



# New DEAL:

Sharing Innovation, Promoting Progress



Photos by David Ktdd

**Y**ou might call the NewDEAL (Developing Exceptional American Leaders) organization an incubator for pro-growth, progressive thinking and action among state and local government leaders across the U.S. today. Promoting the value and currency of innovation and exchanged ideas, its mission is to bring together innovative public sector leaders to cross-pollinate creative ideas and practices that modernize government for the 21<sup>st</sup> century and ensure all Americans can compete and win in the global economy.

This network is led by its honorary chairs: Delaware Gov. Jack Markell and U.S. Sen. Mark Warner of Virginia, and honorary vice chairs: Colorado Gov. John Hickenlooper, U.S. Sen. Cory Booker of

New Jersey, California Lt. Gov. Gavin Newsom, Columbus Mayor Michael Coleman, former Miami Mayor Manny Diaz, Houston Mayor Annise Parker and U.S. Sen. Gary Peters of Michigan.

In 2014, the organization held its first New Ideas Challenge, recognizing the pro-growth, progressive policies and initiatives of NewDEAL state and local leaders. These awards highlight the work of officials whose solutions are bringing positive, sustainable change to their communities and making government work smarter. On December 3, 2014, in Washington, D.C., 4 winners out of more than 60 submissions were announced. All reflect a spirit of imagination and groundbreaking innovation.

# New Ideas Challenge Winners



## PG Sittenfeld

*Cincinnati City Council*

**Category:** Making Government Work Better

**Program:** Town Square Schools

### TOWN SQUARE SCHOOLS: OPENING THE DOOR TO COMMUNITY

A little over a decade ago, Cincinnati's old schools were in terrible condition — crumbling, inadequately sized and technologically insufficient. Passing a billion-dollar local bond levy positioned the city to rebuild or renovate every school in the district. But before demolition and construction took place, deployment of an innovative new paradigm for neighborhood enrichment occurred: Town Square Schools.

The premise involves transforming public schools into thriving neighborhood hubs. Instead of sitting dormant after hours, on the weekends or during the summer, schools in underserved areas can house a host of services and activities for students, parents and the surrounding community. Service providers might include health clinics, eye clinics and dentists. Activities might range from Boys & Girls Club events to pick-up basketball games to adult GED or early childhood education classes. Meeting spaces might accommodate social workers or political leaders connecting with those they serve. School kitchens and cafeterias could provide

a place for neighbors to hold a charity fundraiser or international festival.

Cincinnati City Councilmember PG Sittenfeld says, "Before building took place, we went into neighborhoods with our staff and architects to engage with residents. We weren't just telling everyone what their school would look like — instead we listened to students, teachers, parents and business owners and asked them what they wanted. They told us, 'Here's what we would like this school to be.'"

In some areas, the neighborhood stressed a desire for recreational or environmental opportunities at the school — others asked for health care facilities. Whatever the choice, innovative pre-planning ensured the school designs matched community needs. Any entity wishing to co-locate within a Town Square School must be financially self-sustaining so no additional tax dollars are required for their operation, and each participating school features an on-site resource coordinator to direct the partnerships. "Town Square Schools can help spark broader community revitalization, with the school as the bustling center," Sittenfeld says.

### COMMUNITY-ENRICHED SCHOOLS RAISE GRADES

But Town Square Schools are schools first and foremost. Not too long ago, Cincinnati School District had the lowest academic report card in Ohio. It's now the highest-rated urban district in the state. Why the turnaround?

Sittenfeld explains, "If you're a student suffering from painful tooth decay, it's going to be nearly impossible to learn about math or focus on studies in any way. But, if instead of having your parent leave work and take you out of school to the emergency room, you could walk down the hall to a dental professional and quickly get back to the classroom, that's huge. This model allows us to address many of the obstacles that come with living in poverty."

Given the convenience of crucial services and the deeper involvement of the community with the schools, the link to promoting scholastic success is clear. Sittenfeld says Cincinnati is now aspiring to have one of the most robust school districts in the entire country.

Sittenfeld says it's his job to be an ongoing ambassador and advocate for Town Square Schools among the school district and city council. "But the smartest thing we've done is make sure to give the public genuine ownership over the schools," he says. "We unlocked the front door to the schools metaphorically and told them: 'This is your space.'"

# Ben McAdams

Mayor, Salt Lake County, Utah

**Category:** Top Public-Private Partnership

**Program:** Pay for Success – Early Childhood Education

## AN OUNCE OF PREVENTION

Significant academic data<sup>1</sup> has shown that providing pre-kindergarten education to economically disadvantaged children greatly improves their chance for success in elementary school — a strategy that often avoids the need for expensive special education placement later.

The divide between those who succeed and those who fall behind in elementary school starts with one missing ingredient: an adequate vocabulary. For reasons of family dynamics, poverty or lack of exposure to learning at a critical time in a child's brain development, economically disadvantaged students entering school have just one-third the vocabulary of their peers.

Salt Lake County Mayor Ben McAdams points out that many kids do require special education intervention due to a learning disability, autism or other factors. But those with a language opportunity gap pay a high price for it. "I think of it as a row of dominos," he says. "The first domino that falls is that most kids who start school in special education stay there. Not many graduate out of it. There's a direct correlation between that and gangs, drug use, dropping out of high school and the juvenile justice system — and that's an avoidable tragedy."

Without critical pre-K learning, 33 percent of children in Salt Lake County were at risk of needing special education placement. And while the need was great, financial resources to bring early childhood education to scale weren't available. "We were compelled to intervene somehow," says McAdams.

## BANKING ON PERFORMANCE

Social Impact Bonds, also known as Pay for Success, are a relatively new investment opportunity in the world of finance — contracts where private sector investors offer upfront funding for initiatives that are

tied to a specific outcome. That outcome, if achieved, saves public sector dollars by addressing costly social problems. Key to the success of such efforts is strict accountability and performance benchmarks. When desired outcomes are achieved, investors are repaid with interest — but if outcomes aren't realized, the financial risk is borne by the investors and no repayment is made. The original Pay for Success project was launched successfully in 2010; the desired outcome was to stem recidivism among criminal offenders in the United Kingdom.

In 2013, the United Way of Salt Lake and Salt Lake County sought to replicate that model in pursuit of early education programming — but state legislation that would have funded the initiative failed to pass. They needed another plan. "If we were going to attract philanthropic dollars and market investment, we needed to make this very straightforward and quantifiable, with well-articulated goals," McAdams says. The J.B. Pritzker Family Foundation and Goldman Sachs ultimately stepped up in support, and in fall 2013, 600 children from the region enrolled in voluntary, high-quality preschool.

Program performance assessment is conducted through an independent academic research team from Utah State University. The primary benchmark tracks whether students who participated in pre-K classes score well enough on statewide standardized tests to avoid placement in special education as they progress through elementary school. Existing data from a pilot program initiated by the Granite School District shows the



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achievement gap in both math and language arts is nearly eliminated, following participation in a high-quality preschool program.

To date, response to the program is overwhelmingly positive. The state of Utah passed the legislation it had previously voted down, and the Pay for Success model is being looked at in Salt Lake County for other social needs programs, such as those addressing homelessness and recidivism.

It's smart government to save taxpayer dollars in the future by solving society's problems today, but McAdams said that's just the silver lining. He wants to stop that first domino from falling. "Having our young kids succeed in school has benefits that will last all their lives," he says.



# Tobias Read

*Oregon State Representative*

**Category:** Growing the Economy for the Future

**Program:** West Coast Infrastructure Exchange

## THE HARD ROAD TO INFRASTRUCTURE IMPROVEMENT

Even before the recession of the last decade and its subsequent pinching of public sector budgets, it's been hard to find money and motivation to address the host of badly needed infrastructure improvement projects across the U.S. In part, you can chalk it up to human nature, says Oregon State Rep. Tobias Read, "As a species, we're good at dealing with crises. But when something is complicated and far off and not immediate, we tend to ignore it."

Few know better than Read how desperate the infrastructure situation really is in this country. He cites a 2013 report<sup>2</sup> that found a 40 percent chance of a 9.0 or greater earthquake in the next 50 years

that would wreak devastation on fragile infrastructure and populations from British Columbia to Northern California. Until then, there is plenty of daily wear and tear to be concerned about, from rusting bridges and eroding freeways to decaying airport runways, electrical facilities, water treatment plants, ports and more. "A lot of what we're benefiting from are things built during the Cold War. We're coasting on the fumes of investments made by our parents and grandparents," Read says.

Those decades of delayed maintenance, insufficient budgets and bipartisan bickering have come with a high cost. A 2013 report by the American Society for Civil Engineers (ASCE) found that continuing this neglect would cost the nation \$3.1 trillion in lost GDP

growth by 2020 and 3.5 million lost jobs.<sup>3</sup> But Rep. Read and some like-minded associates are implementing a plan to address critical infrastructure gaps and strategically leverage taxpayer investments.

Known as the West Coast Infrastructure Exchange (WCX), with members from California, Oregon, Washington and British Columbia, they work to kick-start infrastructure innovation and streamline the approval, finance, design, construction and maintenance process for jurisdictions — using private sector dollars to help pay for public sector projects.

## PRIVATE INVESTMENT, PUBLIC BENEFIT

Who are these deep-pocketed private investors they're targeting? Currently, union and public employee pension funds are the most likely organizations to underwrite such mammoth ventures. "It makes sense in a large portfolio to have a portion of these types of projects," Read says. "While they generally don't have high rates of return compared to other investment classes, they also don't have the volatility — not to mention these construction projects can put pension fund members back to work."

As a group, the WCX members' combined strengths lend themselves to big infrastructure projects. They standardize best practices around process, quality and performance; provide training and technical assistance, and incorporate climate resilience elements into projects. Flexing their fused political clout, they can foster a new generation of publicly owned infrastructure that capitalizes on private sector expertise and access to capital.

For its first projects, WCX has prioritized an area where there is greatest need: water. Both water treatment and water supply projects are on the docket — and following successful execution of those, the focus will spread to other areas of urgent need.

When explaining this performance-based infrastructure model to potential investors and supporters, Read says he doesn't talk about the danger of asphalt fatigue or "accidents per mile." "I say, 'Can you get to your kid's soccer game? Or if you needed it, could a fire truck or ambulance reach you in time?' That's a feeling with which everyone can easily relate."



“ We’re hoping that this becomes a game-changer in that families start thinking about saving for emergencies and for retirement. This is just opening the door to asset building and closing the wealth gap.”

# Tishaura Jones

*Treasurer, City of St. Louis*

**Category:** Expanding Opportunity for All  
**Program:** College Savings Program

## STRENGTH IN NUMBERS

The bio of Tishaura Jones reads like a list of “firsts:” first African-American assistant minority floor leader in Missouri’s legislature, first African-American female to serve as treasurer for the City of St. Louis and the first politician in the city to battle what she calls “an epidemic of unbanked households.”

A few years ago, the FDIC released its annual report detailing the statistics on unbanked or underbanked households in the U.S. — individuals and families who use check-cashing services, payday lenders, rent-to-own agreements and pawn shops for their financial transactions rather than banks or credit unions. Reading that report, Jones was

horrified to find St. Louis at the top of that list of underbanked cities.

Jones became determined to help St. Louisians adopt smarter financial habits, save money and build assets. Helping families learn more about their finances has a direct impact on children. She says, “Research done by the Center for Social Development at Washington University<sup>4</sup> in St. Louis shows that people who have a savings account, no matter how small, are four times more likely to go to college and seven times more likely to complete college.”

Towards that end, the Treasurer’s Office has developed its College Savings Program, which will donate \$50 to 3,500 children entering public school kindergarten each year,

starting in fall 2015. This “seed” account is a starting place for families to begin building savings for their children’s college education. Over time, financial incentives are awarded for good grades, attendance and family participation in an education program — delivered easily by phone apps or in classes — that teaches good financial practices.

## PARTNERSHIP FOR ASSET BUILDING

Jones says it took many partners to pull the program together. Stepping up first was Wells Fargo, which will provide financial education for parents and schoolchildren as well as matching and incentive funds. First Financial Federal Credit Union serves as the financial

institution partner, holding deposit-only savings accounts for students free of charge, and providing convenient access to shared credit union branches around the city. The local public school and charter school systems, respectively, contribute funds and labor, while VistaShare's Outcomes Tracker website and phone app allows parents to watch the savings accounts grow. Finally, the general public can contribute to these efforts via CFED's 1:1 Fund, a crowd funding website.

"We have no doubt that once parents find out there's a way to start saving early for their child's post-secondary education, they'll see this as an opportunity and use it to its fullest extent," Jones says. "We're also hoping that this becomes a game-changer in that families start thinking about saving for emergencies and for retirement.

This is just opening the door to asset building and closing the wealth gap."

This daughter of a former St. Louis comptroller laughingly says the power of politics and financial prudence are in her DNA, and knows the life-changing value such programs can bring. She launched a monthly financial literacy "lunch and learn" series for City of St. Louis employees, hosts an annual financial empowerment fair for area residents, challenges students to compete in saving the most pennies and will be opening a financial dignity center in St. Louis City Hall to assist residents with financial counseling.

"I am determined to do whatever I can to help the children of St. Louis have access to post-secondary education," she says. "This is available to any family, no matter their socio-economic background. We want to lift all boats in the tide."



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EXCEPTIONAL  
AMERICAN  
LEADERS

To learn more about NewDEAL's approach and all of the ideas submitted for the New Ideas Challenge, visit [www.newdealleaders.org](http://www.newdealleaders.org).

#### ENDNOTES

1. [www.centerforpubliceducation.org/Main-Menu/Pre-kindergarten/Pre-Kindergarten#sthash.7IY2EcD0.dpuf](http://www.centerforpubliceducation.org/Main-Menu/Pre-kindergarten/Pre-Kindergarten#sthash.7IY2EcD0.dpuf)
2. [www.oregon.gov/energy/docs/Earthquake%20Risk%20Study%20in%20Oregon%E2%80%99s%20Critical%20Energy%20Infrastructure%20Hub%202013.pdf](http://www.oregon.gov/energy/docs/Earthquake%20Risk%20Study%20in%20Oregon%E2%80%99s%20Critical%20Energy%20Infrastructure%20Hub%202013.pdf)
3. [www.reuters.com/article/2013/01/15/us-usa-infrastructure-jobs-idUSBRE90E0RA20130115](http://www.reuters.com/article/2013/01/15/us-usa-infrastructure-jobs-idUSBRE90E0RA20130115)
4. <http://csd.wustl.edu/Publications/Documents/RB13-09.pdf>

## NEW IDEAS CHALLENGE FINALISTS

There were several finalists of the New Ideas Challenge whose ideas, programs and initiatives will continue to promote innovation and improve the national economy despite not being chosen as winners. Those finalists are:

#### Daniel Biss, Senator (Evanston, IL)

*Category: Expanding Opportunity for All*  
*Program: Secure Choice Retirement Savings Program*

#### Kim Driscoll, Mayor (Salem, MA)

*Category: Expanding Opportunity for All*  
*Program: Middle School Expanded Learning Time*

#### Bill Ferguson, Senator (Baltimore, MD)

*Category: Expanding Opportunity for All*  
*Program: Race to the Tots*

#### David Buchwald, Assemblymember (White Plains, NY)

*Category: Growing the Economy for the Future*  
*Program: Innovation Vouchers*

#### Tim Keller, Auditor (Albuquerque, NM)

*Category: Growing the Economy for the Future*  
*Program: ROI on Tax Expenditures*

#### Hans Riemer, Councilmember (Montgomery County, MD)

*Category: Growing the Economy for the Future*  
*Program: Moving Montgomery Forward with Gigabit Speed Networks*

#### Andy Berke, Mayor (Chattanooga, TN)

*Category: Ideas to Make Government Work Better*  
*Program: Chattanooga Open Data*

#### Michael Hancock, Mayor (Denver, CO)

*Category: Ideas to Make Government Work Better*  
*Program: Denver Peak Performance*

#### Miro Weinberger, Mayor (Burlington, VT)

*Category: Ideas to Make Government Work Better*  
*Program: Public Investment Action Plan*

#### Bridget Gainer, Commissioner (Cook County, IL)

*Category: Top Public-Private Partnerships*  
*Program: Cook County Land Bank*

#### Eric Johnson, Representative (Dallas, TX)

*Category: Top Public-Private Partnerships*  
*Program: Investing for Re-entry Not Recidivism*

#### Dayne Walling, Mayor (Flint, MI)

*Category: Top Public-Private Partnerships*  
*Program: Recycling Brownfields*