

HOW POLICY MAKERS AFFECT THE ECONOMY

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CURRENT TOPICS & TRENDS

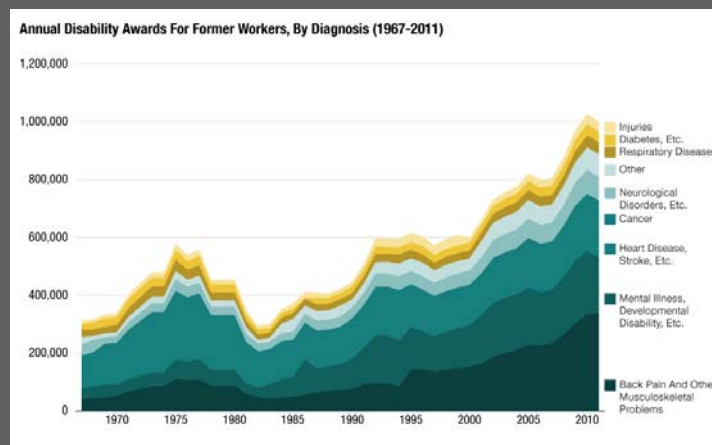
- "FIX THE ECONOMY!"
- The state of the economy since 2008
- "Job growth" as a measure of economic growth
- The sector balance in our economy: the service sector and the manufacturing sector, the public sector as employer
- Taxes as political suicide
- Generational poverty

CURRENT TOPICS & TRENDS

- "CREATE WELL-PAYING AMERICAN JOBS!"...yes, but how?
- Wisconsin Governor Scott Walker promised 250,000 new jobs and 10,000 new business in his state by the end of his first term.
- States are competitively "stealing" large private sector employers...from each other.
- As the US economy crashed and the dollar and our standard of living was "adjusted" manufacturing jobs came back from abroad to the US.
- The state of the minimum wage and the gradual slide of the middle class.

THE INVISIBLE 14 MILLION

(SOCIAL SECURITY ADMINISTRATION; LAM THUY VO / NPR)



CITIES FILING FOR BANKRUPTCY

- Stockton, Mammoth Lake, San Bernardino, and Vallejo CA (Summer 2012)
- Detroit MI (Summer 2013)
- Is bankruptcy protection a get-out-of-jail free card?

Once you've declared bankruptcy, you still have the obligation to get your fiscal house in order. You still have to balance the budget. You still have to settle with the claimants. You still have to pay your legal bills, and you still have to deal with your unfunded liabilities (pensions, bonds etc.)

- So why do cities get into bankruptcy?
 1. they abdicate responsibility for their own destiny (long-term agreements, contracts, MOUs etc.)
 2. there is little trust between bankers, suppliers, vendors, employee organizations and local governments

STATE PENSION FUNDS FILE FOR BANKRUPTCY

- The Northern Mariana Islands, U.S. territory.
 - like a lot of U.S. states, the Northern Mariana Islands had a pension plan for its government employees (best in the U.S. at the time)
 - first public pension fund in the U.S. to seek bankruptcy protection (April 2012)
 - Island's economy collapsed, tax base dwindled, stopped paying into the pension fund, government still needs to pay out, pension is irrevocable – it is in the Constitution. What do you do?
 - Is a pension fund separate from the government or part of it?
 - Under U.S. bankruptcy law, commonwealths and states cannot file for bankruptcy.
- Illinois owed its state pension fund more than \$100 billion dollars in 2015

THE SOLUTIONS?

Accountability & Fiduciary Responsibility

- Being accountable for other people's money
- Prevention versus Detection of Fraud and Misconduct

Organizational Culture and Professional Norms

- A Public Service Ethos, Acting with Integrity, Building Organizations with Integrity

Focusing on the Long Game

- Not Getting Discouraged if it Doesn't All Happen Immediately, Not Passing the Buck to Future Generations

AGA-Sponsored Training Courses & Initiatives

- Assessing Risk and Controls in Government Audits
- AGA's Citizen-Centric Reporting (CCR) Initiative
- Submit an Ethics Question
- Developing a Shared Vision for 21st Century Accountability (2014)