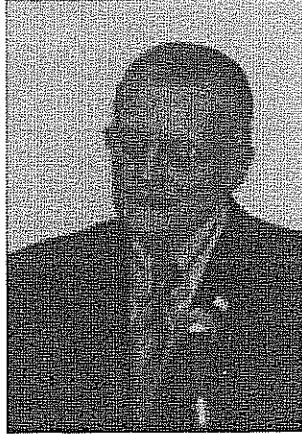


MAYOR STEPHEN REED ADDRESSED THE CGO CONFEREES

(The following article was put together by GroundSwell editor Nadine Stoner from an audio recording of the presentation at the Camp Hill Radisson across the river from Harrisburg, Pennsylvania. The remarks have been slightly edited for publication.)

At the Conference of Geogist Organizations banquet August 2, 2012, Mayor Stephen Reed was introduced by Josh Vincent, Director of the Center for the Study of Economics, Philadelphia. Mayor Reed was first elected as the Mayor of Harrisburg, PA, in 1981, and again in 1985, 1989, 1993, 1997, 2001, and 2005. In 2006 he was given the U.S. Mayor of the Year award for turning around his city, and he got the bronze metal for being the third most notable mayor in the entire world. He campaigned for the U.S. Senate in 2010.



Mayor Reed addressed the conferees on the subject of Taxes and More - Urban Revival 501, focusing on a case study of Harrisburg, Pennsylvania and the role that land value tax policies have played there in combination with other policies and programs in bringing about a nationally recognized economic resurgence.

Mayor Reed spoke first to land value taxes and then how it was specifically and practically applied in the context of urban revival. In most places in the United States the real estate millage for tax rates is the same for both the land and for buildings and improvements. We find this, frankly, to be punitive on a broad scale, and thus in the city of Harrisburg a land value tax has been in effect for quite some time. The tax rate for buildings and improvements is now only one-sixth of the tax rate that is charged on land. This land value tax policy first began as a one to two ratio, meaning the tax rate on buildings was only one-half the tax rate on land, but we determined that did not have the necessary incentive we were looking for from the land value taxation policy, and so we changed to a one to four ratio, then to a one to five ratio, and then years back to a one to six ratio. We can affirm, without hesitation based on this experience, that the land value tax policy can and does have a significant effect on inviting new and additional investment, while simultaneously offering additional jobs, a larger tax base and expanded economic activities overall. When the Council of Geogist Organizations sets forth the theory on the policy of land value taxation to many elected officials, they will sit there with their eyes glazed over, because with rare exceptions they are not experts on taxation, and they will think that as a brainy nerd group you came up with this to solve all the world's problems. In fact, there are very practical applications that you have advocated for many years, and I would point to Harrisburg, Pennsylvania and a host of other locations where the land value tax over time has been very practically applied. In all instances and with no exceptions that has produced economic benefits which otherwise would not have occurred.

The land value tax achieves the following purposes. First, it serves to induce the highest and best use of land. In municipalities, urban communities in particular, that is significant. In most cases in

the United States, and especially in the Commonwealth of Pennsylvania, cities cannot annex or appropriate outlying areas. They have inelastic boundaries. The boundaries you have today are the boundaries you are going to have tomorrow and for the foreseeable long term future. You want to make sure that the highest and best use of that finite quantity of land is something that happens. And your land value tax, I believe, is the key to making that happen. Second, the land value tax rewards rather than penalizes the greater and highest uses of land while the single rate tax policy does exactly the opposite. Third, the land value tax discourages land speculation and allowing land to sit vacant and unused. Fourth, it dramatically encourages vertical development of high rise development, while discouraging horizontal development that involves greater and lesser use of land, and the sprawl that is experienced in most parts of our country. Fifth, the land value tax reduces the need and the pressure to spread single projects across larger tracts of land and because of that, the land tax policy has made it easier to secure and to preserve open space areas for parks, recreation, historic sites, and other public purposes, without those sites always being coveted for encroaching development purposes.

In this reference to land sprawl something more needs to be said, and land value tax policy is so intertwined that sometimes people don't get its relationship to sprawl. In many parts of the United States and particularly here in the Commonwealth of Pennsylvania, land use policies if in fact any exist (and you would be shocked at how many places don't have land use policies) to the extent that they exist they are almost always existent and set forth at a municipal level, as opposed to a county, regional or statewide level. In fact, regional and statewide land use standards are the exception, particularly in the North Central, Mid Atlantic, and Northeastern parts of the United States. Let me use this region of Pennsylvania as an example of what happens in the absence of having land use policies. In this eight-county region more land has been consumed by new development in the past forty years than had been used in the preceding 250 years. Yet during that same forty year period, the population increase that has occurred here nowhere comes close to the pace of development. So what has actually happened is the shift of the population from one region to another, basically from cities and older towns out to what at one point were largely undeveloped suburbs and rural areas. In America and here in Pennsylvania for sure this has created a classic urban-suburban dynamic that in most cases has meant the city has lost population and businesses and jobs while the outlying and peripheral municipalities have received those businesses and population and jobs. Aside from the usually profound disparities economically and socially that kind of separation creates, that has also created a major demand for new significant infrastructure expenditures in areas of new development while the infrastructure in the cities and older towns as a consequence become (continued on page 10)

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underutilized. What I would like to argue here is that a single tax rate system proliferates that kind of sprawl. A land value tax policy instead serves to invite and reward vertical development in our cities and older communities that saves land, utilizes existing infrastructure, and creates a sense of community and place that commuter oriented areas of a sprawl simply do not have.

The land value tax has very profound consequence on some other issues that to many public policy and urban planning posts seem to be unconnected when in fact they totally are. In Harrisburg we uniformly apply the land value tax to all real estate parcels in all areas of the city (not to specific areas while excluding other parts of the city). Its administration is uniquely simple. When the tax billings are issued, the lower tax rate on building and improvements is automatically applied to the value of those improvements and those buildings. The taxpayers have nothing to file, nothing to annually renew. No special unit or staffing had to be created to maintain the land value tax system. The administrative costs of having a land value tax policy in Harrisburg, PA has been and is zero. How many government policies can you think of about which the same can be said? So I believe it is accurate to report that the land value tax policy has a beneficial macro economic benefit and for that to be more fully understood I use the case example of Harrisburg, PA, but in doing that you will find great similarity with other urban communities all across America, and not just cities. Through cities, suburbs and rural areas, we like to divide ourselves; that is the American political system. We are divided by groups, stereotypes etc. It is no longer just the cities; it is all the older towns and the cities, and it is the immediate peripheral suburban communities that got developed fifty, forty, even thirty years ago. The cities and older towns all have in common the same issues about which we are speaking for revitalization. Land value tax policies would be equally as appropriate for them as it would be for the cities of America.

In Harrisburg, PA, our highest recorded population was in 1950. In the mid 1950s and toward the end of the 1950s we began to experience an outmigration. Not coincidentally, in 1954 the US Supreme Court issued the famous Brown versus the Board of Education in Kansas decision which said that public schools may no longer be segregated by race. While the South made segregation a matter of law, the Northern states never made segregation law; they just made it the practice. The effects are pretty much the same. You can trace the outmigration of population in a lot of places, particularly in the middle and north central and north eastern parts of the United States, in the second half of the 1950s to that Supreme Court decision.

In the 1960s our population loss accelerated very rapidly. In the 1970s it became a hemorrhage, exacerbated by the 1972 flood. Until then Hurricane Andrew in Southern Florida was the largest natural disaster in our history. We had an almost equal in size flood three years later called the Hurricane Eloise flood. We had a combination of people leaving in large numbers rapidly, which leads to property devaluation which then leads to more people putting up for sale signs, and it continues that downward spiral of people wanting to get out. In large areas of the city of Harrisburg after the floods in

the 1970s we had these factors that went from 85% owner occupied to 85% vacant or renter occupied in five years. To say that we were a distressed community would be an understatement; indeed the United States government said we were the second most distressed city in America.

When Harrisburg entered the 1980s it was afraid of its own future. With some trepidation, but with a total absolute belief in the ability of urban communities in this nation or any nation to come back and that it can be achieved through initiative and action with high confidence in citizens to organize in common civic cause, a whole range of new things began for Harrisburg. The government had set forth three priorities of equal importance. First was economic development. Second was to create non-tax revenue sources (we were way too tax dependent on the government of Pennsylvania), and in the urban communities where there is a much higher percentage of tax exempt especially here in the state capitol, we need to find other ways to bring in revenue or we will tax ourselves out of business. The third was to have a constant effort to revise and reform and improve our operation of the government itself. So a whole range of policies and programs and initiatives were launched from the 1980s and continued until just the last few years - all based on those three priorities. Everything comes back to one or more of those three priorities. What's your mission? Are those the priorities of the mission? What are your goals? All the goals relate back to the mission.

On economic development, that is what I will focus on here, a variety of incentives were created. The land value tax was one of them and a key one. The second is called tax abatement. Tax abatement means that whether it is for residential or commercial regardless of where in the city it would be, if you come in and restore a property whose assessed value is \$100,000 and after you spend \$100,000 to fix it up, in theory at least and usually by tax assessment practice, the county will then set a \$200,000 assessment on the property. You are penalized for improving the property. We have a pretty backward taxation system. In tax abatement's case, or if you build a new building and the mayor entices company X to build a 10 story office tower or a mixed use tower preferably, tax abatement says that you will not get stuck with your new higher assessment - whether it is for new construction or restored property - from the get-go. Any increase in your assessment might go on the books then but any increase in taxes you pay will be incrementally over a ten year period of time at a rate of 10% per year. That is really important for federal tax purposes for investor and equity purposes and it is important so that you are not beating the hell out of the poor developer when they open up a new building and they have still got 25% of space to fill and then you whack them with a big tax bill. That is what this tax system does and it is grossly unfair, and it is backward in so many different ways.

Then we have tax increment financing where if you build an office tower or an apartment garage, in order to have them do that in the city it is necessary to do tax increment financing. That is where what they pay in taxes - they pay full rate - (tax abatement by the way is automatic) they exempted themselves from taxes by abatement and the taxes they were paying full rate each year, what didn't go to the government bodies went into amortizing the mortgage, (cont'd on p. 11)

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on the building and parking garage anyway. You want to use that incentive very sparingly but it is there in case you need it. It could make the difference whether the project is going to happen or not.

There are various types of financing tools that can be used to encourage projects that are small: minority and women owned businesses, micro loans, public private partnerships of different varieties, construction loans, working capital loans. The city designated seven areas that are nationally certified historic districts. Why? Because income producing buildings get 20% of the time 20% federal investment tax credits for every dollar they spent on the certified historic rehab of the older buildings in the historic district. Non-income producing buildings can do the same thing. They can get a lesser 10%. That is an incentive. But a lot of times the developers on income producing projects would get the 20% investment tax credit certificate up front and then they would sell it; they would syndicate it, and that is how they would raise some of the money for their project and then they didn't have to borrow that amount at an interest rate over a loan term of five years, ten years, and it made financing a lot easier.

Then throw into that land value taxation and throw into that tax abatement and you got yourself a smorgasbord of some pretty hot stuff in terms of inducing private investment but it doesn't end there. The city allows site improvements, charges no special fees, developers fees or expensive connection fees to the water and sewer utility systems, puts in infrastructure work, puts in water and sewer lines as they might need them.

Harrisburg was the first in the country to issue what are called mortgage tax credit certificates. An interestingly it was Senator Bob Dole who put this into place before he left the Senate and then ran for the Presidency. We were the first to use it. In fact we literally wrote the Manual and that became used by the United States Treasury Dept. on how to administer the mortgage tax credit certificate program in the United States. What is it? If you are an eligible home buyer, and just about everybody was, and would be today as well, and you buy a house - and here's your mortgage and here's your interest rate - with the mortgage tax credit certificate, up to and usually 50% of the interest you paid on your mortgage came back to you each year as a tax credit. The other 50% of the interest you paid on the mortgage was a tax deduction. Half of every dollar in interest you spent on that mortgage was a tax credit each year. That was a huge incentive for home buying in a city that had been written off for decades. There is a self-fulfilling prophesy of talk about despair and hopelessness. Keep talking like that and you absolutely guarantee that it stays that way. It is a self-fulfilling prophesy. Mortgage tax credit certificates got done, and we created the Office of Economic Development that became a one-stop service center for administering our various economic development programs.

It is useful to tell you this, and I remind public officials of this all the time because it is not the traditional or conventional description or definition of economic development. I remember at a conference when I was doing my talk about economic development about what municipalities can do, a

lot of them sit there and say, oh well, we can't do anything. Well, there's actually a lot of things you can do if you get a collective will to do it. And also it is a good to have a good idea of what you want to do rather than going in twenty directions simultaneously and creating chaos in your town. One mayor told me he does economic development. During the summer time, and spring and fall, they close the main street to traffic and let the merchants set up their wares and stuff in the street. It becomes a street pedestrian mall. I didn't have the heart to say to him that is not economic development. It is marketing and I suppose useful for the merchants, etc. In other words, he had no idea what economic development was. Yours truly offers a more complicated but I would argue a more comprehensive and accurate definition of economic development.

You say economic development, particularly in cities and older towns, and you better be talking about more than restoring homes and offices, factories, or building new ones, you should also be talking about things like arts and culture. That is part of economic development. You should be talking about history and preserving your heritage. You should be talking about parks and recreation. You should be talking about major public events, special events that get held in your parks and your playgrounds. And in our case, also on our waterfront.

Let me also add that our definition of economic development goes even beyond that into a subject area that most municipalities do not want to touch. It has to do with education, the local education system and it has to do with higher education. Education in general are key components of economic development in the short and long term. I will be back to that. And other things like tourism. So that is all economic development. We built Harrisburg University, the Whitaker Center, the National Civil War Museum, etc. Those projects came out of the mayor's office. We put up the initial seed money to cover the planning, the design, the site acquisition, all the things that you have got to do to get it to the point where you can attract private dollars to come in. We couldn't afford to pay for all of it ourselves, but if you get far enough along and it is not a stupid idea, you can usually attract good money to pursue good and worthy projects. They need to be part of a bigger picture. That is my point, and the bigger picture is economic development.

We did literally thousands of projects and the interesting part about that is that in the initial years, because of Harrisburg's stereotype - vacant, crime ridden, etc., that stuff you hear about cities in general and particularly as it applied to Harrisburg - the city had to basically assume the initiative of being the developer sometimes because you couldn't get anybody in the private sector to do it. The first developers that we attracted to Harrisburg with all those incentives that I mentioned and some that I didn't get in, they came from out of town. They came here and said we think there is a lot of potential, and here are the incentives to do it. And it was the out of town developers that joined the city in the initial years before the city itself served as a developer. We built houses, we built hotels, we built a whole lot of things. That evolved into a significant reduction in reliance and dependence on the government and with much more initiative on the part of the private sector and with the non profit (continued on page 12)

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sector as well to do those kinds of things. That is what you want to happen and that is what did happen.

Here is the thing I hear in every city, and you hear it too. Neighborhood groups will come to City Council and if they are trying to do any kind of economic development, they will rant and rave at public meetings, especially if there are Cable TV cameras. Every since cameras got brought in to the Council meetings, the whole dynamic of these meetings radically changed and frankly those meetings have become less productive as a result. And today the definition of "civic leadership" is the biggest mouth that shows up at that meeting and winds up on the videotape. God help us if that is the definition of leadership. Add to that the Internet where five whackos under six different pseudonyms can be out there bad mouthing everything and anything, and that has a huge inhibiting and deterring factor in the American political system getting anything done. You see the gridlock in Washington. That has a lot to do with it there and a lot of other places, too. People show up and say all you want to do is things downtown. You don't do anything for the neighborhoods; all the economic development is downtown. They create this false choice of downtown or the neighborhoods. Well in most cities, ours included, downtown is actually a pretty large neighborhood. In fact, it is the second largest neighborhood by population in the entire city. So it is a neighborhood as well as a central business district.

Two-thirds of downtown at the beginning of the 1980s was vacant. The downtown of Harrisburg then actually cost the city more money for police, fire, public parks, and other municipal services than it was giving to the city in taxes and fees. In case you didn't know it, that is the official definition of a dead downtown. The downtown of today is radically different, 180 degrees different. And it produces revenues to the city and to others that basically pay for most of the neighborhood services and throughout the rest of the city. So I say to the neighborhood groups, you want your downtown to do well. You can't have the focus solely on downtown but don't get into a false choice of downtown versus neighborhoods. So that is the comprehensive approach in terms of economic development under the theme of Taxes and More - Urban Revival 501.

Another point about economic development. When you do long term economic development - and there is no such thing as short term miracles in economic development in revitalizing older towns - you have to think long term. You also have to understand you cannot do it all at once. Economics don't allow you to do it all at once. It is not a matter of not having enough money, it is that some things lead to other things which lead to other things. Today in downtown Harrisburg we have things like Restaurant Row. Restaurant Row didn't happen by accident. Before Restaurant Row could exist, we had to do various things like develop City Island where we have multiple minor league professional sport teams headquartered there year around. We have special events at the waterfront in the downtown that attracts on average hundreds of thousands of people a year. We built the Hilton Hotel and saved what was going to become a very large empty building which was a half block from the town plaza, and the city became owner of that building for a brief period of time just to make sure that happened. We built parking garages. Why? One, we make money out of them. Two, if you don't build parking garages you

have just put an artificial limitation on how many people you can accommodate. What private property owners will then do to meet their own parking needs is buy the building next door that was built in 1880 and tear it down to create those ten spaces accessory to their building. And that process goes on and on and on. An aerial view of downtown Harrisburg thirty years ago would have showed pock marks, hundreds of these little small parking lots created by demolition of a significant portion of Harrisburg's downtown architectural and historic heritage, including two former government buildings, all to create parking. Parking garages make money and they are a key part of economic development of the downtown. So you have hotels, special events, City Island, parks and recreation, and add the Whitaker Center - the largest facility under one roof in America that encompasses both science and the arts. All of that was done incrementally and that created the critical mass that gave rise to Restaurant Row. So why didn't we do Restaurant Row twenty years ago. Well, you couldn't. There wasn't enough patronage to go to it. You needed the hotel, the Arts Center, you needed this, you needed that, and that creates the critical mass. Now some people don't get that.

What was the outcome of the initiative and policies I have just described? In period of 1982 to the end of 2009, \$4.8 billion worth of investment occurred, the number of businesses on the tax rolls increased in 1988 to 9100, thousands of new jobs were created, over 40,000 building permits were issued. The tax base, the assessment of taxable properties, went from \$212 million to a total of \$1.6 billion. The number of residential units sharply increased. In fact, the city of Harrisburg from its different housing programs and initiatives played a direct role in either building or helping others to build over 6,000 residential units. There is no city our size in America that had that much to do with that many residential units in that period of time. The crime rate came down 46%, the fire rate dropped 78%, the number of vacant structures fell by 80%. In 2010 this merited one sentence in the local paper. The population of Harrisburg increased for the first time since 1950. All this vitality going on in the city didn't end at the city limits. That served as a stimulus throughout the entire region. It was catalytic to the whole region. All kinds of things started getting done around the region because of what was going on in Harrisburg. And Harrisburg was right there in the front helping to lead the regional intergovernmental cooperation to get things done that individual municipalities by themselves cannot do.

Something else happened. The brain drain that has affected communities in Pennsylvania and affected this Commonwealth for decades, meaning our college educated youth go off to college and they do not come back. That has been reversed here. Our population increased in Harrisburg, PA and a big part of the civic leadership and spirit and social life in Harrisburg as did those starting businesses, small businesses, buying homes, renting apartments and then buying homes. It is a demographic age group of 23 to 42, young professionals. Harrisburg, Penn. is one the (cont'd on p. 13)

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top five cities in the United States in entrepreneurial spirit and places that have a long term positive future because of attracting young professionals by having in place parks, recreation, arts, culture, etc.,

Urban public education in the United States of America is a national disgrace and a worldwide embarrassment. And there are a whole lot of politicians on both sides of the political aisle that frankly don't give a damn. They are not going to spend the kind of time and money that it is going to take to reverse that. I agree that pouring a lot more money into systems that don't work won't produce the intended or the desired result. Major education reform needs to occur. No argument. But there are those that think that we as a nation and a society can succeed by having two educational systems here - urban public education and then there is the public education for everybody else. That is what we have got. That is what we have had for some time. If you think that is going to assure America's competitiveness in the global economy, I have news for you. We are already ratcheting down in our ratings and standings in the world. That will have a profound long term impact on the American economy, the American standard of living, and the incomes that support that standard of living for decades to come. A practical reason why everybody should be concerned about urban public education is by the year 2025 (and I think it is a lot sooner) the majority of students attending American public education will be those who are considered to be minorities. Where do most minorities live? They live in urban areas. They go to urban public education facilities. We better hope and we better be very firm in our position in general that urban public education and education in general needs to be aggressively reformed and improved. Or we will be a second rate country come the middle of the century.

If you were to ask me what was arguably the most significant development in Harrisburg in the last few decades, I would say this. It has become the center of higher education for the first time in history, and you are speaking of a place that became a municipality in 1791. Harrisburg Area Community College (which was the first established in the Commonwealth of Pennsylvania) has not only expanded their main campus which is here in Harrisburg but they have created a Midtown Harrisburg Center. Messiah College has built a very nice facility and restored a 19th century old building to create their Harrisburg Institute. Students live in our downtown and have classes downtown. They are involved in different activities downtown. You have got Temple University here. Penn State has a limited presence within the city. A lot of that spawned things like International House that houses college students. It spawned student housing. We are into the third project with that. And another huge project is about to get underway in the midtown portion of the city. That adds all kinds of life and vitality with college and university students. They bring zest and vitality to your local economy. That is an element to your town that frankly otherwise doesn't exist if you don't have a college or university presence. We had never had that before, but we do now.

In the course of all of this something else happened. Harrisburg University of Science and Technology was born in the Mayor's office simultaneous with the creation of Science and Technology (Sci Tech) High School. Harrisburg University is a private university. It is not public. A lot of public funds used to build the academic center were for streets etc. It is 15 stories high. It is not a liberal arts college. There would be no point in creating one. We have got a bunch of them, and they are pretty good, in south central Pennsylvania. It is focused on the STEM skills: science, technology, engineering and math. Those are the skills that are driving the engines of the 21st century economy. Those are the skills that will restore America's competitiveness in the global economy. When the debate occurs about illegal immigration in the United States, it is mostly when 99.9% of poor people that don't have two nickles to rub together who come here to do jobs that most Americans won't do. And they live in the shadows because they are here illegally. And people get excited about that. And they should; I don't support illegal immigration. That needs to stop.

Let me tell you something else about immigration you never hear about, but to me it is far more alarming. The United States Congress on multiple occasions has increased the legal immigration quota for university educated professionals from all over the world to come here to America. They are not going to be permanent residents here, they come here to fill jobs that Americans can't fill. We can't fill them because we are not graduating enough people with STEM skills. We are not graduating enough people with other types of skills. There is an almost total disconnect between work force development and higher education. We spend more on higher education than any nation in the world and we are slipping backwards in our position in the world. Third world countries and second world countries are beating our brains out, producing a middle class in the process by having good universities that are focused on the STEM skills, and they are coming here to fill the jobs. There are millions of legal immigrants here making job money well in excess of the federal minimum wage, filling jobs Americans can't fill. What is wrong with that picture? When we have the unemployment rate that we do - and by the way it is a delusion because it never includes all those who stopped filing for unemployment compensation, stopped registering for jobs - you can probably double that unemployment rate to reflect the true unemployment rate.

In Harrisburg we tried to address this with our University of Science and Technology focused on the STEM skills. We have a large corporate faculty that joins the full time faculty in teaching the real world activities and challenges and prospective solutions. It creates in effect a factory for new ideas, to make the new mouse trap if you would. It connects higher education, work force development, and economic development because guess what, the faculty, graduates, and even some while they are still students, hook up with companies and investors and create their own companies here in Harrisburg and in south central Pennsylvania.

I mentioned the science and math path at the high school, Sci Tech High School, grades 9 through 12, is part of the Harrisburg School District. And then we have the Math and Science Academy, and that is (continued on page 15)

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grades 5 through 8. So we have a system now with a curriculum focus on STEM skills, math and science in particular that begins with grade 5 and continues through high school, Sci Tech High School, and then literally a half block down the street from Sci Tech High School is the Academic Center of Harrisburg University. You don't have to leave town to get a STEM skills education in Harrisburg, Penn. The career path is here for you. So that, ladies and gentlemen, is just a little snippet of the role of higher education and its importance to our short term and long term economic development interests here.

How can you reform urban education at the local level? Let me say on the subject of Harrisburg city schools, it was a long standing dismally rated school district, very troubled: the patronage system, students who had no textbooks, schools that had no textbooks, teaching aids, administrators who whisper in your ear that these kids can't learn. When a black administrator whispers in my ear that the black students, the majority in the black school district, that "these kids can't learn," that administrator needs to go. It is an excuse to blame the kids for the failure of the system of which they are a victim. In Harrisburg we started early childhood for 3 and 4 years old. We started the after school program which was tutoring and mentoring with a hot meal at 5:30 PM, the only hot meal a lot of kids were going to get that day. We created the Alternative Education Academy for the disruptive kids that occupied all the teacher's time and prevented the other kids in the classroom from learning anything. Those students had a very structured separate Alternative Education Academy for them and a whole bunch of them actually graduated. The parents said, I never thought that would happen that they would graduate from high school, but they did. Some went on to college. We did a complete reorganization of the school district administration. We upgraded the curriculum - we actually wrote the curriculum, there was no curriculum in most of the subject areas, with a big focus on literacy, especially with the younger students, creating accountability measures. A big challenge, though, in the cities in America in urban public education is the need for more parental involvement.

We need to change the culture and attitude within the inner cities of America such that it makes getting a good education a centerpiece of how people think and act and set as goals within the inner city, and we are not there in this country nor in the city. Nonetheless, there was a 171% increase in the number of graduates, 419% increase in the number of graduates going on to higher education, 46% reduction in the drop out rate, enrollment increased by over 2,000 students, test scores went up. The simple message is that inspired entrepreneurial thinking endowed with a high public purpose can make a very real difference in a very chaotic world right now that is looking for true leadership.

And when you take an unconventional approach, because the land value tax is perceived as an unconventional approach in economic development by a whole lot of folks, when you take that approach and you do it armed with the practical effects of the policy you espouse, I think you can advance this cause a lot farther along. I had a quote hanging in the Mayor's office that the best way to (cont'd on page 16)