

# PUBLIC LIFE

July 2004 – Volume 1, Issue 2  
Owensboro, Kentucky

# *Advocate*

## MERGER 1990:

Fragmentation, Distortion and  
Disconnect Between Citizens  
and the Public-Private Elite



# About our Editorial Board



## Rodney B. Berry

Rodney is president of the Public Life Foundation of Owensboro. He joined the foundation in 2000 following twelve years with RiverPark (performing arts) Center. His volunteer and civic experience includes work in education, health care, youth, social services, tourism, and community development. He is a graduate of Western Kentucky University.



## Dave Boeyink

Dave is Associate Professor of Journalism and Director of Media Studies, Poynter Center for the Study of Ethics and American Institutions, Indiana University. He holds a B.A. degree from Central College and an M.T.S. and Ph.D. from Harvard University. From 1978-87, he was Editorial Page Editor for the *Messenger-Inquirer*. He has published articles in *Journal of Religious Ethics*, *Journal of Mass Media Ethics*, *Newspaper Journal*, and *Journalism Quarterly*.



## John S. Hager

John established the Public Life Foundation of Owensboro in 1996 following the sale of the Owensboro *Messenger-Inquirer* to the Belo Corporation (Dallas, TX). A graduate of Princeton University and the University of Michigan College of Law, he was a practicing attorney for 19 years prior to returning to the family newspaper in 1973. He has been involved in numerous civic initiatives, including a lead role in the establishment of the Owensboro Community College. In 1996, the Kentucky Press Association honored him with its "most valuable member" award. He was named to the Kentucky Journalism Hall of Fame in 2002.



## Ed Staats

Ed served The Associated Press for 41 years, as a reporter, editor and administrator in 10 AP offices, including the AP's headquarters in New York. He retired in mid-2002 ending a career that bridged the print, broadcast, cable, and online news businesses. At his retirement, he was in charge of AP's Kentucky operations, a position he had held since the mid-1980's. He is a member of the Kentucky Journalism Hall of Fame.

## Fran Ellers

Fran works as a writer, editor, and communications consultant. She is a former reporter with the Louisville *Courier-Journal* and was a frequent panelist on Kentucky Educational Television's "Comment on Kentucky." Her clients include the Public Life Foundation of Owensboro, University of Kentucky Center for Rural Health, and the Kentucky League of Cities.

# PUBLIC LIFE *Advocate*

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## ADVISORY COUNCIL

The Public Life Foundation of Owensboro will convene periodically citizens from all walks of life to identify public concerns and examine the impact of the *Public Life Advocate*. We welcome the participation of all on this Advisory Council. If you are interested in serving, please contact us.

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**Reconnecting the pieces.** If merger of city and county governments is proposed again, will the divisive dynamics of 1990 give way to a more thoughtful approach?

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## LETTERS

# Low pay is the problem

I am the owner of two very different businesses in Owensboro. One being tourism / retail / service oriented, the other an Executive Search Firm of which has been in operation since 1986. The knowledge gained from these multi-cultural companies has given me some keen insight into the core issue working against Owensboro.

Firstly, I have worked with hundreds of professionals either wanting to move back to Owensboro, or looking for adequate employment while residing here. There is always the same major issue that is seldom overcome. Most always the individual is now or was making considerably more money than a similar position pays in Daviess County with very little exception or there are no positions available in the employment candidate's profession. This creates underemployment and discontented workers that continue to seek positions outside of the area.

This causes the local unemployed resident to move away and the nonresident to not relocate here for work. Typically I speak to the individual who grew up here, moved away for adequate employment and now wants to return but is now making thousands of dollars more in annual compensation than is paid for the same position in Daviess County. These are real stories that occur weekly and have for over a decade.

Owensboro will seldom keep the bright college educated professional individual here as we offer little hope for career development other than blue collar or lower compensated positions. I ask, if your child obtained a Bachelor or possibly a Masters Degree, wished to enter the work force at a high 20K to lower 30K-salary level (typical compensation level in most places), how many positions would they find available here? Would you advise them to look in Evansville, Bowling Green, Lexington or Louisville? Their chance of finding suitable positions are 10 times greater away from Daviess County. There is no question in my mind, with little exception of family owned business, or a position in health care, they would relocate 90 percent of the time.

Owensboro must wake up and be competitive in seeking white collar or technology based employers or this trend will never stop. As our population stays stagnant, we rank at near the bottom of most economic development ratings, and our surrounding cities continue to prosper. We are not doing something right. Either we quit ignoring the problem and take action or accept that Owensboro is a great place to raise a family because of low crime rates and festivals but is not where your children will stay or move back to.

This issue in my opinion is paramount to the short and long term population growth of Daviess County which directly impacts tax dollars, state and federal funding for projects and improvements, and industry recruitment. Without a growing community, we have little to offer.

**Steve Young**  
President  
Career Counseling Inc.  
Cowboys of Kentucky Inc.

## Contributors



### Tom Gaston

Tom follows his piece on the collaborative foibles of local substance abuse agencies with a story on the de-staffing of the popular midwife program. "My biggest frustration was getting people to talk, particularly hospital administrators and the OBGYN community. Maybe that tells us something right there," he said.

"After scheduling an interview, a hospital spokesperson postponed it, requesting written questions in advance (to enable her to do 'research.') Then she cancelled the interview altogether, sending a written statement that said little and responded to none of the questions posed. That makes it tough when you are trying your best to be fair to both sides."

Eight years ago, Tom retired from an Associate Professor position at Purdue University to be near his daughter and family here in Owensboro. The author of three books and numerous published articles, he earned degrees from the University of Kentucky and Indiana University.



### Chad Gesser

A local boy and son of the late Owensboro Police Chief Gus Gesser, Chad has a keen interest in civic engagement and grass roots community action. Founder of our local Conversations Café program that meets weekly at Fridays After Five for "big talk" (as opposed to the "small talk" out on the patio), Chad is Director of Institutional Research at Owensboro Community and Technical College.

The first skunk infested merger debacle of 1990 predates his focused attention, so his objective research and sociological examination of what went wrong is fresh and timely, since nearly all the candidates for mayor and city commission in the May primary campaign were quick to endorse city-county consolidation.

Chad has a masters degree from Western Kentucky University. He and his wife, Susan (a third year University of Louisville law student), have two children.



### Steve Rocco

Once a newsman, always a newsman. Steve Rocco's 37-year hiatus into teaching took him away from the *Messenger-Inquirer*, where for six years he reported, shot photos, and edited copy late at night and off the wire. He earned an English degree from Brescia College prior to working for the newspaper, and continued his education up to the Rank I level through Western Kentucky University and the University of Kentucky while teaching at Catholic High.

His *Advocate* assignment – to outline the countywide occupational tax proposal in a way that everyday citizens can understand – was jump-started by Judge Reid Haire's "Daviess County Tomorrow Tax Restructure" proposal that's floating about. "It's not easy to keep something like taxation simple," Steve learned.

The Louisville native is married to the former Linda Argabright from Meade County, the librarian-media specialist at Foust Elementary School.

## EDITOR'S NOTES

# The Spark that Ignites Advocacy



by Rodney Berry

Rosie never bothered to get involved until those neighbor kids were killed out by the entrance to the subdivision. A sharp bend in the road leads into it, and cars would accelerate to 40-50 miles per hour as they headed toward the countryside. Not enough traffic to warrant a stop light. No sidewalk or crosswalk. No "children playing" zone. The boys were nine and seven. The family moved away afterwards. Rosie went door-to-door with a petition for a caution light.

Geoff suspected that he would only live here three, maybe four years. He was brought in to retool an assembly line at the plant. Divorced, with a daughter in Texas living with her mother and stepfather, he saw no need to invest himself in a community in which he had no roots. Geoff rented a small house in the county. He had few friends. He mainly worked. Then he read about how a family a few miles down the road was unable to sell its house because a large-scale poultry operation was proposed nearby. He heard about the poultry company's pressure tactics. So he started attending public hearings.

Ida Jean and Ralph were so proud of Celeste, a grandchild they raised who had just completed her first year of college. She had been an average high school student, and her grades got even worse her senior year when she worked 30 hours per week at a fast food restaurant. But her grandparents urged her to try the community college even though they couldn't help financially.

Celeste qualified for a tuition grant and some low-interest loans, but she still had to work part-time. College courses were not easy for her, but she held on. When she was notified of another tuition hike, she dropped out and went to work full-time. That's when Ralph wrote the governor.

Rosie responded to a tragedy. Geoff decided to fight for the little guy. Ralph knew a policy had to change. They all decided to get involved, to try to make a difference.

What is the spark that ignites us as engaged citizens? Why do some people

respond while others do not? At a certain point, does compassion kick in? Or anger?

Are some people convinced that it doesn't matter, that no one will listen to them? Does a participating citizen need to be well-educated, a confident public speaker, or well-connected in circles of influence?

I don't think so, and I hope not. We need people from all walks of life to take a sense of ownership in the future of our community, our state, our nation, and our world. We need to hear their stories, understand their problems, and listen to their ideas. We need to restore the democratic process.

But we must also recognize that some people may not be equipped to exercise influence. They may not understand an issue fully. They may have heard only one side of an issue or had incomplete information. When that is the case, the answer is not to take authority away from them but, as Thomas Jefferson urged, empower them with education.

Leaders have an obligation to educate the public. That means more than press releases and image-building advertising. It means more than "look how great we are" talks to Rotary Clubs and neighborhood groups.

Celebrating success is appropriate, but leaders must also acknowledge problems and shortcomings. When leaders are open – when they provide the public with information that is honest and easy to understand, they build trust and teamwork. They give people like Rosie, Geoff, and Ralph hope and purpose.

And once people like Rosie, Geoff, and Ralph step out of themselves and get involved, they see other opportunities. They meet other people who share common concerns. Their skills improve and they gain confidence in their ability to make a difference. They surprise themselves. They discover their public life. ■

## ABOUT THE PUBLICATION

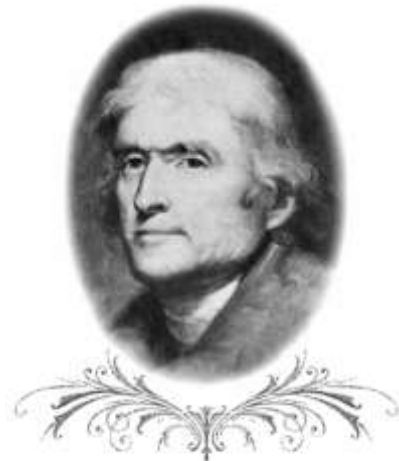
The *Public Life Advocate*, published monthly, is committed to be a trusted resource of information and analysis of public concerns and community issues. The *Advocate* is a community-driven publication, grounded in a commitment to be "of the people, by the people, and for the people."

## ABOUT THE FOUNDATION

The Public Life Foundation of Owensboro, Inc. is a private, nonpartisan, nonprofit 501(c) operating foundation (not a grant-making entity) founded in 1996 by John and Marjorie Hager. Mr. Hager is the former owner, editor, and publisher of the Owensboro *Messenger-Inquirer*.

The foundation fosters broad, meaningful citizen participation in community decisions and public policy. We believe that open, accessible, and trustful institutions are essential to an enlightened and engaged citizenry and the democratic process.

Foundation activities are driven by the importance that people attach to issues. We are committed to the people's agenda. To assist citizens in solving problems and seizing opportunities, we facilitate a process of *information > deliberation > action*.



*"I know of no safe depository of the ultimate powers of society but the people themselves; and if we think them not enlightened enough to exercise their control with a wholesome discretion, the remedy is not to take it from them, but to inform their discretion by education."*

*Thomas Jefferson*





# MERGER 1990:

Fragmentation, Distortion and  
Disconnect Between Citizens  
and the Public-Private Elite

by Chad Gesser

*If you think discussions on the “casino issue” or a local occupational tax are sometimes heated, just ask Owensboroans what they remember regarding the vote on consolidated government in the fall of 1990. Ah yes, a classic struggle between the Hatfields and the McCoys, the North versus the South, Owensboro Catholic versus Owensboro High, the Cats versus the Cards, the city versus the county.*

*Will the same thing happen if merger is proposed again? Or will the divisive dynamics of 1990 give way to a more thoughtful approach?*

This article will examine the 1990 decision-making process and explore the possibilities for a different kind of debate if our community considers merger a second time. The issue is not whether merger is the right thing to do, but what sort of discussion and debate the community will base its decision on.

An examination of merger debates in other communities in Kentucky (Lexington-Fayette County, Louisville-Jefferson County, Bowling Green-Warren County and Georgetown-Scott County) and across the country suggests that once a merger vote has occurred, the vote is likely to re-occur.

At the same time, evidence shows it sometimes takes multiple attempts at the polls before voters approve merger, if they ever do. Government consolidation was approved at the first ballot attempt for the first time in Kentucky in Lexington in 1973. However in Louisville, it took four attempts spanning over 40 years to achieve consolidation. Only four of seventeen attempts at consolidation were successful from 1990 to 1997, according to the National Association of Counties. The association also cites 134 consolidation attempts from 1805-1990, with only 33 of those culminating in consolidated local government.

### Considering consolidated government

Merging local governments generally results in the consolidation of both their legislative functions (including levying property taxes) and the services (police, parks, garbage pickup).

There are many reasons why a community considers merger: efficiency of services, smaller government, economic development, posturing for state and federal funding, growth and containment, consolidated legislative authority, and taxes.

Each of these issues was addressed in some form or fashion prior to the vote on merger in Owensboro-Daviess County in 1990. But their consideration was often politicized, which created fragmentation and divisiveness among city and county residents. Over the past 15 years our community has been fortunate to learn about new models and processes of deliberation, fact-finding and public dialogue.

But the models we see now were not to be found in 1990. Instead, voters were left to the manipulation of those who could influence public space: private interests and the local newspaper.

### The local push for merger

The initial question of consolidation was introduced in the form of a petition and led



**No-holds-barred.** The symbol for 1990 merger opponents: a skunk. Its message was simple and effective: "merger stinks."

by local attorney John Lovett in 1987. Lovett helped form a local group, GOOD (Government Options Owensboro-Daviess County), that garnered the needed 1,951 petition signatures to force city and county government to appoint the Urban County Charter Commission. Under Kentucky law, such a commission is required to develop a merger proposal for citizens to vote on.

Soon thereafter, opposition groups (including Citizens for BEST Government) were formed to counteract the work of the proponents for merger. Thus pro and con campaigns of special interest groups were active by late 1987.

Both campaigns hoped to influence the work of the charter commission, and individuals associated with them were well integrated into the commission's work.

However the commission did not systematically involve the public in its work; instead, deliberations involved only insiders who, not unexpectedly, were deeply divided on the issue.

Partly as a result, it took nearly two and a half years for the charter commission to finalize a proposal for the November 1990 ballot.

The divisiveness and delay significantly added to the community's skeptical perception of the process as led by local power brokers.

### The merger vote

Nevertheless, once citizens began focusing on the issue in the year before the vote, there were indications they were willing to at least consider it. In November 1989 they voted out then-County Judge-Executive Bill Froehlich, who appeared to be an opponent to merger; he was succeeded by Buzz Norris who, with then-Mayor David Adkisson, favored the commission's draft plan for merged government. In addition, a few months later, an opinion poll conducted by a local college consortium found that half of the people in Daviess County favored a merged government.

But because citizens were not part of the decision-making process for the charter, they had to make up their minds based on what information could be had through the print media.

In fact, citizens did have access to a lot of information through the media – from 1987 through the vote three years later, the *Messenger-Inquirer* ran more than 1,100 news pieces related to merger. The role of the *Messenger-Inquirer* regarding any particular community issue is important given the lack of local news sources in the community, including television and radio media.

At the same time, citizens are not inclined to rely on a single news source for the most objective information, and the

newspaper's editorial page took a pro-merger stance.

Thus opponents found other ways to get their message out through paid media. Citizens for BEST Government raised more than \$6,000 to persuade voters to oppose merger through billboards, bumper stickers, and media outlets (a skunk appeared in paid advertisements in the local paper). Citizens for Progress (the pro-merger coalition) was able to raise only just over \$1,000.

The debate did get voters to the polls – a surprising 64 percent turned out during the election – but by then opinion had turned against consolidation. Merger failed 72 percent to 28 percent.

## Lessons learned

In 1991, the *Messenger-Inquirer* invited Neal Peirce, a syndicated columnist who has written extensively on developments and trends in state and local governments in the United States, and an associate, Curtis Johnson, to conduct an “independent, outsider’s look at life in Owensboro-Daviess County.” The resulting report examined the private and public civic culture of the community. It described clear differences between citizens of the city and the county on economic development, educational achievement, civic life and general community growth.

The report helped build more understanding about the differences between urban and rural views of our community and its future – which will be important if consolidation is considered again.

The community is also much better prepared now for any merger discussions because it has now experimented with consolidation and developed a more cooperative approach to public issues.

Among other things, the city and county governments worked together on sewage issues by forming the Regional Water Resource Agency. They experimented with merging – and undoing the merger – of emergency management. And there has been increased dialogue and cooperation regarding:

- parks and recreation
- fire and police protection
- the consolidation of Owensboro Community College and the Owensboro Technical College
- the name change from the Owensboro-Daviess County Chamber of Commerce to the Greater Owensboro Chamber of Commerce
- the Owensboro Metropolitan Planning Commission.

At the same time, the community has encouraged much more public deliberation and dialogue through the establishment of neighborhood advisory boards in the city and efforts to encourage dialogue through programs such as Conversation Cafes and Community Conversations as well as forums initiated by the Public Life Foundation.

## Recommended reading

There are a series of works that I reference

when I think about the concept of community and what it means to me as a local citizen. Alexis de Tocqueville’s *Democracy in America* has been noted as something of a sourcebook for citizenship in democracies throughout the world. Robert Bellah’s *Habits of the Heart* illustrates the pursuit of happiness through local citizenship. More recently, Paul Loeb’s *Soul of a Citizen* and Robert Putnam’s bestseller *Bowling Alone* highlight the role that networks such as family, church, work, and neighborhoods serve in connecting citizens to one another. Each of these works emphasizes the importance of connecting individuals to something larger than themselves: their communities.

## How communities merge in Kentucky

There is a specific process for Kentucky communities to take when considering consolidated local government. The question of consolidation may be brought to the community via a local referendum by a petition filed with the county clerk containing 20% of the number of county residents voting in the preceding regular election.

With voter turnout ranging from 20-30% in local regular elections here in Owensboro-Daviess County, approximately 2,500 citizen signatures would be needed on a petition that would require the city and county governments to establish a commission to draft a comprehensive plan for consolidated government. The draft plan then must be published 90 days prior to the regular election in which it will be voted upon.

A second avenue for examining the consolidation issue is the passage of local ordinance. In Owensboro, the Daviess County fiscal court can pass an ordinance that require all local governments in Daviess County to form a commission that would be charged by law to draft a charter regarding consolidated government and then present it to the community for a vote during a general election.

The same process would occur if both the City of Owensboro and the City of Whitesville were to adopt an ordinance asking for a charter to be formed. Once the ordinance has been passed, the fiscal court would establish the size of the commission. The commission must include at least 20 and up to 40 citizens.

The county’s appointments equal 55 percent of the membership of the commission. Each class of city within the county has a minimum of one representative and jointly, all cities name 45 percent of the commission’s members. The county judge-executive serves as a voting member of the commission and its chairman. ■



**Signs of the times.** The 1990 merger debate was characterized by wild claims and charges. In this Whitesville sign, merger and Owensboro mayor Adkisson were compared to Saddam Hussein’s invasion of Kuwait.





# *Midwives:*

## A Community Resource We Want to Lose?

by Tom Gaston

During the past nine months, this community has puzzlingly restructured a system of health care for pregnant women that had:

- worked well for almost seven years
- brought hundreds of healthy babies to at-risk mothers, and
- cost taxpayers thousands of dollars less than the system that replaced it.

The change left two certified nurse midwives unemployed and two others overqualified for the limited duties they still perform in four counties served by the Green River District Health Department.

At least, that's how it appears to Lamone Mayfield, who as director of the health department played a key role in setting up

the now-defunct nurse midwife program at Owensboro Medical Health System.

As part of the program, midwives delivered babies at OMHS for all health department clients who had pregnancies without complications. On-call obstetricians at the hospital stepped in only if complications arose.

The program collapsed after some obstetricians proposed changing it, citing liability and quality concerns. They and the hospital have declined to answer questions about the specifics.

Defenders of the nurse midwife program say liability and quality aren't supported by the facts, and question whether doctors are more concerned about the income they lose when midwives perform deliveries.

This article will explore some of the issues involved as well as questions which remain.

### Midwives increasingly common

Until recently, pregnant mothers lacking private health insurance who sought help at the health department were assigned to one of four certified nurse midwives employed by OMHS.

Certified nurse midwives are registered nurses who have undergone extensive training in attending to women during labor and delivery. After passing a national certification test, they may practice legally in all states.

The use of nurse midwives has grown so common over the last 20 years that an estimated one in 10 vaginal births is attended by a nurse midwife.

It is also common in many parts of Kentucky, including at hospitals in Lexington, Madisonville, Shelbyville, Mayfield and Winchester.

Kentucky is where Mary Breckinridge established the nation's first nurse midwifery practice in 1926. (Today, Hyden's Frontier School of Midwifery and Family Nursing produces more certified nurse midwives than any program in the nation).

At the same time, studies indicate that use of nurse midwives is less costly than use of physicians:

Medicaid pays nurse midwives in Kentucky 75% of the fee paid physicians for the same service. The additional cost — which Donna VanDevander, a former OMHS nurse midwife, estimates to be about \$112,000 last year at OMHS — is borne by taxpayers.

Studies show that, with comparable populations, nurse midwives bring as many babies to full term, use less medication and technology and are sued less often than obstetricians, said Katy Dawley, an expert in the history of midwifery and assistant professor at the College of Nursing and Health at Drexel University in Philadelphia.

### Health department starts program

In Owensboro, the health department began using nurse midwives for pregnant clients in 1997 in hopes of improving the continuity of care for Medicaid patients. Before that, some Medicaid patients could not find an obstetrician who would accept Medicaid. The health department's nurse practitioners, who gave prenatal care at that time, could not deliver the women's babies at the hospital (only physicians and trained nurse midwives can legally do that). The babies of health department clients would be delivered by the obstetrician on call at OMHS.

So seven years ago, the health department entered a joint agreement with OMHS in which nurse midwives attended all health department clients at the hospital during delivery. If something went

wrong, the hospital's obstetrician on call would take over.

More than 1,700 babies arrived in Owensboro that way during the seven years of the program. Many of the mothers were at risk for problems. They tended to be younger and less educated than other mothers who delivered at the hospital, as well as more likely to be single, smoke and delay prenatal care.

But they did not deliver significantly more premature babies, or babies with low birth weight, than other mothers, according to an in-house study cited by Mayfield. Apparently the use of midwives was helping "overcome the negatives that our clients typically have," Mayfield said.



**Overcoming the negatives:** The use of nurse midwives has brought hundreds of healthy babies to at-risk mothers over the past seven years.

### Doctors suggest changes

About nine months ago, however, four obstetricians at the Women's Pavilion said they would no longer back up midwife deliveries. They asked that the hospital discontinue its employment of the four midwives and allow the doctors' group to choose two of them for the health department to hire. The doctors suggested that their proposal would address concerns they had about liability and quality of care by midwives.

Mayfield and the department rejected the proposal and later variations of it, contending that hospital deliveries are not among the legal responsibilities of the health department and that the change would disrupt the continuity of care for pregnant health department clients.

Mayfield also argued that the alleged "quality issues" were related to philosophical and/or personal differences between some midwives and some obstetricians which OMHS was best positioned to resolve.

At that point, the other obstetricians in the community, finding themselves overwhelmed by the increased workload they

had assumed while the dispute dragged on, refused, as of May 31, to back up the midwives' deliveries at the hospital.

Mayfield emphasized that it was the overload, not the concerns cited by Pavilion doctors, that caused other area obstetricians to withdraw. Since state law requires a backup physician to be available during nurse midwife deliveries, the whole arrangement collapsed.

Now OMHS has no midwifery program. Two of the four nurse midwives now work for the health department where they continue to provide prenatal care to uninsured women but no longer deliver their clients' babies. The obstetrician on call at the hospital, very likely a complete stranger to these usually very young women, now does so.

### Compensation may be a factor

The doctors and the hospital have declined to elaborate on the basis for their liability and quality-of-care concerns or answer other questions raised about the controversy.

However, a review of *Messenger-Inquirer* articles shows that compensation for obstetricians who back up midwives has also been an issue.

In August 2002, some obstetricians reportedly complained to the hospital that they received too little payment for backing up midwife deliveries and assuming partial liability for admitting patients seen by midwives.

Some doctors wanted higher payment; some did not want to assume liability. This came after two women seen by midwives had to be admitted for emergency surgery.

### Practice approaches may differ

Moreover, Mayfield said there were disagreements among some of the doctors and some of the midwives about when to schedule cesarean (surgical) deliveries and how soon to conduct certain lab tests and administer medications during deliveries.

About 8 percent of the midwife-attended mothers at OMHS in 2002 and 2003 required surgical or cesarean delivery by a physician, VanDevander said. That is in line with the World Health Organization's recommendation of a cesarean rate of 10 to 15 percent for at-risk populations, she said.

By contrast, more than a fourth of the mothers under physicians' care nationally (26 percent) had caesareans, VanDevander said. She did not have information on the local rate for obstetricians.

SEE PAGE 14 | MIDWIVES



# County-Wide Occupational Tax Proposal

*As our community grows, demand for county government services is up, while sources of revenue are mostly down. One possible solution: a county-wide occupational tax.*

by Steve Rocco

## THE FACTS

### Increased demand for services

Since 1980, 93.7 percent of Daviess County's population increase occurred outside the city limits of Owensboro. Many areas were not annexed into the city limits. Consequently, county government had to absorb many additional miles of road maintenance, expanded police and fire protection, and other services.

### Cost of the detention center

Prior to 2000, county juveniles convicted of "non-status" offenses (crimes if committed by an adult) were held in a county-owned facility. These juveniles were considered a state government responsibility and the county was reimbursed \$90 per day. But in 2001 state government officials moved these juveniles to Bowling Green. (An average of 30 juveniles per day would result in a loss of \$985,500 per year in operating revenues.) In addition, the county must transfer juveniles to Bowling Green; 303 have already been transported in 2004. The county must absorb transportation costs (fuel, vehicle use) and compensation for two deputies. Also, the state reduced by \$1 its reimbursement for each state inmate (prisoners from outside Daviess County) housed in the local detention center. Lost revenue at the detention center alone is enough to deplete the county government surplus by 2007.

### Our aging population and the Homestead Exemption

According to Section 170 of the Kentucky

Constitution, individuals over the age of 65 are exempt from paying property taxes on the first \$28,000 of their property's assessed value. Within 15 years, an estimated 23 percent of Daviess County's population will be over the age of 65 (up from 15 percent in 2002), so property tax revenues will trend downward.

### Declining funds for coal counties

Local Government Economic Assistance funds are allocated to coal-producing counties and, historically, have been applied to the additional road maintenance brought on by heavy coal truck traffic. When coal was produced in the county, the annual state reimbursement was up to \$250,000. Today, no coal is produced in the county and the reimbursement has been reduced by 63 percent – nearly \$160,000.

### Reduction in transportation reimbursements

State government previously reimbursed the county 100 percent to provide transportation for parochial school children. In 2002-03, the rate was reduced to 83 percent. This costs Daviess County \$61,000 per year.

### Growth in unfunded mandates

State government requires counties to provide victims assistance services. The county now contributes \$62,500 per year for that program. A state grant for salary assistance for this program was reduced to \$27,000 in 2002-03. The county must

provide office space for the sheriff, county attorney, victims assistance, child support and cold check division, county court clerk, property valuation administrator without state reimbursement. Federal grants often require a local match and create the need for more office space for program administration.

### Outflow of dollars

Seven years ago, Daviess County generated \$160 million in receipts for state government, but received only \$107 million in state expenditures. This gap is wider today.

### Revenue increases from development

County government has not been without additional revenues to deal with growing financial pressures. Revenues have increased from residential, commercial, and industrial development in the county and the corresponding increases in property taxes from higher property values.

### Depletion of the budget surplus

As of July 1, 2004 the county government budget surplus will be \$5.5 million. However, revenue projections are not expected to keep pace with additional financial demands. In 2004, nearly a \$1.2 million deficit is projected. If trends continue, by 2007, the surplus will be depleted and leave the county, according to Judge-Executive Reid Haire, in "a serious financial crisis."

# Framing the Issue: County-Wide Occupational Tax Proposal

## OPTIONS, COSTS & CONSEQUENCES

To address this issue, county officials have considered several options:

### URGE MORE SUPPORT FROM FRANKFORT, WASHINGTON

Is state government meeting its traditional financial responsibilities to Daviess County? Since the state decision to move juvenile offenders to Bowling Green is a key reason for the financial pressures facing the county, one strategy is to try to reverse that decision or solicit replacement funds from Frankfort or Washington.

This may not be a promising option, since federal budget deficits continue to escalate and our 2004 state legislature adjourned without a budget.

### INCREASE PROPERTY TAXES

Daviess County's property tax rate is 13 cents per \$100 of assessed valuation (\$130 per year on a \$100,000 house). To cover the projected budget shortfalls, county property taxes would need to increase by five cents (\$50 on a \$100,000 house) annually. Property tax increases would not affect county residents who do not own real estate, and senior citizens are allowed a significant exemption. County residents also face property taxes on schools, public library, health department, and the agriculture extension office.

### REDUCE SERVICES

If no additional revenue is generated, in three years, service or program cuts are inevitable since the county will be without a reserve and spending \$1.5 million more than it is receiving. This could affect road projects, fire department equipment/training, sheriff's patrols, transportation of parochial school children, and more.

Many feel that services to county residents are already inadequate. Volunteer fire departments cannot respond as quickly as those that are staffed in the city limits. Twenty deputies on three shifts patrol 550 miles of county roads when they are not transporting juveniles. The county needs 10-12 new deputies just to meet current needs.

### RAISE ADDITIONAL REVENUE

State law does not allow county governments to levy taxes on retail, restaurant, alcohol, or tobacco sales. The best available options appear to be property, occupational or net profits taxes.

## PROPOSAL UNDER CONSIDERATION

In response to these financial pressures and considering the options available, Daviess County Judge Executive Reid Haire recently proposed a "tax restructuring" in the 2004-05 budget. The latest proposal includes the following provisions:

### NEW OCCUPATIONAL TAX

For those who work in Daviess County outside the Owensboro city limits, a one-half of one-percent occupational tax. For someone earning \$30,000 per year, the tax would be \$150 per year (\$2.88 would be deducted from a weekly paycheck, \$6.25 if paid twice per month).

### NEW NET PROFITS TAX

For businesses located in Daviess County outside the Owensboro city limits, a one-half of one-percent net profits tax. A business with a net profit of \$100,000 per year would pay \$500. The proposed occupational and net profits tax would produce approximately \$2 million per year.

### REDUCTION IN PROPERTY TAX

Property in Daviess County outside the Owensboro city limit line would be taxed at a rate of 11.5 cents per \$100 of valuation – a reduction of 12 percent from the current rate of 13 cents. The county property tax on a \$100,000 house would drop from \$130 to \$115 annually. This would reduce county revenues by an estimated \$300,000 per year.

### ELIMINATION OF FIRE DUES

All commercial fire dues in Daviess County would be eliminated as would fire dues for all unimproved land without structures. This would reduce county revenues by an estimated \$650,000 per year.

### EXEMPTIONS

Judge Haire's original tax restructuring proposal exempted agricultural wages and the first \$10,000 of wages or net profits. Those exemptions were removed from the proposal in June as a result of feedback from community meetings.

### INCENTIVES

**Support for new business development:** New businesses or entrepreneurial ventures started after January 1, 2005 would have a three-year waiver of the net profits tax.

**Support for continuing education:** Those working in Daviess County outside the Owensboro city limits who receive an associate degree from an accredited college

or university after January 1, 2005 would receive a refund of all occupational tax paid for the year in which the degree is received, plus one more year. Those receiving a baccalaureate degree, under the same criteria, would receive a refund of all occupational tax paid in the degree year, plus two consecutive years.

### NET ANNUAL EFFECT OF THE PROPOSAL

New occupational net profits tax	+\$2,000,000
Reduction in property tax and elimination of fire dues	-\$950,000
<b>Net Annual Effect</b>	<b>+\$1,050,000</b>



# Framing the Issue: County-Wide Occupational Tax Proposal

## Seeing Both Sides:

### Opposition & Support of the County Occupational Tax Proposal

#### THOSE WHO OPPOSE

Taxes are already too high. We should reduce the role of county government rather than raise taxes.

The county has been too lavish in its spending. County officials could eliminate waste and cut spending in many non-essential areas. Parks and recreation, cultural groups, and private nonprofit organizations do not warrant taxpayer support.

A countywide occupational tax will stifle development in Daviess County. Businesses and employers are attracted to low-tax areas.

If there is no occupational tax, workers can keep more of their money. In turn, they will spend or invest it, which stimulates the economy and creates more jobs.

An occupational tax only affects working people. Retirees, even those who are affluent, get a free ride. If we must raise taxes, a property tax increase is a better option.

The county should not spend the funds received recently through the dissolution of Owensboro-Daviess County Hospital, Inc. This could add more than \$3 million to its surplus.

Our detention center is a resource for all Daviess Countians. If the jail is the primary cause of the projected county deficit, why should only those who work outside the city pay for it? Most of those incarcerated are from the city of Owensboro.

#### THOSE WHO SUPPORT

County government must have more revenue or essential services will be cut. For example, the Daviess County Sheriff has been pleading for additional funding to increase patrols and combat our community's growing drug problem.

County government is well-managed, efficient, and there are few areas in which spending can be reduced significantly.

Taxes in our community are lower than many places. For us to offer a competitive quality of life, local governments must have resources comparable to other communities.

Many Kentucky counties that have an occupational tax are booming. This is because they have the resources to provide modern facilities, services, programs, and amenities.

Establishing a countywide occupational tax is the best option available. It is based on one's ability to pay rather than the amount of property they own, which is often not related to income.

Property taxes are already levied by the school boards, board of health, county extension office, city and county government, state government, and the public library. (County property taxes represent 17 percent of the total property tax collected.) Rather than increase taxes on property owners once again, we should spread the burden to workers.

Those who live in the city but work outside the city limits are exempt from the occupational tax, even though they benefit from city fire and police protection, city sewers, city sanitation pick-up, city street maintenance, city parks, and other services.

A property tax increase is not the best option because it would add an additional burden on county property owners who work in the city, who already pay a 1.33 percent occupational tax.

If development trends continue, the out-migration from the city to the county will intensify the need for more county services and additional funding.

It is better to act now than to wait until the county surplus is depleted. It is better to act now than to allow the proposal to get embroiled in 2007 election-year rhetoric.

Since state and federal funding is increasingly unreliable, it is more important than ever that local government have a dependable revenue base.

## COMPARATIVE STATISTICS

### OCCUPATIONAL TAX RATE COMPARISONS

(10 most populous Kentucky counties)

Boone County	.80 percent*
Campbell County	1.05 percent*
Christian County	none
<b>Daviess County</b>	<b>none</b>
Fayette County	2.25 percent*
Hardin County	none
Jefferson County	1.45 percent*
	2.20 percent**
	1.45 percent***

Kenton County	
(wages under \$25,000)	0.71 percent*
(wages over \$25,000)	1.097 percent*
Madison County	1.00 percent*
Warren County	none

*Note: Approximately 60 Kentucky county governments levy an occupational tax.*

\* rate applies to net profits on business as well

\*\* rate applies to residential individuals, partnerships, and corporations

\*\*\* rate applies to non-residential individuals

Source: Kentucky.gov, the state's official Website

### OCCUPATIONAL TAX RATE COMPARISONS

(Counties Surrounding Daviess County)

<b>Daviess County</b>	<b>none</b>
Hancock County	1.25 percent
Henderson County	none
McLean County	1.00 percent
Muhlenberg County	none
Ohio County	1.00 percent

Source: Kentucky.gov, the state's official Website

### OCCUPATIONAL TAX RATE COMPARISONS

(Sampling of Kentucky cities)

Bowling Green	1.5 percent*
Covington	2.5 percent*
Lexington (included in Fayette Co.)	2.25 percent*
Louisville	1.45 percent*
<b>Owensboro</b>	<b>1.33 percent*</b>
Paducah	1.5 percent*

\* rate applies to net profits on business as well

Source: Kentucky.gov, the state's official Website

## GET INVOLVED

### Citizens for Tax Fairness (Opponent)

c/o Gary Boswell  
3993 Pleasant Valley Road  
Owensboro, Kentucky 42303  
270/281-0259

No organized support group has yet emerged.

## SHARE VIEWS

### Daviess County Fiscal Court

#### County Judge-Executive Judge Reid Haire

P.O. Box 1716  
Owensboro, Kentucky 42302  
270/685-8424 rhaire@daviessky.org

### Commissioner Bruce Kunze

524 Ben Ford Road  
Utica, Kentucky 42376  
270/733-4175 bkunze1@aol.com or  
bkunze@daviessky.org

### Commissioner Jim Lambert

1650 Copper Creek Drive  
Owensboro, Kentucky 42303  
270/685-2137 jlambert@daviessky.org

### Commissioner Mike Riney

9429 State Route 56  
Owensboro, Kentucky 42301  
270/229-0210 mriney@daviessky.org



# Citizens Speak: LEADERS RESPOND

On December 4, 2003 the Owensboro Area World Affairs Council conducted the community forum, "When Do We Send in the Troops?" at Owensboro Community and Technical College. A panel of local college and university faculty\* examined the political, diplomatic, economic, and ethical dimensions of U.S. troop deployment. The program was open to the public and broadcast on OCTV public access television.

## WHEN IS U.S. TROOP DEPLOYMENT JUSTIFIED?

Following a two-hour forum, attendees were asked to complete a questionnaire. The results were as follows:

When there is a threat to national security	78%
When there is evidence of genocide	59%
When there is evidence of a program to develop weapons of mass destruction	44%
When there is a threat to American economic interests	19%
When there is a repressive regime	16%
We should have a policy regarding U.S. troop deployment	25%
We should not have a policy, but make decisions based on case-by-case circumstances	63%
We should deploy troops as necessary, without the support of the United Nations or international coalitions	47%
We should not deploy troops without the support of the United Nations or international coalitions	47%
Tax money is better spent on international aid/development than military action	47%
Tax money is better spent when addressing domestic problems than world problems	25%

### \*PANELISTS:

**Bob Ashley**, Editor  
*Messenger-Inquirer*, Moderator

**Bill Conroy**, Ph.D.  
Kentucky Wesleyan College

**Bob Graham**  
Owensboro Community &  
Technical College

**Judy Graves**  
Western Kentucky  
University/Owensboro

**Reverend Larry Hostetter**  
Brescia University

Results were shared with U.S. Senator Mitch McConnell, U.S. Senator Jim Bunning, and U.S. Representative Ron Lewis. Senator McConnell and Representative Lewis have not yet responded. Senator Bunning responded on March 24, 2004:

Dear Friend:

Thank you for contacting me about Iraq. It is good to hear from you. The removal of Saddam Hussein from power was necessary for the good of the Iraqi people, the security of the Middle East, and for a more stable world for all of us. America and Her allies fought the good fight and we can all be grateful that most of the combat is over. It is now up to the coalition nations to create a lasting peace in Iraq. Saddam ruled over the various ethnic and religious groups in Iraq with an iron fist. The transition to a democratic Iraq will not be overnight, but I am confident in the end we will accomplish this noble goal. In rebuilding the infrastructure and government of Iraq, the U.N.'s role should be limited to administering food, medical, and other humanitarian aid to the Iraqi people. The destiny of Iraq should be guided by the 40 or more countries responsible for liberating the country from tyranny, not an international organization that refuses to enforce its own resolutions. You can be assured that I will continue to do all I can to ensure a democratic and lasting peace in Iraq. Thank you for contacting me on this important matter. I hope to hear from you again.

Best personal regards,  
Jim Bunning  
United States Senator





## JULY Public AGENDA

Meetings, hearings, and forums open to the public. Please contact us if your organization would like its events listed by calling 685-2652 or sending an email to [info@plfo.org](mailto:info@plfo.org).

**6 Owensboro City Commission**  
5:00 p.m.  
City Hall  
Agenda Item: Financial Report Period  
Ended May 31, 2004

**8 Citizens Health Care Advocates**  
5:30 p.m.  
Health Department  
Program: "Fathers Matter"

**Community Meeting: Our Public Library:  
Is it time for a larger, new facility... and  
are we willing to pay for it?**

6:30 p.m.  
Kentucky Wesleyan College  
Winchester Campus Center

**15 Daviess County Fiscal Court**  
4:00 p.m.  
Courthouse

### **PRIDE**

5:00 p.m.  
First Christian Church  
Speaker: Terry Woodward, Business and  
civic leader

**19 Airport Board**  
4:30 p.m.  
Airport Conference Room

**PRIDE Community Design Committee**  
Informational Meeting on Riverfront  
Development  
5:00 – 7:00 p.m.  
RiverPark Center

**20 Owensboro-Daviess County Tourist  
Commission**  
7:45 a.m.  
215 East Second Street

**Owensboro City Commission**  
5:00 p.m.  
City Hall

**21 Daviess County Public Library**  
5:00 p.m.  
Library  
New library facility/tax increase

**23 RiverPort Authority**  
12:00 p.m.  
1771 River Road

## MIDWIVES

continued from 9

The question of when pregnant women should deliver vaginally or by cesarean can be a fundamental area of disagreement for nurse midwives and obstetricians; obstetricians opt more often for caesareans than midwives do. Nationally, nurse midwives question whether doctors sometimes favor caesareans for their own convenience in scheduling deliveries, encouraged by hospitals which earn more from caesarean than vaginal births; physicians question whether nurse midwives sometimes insist on a vaginal birth when a caesarean is the best option.

### **Midwives defend against liability, quality concerns**

In regard to local experience with malpractice lawsuits against midwives, only one has been filed in the seven years of health department's experience, Mayfield said. Court records show it was later dismissed.

On the other hand, an *Advocate* survey of cases filed in Daviess County shows that, while two local obstetricians have had no malpractice lawsuits filed against them, others have had several, including one who was named in 17 civil actions that could be related to malpractice.

Marion McCartney, director of professional services for the American College of Nurse Midwifery, said that one claim among 1,700 births would not be considered significant for liability purposes.

And in general, McCartney said, midwives are sued much less often than doctors and other professionals. (Data collected by the American College of Obstetricians and Gynecologists for 1996-1998 found that certified nurse midwives were involved in 2.2 percent of claims open or closed, while other obstetricians were involved in up to 27 percent, medical residents in 19 percent and nurses in 9 percent.)

Experts attribute this partly to the fact that only obstetricians handle hospital deliveries with complications. They also note that nurse midwives spend more time with their clients, making clients less inclined to hostility when something goes wrong.

Mayfield questioned the obstetricians' argument that they had liability concerns about the midwives given that they proposed continuing to work with two of them.

Nationally, some advocates for nurse midwives argue that physicians sometimes raise liability and quality questions to push them out of the marketplace.

Such restrictions, "while couched in terms of quality of care, are empty of merit,"

Lynne Loeffler of the American College of Nurse Midwives testified at federal government hearings on health care competition last year. Among the subjects of the hearings were alleged anti-competitive practices by physicians against nurse midwives, nurse practitioners and others.

### **Where are we now?**

The two nurse midwives at the health department will continue to provide prenatal care as long as they are here, Mayfield says. But if they leave, "That precipitates a crisis for the health department."

In the meantime, representatives of the hospital and physicians' groups refused to participate in a recent public forum about the issue.

### **Questions which remain unanswered are:**

- The basis for liability and quality concerns by doctors who proposed changing the program
- The hospitals' and doctors' efforts to try to revive the nurse midwifery program, if any
- The cost to physicians and/or the hospital for backing up midwife deliveries.



# Citizen Action UPDATE

The Public Life Foundation provides administrative and financial support to various grass-roots citizen initiatives. We welcome updates from others, whether an established organization or an ad hoc group.

## **The Citizens Committee on Education**

**Marianne Smith Edge, Co-Chair**  
[msedge@smithedge.com](mailto:msedge@smithedge.com)

- produced a 30-day campaign to inform citizens of the impact of proposed state education budget cuts on local schools
- released a study that examined financial and student population trends resulting from a landlocked city school district; facilitating city-county dialogue
- launching "The Learning Community," a program to instill a higher value of education and lifelong learning into the fabric of community life
- facilitating a community vision for higher education that will integrate and transcend the individual strategic plans of our local colleges and universities

## **Citizens Health Care Advocates**

**Dale Taylor, Chair**  
[dale@www.com](mailto:dale@www.com)

- sponsored forums on the tobacco excise tax and cuts in the midwife program
- sponsored a nurses appreciation event
- supporting efforts to expand health care services for the uninsured and underinsured residents of our area
- developing a series of articles on health and health care

## **Goodfellows Club**

**Barry Carden, President**  
[bcarden@messenger-inquirer.com](mailto:bcarden@messenger-inquirer.com)

- contributes approximately \$100,000 annually for clothing, coats, shoes, and emergency assistance for disadvantaged youth
- continues the Christmas Eve party tradition

for local children

- supporting dental sealant program for disadvantaged youth

- held a benefit tennis tournament

## **Owensboro Area World Affairs Council**

**Rodney Berry**  
[rodney.berry@plfo.org](mailto:rodney.berry@plfo.org)

- sponsored presentation by Witness for Peace activist Lorena Parker at Kentucky Wesleyan College: "Plan Columbia: Throwing Gasoline on the Fire"
- developing 2004-05 series to begin fall

## **PRIDE**

**Susie Tyler, President**  
[grand.view@adelphia.net](mailto:grand.view@adelphia.net)

- completed successful membership drive (550 members)
- PRIDE delegation attended a seminar on design and community appearance
- met with architects of proposed public library, Wal-Mart, Fifth-Third Bank, and OMHS Cancer Center
- continuing public input on riverfront development
- soliciting citizen input for a comprehensive design-improvement plan for the new community entrance from the Natcher Bridge and West Parrish Avenue from the airport

## **Unity Coalition**

- sponsored presentation by activist Carlos Earhardt: "Challenges Facing the Latino Community"

**THE COMMUNITY DESIGN  
COMMITTEE OF PRIDE  
INVITES YOU TO A PUBLIC  
INFORMATIONAL MEETING**

**MONDAY, JULY 19,  
2004  
5:00 TO 7:00 P.M.**

**HOLBROOK  
GALLERY  
RIVERPARK  
CENTER**

*For an update on  
Riverfront  
Development and  
public input on  
potential land use  
development*

**Ann Murphy Kincheloe  
Chair**

**PRIDE Community  
Design Committee**

**Mike Bruce  
David Edds, Jr.  
John N. Hall  
Alice Welsh**



