NACA
Fall 2013
THE JOURNAL OF COUNTY ADMINISTRATION
http://countyadministrators.org

THIS ISSUE OF THE *JOURNAL OF COUNTY ADMINISTRATION* IS DEDICATED TO THE MEMORY OF WILLIAM H. (BILL) HANSELL JR., EXECUTIVE DIRECTOR OF ICMA FROM 1983 TO 2002

Personal Tributes from NACA Members and Affiliates to Our Dear Friend and Colleague Bill Hansell

I first met Bill in 2004 when I was interviewed to become the chair of the Governmental Accounting Standards Board (GASB) and he was serving as a trustee of the Financial Accounting Foundation representing government organizations. I have nothing but fond memories of Bill who became a trusted advisor, friend, and strong supporter of GASB's independence as the accounting and financial reporting standards setter for state and local governments. He understood the GASB mission and value of the organization, and he worked tirelessly as an advocate for a stable long-term funding source for GASB. Most of all, I remember enjoying Bill's outgoing and welcoming personality and his demeanor. He was always a pleasure to be with and a great storyteller. He will be sorely missed.

Bob Attmore
Retired GASB Chairman

William H. Hansell Jr.

When I learned of Bill's death, I was shocked. It reminded me of just how long I had been in local government and the local government administration racket. My first real interactions with Bill were when I worked for the federal office of General Revenue Sharing. He was always available for a quick chat and a reference for some of the county managers, administrators, and clerks, too, who were trying to manage a massive influx of federal funds into their budgets. As a state coordinator, it was my job to help them, or in Bill's case, to find help, and ICMA became the place to go. Always knowledgeable and friendly, even though we didn't meet face-to-face for several years, he became one of the "go to people" for accurate information.

As I moved on to become the chief of City/County Management and Technical Assistance at the Georgia Department of Community Affairs, I became even more involved with ICMA and started attending conferences, where I first met Bill face-to-face. He was as delightful in person as he was on the phone! As a member of the Georgia City County Managers Association, I became active in ICMA and had frequent interactions with him and his staff. I told him about so many of the elected officials in Georgia who were just stymied when it came to budget and finance issues and made life difficult for their managers. He suggested that I encourage administrators and managers to enroll their newly elected officials in the "Management Policies in Local Government Finance" course offered by ICMA (or at least present the book to them as a gift.) That book became the Bible for many Georgia officials! When I moved to the National Association of Counties in 1996, we continued to work together and were frequently on the same committees and at the same meetings. What a lucky person I am to have known and worked with such a generous and thoughtful man.

Jacqueline J. Byers (retired)
Director of Research and Outreach, 1996-2012
National Association of Counties

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MESSAGE FROM THE PAST PRESIDENT

by Peter Crichton, County Manager, Cumberland County, Maine

Dear Colleagues,

I hope you are doing well. This quarterly issue of the Journal has been delayed for various reasons, and for that we apologize. As a result the president of NACA, Robert Reece, has been kind enough to allow me the opportunity to include my final letter as president from 2011-2013. I appreciate Robert's kindness very much and know that NACA is in very capable hands with his leadership and the support of a dedicated Board of Directors.

It was over two years ago with the encouragement of people like Kathy Kelley, former county manager for Douglas County, Nebraska, that I began my term as president of NACA with the idea of creating a new vision for NACA. It was with the hope that the NACA Board members would embrace the changes that I was thinking about and work with me. I am pleased to write that my faith and confidence in what a group of talented and dedicated administrators can do has never been greater!

You may be surprised to learn that my model in many ways has been the Maine Town, City and County Management Association, to which I am currently a Board Member. For a state that has perhaps the weakest form of county government in the nation, I suppose that is somewhat ironic! But as it has turned out that our state association has been my model for the work that we have been doing to strengthen NACA through the appointment of people to chair various committees that never existed before. Such as communications, membership, sponsorships, strategic planning, and programming.

If you are not currently involved in NACA I hope you will take a few moments to visit the National Association of County Administrators website to learn more about our goals and start getting involved. We have nearly 500 county administrators and managers, as well as assistant administrators and managers who are members of NACA. We are a great source of talent, knowledge and experience, and just imagine what we could do as an association if we were to tap into our collective abilities! Over the next few months I look forward to seeing what will be accomplished with the new affiliate agreement that has been established with ICMA and a new strengthened partnership with NACo!

NACA needs your input and involvement to help promote the professionalism of county governments and the need for more counties to have professional administrators. NACo during the past year has worked very collaboratively with NACA to create a nationwide list serve for our members to share ideas and information with one another. You can access the list serve by writing to county-manager@lists.naco.org. This has been in the planning stages for the past year and is a very exciting new development as we continue seeking out new ways to add value for our members.

I have been active in NACA for about 15 years and I would like to offer my sincere thanks to Dave Keen, the CFO for NACo and Matt Chase, the Executive Director for NACo for the support they have provided along with our NACo representative Dunn County Manager Gene Smith. I also want to thank NACA President Robert Reece, County Administrator for Pottawatomie County, Kansas and Program Committee Chair Mary Furtado, Assistant County Manager for Catawba County, North Carolina for their leadership in organizing several workshops and Idea Exchanges. For more information on NACA's activities, please visit our website: http://icma.org/en/na/home.

I would be remiss if I did not express my deep appreciation to our ICMA staff Rita Ossolinski who has been outstanding.

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NACA

Published six times a year by the National Association of County Administrators, 777 North Capitol St, NE, Suite 500, Washington, DC 20002-4201

Inside

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Bill was a natural storyteller. He truly loved sharing stories with others. Whether he was improvising, singing, or acting out a scene, it was memorable! His energy and laughter were infectious. Bill loved life, his family, and our extended family in the local government profession. He touched many of our lives.

Furthermore, Bill was one of the early supporters of NACA. He recognized the need for county administrators to come together as a group to provide support to one another. He also believed that having a seat at the table within the ICMA membership was important. During his tenure as ICMA Executive Director, ICMA members voted to change the organization's name to the International City/County Management Association to fully recognize the inclusion of county administrators. As I heard Bill tell this story several times, he emphasized how important inclusion was within the profession.

May we honor the value of inclusion in our work with each other and in our communities as we remember our dear friend Bill.

Shannon Flanagan-Watson
Secretary-Treasurer, NACA
Assistant County Manager, Arlington, VA

Bill Hansell embraced change with enthusiasm and energy. When I reflect on his accomplishments as ICMA's Executive Director from 1983 to 2002, I am struck by his strategic vision, optimism, and determination. He was a risk taker and believed in being open about issues that he thought the profession should confront. A tangible reminder of those qualities is the building that ICMA now owns, along with the Metropolitan Washington Council of Governments and ICMA-RC. Like many young homeowners, ICMA stretched itself financially to take advantage of the ownership opportunity in 1990. Being a building owner has made it possible for ICMA to stabilize its space costs and update its offices as it sees fit.

At the time that ICMA moved into its new building, we also launched a strategic planning process, signed an affiliation agreement with the Hispanic Network, initiated a citizen education project, established a FutureVisions Consortium, hired a public information officer to focus on council-manager government advocacy, began our first major international project with USAID, and changed our name to the International City/County Management Association. And we kept up all existing programs. Whew!

The decision to change ICMA's name involved considerable discussion and debate within the membership. One borough manager wrote to suggest ICMA's name be further expanded to the International Borough/City/Council of Government/County/Parish/Town/Township/Village/Etc. Management Association.

Writing to "Dear County Friends and Colleagues" in *County News*, September 10, 1990, Bill praised the cooperative relationship between ICMA and NACA and concluded: "With the adoption of ICMA's new name, city and county administrators and managers can truly begin to realize the potential of the words 'community spirit."

Bill's legacy is as large as his personality was. He made us laugh, whether he was telling a story or writing about the need for the profession to embrace the new technologies that emerged in the 1990s. In a quip he wrote for *PM* magazine (November 1995), he described himself riding a tricycle on the information highway. Losing Bill is like losing a dear friend or relative, that person who was always there to offer counsel and advice. I am among many who will miss him.

Elizabeth K. Kellar
President, CEO
Center for State and Local Government Excellence

I remember Bill Hansell as a kind and gentle man with a wonderful sense of humor and an infectious laugh that made it impossible not to like him. He loved life and his bride Connie in a way that emanated joy.

Bill was always an advocate for professional local government management but that advocacy did not always extend to county professionals. There was a time when elected county officials questioned why their administrators should participate in a "city organization" like ICMA and some city managers had the same question.

The frustration of county professionals grew to the point that, at a NACo legislative conference meeting of NACA, a call was made to the ICMA office demanding reform. Bill took the call and invited the NACA members to visit his office during the conference. Bill did not make ICMA policy. And he did not and could not make promises during that meeting, but he started opening doors and minds that had been closed. Changes were not immediate but ICMA ultimately changed its name to include counties. Conference speakers were made aware of county membership, conference programs addressed the challenges of county management, the ICMA County Committee was abolished as NACA was recognized as an ICMA affiliate. The process of integration of county professional membership into ICMA began with Bill's support and it continues today.

After Bill's retirement from ICMA, the elected leadership of his home county asked him to fill the unexpired term first on the county board then as the elected county executive position. Bill took on these challenges with the same exuberance that he exhibited with ICMA. He sought me out at an ICMA conference to let me known how he had "grown" to become a county official. We both knew that Bill became a county guy many years prior to that as I shared his joy and excitement.

I miss Bill and my heart goes out to Connie and his family. We all are blessed to have had Bill in our lives.

Dave Krings
Former County Administrator,
Hamilton County, Ohio
Past President, ICMA and NACA

Some people are just made for a job. Bill Hansell was made for ICMA. He

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("Bill Hansell tributes" from page 4)

was the right person at the right time in ICMA's history and, in true Bill Hansell style, he hit the ground running with energy and enthusiasm. But the job turned out to be just too small for Bill. He saw that more could be done; indeed, he saw that more needed to be done to help ICMA and its members build better communities. He had ideas. He was impatient. He wanted to move the profession and, by extension ICMA, further. He was a force to be reckoned with, and he carried the good of the profession in his heart.

We take a lot for granted today. The University forums we enjoy at the annual conference; the Voluntary Credentialing program with over 1,200 Credentialed Managers; the extensive international association partnerships; the very title of our association, recognizing counties as full partners in the local government profession; the role that assistants assume in governance; the partnerships with the International Hispanic Network and the National Forum for Black Public Administrators; the designation of NACA as the voice of counties, replacing the old ICMA County Committee. These changes—and many others—happened during Bill's watch, and had his full support, focus, and attention.

Bill and Connie were not only partners in life, they were partners in nurturing the profession, its members, and their partners. They mentored young professionals. They built relationships and bridges. They laughed and worked hard. They brought an appreciation for the arts, which continues at each annual conference through the host gift to ICMA. Bill was rooted in Pennsylvania, and when retirement came, he returned to his roots.

Bill mentored our profession and, by doing so, influenced the way we do our jobs building communities worldwide. It's a rare treat to have a job that you're good at and love; Bill had that opportunity, and made the most of it. All of us who had the chance to learn from him, to be swept up in his ideas, to debate with him, are better for his lasting influence and spirit.

Tom Lundy
County Manager, Catawba County, North Carolina
Past President, ICMA and NACA

I was saddened to hear of the passing of our good friend Bill Hansell. Bill was instrumental in helping our association move to the next level at several points in our history, including his enthusiastic endorsement of ICMA as the "City/County" Management Association, and later with his assistance in publishing our reformatted journal newsletter and offering ICMA to serve as NACA's "secretariat." That arrangement has certainly proved beneficial over the years for both ICMA and NACA. Bill's accomplishments in moving professional management forward in both cities and counties are too numerous to mention here, but he will always be remembered as a friend to professional county government everywhere, and greatly missed.

Mort McBain
Former County Administrator, Marathon County, Wisconsin
Past President, NACA

Bill was an irresistible force that could not be stopped. His enthusiasm for local government, his incessant drive to strengthen the institution of public service and his constant reminder that "democracy is messy-learn to live with it" have all left an indelible mark on many. I want to memorialize a little known side of his: his appreciation that technology was an important factor in public administration, even though he did not claim to understand it. He had dubbed me his "personal technology consultant" back in the 80's, and constantly asked me to give him confidence in the tech sector, whether it was buying his first PDA (ah! How words change nowadays- from Personal Digital Assistant to Smart Phone!) or reviewing the early options for e-mail for organizations. He was unafraid to make mistakes, and simply bulldozed his way to excellence, bringing his beloved ICMA to the peak of on-line services. We all stand stronger because of this passion. Bill, you are missed!

Dr. Costis Toregas, Associate Director
Cyber Security Policy and Research Institute
The George Washington University

("Message from the Past President" from page 2)

And my sincere thanks to the Board members and other administrators who have helped with the heavy lifting. What we have achieved over the past two years has been great and was a team effort in every sense of the word. I am grateful to my predecessors and to Robert, Gene, Mary, Veronica, Shannon, Pete, Jeff, Bob, Dave, Tom, Ron and all the individuals who have helped me so much the past couple of years.

Finally, on behalf of Robert, the Board and myself, I want to express my sincerest sympathy to the family and friends of Bill Hansell, who accomplished so much during his life and career. I have an ongoing discussion with my younger daughter that we should live life with no regrets. I would say from what I know about Bill that he definitely set the standard for how to achieve that goal.

Take care and thank you for what you are all doing for the citizens of our communities! It has been a privilege to be president of NACA and it is an honor to be in a profession with such dedicated men and women. ■

Peter Crichton, County Manager,
Cumberland County, Maine
Outgoing NACA President

by Eugene Smith, NACA Past President, County Manager, Dunn County, Wisconsin

As your representative to the NACo Board of Directors I attended the meeting of the board's Finance Committee in mid-November. After participating in a diligent review we forwarded a recommendation for adoption of the 2014 budget to the Executive Committee of the Board of Directors. Presuming traditional protocol, the Executive Committee also will review and forward its recommendation to the full board for consideration at its December meeting.

As a part of the NACo staff's budget presentation we were provided with a document entitled "2013 NACo Success Moments". I feel strongly that this document illustrates for our membership the direction in which NACo is moving. It is a direction that I can personally support and I believe is very compatible with what we wish to achieve in our roles as the chief administrative officers of America's counties. For your information I am including portions of that report here.

From the report "2013 NACo Success Moments"—

VISION

- Healthy, vibrant, safe and resilient counties across America.

CORE BUILDING BLOCKS

- Promote sound federal policies that advance the interests of America's counties.
- Empower county elected and appointed leaders with new skills, resources and ideas.
- Provide counties with cost-effective and customer-driven services for employees, residents and the general public.
- Enhance the public's understanding and awareness of county government.
- Exercise sound stewardship of NACo's financial, intellectual and human resources.

Overview of Four Burning Imperatives

1. **Enhance Relevancy in Public Policy Arena**
   - Based on NACo stakeholder input and a comprehensive assessment by the University of Arkansas-Little Rock, **the association implemented new advocacy strategies and tactics,** including outreach to more than 90 new members of Congress, key congressional leadership and committee offices and the White House and agencies.
   - **Expanded and targeted NACo member and partner engagement and communications.** This includes increased and more timely information sharing, new advocacy tools and a focus on research and data to support federal policy goals and priorities.
2. **Address Short-Term and Long-Term Financial Structural Shortfalls**
   - Negotiated a new agreement for years 2013-2020 with Nationwide Retirement Solutions that prevents both the previously anticipated short-term and long-term financial fiscal cliffs for NACo and our 38 state association partners in the 457 deferred compensation program.
   - **Managed revenue and expenses** so that NACo's financial results exceeded the budget by more than $100,000. This was a significant accomplishment in a period of management and staffing transition costs, investments in new membership products and services, and upgrades to the association's marketing, communications and office technology.
   - **Secured new grants** from the MacArthur Foundation (juvenile justice), Ford Foundation (rural development), Robert Wood Johnson Foundation (health) and the Public Welfare Foundation (justice and health). Also working to bring existing federal grants into compliance.
3. **Engage Membership and Partners, including Affiliates and State Associations**
   - **2,305 member county governments, representing 75 percent of America's 3,069 counties.**
   - **More than 1,000 county leaders from 637 counties (representing 20% of all counties) serve on NACo's policy committees, task forces, ad hoc committees and the board.**
     - Steering Committees: 495 counties
     - Task Forces: 75 counties
     - Standing Committees: 91 counties
     - Ad Hoc Committees: 252 counties
     - NACo Board: 110 counties
   - **Participated in more than 40 state association conferences and events,** as well as attended and provided staff support for numerous affiliate activities.
   - **Engaged state associations** in NACo's advocacy, business development, education and research programs, with a new focus on co-branding programs and services.
4. **Expand and Improve Membership Services and Benefits**
   - **Maintained broad range of traditional programs and services**, while expanding medical service discounts as part of the NACo Prescription Drug program, launching a new weekly federal policy e-newsletter (*Washington Watch*),

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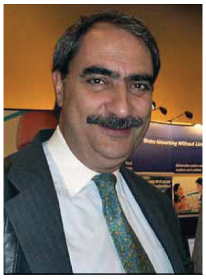
Resilience and Technology: A Strong and Helpful Match



Recently a group of local elected officials met in Washington to announce their support for an initiative that uses a word that may have some folks scratching their heads: Resilience. What is that word, and why is it important for counties to be aware of its importance and also actively participating in its establishment as a major county function? And more to the point of this column: what is the role that technology should play?

So let's start with the basics: what is Resilience? The dictionary defines it as "the ability of a system to return to its original state after being disturbed …" and its application in a community context can span everything from recovering from a devastating flood to helping ecosystems bounce back after a pollution incident. And, increasingly, decision makers see the wisdom of preparing for such eventualities and of building resilience into all major infrastructure and human resource decisions being made. The disaster management folks talk about planning, mitigation, preparedness, and response and recovery as the major steps that governments and communities must organize, and indeed they become relevant in the resiliency discussion.

Resilience is important when we speak about residents of a community; faced with a catastrophe, the first thought of everyone is returning to normalcy: safety, a school for their children, food, and lodging. The systems being promoted now by all levels of government do precisely that: marshal resources so that a return to normalcy is accelerated by ensuring the coordination of resources, training of people able to help when and where needed, and pooling of support to target hard hit areas.

However, when applied to natural systems, the analogy breaks down. When a lake is polluted because of the release of a dangerous chemical, who speaks for it? Who coordinates the response, and who decides when "normalcy" is restored? Many times ecosystem management is the task of cross boundary organizations, and almost always involves partnerships of governments, nongovernmental organizations (NGOs), and other sectors of society. Managing the establishment and ongoing support of resilient systems is difficult and many times chaotic. An effective government administrator will organize this human network of energy and concern early on, and be creative in assembling the necessary partnerships needed for effective community resilience.

It is in this area that technology is called upon to help. And a good foundation for this help can be the development, maintenance, and use of up-to-date geographic information systems (GIS), their organized networking into spatial data infrastructures (SDIs) and the creation and use of analytic systems that organize this data in order to provide support to decision makers. Such an organized approach sounds simple, but currently exists only as a stretch goal in many government organizations. Data is organized within a computer, but most times is seen as supporting physical map creation. Maps are useful, but only as a starting point for supporting resilient communities. Knowing the outlines of an oil spill is useful, but cross-referencing it with aquifer information and the location of Corps of Engineers trucks in real time is another… and that is where we need to get, and fast!

So resilience calls for much more than maps. It calls for active systems that know the location of resources, the agreements in place between organizations spanning both public and private sectors, and the current state of the environment—something that currently is not well organized in most places. Efforts are under way at various levels to support such holistic approaches. One active at the global level is called Eye on Earth and involves the United Nations Environment Program (UNEP) and the Abu Dhabi Global Environmental Data Initiative (AGEDI). They have identified several "special initiatives" to focus the attention and resources of the world, and one such initiative is for Community Sustainability and Resilience. Involving scores of experts from the technology, civil society, and government sectors, it aspires to create solutions for resiliency that take advantage of data and organizational systems, weaving them into effective response mechanisms that can protect and preserve natural and community resources. Such initiatives will multiply over the years and provide good practice examples for all of us.

Another initiative is the Rockefeller Foundation's "100 Resilient Cities" Initiative (I am sure counties were meant to be part of this title), which aims to help communities develop resiliency plans and organize an office of a chief resilience officer to coordinate responses to disasters and strengthen the ability of communities to bounce back. Putting $100 million behind their idea, the Foundation is certainly going to make a major impact in the way local governments respond to nature's increasing challenges to our ecosystems.

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Potential Impacts of Tax Reform and Other Legislation on Retirement Plans; Proposed Lifetime Income Disclosure Regulations

By Joan McCallen, President and CEO, ICMA-RC
and John Saeli, Vice President, Market Development and Government Affairs, ICMA-RC

Congressional activity regarding tax reform has accelerated during the course of 2013. While tax reform was put on hold as Congress addresses government funding levels and an increase in the debt limit in October 2013, attention has now shifted back to blueprints being drafted in the tax-writing committees. If ultimately enacted, reform proposals — as well as other recently introduced legislation — could significantly impact on public retirement plans. Meanwhile, on the regulatory side, the Department of Labor ("DOL") has signaled its intent to propose lifetime income disclosure regulations that would require plan sponsors of plans covered by the Employee Retirement Income Security Act ("ERISA") to include on benefit statements an estimate of monthly payments in retirement based on a participant's account balance, expected mortality, and other assumptions. In addition, Treasury Department guidance following the Supreme Court's Windsor decision striking down Section 3 of the Defense of Marriage Act ("DOMA") requires retirement plans to make changes that provide same-sex spouses the same rights as opposite-sex spouses.

Tax Reform. Over the past two years, the tax-writing committees in both the House and Senate have conducted in-depth discussions regarding tax reform. Both the House Ways and Means and Senate Finance committees are working to produce comprehensive legislation to overhaul the Tax Code. On the House side, in May the Joint Committee on Taxation released a report to the Ways and Means Committee with a comprehensive menu of tax reform options, including a list of findings from 11 subject-specific "working groups," based on hearings and other stakeholder meetings. Of particular note, the report made reference to the consolidation of sections 401(a), 403(b), and 457(b) of the Internal Revenue Code into a single defined contribution vehicle. The report also repeated the proposal to cap retirement contributions to the lesser of 20 percent of salary or $20,000. Similarly, in May the Senate Finance Committee, as part of its series of "options papers" for tax reform, released a paper focused on economic security, including retirement. Finally, at the end of June, the Democratic Chairman and Ranking Republican on the Senate Finance Committee issued a call to their Senate colleagues for a "blank slate" approach that zeros out all tax expenditures, and directs Senators to signal interest in provisions worthy of retention.

Despite these overtures, no legislation has yet been introduced to date. As this article goes to press, however, there are indications that a comprehensive proposal may soon be introduced in the House Ways and Means Committee, and that the Senate Finance Committee also may soon see proposals around certain discrete areas (which are not expected to include retirement). But while the chairmen of key committees want to implement significant changes to the Tax Code, passage of tax reform is challenged in the near term by different objectives. Most critically, Republicans generally seek to scale back deductions and credits to finance a reduction in tax rates, while Democrats generally want both to reduce rates and to raise revenue to reduce the federal budget deficit. Even though momentum is challenged by this difference – not to mention the overall challenge of enacting legislation in a highly fractured Congress – tax reform may ultimately become law either through a "grand bargain" between the parties or in other debt-related legislation passed by Congress.

Retirement Plan Legislation. In July, Senator Orrin Hatch (R-UT), the Ranking Republican on the Senate Finance Committee introduced a comprehensive retirement plan bill, the Secure Annuities for Employee Retirement Act ("SAFE"). The bill introduces a new variant of public sector defined benefit plan funded entirely through individual deferred fixed income annuity contracts. The proposed plan is designed to eliminate potential plan underfunding, by streamlining a method for public employers to purchase annuity contracts from private insurers, to cover plan liabilities to eligible employees. Additionally, the bill includes a number of provisions impacting private defined contribution plans. For example, it would allow default electronic delivery of all plan-related notices while retaining the participant's right to receive paper copies. It also would direct the DOL to establish benchmarks for target-date funds that more accurately reflect their

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mix of asset classes and permit in-plan annuities to be rolled over to an IRA when an employer stops offering an in-plan annuity as an investment option. Many of the defined contribution provisions apply only to ERISA plans, but they likely would be adopted by many public plans.

Plan Simplification Legislation. Congressman Richard Neal (D-MA), the Ranking Democrat on the House Ways and Means Committee's Select Revenue Subcommittee, introduced the Retirement Plan Simplification and Enhancement Act last spring. This bill contains a number of proposals introduced in similar legislation in 2012, including enhancement of the Savers Credit to make it refundable, and modification of the automatic enrollment safe harbor to remove the ten percent cap on the automatic escalation of employee deferrals. The bill also includes several new provisions, including a new auto-contribution safe harbor that would permit plans to initially establish minimum default contribution rates at six percent of pay for the first year, increased to at least eight percent in the second year and to at least ten percent thereafter. The bill also directs the DOL to modify its rules to permit the use of benchmarks for target-date funds that reflect the funds' mix of investment options.

Proposal to Cap Retirement Plan Contributions. The President's proposed budget for fiscal year 2014 included a call for Congress to legislate a new cap on retirement plan contributions. Under the proposal, once an individual's aggregate account balances and accruals across IRAs and employer-based plans — including 401(k), 403(b), and governmental 457(b) plans, as well as defined benefit plans — reach a fixed level, future contributions and benefit accruals generally would be prohibited. The President proposed the level to be fixed at the amount with which a participant could purchase an annuity, with an annual payment equal to the current maximum benefit permitted under a defined benefit plan (currently $205,000 per year). For a participant age 62 in 2013, the threshold would be approximately $3.4 million. However, as the cap would be tied to interest rates, the asset level of the cap would decline, perhaps significantly, when interest rates rise, and the cap would be far lower for younger participants. Administering retirement plan contributions under the proposal would be complex. The proposal has yet to receive any significant support in Congress.

Proposed Lifetime Income Disclosure Regulations. The DOL issued an advance notice of proposed rulemaking in May to require ERISA-governed plans to project a participant's account balance to normal retirement age, and include on a participant's benefit statement the current and projected account balances as estimated lifetime income streams. Both income streams would be projected as annuitized monthly payments based on the participant's estimated mortality. For married participants, the statement would also show an income stream based on the joint lives of the participant and spouse. Plans could use any reasonable assumptions in making these required disclosures, but the advance notice includes safe harbor assumptions that would be deemed to be reasonable. Comments on the proposal from interested parties were varied, ranging from full support to opposing a mandatory disclosure. While the process for finalizing the regulations may be lengthy — and the regulations will not apply to public retirement plans — many non-ERISA plans may choose to provide similar reporting to their participants as a matter of best practice.

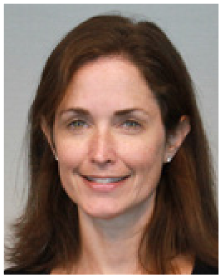
Guidance Following the Supreme Court's Windsor Decision. The Treasury Department and the Internal Revenue Service ("IRS") in August provided guidance regarding federal treatment of same-sex marriages following the Supreme Court's Windsor decision striking Section 3 of DOMA. The guidance clarified that the "state of celebration" and not the "state of domicile" establishes whether same-sex married couples are entitled to be treated as spouses for federal tax purposes. The guidance also made clear that only a union specifically called "marriage" in the relevant state or country is considered a marriage for federal tax purposes. Thus, a civil union or a registered domestic partnership, or other non-marital formal relationship, is not considered a marriage for federal tax purposes. Retirement plans need to begin providing same-sex spouses the same rights as opposite-sex spouses, including QDRO, rollover, and RMD rights. In addition, subject to further IRS guidance, plans also need to have procedures in place to obtain spousal consent from same-sex spouses where plan rules require spousal consent. The IRS expects to follow up with guidance on retroactive application of the decision. Retirement plan sponsors in states that do not celebrate or recognize same-sex marriages will likely encounter divergent state and federal treatment of same-sex marriages. ■

("Technology Corner" from page 6)

So what can a local government do today? Establishing alliances between government and technology folks and the broad environmental community is a good start. Dialoguing about what data bases exist that provide environmental system baselines, who has (or should have) access to which bases, and how environmental assessments are currently made would naturally lead to efforts to plan, mitigate, prepare, respond, and recover in a more effective and inclusive manner. ■

Local Government Financial Resources on the Chopping Block

by Christina Barberot, Public Policy Coordinator, ICMA



ICMA has joined with NACo, NLC, U.S. Conference of Mayors, and other national associations to press Congress to retain the tax-exempt status on municipal bonds. Congress and the White House are considering proposals that would cap or eliminate the deduction for municipal bond interest.

Tax-exempt municipal bonds have been an essential finance tool for county governments since 1913. They remain a primary source of revenue for municipalities to improve roads, schools, and create economic growth. To lose the tax-exempt status on municipal bonds would place a great financial burden on many state and local governments that are already financially distressed.

"County finances would be strained and fewer infrastructures would be affordable if the tax-exempt status of municipal bonds were capped or eliminated," said Bob O'Neill, executive director, ICMA. "While the federal government needs to find ways to reduce the deficit, hurting the ability of state and local governments to repair its bridges, build its schools, and invest in other infrastructure projects is not wise."

ICMA encourages county officials to contact their senators and representatives to describe how municipal bonds are used in their communities and to urge them to oppose all efforts to cap or eliminate the tax-exempt status of municipal bonds.

As tax reform discussions advance on Capitol Hill, some proposals that would impact the tax-exempt status of municipal bonds are:

- 2010 Simpson-Bowles Commission: Proposed elimination of all income tax expenditures; interest earned on state and local municipal bonds would be fully taxable for newly-issued municipal bonds.
- President's FY2013 Budget Proposal: Proposed placing a 28 percent limit on the value of specified deductions or exclusions from AGI and all itemized deductions; the limit would apply on interest earned for new and outstanding state and local tax exempt bonds.
- Senate FY2014 Budget Resolution: Suggested the possibility of a cap being placed on tax expenditures, which could include interest earned on municipal bonds.
- President's FY2014 Budget Proposal: Reiterates 28 percent cap on the value of certain tax benefits, including interest earned on new and outstanding state and local tax exempt bonds.

Cutting the Community Development Block Grant program by 50 percent is another threat to local government finances. Last month, the House Appropriations Subcommittee on Transportation, Housing, and Urban Development voted to do just that, reducing the program from $3.08 billion in FY2013 to $1.6 billion in FY2014. An amendment proposed by Representative Chaka Fattah (PA) to restore the funding cut was defeated. Both CDBG and municipal bonds are key economic tools that local governments deploy to create jobs.

The National Association of Counties recently released Municipal Bonds Build America, which details how a 28% cap or elimination of the tax-exempt status of municipal bonds would affect counties. "In 2012 alone, the debt service burden for counties would have risen by $9 billion if municipal bonds were taxable over the last 15 years and by about $3.2 billion in case of a 28 percent cap."

The National League of Cities and the U.S. Conference of Mayors also recently issued a new report on job losses that could be expected if the tax exemption for municipal bonds were capped or eliminated.

These new studies build on the facts released in a joint report issued by NACo, NLC, USCM, and the Government Finance Officers' Association: Protecting Bonds to Save Infrastructure and Jobs. It explains where and how municipal bonds have been used over the past ten years. "During that decade, $514 billion of primary and secondary schools were built with financing from tax-exempt bonds; nearly $288 billion of financing went to general acute care hospitals; nearly $258 billion to water and sewer facilities; nearly $178 billion to roads, highways, and streets; nearly $147 billion to public power projects; and $105.6 billion to mass transit." ■

("NACO Representative" from page 5)

- upgrading NACo.org and social media platforms and building new research and advocacy capabilties and tools.
- Helped state and local governments, including counties, **achieve more than $225 million in** estimated procurement savings through U.S. Communities, while achieving more than **$550 million in citizen savings in prescription drug costs through NACo's free medical discount card.**

I am certain that NACo's Executive Director, Matt Chase, and other NACo staff would appreciate your commentary on this information. Mr. Chase and others continue to express their desire to strengthen the relationship between our association and NACo. They continue to express their respect and appreciation for the services our membership provides.

States Are Not Out of the Woods Despite Strong Revenue Gains in the Fourth Quarter

Artificially Propped Up Personal Income Tax Revenues Creates New Fiscal Challenges for the States

by Lucy Dadayan and Donald J. Boyd

Lucy Dadayan

Donald J. Boyd

Overall State Taxes and Local Taxes

Total state tax collections grew for the twelfth consecutive quarter in October-December 2012. Overall state tax revenues increased by 5.2 percent from the same quarter of the previous year, according to data collected by the Rockefeller Institute and the U.S. Census Bureau. The Institute's findings indicate slightly stronger fiscal conditions for states than the preliminary data released in March 2013 by the Census Bureau, which reported an overall increase of 4.9 percent. We have updated those figures to reflect data we have since obtained and to reflect differences in how we measure revenue for purposes of the State Revenue Report. Full article. ■

ICMA *InFocus Report:* Engaging Your Citizens Using Social Media

Facebook. Twitter. Pinterest. Flickr. The communications landscape offers so many civic engagement vehicles that your head will spin. And there are more on the horizon.

So how does a local government manager keep up with it all? There is no standard electronic communications program because each plan depends on factors such as community size, available resources, staffing levels, skills, and any challenges particular to the jurisdiction and its residents.

This *InFocus Report* takes a look at how advances in technology have changed the way in which local governments interact with residents. It explores what civic engagement looks like today and guides local government managers through a series of ten steps to help develop an improved electronic communications program that will bring about a higher level of civic engagement.

Download this *InFocus Report* to learn:

- The evolution of communication technology and the impact of these changes on civic engagement
- New social media tools and how local governments can use them
- How to develop a custom electronic communications program. ■

NACo's First Cyber Security Publication is Now Available

Under the leadership of NACo Immediate Past President Chris Rodgers, NACo continues its commitment to educating, preparing, and connecting county leaders with the tools and resources they need to prevent and mitigate the effects of a cyber-attack.

The *Cyber for Counties Guidebook* focuses on the specific needs of local elected officials and IT staff. It provides an in depth look at addressing the specific cyber threats that counties are facing, the resources available to them, and real solutions they can take to protect their critical infrastructures.

"For those counties out there that are looking for information on what to do and how to do it, this is a great first step," said Rodgers, commissioner, Douglas County, Neb. "We want to put this guidebook in the hands of every county in this country."

County governments are responsible for a wealth of information of interest to cyber attackers: financial accounts, personal information like Social Security and payment card numbers, and much more. Counties also play an important role in homeland security, making them attractive targets for an attack that could disrupt airports, water systems, electrical grids, and other vital systems for which counties are responsible.

The Guidebook is NACo's kick-off to National Cyber Security Awareness Month. To view the Guidebook, visit www.cyberguidebook.com. ■