

2009

# The Briefing, Research 2009

Andrew Young School of Policy Studies

Follow this and additional works at: [http://scholarworks.gsu.edu/aymps\\_briefing](http://scholarworks.gsu.edu/aymps_briefing)



Part of the [Public Affairs, Public Policy and Public Administration Commons](#)

---

## Recommended Citation

Andrew Young School of Policy Studies, "The Briefing, Research 2009" (2009). *The Briefing at the Andrew Young School of Policy Studies*. Paper 26.

[http://scholarworks.gsu.edu/aymps\\_briefing/26](http://scholarworks.gsu.edu/aymps_briefing/26)

This Newsletter is brought to you for free and open access by the Andrew Young School of Policy Studies at ScholarWorks @ Georgia State University. It has been accepted for inclusion in The Briefing at the Andrew Young School of Policy Studies by an authorized administrator of ScholarWorks @ Georgia State University. For more information, please contact [scholarworks@gsu.edu](mailto:scholarworks@gsu.edu).



ANDREW YOUNG SCHOOL  
OF POLICY STUDIES



THE **Briefing**  
2009 RESEARCH REVIEW

# contents

---

## Public Finance & Budgeting . . . . . 1

*Study measures state revenue & spending in metro Atlanta*  
*Tax buoyancy studies reveal policy impact on declining revenues*  
*Retailers add a premium to tobacco taxes*  
*Taxpayers see no real income gains after Russia's flat tax reforms*  
*Local districts respond to cuts in state education funding*

---

## City Management & Urban Policy . . . . . 6

*Policies that improve poor communities may promote segregation*  
*Do ethnic social networks overcome geographic barriers to employment?*  
*A restored Milton County*

---

## Health Policy & Management . . . . . 10

*Child care subsidies contribute to childhood obesity*  
*Georgia officials examine obesity policies via collaborative modeling*  
*Seamless, accessible long-term care is goal of GHPC evaluations*  
*GHPC project team is Building Strong Families*

---

## Public Management Administration . . . . . 14

*Unique use of research method generates valuable results for the GDOT*  
*Book Review: Managing the Human Factor*  
*Guidelines promote democratic & effective public decision-making*  
*Does a popular public management reform truly improve performance?*

---

## Environmental Policy & Management . . . . . 18

*Empirical study refutes a central argument against protected areas*  
*Open space referenda are successful, but are opportunities missed?*  
*Do consumers pay true cost for dolphin-safe tuna?*  
*Producers' actions suggest not*

---

## Public Policy Analysis . . . . . 21

*Firm-level study of undocumented workers suggests policy fixes*  
*Knowledge and incentives increase purchase of catastrophic insurance*  
*Georgia Eminent Scholar James Cox advances experimental economics*  
*Neighboring states attract higher shares of knowledge workers than Georgia*  
*Income gap grows wider nationally than in Georgia*

---

## Nonprofit Management . . . . . 26

*"Benefits theory" informs a successful financing strategy for nonprofits*  
*Complexity a necessity for nonprofit advocacy groups*  
*Study of Georgia nonprofits' revenues and resources reveals geographic divide*  
*Nonprofit Studies experts provide entry for new encyclopedia*

---

## Faculty . . . . . 30

Georgia State University  
Andrew Young School  
of Policy Studies  
*The Briefing*  
Research Issue – 2009

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, P.O. Box 3992,  
Atlanta, GA 30302-3992.

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.

For more information on  
the Andrew Young School,  
contact us:  
Phone: 404-413-0023  
Fax: 404-413-0021  
ays@gsu.edu  
www.andrewyoungschool.org

**Mark P. Becker**  
*President*  
*Georgia State University*

**Risa Palm**  
*Provost and Vice President*  
*for Academic Affairs*

**Robert E. Moore**  
*Associate Dean*

**Avani Raval**  
*Promotion, Events, Facilities*  
*& Safety Officer*

**Jennifer Giarratano**  
*Editor*

**Meg Buscema**  
**Stephen Jones**  
**Carolyn Richardson**  
*Photographers*

# Study measures state revenue & spending in metro Atlanta

*The term “two Georgias” rises in innumerable conversations about metropolitan Atlanta and different parts of the state. Like a phoenix, the idea may spontaneously take wing and fly into any given discussion about differences in economic activity and opportunity, education or the flow of public finances.*

Policymakers and media have made claims about the geographic imbalance between the state’s revenues and expenditures for decades. However, there had been no scientific attempt to document these flows until the Fiscal Research Center decided to do a study, says FRC Director David Sjoquist.

In a report released February 2009, “Georgia Revenue and Expenditures: An Analysis of their Geographic Distribution” (FRC Report/Brief 188), Research Associate Peter Bluestone estimates the flow of revenue from and public expenditures into metro Atlanta and the rest of the state. He uses standard tools employed in fiscal policy analysis to determine who pays what share of state taxes and who benefits from what share of state public expenditures.

“Determining the burden and benefit of public finances is not an easy thing to do. First one must determine who really pays specific taxes and who benefits from specific expenditures,” writes Bluestone, who is also an AYS alumnus (Ph.D. in Economics ’07). For example, children in school, their parents, businesses and the general community all benefit from public

school expenditures. Bluestone presents his analysis under alternative assumptions and finds they make very little difference in the results.

The 10-county core metro Atlanta area provided 49-51 percent of Georgia state revenues and received approximately 37-41 percent of Georgia state benefits in 2004. In other words, this area generated approximately \$500 per capita more in revenue than it received in expenditures, he finds.

The 28-county Atlanta metro area as defined by the Census Bureau provided 59-61 percent of state revenues and received



David Sjoquist and Peter Bluestone

about 47-51 percent of state benefits. Its per capita revenue and expenditure picture mirrors that of the 10-county area.

“The Atlanta metropolitan area generates more revenue than it receives in expenditures, a result that is not surprising,” writes Bluestone, who suggests that additional fiscal policy research would be appropriate to further address the “two Georgias” question. “The policy question is: Is the magnitude of the net flows appropriate?”

#### ADDITIONAL RESEARCH

Monkam, N. (February 2009). Growth and Local Government Spending in Georgia. *FRC Report 189/FRC Brief 189*.

Morton, J., Hawkins, R., & Sjoquist, D.L. (January 2009). Georgia’s Taxes: A Summary of Major State and Local Government Taxes, 15th Edition. *FRC Annual Publication, A(15)*.



# Tax buoyancy studies reveal policy impact on declining revenues

**THE FISCAL YEAR FOR MOST STATES** ended on July 1, not soon enough for states struggling to balance their budgets during the nation's longest recession. At the end of FY2009, the budget shortfall for 48 states combined (except Montana and North Dakota) was an estimated \$111 billion according to the Center on Budget and Policy Priorities. The shortfall in FY2010 is estimated to reach \$163 billion.

In these challenging times, Georgia policymakers frequently turn to the Fiscal Research Center of the Andrew Young School to help them independently analyze existing and proposed fiscal policy. In March 2009 the FRC released two briefs that measure tax buoyancy – the fluctuation in tax revenues with respect to Georgia's economic growth – for the state's two largest sources of revenue. "Buoyancy of Georgia's Personal Income Tax" (FRC Brief 190) and "Buoyancy of Georgia's Sales and Use Tax" (FRC Brief 191) review trends and provide insights regarding changing patterns for each type of tax.

"Buoyancy indicates whether a tax keeps pace with economic growth," says Professor Sally Wallace, author of FRC Brief 190. "It indicates the volatility of the tax and a government's ability to meet its constituents' demands. If personal income grows, but tax buoyancy measures less than one, we would not forecast revenues to grow at the same rate as the economy."

Personal income tax accounts for half of Georgia's state tax revenue. Yet long-term trends suggest that personal income tax collections have not kept up with the rise in personal income. "Changes in the tax rates, tax base and in administration and compliance may explain this trend," says Wallace. "Personal income is moving away from taxable wages to less-taxable fringe benefits. Retiree income exemptions, wage income stability, tight resources at the Department of Revenue and income composition may all contribute to the decline."

FRC Brief 191 shows how earlier policy decisions continue to impact Georgia's sales and use tax revenue.

"From FY1977 to FY2007 its growth pattern has been influenced by two major policy changes as well as five economic recessions," says Professor David Sjoquist. "During this period, Georgia's sales tax revenue per \$1,000 of income has declined 34.4 percent, from \$21.20 to \$13.90."

Purchases of goods as a share of personal consumption have declined significantly while purchases of services, most of which are not subject to sales and use taxes, are increasing as a share of personal consumption. A growing number of targeted tax exemptions, such as for food for home consumption, and issues of tax compliance and administration, such as Internet purchases, also contribute to this tax's falling buoyancy, Sjoquist writes.

# Retailers add a premium to tobacco taxes

*Georgia collected \$239.7 million in tobacco taxes in fiscal year 2008, 1.4 percent of the state's total revenue according to the Fiscal Research Center. When combined, federal and state tobacco taxes represent about \$22 billion annually.*

Despite its standing as a major source of revenue for the federal and state governments, this tax is also a policy intended to reduce tobacco consumption. So who bears the burden of the tax – the retailer, his employees, her shareholders or the consumer – and what real impact does it have on buying habits?

In “The Incidence of Tobacco Taxation: Evidence from Geographic Micro-Level Data,” Assistant Professor Andrew Hanson and Ryan Sullivan of Syracuse University measure who pays this tax. Using Wisconsin’s recent tobacco tax increase and price data from a unique survey of more than 1,000 retail establishments in the state, Hanson and Sullivan show how the economic burden of the tobacco tax increase is divided between retail cigarette suppliers and consumers. The paper is forthcoming in the *National Tax Journal*.

Wisconsin’s tobacco tax increase was over-shifted to consumers who paid not only the new tax, but also a premium as high as \$.17 per cigarette pack. Using geo-coded data, the authors find that retailers near Wisconsin’s border also shifted the entire tax burden to consumers, but they reduced the premium by up to 54 percent of what other retailers charged.

“It does appear that policy decisions such as to exempt more and more items from the sales tax and to not include services in the tax base explains a sizeable portion of the reduced buoyancy,” he concludes.

#### ADDITIONAL RESEARCH

Sjoquist, D.L., Ross, G., & Wooten, M. (forthcoming). The Atlanta Economy: Trends and Future Prospects. In D.L. Sjoquist (Ed.), *The City of Atlanta: Recent Trends and Future Prospects*. Lexington, MA: Lexington Press.

“Our paper is unique in that we are able to estimate how sensitive the tax incidence is to the distance that a retail location is from the state border,” they write. “The relationship between cigarette prices, smuggling and distance to a state’s border suggests that policymakers may want to coordinate tax rates or tax increases with neighboring states if the goal is to reduce tobacco consumption.”

Hanson and Sullivan suggest that the premiums retailers add to the tobacco tax are a result of the market structure: those who continue smoking offset the profit lost from those who stop or never start. However, they do not attempt to address whether the tax reduces overall consumption. “More research on the consumption response to tobacco tax changes is necessary to determine if it is long-term or addicted smokers who pay the tax or if these taxes prevent new smokers from starting,” they conclude.

#### ADDITIONAL READING

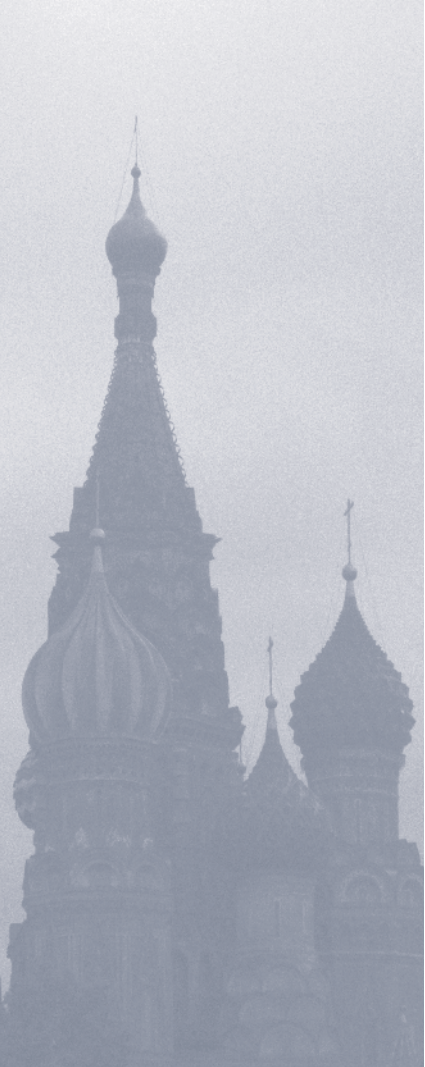
Turner, S. (AYS Ph.D. student in Economics), & Wallace, S. (March 2009). Comparison of Georgia’s Tobacco and Alcoholic Beverage Excise Tax Rates. *FRC Brief 192*.

Sjoquist, D.L. (forthcoming). A Comparison of the Fiscal Structure of States With and Without an Income Tax. In S. Wallace (Ed.), *State and Local Fiscal Policy “Out of the Box.”* Northampton, MA: Edward Elgar.

Wheeler, L. (March 2009). Corporate Tax Revenue Buoyancy. *FRC Brief 196*.



Andrew Hanson



# Taxpayers see no real income gains after Russia's flat tax reforms

*In January 2001 Russia became the first large economy to adopt a flat rate personal income tax. Over the next year, the Russian economy grew nearly five percent while real revenues from its personal income tax exploded, growing more than 25 percent.*

By the end of 2007, more than 20 countries had introduced flat tax legislation and several other countries were considering the reform. Advocates were crediting flat tax reform with significant revenue turnarounds and the stimulation of economic activity in these countries, although little research had been conducted that would confirm these claims.

"So far, very little solid evidence has been provided on its impact on tax evasion or the real side of the economy," write Regents Professor Jorge Martinez-Vazquez, Assistant Professor Klara Sabirianova Peter and Yuriy Gorodnichenko of the University of California, Berkeley, in the article, "Myth and Reality of Flat Tax Reform: Micro Estimates of Tax Evasion Response and Welfare Effects in Russia," published in the *Journal of Political Economy*.

Using micro-level data to examine the effects of Russia's flat tax reform on consumption, income and tax evasion, the article offers a general exploration of the relationship between income tax rates, tax evasion

and work effort based on Russia's experience with flat tax reform.

Looking at the survey data over time, the researchers found that the gap between consumption and income decreased considerably in the years after the tax reform. In other words, the amount of income Russians reported got closer to the amount they spent. This effect was strongest for taxpayers who experienced the largest decrease in tax rates. The other implication they found in the data is that the flat tax seems to have done little to increase real income for taxpayers.

Their research offers some important policy implications: "The adoption of a flat rate income tax generally is not expected to lead to significant increases in the tax revenues because labor supplies are believed to be fairly inelastic. However, if the economy is plagued by ubiquitous tax evasion, as was the case in Russia, then flat rate income tax reform can lead to substantial revenue gains via increases in voluntary compliance."

## ADDITIONAL READING

Duncan, D., & Sabirianova Peter, K. (June 2009). Does Labor Supply Respond to a Flat Tax? Evidence from the Russian Tax Reform. *ISP Working Paper Number 09-06*.

Gorodnichenko, Y., Sabirianova Peter, K., & Stolyarov, D. (June 2009). Inequality and Volatility Moderation in Russia: Evidence from Micro-Level Panel Data on Consumption and Income. *ISP Working Paper Number 09-05*.

Gorodnichenko, Y., Martinez-Vazquez J., & Sabirianova Peter, K. (June 2009). Myth and Reality of Flat Tax Reform: Micro Estimates of Tax Evasion Response and Welfare Effects in Russia. *Journal of Political Economy*, 117(3): 504-554.

Martinez-Vazquez, J., Rider, M., and Wallace, S. (2008). *Russia's Tax Reform*. Northampton, MA: Edward Elgar.

# Local districts respond to cuts in state education funding

In late July, Georgia Superintendent of Schools Kathy Cox asked state lawmakers to consider exempting the state's K-12 education budget from future cuts. "Local school systems are down to the bone," she told Sen. Ed Tarver (D-Richmond) in a July 30 interview published by Georgia Public Broadcasting.

How does state and local financing of K-12 education respond to negative economic conditions? Professors James Alm and David Sjoquist examine state and local education spending in Georgia during and after the 2001 recession and discuss the implications of their findings for the current economic environment in their article, "The Response of Local School Systems in Georgia to Fiscal and Economic Conditions," forthcoming in the *Journal of Education Finance*.

Their analysis relies upon various sources of descriptive data and regression analysis to answer three questions: How did the 2001 recession and resulting cuts in state aid vary across Georgia school

districts? Did local school systems respond differently in the initial years of the recession than in those that followed? Did local school districts attempt to offset reductions in state aid by increasing their own local revenues for education?

"Our analysis indicates that most school systems in Georgia experienced a decrease in real revenue per student during the 2003 through 2005 period, and indeed that the reductions in state plus local and in state real revenue per student were greater in Georgia than the U.S. average," they write. "However, not all Georgia school systems suffered a decrease, and the decreases (when they occurred) varied widely across the state's school systems.

"In Georgia, local school systems are legally permitted to raise property taxes to enhance state funds, including replacing reduced state aid. Our results suggest that Georgia school systems responded inversely to changes in state real revenue per student, increasing local revenues when state revenues decline."

Although Alm and Sjoquist recognize that their research covered a specific time and place, they believe the results offer lessons for any state during changing economic periods.

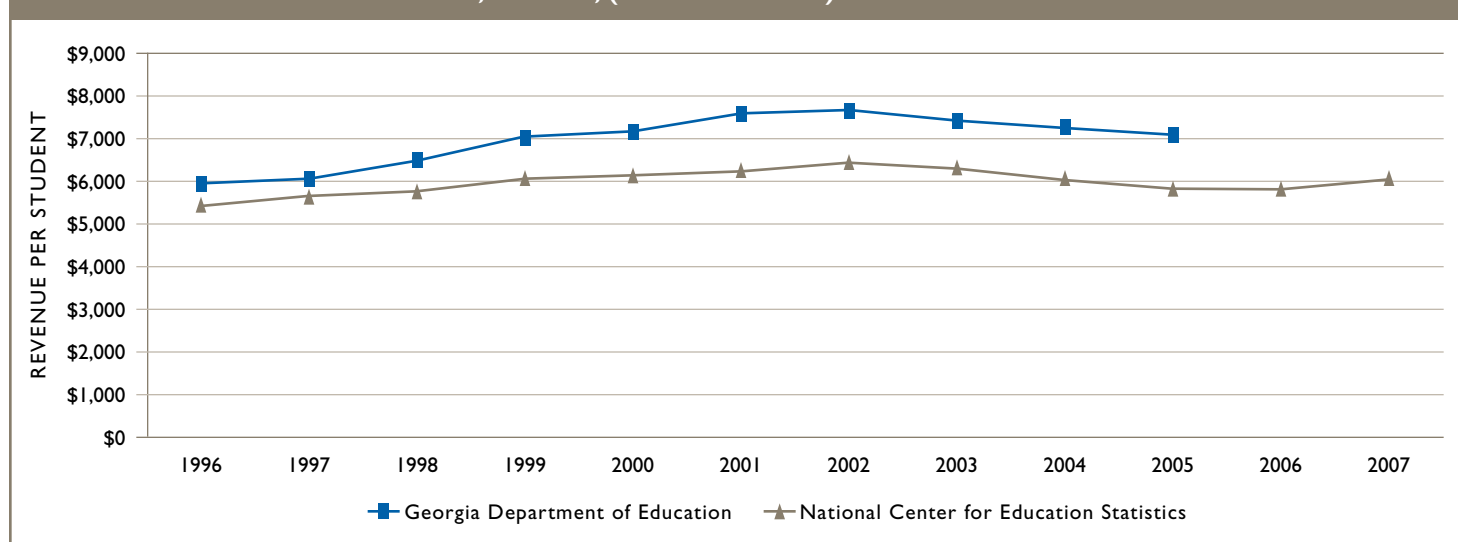
"While national trends clearly affect state governments and their subsequent decisions on state aid to localities, local governments are not completely passive in the face of these forces," they write. "If citizens value local education spending (as well as other types of local government services), then it seems likely that local governments will make efforts to maintain their expenditures."

In the current environment, Alm and Sjoquist suggest, local governments will again attempt to cushion the effects of state reductions in education spending by increasing local revenues. However, given the decline in property values, they feel the traditional response – raising property taxes – is a less viable option than in the past. "It is hard to avoid the conclusion that this recession will have large and negative effects on local school systems, not only in Georgia but nationwide," they write.

## ADDITIONAL READING

Matthews, J. (March 2009). The Value of Homestead Exemptions in Georgia. *FRC Brief 193*.

STATE + LOCAL REVENUE PER STUDENT, GEORGIA, (IN YR2000 DOLLARS)







Spencer Banzhaf

# Policies that improve poor communities may promote segregation

*Despite improvements in education, jobs and the election of the country's first African American president, de facto racial segregation remains a prevalent social issue and is often the focus of policy research.*

Many of the policy remedies for reducing minority group inequities focus on investments in minority communities, yet none of the prominent research that models group segregation has considered the impact of place-based policy shocks, according to AYS Associate Professor H. Spencer Banzhaf and Randall Walsh of the University of Pittsburgh.

Banzhaf and Walsh, who are also faculty research fellows with the National Bureau of Economic Research, examine the relationship between policies that improve communities and their impact on group-based sorting in their paper, *Segregation and Tiebout Sorting: Investigating the Link Between Public Goods and Demographic Composition*. Support for their research was provided by the National Science Foundation.

"We look at the way demographic groups respond to policies intended to make their communities nicer or more attractive and find that some pretty counterintuitive things can happen when people prefer to be with their own group," says Banzhaf.

Place-based policies designed to reduce group inequity may include education initiatives and investments, Community Development Block Grants, Environmental Protection Agency Superfund and brownfields programs, enterprise zones, and/or Fannie Mae/Freddie Mac investments in low-income communities. "Place-based policies are some of our primary policy tools for reducing or compensating for segregation," write Banzhaf and Walsh. "Yet at the same time, some activists express concern that they may trigger gentrification that ultimately harms incumbent residents and benefits absentee landlords or gentrifying households."

In their paper, Banzhaf and Walsh combine two forces: people prefer to live near nice amenities and among other members of their own group.

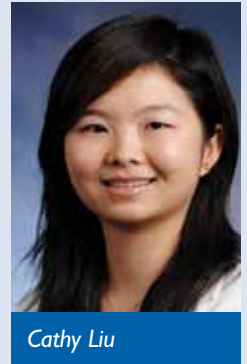
They then look at the demographic patterns that arise when people "sort" themselves across communities according to these social forces. They find that when communities differ greatly by amenities, people will sort by income, with richer people getting the nice amenities, regardless of race. When communities are similar in terms of amenities, people tend to sort more by racial or other social groupings.

Finally, they look at the effects of policies that change the patterns of amenities. Among their findings, they show that "place-based interventions that improve the public good in a low-quality, high-minority community may actually increase group segregation, as richer minorities are more likely to migrate into the community following the improvement. Essentially, when differences in public goods become less important, group-based sorting begins to dominate income-based sorting vis-à-vis the public good."



## Do ethnic social networks overcome geographic barriers to employment?

U.S. cities are experiencing major changes in immigration and job composition – both industrial and spatial – says AYS Assistant Professor Cathy Yang Liu. While job opportunities move to the suburbs, more minority workers remain in the central cities. Their difficulty in accessing suburban jobs, particularly low-skilled jobs, leads to higher unemployment rates, longer commutes and lower wages.



“A lot of the minority residents attempt to leave the central cities to take suburban jobs,” says Liu. “But they are finding that – for housing costs and other reasons – they cannot suburbanize, which creates a spatial mismatch.” This mismatch has been the focus in urban policy literature, and most of the traditional debate has centered on its impact on urban African Americans. However, the urban immigrant population is growing faster, and Latinos make up more than half.

“Despite its policy significance, the effect of living in ethnically concentrated enclaves on the employment prospects and quality of Latino workers, especially Latino immigrants, has not been adequately addressed,” writes Liu in “Ethnic Enclave Residence, Employment, and Commuting of Latino Workers,” which was published in the *Journal of Policy Analysis and Management* (September 2009).

Liu’s research examines how residential location and residence-based social networks – ethnic enclaves – shape the employment outcomes of low-skilled Latino workers, especially immigrants. Evidence is collected from three different immigrant gateway cities: Chicago, Los Angeles and Washington, D.C. Research on Atlanta is underway.

Liu identifies ethnic enclaves and non-enclaves in central cities and suburbs, both inner-ring and outer-ring, to evaluate the relative strength of the spatial mismatch and ethnic enclave effects by comparing the employment outcomes of residents in each area. She finds the ethnic enclave effect in the inner city is either muted or reinforcing of the existing spatial constraints. In both types of suburban areas, however, enclave residents are as likely to be employed as their non-enclave counterparts, but their jobs are farther away. In total the immigrant Latino population “features high overall employment rates, but the physical accessibility of their jobs is not as satisfactory,” she writes.

*continued on page 8*

For example, in the final section of their paper they use large changes in the distribution of air pollution in a section of California in the 1990s to test the predictions of their model. “Consistent with our model’s predictions, we find that large scale improvements in the dirtiest sites are associated with increased racial sorting and decreased income sorting relative to exposure to toxic air pollution.”

“Improving public good levels in disadvantaged communities can actually increase segregation,” their study concludes. “This result has two important implications. For the empirical and econometric literature, it suggests that structural parameters can very greatly over time, implying caution is required when using differences-in-differences estimators.

“More importantly, it suggests that segregation may be a deeply ingrained feature that is difficult to shake.”

### ADDITIONAL READING

Banzhaf, H.S. (2009). Objective or Multi-objective? Two Historically Competing Visions for Benefit-Cost Analysis. *Land Economics*, 85(1), 1-23.

Banzhaf, H.S., & Walsh, R.P. (2008). Do People Vote with their Feet? An Empirical Test of Tiebout’s Mechanism. *American Economic Review*, 98(3), 843-63.

# A RESTORED

# Milton County

*Studies estimate costs,  
revenues and services*

## **BEFORE MILTON COUNTY**

was created in 1857, the land area within its boundaries fell under the jurisdictions of Cherokee, Forsyth and Cobb counties. Later, with an 1859 expansion, DeKalb and Gwinnett. Before it was ceded to the United States in 1817 and 1918, this same land

in Gwinnett, a portion of which later became DeKalb, belonged to the Creek and Cherokee nations.

Boundaries are mutable, changing through history. The larger question is when is it good policy to make a change? Is an annexation, expansion or the creation of a new jurisdiction legally and fiscally feasible? What impact would this change have on governments that exist within and adjacent to the changes proposed?

A group of north Fulton residents, led by Reps. Mark Burkhalter (R-Johns Creek) and Jan Jones (R-Milton), sought to answer the second question in 2008 in relation to their proposal to re-create Milton County. They enlisted the support of the Georgia General Assembly to sanction and fund a joint study that would determine its feasibility. The research project, called "Creating a New Milton County," was conducted jointly by the Andrew Young

School of Policy Studies at Georgia State University and the Carl Vinson Institute of Government at the University of Georgia.

Fiscal Research Center senior research associates Laura Wheeler and John Matthews, and research associates Jungbu Kim and Nevbahar Ertas took the lead on two of the project's key reports: *Estimated Costs and Revenues for the Proposed Milton County* and *A Comparison of County Services Provided by the Counties of Cobb, DeKalb, Fulton and Gwinnett*. Kim and Ertas also recently earned the AYS/Georgia Tech joint Ph.D. in Public Policy.

In their comparison of county services, the AYS researchers examined county operations in the metro area's core counties to provide state policymakers an overview of each county's demographics, an understanding of their organizational structure, and descriptions of the services each county provides.

## Do ethnic social networks overcome geographic barriers to employment?

*continued from page 7*

"This study sheds new empirical light on the different views regarding the role of space and residential location on immigrants' labor market performance in selected metropolitan areas," Liu concludes. "In an area in which immigrants' residential mobility follows a path of both dispersion and concentration, it is important to break the 'central city enclave and suburban mixed neighborhood' stereotype and incorporate these new spatial patterns into the discussion of employment accessibility."

Liu's research suggests a number of policy implications for communities: develop more suburban residential options for immigrants, improve transportation options, promote entrepreneurship and small business development within ethnic communities and attract appropriate businesses to these communities.

Social networks play an important role in directing immigrants to job opportunities, particularly suburban Latino residents, Liu writes. "Policies that formalize the circulation of job information and encourage job referral practices through community one-stop job centers and peer mentoring mechanisms, among others, might achieve desirable results."

### **ADDITIONAL READING**

Liu, C.Y., Painter, G., & Zhuang, D. (2007). Immigrants and the spatial mismatch hypothesis: Employment outcomes among immigrant youth in Los Angeles. *Urban Studies*, 44(13), 2627-2649.

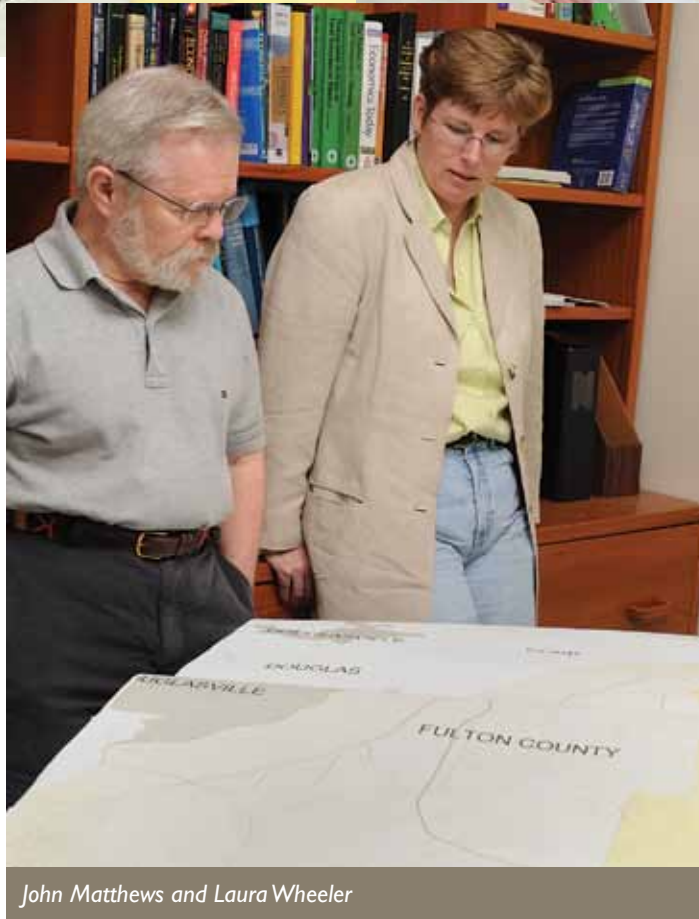
Liu, C.Y. (2009). The quality of ethnic niche jobs for low-skilled Latino immigrants. Working paper.



This analysis reveals several facts, the authors conclude: "First, the surrounding counties dedicate a large portion of their budget to the provision of municipal-type services. ... Second, in the case of mandated services there is a greater degree of uniformity between the counties in terms of the percentage of the funds dedicated to these services than one might expect. Lastly, we find the difference in expenditures between the counties lies in those services that are more discretionary in nature and that reflect the demographics of a population, such as is found in the case of expenditures on health and human services."

The AYS authors use this report to support their analysis in *Estimated Costs and Revenues for the Proposed Milton County*.

Using a finite list of essential county services, two alternative measures of cost per



John Matthews and Laura Wheeler

unit, and a population of just over 311,000, they estimate Milton County's expenditures at a range of \$133.1 million to \$148 million and revenues at \$209.6 million. At first glance, a new Milton County appears to be fiscally feasible. How-

ever, the AYS researchers conclude this report with several important considerations for policymakers.

"While anticipated revenues exceed expenses, these expenses include only the

minimum level of required county services and do not incorporate capital expenditures which are expected to be significant. Nor do the estimates incorporate growth in population or prices which are expected to cause costs to increase at faster rates than revenues," they write. They note that the report may underestimate true costs because the new county would not experience a significant economy of scale, yet it would incur a number of major financial obligations not included in the analysis, such as long-term debt, unfunded pension obligations and the acquisition of space and equipment.

All reports for "Creating a New Milton County" are online at <http://frc.gsu.edu/miltoncounty.html>.

# Child care subsidies contribute to childhood obesity

**FEDERAL AND LOCAL** governments are working to stem the epidemic of childhood obesity. However, in one important area – child care subsidies for working mothers – they may be unintentionally adding to the problem, according to Associate Professor Erdal Tekin.

“By encouraging low-income mothers to work at sub-standard jobs and by creating incentives to shift children into formal child care settings with less than

ideal quality, subsidies place children in environments where the average child is more likely to be overweight and obese,” he writes in NBER (National Bureau of Economic Research) Working Paper No. 15007, “Child Care Subsidies and Childhood Obesity,” with Chris M. Herbst of Arizona State University. Tekin is a research associate for the NBER and a research fellow at the Institute for the Study of Labor headquartered in Bonn, Germany.

“No previous research had looked at the effect of subsidized care on preschoolers,” says Tekin. “Yet with most of the policy response to childhood obesity aimed at older children, we were neglecting 13 million preschoolers who spend a significant amount of time in non-parental child care arrangements.”

Tekin and Herbst use sophisticated empirical analysis to study the impact of child care subsidies on the weight outcomes of low-income kindergartners using a nationally representative sample of children. “We seek to understand the relationship between child care subsidies, measured in the year before kindergarten, and children’s weight outcomes throughout kindergarten,” they write.

“Our findings suggest that child care subsidy receipt is associated with increases in BMI [Body Mass Index] as well as increases in the likelihood of being overweight and obese. We also find initial support for the claim that the estimated subsidy effects operate through children’s participation in non-parental child care

settings,” they write. Nearly a third of all preschoolers of working mothers who receive child care subsidies are enrolled in center-based care.

Child care subsidies are an effective policy tool for increasing the labor force participation of single mothers, says Tekin. Families allowed to use their subsidy to select from a choice of child care services are better able to balance their work-life obligations. However, he and Herbst find that some design features associated with federal and state subsidy plans may create disincentives that prevent parents from choosing high-quality care and providers from making costly quality-enhancing improvements.

They find that “child care subsidies induce mothers to choose formal arrangements that are of questionable quality... [T]he principle of ‘parental choice’ allows parents to purchase child care services operating outside states’ regulatory regimes... [C]onditioning eligibility for subsidies on employment

## Georgia officials

Prior to the 2009 legislative session, 15 Georgia lawmakers and staff spent a half day in front of laptops using a proprietary computer simulation to test their assumptions about policies to reduce childhood obesity. They gained a better understanding of the potential long-term impacts of their policy decisions in this critically important area. The course was part of the Legislative Health Policy Certificate Program, an eight-part educational series developed by the Georgia Health Policy Center:

The computer simulation was designed by a collaborative system dynamics modeling team that included state legislators and legislative staff – and experts in nutrition, exercise physiology, epidemiology, pediatric medicine and system dynamics. The team and the





and income creates challenges for maintaining stable child care arrangements.

“States’ reimbursement rates can also influence quality. If reimbursements are below the federally recommended level, families may not have access to high-quality care, thereby reducing incentives for providers to make important quality enhancements.”

In their article, Tekin and Herbst cite several recent studies that confirm their findings: “Several studies find that subsidized children receive lower-quality care than other low-income, unsubsidized children. [A]nother body of evidence suggests that many child care centers in the U.S. fail to provide children with

healthy foods and sufficient opportunities for physical activity.

“The growing use of non-parental care has raised awareness among health officials of the critical role that child care settings play in shaping children’s eating and activity habits,” they write. “Child care providers lay the foundation for food consumption and exercise patterns.”

Their research provides evidence that the use of subsidized non-parental child care, rather than maternal employment, can influence a young child’s weight.

“This finding has the potential to provide policymakers with guidance on the most effective methods for reducing the prev-

alence of childhood obesity by targeting quality initiatives within the child care system,” says Tekin.

#### ADDITIONAL READING

NBER Working Paper No. 15007:  
[www.nber.org/papers/w14474](http://www.nber.org/papers/w14474)

Tekin, E., & Herbst, C. (2008). Child Care Subsidies and Child Development. *NBER Working Paper No. 14474*.

Tekin, E., Brezina, T., & Topalli, V. (forthcoming). Might Not Be a Tomorrow: A Multi-Methods Approach to Anticipated Early Death and Youth Violence, (Revised version of NBER Working Paper No. 14279). *Criminology*.

## examine obesity policies via collaborative modeling

session were led by GHPC Research Associate Rachel Ferencik.

“We took an area of concern to state policymakers and developed a computer simulation that would show them the effect of policies on obesity trends ten years down the road, before limited resources are invested,” says Ferencik. “The model does not give you the answer; rather it is a tool to help generate more rigorous conversations.”

She says the simulation and “systems thinking” principles allowed the session participants to quickly explore the future health and economic impacts of specific policy changes in a real-time, hands-on learning lab environment, where they were encouraged to express theories, predict outcomes and inquire into differ-

ences between their expectations and the model’s outcomes. The model helped Georgia policymakers use the best available science to identify six policies with strong potential to reduce childhood obesity in the state. After testing these policies in the computer simulation, they found that a sustained investment in a combination of the six interventions could reduce childhood obesity significantly in Georgia over the next decade.

“Systems thinking is a great tool to get people to think about the big picture and examine the relationship between various parts in a system,” says Rep. John Lunsford (R-McDonough), a session participant and member of the first class to be awarded the Legislative Health Policy Certificate. “In this case, we could test the

impact of various policy changes before actually putting those policies into effect.”

Some of the legislators who participated in the childhood obesity collaborative modeling project were instrumental in the crafting and passage of House Bill 229, which requires local school systems to conduct annual fitness assessments, comply with state physical education instruction requirements and report their results to the governor’s office.

Ferencik says that the GHPC hopes to refine and expand the model and apply a similar collaborative systems process to other challenging policy issues, such as teenage pregnancy prevention, developmental disabilities, HIV/AIDS and birth outcomes.

# Seamless, accessible long-term care is goal of GHPC evaluations



**BABY BOOMERS** are poised to create a “senior tsunami” beginning in 2011, says Glenn Landers, a senior research associate with the Georgia Health Policy center. By virtue of its size, this generation has driven many policy decisions since 1946 with the first wave of what eventually became more than 75.8 million Americans born from 1946-1964.

Now, as Boomers age into their 60s, public attention is shifting to the area of long-term care.

Georgia’s elderly population is projected to increase 143 percent between 2000 and 2030. “This growth will double the number of people over the age of 65 with disabilities which, in turn, will drive up the need for and cost of long-term care services,” says Landers, who notes that the cost of Medicaid-supported long-term care in Georgia grew 82 percent between FY2000 and FY2005, before the first Boomer turned 60.

To better meet this growing need, Georgia’s Aging and Disability Resource Connection (ADRC) provides a one-stop resource for information on the full range of options available in public and private long-term support services and benefits. Launched

in 2004 as part of the national ADRC initiative with funds provided by the Administration on Aging and the Centers for Medicare and Medicaid Services, Georgia’s ADRC has expanded to six regions serving 70 counties.

“ADRCs are a new way of delivering information, referrals and assistance to those with aging and/or disability needs. Their three central functions are information and awareness, assistance, and access to public and private resources related to long-term care needs,” says Landers. In 2007 he began evaluating the effectiveness of Georgia’s ADRCs and produced three reports.

“Final ADRC Process Evaluation,” describes the GHPC’s evaluation of three ADRC expansion sites, the role of the ADRC coalition and the collaboration between the state’s Area Agency on Aging and its Mental Health, Developmental Disabilities and Addictive Diseases regions. It was prepared by Landers and Amanda Phillips Martínez for the Georgia Department of Human Resources Division of Aging Services.

In “Regional Training Workshops Evaluation Results,” Landers and Martínez evaluate five Division of Aging Services regional trainings

held in 2008, measuring gains in knowledge, changes in participants’ attitudes and the overall effectiveness of the workshops. They conclude that the division met all of its ADRC training objectives and recommended ideas on reaching more potential trainees. “ADRCs expect long-term care service providers and program personnel to collaborate in new ways. The training workshops help attendees understand the new way of doing business,” says Landers.

In “Fiscal Impact of ADRC,” Landers describes preliminary information about the fiscal impact of the ADRC by comparing Medicaid data in areas with ADRCs and all other areas. Georgia is one of only two states attempting to quantify the impact of the program with the analysis of Medicaid data before and after ADRCs have been implemented.

“Research in this area is important because information, services and financial support for those with long-term care needs have traditionally been fragmented,” says Landers. “As we move to a system that aspires to be seamless and more accessible for the long-term care consumer, we need to be certain that real system transformation is taking place.”

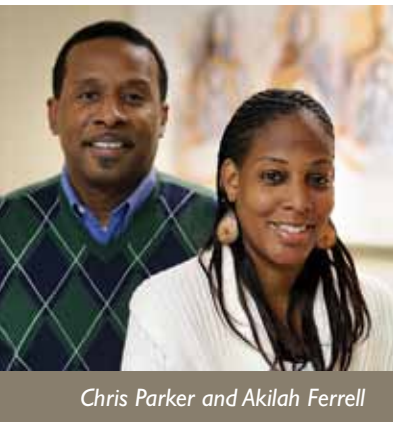
## ADDITIONAL READING

ADRC reports:  
[www.georgiaadrc.com/site/431/georgia\\_adrc\\_reports.aspx](http://www.georgiaadrc.com/site/431/georgia_adrc_reports.aspx)

GHPC research publications:  
<http://aysps.gsu.edu/ghpc/publications.html>

# GHPC project team is Building Strong Families

Atlanta is one of seven national sites for Building Strong Families, an intervention to help low-income couples who have recently had or are expecting a baby with the skills necessary to promote healthy relationships.



Chris Parker and Akilah Ferrell

The Georgia Health Policy Center implements and oversees the Atlanta program under contract with Mathematica Policy Research, which was contracted by the ACF (U.S. Department of Health and Human Services' Administration for Children and Families) to develop, provide technical assistance and evaluate this national cross-site study.

"We're the programming element for the Georgia site and provide information that Mathematica will extract for their research and publish," says Principal Investigator Chris Parker, a senior research associate with the GHPC. Funded by the ACF, the program will run to June 2010.

"Building Strong Families is set up for unmarried couples in their 'magic moment,'" says co-investigator Akilah Ferrell, the project's director. "We provide them the tools to ensure their relationship will last, which will foster improved child well-being."

For the initial study, Parker and Ferrell were required to recruit 600 low-income couples; the final contract revision required 920 couples. Ferrell's team quickly brought 1,100 couples into the program. "Our community outreach and support workers did an amazing job in recruiting," says Parker. "They really stood out."

Half of the couples were assigned to a control group and the other half participated in a series of 22 intensive group sessions that focused on communication, conflict management and resolution, trust and commitment, intimacy and affection, and parenting skills. They were provided support services and social service referrals to meet their full range of needs.

Parker and Ferrell's team interviewed each couple upon enrollment to use as a research base. Mathematica surveys the couples at 15 months, three years and five years to measure

outcomes in marriage and couple relationships, parent and family well-being, and child well-being to determine whether the program group or the control group had better outcomes.

Akilah and her team are often noted by other program sites for their success in recruiting African American males into the program.

"Our success rate is better than anywhere else," agrees Ferrell. "Why? Most agencies decide what the community needs, develop the program and then tell the community what it needs," she says. "We allowed our clients to be the experts. We asked the community what it needed within the parameters of our program. Then we developed our recruitment program to respond to these needs.

"For example, we don't focus on the new baby. That's not going to bring the father in for counseling. In fact, we don't call it counseling. If a father gets yelled at a lot at home, he wants to know, 'How do I get my partner to stop yelling at me?' We deal with immediate needs. The baby might not get the father in our door, but helping this couple communicate better at home – what the father said he needed – will help their baby."

Ferrell says that the composition of her counseling staff – half of whom are male – has also been important to recruitment. "Our clients appreciate folks who can relate. Our recruiters and session leaders are similar enough to our clients that our clients can see themselves in them – and will listen – while they are also different enough that our clients will learn from them."

"Staff matters," agrees Parker. "We found that if we can get them to the first session, we'll keep them for the full training. And couples have said to us, 'If it wasn't for this program, we wouldn't have made it.'"

Georgia BSF continues to fill its sessions with new couples as Parker and Ferrell work to make the program sustainable.

"We will continue to conduct sessions through 2010, which leaves us 12-18 months to find funding that will help keep the program going locally," says Parker. "We hope it survives so that everyone benefits."

## ADDITIONAL READING

Georgia Health Policy Center publications: <http://aysps.gsu.edu/ghpc/publications.html>



# Unique use of research method generates valuable results for the GDOT

Departments of transportation throughout the United States operate in an environment of unprecedented change, says Professor Ted Poister. Leading this change is the need to find multi-modal solutions to congestion, mandates to support economic development and environmental sustainability, pressure to become more customer-oriented, and new processes for developing transportation plans and programs.

In 2005 the Georgia Department of Transportation contracted with Poister and Professor John C. Thomas to survey its various stakeholders. Five years later, they have produced a series of reports that the GDOT is using to make significant improvements.

**“The GDOT is serious about wanting to improve its relationship with stakeholders. When we did these surveys, they took the results to heart and followed up.”**

*Ted Poister*

an entire public organization, which had not been done before.”

In the original model, managers are rated by their superior, the employees they supervise and their counterparts or external contacts. “That’s the idea: top, bottom and around the sides,” says Poister. “At the top of our model is the General Assembly as governing body; at the bottom are the employees who are asked to rate the organization and their managers; at the

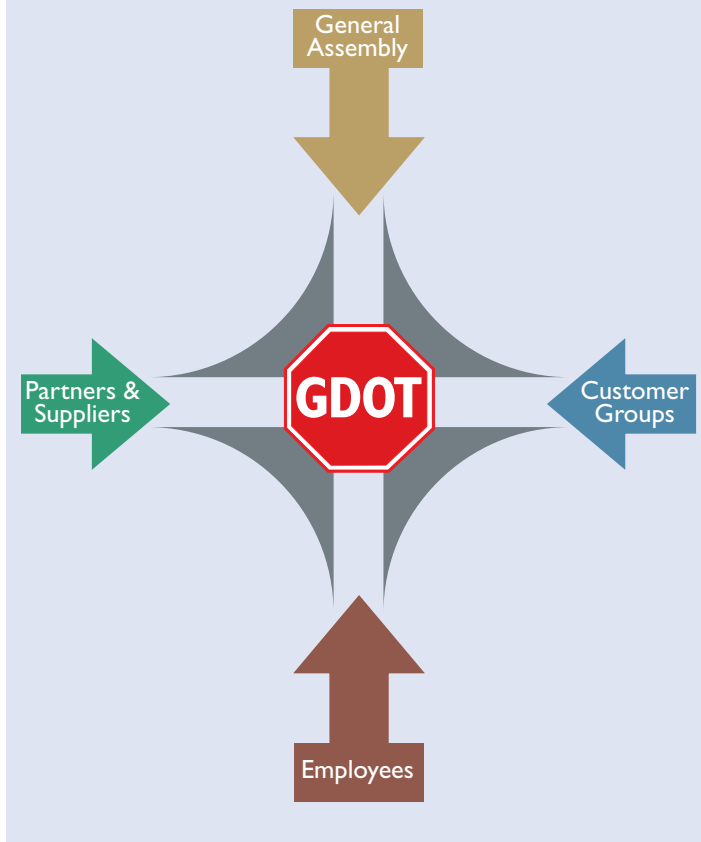
right were customer groups such as motorists and professional drivers; and on the left we looked at partners and suppliers including professional consultants, contractors and road builders, and local government elected officials and administrative professionals.”

To date, Poister and Thomas have developed and piloted nine different surveys, several of which they have replicated. The results provide a picture of GDOT’s performance from several different vantage points. Four articles describing various aspects of the project have been published or are forthcoming. Two new papers are under review, and they will soon finish their seventh study. “We’re on the home stretch,” says Thomas, who credits alumna Anita Berryman (M.S. in HRD ’00) and more than 15 graduate research assistants for their significant contributions to the project.

“The GDOT is serious about wanting to improve its relationship with stakeholders,” says Poister, who reports that the department has made changes based on their findings. “When we did these surveys, they took the results to heart and followed up. For example, two of the surveys raised awareness that local officials were concerned about the lack of information they had regarding GDOT programs. So John conducted a focus study group session with some 15 mayors and county commissioners, city planners, transportation engineers and others from around the state to flesh out the issues in greater detail. In response, the GDOT has revamped its communications approach to improve the partnership with these critical stakeholders.”

Poister and Thomas believe the GDOT should continue to do these surveys periodically. “We’ve established a baseline, and they’ve seen how the efforts bear fruit,” says Poister. “Further iterations of the surveys can track changes in stakeholders’ assessments of GDOT’s performance and identify newly emerging issues the department needs to address.” Moreover, the professors believe that their 360-degree organization assessment approach could help add public value to many other kinds of agencies that increasingly work through networked governance structures.

## 360-DEGREE PERFORMANCE ASSESSMENT MODEL



### ADDITIONAL READING

Thomas, J.C., Poister, T.H., & Ertas, N. (forthcoming). Customer, Partner, Principal: Local Government Perspectives on State Agency Performance in Georgia. *Journal of Public Administration Research and Theory*.

Poister, T.H., & Thomas, J.C. (forthcoming). The Case of GDOT's Consultant and Contractor Surveys: An Approach to Strengthening Relationships with Government's Business Partners. *Public Performance and Management Review*.

Thomas, J.C., & Poister, T.H. (2009). Thinking about Stakeholders of Public Agencies: The Georgia Department of Transportation Stakeholder Audit. *Public Organization Review*, 9(1): 67-82.

Poister, T.H., & Thomas, J.C. (2007). The "Wisdom of Crowds": Learning from Administrators Predictions of Citizen Perceptions. *Public Administration Review*, 67(2): 279-89.

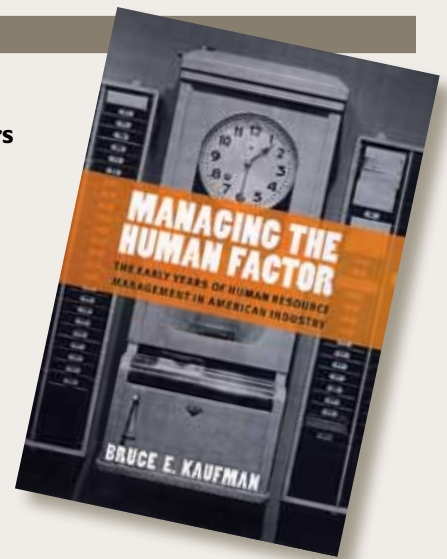
## BOOK REVIEW

### Managing the Human Factor: The Early Years of Human Resource Management in American Industry By Bruce E. Kaufman

#### EXCERPTS FROM HUMAN RESOURCE MANAGEMENT

(July-August 2009):

Despite the fact that its scope only includes the mid-1870s through 1933, this book is destined to become a landmark in human resource management (HRM) for several reasons, not the least of which is the 57 pages worth of amazingly detailed and precise examples, quotations and citations that support Kaufman's arguments.



The book documents a stunning transition in the management of people from the dawn of the Industrial Revolution, when the "Labor Problem" emerged as the nation's primary domestic policy concern, to 1933. As Kaufman notes, "The end year 1933 marks a huge inflection point in the field ... and the transition from a largely nonunion HRM model of welfare capitalism of the 1920s to the mass unionism and HRM model of collective bargaining spawned by the events and policies of the Great Depression and New Deal."

[O]ne of its important contributions is to bring into the debate the observations and conclusions of the numerous foreign industrial delegations, journalists, and workers who came to America to observe and experience welfare capitalism. As Kaufman concludes, "No one can read these accounts and not conclude that, even with all the caveats and discounts, American industry had transitioned [by the 1920s] to a distinctly more progressive, rational, and efficient employment model. Indeed, the visiting delegations were all coming to America to learn the secret of high productivity, high wages, and labor peace. Further, their positive assessments were broadly matched by the conclusions of some of America's most noted labor experts."

Managers and academics today (and tomorrow) will gain a whole new perspective of HRM after reading this book. More importantly, they will know whom to acknowledge as they develop their own theories and practices to advance HRM even further.

— Wayne F. Cascio, University of Colorado Denver

Go to [www3.interscience.wiley.com/cgi-bin/fulltext/1/22519833/PDFSTART](http://www3.interscience.wiley.com/cgi-bin/fulltext/1/22519833/PDFSTART) for the full review.

# Guidelines promote democratic & effective public decision-making

*Citizens and stakeholders have found their voice and are more willing to exercise it than they were a half-century ago, says Professor John C. Thomas, who calls this shift a “citizens’ revolution.” He believes that for public administrators to be effective in shaping community decisions and administering government programs, they must be able to recognize when this voice is needed.*

“[A]DMINISTRATORS still frequently struggle with when and to what extent to invite public involvement in their decision-making, and scholars of public administration have not offered much helpful counsel,” he writes in a paper titled “When Should the Public Be Involved in Public Management? Design Principles with Case Applications.” “Scholars frequently encourage public managers to engage citizens and other stakeholders more actively, but they have formulated few theories or guidelines for when and how to do so.”

Thomas’s paper will be published in the forthcoming book, *The Future of Public Administration Around the World: The Minnowbrook Perspective*, edited by Rosemary O’Leary, David Van Slyke and Soon Hee Kim. He presented it at the prestigious Minnowbrook III Conference September 2008 in Lake Placid, New York. The event continued the tradition of two earlier Minnowbrook conferences, all sponsored by Syracuse University’s Maxwell School of Citizenship and Public Affairs, for which scholars from around the world had assembled to assess the status and set the future agenda for the field of public administration.

Drawing from his work in public involvement, Thomas presents guidelines for administrators seeking answers to the first questions they should ask about public involvement: “That is, should I involve the public and other stakeholders in making this decision, and, if so, to what extent?” He then presents a series of case studies that illustrate his principles for public and external stakeholder involvement.

“Potential public involvement may be useful in decisions as varied as determining how to combat gang violence, where to locate a hazardous waste facility, or how to allocate community development block grants,” says Thomas. “Public administrators should consider two factors before they decide whether and to what

extent they need to involve the public in these decisions: What kind of information do they need to make a better decision? How important is public acceptance of the action to its implementation?

“[A]dministrators who are charged with launching a program in a community may lack information on what citizens would like to see the program offer. Or, they may see a need for technical information from other external stakeholders who are often excellent sources of such information.”

After reminding administrators that many actions do not require citizen acceptance to be implemented, Thomas writes: “For the most part, though, administrative decisions that substantially impact the public or other external stakeholders require they be extensively involved in order to gain the acceptance necessary for implementation. U. S. highway engineers learned this principle the hard way by attempting to run highways through neighborhoods without consulting residents.” He offers a series of five options, or design principles, to guide the decision-making approaches with public and other stakeholder involvement.

Because public administrators cannot always determine in advance whether citizens and stakeholders can provide useful information, their involvement is necessary or they are sympathetic with agency goals, Thomas cautions officials

to move carefully in either involving or excluding the public voice. “[L]eave latitude to increase or decrease the public’s involvement as circumstances may recommend,” he writes.

Thomas’s research represents a foundational step toward understanding and planning for public involvement. “It can help managers to realize the enormous promise that the appropriate involvement of the public offers for improving the future of public administration, government, and society,” he concludes.

#### ADDITIONAL READING

Thomas, J.C., Poister, T.H., & Ertas, N. (forthcoming). Customer, Partner,



John C. Thomas

Principal: Local Government Perspectives on State Agency Performance in Georgia. *Journal of Public Administration Research and Theory*.

Thomas, J.C., & Poister, T.H. (2007). The ‘Wisdom of Crowds’: Learning from Administrators Predictions of Citizen Perceptions. *Public Administration Review*, 67(2), 279-89.

## Does a popular public management reform truly improve performance?



Performance-oriented management, POM, has been in practice much too long to consider it a fad. During the last two decades, in fact, a number of governments have implemented this popular management reform, says Assistant Professor Yoon Jik Cho. But little is known about just how well it works. Does it truly help organizations improve their performance?

Few large-sample evaluations of POM reforms exist, says Cho. “Scholars ... have paid much attention to various POM initiatives across governments, but their studies are largely limited to normative discussions or case illustrations,” he writes with his co-authors Jung Wook Lee of the University of Illinois and Seok Eun Kim of the University of Arkansas in “Improving Performance: Does Performance-Oriented Manage-

ment Really Matter?” Their article was published in 2009 in the *International Review of Public Administration*.

Cho’s team draws on data from the Merit Principles Survey 2000, a large-scale survey of federal employees, to test whether performance-oriented management reforms can be proven to improve productivity and work quality. “For this purpose, we focused on two basic elements that are commonly found in many POM practices – goal setting, and design and implementation of performance management systems – and tested whether each of these basic components contributes to improving productivity and work quality in federal agencies,” they write. They also use the data to examine whether POM implementation can be conditioned by external political influences.

They find that both of the core POM elements studied contribute importantly to an organization’s productivity and work quality, which indicates that performance-oriented management can be a significant performance driver in governmental settings. “The empirical evidence regarding the effectiveness of POM in governmental settings clearly suggests

that POM as a reform idea cannot be lightly dismissed as suggested by some POM skeptics,” Cho and his co-authors conclude. They also find that “the mean scores of the two POM activities indicate that these two are not implemented as successfully as proponents expected.”

In their subgroup analysis of whether a highly political environment may condition POM’s effectiveness, Cho and his team found that goal setting, a critical POM component, has a lesser effect in highly political agencies than in those with low political standing. “Careful consideration of the political environment is critical for setting up a more realistic expectation about the positive effects of POM on organizational performance,” they write.

#### ADDITIONAL READING

Fernandez, S., Cho, Y.J., & Perry, J.L. (forthcoming). Exploring the Link between Integrated Leadership and Public Sector Performance. *Leadership Quarterly*.

Lewis, G.B., & Cho, Y.J. (under review). The Aging of the State Government Workforce: Trends and Implications. *American Review of Public Administration*.

# Empirical study refutes a central argument against protected areas



Paul Ferraro

Do protected areas – like national parks and reserves – increase poverty levels in the communities that surround them?

**ACCORDING TO** World Wildlife Fund Senior Science Fellow Paul Ferraro, an AYS associate professor, this question has become the subject of heated debate among conservation and development experts, particularly in developing nations where protected land areas have rapidly expanded and where alleviating widespread rural poverty is a paramount concern.

“The debate has only intensified as policymakers design schemes to reduce greenhouse gas emissions from deforestation and degradation in developing countries,” he says.

Do efforts to protect biological diversity hurt the

poor by restricting land uses? According to Ferraro, no credible empirical study had satisfactorily answered this question. Using new data and statistical methods, Ferraro attempts to do so in a working paper entitled “Do Protected Areas Increase Poverty? Evidence from Costa Rica and Thailand,” written with alumnus Kwaw Andam (Ph.D. in Public Policy '08), Katherine Sims of Amherst College, Margaret Holland of the University of Wisconsin and Andrew Healy of Loyola Marymount University.

“Previous studies do not measure poverty directly and do not use appropriate comparison groups to account for baseline differences in

affected communities. They do not clearly demonstrate a causal link between protected areas and poverty,” he says. “Yet without controls, one cannot answer the central research question: How different would poverty measures have been in communities around protected areas in the absence of these areas?”

In their paper, Ferraro and his colleagues make this comparison through a quasi-experimental design that improves upon previous studies in four ways: basing poverty measures on household-level surveys that provide reliable comparative indicators of human welfare; analyzing local impacts, matching the scale at which protected areas are likely to affect communities; employing matching methods to compare communities heavily affected by protected areas (treated) with communities that are less affected by protected areas (controls); and testing the robustness of the estimates to the presence of hidden bias from unobservable differences in treated and control areas.

They apply their new approach to Costa Rica and Thailand, two biodiverse developing nations with reliable national statistics

that were early adopters of protected area systems.

“We find no evidence that their protected area systems have had a net negative effect on local populations,” they conclude. “In fact, we find the opposite: the evidence suggests that, if anything, protected areas have had a net positive effect on indicators of local social welfare.”

Ferraro and the co-authors suggest that “[i]n principle, our approach to evaluating impacts could be applied to any measures of well-being, and thus, future collaborative evaluations among anthropologists, economists, and local people would be fruitful.”

## ADDITIONAL READING

Andam, K.S., Ferraro, P.J. et al. (2008). Measuring the Effectiveness of Protected Area Networks in Reducing Deforestation. *Proceedings of the National Academy of Sciences*, 105(42), 16089-94.

Ferraro, P.J., McIntosh, C., & Ospina, M. (2007). The Effectiveness of Listing Under the U.S. Endangered Species Act: An econometric analysis using matching methods. *Journal of Environmental Economics and Management*, 54(3), 245-61.

# Open space referenda are successful, but are opportunities missed?



**CONSERVATION GROUPS** are successfully targeting communities to pass referenda preserving open spaces. From 1998 to 2006, almost 80 percent of the 1,500 plus referenda targeting open space passed, says Associate Professor Spencer Banzhaf. Of the 2,220 referenda held since 1988, 76 percent have passed, most by a wide margin.

In "The Conservation Movement: Success through the Selection and Design of Local Referenda," Banzhaf, Wallace Oates of the University of Maryland and James Sanchirico of the University of California at Davis assess the conservation preferences of voters and how effective national and local land trusts are in targeting communities. Originally published by the Lincoln Institute of Land Policy, the paper is published in the SSRN Working Paper Series.

"The remarkable success of these measures is not random," says Banzhaf. "The communities that hold referenda and the types of financing used are based on the local knowledge of community activists and the broad experience of the national organizations that provide detailed guidance on the 'how

and where' of designing and introducing conservation referenda."

The primary objectives with this paper are to revisit and extend the existing empirical work on which communities support conservation and to shed light on the behavior of the conservation community.



"Does the current process ... place conservation measures on the ballot in those jurisdictions most likely to pass them? Does it select financing mechanisms most likely to appeal to voters in that jurisdiction? Does it place conservation measures in jurisdictions with more ecologically sensitive lands? Our results indicate that overall the conservation movement has done very well in identifying communities in which to place such measures on the ballot and selecting preferred financing mechanisms," Banzhaf and his colleagues write.

The land conservation movement appears to have been successful at targeting communities based on observable factors, they conclude. "Communities actually holding referenda are predicted by our models to have higher average support than those communities which do not hold them, by 6-7 percentage points at the polls," they write.

There is room for improvement in the open space movement. "Our model identifies a number of communities whose characteristics suggest unexploited opportunities for open-space conservation. ... [The] process may be over-stereotyping, missing opportunities in southeastern, suburban, minority and Republican areas."

## ADDITIONAL READING

Banzhaf, H.S., & Lavery, N. (forthcoming). Can the Land Tax Help Curb Urban Sprawl? Evidence from Growth Patterns in Pennsylvania. *Journal of Urban Economics*.

Banzhaf, H.S., Oates, W.E., Sanchirico, J., Simpson, D., & Walsh, R.P. (2006). Voting for Conservation: What is the American Electorate Revealing? *Resources*, 160:8-12.

# Do consumers pay true cost for dolphin-safe tuna? Producers' actions suggest not

In the early 1960s, large purse seiners began dropping nets as long as a mile and as deep as 600 feet in the Pacific Ocean to catch tuna. From 1960 to 1988 they also caught – and killed – hundreds of thousands of dolphins.

The United States passed the Dolphin Protection Consumer Act in late 1990, which established protections for dolphins, provided dolphin-safe labeling standards for tuna products and set a penalty for noncompliance, or unlabeled product. Many of the studies following this act have examined the impact of dolphin-safe “eco-labeling” on demand. Associate Professor Kurt Schnier decided to show how eco-labeling may change the behavior of producers.

In “Eco-labeling and dolphin avoidance: A dynamic model of tuna fishing in the Eastern Tropical Pacific,” published in the *Journal of Environmental Economics and Management* (2008), Schnier and co-author Robert L. Hicks of The College of William and Mary use data collected by the National Marine Fisheries Service to examine the impact of dolphin-safe eco-labeling on two decisions producers make: where to fish, and whether they will follow the labeling requirement. Are they more willing to pay to avoid dolphins or to pay to remove the labeling requirements?

“Whether a labeling program is likely to send positive signals to producers depends on the relative cost of the ‘green’ method of production, along with consumer preferences and the degree of consumer uncertainty due to the credibility of the label certification program,” Schnier and Hicks write. “With a high enough price premium for the green good, producers may alter production methods to meet labeling certification requirements.”



**ASSOCIATE PROFESSOR KURT SCHNIER** has been invited to serve on the South Atlantic Fishery Management Council's Social and Economic Technical Advisory Panel and the Gulf of Mexico Fisheries Management Council's Social and Economic Technical Advisory Panel. These councils manage the Federal fisheries off the coast of North Carolina, South Carolina, Georgia and East Florida, and those within the Gulf.

Schnier and Hicks apply a dynamic discrete choice model to the Eastern Tropical Pacific (ETP) tuna fishery, finding that the policy appears to have segmented fleet activity to a large degree. The purse seiners that attempted to follow the dolphin-safe labeling requirement were forced to pursue their fishing in a smaller viable area to avoid dolphin sets. (Dolphin spottings – sets – are one of three methods used to find tuna.)

“We show that the enactment of dolphin-safe tuna labeling altered the spatial distribution of production behavior with the ETP tuna fishery. This generated a shift in the fleet's willingness to pay for increasing the amount of log sets [floating debris known to attract tuna] within the tuna fishery during this time period. These results suggest that the dolphin-safe tuna labeling did have a substantial short-run effect on the tuna fleet,” they conclude.

“This evidence, coupled with the exodus of many ETP seiners to the Western Tropical Pacific and/or the re-flagging of these vessels in foreign waters, provides evidence that the costs of meeting the dolphin-safe requirements were not compensated by the consumer willingness to pay for labeled over unlabeled product.” The authors suggest that combining this research on producers with the eco-labeling marketing literature “could provide a fruitful extension to determine the asymmetries in production and consumer behavior.”

## ADDITIONAL READING

Holland, D.S., & Schnier, K.E. (2006). Individual Habitat Quotas for Fisheries. *Journal of Environmental Economics and Management*, 51(1), 72-92.

Flores-Lagunes, A., Horrace, W.C., & Schnier, K.E. (2007). Identifying Technically Efficient Fishing Vessels: A Non-Empty, Minimal Subset Approach. *Journal of Applied Econometrics*, 22, 729-45.

# Firm-level study of undocumented workers suggests policy fixes

The United States is home to an estimated 10 million undocumented immigrants, six million of which are working and account for an estimated 5 percent of the national workforce. Although the firms that employ undocumented workers are commonly believed to have an economic advantage over their competitors, this assumption had never been empirically tested.

“Research that provides a true understanding of the factors behind a firm’s decision to employ undocumented workers will help policymakers be better informed about potential opposition to implementing immigration reform. It will also suggest how those reforms might be designed to best address the concerns of employers,” says Adjunct Professor Julie Hotchkiss, a research economist and policy advisor at the Federal Reserve Bank of Atlanta.

Hotchkiss, J. David Brown of the Center for Economic Studies at the U.S. Census Bureau and Myriam Quispe-Agnoli of the FRB decided to use firm-level administrative data from the Georgia Department of Labor and other sources to test the assumption.

Their research addresses three main questions: Does the employment of undocumented workers in the United States give firms a competitive advantage? What kinds of firms employ undocumented workers? Does the incidence of undocumented employment and the competitive advantage vary with geographic market size?

The article, “Undocumented Worker Employment and Firm Survivability” (Federal Reserve Bank of Atlanta Working Paper 2008-28), reveals their findings, which they presented at the fourth IZA (Institute for the Study of Labor)/World Bank conference on labor market dynamics in developing countries in May.

The firm-level research suggests that employers engage in herding behavior: “If their competitors employ undocumented workers, they are more likely to do the same. Undocumented employment by rivals will harm their ability to survive, but if they do it, they strongly enhance their survival prospects,” Hotchkiss says. This finding suggests that firms save costs by

employing undocumented workers at wages lower than the true value of their work, a wage-setting practice known as monopsonistic discrimination.

The implications of this practice are both economic and political. “Economically, any reduction in the supply of undocumented workers will raise production costs and likely, prices paid by consumers,” she says.

“Politically, these results provide strong predictions about the design of and response to policies to reduce the supply of undocumented workers. Strong resistance to tougher enforcement will come from industries that employ larger shares of undocumented workers, while groups representing documented workers in those same industries will call for tougher enforcement to help improve their depressed wages.

“Policies that force firms to treat undocumented workers the same way they do documented workers, or, rather, eliminate monopsonistic discrimination, will remove the competitive advantage to hiring undocumented workers, which will lower demand for those workers,” says Hotchkiss.

## ADDITIONAL READING

Hotchkiss, J.L., & Quispe-Agnoli, M. (June 2009). Employer Monopsony Power in the Labor Market for Undocumented Workers. *FRBA Working Paper #2009-14a*.





# Knowledge and incentives increase purchase of catastrophic insurance



Damages incurred during September's north Georgia floods were estimated at more than half a billion dollars according to the state's insurance commissioner, who stated that most structures affected were not insured for catastrophic losses. "Purchasing flood insurance is an important consideration for Georgia's consumers, even if you think a flood is unlikely in your area," Commissioner John Oxendine said in March press release used to encourage Georgia consumers to purchase flood insurance. "Twenty-five percent of flood claims occur in areas considered medium- or low-risk for floods." Yet in 2007, just 2.2 percent of the state's nearly four million housing units – only 87,870 homes – were protected with flood insurance policies.

"After every major flood or hurricane, the question of why homeowners and businesses do not adequately insure against catastrophic risk is brought to national attention," write Associate Professor Susan Laury, associate director of the Experimental Economics Center, Research Assistant Professor Todd Swarthout, ExCen's operations director, and Melayne Morgan McInnes of the University of South Carolina in "Insurance Decisions for Low-Probability Losses." The article was published by the *Journal of Risk and Uncertainty* in August 2009.

"While high underwriting costs and limited supplies of insurance for extreme events may provide a partial explanation, low take-up rates of federally subsidized flood insurance suggest that this is not the entire explanation," they continue.

"It is widely accepted that people tend to under-insure against low-probability, high-loss events relative to high-probability, low-loss events," says Laury. "Yet there is very little experimental evidence that would support this conventional wisdom. The economic and social costs of failing to insure against catastrophic losses can be quite large.

"If our goal is to develop a policy solution to address this very costly problem, it is important to understand why so many people fail to purchase this insurance. If consumers do not

accurately process low probabilities, offering policies bundled to protect for a broader range of events may be the answer. However, if they do not insure because costs are too high, then offering credible, subsidized insurance should help."

Laury, Swarthout and McInnes implemented real, high-consequence losses in the experimental lab to learn how people respond to changes in loss probability. Their results suggest that this response can be determined by the way the loss is framed and whether incentives are real or hypothetical. "We find no evidence of underinsurance of low-probability losses when incentives are real and large," they write. "Therefore, a policy focusing on probability misperceptions may be fundamentally misguided and may not solve the problem of underinsurance in the field."

## ADDITIONAL READING

Swarthout, T., & Shachat, J. (forthcoming). Procurement Auctions for Differentiated Goods. *Decision Analysis*.

Swarthout, T., & Walker, M. (2009). Discrete Implementation of the Groves-Ledyard Mechanism. *Review of Economic Design*, 13(1), 101-114.

# Georgia Eminent Scholar James Cox advances experimental economics

**“EXPERIMENTS PROVIDE** insight into the ways in which economic and game theory succeed – or fail – to accurately predict behavior, and hence guide improvements in the theory,” says Professor James C. Cox, a Georgia Research Alliance Eminent Scholar and director of the Experimental Economics Center headquartered at the Andrew Young School. Cox and his expert team of experimental economists promote the development and application of economics and related disciplines as empirical social science.

Recognized as one of the nation’s leading experimental economists, Cox was called to contribute seven chapters to the *Handbook of Experimental Economics Results, Volume 1*, edited by Charles R. Plott of the California Institute of Technology and Vernon L. Smith of George Mason University (Elsevier, 2008). Each chapter briefly describes specific experiments in a format that allows the reader to quickly understand the nature of the experiment and its results.

Cox’s chapters address “First Price Independent Private Values Auctions,” “Experiments in Decentralized Monopoly Restraint” with R. Mark Isaac, “Laboratory Tests of Job Search Models” with Ronald L. Oaxaca, “Utility Maximization,” “Preference Reversals,” “Procurement Contracting” with Isaac, and “Experimentals: The Use of Market Experiments to Evaluate the Performance of Econometric Estimators” with Oaxaca.

In “Preference Reversals,” he writes that the study of preference reversals has spread to experimental economics because of its relevancy. “Preference reversals can call into question the empirical validity of economic theory because they provide support for the

conclusion that the preferences that subjects reveal vary with the response mode (choice or validation) that is used to elicit the preferences.” Cox asks whether the preference reversal phenomenon is robust to repetitive decisions in markets and finds that it is not.

Interest in the theory and behavior of procurement contracting stems mainly from government’s multiple, possibly conflicting, objectives in procurement and an asymmetry in knowledge of some production costs, Cox and Isaac state in “Procurement Contracting.” They write that “budgetary cost minimization and economic efficiency maximization can be conflicting objectives when there is a cost information asymmetry.” They use a model of cost information asymmetry to provide examples of inefficiencies that may allow contracts to be awarded to suppliers other than those with the lowest costs.

“Experimental methods in economics respond to circumstances that are not completely dictated by accepted theory or outstanding problems,” reads the description for the *Handbook of Experimental Economics Results* on publisher Elsevier’s Web site. “Although many [questions] cannot be answered by experimental methods, there are questions that can only be answered by experiments.”

## ADDITIONAL READING

Experimental Economics Center Working Paper Series: <http://excen.gsu.edu/workingpapers/index.jsp>

---

*In November 2008, Professor James Cox became president-elect of the Southern Economic Association and program chair for its annual meeting that will be held in Atlanta in November 2010. He will serve a year as SEA’s president.*



James C. Cox

# Neighboring states attract higher shares of knowledge workers than Georgia

*In annual Census reports, Georgia continues to rank among the top ten states for its population growth, with people relocating to the state responsible for a significant share. This growth has been heralded by chambers of commerce around the state. However “who” is moving to Georgia is as important a policy concern as “how many.”*



To attract the type of top-tier corporations that drive economic development in better-paying industries, Georgia must have a higher skilled workforce relative to that of its neighbors. College-educated individuals aged 26-35 are the population to attract, as their presence helps improve the overall quality of the state's labor pool. “With firms looking for a well-educated workforce to draw upon, growth in this segment of the population can be an important precursor for future economic growth,” write Assistant Professor Jonathan Rork and Ph.D. candidate Chandler McClellan (Economics) in “Georgia’s Brain Gain” (FRC Policy Brief No. 194, 2009).

“College-educated individuals earn more on average than their counterparts and are less at risk of becoming unemployed during a recessionary downturn,” they write. “Higher wages and job stability translate into larger consumer spending and increased tax revenues for the state. Further, high concentrations of these individuals create a network effect, which leads to higher productivity and increases the attractiveness of the state to other highly educated individuals and ‘knowledge-based’ businesses.”

Although Georgia consistently ranks among the top states in overall net migration,

the composition of those moving in is rarely addressed, write Rork and McClellan. Using data from the U.S. Census Bureau’s Integrated Public Use Microsample and American Community Survey, they examine the composition of people moving into Georgia to determine whether state policies designed to increase the net migration of highly skilled workers have had any effect on attracting this population segment to Georgia.

“Overall, this segment’s migration to Georgia has been high and consistent,” says Rork. “We found trends that indicate that Georgia’s population is experiencing a shift towards a higher skill level. However, when we looked only at this demographic as a percentage of Georgia’s total net migration, we found that Georgia in 2005-2006 moved behind other southeastern states, particularly North Carolina, Florida and Arkansas.”

In their conclusion, Rork and McClellan suggest that Georgia should consider emulating states more successful at attracting a higher share of knowledge workers. “While Georgia may become bigger than her neighbors, it will not necessarily become smarter and more skilled than her neighbors. Without a highly skilled ‘knowledge-based’ workforce, Georgia will not

# Income gap grows wider nationally than in Georgia



David Sjoquist

Factors behind wage and earnings inequality include a higher return to education via technology, the minimum wage decline, de-unionization of industries, job outsourcing and the increase in performance pay at the top, according to Professor David Sjoquist, the Dan E. Sweat Distinguished Chair in Educational and Community Policy and director of the Fiscal Research Center and Domestic Studies.

Factors specific to family and household income inequality at the bottom of the income distribution include the relative decrease in two-earner families, while households at the top end are experiencing greater labor participation of two-career couples, larger increases in the wages of secondary earners and the growing importance of non-labor income sources, like capital gains.

Professor Sjoquist and Ph.D. student Rayna Stoycheva (Public Policy) use Census Bureau data to show the extent to which these factors changed the income distribution in the state in the FRC Policy Brief Number 199, "Household Income Inequality in Georgia, 1980-2007."

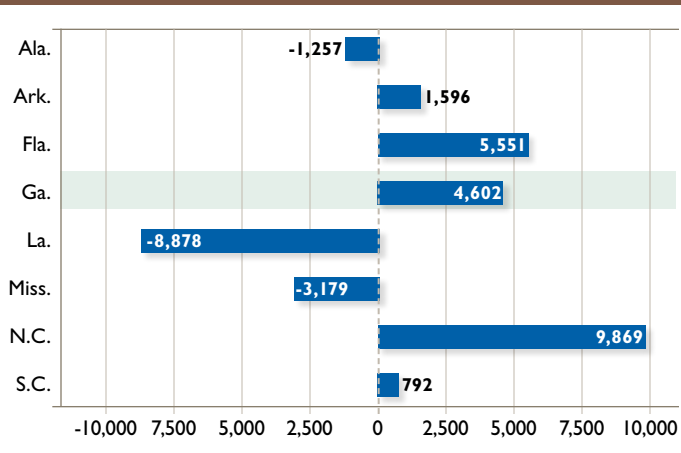
"The most noticeable change is that the income share for the top ten percent of all Georgia householders increased from 29 percent to 33.2 percent of total income, a 14 percent increase, between 1980 and 2007," they write. Among African American households, income inequality slightly decreased over this same period. Income inequality for Hispanics showed the most significant drop; in 2007 it was lowest among the three demographic groups.

"Overall, the patterns observed in Georgia confirm the national trend," Sjoquist and Stoycheva conclude. "However, there are differences by race and some differences in magnitude when compared to the overall national trend. Inequality did not increase as much for all Georgia residents as it did nationally."

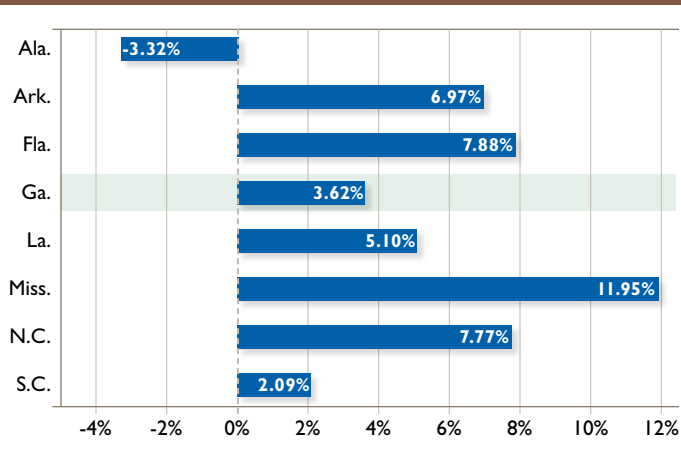
## ADDITIONAL READING

Publications of the Fiscal Research Center can be downloaded at <http://aysps.gsu.edu/frc/publications.html>.

## NET MIGRATION OF COLLEGE GRADUATES, AGED 26-35, 2005-06



## NET MIGRATION OF COLLEGE GRADUATES, AGED 26-35, AS PERCENTAGE OF TOTAL NET MIGRATION, 2005-06



attract top-tier corporations and will be more susceptible to economic downturns," they write.

## ADDITIONAL READING

Rork, J. (forthcoming). Yardstick Competition and Toll Revenues: Evidence from US States. *Journal of Transport Economics and Policy*.

Rork, J., Bruce, D., & Deskins, J. (forthcoming). (Small) Business Activity and State Economic Growth: Does Size Matter? *Regional Studies*.

Rork, J., Ford, T., & Elmslie, B. (2008). Considering the Source: Does the Country of Origin of FDI Matter to Economic Growth? *Journal of Regional Science*, 48(2): 329-57.

# “Benefits theory” informs a successful financing strategy for nonprofits

The economic recession has impacted the balance sheets of nonprofits even more severely than those of households and corporations. According to one survey, only 16 percent of 986 nonprofits surveyed expect to be able to cover their operating costs in 2009 and 2010, says Professor Dennis Young, the Bernard B. and Eugenia A. Ramsey Chair of Private Enterprise and director of the Nonprofit Studies Program.

“All income sources have been impacted: contributions, government funding, earned income and investment income,” says Young. “While more than a third of the nation’s nonprofit organizations are experiencing salary freezes and layoffs and are cutting services, demand for nonprofit services has risen in many areas, particularly health and human services.”

In looking at the income sources that make up a nonprofit organization’s financial portfolio – its revenue mix – Young has developed a “benefits theory” to explain why nonprofits vary widely in their mix of sources. He and AYS Ph.D. candidate Amanda Wilsker explain and test a hypothesis they have derived from the benefits theory in several working papers and forthcoming publications. They have presented these ideas, as they have evolved, at the 2007 ARNOVA annual conference and the 2009 AICPA Not-for-Profit Industry Conference.

“Nonprofit financing is outstanding in that the mix of nonprofit revenues from alternative sources, which normally include earned income, charitable contributions, government funding and investment income, varies dramatically by field of service,” they write. “This has led us to propose that nonprofit income portfolios are strongly influenced by the services and benefits that a nonprofit organization produces.

“Given that such services and benefits vary in their public vs. private nature, we presume that their means of financing are likely to vary correspondingly – with fee revenues reflecting private benefits, charitable contributions reflecting collective group benefits, and government support indicative of society-wide benefits. Since nonprofit organizations vary widely in their missions and services, we surmise that their income portfolios will vary accordingly.”

The results of their tests “clearly show a strong tendency to conform to the hypothesized patterns,” they write.

“The benefits theory is important not only because it explains observed empirical patterns of nonprofit finance, but it also suggests a strategic direction for nonprofits to follow when they look at their support,” says Young. “They would be most effective pursuing their unique mix of fees, contributions and government funding as determined by their mission rather than following general formulas or chasing particular sources of income based on generic parameters, or the latest financing fashion, like endowments or earned income ventures.”

Examples of nonprofits that have successfully tapped into their unique sources of support range from Habitat for Humanity, which has added demolition and home repair micro-financing to its program portfolio, to universities that are changing their fund-raising focus from buildings and programs to student aid.

“Nonprofits should tie their financial strategies to the work of the institution, which helps determine what kinds of mission-related activities, programs and services can best be supported in today’s environment,” says Young. “Those that realign their programs and finances to take maximum advantage of their potential support will be well-positioned for the future.”

## ADDITIONAL READING

Nonprofit Studies Program working papers are published online at <http://aysps.gsu.edu/nsp/papers.html>.

Young, D.R., Fischer, R.L., & Wilsker, A.L. (2008). Exploring the Revenue Mix of Nonprofit Organizations – Does it relate to Publicness? *Social Science Research Network, ERN Public Policy Institutes Research Paper Series, Andrew Young School of Policy Studies*, (3) 1.

Young, D.R., & Wilsker, A.L. (2009). Program Diversity of Revenue Composition: How Programs Determine Revenue Sources. *Draft report*.



# Complexity a necessity for nonprofit advocacy groups

“Nonprofit organizations are at the heart of advocacy activity that shapes laws and society. They lobby lawmakers, educate the public on issues, and stimulate citizen action and voter turnout at election time. Indeed, many nonprofits ... act as a bridge between politics and policy by influencing legislatures, parties, and elections,” write Janelle Kerlin and Elizabeth Reid in “The Financing and Programming of Advocacy in Complex Nonprofit Structures,” an article forthcoming in the *Nonprofit and Voluntary Sector Quarterly*.

Kerlin, an assistant professor at the AYS and Reid, formerly at The Urban Institute, analyze the complex structures of five environmental nonprofit groups to demonstrate the impact of federal regulation on nonprofit organizations that do advocacy work.

“Regulatory policy encourages nonprofits interested in advocacy work to create complex nonprofit structures,” says Kerlin, “yet little is known about how this policy shapes the organizational structures, finances and programming of nonprofits that do advocacy work.” The authors demonstrate the impact of Internal Revenue Service and Federal Election Commission regulations that form charitable organizations (501[c][3]), social welfare organizations (501[c][4]) and political action committees (PACs), and find several ways that these regulations encourage nonprofits to form additional, related tax-exempt entities to achieve their full missions.

“These complex nonprofit structures relate to each other through overlapping boards, shared finances and policy agendas. They report to their respective



Janelle Kerlin

authorities as separate legal entities and may coordinate their efforts to finance and advocate for policy reforms,” says Kerlin. “Combining different types of tax-exempt organizations with common advocacy creates a complex structure that can facilitate a broad range of advocacy efforts at the most efficient cost within the law.”

Some nonprofits may avoid these complex arrangements because of the perceived legal risk and cumbersome administrative procedures. “Indeed, many 501(c)(3)s avoid advocacy work in general simply because they are worried about IRS sanctions. ... However, the violation of advocacy thresholds and restrictions and loss of 501(c)(3) status occurs much less often than commonly feared,” they write.

## ADDITIONAL READING

Kerlin, J.A. (forthcoming). The Diffusion of State-Level Nonprofit Program Innovation: The T.E.A.C.H. Early Childhood® Project. *Nonprofit and Voluntary Sector Quarterly*.

Kerlin, J.A. (Ed.). (forthcoming). *Social Enterprise: A Global Comparison*. Lebanon, NH: Tufts University Press.



# Study of Georgia nonprofits' revenues & resources reveals geographic divide

**DEKALB AND FULTON** counties, two of the most populous counties in Georgia, also contain the highest number of public charities per capita, the greatest amount of public charity revenues per capita, and the highest ratios of public charity revenues as a percent of county income. These ratios fall dramatically in the rest of Georgia, especially in suburban and rural counties across the state.

The distribution of public charities relative to population and income is one of several resource questions analyzed by authors Janet Johnson, Shena Ashley and Grace Chikoto in "Nonprofit Georgia: Geography," the second of two reports on Georgia's public charities and foundations conducted by the Nonprofit Studies

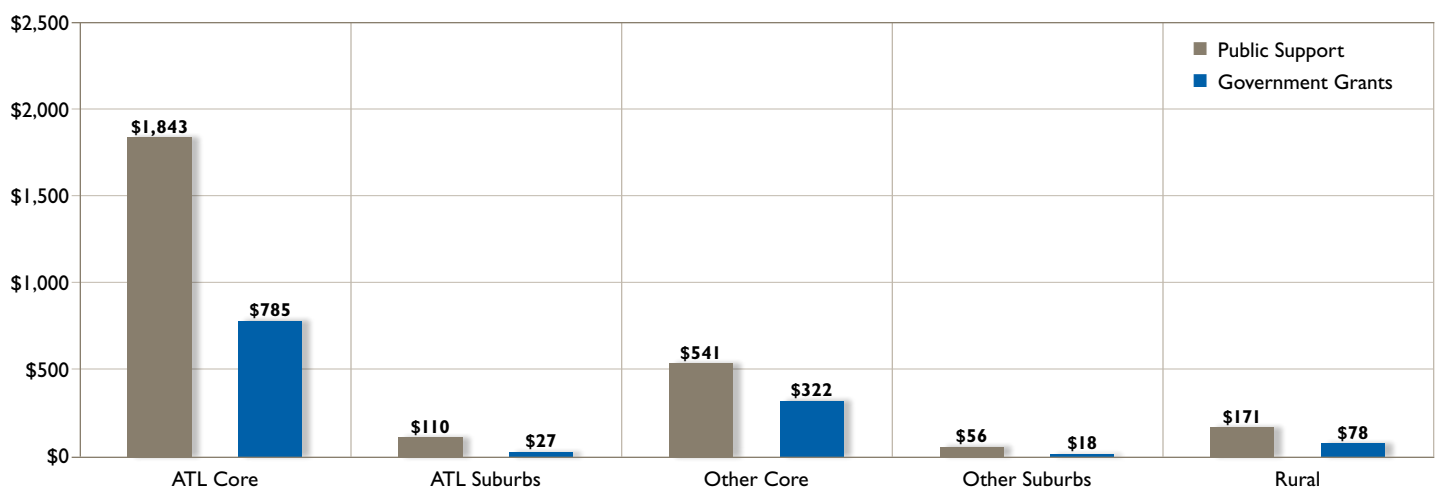
Program and funded by the Wilbur and Hilda Glenn Family Foundation. Johnson is a senior researcher and associate director of the Nonprofit Studies Program. Ashley (Ph.D. '07) and Chikoto (Ph.D. '09) are graduates of the Department of Public Management and Policy.

Upon examination of data from the National Center for Charitable Statistics and the U.S. Census Bureau, the study reveals distinct differences in access to nonprofit resources and revenues by geographic location that are configured and analyzed for core urban counties, the suburbs and rural areas. This study is unique in its detailed analysis of the nonprofit sector within a state.

"Philanthropic wealth is not evenly distributed throughout Georgia," says Johnson. "Our analysis looks at what this means for the nonprofit resources and operations within the state. Is there an urban/rural divide? Where do nonprofit revenues come from and where do they go? How does the nonprofit sector affect the flow of resources within the state and across state lines, and how well does the nonprofit capacity meet the needs of various Georgia locations?"

"Fulton and DeKalb ... hosted more than one-third of Georgia's public charities in 2005, which comprised more than half of all Georgia's public charity revenues. Forty-three percent of all foundations in Georgia were located in [these

**CONTRIBUTIONS PER CAPITA, BY LOCATION  
2005**



two core counties] in 2005, and these foundations comprised over 70 percent of Georgia's foundation assets," the authors write.

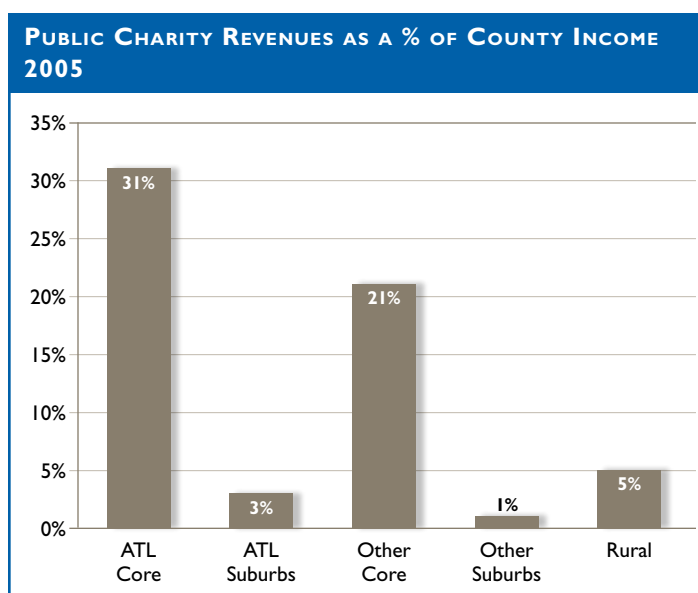
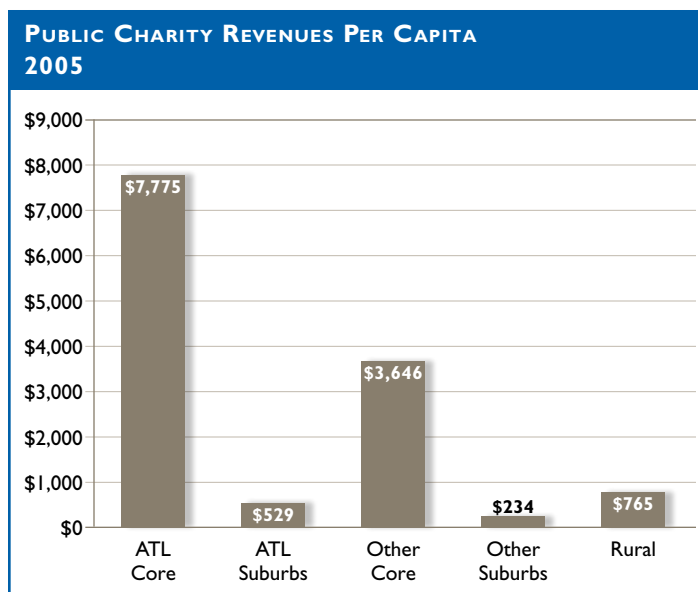
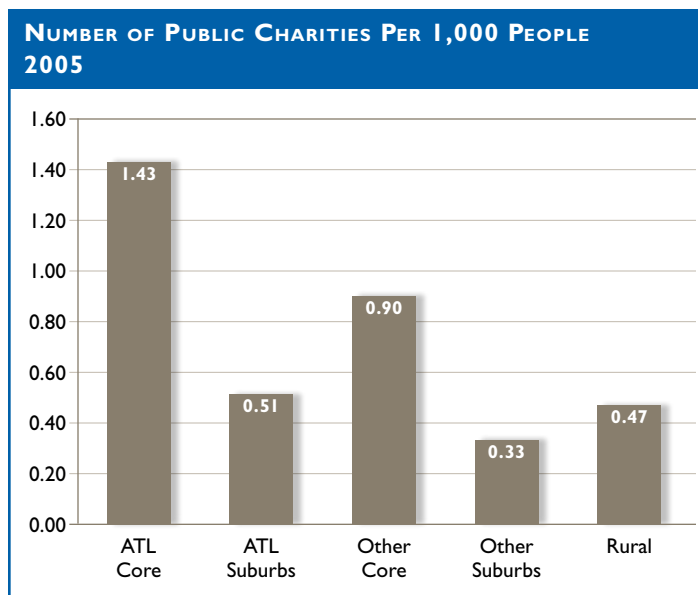
"On the other end of the urban/rural continuum, the 89 rural counties in Georgia contained 14 percent of the state's public charities and only 7 percent of all public charity revenues. These rural counties contained 13 percent of Georgia's foundations and only 6 percent of state-wide foundation assets," they continue.

The report also offers important analysis of public support and government grants to public charities, the geographic distribution of grants by Georgia foundations, and the distribution of foundation grants to different types of nonprofit organizations.

Johnson reports that nonprofit organizations have found the analysis useful in understanding where Georgia's foundations are distributing grant dollars. "The foundations themselves have a better understanding of where philanthropic dollars may be lacking in the state," she says. "Community foundations, in particular, have been eager to know more about the capacity of nonprofit organizations in their regions."

#### ADDITIONAL READING

The Nonprofit Georgia series is available at <http://aysps.gsu.edu/nonprofit>.



## Nonprofit Studies experts provide entry for new encyclopedia

**"RENEWED AND** growing interest in the topic of civil society has generated a wealth of new information and knowledge on the subject, but until now, there was no comprehensive reference work to organize and consolidate this knowledge," opens the introduction for the new *International Encyclopedia of Civil Society* (Springer).

Nonprofit Studies Program Director Dennis Young and Assistant Professor Janelle Kerlin were invited to provide the entry on "Social Entrepreneurship" for this groundbreaking reference, which was edited by Helmut Anheier and Stefan Toepler.

In their entry, Young and Kerlin introduce the term, analyze its various definitions and key issues in identifying a universal definition, and examine motivations, venues and process. They provide international perspectives and future directions for continued inquiry and theory development.

"Writing the article was like writing the beginning of a research article," says Kerlin. "It would be interesting to follow up on the questions we raised during our investigation of the term."

The *International Encyclopedia of Civil Society* is available in print and online at [www.springer.com](http://www.springer.com).



## ENDOWED CHAIRS

### James C. Cox

Noah Langdale Jr.  
Eminent Scholar Chair  
Georgia Research Alliance  
Eminent Scholar  
Ph.D., Harvard University  
jccox@gsu.edu  
Experimental economics,  
microeconomic theory

### Barry T. Hirsch

W.J. Utery, Jr. Chair  
of the American Workplace  
Ph.D., University of Virginia  
bhirsch@gsu.edu  
Labor economics

### David L. Sjoquist

Dan E. Sweat Distinguished Chair in  
Educational and Community Policy  
Ph.D., University of Minnesota  
sjoquist@gsu.edu  
Public budgeting and finance

### Dennis R. Young

Bernard B. and Eugenia A. Ramsey  
Chair of Private Enterprise  
Ph.D., Stanford University  
dennisryoung@gsu.edu  
Nonprofit economics  
and management

## CHAIRS AND DIRECTORS

### James C. Cox

Director, Experimental  
Economics Center

### Deon Locklin

Director, Public Performance  
and Management Group  
M.Ed., Auburn University  
dlocklin@gsu.edu  
Organizational leadership  
development, strategic management

### Jorge Martinez-Vazquez

Regents Professor and Director,  
International Studies Program  
Ph.D., Washington University  
jorgemartinez@gsu.edu  
Public budgeting and finance

### Karen Minyard

Executive Director,  
Georgia Health Policy Center  
Ph.D., Georgia State University  
kminyard@gsu.edu  
Health policy

### Robert E. Moore

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

### Harvey K. Newman

Chair, Department of Public  
Management and Policy  
Ph.D., Emory University  
hnewman@gsu.edu  
City management, urban policy

### David L. Sjoquist

Director, Fiscal Research Center

### Mary Beth Walker

Chair, Department of Economics  
Ph.D., Rice University  
mbwalker@gsu.edu  
Econometrics

### Dennis R. Young

Director, Nonprofit Studies Program

## FACULTY

### James R. Alm

Ph.D., University of  
Wisconsin, Madison  
jal@gsu.edu  
Public budgeting and finance

### Roy Bahl

Regents Professor, Founding Dean  
Ph.D., University of Kentucky  
rbahl@gsu.edu  
Public budgeting and finance

### H. Spencer Banzhaf

Ph.D., Duke University  
hsbanzhaf@gsu.edu  
Environmental economics

### Janelle Bassett Kerlin

Ph.D., Syracuse University  
jkerlin@gsu.edu  
Social enterprise, international  
nonprofit organizations

### Rachana Bhatt

Ph.D., University of Rochester  
rbhatt@gsu.edu  
Labor and applied  
economics, education

### Carolyn Bourdeaux

Ph.D., Syracuse University  
cbourdeaux@gsu.edu  
Public finance, urban policy  
and governance

### Resul Cesur

Ph.D., Georgia State University  
prcrx@langate.gsu.edu  
Health and labor economics,  
applied econometrics

### Yoon Jik Cho

Ph.D., Indiana University  
padyjc@langate.gsu.edu  
Leadership, public and human  
resource management

### Carter Doyle

Ph.D., Florida State University  
cdoyle@gsu.edu  
Pensions, public and labor  
economics, banking and monetary  
policy, economic forecasting

### Paul J. Ferraro

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

### Shelby Frost

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

### Shiferaw Gurmu

Ph.D., Indiana University  
sgurmu@gsu.edu  
Econometrics

### Carol D. Hansen

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

### Andrew Hanson

Ph.D., Syracuse University  
ahanson@gsu.edu  
Urban economics, public finance

### Kenneth Heaghney

Ph.D., Rice University  
kheaghney@gsu.edu  
Public finance

### W. Bartley Hildreth

Ph.D., University of Georgia  
barthildreth@gsu.edu  
Public financial management,  
public budgeting, tax policy  
and municipal securities

### Julie L. Hotchkiss

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

### Janet L. Johnson

Ph.D., University of Wisconsin  
janetjohnson@gsu.edu  
Labor economics,  
nonprofit organizations

### Paul Kagundu

Ph.D., Georgia State University  
pkagundu@gsu.edu  
Public finance, public choice,  
economic development

### Bill Kahnweiler

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



Janet Johnson and student

**Bruce Kaufman**

Ph.D., University of Wisconsin  
bkaufman@gsu.edu  
Labor economics

**Susan K. Laury**

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

**Gregory B. Lewis**

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

**Cathy Yang Liu**

Ph.D., University of Southern California  
cyliau@gsu.edu  
Housing, community and economic development, urban labor market, race and immigration

**Jon Mansfield**

Ph.D., Georgia State University  
jlmansfield@gsu.edu  
Economics

**James Marton**

Ph.D., Washington University in St. Louis  
marton@gsu.edu  
Health and public economics

**Grace O**

Ph.D., University of Kansas  
graceo@gsu.edu  
Macroeconomics, monetary economics, North Korea's economy

**Klara Sabirianova Peter**

Ph.D., University of Kentucky  
kpeter@gsu.edu  
Labor economics and applied econometrics

**Theodore Poister**

Ph.D., Syracuse University  
jpoister@gsu.edu  
Public administration

**Mark Rider**

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

**Felix K. Rioja**

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

**Christine Roch**

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

**Jon Rork**

Ph.D., Stanford University  
jrork@gsu.edu  
State and local public finance

**Glenwood Ross**

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

**Vjollca Sadiraj**

Ph.D., University of Amsterdam, The Netherlands  
vsadiraj@gsu.edu  
Experimental economics, microeconomics and game theory

**Antonio Saravia**

Ph.D., Arizona State University  
asaravia@gsu.edu  
Political economy, institutional economics, development economics

**Bruce A. Seaman**

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

**Kurt E. Schnier**

Ph.D., University of Arizona  
kschnier@gsu.edu  
Resource, applied and experimental economics

**Cynthia Searcy**

Ph.D., Syracuse University  
csearcy@gsu.edu  
Financial management and budgeting, health policy, education policy

**Paula Stephan**

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

**Greg Streib**

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

**J. Todd Swarthout**

Ph.D., University of Arizona  
swarthout@gsu.edu  
Experimental economics

**Zeynep Esra Tanyildiz**

Ph.D., GSU and Georgia Institute of Technology  
padzeax@langate.gsu.edu  
Scientific human capital, international migration and urban policy

**Rusty Tchernis**

Ph.D., Brown University  
rtchernis@gsu.edu  
Applied econometrics, health and labor economics



Andrew Young and Robert Moore

**Erdal Tekin**

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

**John Clayton Thomas**

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

**Geoffrey K. Turnbull**

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

**Karen E. Ubell**

J.D., University of North Carolina at Chapel Hill  
kubell@gsu.edu  
Law, public and nonprofit administration

**Neven Valev**

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

**Sally Wallace**

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

**William L. Waugh Jr.**

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

**Katherine G. Willoughby**

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

**Yongsheng Xu**

Ph.D., Tulane University  
Yxu3@gsu.edu  
Individual and collective choice theory, poverty and inequality, tax and fiscal competition

**SENIOR RESEARCH ASSOCIATES****Holly Avey**

Ph.D., University of Georgia  
havey@gsu.edu  
Public health policy

**Glenn M. Landers**

M.B.A., Georgia State University  
glanders@gsu.edu  
Health policy

**John Matthews**

Ph.D., Georgia State University  
jmatthews@gsu.edu  
Urban policy, public finance

**Lakshmi Pandey**

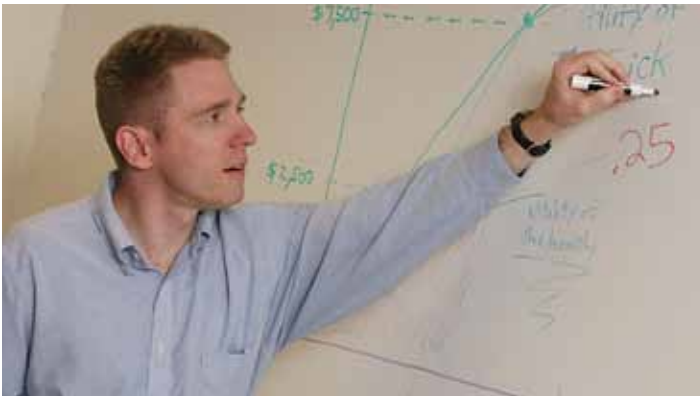
Banaras Hindu University, India  
prclpp@langate.gsu.edu  
Urban policy

**Chris Parker**

M.P.H., Emory University  
ChrisParker@gsu.edu  
Public health policy and management

**Mary Ann Phillips**

M.P.H., University of North Carolina, Chapel Hill  
mphillips2@gsu.edu  
Health policy



James Marton

**Tina Smith**

M.P.H., Emory University  
Tsmith8@gsu.edu  
Health policy

**Angie Snyder**

M.P.H., Tulane University  
AngieSnyder@gsu.edu  
Public health policy

**Andrey Timofeev**

Ph.D., Charles University,  
Czech Republic  
atimofeev@gsu.edu  
Public finance

**Laura Wheeler**

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

**DISTINGUISHED  
SENIOR FELLOWS**

**Richard Bird**

University of Toronto  
Distinguished Visiting Professor  
of Economics

**Paul C. Rosser**

Chairman, Rosser International, Inc.

**Russ Toal**

Georgia State University  
Institute of Public Health  
Distinguished Fellow in Health Policy

**W.J. Usery, Jr.**

Distinguished Executive Fellow  
in Labor Policy

**Sibusiso Vil-Nkomo**

University of Pretoria  
Distinguished Visiting Professor  
of Public Management

**Andrew Young**

Former United Nations Ambassador  
Public Affairs Professor  
of Policy Studies

**EMERITI FACULTY**

Jack Blicksilver (late)  
Miltiades Chacholiades  
James F. Crawford (late)  
Ronald G. Cummings  
Loraine Donaldson  
John S. Henderson  
John Hogan  
John J. Klein  
Willys Knight  
C. Richard Long  
Edith Manns  
Lloyd G. Nigro  
Ernest W. Ogram (late)  
Joseph Parko  
Barbara Ray  
Donald Ratajczak  
Francis W. Rushing  
Rubin Saposnik  
Samuel Skogstad  
Paula E. Stephan  
Verna Willis

**EXTERNAL FUNDING**

The Andrew Young School of Policy Studies was awarded approximately \$28.5 million in external funding to support its research programs and activities in CY2009. Funding sources included the National Science Foundation, the Mellon Foundation, the World Bank and other national, local and international agencies and private foundations. Find more information about the research and programs of the Andrew Young School online at [www.andrewyoungschool.org](http://www.andrewyoungschool.org).

**ADVISORY BOARD**

**Samuel E. Allen**

Chair  
Globalt, Inc.

**Ingrid Saunders Jones**

Founding Member  
The Coca-Cola Company

**Angela Allen '80**

Full Circle Living

**Billye Suber Williams Aaron**

United Negro College Fund

**J. Veronica Biggins '70**

HNCL Search

**Thomas Carroll**

Tiffany & Company

**Evern Cooper Epps**

UPS (Retired)

**Sidney Kirschner**

Alfred and Adele Davis Academy

**John D. Maguire**

Claremont Graduate University

**Arnold L. Martin, III**

Absolute Lending and Mortgage

**Carlton A. Masters**

GoodWorks International, LLC

**Robert A. Meier**

Northern Trust Bank, FSB

**Laura Mendenhall**

Texas Presbyterian Foundation

**Michael Mescon**

Andrew Young School

**Alicia Philipp '82**

The Community Foundation  
for Greater Atlanta

**Paul C. Rosser, P.E.**

Rosser International, Inc.

**Sally Rosser '75**

Strategic and Planning Consultant

**John Rutherford Seydel, II**

Lawson Davis Pickren & Seydel

**Paula Stephan**

Andrew Young School

**Dianne Wisner**

Development and Policy Consultant

**Andrea Young**

Andrew Young Foundation

**Carolyn McClain Young**

GoodWorks International, LLC

**Andrew Young**

GoodWorks International, LLC



Barry Hirsch and students





ANDREW YOUNG SCHOOL  
OF POLICY STUDIES

P.O. Box 3992  
Atlanta, GA 30302-3992

NONPROFIT ORG  
U.S. Postage  
PAID  
Permit #152  
Atlanta, GA