



PIONEER INSTITUTE
PUBLIC POLICY RESEARCH

**Better
Government
Competition**



***Better Government Competition
20th Anniversary
Retrospective***

20 Years In

Pete Peters had a lifelong interest in politics and the role that markets and regulation play in a free society. His reading, experience and observation convinced him that notwithstanding their cyclical failures, market approaches to policy held great, untapped potential. So, when Pete started Pioneer back in 1988 with the bold vision of “changing the intellectual climate in Massachusetts,” some people took offense. After all, didn’t the word “changing” hint that there was something wrong with our current intellectual climate?

Perhaps that reaction was due to the consensus-at-all-costs mentality that had taken hold in Massachusetts politics and academia. The fact is that rather than seeing himself or Pioneer as an oracle, Pete saw it as a catalyst. Pete believed in competition and getting smart, energetic people to work toward useful ends—creating a supply chain of high-powered new schools, working to improve services and limit ever-expanding government, making Massachusetts a more prosperous City on a Hill for new and old Americans.

The two things Pete was most proud of at Pioneer were the incredible success and expansion of charter schools here and across the country and (a close second) the Better Government Competition.

The Competition says so much about Pete—about his curiosity to discover new ideas, belief in people’s ability to devise an ever-better mousetrap, and his confidence that incentives will get people to break institutional constraints and try new and bold solutions.

John Blundell, former Director General and Ralph Harris Fellow at the Institute of Economic Affairs, offers a great history of how the Competition was created. The impact of the Competition has been enormous—whether saving the Commonwealth well over half a billion dollars, improving key services, or in simply making it safe to advance bold ideas in the Commonwealth of Massachusetts.

In the pages that follow, we give you only the briefest glimpse of the Competition’s impact here and across the country.

Jim Stergios,
Executive Director



The History of the Better Government Competition

The story of the Better Government Competition (BGC) starts, surprisingly perhaps, at the Institute for Humane Studies (IHS) at George Mason University in Northern Virginia.

The mission of IHS was then and is today to discover, develop and support the best and brightest young people out there who share our common concern for liberty and who will make a difference in the world of ideas as a scholar/intellectual, typically as a faculty member but in other ideas careers as well.

I was in the late 1980s President and CEO of IHS. My Board challenged me to expand the number of career routes on our radar screen. To do this I recruited the then editor of Reason magazine, Marty Zupan, IHS's very effective President of the past decade. It is the best personnel decision I ever made.

At the same time the Chairman of IHS's Executive Committee, Charles G. Koch of Wichita, Kansas, paid for a then-newish Boston-based consulting firm called Monitor to help IHS work through all it was currently doing and all it was planning to do.

This was exhaustive and exhausting but very worthwhile.

Marty and her assistant, Kurt Weber, put together detailed outlines of programs to discuss with Monitor. After shipping large binders ahead of us, Marty and I flew to Boston and sat down with brothers Mark and Joe Fuller, Monitor's co-founders, and consultant John Pittenger, or "Pitt" as we called him.

About midway in that big binder of new program ideas was Kurt's own baby--an undergraduate essay contest on the theme of privatization. It was a great idea, but Marty and I felt it did not quite fit. The good people at Monitor agreed, but as we all turned the page to the next proposed program one of them opined:

"That's a pity because if that was a business plan contest and there was some guarantee the best entries would get read then we'd throw some young associates at it between assignments."

I cannot recall which of the Monitor team said this, but the idea festered in the back of my mind for a whole summer. The idea of a business plan was great; and the idea of not limiting entry to students was also great. But it was clearly not IHS; it clearly belonged to a policy shop; and how on earth could you persuade people to write a whole business plan? And how to guarantee the best entries would be read by decision makers?

Wearing another hat, I was also President and CEO of the Atlas Economic Research Foundation which has established dozens of free-market think tanks around the world. In 1987, I had the pleasure of working with Pete Peters to set up one you will all recognize: Pioneer Institute.

During the genesis of Pioneer, I explained the competition idea to Pete, outlining the two hurdles I saw. Pete got the idea instantly and asked me to leave it all with him.

By the time Pioneer rolled out the Better Government Competition, Pete had solved both problems. First, to ensure the completion of business plans, he had made the contest a two-stage process, with the first focused on obtaining short proposals, and then helping the best ten proposers develop their ideas into a full plan. Here Pete added a wonderful wrinkle. Instead of prize money he gave the finalists funds to develop their plans. It was a brilliant insight.

The prize, of course, was that your plan would be recognized, noticed, read, maybe even enacted! So how did Pete guarantee that? Simple. He recruited the Governor, who agreed to read all the finalists' business plans that passed Pete's quality test.

The BGC remains easy to enter (the media is huge and hundreds always do); if you get to the top five now, you get a grant to write up your idea; and your plan is distributed widely, to elected and appointed officials, with Pioneer staff follow-up.

The BGC has now completed 20 cycles and it is up to others to measure its impact. I do recall it being copied in other states and countries.

It is such a simple and elegant idea and it turns the policy making process on its head. Instead of turning to the "experts", BGC enabled every citizen with local knowledge to become involved and to see their idea closely studied at the decision making level. It's the American Idol model of public policy!

So our thanks to Kurt Weber - now a senior consultant to State Policy Network - and Marty Zupan who started the ball rolling and to the guys at Monitor who gave it that particular twist and kept it alive. But above all, it was Pete Peters who saw the potential, solved the problems, and implemented the BGC.

John Blundell,
former Director General and Ralph Harris Fellow at the Institute of Economic Affairs



Better Government Competition

1991 WINNER



Forward Funding for Mass Transit

A team from Morgan Stanley and Co. took on the seemingly impossible task of restructuring the Massachusetts Bay Transportation Authority's finances in their winning 1991 Better Government Competition entry. Since 1918, the way the MBTA and its predecessor agencies were funded was simple, if not particularly effective. At the end of each year, the T told the state Legislature how much it spent, and the Legislature reimbursed them up to 18 months after the first expenditures of the previous fiscal year.

The funding system brought with it a host of problems that ranged from the lack of incentives to manage well to astronomical short-term borrowing costs.

By the early 1990s, MBTA finances were a mess. It derived a substantially smaller percentage of its operating revenues from fares than other large transit agencies did and required a larger state operating subsidy.

During the late 1970s, MBTA operating subsidies were split evenly between the Commonwealth and the municipalities the system served. But over time, federal operating assistance was reduced and the amount that assessments to cities and towns could increase was constrained by Proposition 2 1/2.

As a result, state assistance to the T was increasing at an average rate of more than 14 percent per year. Over the four years that preceded Morgan Stanley's proposal, the state subsidy rose by 70 percent to 80 percent of the overall MBTA subsidy burden.

Unlike other transit agencies, the T couldn't issue its own debt. MBTA bonds were backed with the full faith and credit of the Commonwealth. This not only consumed limited bonding capacity, but also posed a potential threat to state finances.

By the early 1990s, the Commonwealth and the MBTA were floating nearly \$500 million in short-term debt to cover the period between when the agency began spending money and when the reimbursement was received. In 1988, then-Senate Ways and Means Chair Patricia McGovern estimated that the Commonwealth would save about \$35 million on short-term borrowing costs and generate nearly \$10 million in interest by ending the practice of funding the MBTA in arrears.

Forward Funding

The Morgan Stanley team prescribed moving the MBTA to a dedicated revenue stream to end the practice of funding the T in arrears, save short-term borrowing costs and provide a budget within which the T would have to manage.

They also called for a series of additional reforms, including:

- Capturing the value of MBTA real estate assets
- Smaller, more frequent fare adjustments

- Contracting out more T services, particularly for commuter rail
- Increasing the number of municipalities that contribute to the MBTA
- Using tort reform to limit MBTA liability and control costs
- Increase non-fare revenues like parking, concessions and advertising.

Two decades later, nearly all of this has become a reality. Forward funding was implemented in 2000, with MBTA revenue coming from the state sales tax revenue (one of the possible sources suggested by Morgan Stanley), assessments on an increased number of municipalities served by the T, and agency revenue.

The T, which is the second largest property owner in Massachusetts after the Commonwealth itself, privatized property management and now captures far more revenue from its holdings. The MBTA district was enlarged when forward funding was enacted, meaning the subsidy burden is shared by more municipalities. A number of fare increases, though not all of them small, have taken the T from being one of the nation's least expensive transit agencies to one whose fares are on par with similar systems across the country. Non-fare revenue has increased dramatically. Tort reform took longer to enact, but was included in 2009 transportation reform legislation.

Less than three years after the Morgan Stanley proposal was published, state legislation made it almost impossible to contract out services currently provided by state employees. But the T does contract for commuter rail services, which aren't covered by the anti-privatization law because commuter rail was already contracted out. But instead of automatic extensions, the contract is now re-bid on a regular basis.

New, Unforeseen Challenges

The Morgan Stanley team couldn't have predicted a number of challenges the MBTA now faces. First, the rise of untaxed Internet purchases resulted in sales tax receipts falling consistently short of projections. The authority also embarked on a court ordered spate of expansion projects. Despite Boston being one of the nation's slowest-growing metropolitan areas, the T has been its fastest-expanding major transit agency over the last two decades, with no revenue source provided to fund construction, maintenance or operation of the new transit lines.

As a result, the MBTA today faces challenges at least as daunting as the ones Morgan Stanley confronted in 1991. It has a \$3 billion maintenance backlog and the most debt of any major American transit system. Annual interest payments are scheduled to top \$500 million within three years and the agency will soon pay more in debt service than it collects in fares.

It can't be said that Morgan Stanley's winning 1991 Better Government Competition entry solved all the MBTA's financial problems. But it is fair to say that the T's fragile finances would already have collapsed if the team's recommendations had not been adopted.



Better Government Competition

1992 WINNER



Cost-Effective Harbor Clean-Up

In 1990 construction had begun on a \$3.9 billion plan developed by the Massachusetts Water Resources Authority (MWRA) to clean up Boston Harbor in response to a Federal Court order to comply with the Clean Water Act. The federal EPA mandated the construction of four batteries each of primary and secondary biological treatment facilities at Deer Island.

The treatment technologies specified by MWRA's design consultants were conventional primary settling and biological activated sludge, both of which had been in use for more than 60 years. It quickly became clear that the sheer size of the treatment facilities planned for Deer Island was going to present an enormous financial burden to ratepayers in the MWRA's service area.

A Scientific Analysis of Capacity Needs

The 1992 Better Government winners proposed an alternative to the MWRA plan, based on their belief that the plant was not only oversized but that newer and much more efficient treatment technologies were available. In 1990, they worked with the Boston Society of Civil Engineers to persuade the National Research Council, an arm of the US National Academies of Science and Engineering, to review opportunities to improve wastewater management for coastal urban areas. Their report highlighted several innovative developments—among them chemically enhanced primary treatment (CEPT) and biological aerated filters (BAF).

Their proposal took advantage of the cost and time saving in treatment facilities resulting from the reduced maximum flow, the conversion of three of the four batteries of conventional primary tanks already under construction to CEPT, and the potential for future use of BAF. The fourth primary battery would be reserved for treatment of storm water that normally overflowed without any treatment into Boston Harbor. No plan had been authorized by MWRA for dealing with the untreated overflows that were acknowledged to be the principal source of pollution in the harbor.

Two batteries of the activated sludge secondary treatment were also under construction and the Pioneer paper proposed using these to treat all but infrequent high flows because of the increased carbon removal by CEPT. These high flows would receive CEPT treatment and when blended with secondary effluent, would meet federal final effluent standards. Space saved by not building the other two activated sludge batteries at Deer Island would be reserved for BAF treatment should nitrogen removal by tertiary treatment be deemed necessary in the future.

Ultimately, the reanalysis of the maximum flow, an allowance for sludge handling, and building only two of the original four sludge batteries led to substantial cost savings—\$165 million, or about half of that proposed by the MIT group. The larger cost saving probably could have been realized if MWRA had taken a more aggressive stance in adopting wastewater treatment innovations. Although CEPT was not adopted in Boston, experience gained from the effort has led to several successes in other parts of the world.

A Better Harbor

Since the project was completed in 2001, the Boston Harbor Clean-up has been widely recognized as a national environmental success story. The Deer Island Treatment Plant serves 43 communities in eastern Massachusetts, including Boston, and treats an average of 350 million gallons of wastewater each day, with a peak capacity of 1.3 billion gallons a day in heavy storms. The treatment facilities have continuously operated as designed, and discharges through the MWRA outfall have had no harmful effects on the waters or ecosystems of Massachusetts Bay.

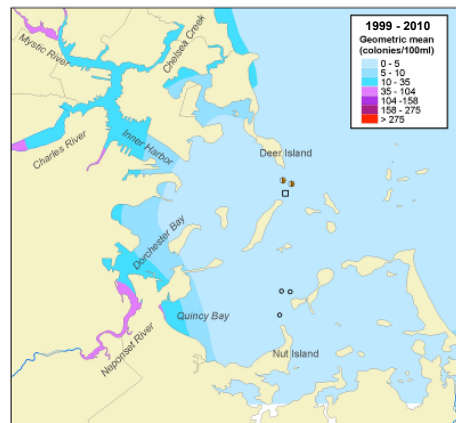
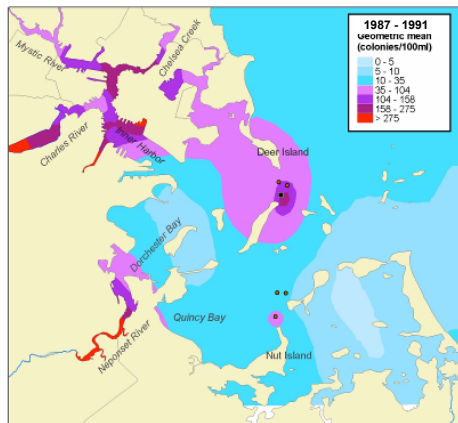
Under one of the most stringent discharge permits in the country, the treated wastewater that is discharged through the MWRA outfall meets all water quality standards year after year. So Boston Harbor, which was known as the Dirtiest Harbor in America just 25 years ago, is now one of the City's greatest resources – revitalizing the City's waterfront district, and bringing people back to the water.



Dramatic Improvements In Bacterial Water Quality

1987-1998 (Before Secondary Treatment and South System transfer)

1999 - 2010 (After Secondary Treatment and New Outfall)



Average *Enterococcus* counts in Boston Harbor in wet weather

The lighter the blue, the better

Better Government Competition

1998 WINNER



Cost-Effective Civil Litigation

In 1998, then-Judge Daniel B. Winslow won top honors in Pioneer's Better Government Competition with his proposal to streamline civil litigation by modifying the rules of court to encourage cost-effective and proportionate civil litigation for business disputes. The ELA or "Economical Litigation Alternative" was described by the Brookings Institution as "an innovative and bold plan for streamlining civil justice" and "important, and potentially path breaking." Alas, like so many other studies that seek to promote prompt and affordable justice, Winslow's "Justice Delayed" paper sat on a shelf without adoption or serious consideration by the court system. Even when the paper was cited by the Supreme Judicial Court's Monan Commission in 2003 as part of the history of court reform efforts in Massachusetts, the ELA languished without adoption by the Massachusetts courts.



**State Representative
Dan Winslow
(R-Norfolk)**

After leaving the bench to serve as Chief Legal Counsel to Massachusetts Governor Mitt Romney, Winslow subsequently returned to the private practice of law. There, once again confronted by a business litigation system that is too slow and too expensive to allow companies to be competitive in the global marketplace, Winslow dusted off the ELA idea. Instead of relying on the court system to implement the reform, Winslow realized that businesses themselves had a direct economic stake to promote civil justice reform. Working with a team of lawyers from major companies and law firms, academics and judges, Winslow recrafted the ELA into the "Economical Litigation Agreement" or, as coined by the National Law Journal when the idea was presented at Pepperdine University Law School, the "civil litigation pre-nup agreement."

Reaction by the business community has been supportive and vocal. DuPont recently announced that it will adopt the ELA for use in many of its commercial contracts. Other Fortune 500 companies currently are considering making the same move. The ELA has been described in the national legal press as a "game changer" and the "Holy Grail" of civil litigation that can reduce the costs of business litigation up to 40%. Instead of waiting for court systems to adapt and improve, the ELA leverages companies' power of contract as well as the existing rules of civil procedure to create a mechanism to reduce costs and delay in civil business litigation.

In essence, the ELA is a hybrid of litigation and arbitration. The expensive aspect of civil litigation -- discovery -- is specified in detail by a contract that is incorporated by reference in the party's underlying transaction. A discovery contract, the ELA, is enforced by a discovery arbitrator with fee-shifting provisions to discourage wasteful discovery litigation. The result is that the civil justice system judge can focus on those aspects of the case which the civil justice system does well: threshold motions, dispositive motions, and trial with all appellate rights preserved. Importantly, unlike arbitration, the ELA will encourage participation by American companies in the civil justice system that will ensure

that the common law keeps pace with changing technology. Preserving and advancing the common law creates a powerful tool for lawyers to engage in preventative law by advising clients how to stay out of trouble in the first place.

The ELA has been embraced by the International Institute for Conflict Prevention and Resolution in Manhattan and is available free of charge for companies on line at the "Clauses and Rules" link at www.cpradr.org. Winslow has traveled the length and width of the United States to meet with companies and brief them on this new and exciting option to reduce costs of litigation and increase profitability. It is a new idea that first began at Pioneer.



Better Government Competition 2004 WINNER



Fixing Civil Service

“The only thing more destructive than a line item budget system is a personnel system built around civil service.”

– David Osborne and Ted Gaebler, *Reinventing Government*

Created in the 19th century to solve 19th-century problems, civil service laws were an attempt to end the corruption, patronage, and cronyism that dominated American government in the late 1800s. These laws worked admirably for quite some time, but today they are in desperate need of a major overhaul. As they currently stand, the civil service laws represent a significant barrier to efficient government operation in both state and local government.

Civil service laws were designed to serve two main functions. First, they establish a set of exams that test the merit of both new hires and promotional candidates. Second, they protect public employees from arbitrary dismissal, discipline, and provide layoff seniority for public employees.

There are two major problems with the civil service system in Massachusetts.

First, for non-public safety employees, the hiring and testing systems are totally defunct, yet the laws are still written as if tests are being given on a regular basis. The result is that 14,000 of some 30,000 state civil service positions are filled by “provisional” employees, that is, employees who have never taken an exam and are working in violation of the Civil Service laws. A similarly large provisional population exists at the local level. The existence of this enormous population, which exists in a bizarre legal vacuum, makes managing extremely difficult, especially in times of reorganization or downsizing. Also, in the absence of tests, there are virtually no checks and balances in place to ensure that patronage-based hiring is not common practice.

Second, for public safety employees, where tests are regularly given, the concept of merit has been supplanted by a system of political preferences. The result is that for new hires, the test score has little or no bearing on where his or her name will appear on the hiring list. On a recent civil service exam for the Boston Police, 492 applicants scored 95 or above. Incredibly, only one of these 492 top scorers landed in the first 75 positions on the hiring list.

1) Limit Civil Service to Public Safety

Eliminate civil service testing for non-public safety employees and eliminate civil service protections for all non-public safety employees covered by a collective bargaining agreement.

This proposal simply acknowledges that testing is not being done in non-public safety positions. Non-public safety testing has been dwindling for years and is now virtually nonexistent. Acknowledging



John O'Leary
Former Chairman
Massachusetts
Civil Service
Commission

reality would enable the Personnel Administrator to develop alternative hiring and promotional approaches that encourage merit-based hiring and promotion.

With respect to employee protections, much of civil service protections duplicate protections that exist under collective bargaining agreements.

2) Restore Merit to Public Safety Hiring

Within public safety, maintain civil service testing and protections, but replace absolute preferences with a system of points added to test scores.

Merit testing for hiring and promotion within public safety does make sense. A point system would provide a leg up for those individuals, such as veterans or the offspring of public safety employees killed or injured in the line of duty, whose service or sacrifice deserve some consideration. But by limiting the benefits to a maximum of 10 points, a desire to provide an opportunity is balanced with the public's interest in fielding the best possible law enforcement and public safety employees.

Civil Service Reforms

Florida, Georgia, and Texas have all eliminated civil service. The IBM Center for the Business of Government sponsored a report by Jonathan Walters called "Life After Civil Service Reform: The Texas, Georgia and Florida Experiences." This report chronicled the generally positive results of the significant reforms in these states, citing benefits such as quicker hires, improved satisfaction with personnel administration, and better-qualified applicants.

The reforms in these states were significant. In Georgia, every state employee hired since 1996 has been an "at-will" hire. In Florida, civil service seniority has been totally eliminated. Other states, including Washington, Colorado, and Hawaii are actively engaged in rethinking civil service.

The desire for civil service reform extends to the federal level. The recently established Department of Homeland Security will encompass roughly 170,000 federal employees into a personnel system as unencumbered by civil service regulations as possible. Kay Cole James, the Director of the Office of Personnel Management, captured the growing consensus regarding civil service reform when she said, "First, that the current system is indeed broken—it does not and cannot serve the modern workforce. Second, that now is the time to fix it..."



Better Government Competition

2007 WINNER



Unified Development Permitting

The Devens Enterprise Commission (DEC) Unified Development Permit System was the recipient of the 2007 Pioneer Institute's Better Government Competition Award for its innovative streamlined comprehensive development permitting process that helps facilitate economic development in Massachusetts. The DEC is the regulatory entity in charge of permitting the redevelopment of the 4400 acre former military base located approximately 35 miles outside of Boston. Under Chapter 498 the Commonwealth of Massachusetts Acts of 1993, the DEC is empowered to act as a local planning board, conservation commission, board of health, zoning board of appeals, historic district commission and, in certain instances, as a board of selectmen. By combining planning, conservation, health, historic, and variance issues under the authority of one entity, the Devens Enterprise Commission has been able to expedite the review and permitting of development projects to under 75 days, in a state where the norm is many more months and sometimes even years. This consolidated expedited review process not only demonstrates how the quality and efficiency of government can be improved, it also provides applicants with more certainty and less risk in project planning, both of which save them money and give them an incentive to bring their jobs and profits to the state.

Since winning the award in 2007, the Devens Enterprise Commission has continued to promote and successfully manage its unified permitting system to aid in attracting businesses, while at the same time, providing comprehensive streamlined reviews and permitting of projects that further the sustainable redevelopment goals of the Devens Reuse Plan, Bylaws and Rules and Regulations – the governing documents in place to guide redevelopment efforts. While Devens has not been immune to the economic downturn of the past few years, its streamlined permitting, combined with the superior marketing and management of Devens by MassDevelopment, has continued to attract businesses and development to Devens. Since 2007, the DEC has issued over 34 Level 2 (major projects) and over 330 Level 1 (minor projects) streamlined Unified Permits for development projects of varying scale and size. The following is a snapshot of some of the major Level 2 projects that have gone through the DEC's streamlined Unified Permitting process between 2007 and 2010:

Since 2007, the DEC has continued to operate fiscally in a self-sustaining

Project	Description	# of Days Permitted
Evergreen Solar(2007)	New 335,258 sq.ft. solar panel manufacturing plant	35
Systems H2O (2007)	New 81,000 sq.ft multi-tenant industrial warehouse/manufacturing and office building	50
Transitions (2008)	New 13-unit, 15,620 sq.ft. multi-family USGBC LEED Gold home for battered women	50
Devens Recycling (2009)	Existing 90,000 sq.ft. Construction and Demolition debris recycling facility – addition of Municipal Solid Waste	58
Hilton Garden Hotel (2009)	New 118 room hotel in center of Devens	64
Laddawn, Inc. (2010)	Conversion of existing 10,100 sq.ft. former library building to corporate offices	63
New England Sheets(2010)	Conversion of 136,000 sq.ft. former North American Van Lines Building and addition of rail connection	56
Sustainable Housing Project (2010-11)	New 8 lot subdivision for market-rate zero-net energy single family homes	71

manner, with permitting fees funding most of the costs associated with DEC operations. Mass Development continues to dedicate two percent of the property taxes it collects at Devens to subsidize some of the DEC operations.

By consolidating boards and commissions, the Unified Permitting process continues to increase the efficiency of the permitting process, reducing duplicative efforts that separate applications, filings, notifications, paperwork, and hearings for various boards and commissions create. The Unified Permitting process has only one round of advertisements and public hearings. This shortening and simplifying the permitting process also saves developers money. Most importantly for developers, however, is that it continues to make the process more transparent and predictable, diminishing risk and uncertainty, which also cost money.

The DEC also continues to evaluate its regulations and streamlined permitting process to look for additional ways to facilitate innovative developments that will further the sustainable redevelopment goals of Devens. In 2009, the DEC amended its regulations to provide additional environmental protection, energy efficient and more compact development. Recognizing the triple bottom-line benefits of sustainable development, the DEC enacted new regulations to protect geologically significant steep slope areas within Devens from future development. Preserving these landforms will enhance the economic value of the surrounding lands by preserving its ecological integrity and integrating natural landforms into the redevelopment patterns at Devens.

Building on the streamlined permitting process, the DEC also adopted new regulations that give proposed projects within a specific residential redevelopment area the ability to reduce lot dimensional requirements if they agree to construct more energy efficient homes – beyond the current Massachusetts Stretch Energy Code requirements. This regulation amendment, coupled with MassDevelopment’s support and Sustainable Housing initiative, allows for more flexible site design and has helped facilitate the development of eight single family market-rate zero-net energy homes – a model for future affordable energy efficient housing in the Commonwealth. This project was permitted by the DEC in only 71 days (both subdivision and site plan).

The entire Devens regulatory environment is available on line at www.devensec.com , much of it in a searchable format, along with sample staff reports, records of decision, annual financial audits, annual reports, application forms, and FAQs. The DEC continues to regularly update their website to provide information and resources to all those at Devens and those who are interested in learning more about the innovative processes in place at Devens. Devens streamlined Unified Permitting process continues to be a model for permitting and development in the Commonwealth.

Resource list:

- Devens Enterprise Commission official website: <http://www.devensec.com>
- MassDevelopment official website: <http://www.massdevelopment.com/>
- Chapter 498 THE COMMONWEALTH OF MASSACHUSETTS 1993—AN ACT CREATING THE DEVENS ENTERPRISE COMMISSION: <http://www.devensec.com/ch498/dec498toc.html>
- Current listing of businesses located at Devens: http://www.devenscommunity.com/business_and_industry/directory.html
- Real estate information is available at <http://www.massdevelopment.com/re/devens.aspx>
- Information about the Devens community, news, and events: <http://www.devenscommunity.com/>

Better Government Competition
2008 WINNER



Florida Virtual School

Florida Virtual School (FLVS) is an innovative educational model that offers an excellent alternative to urban and rural students stuck in poorly-performing schools, schools with limited course options, and schools that are unable to meet medical and other needs of students requiring unique and flexible learning environments. Using the Internet and other technologies, FLVS has radically changed Florida's educational landscape, and stands to do the same in schools across the country. The FLVS model is appealing because it gives students the flexibility and support they need to achieve at their highest potential, while offering teachers enthusiastic pupils and the satisfaction of being able to truly teach students and see them achieve their fullest potential. The numbers speak for themselves: FLVS' completion rate has steadily remained between 80% and 90%. In 2006-2007, more than 50,000 students successfully completed courses at FLVS, while another estimated 80,000 students from a variety of cultures and socio-economic backgrounds are expected to complete 100,000 enrollments this year, with each enrollment equivalent to one semester.

The establishment of a performance-based funding model by FLVS and the Florida legislature is arguably the achievement that carries the greatest positive implications for education as a whole. The model shifts focus away from how much time a student spends in a seat or where they learn and places it on mastery of subject.

Another important FLVS innovation is freeing students from traditional time constraints. FLVS drew heavily from a 1994 report, "Prisoners of Time," from the National Education Commission on Time and Learning, which urged educators to measure success not by seat time but by achievement. For the first time, K-12 students have the needed flexibility of pace to help them learn better. From an academic perspective, this may be one of the greatest benefits and achievements of online learning for K12.

Innovative Learning

Since winning the Better Government Award in 2008, Florida Virtual School continues to lead the nation in K12 online learning. Now with more than 100 online courses, we are pushing further into new and emerging learning environments, like game-based, mobile, and blended learning.

In 2010, the Software and Information Industry Association awarded FLVS for programming in two areas: Best Reading/English Instructional Solution, and Best Social Studies Instruction. Both awards were for our new game-based suite of courses entitled Conspiracy Code. These courses allow students to approach academics within the context of a game with a crime mystery storyline.



Julie Young
President
Florida Virtual School

In addition, we received honors from the IMS Global Learning Consortium, an international organization committed to the positive impact of learning technology in education. The United States Distance Learning Association also recognized FLVS for a creative partnership with several leading Florida universities to provide pre-service training and internship opportunities in online teaching. This is the only pre-service undergraduate teaching internship program of its kind in the nation.

Mobile and blended learning are becoming significant areas of interest and development for us. We have already developed several mobile study applications, including a suite of mobile apps called meStudying. Our ultimate goal is to deliver entire courses of study through mobile technology. With the release of Apple's iPad and our new partnership with Blackboard, a leading international learning management platform, we expect to see mobile learning environments make considerable headway in the coming years. In addition, we now offer Florida districts numerous options for meeting state mandates in both virtual instruction and class size. We are seeing a big leap in blended learning environments as a result.

For some time now we have partnered with schools throughout the state to offer online classes through local school-based labs. This year, we are piloting a large lab-based pilot in Miami-Dade, where 56 schools are using in-school labs to offer online courses to as many as 8,000 students. The project holds great promise as a model for quality blended learning. FLVS is providing all of the instructors, courseware, online platform and tech support, and a local liaison, while the local school provides the lab, a lab facilitator, the equipment, and the face-to-face support as needed.

The Florida Virtual School Full Time program is another new development. Designed to be a turnkey operation, and developed in partnership with Florida Connections Academy, it allows districts to enroll Kindergarten–12 students in a full-time, diploma-granting program. FLVS, with Florida Connections Academy, provides all instruction, curriculum, learning platform, and support.

When FLVS was first being developed, our legislators charged us to create an environment that offered students a different choice from what they already had. FLVS is, indeed, a different choice from the traditional classroom. Now, we are continuing to pioneer new choices because we believe each student is unique. The more choices we can provide, the more likely students will find an avenue for learning that is just right for them. Kids don't all learn the same way. Thanks to you and your support of Florida Virtual School, now they don't have to.



Better Government Competition

2009 WINNER



High-Quality Elder Care at Home

With evolving perceptions of retirement and aging, a booming 65+ population and an economic crisis that is stressing state budgets, the need for an alternative to costly institutional long-term care.

Through a pilot program in Massachusetts, Caregiver Homes™ began to test its solution: around-the-clock, at-home care by a professionally supported, technology-enabled, paid caregiver. The pilot proved that truly frail elders – those needing help with 3 or more activities of daily living and often with multiple chronic conditions – could be maintained at home at half the cost of nursing facility placement.

In response to the pilot, Massachusetts added the service to its Medicaid program and Caregiver Homes™ took in its first client following the pilot in February 2007.

Since 2007, enrollment has grown rapidly as awareness of Caregiver Homes™ among elders and their caregivers has grown. Caregiver Homes™ now serves 1,300 clients across Massachusetts and Rhode Island, a new program which opened in 2010.

Caregiver Homes™: Evolving and Improving

Seniorlink's Caregiver Homes™ began operations in 2005 with the realization that frail elders prefer to receive services at home as opposed to being admitted to expensive nursing facilities, which are a tremendous burden on state Medicaid budgets. Seniorlink has continued to evolve and improve Caregiver Homes™ since 2007 even as the fundamental underpinnings of the model – professional team, technology platform, and paid caregiver – remain the same.

Technology: The most obvious area of improvement is in the technology and data used to monitor and improve care. Seniortouch™, Seniorlink's web-based care management system, is now more robust and scalable and a 3rd generation of the software is scheduled for release in 2011. Caregivers are now provided with an inexpensive netbook computer; tablet computers which support telemedicine and in-home clinical tools (e.g. blood pressure cuffs) are being piloted as well. Most important, Seniorlink's data repository now contains nearly 1,000,000 daily notes which are being mined to improve the quality of the elder's care experience.

Quality: Quality is a second area of continued improvement. Leveraging the data repository and the experience of a Medical Advisory Board, Caregiver Homes™ is implementing a "falls initiative" aimed at identifying elders at risk of serious falls to prevent falls and improve falls management techniques for those elders who fall. The Caregiver Homes™ model already produces lower fall rates and better management than benchmarks. The falls initiative should enable even better performance on this key source of injuries, medical expense, and diminished quality of life.



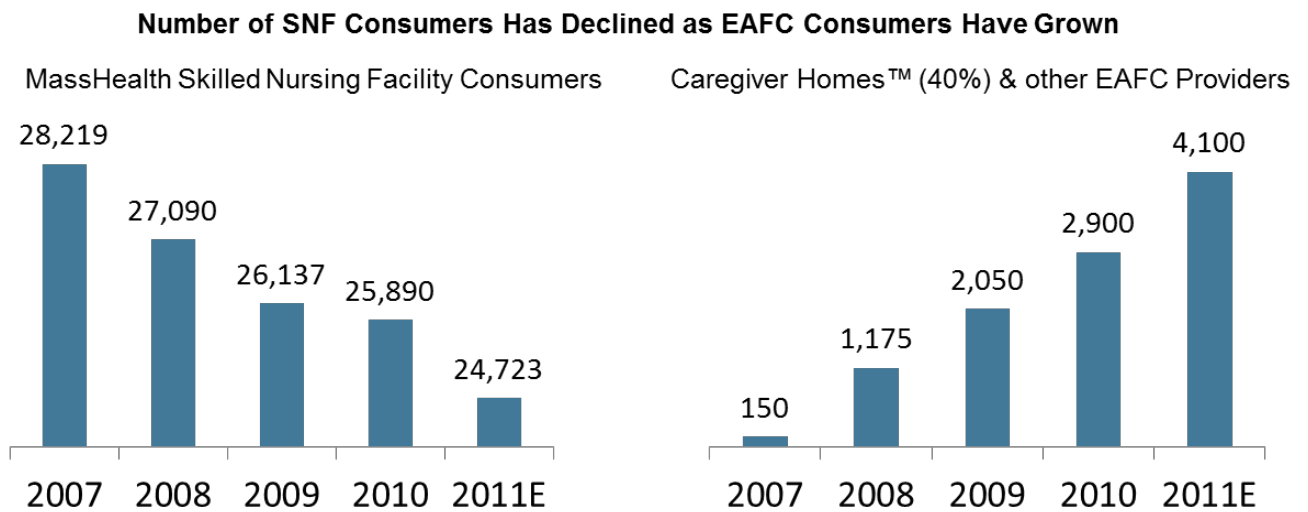
Byron Hensley
President and CEO
Seniorlink

Managed care: A third area in which Caregiver Homes™ is evolving is in its relationship with managed care plans. Managed care plans, including Senior Care Options (SCO) and PACE plans, account for 10% of Caregiver Homes™ clients today. This percentage will increase as Caregiver Homes™ enters other states. Management has initiated discussions with managed care partners relative to closer care coordination in order to build on the fundamental value of the model in a managed care environment: around-the-clock coverage; increased compliance; lasting family engagement; and greater insight into the home and family situation of the elderly patient.

In these areas and more, the Caregiver Homes™ model continues to evolve and improve.

Future of Caregiver Homes™

The potential of Caregiver Homes™ to substantially reduce the cost of caring for truly frail elders is now apparent because of the track record since 2007 (see below).



Massachusetts has 3,000 elders in the model today, including Caregiver Homes™ and numerous smaller providers, for a total annual savings of approximately \$90M to Medicaid. This estimate is based on the \$83/day Caregiver Homes™ rate vs. nursing facility rates of \$168/day.

For states outside of Massachusetts and Rhode Island, Caregiver Homes™ presents an opportunity to save \$20M-\$30M annually for every 1,000 elders diverted from nursing homes, depending on nursing home rates and the clinical eligibility criteria chosen. For mid- to large states, a total of 5,000 elders diverted for multiple years is possible within 5 years of implementation, which translates into potential savings of \$100-\$150M annually.

Given this potential, Caregiver Homes™ is in active discussion with a number of states and managed care plans interested in launching the model in their markets in 2011-2012.



Containing Medicaid Costs through Housing for the Homeless

The paper provided evidence-based rationale for an expansion of the use of Medicaid to fund community-support services to formerly chronically homeless individuals in housing. Once these individuals are placed in permanent housing, rather than temporary shelter, their emergency and acute medical service usage and associated Medicaid costs drop dramatically. Thus, housing for homeless individuals can and should be used as a tool to both end homelessness and contain taxpayer costs.

Overview:

The Community-Support Program for People Experiencing Chronic Homelessness (C-SPECH) provides Medicaid reimbursement for community-based case management for chronically homeless individuals who are placed in permanent housing. Since its inception, C-SPECH has served 372 individuals and estimates that this intervention has resulted in a net Medicaid savings of more than \$3 million. Home & Healthy for Good (HHG), a program similar to C-SPECH, has provided housing with supportive services to more than 450 chronically homeless individuals with similar results. In 2009, the state Office of Medicaid analyzed the Medicaid billing claims data of the first 96 HHG participants, those who had been in housing long enough so that the claims data was complete for an entire year after moving into housing. Before housing, the average annual Medicaid cost per tenant was \$26,124. After housing, the cost plummeted 67 percent to \$8,500. If this number is extrapolated, it shows that successfully housing this population saved Medicaid nearly \$1.7 million. Simply put, directing resources toward services for formerly chronically homeless individuals in permanent supportive housing, rather than managing their medical conditions on the streets or in shelters, is a much more efficient use of resources.

Current system:

Massachusetts has reacted to homelessness with an emergency response for more than 20 years. While this emergency response has saved lives, it has not provided a permanent solution to homelessness. Chronically homeless people, who constitute only 10 – 20 percent of the homeless population, consume more than half of all resources dedicated to homelessness. This subset of homeless people suffer from extraordinarily complex medical, mental and addiction disabilities that are virtually impossible to manage in the unstable setting of homelessness, resulting in their heavy reliance on expensive emergency and acute care. The state has constructed a massive infrastructure for temporarily combating the symptoms of homelessness, yet sheltering has done little to actually reduce the homelessness or lessen the deep medical costs associated with it. Over the past few years, the Massachusetts Housing and Shelter Alliance (MHSA) and Massachusetts Behavioral Health Partnership (MBHP) have pioneered housing-based strategies to end homelessness in Massachusetts with significant cost savings as a result.

Solution:

Pairing supportive services with permanent housing, not a temporary shelter, has been shown to improve lives and simultaneously save resources across systems of care. Once stabilized in housing,

chronically homeless individuals are able to utilize mainstream health care resources in a far more effective and less expensive manner. Additionally, the use of community-support services of Medicaid for formerly homeless individuals in housing provides a mainstream resource that will no longer have to be funded specifically through the Massachusetts Department of Housing and Community Development (DHCD), or any other state budget line item. Savings are attained and lives are improved without a loss of critical services.

What needs to be done federally:

The problem of frequent users of medical services and the high cost of homeless individuals is a national problem. Because Medicaid is administered by each state, it varies in the level of services offered. As part of a national plan to end homelessness, given the high cost associated with medical services, it would make sense for the federal government to grant states flexibility in developing Medicaid policies that provide the necessary community services to support chronically homeless individuals in housing. Due in great part to the recognition of the Pioneer Institute Better Government Competition Award, C-SPECH has attracted national attention. In the past year we have joined with the Corporation for Supportive Housing, a national organization, to promote innovative Medicaid strategies aimed at reducing the cost of frequent users of the health care system.



**Joe Finn
President and
Executive Director
Massachusetts Housing
and Shelter Alliance**

What’s Happening in Massachusetts?:

The acceptance of this innovative use of Medicaid has grown in the year since the award. Massachusetts Lieutenant Governor Timothy P. Murray has strongly encouraged the further exploration of the C-SPECH model and the Massachusetts Executive Office of Health and Human Services (EOHHS) has hosted a number of meetings to discuss how these resources can be better used in service of the goal of ending homelessness. C-SPECH is now accepted as an important innovation and continues to expand across the state. Thanks to the advocacy of MHSa and The Health Foundation of Central Massachusetts, EOHHS is considering the use of its community-support services throughout the Medicaid system as a way of funding essential services necessary to support successful tenancies and reduce costly utilization of emergency and acute medical services.





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