

Stimulus funding should be transparent

Developer Patrick Turner has the chance to jump-start his massive Westport development with \$21 million in bonds backed by federal stimulus funding. He is vying on a national level for another \$33.5 million in stimulus money for infrastructure improvements.

Turner's project — homes, offices and retail on the Middle Branch — is a worthy candidate for stimulus funds. It could add jobs and bring life to a neglected part of the city's waterfront.

But we have to question the process involved with Turner's selection — and the city's inability to fully explain it.

In a front-page story last week, Special Projects Editor Heather Harlan Warnack detailed how a portion of the city's \$360 million in stimulus funding would go to Westport.

THE HUGE POT OF CASH COMING THROUGH THE STIMULUS IS RIPE FOR MISMANAGEMENT BY GOVERNMENTS ACROSS THE COUNTRY.

The Baltimore Development Corp. and the Baltimore Economic Development Team, a group appointed by Mayor Sheila Dixon, selected Westport as the No. 1 project ahead of three other projects, said Jamie Kendrick, who co-chairs the mayor's group. The other projects considered were: State Center, a 28-acre redevelopment in Midtown; the Harbor Point project on

the former Allied Signal site near Fells Point; and the \$1.8 billion biotech park next to Johns Hopkins Hospital.

Kendrick said the process was "internally competitive" but acknowledged no formal bidding was undertaken to pick a favorite project.

Turner confirmed that he won the \$21 million and was the city's leading candidate for more funds. He said the funds would get Westport back on track. "We'd still be moving, but it would be a lot slower," he said.

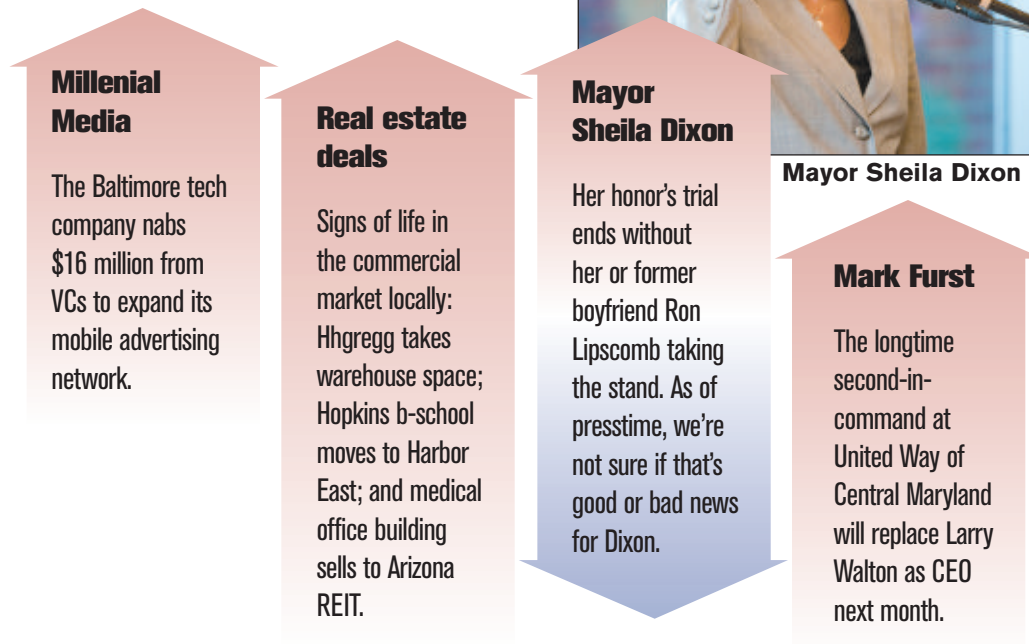
Deputy Mayor Andrew Frank took umbrage with the story's characterization of Turner's project as the winner of stimulus funds. In an e-mail to the *BBJ* Journal, he said the city's Board of Estimates will ultimately have to approve any stimulus funding to Westport. Frank's comments contradict what was told to Harlan Warnack last week by Turner, recovery team members and what was listed in the team's documents. He refused to elaborate when pressed and would not agree to talk further on the issue.

The difficulty in securing answers on where public money goes is not unusual when dealing with the BDC, the city's economic development arm. The group has used its quasi-governmental status as an excuse for circumventing the competitive bidding process in the past. The city is advertising some contracts the BDC already awarded because they weren't bid properly.

The huge pot of cash coming through the stimulus is ripe for mismanagement by governments across the country. The city and state need to find a way to ensure that the public knows why and where the stimulus money is going, leaving little there for impropriety or the appearance of it.

GAINERS & LOSERS

Baltimore's business leaders got their wish. The Dixon trial didn't make it through its second week.



NICHOLAS GRIMMER | STAFF

Mayor Sheila Dixon

Haven't thought of health care? Don't let government do the thinking for you

With a U.S. House health care reform bill now passed and a final Senate bill in the works, it's time for businesses to learn how the health care landscape is about to change, and to prepare for what could be coming.



GUEST NOTEBOOK

KEN HUBER

Businesses are most likely to be impacted by the employer/individual mandates, which will impose penalties on those who do not obtain required coverage. The employer mandate in the House bill would require employers with annual payrolls of \$500,000 or greater to offer health care coverage to employees and contribute at least 72.5 percent of the premium for single coverage and 65 percent for family coverage. Those who don't comply face penalties ranging from 2 percent to 8 percent of payroll.

The expected Senate bill would draw a line by size of employer — probably 25 or 50 employees. Businesses above this size that do not comply by offering the required coverage and paying 60 percent of the cost are likely to face penalties ranging from \$375 to \$750 per employee per year.

Alternately, employers who do not offer coverage may be required to pay a fee to the government for employees who buy subsidized coverage on their own.

If you are an employer in the affected group, you need to think about the costs to set up a plan and subsidize it at the mandated levels versus the penalties for not offering a plan. Part timers may be included in the mandated coverage requirements, further impacting employer costs. Now is the time to begin planning how to absorb these additional costs to your

business.

Both bills also would require individuals to obtain qualifying coverage or pay penalties.

As an employer, you may see additional employees enrolling in coverage through your plan to avoid penalties — thereby increasing your costs.

There also would be sweeping insurance market reforms that would change the availability and access to coverage, particularly in the purchase of individual policies. Insurers will be prohibited from denying coverage for pre-existing conditions and medical underwriting will be eliminated. New insurance exchanges will allow individuals to buy coverage and access credits and subsidies to make coverage more affordable.

Some say that the individual mandate would not impose severe enough fines to force compliance. As a result, when market reforms take effect, individuals may be able to buy coverage only once they become sick — with little or no barriers. If this happens, costs will be driven up for everyone.

The other big concern for employers is how the proposed funding sources of health care reform — specifically the cuts in Medicare and new fees on both the health care and health insurance industries — may impact the cost of health insurance.

Proposals are primarily focused on expanding coverage and reforming the insurance market, not on controlling the costs or improving the quality of care.

Employers should begin analyzing what health care reform will mean to their business. My advice is to be proactive so your business can adjust and survive.

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QUOTABLE

'WE'RE NOT TRYING TO BUY SUPPORT OR VOTES. WE'RE JUST TRYING TO BUY ACCESS.'

John Eckenrode
CPSI

On the local IT industry's plan to host a fundraiser for Gov. Martin O'Malley next month.

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Erin Patton
Southern Methodist University Cox School of Business

Talking about Under Armour's endorsement deal with pro basketball's Brandon Jennings

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Alton Fryer
Manekin LLC

On the Columbia developer's interest in building a biotech park in Prince George's County.

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'THE REMAINING EMPLOYEES ARE OFTEN EXPECTED TO 'DO MORE WITH LESS' AND MOVE FORWARD.'

Jenny Schade
JRS Consulting

Discussing the atmosphere in many offices after some employees are laid off.

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