

“By looking at a more representative set of data, our analysis provides a clearer picture regarding the pathways through which gun ownership and drug use may impact juvenile crime.”

ERDAL TEKIN

provided information on gun availability and delinquent behavior.

“It is very difficult to isolate all factors that may influence crime using aggregate data. The individual-level data set we used allowed us to directly test whether gun availability induces juveniles to commit more crime,” writes Tekin. “Using other information provided by the same individuals in the data set, we could test whether gun availability has an impact on juveniles’ crime victimization.”

Using fixed-effects models on siblings and twins, Tekin’s results show

that gun availability at home increased the propensity for juveniles to commit robbery, burglary and theft by three percentage points, but it had no impact on damaging property. He found no support for the hypothesis that gun availability decreases the propensity for being victimized. “In fact, the results show that having access to guns increases the probability of a juvenile being cut or stabbed, or threatened with a gun or a knife,” he said. On the subject of drugs, Tekin’s investigation revealed that juveniles injecting drugs have an increased probability of committing robbery, burglary and theft and creating property damage by 70 to 200 percentage points. The impact of cocaine, inhalants and other drugs increased this probability by up to 60 percentage points.

Although national discourse on the place of guns in a free society will most definitely rage on, Tekin is confident that his research has added some clarity to the debate. “By looking at a more representative set of data,” says Tekin, “our analysis provides a clearer picture regarding the pathways through which gun ownership and drug use may impact juvenile crime.”



related reading

Tekin, Erdal, with Naci Mocan. “Nonprofit Sector and Part-Time Work: An Analysis of Employer-Employee Matched Data of Child Care Workers.” (NBER Working Paper No. 7977) *The Review of Economics and Statistics* 85(1) (2003): 38-51.

_____. “Child Care Subsidies, Wages, and Employment of Single Mothers.” (Institute for the Study of Labor [IZA] Working Paper No. 517, June 2002).

Who is winning the race for talent?



“Target knowledge-intensive industries,” “knowledge is the creator of jobs and wealth in this country,” “investment will flow to those locations with large pools of educated and entrepreneurial talent.” An Internet search through chamber of commerce and other economic-development driven Web sites reveals just how important highly educated talent has become. States and metros are spending millions of dollars in their race to develop and attract highly educated talent.

When promoting their advantages, many locations talk about the strength of their local universities by R&D expenditures and numbers of graduates. Paula Stephan's data shows that these measures are not that closely related. Her new findings are offered in the paper, “Firm Placements of New Ph.D.s: Implications for Knowledge Spillovers,” co-authored with Albert Sumell, Grant Black and James Adams. Stephan (above), Sumell and Black are a professor of economics, a Ph.D. student and a research economist at AYSPS, respectively. Adams is a professor of economics at the University of Florida. Their research, presented in April at CNRS-IDEFI, is forthcoming in the *Economic Development Quarterly*.

“Where students in science and engineering go after they graduate is one of the most important ways knowledge is transmitted from the public sector to the private,” said Stephan. “Yet little had been done to document and analyze knowledge spillovers, partly because of the paucity of data tracking the movement of these students.”

Stephan's team addressed this deficiency by analyzing human resource data on private placements of recent Ph.D. graduates in the U.S. drawn from the National Science Foundation. The NSF's Survey of Earned Doctorates offered newly created information on their placement with private firms, she said. The results offer a first look at mapping knowledge spillovers by showing where this talent goes.

Computer scientists and engineers were most likely to head to industry, and industry was most likely to hire engineers, they report. Yet they found the correlation between a location's R&D rank and hiring rank far from perfect; the location of Ph.D. hires followed a different regional distribution than that of R&D expenditures. “When we compared region of training with region of employment, there were significant outflows of talent from the Midwest into the Pacific and Northeast regions,” said Stephan.

Their findings at the metropolitan statistical level showed a greater connection than at the state level for where talent was trained and where they located. Stephan said there are many questions left to be looked at, and the paper makes clear the limitations of the exploratory nature of their study. Yet it takes a first step toward demonstrating that private job placements provide new insights into who reaps the benefits of public spending on Ph.D.s.

“Our research informs the discussion concerning the role geography plays in innovation,” said Stephan. “It appears that knowledge sources, as measured by industrial hires of newly minted Ph.D.s, are concentrated in different states than the data on university R&D centers would suggest.”

related reading

Stephan, Paula. “Using Human Resource Data to Illuminate Innovation and Research Utilization.” *Using Human Resource Data to Track Innovation*, Stephen Merrill and Michael McGeary (eds.). Washington, D.C.: National Academy Press, 2002.

_____, with Sharon Levin. “The Importance of Implicit Contracts in Collaborative Research.” *The New Economics of Science*, Philip Mirowski and Esther-Mirjam Sent (eds.). University of Chicago Press, 2002.

_____, and Grant Black, with James Adams and Sharon Levin. “Survey of Foreign Recipients of U.S. Ph.D.s.” (Letter to the editor), *Science* 295 (2002): 2211-2212.

Pilot program tackles juvenile health and justice

AYSPS has been called to lend its policy expertise to the MacArthur Foundation's Comprehensive Systems Change Initiative. The foundation is leading a national effort to improve the conditions of troubled adolescents who end up in the courts. Monica Herk, director of the Child Policy Initiative, is working with the State of Georgia on this initiative to develop a pilot project to better identify youths with mental health disorders who are coming before the juvenile courts. The aim is, where appropriate, to divert these youths into treatment rather than placement in the juvenile detention system.



“We have to decide what a better option is for our youth-at-risk. Many in our juvenile justice system have psychiatric conditions that more than likely contributed to their coming before the court or that may interfere with their rehabilitation.”

MONICA HERK

A study of juvenile detainees in the *Journal of the American Academy of Child and Adolescent Psychiatry* found that only 34-40 percent of those with diagnosed disorders had received earlier services. In the same issue, another study on a community of adolescents reported that less than half of those with diagnoses of depressive disorders ever received mental health services, as did less than two-thirds of those with disruptive disorders. “This is a nationwide issue,” said Herk. “Lots of children with mental health diagnoses act out and end up in the courts. In Georgia, too often they’re thrown into the juvenile detention system.”

Herk said the MacArthur Foundation project is structured to find a way to divert these young people out of the juvenile system and into treatment. The foundation has funded a three-initiative approach: Knowledge Synthesis, Development and Application; Comprehensive Systems Change; and Policy Development. The overall goal is to provide a national clearinghouse for information on the latest activities, research findings and products in this area to help guide local practices and policy.

Georgia is using its grant to design a pilot program that will catalyze comprehensive systems change. The goal is to find ways to keep adjudicated youths with mental disorders in the community and use residential options only for those who are appropriately screened and assessed. Herk is working with a team of experts from the Department of Human Resources and Department of Juvenile Justice, Juvenile Court judges, service providers and advocates. She has brought in other GSU faculty to help the larger team with design and evaluation of the pilot program.

The aim is to design the pilot program by the end of the year. “We have to decide what a better option is for our youth-at-risk. Many in our juvenile justice system have psychiatric conditions that more than likely contributed to their coming before the court or that may interfere with their rehabilitation. For those youth, access to appropriate treatment will only improve their chance for successful outcomes,” says Herk.

The Child Policy Initiative provides applied research and analysis of child policy issues relevant to Georgia. Current areas of focus are children’s health, child care and early education, and child protective services.

www.gsu.edu/~wwwghp

Atlanta Federal Reserve draws on AYSPS expertise

Professor Julie Hotchkiss, who specializes in labor economics and applied econometrics, has taken a year's leave to work as a research economist and associate policy advisor at the Federal Reserve Bank of Atlanta.



While there, Hotchkiss said she will examine worker and establishment flows across state boundaries. The final research agenda was developed with John Robertson, assistant vice president and the Regional Research team leader and Melinda Pitts, a former AYSPS faculty member who is now a policy advisor in the Federal Reserve's research department.

The Fed tapped Hotchkiss to bring her unique experience in using the state administrative data necessary for exploring this topic. "Markets function better when workers and capital can flow easily across state lines; this research will yield some insight about the nature of these flows across the business cycle," she said.

Robertson noted that their objective is to enable policymakers to learn more about what industries are expanding or contracting, as well as how different sectors attract workers to facilitate expansions and what happens to workers in specific industries when a sector is contracting. "This type of information will allow both regional and national policymakers to better assess the likely effects on

regional economic development of alternative policy strategies," he said. "We are thrilled to have Julie bringing her expertise using state-level UI administrative (ES202) data to the project."

Hotchkiss posed some research questions related to their main research agenda to reveal just how challenging this work will be:

- Where do workers go when an establishment shuts down or an industry contracts? The answers will tell us about a state's vulnerability to economic downturns and whether other industries absorb the job losses from one industry.
- What happens to workers' wages when an establishment shuts down or an industry contracts? The answers will tell us about the welfare of workers through changes in a state's economic base and in what direction the state is headed regarding attractiveness of jobs in that state.
- Where do workers come from when a new establishment opens or when an industry expands? These answers will tell us about a state's capacity to facilitate economic growth.
- Tracing overall employment dynamics (i.e., births, deaths, expansions, contractions) across states and industries will also yield some insight as to how strong a regional component exists in these dynamics. Are industry employment cycles contained within state borders, or are the same dynamics within an industry felt across the region?

related reading

Hotchkiss, Julie, with Christopher King and Peter Mueser. "Determinants of Welfare Exit and Employment." *Welfare Reform in Six Metropolitan Areas*, Christopher King and Peter Mueser (eds.). Monograph in progress.

_____, with M. Melinda Pitts. "At What Level of Labor Market Intermittency are Women Penalized?" *American Economic Review Papers and Proceedings* (forthcoming).

_____, Robert E. Moore and Stephanie Zobay. "Impact of the 1996 Summer Olympic Games on Employment and Wages in Georgia." *Southern Economic Journal* (forthcoming). Zobay is a 2002 AYSPS graduate with a Ph.D. in economics.

GHPC improving the status of the uninsured through collaboration

The Georgia Health Policy Center is working with the state to develop a strategic plan for substantially reducing the number of uninsured citizens in Georgia. GHPC is a member of the team working on the Georgia Healthcare Coverage Project, formed to administer one of 32 State Planning Grants for the Uninsured awarded by the U.S. Department of Health and Human Services.

GHPC was tapped to direct the multidisciplinary team that collected and analyzed all data. "This work forms the informational foundation for the grant," said Glenn Landers, the senior research associate who is managing this work under the direction of Karen Minyard, Center director.

Members of the data collection and analysis team designed and directed a survey of more than 7,000 Georgia employers on the health insurance options they do or do not offer their employees; directed the analysis of a survey of more than 10,000 Georgians on their health insurance status and views; and designed and directed a series of focus groups around the state to gather information on the views of Georgia's citizens and small employers on how to deal with the uninsured in Georgia, according to Landers. Key leaders including elected officials, states administrators, providers and insurers were also interviewed so that the team could begin to understand how to best transform the collected data into effective policy.

"But one of the more interesting aspects of this particular project is the degree of collaboration with other colleges within GSU, other universities and state agencies at so many levels," Landers said. "We were able to draw on staff from all GHPC program areas, and students helped with data input. We collaborated with staff from the Center for Health Services Research and the Department of Risk Management and Insurance at GSU's Robinson College of Business, Emory University's School of Public Health and the National Center for Primary Care



“...one of the more interesting aspects of this particular project is the degree of collaboration with other colleges within GSU...”

GLENN LANDERS

at the Morehouse School of Medicine. We also collaborated with five key state offices and departments.”

The data revealed that access to health insurance is a problem that impacts people at every income level, race, ethnicity and age. “The next step is to share information, policy options and cost estimates on the uninsured with policymakers. From there, we will build solutions that are tailored to Georgia and have broad stakeholder support and investment. “For a look at the reports detailing GHPC’s work and findings on the uninsured, go to www.insuringgeorgia.org.

In other news, the Networks for Rural Health program of GHPC was selected from more than 300 nominations to be highlighted as a Model for Practice in the Texas A&M University project, “Rural Healthy People 2010: A Companion Document to Healthy People 2010.” For more information on GHPC’s research and programs, go to the Health Policy tab at www.andrewyounghschool.org.

Georgia State University
Andrew Young School
of Policy Studies
The Briefing
Research Issue – 2003

The Office of the Dean publishes
The Briefing three times a year for
alumni, friends, faculty and staff of
the Andrew Young School of Policy
Studies, Georgia State University,
University Plaza, Atlanta, GA
30303-3083.

Georgia State University, a unit
of the University System of
Georgia, is an equal opportunity
educational institution and is an
equal opportunity/affirmative
action employer.

Carl V. Patton
President
Georgia State University

Ron Henry
Provost and Vice President
of Academic Affairs

Roy W. Bahl
Dean

Robert E. Moore
Associate Dean

Avani Raval
Associate to the Dean

Jennifer French Echols
Editor

Meg Buscema
Ryan Blakey
Jessica Taylor
Paul Benson
Angela Todd
Photographers

Cynthia Blasdel
College Web Coordinator

For more information on
the Andrew Young School,
contact us at:
Phone: 404-651-3990
Fax: 404-651-3996
E-mail: ayspswebmaster@gsu.edu
Web: www.andrewyoungschool.org

James R. Alm
Ph.D., University of Wisconsin, Madison
jalm@gsu.edu
Public budgeting and finance

Jay P. Bae
Ph.D., University of California, Los Angeles
prcjb@langate.gsu.edu
Health policy

Roy Bahl
Ph.D., University of Kentucky
rbahl@gsu.edu
Public budgeting and finance

Grant Black
Ph.D., Georgia State University
gblack@gsu.edu
Economics of science, technology and innovation

Jamie Boex
Ph.D., Georgia State University
lboex@gsu.edu
Intergovernmental fiscal relations

Carolyn Bordeaux
Ph.D., Syracuse University
padcb@langate.gsu.edu
Public finance, urban policy and governance

Richard Charles
Ph.D., Georgia State University
rcharles@gsu.edu
Aviation management

James P. Cooney Jr.
Ph.D., University of Minnesota
alhpc@langate.gsu.edu
Health policy

Ronald G. Cummings
Ph.D., University of Kansas
rcummings@gsu.edu
Environmental policy

Kelly D. Edmiston
Ph.D., University of Tennessee
prckde@langate.gsu.edu
Public budgeting and finance

Robert J. Eger III
Ph.D., University of Kentucky
reger@gsu.edu
Public financial management

Alan Essig
M.P.A., State University of New York, Albany
prcade@langate.gsu.edu
State legislative process

Paul G. Farnham
Ph.D., University of California, Berkeley
ecopgf@langate.gsu.edu
Health policy

Paul J. Ferraro
Ph.D., Cornell University
pferraro@gsu.edu
Environmental policy

Shelby Frost
Ph.D., University of Colorado
sfrost@gsu.edu
Environmental policy

Atef A. Ghobrial
Ph.D., University of California, Berkeley
aghobrial@gsu.edu
Aviation management

Shiferaw Gurmu
Ph.D., Indiana University
prcsg@langate.gsu.edu
Econometrics

Carol D. Hansen
Ph.D., University of North Carolina
chansen@gsu.edu
Human resource development

Amy Helling
Ph.D., Emory University
ahelling@gsu.edu
City management/urban policy

Laura Henderson
Ed.D., University of Michigan, Ann Arbor
lhenderson@gsu.edu
Education policy/evaluation

Gary Henry
Ph.D., University of Wisconsin
arcgth@langate.gsu.edu
Education policy/evaluation

Monica Herk
Ph.D., Princeton University
alhmh@langate.gsu.edu
Child care policy

John Hogan
Ph.D., Syracuse University
jhogan@gsu.edu
Finance

Julie L. Hotchkiss
Ph.D., Cornell University
jhotchkiss@gsu.edu
Labor economics

Janet L. Johnson
Ph.D., University of Wisconsin, Madison
padjljx@langate.gsu.edu
Human resource economics

Bill Kahnweiler
Ph.D., Florida State University
wkahnweiler@gsu.edu
Human resource development

Bruce E. Kaufman
Ph.D., University of Wisconsin
ecobek@langate.gsu.edu
Labor economics

Claudia A. Lacson
M.P.H., University of South Carolina
M.D., Universidad Javeriana, Bogotá, Colombia
alhci@langate.gsu.edu
Health policy

Glenn M. Landers
M.B.A., Georgia State University
alhgmi@langate.gsu.edu
Health policy

Susan K. Laury
Ph.D., Indiana University
slaury@gsu.edu
Experimental economics

Gregory B. Lewis
Ph.D., Syracuse University
glewis@gsu.edu
Public administration

Deon Locklin
M.Ed., Auburn University
dlocklin@gsu.edu
Organizational leadership development

Jon Mansfield
Ph.D., Georgia State University
Jon.Mansfield@gsu.edu
Economics

Jorge Martinez-Vazquez
Ph.D., Washington University
jorgemartinez@gsu.edu
Public budgeting and finance

Deborah McCarty

J.D., Georgia State University
 prcdm@langate.gsu.edu
 City management, urban policy

Karen J. Minyard

Ph.D., Georgia State University
 kminyard@gsu.edu
 Health policy

Robert E. Moore

Ph.D., Cornell University
 rmoore@gsu.edu
 International economics

Harvey K. Newman

Ph.D., Emory University
 hnewman@gsu.edu
 City management/urban policy

Lloyd G. Nigro

Ph.D., University of Southern California
 padlgn@langate.gsu.edu
 Public administration

Nancy Norton

Ph.D., West Virginia University
 nanorton@asurams.edu
 Environmental and natural resource economics

Virgil Norton

Ph.D., Oregon State University
 vjnorton@asurams.edu
 Agricultural and resource economics

Judith M. Ottoson

Ed.D., Harvard University
 judithottoson@gsu.edu
 Health policy/public administration

Ragan Petrie

Ph.D., University of Wisconsin
 rpetrie@gsu.edu
 Environmental and resource economics

Mary Ann Phillips

M.P.H., University of North Carolina, Chapel Hill
 alhmap@langate.gsu.edu
 Health policy

Ted Poister

Ph.D., Syracuse University
 padthp@langate.gsu.edu
 Public administration

Mark Rider

Ph.D., Georgia State University
 mrider@gsu.edu
 Public finance

Felix K. Rioja

Ph.D., Arizona State University
 prcfkr@langate.gsu.edu
 Macroeconomic policy

Mark D. Rivera

Ph.D., DePaul University, Chicago
 mdrivera@gsu.edu
 Evaluation research

Christine Roch

Ph.D., State University of New York,
 Stony Brook
 padchr@langate.gsu.edu
 City management/urban policy

Glenwood Ross

Ph.D., Georgia State University
 prcgr@langate.gsu.edu
 Urban economics

Ross H. Rubenstein

Ph.D., New York University
 rrubenstein@gsu.edu
 Public budgeting and finance

Michael Rushton

Ph.D., University of British Columbia
 michaelrushton@gsu.edu
 Cultural economics and policy

Benjamin P. Scafidi Jr.

Ph.D., University of Virginia
 prcbps@langate.gsu.edu
 City management/urban policy

Bruce A. Seaman

Ph.D., University of Chicago
 ecobas@langate.gsu.edu
 Cultural economics

David L. Sjoquist

Ph.D., University of Minnesota
 sjoquist@gsu.edu
 Public budgeting and finance

Tina Anderson Smith

M.P.H., Emory University
 alhtas@langate.gsu.edu
 Health policy

Charlotte Steeh

Ph.D., University of Michigan
 arccgs@langate.gsu.edu
 Survey research

Paula E. Stephan

Ph.D., University of Michigan
 pstephan@gsu.edu
 Economics of science

Neal E. Stockmyer

M.H.A., Baylor University
 M.A. (Management), Webster University
 nstockmyer@gsu.edu
 Health policy

Greg Streib

Ph.D., Northern Illinois University
 gstreib@gsu.edu
 City management/urban policy

Laura O. Taylor

Ph.D., North Carolina State University
 prclot@langate.gsu.edu
 Environmental policy

Erdal Tekin

Ph.D., University of North Carolina, Chapel Hill
 prcete@langate.gsu.edu
 Labor economics

Jeanie Thomas

M.A., Georgia State University
 prcjt@langate.gsu.edu
 Public budgeting and finance

John Clayton Thomas

Ph.D., Northwestern University
 jctomas@gsu.edu
 City management/urban policy

Geoffrey Turnbull

Ph.D., University of Wisconsin-Milwaukee
 gturnbull@gsu.edu
 Urban and real estate economics

Neven Valev

Ph.D., Purdue University
 nvalev@gsu.edu
 Macroeconomic policy

David Van Slyke

Ph.D., State University of New York, Albany
 dvanslyke@gsu.edu
 Not-for-profit management

Mary Beth Walker

Ph.D., Rice University
 prcmbw@langate.gsu.edu
 Econometrics

Sally Wallace

Ph.D., Syracuse University
 prcsxw@langate.gsu.edu
 Public budgeting and finance

William L. Waugh Jr.

Ph.D., University of Mississippi
 wwau@gsu.edu
 Public administration

Verna J. Willis

Ph.D., State University of New York, Buffalo
 padvjw@langate.gsu.edu
 Human resource development

Katherine G. Willoughby

D.P.A., University of Georgia
 kwilloughby@gsu.edu
 Public budgeting and finance

Yongsheng Xu

Ph.D., Tulane University
 prcyx@langate.gsu.edu
 Economics

Endowed Chairs**Ronald G. Cummings**

Noah Langdale Jr. Eminent Scholar
 Chair in Environmental Policy

Michael Mescon

Bernard B. and Eugenia A. Ramsey
 Chair of Private Enterprise

David L. Sjoquist

Dan E. Sweat Distinguished Chair
 in Educational and Community Policy

Distinguished Senior Fellows**Richard Bird**

University of Toronto
 Distinguished Visiting Professor of Economics

Paul Rosser

Chairman, Rosser International Inc.
 Chair, Advisory Board, AYSPS

Russ Toal

Director of the Georgia Cancer Coalition
 Distinguished Fellow in Health Policy

Sibusiso Vil-Nkomo

University of Pretoria, South Africa
 Distinguished Visiting Professor
 of Public Management

Andrew Young

Former U.N. Ambassador
 Public Affairs Professor of Policy Studies

Research Funding

Andrew Young School of Policy Studies receives research funding from the State of Georgia and its departments, and from many other sources that have included: USAID, AIM Partners, UNCE Foundation, ALO, UNCD, Deloitte Touche Tohmatsu, World Bank, U.S. Centers for Disease Control & Prevention, National Science Foundation, DOD/AEI, Flint River Council, Georgia Research Alliance, The Carter Center, Lincoln Institute, Georgia Power, National Service Corp., Whitehead Foundation, UPS Challenge, the Woodruff Foundation, The Spencer Fund, the Community Foundation for Greater Atlanta, Commonwealth Fund, HCCGP, United Way, American Cancer Society, State Farm, The Urban Institute, TIAA-CREF, other colleges and universities and the U.S. departments of Agriculture and Education. Complete lists of external funding are in the AYSPS annual reports available online.

ETHNICITY:**Graduate Students**

- 16% Asian
- 34% Black
- 5% Hispanic
- 44% White



SCHOOL SOON MOVING TO

Prime downtown spot



The Andrew Young School is within a few months of bringing together all of its departments, programs and administrative offices in the same building at "Five Points," the historic center of downtown Atlanta.

"Our school doesn't fit into the spare spaces in the university anymore," said Dean Bahl. "Demand for our programs continues to grow. This refurbished space gives us room to bring everyone together, inviting a potential new synergy among our faculty from both departments. For the first time, our activity will be based in a single location that allows our students easy access to all faculty and staff. And,

we will be right in the middle of the university campus."

"The space is wonderful," reports Professor Paula Stephan, "with lots of student-friendly areas, including a cyber lounge in what was once a bank vault. The lounge comes complete with a 10-ton lock, bolted open, of course!" Stephan has helped lead the redevelopment team for the school.

Bahl also mentioned the building's strategic location adjacent to key state government offices and its proximity to city, county and federal offices. Much of the resources and staff of the Southeast's highest concentration of government operations and policy-making bodies are within walking distance of the school.

The State of Georgia originally authorized \$8 million for the renovation of more than 100,000 square feet of office space at the school's new location. It is owned and operated by the Georgia Building Authority. Winter Construction Company is the general contractor; Smallwood, Reynolds, Stewart, Stewart and Associates is the project architect; and Stephan and Cynthia Blasdel have coordinated the project from the Andrew Young School with Chris Hughes and Bill Robinson from GSU Space and Facilities.

Andrew Young School of Policy Studies
University Plaza
Atlanta, GA 30303-3083

NONPROFIT ORG
U.S. Postage
PAID
Permit #510
Buffalo, NY

