

# LINC Commission Meeting

January 25, 2016



In Memoriam

**Landon Rowland**

LINC Chairman Emeritus



**LINC**  
Local Investment Commission

# Local Investment Commission (LINC) Vision

## Our Shared Vision

A caring community that builds on its strengths to provide meaningful opportunities for children, families and individuals to achieve self-sufficiency, attain their highest potential, and contribute to the public good.

## Our Mission

To provide leadership and influence to engage the Kansas City Community in creating the best service delivery system to support and strengthen children, families and individuals, holding that system accountable, and changing public attitudes towards the system.

## Our Guiding Principles

1. **COMPREHENSIVENESS:** Provide ready access to a full array of effective services.
2. **PREVENTION:** Emphasize “front-end” services that enhance development and prevent problems, rather than “back-end” crisis intervention.
3. **OUTCOMES:** Measure system performance by improved outcomes for children and families, not simply by the number and kind of services delivered.
4. **INTENSITY:** Offering services to the needed degree and in the appropriate time.
5. **PARTICIPANT INVOLVEMENT:** Use the needs, concerns, and opinions of individuals who use the service delivery system to drive improvements in the operation of the system.
6. **NEIGHBORHOODS:** Decentralize services to the places where people live, wherever appropriate, and utilize services to strengthen neighborhood capacity.
7. **FLEXIBILITY AND RESPONSIVENESS:** Create a delivery system, including programs and reimbursement mechanisms, that are sufficiently flexible and adaptable to respond to the full spectrum of child, family and individual needs.
8. **COLLABORATION:** Connect public, private and community resources to create an integrated service delivery system.
9. **STRONG FAMILIES:** Work to strengthen families, especially the capacity of parents to support and nurture the development of their children.
10. **RESPECT AND DIGNITY:** Treat families, and the staff who work with them, in a respectful and dignified manner.
11. **INTERDEPENDENCE/MUTUAL RESPONSIBILITY:** Balance the need for individuals to be accountable and responsible with the obligation of community to enhance the welfare of all citizens.
12. **CULTURAL COMPETENCY:** Demonstrate the belief that diversity in the historical, cultural, religious and spiritual values of different groups is a source of great strength.
13. **CREATIVITY:** Encourage and allow participants and staff to think and act innovatively, to take risks, and to learn from their experiences and mistakes.
14. **COMPASSION:** Display an unconditional regard and a caring, non-judgmental attitude toward participants that recognizes their strengths and empowers them to meet their own needs.
15. **HONESTY:** Encourage and allow honesty among all people in the system.



Monday, Jan. 25, 2016 | 4 – 6 pm  
Kauffman Foundation  
4801 Rockhill Rd.  
Kansas City, Mo. 64110

---

## Agenda

---

- I. Welcome and Announcements
- II. Approvals
  - a. **November minutes (motion)**
- III. LINC in Photos 2015
- IV. Landon H. Rowland tribute
- V. Health Care Foundation v. HCA update
  - a. Mark Flaherty
- VI. New LINC Commissioner Nominees
- VII. Superintendent's Report
- VIII. Vocational-Tech Needs (Preliminary Discussion)
  - a. Steve Dunn
- IX. Update Reports
  - a. Black History Project
  - b. SEBT 2016
- X. Adjournment



## THE LOCAL INVESTMENT COMMISSION – NOV. 16, 2015

The Local Investment Commission met at the Kauffman Foundation, 4801 Rockhill Rd., Kansas City, Mo. Co-chair **Jack Craft** presided. Commissioners attending were:

Bert Berkley  
Sharon Cheers  
Steve Dunn  
Herb Freeman  
SuEllen Fried  
Anita Gorman

Rosemary Lowe  
Richard Morris  
David Rock  
David Ross  
Landon Rowland  
Bailus Tate

***A motion to approve the minutes of the Sept. 21, 2015, and Oct. 19, 2015, LINC Commission meetings was approved unanimously.***

LINC Treasurer **David Ross** introduced **Angela Maritsky** of BKD, LLP, who reported on the LINC financial audit and the completion of LINC's IRS Form 990. Ross reported that the LINC Finance Committee recommended the Commission approve the audit and Form 990.

***A motion to approve the LINC financial audit and IRS Form 990 was approved unanimously.***

Kansas City Public Schools interim superintendent **Allan Tunis** gave a presentation on the district's master plan, which recommends closing one high school and two elementary schools, adjusting school boundaries, and enhancing student transportation. The administration is seeking public feedback on the plan and will submit the final plan to the board in February 2016. Discussion followed.

### **Superintendents' Report**

- **Jason Snodgrass** (Supt., Fort Osage School District) reported the district received 89.3% on its annual performance report, its best score in three years.
- **Ralph Teran** (Supt. Grandview School District) reported the district's APR declined to 82.9% from 93.6% two years ago; the rate, which is calculated as a rolling three-year average, was affected by low science scores last year.
- **John Tramel** (Director of Family Services, Independence School District) reported the district APR increased to 89.3%; on an initiative for students to anonymously report safety concerns; and on the ongoing effort to train staff to be responsive to student trauma. Tramel reported he has accepted a position at Drumm Farm Center for Children.
- **Kevin Foster** (Executive Director, Genesis Promise Academy) reported Genesis students and staff have invited 600 people to attend a community Thanksgiving dinner at Thornberry Boys and Girls Club this Wednesday; and that the U.S. Tennis Association will present Genesis with the Community Service Excellence Award tomorrow.
- **Jerry Kitzi** (Director of Early Learning, Kansas City Public Schools) introduced Rob Reiman, executive director of the Giving Grove, who reported on a partnership with LINC, United Way of Greater Kansas City, and others to create an orchard at Woodland Early Learning Community School which is expected to yield 4,400 lbs. of fruits, nuts and berries. The initiative is intended as a way to address community hunger. A video on the initiative was shown.

- **Gayden Carruth** (Executive Director, Cooperating School Districts of Greater Kansas City) reported that 100% of the 28 area school districts served by CSDGKC attained provisional accreditation scores or better on the APR, and 20 of 28 districts scored at the level of accredited with distinction. This year's Education Policy Fellowship Program concluded its second session last month and will meet this week for its third session, which will discuss how state policy is made.

LINC Deputy Director-LINCWorks **Andrea O'Neal** gave an update on LINC's welfare-to-work effort. This year LINCWorks has achieved its highest participation rates ever, and has helped the state achieve its highest rate as well; over half of participating LINCWorks clients are employed. O'Neal discussed the strategies that have led to these results and that will be developed in response to Senate Bill 24, which reduces TANF eligibility from 60 to 45 months. LINCWorks Case Manager **Lisa Stephenson** reported on the effort to interview, hire, and train 21 LINCWorks participants for positions at LINC Caring Communities sites. A video on the effort was shown.

**Jeff Phillips** of Tshibanda & Associates gave an update on the implementation of the Apricot data system. Implementation is almost two-thirds complete, and is expected to be fully implemented during 2016.

LINC Deputy Director-Community Engagement **Brent Schondelmeyer** reported on the partnership with One Vision to provide vision care to low-income students at LINC Caring Communities sites. LINC Caring Communities Site Coordinator **Adrian Wilson** was instrumental in launching the initiative. A video on the effort was shown.

**Jack Craft** led a discussion of the protests by University of Missouri student activists that led to the resignation of the university president and chancellor.

The meeting was adjourned.

Dec. 28, 2015

# Landon Rowland, Kansas City Southern CEO and civic leader, dies at 78

*He led railway during period of rapid growth, spurred by acquisition of Mexico's TFM*

*Rowland helped create Health Care Foundation of Greater Kansas City*

*He also led the Local Investment Commission and was a patron of the American Royal and local museums*

By Greg Hack [ghack@kcstar.com](mailto:ghack@kcstar.com)

Landon Rowland, who led the expansion of [Kansas City Southern Railway](#) and was instrumental in establishing the [Health Care Foundation of Greater Kansas City](#), died Monday after a long illness. He was 78.

Rowland also helped establish the [Negro Leagues Baseball Museum](#) and was an important supporter of the [American Royal](#) Horse Show and the American art collection at the [Nelson-Atkins Museum of Art](#).

"Landon was the sort of person who touched the lives of thousands of people he had never even met," said Brent Schondelmeyer, a deputy director of the [Local Investment Commission](#), an area nonprofit where Rowland was chairman for 23 years.

That nonprofit, better known as LINC, works to improve the lives of area children and families. As such, Rowland and the commission pushed to create the health foundation when the for-profit [HCA](#) hospital system bought the Health Midwest hospital group in 2003.

When Rowland, a graduate of Harvard Law School, thought HCA wasn't living up to its sale commitments for hospital improvements and care for the needy, he pushed the foundation in 2009 to sue HCA. [A judge recently ordered HCA to pay \\$433 million](#) as a result of the suit, a judgment HCA is appealing.

In his corporate life, Rowland led the railway along with Kansas City Southern Industries, Stilwell Financial Inc. and [Janus Capital Group](#). A signature achievement was being part of the team that acquired a major Mexican railroad to extend Kansas City Southern's reach, said his son, Josh Rowland.

Morton Sosland, a longtime friend from serving on the Kansas City Southern board, agreed.

"The other big railroads in the country are east-west operations," said Sosland. "It was very important for Kansas City Southern to cement its north-south line. Landon was bold enough, as the underdog, to win the bidding for the Mexican railroad" known as TFM, for Transportacion Ferroviaria Mexicana Railway.

Josh Rowland said his father's philanthropic work defined him, and again, Sosland agreed.

"He was very committed to helping the disadvantaged. You couldn't argue with him about that," said Sosland, whose company, [Sosland Publishing](#), produces Baking & Snack and Milling & Baking News.

Kansas City's mayor, Sly James, said, "I was terribly sorry to hear about Landon passing away. He was a major voice and influence for Kansas City in so many ways. He was always so gracious to me and my wife and we have a special sadness for his wife, Sarah, during this time."

Sosland, a major supporter of the Nelson, also noted that Landon and Sarah Rowland had contributed greatly to the museum's American art collection and the renovation of its gallery on the second floor of the Nelson. When they moved to the country, they became interested in horses and supported the American Royal.

"We're lucky he moved here after law school" to join the firm of Watson, Ess, Marshall & Enggas, said Sosland. "He's done a lot of wonderful things for Kansas City."

Those things include getting the Negro Leagues Baseball Museum going, said Schondelmeyer, who said Rowland had been friends with Buck O'Neil, the Negro Leagues baseball star.

Rowland also is the subject of this year's Heroes Project at Gladstone Elementary School in Kansas City. (Scrapbooks about Rowland prepared as part of the program can be found below this article.) The school's vice principal, Tearo Condit, helped start the program in 2002 at Primitivo Garcia Elementary, where heroes have included the school's namesake, O'Neil and Ollie Gates.

Josh Rowland said his father also had been "very excited to help dynamic new businesses" through Lead Bank in the Crossroads, which his parents bought in 2005.

He said another defining characteristic of his father "was that it was never about him, but about whatever the enterprise was."

"He was always proud to be part of these amazing groups of people who were committed to a project, whether that was artistic, civic or business. He was always ready to serve as a sponsor and advocate and cheerleader."

Besides heading the Local Investment Commission, Rowland's civic roles included serving as chairman of Swope Ridge Geriatric Center and the Metropolitan Performing Arts Fund. He was a director of the [Lyric Opera](#) of Kansas City, the American Royal Association, the Negro Leagues Baseball Museum, and the [Orthomolecular Medicine & Research Program in Integrative Medicine at the University of Kansas](#). He was a trustee of the [Linda Hall Library](#), the [Midwest Research Institute](#), the Liberty Memorial Association and the Committee for Economic Development.

In business, he was chairman of Janus Capital Group from 2000 to 2004 and a director from 2000 to 2011. Before July 2000, he was chairman, president and chief executive officer of Kansas City Southern Industries. In July 2000, the transportation and financial services operations of KCSI were separated and the financial services operations were incorporated in Stilwell Financial Inc., of which he was chairman, president and CEO.

In September 2003, all Stilwell Financial subsidiaries were merged into Stilwell and the name was changed to Janus Capital Group, where Rowland continued as chairman until January 2004 and as director until May 2011.

Rowland joined Kansas City Southern Industries in 1980, became president and chief operating officer in 1983 and CEO in 1987, continuing in that capacity until 2000. Rowland was president and CEO of Kansas City Southern Railway from 1990 to 1991 and chairman from 1987 to 2000.

During his time as president and CEO, the company's transportation division, Kansas City Southern Railway, acquired Mid-South Railway, Gateway Western Railway, Transportacion Ferroviaria Mexicana Railway in Mexico and the operating rights to the Panama Canal Railway.

The financial services division acquired Janus Capital, Berger Funds, Nelson Money Managers and INTECH, and spun off DST Systems in 1995. Rowland was chairman of the board of DST Systems Inc. from 1983 to 1995.

Before joining Kansas City Southern Industries, Rowland was a partner in the law firm of Watson, Ess, Marshall & Enggas of Kansas City from 1962 to 1980 and was a professorial lecturer in antitrust law at the University of Missouri-Kansas City in 1977 and 1978. He also was an arbitrator and member of the American Arbitration Association.

Rowland received a bachelor's degree from Dartmouth College in 1959 and his law degree from Harvard Law School in 1962.

Greg Hack: [816-234-4439](tel:816-234-4439), [@greghack](https://www.instagram.com/greghack)

Read more here:

<http://www.kansascity.com/news/business/article51926915.html#storylink=cpy>



*From the LINC website*

## **LINC leader Landon Rowland dies**

Landon Rowland, who led LINC for 21 years, died Monday, Dec. 28, 2015 at his home.

Rowland was on the initial LINC Commission established in November 1992 and succeeded **Bert Berkley** (LINC's Founder) as chair in December 1995.

Rowland's exuberance, wide-ranging interests, and deep sense of social justice encouraged the young organization to act on opportunities, be highly accountable to the community, and be stalwart stewards of the funds received.

While highly connected, Rowland deeply valued LINC's grassroots commitments to "serve the community in need" and its "bottoms up" approach.

Rowland would speak frequently and enthusiastically about LINC to international visitors brought to Kansas City by the U.S. State Department to learn about building a civil society in their own country and also about corporate social responsibility. He always emphasized the importance of the "rule of law" and the "freedom to assemble."

He was indefatigable in his efforts, always sending notes or articles to an extensive network of friends and potential collaborators. He avoided using email, but would make endless phone calls to others about what needed to be done in the community regarding employment, child care, health care, and neighborhood and economic development.

Early in his tenure at LINC, Rowland authored the LINC Approach, which clarified LINC's work for those who struggled to understand what the state-funded non-profit was about.

Rowland made clear that LINC was "not a program" but "a process" in which "the group exercises restraint in authority over public programs, but puts unlimited emphasis on process, especially fairness and inclusion."

Other values promoted the "LINC Approach" include volunteer leadership, professional development, training, collaboration, governance, staff and a broader view of the all the resources available to meet a community need.

Rowland considered LINC a "dynamic and lively process" and "a Darwinian kind of exercise" that adapted and thrived. Read extended comments.

His financial acumen also helped LINC establish a strong financial base, which served LINC well during the Great Recession (2007) when other non-profits had to cut back severely or collapsed.

The work was very innovative for the time. In 2000, Rowland and Berkley received the Distinguished Service to State Government from the National Governors Association. Prior to that LINC was twice a semi-finalist in the Innovations in American Government program.

In 1998, Rowland, Berkley, and others undertook a 10-day study tour of Israel to share the work being done in Missouri. An inveterate international traveler, Rowland was always sharing ideas he saw in the developing world which offered promising approaches in the U.S. — the richest nation in the world.

Rowland was a brilliant extemporaneous speaker, able to capture a moment or share an idea with powerful, evocative language. In short, he was terribly engaging.

## **Health Care Foundation of Greater Kansas City**

Rowland was instrumental in the creation of the Health Care Foundation of Greater Kansas City.

In 2002, the non-profit Health Midwest health care system announced it was for sale. The eventual buyer was the for-profit HCA health care system, which offered over \$1 billion for the regional health care system.

Rowland asked then Missouri Attorney General Jay Nixon to hold public hearings on the sale, and LINC developed and shared extensive information on the transaction.

Rowland and others associated with LINC provided written testimony at the initial Missouri public hearing — the first of several held in Missouri and Kansas which ultimately led to creation of the two health care foundations.

"The proposed sale is a historic deal," Rowland said at the first Nov. 18, 2002, public hearing. "It is a major transaction by any business measure — sales price, employees, revenues, assets, etc. But it is unlike any business deal seen by the members of this community, because it truly can affect their health and well-being for decades to come."

Led by Rowland, LINC also advanced a set of principles which mostly were realized in the hospital sale and creation of the health care foundations. Those principles, shared at that initial Nov. 18 public hearing, were:

The Local Investment Commission (LINC) believes and will support efforts to insure the broadest possible community participation in this transaction.

**LINC** believes there are many community voices that have not been heard on this matter and that more public hearings are needed.

**LINC** supports a foundation that will continue "as close as possible" Health Midwest's prior charitable purposes.

**LINC** believes that community needs, by necessity, need to be identified through an open and inclusive process.

**LINC** supports a new charitable foundation that is open (required to meet under the state's public meeting law), fully includes the community and is accountable to community needs.

**LINC** believes that interested community partners need to convene and discuss in detail this transaction to review and discuss the public documents that Health Midwest and HCA will submit to the Missouri Attorney General.

Rowland and fellow LINC Commissioner **David Ross** were selected to serve on the initial HCF board and were instrumental in encouraging HCF to sue HCA for failure to meet public commitments made as a condition of the sale.

A Jackson County judge recently ordered a \$433 million judgment against HCA, which has publicly said it will appeal.

## Landon Rowland: Gladstone's Hero

First-grade students at Gladstone Elementary (Kansas City Public Schools) in 2015 selected Rowland for the Hero project — a year-long exploration of the life of a Kansas City leader and hero.

The students create bulletin boards, draw portraits and study the attributes and accomplishments of that year's hero. The project culminates with the production of a music video with the assistance of area musician **Bob Walkenhorst**.

One of the early heroes was baseball player Buck O'Neil.

The Hero project, then at Garcia Elementary, produced a construction-paper life story of the much beloved baseball player; Rowland and LINC helped published the project as a children's book, *Give it Up for Buck*.

This year's students received a booklet highlighting Rowland's many interests and accomplishments.



Though he had never met him, **Osamah al-Rikabi**, a refugee from Iraq and a LINC Gladstone staff member, painted an oil portrait of Rowland which was shared with the family prior to his death.

# The LINC Approach



*Many ask what distinguishes the efforts and operations of the Local Investment Commission (LINC). Here are some suggestions:*

- A citizen group is given responsibility for overall **GOVERNANCE**. The citizens should be nonpartisan, unpaid, nonparticipant as either beneficiary or direct provider. Group is given delegated, clear, recognized authority by a legal body. Persons represent themselves as individuals and not other professional or volunteer organizations to which they might belong.
- Group's charge should be authority over **PROGRAMS** and **PROCESS** in the community to be served. The group exercise restraint in authority over public programs, but put unlimited emphasis on process, especially fairness and inclusion.
- The group's objective includes: independence and fairness vis-a-vis providers and users of public assistance; financial and program integrity including identification of best practices; and marshal, gather, assembly and convene **TOTAL COMMUNITY RESOURCES** to rationally and fairly serve total need.
- The group's efforts are guided by **VOLUNTEER LEADERS** who provide direction to substantive efforts and policy initiatives. Providers assist with specialized knowledge, but role is limited to minimize the potential impact of particular organizational interests.
- **STAFF** supports the process with information, data and identifying community individuals, groups and resources available to serve the community in need. Staff assistance includes developing the capacity and willingness of provider organizations – state and nonprofit – to deliver integrated services to children and families through neighborhood locations.
- The entire effort supports and stresses **PROFESSIONAL DEVELOPMENT** of all care givers because training is neglected in human service organizations.
- **TRAINING** equips organizations with the tools and techniques to organize and evaluate their efforts based on outcomes and benefits to the community. Care givers become advocates of the success of the individual served, not merely record keepers.
- Group serves as a non-intrusive convening authority to promote, encourage and foster **COLLABORATIONS** among public and private groups in order to help all do more with less. The critical elements include – the state, the community, care givers, the “needy ones” and supportive infrastructure [data and training].
- The group's efforts and initiatives may shift depending on community conditions and opportunities, but **VISION** and **MISSION** remain consistent.

Dec. 10. 2015

## KC Health Care Foundation wins legal judgment against HCA

*Jackson County Circuit Court issued the ruling in the long-running legal battle*

*If ruling stands after expected appeal, it will double size of foundation's endowment*

*Foundation won't receive any money until appeals process is complete, perhaps in two years*

By Alan Bavley [abavley@kcstar.com](mailto:abavley@kcstar.com) and Steve Rosen [srosen@kcstar.com](mailto:srosen@kcstar.com)

The Health Care Foundation of Greater Kansas City has won a \$434 million legal judgment in its long-running dispute with health care giant HCA.

If the ruling stands after HCA's expected appeal, it will virtually double the size of the foundation's endowment, turning it into a billion-dollar institution funding local safety net health care clinics, social service organizations and health advocacy groups.

The legal wrangling has gone on for six years and could take two more years to resolve. It all revolves around whether HCA, a large national for-profit hospital chain, fulfilled commitments it made a dozen years ago when it bought the assets of struggling nonprofit Health Midwest, at one time the region's largest hospital system.

The Health Care Foundation was born out of the sale of those hospitals to HCA and stands to gain if the courts continue to rule that HCA didn't meet its obligations.

In its final ruling Wednesday, the Jackson County Circuit Court said HCA owes the Health Care Foundation \$434 million. The money is due, the court ruled, because HCA didn't come close to making \$450 million in promised capital improvements to the aging hospitals it purchased for \$1.13 billion from Health Midwest in 2003.

HCA, whose Kansas City area hospitals include Research Medical Center, Menorah Medical Center and Centerpoint Medical Center, will appeal the ruling to the Missouri Court of Appeals and anticipates a decision by the end of 2016, the company said in a written statement.

"We are disappointed that the (circuit) court has issued this judgment," said Christine Hamele, HCA Midwest Health spokeswoman. "HCA remains committed to providing the people of Missouri and Kansas with high-quality health care, including in the new state-of-the-art facilities we built in Lee's Summit and Independence."

Once the appeals court rules, either side could request a review by the Missouri Supreme Court. If both courts consider the appeals, a final ruling will probably take more than two years, the foundation said in its statement.

"When the (foundation's) board of directors began this lawsuit, our goal was to determine whether or not HCA had complied with its obligations to the people of greater Kansas City with the Health Midwest purchase," Kenneth Southwick, the foundation's board chairman, said in the statement.

"After today's judgment, we are confident we have met that goal. And while we won't receive any of these dollars until the appeals process is complete, the foundation remains dedicated to serving the vulnerable people in our service area."

The Health Care Foundation's endowment now stands at about \$550 million, foundation attorney Paul Seyferth said. Since it began making grants in 2005, the foundation has awarded an average of about \$20 million each year in grants.

The court's judgment has already grown to \$436 million because interest on the award accrues at more than \$100,000 per day, Seyferth said. If the case continues on appeal for two more years, it will grow to more than \$500 million, he said.

Health Midwest was struggling financially and lacked resources to maintain and upgrade its hospitals when HCA bought its assets.

Because Health Midwest hospitals were nonprofit institutions, the net proceeds from the sale went to two new nonprofit foundations: the Health Care Foundation of Greater Kansas City on the Missouri side and the REACH Healthcare Foundation on the Kansas side.

The Health Care Foundation received about \$425 million and the REACH foundation about \$105 million. The REACH foundation did not participate in the lawsuit and will not receive any of the court award.

At the heart of the six-year legal dispute between the Health Care Foundation and HCA is whether the corporation complied with conditions set when it negotiated its purchase of Health Midwest's assets. HCA was required to invest \$450 million in improvements to the hospitals and provide \$65.3 million per year in charity care over 10 years. The Health Care Foundation has argued that HCA met neither of the conditions.

In February, HCA agreed to pay the foundation \$15 million to settle the charity care claim but maintained that it had exceeded its charity obligations. The capital improvements claim has proved more contentious.

HCA has argued that the \$343 million cost of two new hospitals it built should be counted toward fulfilling its capital improvements requirement; that would have put it above the \$450 million threshold. The corporation closed two aging hospitals in Independence and replaced them with the new Centerpoint Medical Center on the outskirts of town. It also opened Lee's Summit Medical Center to replace the old Lee's Summit Hospital.

"That's always been their argument: 'We cleared the bar, if you factor in the (new) hospitals,' " said Seyferth, the foundation's attorney.

But the Health Care Foundation has countered that only improvements made to the original Health Midwest hospitals should be considered toward fulfillment of the \$450 million obligation.

"That's where the money needed to go," Seyferth said.

So far, the court has agreed with the Health Care Foundation. In January 2013, the circuit court ruled in favor of the foundation and ordered HCA to pay \$162 million. A further accounting raised that to \$239 million.

The court judgment Wednesday was reached after HCA and the foundation both exhausted their post-trial motions. The court denied HCA's motions but granted the foundation's motion to be awarded interest on its claim. The interest, which started accruing when the lawsuit was filed in October 2009, came to \$167 million.

The court also awarded the foundation attorney fees and interest on those fees. That brought the total award to \$433.7 million.

Alan Bavley: [816-234-4858](tel:816-234-4858), [@AlanBavley](https://www.facebook.com/AlanBavley)

Steve Rosen: [816-234-4879](tel:816-234-4879)



# **Public Testimony to the Missouri Attorney General**

**The Proposed Sale of  
Health Midwest to HCA  
Monday, Nov. 18, 2002**

## **Local Investment Commission**

- Landon Rowland, LINC Chairman**
- Cathy Davis, LINC Professional Cabinet**
- Richard Morris, LINC Commissioner**



## Written Statement by Landon Rowland

*Chairman Local Investment Commission (LINC)  
Kansas City, Mo. Health Commission, member*

We appreciate this opportunity to share our thoughts and concerns about the proposed sale of Health Midwest to HCA.

My name is Landon Rowland. I am chair of a group of community volunteers called the Local Investment Commission. LINC, as it is widely known, has been given responsibilities by the state of Missouri to improve the lives of children, families and the elderly in the Kansas City area.

We participate in this hearing with that responsibility in mind. The Commission has taken great care to inform itself on these issues and will continue to do so.

The conversion of non-profit health insurance plans and hospitals to for-profit entities is a growing national phenomenon. More than 150 new foundations with assets of \$15 billion have been created in the past decade in the U.S., including a few in metropolitan Kansas City through the sale of Bethany Medical Center and Menorah Medical Center.

The proposed sale is a historic deal. It is a major transaction by any business measure - sales price, employees, revenues, assets, etc. But it is unlike any business deal seen by the members of this community because it truly can affect their health and well-being for decades to come.

This transaction is different, if for no other reason than its sheer size. Although large foundations have been created in a few California conversions, those foundations serve a substantially larger population and geography.

In short, this deal is special – special in its impact on health care, special in what it might do to improve health facilities, special in what it might do to health care costs, but special in one way that is due keen consideration.

It is special to the community, who deservedly and legally should have a substantial part in shaping the mission and governance of any new foundation created. Other communities have done an exemplary job in this respect. We should do no less.

For that reason alone, we urge the both Attorneys General to take as much time as is necessary to thoroughly review and question all aspects of this transaction.

It is impossible to comment intelligently and constructively on a plan whose details are not publicly available. And indeed, in a deal this large and complex, the devil – if you will – is truly in the details. For these reasons, LINC hopes to return at a subsequent public hearing to provide additional information.

Even so, there are some thoughts we can share here which hold regardless of a publicly disclosed and available plan.

Here are some:



We look forward to the Missouri Attorney General upholding the legal doctrine of *cy pres*.

*Cy pres* in these circumstances means “as close as possible.” This well-established legal principle has been applied in other hospital conversions. It means that the charitable proceeds of this transaction must be used to carry out Health Midwest’s charitable mission – not something entirely new, as desirable as that might seem.

The charitable proceeds are not a lottery on which chances can be bought, nor is it a pot of monies that can be tapped by the well-intentioned and well-connected for a project of their choosing.

LINC is committed to a community process in which all voices are heard and that results in some form of community governance of these charitable proceeds.

In discussing this transaction, the LINC Commission strongly believes that any foundation plan needs to include several key features in his formulation. These principles include:

**Openness:** We believe a new foundation should operate “in the open” to ensure that its efforts are understood by all concerned. To that end, we believe the new foundation should be required to adhere to the Missouri Sunshine Law, which requires open meetings and public records. This practice was followed in the recently created, St. Louis-based Missouri Foundation for Health, and should continue here.

**Accountable:** The foundation needs to be responsive to community needs and should take into account the voices and opinions of the community. This approach is the best way to ensure that foundations are responsive to the most pressing health needs of the community.

Accountability includes leadership that needs to be sensitive to ensuring the proper investment of these funds and accountable for its responsible expenditures to achieve agreed upon outcomes. Leaders need to have an established record of community service, commitment, and trust. These individuals need to know, agree and follow standards of public accountability.

**Governance:** The new foundation should have a community board that is inclusive, diverse and in touch with the communities that Health Midwest has served. Grants Makers in Health, in their recent report “Assets for Health,” stated:

*“Racial and ethnic diversity at the board level is also an important consideration for new foundations. Because foundations often work in minority communities, a diverse board can help steer the work of the foundation so that it addresses the most pressing needs among racial and ethnic minorities. At the same time, having a diverse foundation board can help to build trust in the foundation’s work in minority communities.”*

This is an issue with the current Health Midwest board's composition. The proposal, as outlined in recent press reports, to create a small group of community representatives on the board is not adequate.

Firm measures need to be included in the foundation design to address potential and significant conflicts of interest.

There are any number of ways in which these principles could legally and structurally be incorporated into a new foundation.

We look forward to reviewing Health Midwest's public filing and joining hands with like-minded groups to ensure that broad community interests prevail.

We want to share a few additional comments. Cathy Davis, a LINC Professional Cabinet member, will discuss in general the importance of ascertaining "community needs"; and Richard Morris, a LINC Commissioner, will add some concerns and questions which we are hearing from the community.

# KC school board picks Mark Bedell as next superintendent

*Contract negotiations to begin with Maryland educator*

*District announced choice in email to parents*

By Mará Rose Williams - [mdwilliams@kcstar.com](mailto:mdwilliams@kcstar.com)

School board members have selected an assistant superintendent from Baltimore to serve as the next leader of the Kansas City Public Schools.



The board voted unanimously to begin contract negotiations with Mark T. Bedell, the district announced in an email to parents Wednesday morning.

Bedell would be paid an annual salary in the range of \$210,000 to \$250,000.

Bedell was one of two finalists vying for the job and [visited the district last week](#). He currently serves as assistant superintendent for high schools at Baltimore County Public Schools in Maryland.

“The KCPS School Board appreciates the thoughtful input we received throughout this process,” Board Chair Jon Hile said in

a written statement. “The Board, like our community, has set high expectations for quality leadership...This process has yielded a leader with the skills and passion to ensure the district’s progress toward full accreditation and academic growth across all of our schools.”

During his Kansas City visit, Bedell addressed a packed auditorium at Paseo Academy of Fine and Performing Arts in a question-and-answer session. Bedell clearly gained [support from the audience](#) which erupted in applause several times during his talk.

He spoke candidly about growing up in a drug addicted, single-parent household and said he was the only one of eight children in his family to graduate from high school.

This would be the first superintendent's position for Bedell, a native of Rochester, N.Y., who worked for 12 years in the Houston Independent School District as a teacher, assistant principal, principal and school improvement officer.

Bedell told his Kansas City audience that he was most proud of the work he has done to raise the test scores and improve the graduation rates at some the lowest performing high schools in the Baltimore County school district. He also talked about the one-to-one mentoring he has done with struggling and troubled students in those high schools.

Bedell said he identifies with many students attending the Kansas City School district and is committed to staying in the community where he intends to have his three children get their education in district public schools.

"If we are constantly changing superintendents every three years, how do we make progress," Bedell said, a statement that drew resounding applause from parents, teachers and community leaders who turn up to meet Bedell last week.

Bedell was initially one of five candidates who were recommended by Ray and Associates, the search firm Kansas City school leaders hired to find a replacement for Steve Green. That list was then cut to two — Bedell and Ron Taylor, superintendent at a suburban New Jersey district outside of Philadelphia.

Green, the district's 27th superintendent, left in May to take a job in DeKalb County, outside Atlanta. After three years leading Kansas City Public Schools, Green left before helping the district regain full accreditation, a goal he had set for himself during his superintendency.

Concerned parents, teachers and other members of the community last week made it clear they expect the new superintendent to continue the district's push to improve student achievement and standardized test scores on its journey to full accreditation and to boost an early childhood program, among other district improvements.

*The Kansas City Star – Jan. 13, 2016*

## **Full accreditation must top list for next Kansas City schools leader**

*Two finalists will tour schools and meet with the public Thursday at Paseo Academy*

*Universal preschool, accelerated academics, closing racial achievement gap are among priorities*

*District should focus on stability*

The Editorial Board

The Kansas City school board should counter its long, troubled history of picking the wrong superintendent by selecting the right one to lead the district.

Two finalists for Kansas City Public Schools superintendent on Thursday will tour schools, meet with teachers and people in the community, and answer questions at a forum at the Paseo Academy of Fine and Performing Arts.

Like past superintendents, each finalist is well credentialed.

Mark T. Bedell has no experience as a superintendent, but from a distance he appears to be in the best position to plant strong roots here and grow into the job.

Since 2012, Bedell has been assistant superintendent for high schools at Baltimore County Public Schools in Towson, Md. The urban district has more than 110,650 students and a \$1.5 billion operating budget. Bedell had worked 12 years in the Houston Independent School District as a teacher, assistant principal, principal and school improvement officer. He has a doctorate in educational leadership from Nova Southeastern University. Kansas City needs Bedell's skills in reducing dropout rates and increasing the graduation rate.

The superintendent search began in July 2015. A search firm, Ray and Associates, fielded more than 70 applications. The board hopes to have the new person in place by July.

The other candidate, Ronald G. Taylor, has been superintendent of the Willingboro (N.J.) Township Public Schools since 2011. In his career of more than 20 years, he has been a teacher, assistant principal, principal, regional superintendent and superintendent. He has a doctorate in educational leadership and policy studies from George Washington University. The Willingboro district has about 4,300 students and a \$70 million operating budget. It has experienced declining enrollment.

Kansas City is familiar with that. District enrollment has fallen from 35,000 16 years ago to 16,558 today. The operating budget is \$179 million.

Taylor in the last three years has been looking for another superintendent position — in 2014 Hartford, Conn., where he was one of two finalists and in 2013 in Camden, N.J., where he was one of three candidates for superintendent.

Kansas City is all too familiar with leadership instability, having had more than 20 superintendents in 40 years. Al Tunis has been the interim superintendent since Steve Green left in May to take a job with an Atlanta area school district.

Green had been superintendent since 2011 after the sudden resignation of Superintendent John Covington. But Green provided the stability the district needed to regain provisional accreditation in 2014.

Steady leadership is needed for at least the next five years for Kansas City schools to become fully accredited, initiate universal preschool, boost academic performance, get all students to read at or above grade level, close the racial achievement gap, reverse the enrollment decline and gain more community and business support for the district.

It's a lot to ask of anyone interested in becoming the district's new superintendent. But neither the city, its children nor this community can afford to settle for anything less

Read more here: <http://www.kansascity.com/opinion/editorials/article54545000.html#storylink=cpy>

## KC leaders come out in force to defend earnings tax from Missouri lawmakers

*Legislation heard in Senate committee Thursday would end e-tax in Kansas City, St. Louis by 2017*

*Local leaders tell senators ending the levy would devastate Kansas City's budget*

*KC residents vote in April on whether to renew it for another five years*

By Jason Hancock [jhancock@kcstar.com](mailto:jhancock@kcstar.com)

JEFFERSON CITY -- One by one, they filed up to the microphone of a crowded hearing room in Missouri's Capitol for nearly two hours.

Leaders of the Kansas City business community, local police and firefighters, civic leaders and elected officials arrived in the statehouse Thursday with one message to deliver to lawmakers: Repealing the earnings tax in Kansas City and St. Louis would have dire consequences.

"It's a bleak future without the Kansas City earnings tax," said Kansas City Mayor Sly James, later adding: "If the earnings tax ends, no Kansas Citian wins. And as Kansas City goes, so goes the region. If the region and St. Louis take a hit, so does Missouri."

James testified before the Missouri Senate Ways and Means Committee, which on Thursday held a public hearing on legislation that would [repeal the 1 percent earnings tax in both Kansas City and St. Louis by 2017](#).

Leaders from both communities urged the committee to abandon the proposal, which they say would devastate city budgets and result in dramatic cuts in areas like public safety.

"I'm not here asking for a penny," James told the committee Thursday. "I'm simply asking you to leave us alone."

The issue has become easily the most critical of the 2016 legislative session for Kansas City, demonstrated by the outpouring of opposition from local leaders. James was joined in Jefferson City by Jackson County Prosecutor Jean Peters Baker, Kansas City Fire Chief Paul Berardi, Kansas City Southern Railway Vice President Warren Erdman and a host of others.

St. Louis Mayor Francis Slay and a contingent from eastern Missouri also testified in opposition to the legislation.

The bill is being sponsored by Senate Appropriations Chairman [Kurt Schaefer](#), who originally floated the idea last summer in [response to Kansas City and St. Louis both pushing local minimum-wage increases](#) over the opposition of the legislature.

Schaefer cited a [U.S. Supreme Court ruling last May](#) that faulted Maryland's policy of providing only a partial credit for income taxes paid to other states as unconstitutional. He likened the earnings tax to that situation and said he hoped his bill would act as an "attention getter" for the two cities before a judge strikes the tax down.

"Someone is going to file a federal lawsuit," Schaefer said. "And they are going to win."

[Sean Marotta](#), a Washington, D.C., based attorney who argued the Supreme Court case, said Kansas City and St. Louis' earnings taxes are unconstitutional because they don't provide a credit for income taxes paid in other states.

The argument that ending the tax would hurt city budgets was made to the Supreme Court in the Maryland case, Marotta said, and "the court wasn't moved."

Kansas City's attorneys say the contention that earnings taxes are unconstitutional isn't valid. The city offers a credit for taxes paid to other cities, like St. Louis, and it applies the earnings tax equally to residents and nonresidents — both pay 1 percent.

Most importantly, said Assistant Kansas City Attorney Nikola Smith, Missouri already offers a credit to residents for any taxes paid in other states. If Kansas City offered a similar credit, Smith said, "it would be a double credit."

### **Reliance on e-tax**

Kansas City's earnings tax, first enacted in the 1960s, has long been the city's single biggest revenue source. The 1 percent earnings and corporate profits tax together generated nearly \$234 million in the fiscal year that ended April 30. That revenue accounted for nearly 45 percent of the general fund, paying for police, fire, trash removal and other city services.

About 50 percent of the tax is paid by Kansas City residents, 20 percent by Kansas residents and 30 percent from those in the Missouri-side suburbs and elsewhere, according to the Finance Department.

The population of Kansas City is 33 percent bigger during the workday, James said. And those people rely on city services, driving on the streets and "helping create potholes" like everyone else.

Slay said that everyone who pays the earnings tax, both city residents and otherwise, "benefit from the services that we provide."

Kansas Citizens will vote in April on whether to renew the tax for another five years. Under current state law, if local voters reject it, the tax would phase out over 10 years. Schaefer is proposing to repeal the tax in Kansas City and St. Louis by the end of 2017.

The city's Finance Department said if voters reject the tax in April and no new revenue source is identified, it could result in the loss of 800 uniformed police officers, 550 firefighters and hundreds of other city employees.

Back in 2011, Kansas City voters overwhelmingly approved the five-year renewal, 78 percent to 22 percent. Residents were generally convinced by city officials' arguments that the budget and basic city services would be decimated by loss of the tax.

Sen. [Bob Onder](#), a St. Charles County Republican, said the earnings tax may have enjoyed overwhelming support "but only city residents get to vote." Those who pay the tax but don't live in St. Louis could make the argument, he said, that they are victims of "taxation without representation."

### **Rex in effect**

Supporters of the earnings tax say much of the motivation behind ending it stems from one man: conservative megadonor Rex Sinquefeld.



[Sinquefield has doled out more than \\$22 million since 2011](#) to various candidates and campaigns in Missouri, far outpacing any other individual or group donor. He spent \$11 million in 2010 to bankroll the successful ballot measure that forced St. Louis and Kansas City to hold votes on the earnings tax every five years.

Former Senate President Pro Tem Tom Dempsey, a St. Charles Republican, resigned from office in August, more than a year early, in order to work for a lobbying firm connected to Sinquefield. His successor, Republican Sen. [Ron Richard](#) of Joplin, last month received a \$20,000 donation from another Sinquefield-backed group, Grow Missouri.

The bill was heard by the Senate Ways and Means Committee. The committee's chairman, Republican Sen. [Will Kraus](#) of Lee's Summit, is running for secretary of state and has received \$100,000 from Sinquefield.

Schaefer's campaign for attorney general has received \$750,000 from Sinquefield.

Kraus called suggesting that the earnings tax repeal effort in the legislature is based on the wishes of Sinquefield "ridiculous."

"Mr. Sinquefield supports me because I support lower taxes and sponsored the first income tax cut in Missouri in 90 years," Kraus said.

He said he's not sure yet how he would vote on the earnings tax bill, noting that there should be some replacement on the table to avoid deep cuts to city services.

"But I'll say this, I don't live in Kansas City because of the earnings tax," he said.

## **Uphill fight**

Supporters of the tax say they expect Gov. Jay Nixon, a Democrat, would veto any repeal. He said [last month](#) that he didn't think "it's Jefferson City's business to run into cities to tell them how they need to raise money for their local services."

If the bill were to pass and be vetoed, mustering a two-thirds majority in both chambers to override the governor would be an uphill battle since it isn't just Democrats but also Republicans like Sen. Ryan Silvey of Kansas City who have expressed opposition to the bill.

Even Schaefer seemed to concede that the bill was more of an attempt to jump-start a conversation on the earnings tax before any likely lawsuits put city budgets in the hands of a judge.

"It's going to have to be addressed," Schaefer said. "I hope this bill is the opening discussion to move forward to a resolution with the two affected cities."

Senate Majority Leader [Mike Kehoe](#), a Jefferson City Republican, agreed.

"It's a healthy discussion to have," he said, "so that everybody understands that there is some rough waters ahead and they need to prepare for that just in case."

If lawmakers want to have a negotiation on the earnings tax, James said, they should start with a conversation. Instead, Kansas City is being brought to the table "with a gun to our head."

"There's been no conversation to this point," James said. "The gun was raised, it's been pointed, and that's where it remains."

Jason Hancock: [573-634-3565](tel:573-634-3565), [@J\\_Hancock](https://twitter.com/J_Hancock)

*The Kansas City Star – Jan. 15, 2016*

## Ignore the drivel of earnings tax foes in Jefferson City

*Missouri lawmakers offer no good reasons to kill the tax*

*But Mayor Sly James of Kansas City and others mount justified reasons to keep it*

*It's time for this wasteful charade to end*

The Editorial Board

Missouri lawmakers who want to kill earnings taxes in Kansas City and St. Louis had a rough time stringing together coherent thoughts [during a hearing](#) Thursday in Jefferson City.

Meanwhile, Kansas City Mayor Sly James and business leaders ticked off sound reasons to support the tax. Among them: The city has been fiscally responsible by cutting its workforce, has increased citizen satisfaction scores and will ask local voters on April 5 whether they want to retain the tax.

At the meeting's outset, Columbia Republican Sen. Kurt Schaefer [announced](#) that the 1 percent tax imposed in Kansas City for more than 50 years is "unconstitutional." No court has ever made that ruling. It's frightening that an attorney general candidate can't grasp that fact.

Sen. Bob Onder, a St. Charles County Republican, contended the earnings tax could qualify as "taxation without representation" because some people who pay it don't get a chance to vote on it. Yet that's true of plenty of other taxes, such as local sales taxes paid by Kansas Citians when they, say, shop in Overland Park or Lee's Summit.

And Senate Majority Leader Mike Kehoe, a Jefferson City Republican, said Thursday's hearing on the earnings tax was a "healthy discussion to have." Actually, it's destructive to engage in ignorant calls to wipe out \$230 million of Kansas City's budget in less than two years, which would dramatically imperil public safety protection for residents and visitors.

Make no mistake: The meeting was arranged so Schaefer, Lee's Summit Republican Will Kraus and other lawmakers bankrolled by [Rex Sinquefield](#), a St. Louis multimillionaire and ardent earnings tax opponent, could manufacture some publicity while doing Sinquefield's bidding.

Along the way, the lawmakers forced dozens of city and business leaders to drop their more important duties and show up for a dog and pony show.

James had the quote of the day when he told the Senate Ways and Means Committee led by Kraus: "I'm not here asking for a penny. I'm simply asking you to leave us alone."

It would be ridiculous for the General Assembly to pass this kind of bill. Fortunately, Gov. Jay Nixon [has indicated](#) he would veto such an outrage.

Schaefer, Kraus and other Sinquefield sycophants should send their press clippings from the hearing to St. Louis, say they tried their best to end the earnings tax, then put this charade behind them.

Read more here: <http://www.kansascity.com/opinion/editorials/article54755925.html#storylink=cpy>

# Voters should renew an earnings tax that's crucial to Kansas City's future

*Eliminating tax could cripple public safety functions*

*City does not have good alternatives if tax is eliminated*

*Extending tax is city's highest priority in 2016*

The Editorial Board

Kansas Citians will be bombarded in the weeks to come with excellent reasons to renew the city's 1 percent earnings tax on April 5.

The tax raises almost \$230 million a year. It supplies about 70 percent of the funds needed for core public safety functions, especially to put police officers on the street and firefighters on ambulances and fire trucks.

If the tax fails, the city would lose 10 percent of the funding each year — roughly \$30 million annually — until the revenues were wiped out a decade from now.

True, the city could ask voters to endorse higher sales and property taxes to help fill the gap. However, state law limits how high those taxes can go, and the city does not have enough authority to raise anywhere close to \$230 million a year.

The city has prepared a chart showing the possible calamitous effects of a “no” vote. They include the loss of 810 uniformed police and 550 firefighters, more than half the forces of both departments. The total city workforce could be sliced by 2,240 — about 30 percent.

Critics contend this is sky-is-falling rhetoric. The city could be more efficient with its funds, they argue, and it has deep pockets elsewhere to make up for the cuts.

We're all for efficiency at City Hall and will continue to beat that drum.

But the idea that \$230 million worth of “efficiencies” can be wrung out of a \$530 million general fund budget is sheer poppycock. As is the notion that secret large sources of cash exist at 12th and Oak streets.

The recession in the last decade led to the elimination of almost 700 city positions, most in non-public safety roles. The city this year gave no pay increases to its almost 7,000 employees. Annual raises for the next four years are scheduled to be in the reasonable range of 2 to 2.5 percent.

Still, the city has managed to continue receiving strong annual citizen satisfaction reports. Officials are using better data to guide them in providing public services. For example, City Manager Troy Schulte and top administrators in non-public safety agencies have scrambled to work with private sector groups, such as in animal control.

Earnings tax enemies contend that a city with a total budget of \$1.4 billion can sustain losing this source of funds.

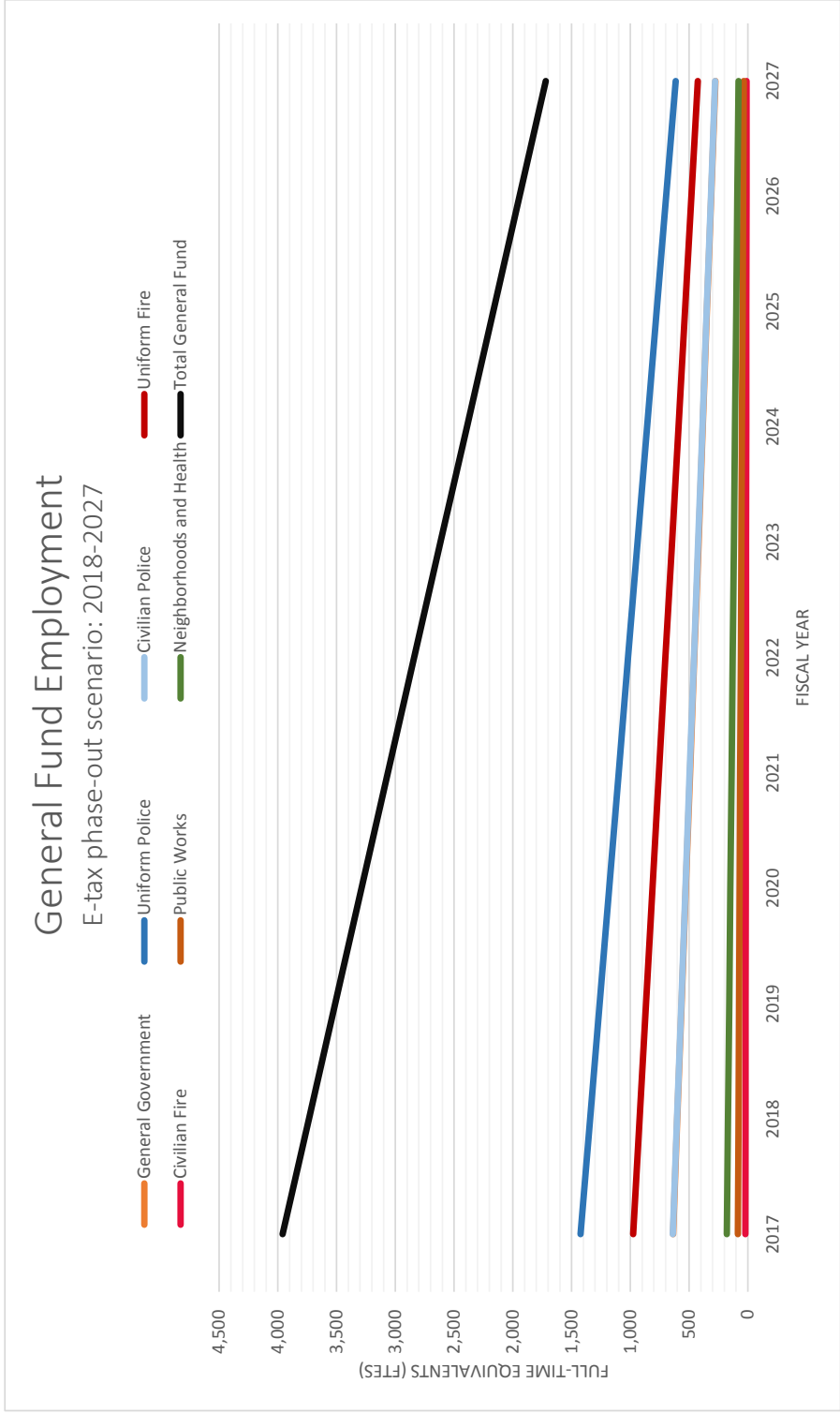
That's grossly misleading. Huge chunks of the city budget are strictly allocated to other priorities. The city's water, sewer and aviation funds account for \$500 million of overall spending and by law can't be used to fill in the gaps if the earnings tax goes away.

Debt service of more than \$115 million also can't be tapped. Nor can a capital improvements program that spends tens of millions each year.

Kansas Citians are in this position because St. Louis multimillionaire Rex Sinquefield, an ardent foe, convinced Missourians in 2010 to force Kansas City and St. Louis every five years to vote on extending their earnings taxes. Kansas City went over the top in 2011 with a 78 percent approval at the polls.

Supporters will be rallying voters to turn out in similar numbers to extend the tax, an action that is the city's highest priority in 2016.

Employee Type	Annual Reduction	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
General Government	36	636	600	564	528	492	456	420	384	348	312	276
Uniform Police	81	1424	1343	1262	1181	1100	1019	938	857	776	695	614
Civilian Police	36	638.8	602.8	566.8	530.8	494.8	458.8	422.8	386.8	350.8	314.8	278.8
Uniform Fire	55	976	921	866	811	756	701	646	591	536	481	426
Civilian Fire	1	21	20	19	18	17	16	15	14	13	12	11
Public Works	5	85	80	75	70	65	60	55	50	45	40	35
Neighborhoods and Health	10	179	169	159	149	139	129	119	109	99	89	79
<b>Total General Fund</b>	<b>224</b>	<b>3959.8</b>	<b>3735.8</b>	<b>3511.8</b>	<b>3287.8</b>	<b>3063.8</b>	<b>2839.8</b>	<b>2615.8</b>	<b>2391.8</b>	<b>2167.8</b>	<b>1943.8</b>	<b>1719.8</b>



## Area homebuilding rebound should continue, national economist says

*Strong growth from bottom of recession is seen as far from over*

*Job growth and moderate income improvements help*

*Mortgage rises should be moderate, area Home Builders Association is told*

By Greg Hack

Nationally, single-family building has doubled from recession lows, Crowe said, but is still only 55 percent of its level of the early 2000s. Crowe calls that turn of the century period normal, a market that was healthy but below the pre-recession peak.

And he foresees that number continuing to rise to 87 percent of normal by the fourth quarter of 2017.

“We’ve doubled from the bottom and are only halfway back,” Crowe said.

In the Kansas City area, he said, the number of new starts had been rebounding but was flat last year at only 38 percent of the area’s early 2000s normal pace. But he sees that growing to 48 percent of normal this year and 65 percent in 2017.

Some other points Crowe made:

- Many of the hurdles to housing recovery and growth have mitigated, from household debt and foreclosures coming down to employment rolls growing. Even long-stagnant household incomes are starting to rise.
- Mortgage rates will edge up from an average of 3.9 percent last year to 4.5 percent this year and 5.3 percent in 2017. But rates still will be historically low and, more important, more people should be able to get approval for mortgages as some lending restrictions ease.
- On the downside of the recovery: More builders are saying they have trouble getting the skilled labor they need and are concerned about shortages of affordable lots to build on.
- The market also could get a boost when millennials start buying more homes. But that generation’s appetite for ownership might remain lower than historic norms, given that employment overall is shifting toward more people having multiple jobs during their careers.
- Concerns about China appear to be overblown, given its relatively small direct impact on U.S. business.

Crowe was followed by local economist Chris Kuehl, managing director of Armada Corporate Intelligence. Kuehl also said it is difficult to gauge the effects China's economy will have in the United States, given China's size and the difficulty everyone, including China's government, has in measuring its growth and output.

Kuehl said the Kansas City economy is a good reflection of the entire country, in that it's diverse and changing and there is a mix of businesses rising and falling.

"When people ask 'How's the economy?' I always say it depends," Kuehl said. "It depends on what industry you're in, and what part of the country."

So the lower oil prices that used to be bad for Saudi Arabia now are bad for North Dakota, he said, but good for the U.S. auto industry, including the Kansas City area's Ford and General Motors assembly plants.

People who bought Priuses when gasoline approached \$4 "are back buying F-350s now," he said, referring to a larger version of Ford's popular pickup truck line.

"It's going to be an interesting time for homebuilding too — not a boom or a recession," he said.

Almost any builder can profit in a boom, he said, and it's tough for even the best builder to make money in a recession.

"Now it matters how good we are," he said. "Every decision is extra important. We're going to succeed or fail based on those decisions."

Greg Hack: [816-234-4439](tel:816-234-4439), [@GregHack](https://www.instagram.com/GregHack)

Read more here: <http://www.kansascity.com/news/business/article54478270.html#storylink=cpy>

# Labor Shortage Pinches Home Builders

## Delays mount as industry grapples with workload wrought by heavy demand

By Kris Hudson and Jeffrey Sparshott

Oct. 12, 2015 6:29 p.m. ET

Home builders this year have booked their strongest sales since the recession. A shortage of construction workers, however, is making it tough for them to deliver all those new homes on time.

U.S. residential construction spending in August climbed above \$36 billion, the highest monthly total since October 2007, according to government data. Yet there were 676,500 fewer workers in residential construction nationwide to handle the work this time around.

The delays, economists and builders said, could dent builders' profits in the short term due to higher labor costs and concessions to buyers.

"Eventually, the higher costs, if we want these projects to go forward faster, are going to mean passing on the costs" to buyers, said Bernard Markstein, president of Markstein Advisors and a construction-industry consultant. That could price out some buyers.

Builders, contractors and economists point to a few reasons for the labor shortage. Wages, particularly in residential construction, are still too low to attract enough qualified workers to the physical and sometimes dangerous work of building houses. Tightened immigration policies, meanwhile, are deterring foreign labor from returning to the U.S. And efforts to train and recruit young trade workers atrophied in past years as many school districts focused less on certain vocational training.

### Help Wanted

Home builders have been plagued by a skills mismatch, with openings outpacing hires in recent years, while construction workers' earnings have slowly climbed back to the overall average.

Change in openings and hires in construction



Source: Labor Department

Change in hourly earnings and employment



THE WALL STREET JOURNAL.



The labor shortage has led to costly delays. Seventy-four builders surveyed in September by industry tracker John Burns Real Estate Consulting Inc. have reported slowdowns as long as two months as they wait for carpenters, drywall workers, foundation pourers and other specialists.

Texas builder CastleRock Communities LP now needs an average of 155 days to complete a house, up from its historical average of about 115 days.

“Our flooring contractors are having a hard time finding enough guys to lay tile,” said Lance Wright, a partner in CastleRock. “Plumbing is three weeks out. Everything that used to be a three- to five-day lead time is now three weeks to 30 days out.”

Construction-labor shortages aren’t unheard of during housing-market recoveries, but this shortfall is more extreme than usual, economists said. Overall, the residential industry has regained less than a third of the roughly 1.5 million jobs lost from 2006 to 2011. An analysis by the Associated General Contractors of America found that the number of jobless workers with construction experience dropped last month to the lowest September level since 2000, a development the trade group attributes to a dearth of available workers.

At the same time, the housing market is heating up. New-home sales, which historically account for about 10% of all home sales, are up 21% in the first eight months of this year from the year-earlier period, while the ranks of home-construction workers are up only 4.2%.

[Lennar Corp.](#), the second-largest U.S. builder by homes sold, said labor costs in its most recent quarter rose by 10% from a year earlier. [Meritage Homes Corp.](#), which builds in nine states, in September lowered its earnings forecast, due in part to higher labor costs and deferred revenue and profit due to delayed home completions.

Some builders are offering concessions to customers. In Columbia, S.C., McGuinn Homes has paid for two families to stay at a Hilton Garden Inn for the past month as their homes near completion. McGuinn, which builds about 150 homes a year in South Carolina, is about 30 to 45 days behind schedule, and the hotel is costing it \$200 per night per family.

“If I promise something and I can’t deliver it, I’m going to make it right,” Chief Executive Wade McGuinn said.

Housing analysts said the shortage could hamper home-construction output in the short term and eventually lead to even higher prices. Already, the median price for newly built homes in August was \$292,700, just 3.3% shy of the record set last year, due to roughly five years of builders aggressively increasing prices as far as buyers allowed and building increasingly larger homes.

In Blue Springs, Mo., builder Tom Woods said it takes six to eight weeks to line up a framing crew, versus less than two weeks last year. Their rates, he added, have climbed as high as \$8 per square foot from the \$5.50 to \$6 range. Electricians, bricklayers and other subcontractors are also charging more, he said. That ripples through significantly to home prices, Mr. Woods said.

The national average pay for residential-construction workers was \$26.32 an hour in August, compared with \$25.10 for all private-sector jobs, according to Labor Department. That isn’t enough of a premium to entice people to leave other jobs.

“To get people back onto the construction site, we’re going to have to pay a lot more,” said Christopher Huebner, owner of HSCB Homes LLC, a framing contractor in Houston. “If I can’t get them a step-up in pay that’s great enough to make a difference for them, then there’s no reason for them to make the jump.”

Juan Antonio Rivera worked as a carpenter and painter in Texas for 12 years, leaving in 2013 to rejoin his family and trade cattle in the Mexican city of Tempoal. He was part of a 30% decrease in Mexican-born construction workers in the U.S., to 1.32 million in 2014 from 1.89 million in 2007, according to John Burns Real Estate Consulting. Mr. Rivera said he now earns twice to nearly three times as much each week as the \$700 to \$800 he made on job sites in the U.S.

“I’m doing excellent—much better than in the U.S.,” said Mr. Rivera, 44 years old. He added that he might return to the U.S. to visit, but “to work, no.”

—Arian Campo-Flores contributed to this article.

# Turn the Page KC wins award from AT&T

*Effort to reduce absenteeism wins honor*

*Organization noted for getting books in the hands of children*

By Lewis Diuguid

In addition to winning praise for getting books into the hands of children and inspiring them to read, Turn the Page KC has picked up an award and \$10,000 from AT&T for its work to reduce student absenteeism.

Turn the Page KC this week received the second-place honor from AT&T's nationwide "Data for Diplomas." The giant telecommunications company in its Aspire and GradNation campaigns presented awards for innovations that help improve high school graduation rates.

Turn the Page KC this year studied the connection between high absenteeism and low graduation rates. Students who missed class the most also were those whose families moved a lot — often because of financial problems.

Families living in poverty tended to move more frequently than those that were better off.

Children in Kansas City Public Schools moved more often with switches to charter schools and other districts. Parents or guardians have to show proof of residency with each school change, resulting in students missing five to 30 days of school.

The solution from the Turn the Page KC team was to provide a secure online portal that would enable districts to share information more readily. The team of Mike English, Steven Van Auken and Aditya Voleti proposed working with public utility companies to speed up proof of residency at new addresses.

Turn the Page KC was started by Mayor Sly James in 2011 with a goal to increase reading proficiency among third-graders. It has seen reading proficiency increase and hopes for continued success.

The effort will result in James having a legacy as the education mayor of Kansas City.

Lewis Diuguid: [816-234-4723](tel:816-234-4723), [ldiuguid@kcstar.com](mailto:ldiuguid@kcstar.com), [@DiuguidLewis](https://www.instagram.com/DiuguidLewis)

Read more here: <http://www.kansascity.com/opinion/opn-columns-blogs/lewis-diuguid/article50463205.html#storylink=cpy>

# **SuEllen Fried honored as L’Oreal Paris Women of Worth**

**By Melissa Graham**

Prairie Village native SuEllen Fried has been honored by L’Oreal Paris as one of 10 Women of Worth.

Women of Worth, established in 2005, honors women across the United States who make a difference in their communities.

Fried was honored for her efforts with Reaching Out from Within, a self-help program for prisoners that she co-founded in 1982.

Along with her fellow nominees, Fried was flown to New York for a celebration earlier this month.

“We were all just so grateful to have such an exciting array of people who want us to succeed,” Fried said of the experience. “The other nine women, they are all doing marvelous things and of course we’re all trying to stay alive and grow and expand.”

At the celebration, each honoree shared the mission of their services and charities.

“I got to be a voice for all of those men and women I love so much,” Fried said. “I got to talk to them about how I hope that they can be received when they come back to our society.”

All 10 women honored were awarded \$10,000 toward their individual projects.

Fried said she would use the money to help fund a new program in women’s maximum security prisons in Kansas.

“We will train women on how to work with computers, so they can have a skill when they come out of prison and can do more than menial labor,” Fried said.

But the biggest takeaway for Fried was the network of people through Women of Worth who vowed to be allies for Reaching Out from Within.

“Once we’re celebrated, it’s not over,” Fried said. “They are going to stay in touch with us and assist us. It’s like being part of an incredible resource, all the people that are going to continue supporting us. It’s overwhelming to think of what’s in store.”

## Photographer Nick Vedros goes behind bars for art exhibit

*“Faces of Change” opened recently at Kemper Museum of Contemporary Art  
The show features 30 black-and-white portraits of inmates and other images*

**By Jon Niccum - Special to The Star**

People rarely glimpse the reality behind the walls of maximum-security prisons.

“That was one of the things that fascinated me: hearing those doors close behind me,” says photographer Nick Vedros. “Giving up your wallet, phone, keys — all the devices for how you survive in the real world — and then those doors close. It’s claustrophobic. You certainly hope they remember you’re a visitor.”

Vedros visited both the Lansing Correctional Facility and Topeka Correctional Facility to photograph “Faces of Change.” His new exhibition features 30 black-and-white inmate portraits and images. It opened recently at the Kemper Museum of Contemporary Art.

The Kansas City native was drawn to the subject after learning about Reaching Out From Within. Founded 33 years ago by activist SuEllen Fried, this program consists of weekly meetings held at seven different Kansas prisons for inmates who desire to improve their behavior in hopes of becoming better role models once released.

“It changed my view on these people almost immediately,” Vedros says. “I found out they were intelligent, welcoming, warm, funny. So many of them have already made positive changes. They are not the street thugs you might imagine.”

The hourlong meetings begin with participants stating their name, then offering an encouraging statement. Vedros recalls the first time he attended and was asked to do the same.

“My statement was, ‘Heal the past. Live the present. Dream the future,’ ” he says. “Essentially, that’s what Reaching Out From Within tries to do. I honestly feel this program is making the world a better place.”

The 62-year-old graduate of the University of Missouri took inspiration from his college days, where he first realized “positive change can happen when you combine pictures with a story.” He felt Reaching Out From Within had a story but no meaningful pictures to enhance it.

Aided by a small team to help coordinate the lighting, Vedros eventually shot enough to compile an exhibition of this pro-bono excursion. “Faces of Change” includes 22 inmate portraits: 16 men from Lansing and six women from Topeka.

“One of the inmates was 17 or 18 (when the crime was committed) and talked about how much he changed from that time,” Vedros says. “He had broken into a home at that young age, then went back to cover his tracks and accidentally set the house on fire. Somebody died. It’s a sad story for the victim and the inmate. All he can do is try and make a positive change and redeem himself over time. I believe everybody deserves a second chance,” Vedros says.

So far, the program has upheld that philosophy. Vedros says the rate of recidivism for prisoners who attend the meetings for at least two years is 8 percent. The national rate hovers around 50 percent.

“This project has brought Nick back to his roots,” says Dan White, curator of “Faces of Change.” “While he’s gone on to have a great career in the world of commercial advertising, I think there’s a piece of him that’s wanted to do this kind of project for quite some time.”

Vedros served a stint with The Star right out of college — albeit only for a month. He was recruited by the newspaper in 1976 to help shoot the Republican National Convention held at Kemper Arena.

“My assignment? Covering some guy named Ronald Reagan,” he says.

The gig proceeded smoothly until Vedros pushed his way into a departing vehicle that he assumed was the press car. Turned out it was solely occupied by the Secret Service.

After that brief fling as a member of the news media, Vedros decided to go freelance at the age of 24. He launched Vedros & Associates in 1977 — which is still going strong 38 years later. The renowned commercial studio boasts a client list that includes Apple, McDonald’s, Sony, DuPont and Sprint.

“When you say you’re a photographer, it can conjure up a portrait studio guy, a wedding guy, a sports guy. There are so many classifications of photographer that you need to define it in broad strokes to help them understand what kind of image-maker you are,” Vedros says.

“Faces of Change” provides one more career high point to aid that understanding.

He adds, “I’ve always had photojournalism embedded in my DNA.”

Jon Niccum is a filmmaker, freelance writer and author of “The Worst Gig: From Psycho Fans to Stage Riots, Famous Musicians Tell All.”

On exhibit

“Faces of Change” by Nick Vedros runs through Feb. 7, 2016, at Kemper Museum of Contemporary Art, 4420 Warwick Blvd. The exhibit is free. More: [KemperArt.org](http://KemperArt.org).

# Kansas City Black History 2016

"A Celebration of Black Entrepreneurship in Kansas City"



Blankinship



Carter



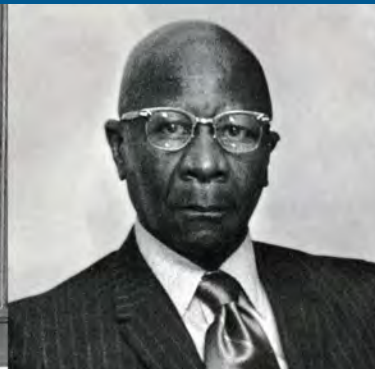
Groves



Meek



Raspberry



Sewing



Thurman

As in many Midwestern cities, Kansas City had a small but influential group of black professionals, business people, and entrepreneurs. Sociologist E. Franklin Frazier famously labeled this group the "black bourgeoisie," and they have also been called "the black elite," "the black middle class" or "black leaders." But historians have now chosen the phrase "the black professional class" to describe these men and women – who through combinations of wealth, background, education, talent or ambition – assumed positions of prominence, influence, and esteem in their community.

The words of Richard Wright, the great novelist of the African American experience, held true for the notable persons being recognized here: "The American Negro, child of the culture that crushes him, wants to be free in a way that white men are free; for him to wish otherwise would be unnatural, unthinkable. Negroes, with but minor exceptions, still believe in the hope of economic rewards; they believe in justice, liberty, the integrity of the individual. In the heart of industrial America is a surviving remnant, perchance a saving remnant of a passion for freedom."

Learn more: [kclinc.org/blackhistory](http://kclinc.org/blackhistory)



