Let’s Talk about the Economy
Opening Session Kicks Off First-Ever Economic Summit of the States

During times of recession, businesses cut back because of a lack of demand for their products, but not so for state governments. As states are losing revenue and having to make do with less—residents hit hard by the down economy often need government services more.

That’s according to South Dakota Gov. Mike Rounds, 2010 President of CSG, who headlined the Opening Session of CSG’s Economic Summit of the States. And although his state has weathered the recession better than others, the states aren’t out of the woods yet.

In South Dakota, the unemployment rate is now 4.7 percent but it’s normally at 2.7 percent, Rounds said.

So how was South Dakota able to weather the recession a little better?

State policies have been critical, Rounds said. His state doesn’t have personal income tax or corporate income tax and therefore has not had large swings in income taxes.

“Like most states, we cannot deficit spend,” Rounds said. “Since 2008, we haven’t touched our reserves in large part, because we used the federal (stimulus) money to replace the dollars that we were losing.”

This year the state made some additional cuts in higher education and state employees didn’t get a raise for the second year in a row, for example, according to Rounds.

“We’ve been able to live within our means so far.”

—Mikel Chavers

“You taught me a way to be a better state official that made me … what’s your term? Likable.”

— Nevada Supreme Court Justice Nancy Saitta on Arch Lustberg, who received the CSG Distinguished Service to the States Award for his communications training.

Today’s Speakers

CLOSING THE GAP: OPTIONS FOR DEFICIT MITIGATION
Maryland Treasurer Nancy Kopp
Scott Pattison, director, National Association of State Budget Officers
Paul Priest, assistant director, Texas Legislative Budget Board

MANAGING MEDICAID: OPTIONS FOR CONTROLLING COSTS
Mike Nardone, deputy secretary, Pennsylvania Office of Medical Assistance Programs
Marcia Nielson, vice chancellor for public policy and planning, University of Kansas Medical Center
Chad Shearer, program officer, Center for Health Care Strategies

THE PROSPERITY AGENDA: INSIGHTS ON JOB CREATION
South Dakota Gov. Mike Rounds
U.S. Secretary of Labor Hilda Solis

ENERGIZING GROWTH: OPPORTUNITIES IN THE NEW ENERGY ECONOMY
Paul Kaplan, director, Green Bank of Kentucky
Tom Kenworthy, senior fellow, Center for American Progress
Lisa Wood, executive director, Institute for Electric Efficiency

SEEDING THE KNOWLEDGE ECONOMY: EDUCATION AND ECONOMIC DEVELOPMENT
Oregon Speaker Pro Tempore Amber Roblan
Jim Applegette, senior vice president for program development, Lumina Foundation for Education
Watson Scott Swail, president and CEO, The Educational Policy Institute

BEYOND THE CRISIS: LEGISLATIVE LEADERS’ INSIGHTS ON LONG-TERM CHALLENGES
Kansas Senate President Stephen Morris
Rhode Island Senate President M. Teresa Paiva Weed
Susan K. Urah, managing director, PwC Center on the States
Kentucky Senate President David L. Williams

FINDING A VOICE: WOMEN AND THE FISCAL CRISIS
 Idaho Rep. Maxine Bell
 Alabama Supreme Court Chief Justice Sue Bell Cobb
 Tiffany Dubu, vice president of development and administration, The White House Project
 Former Massachusetts Gov. Jane Swift

DRIVING RENEWABLE ENERGY
Nick Chaset, Renewable Energy Funding
B. Scott Hunter, Renewable Energy Program administrator, New Jersey Board of Public Utilities
Janet Joseph, vice president for technology and strategic planning, New York Energy Research & Development Authority
Anne Margolis, former director, Clean Energy States Alliance
Pennsylvania Rep. Chris Ross

Be on Video!
Want to share your CSG experience or discuss a meeting session on video? Check the registration desk to reserve an interview time slot.

World Trade Center Visit
If you have registered to attend the optional event at the World Trade Center Visitors Center at 10 a.m. Sunday and your plans have changed, please notify the registration desk. Those people on the waiting list should check the registration desk to see if there are any cancellations.
The decline of the domestic auto industry has hit Michigan hard. But it’s not the only state battling against reduced revenues. That was the theme of Thursday’s afternoon session, “Eye of the Storm: Fiscal Leaders’ Insights on the Budget Crisis.” The session, part of CSG’s Economic Summit of the States, focused on how member states have found solutions to the nation’s ongoing fiscal crisis.

Michigan has a projected $1.7 billion shortfall in the next fiscal year, for example, said Sen. Ron Jelinek, chair of Michigan’s Appropriations Committee. The state is exploring alternative energies, redirecting trust fund dollars and raising some fees and taxes, he said.

“We’re trying to spread our wings out a little bit, but it’s a slow process,” Jelinek said.

State Sen. Donne Trotter, chair of Illinois’s Senate Appropriations Committee, moderated the session, which also included Sen. Thad Altman, chair of Florida’s Committee of Finance and Tax, and John Nixon, executive director of the Governor’s Office of Planning and Budget in Utah.

In Florida, the state is battling the misperception that it hasn’t cut spending, Altman said. In truth, Florida currently has a $70 billion budget, slightly down from previous years, Altman said. Still, the state was hurt by a decline in property tax levies in 2007 and is also exploring alternative energies and renewable energies such as biomass, he said.

“We’ve been very frugal in our spending,” Altman said. “In politics, perception is reality.”

Clear collaboration between legislators, fiscal analysts and the executive branch can also help states close their fiscal gaps, Nixon said.

— Mike Jackson

Cutting & Spending: States Battle Against Reduced Revenues

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Idaho Rep. Maxine Bell knows what’s at stake with the new federal health care reform law.

“This is going to be an issue that could literally turn our budget upside down,” Bell said.

But Bell felt more comfortable with moving forward after attending the health care reform session Thursday during the Economic Summit of the States.

The session, she said, gave her a more in-depth look at some of the details of the law as well as where to go for answers.

“I did not find any comfort in what it may cost my state in Medicaid,” she said.

In fact, states are facing a lot of pressure.

“Success or failure rests on your shoulders,” said Jennifer Tolbert on health care reform. She is the associate director for the Kaiser Commission on Medicaid and the Uninsured.

While many of the provisions in the law don’t take effect until 2014, the planning starts now, said Mary Kennedy, senior policy adviser for Health Reform in the Centers for Medicare and Medicaid Services.

“We recognize that Medicaid is truly a federal-state partnership and it is the state that will be implementing the changes in Medicaid,” she said. The goal of the federal agency is to ensure states have the resources they need.

Marcia Nielsen, vice chancellor for Public Policy and Planning at the University of Kansas Medical Center, said there was a lot of misinformation about the law as it was being debated. The law does three things, she said:

• It requires all U.S. citizens to have insurance, with generous subsidies to help accomplish that goal;
• It requires new health insurance exchanges where individuals and small businesses can get health insurance; and
• It prohibits insurers from discriminatory practices.

— Mary Branham

Get Ready for Health Care Reform: 2014 and Changes to Health Care Starts Now

Attendees speak with panelists on the health care reform session. At right are Christine Eibner with the RAND Corporation, Mary Kennedy, senior policy adviser for Health Reform in the Centers for Medicare and Medicaid Services, and Marcia Nielsen, vice chancellor for Public Policy and Planning at the University of Kansas Medical Center. Photo by Suzanne Feliciano.
Last year, Kansas lawmakers—like legislators in other states—cut the budget instead of raising taxes. More than $1 billion of the state’s then $14 billion budget was cut, according to the Kansas City Star. Prisons were even closed to save money—the state closed nine prisons last year, rocking small towns that looked to the prisons for jobs and other economic benefits, according to CSG’s national news magazine, now called Capitol Ideas.

But this year, faced with tough decisions and dwindling revenues, Kansas lawmakers passed a one-cent sales tax hike.

“None of us like to raise taxes,” Senate President Stephen Morris told the Kansas City Star. “But we were elected to do a job. The consensus of the legislature, and the people around the state, was that if you have to raise taxes, the sales tax is the one they prefer.”

Morris is one of the panelists at Friday’s plenary session. He’ll share his insights as Kansas Senate President into the long-term challenges—such as raising revenues—that face his state because of this recession.

Rhode Island Senate President M. Teresa Paiva Weed and Kentucky Senate President David L. Williams, CSG 2010 national chair, will join Morris as panelists.

Susan K. Urahn, managing director of the Pew Center on the States, will moderate what promises to be a lively discussion.

“(For the recession), we can do more than just talk about it.”

— Kentucky Senate President David L. Williams, 2010 Chair of CSG

Vincent Covello shares how to communicate in high-concern, high-stress situations:

1. When people are stressed or upset, they want to know you care, Covello said. That means officials must show authenticity, he said. “They have to express appropriate levels of empathy.”

2. When people are stressed or upset, they have trouble processing information, he said, so make your message short and simple.

3. It takes a lot of legwork and preparation to communicate effectively in high-stress, high-concern environments. “These are not things that happen spontaneously,” Covello said.

And what’s more: The reaches of Covello’s teachings aren’t just for politics. The principles Covello teaches could help with lots of other things, including relationships. Turns out, his advice might also be good for your significant other.

“The applications of this go well beyond communicating in political situations—not only what state officials say to citizens, it’s going to be relevant to your home life.”

— Mikel Chavers
Past and present CSG officers gathered for lunch followed by a group photo in Times Square Wednesday, top left. North Dakota Rep. Kim Koppelman shared his thoughts during an Intergovernmental Affairs Committee meeting, top right. Middle photos, 2010 CSG Chair Kentucky Senate President David L. Williams, left, and Charlie Williams of Intuit, a past CSG chair, attended the regional and national officers meeting Wednesday. At middle right, CSG Director of Health Policy Debra Miller presented information to the 21st Century Foundation, which includes Greg Warren of AstraZeneca. At left, Thomas Tremble of Advanced Medical Technology Association, left, listens as Michael Splaine of the Alzheimer’s Association makes a point during the Associates Advisory Committee meeting. Above, Heather Perkins, CSG membership data manager, left, assists attendee Heather Stewart at the registration desk.

Photos by Suzanne Feliciano
The Opening Session and Luncheon featured Trisha Rapier singing “America the Beautiful” and “The Star Spangled Banner.” A color guard from the New York City Police Department presented the colors as attendees sang the national anthem and pledged allegiance to the flag. At right, Nevada Supreme Court Justice Nancy Saitta said the pledge. Above, Virginia Director of Legislative Services E.M. Miller, foreground, was among those listening to the discussion on Suggested State Legislation Wednesday. Above at right, Pennsylvania Rep. Chris Ross and Hawaii Rep. Cynthia Evans also attended the SSL meeting. At right, South Dakota Gov. Mike Rounds spoke with Sen. Carlton Dowe, center, and Sen. Louis Patrick Hill, both from the Virgin Islands.
Find Out What Americans Really Want to Happen to Fix the Economy
What Americans Really Want . . . Really: Insights from Frank Luntz
Saturday, May 22 | 10 a.m.-noon | Westside Ballroom 1 & 2, 5th floor

What do Americans really want when it comes to economic reforms?

Frank Luntz, one of the most honored communication professionals in America today, will offer his insights based on polls conducted on that topic during a keynote address at the Economic Summit of the States Saturday morning.

Luntz, named by Time magazine as one of “50 of America’s most promising leaders aged 40 and under,” has shared his expertise, helping politicians and more than 30 Fortune 100 companies with communication and language guidance.

He told CSG’s Capitol Ideas magazine for its premier issue on health care politicians on both side of the aisle have to be careful with health care reform, the hot topic for that issue.

“Make no mistake, Americans want health care reform and if Republicans are seen as blocking it for the sake of blocking it they’ll be punished,” he said.

“The Democrats need to understand that Americans don’t want this huge bureaucratic Washington-centered program.”

It’s similar to the many different areas related to representing the public.

“Representatives of the public have a responsibility to put aside partisanship and ideology and seek consensus on essential issues like health care,” he said. “If they don’t they will continue to be disliked and distrusted by the people they represent.

If they do find solutions they will once again restore confidence and credibility in what they do and how they do it.”

Luntz has written, supervised and conducted more than 2,000 surveys, focus groups, ad tests and dial sessions in more than two dozen countries and four continents over the past decade.

Luntz’ work has been featured on “60 Minutes,” “Good Morning America” and PBS’ “Frontline.” He has been a guest on many of the top talk shows in America, including “Meet the Press,” “Nightline,” “The O’Reilly Factor” and the “Jim Lehrer News Hour.”


— Mary Branham

Energy Efficiency, New Energy Economy Trend ‘Doesn’t Appear to be Losing Steam’

Energizing Growth: Opportunities in the New Energy Economy
Friday, May 21 | Noon-1:30 p.m. | Lyceum Complex, 5th floor

Driving Renewable Energy
Friday, May 21 | 4-5:30 p.m. | Wilder, 4th floor

Even before the federal stimulus funding hit the states, state leaders were exploring renewable energy industries and energy efficiency projects to attract desperately needed jobs. Drawing on the states’ experiences in this arena, CSG will feature two sessions on renewable energy and energy efficiency today at the Economic Summit of the States.

A lunch session, “Energizing Growth: Opportunities in the New Energy Economy,” will be held at noon, and another session, “Driving Renewable Energy,” will be held at 4 p.m.

Paul Kaplan, director of the Green Bank of Kentucky, Lisa Wood, executive director of the Institute for Electric Efficiency, and Kate Gordon, vice president for energy policy with the Center for American Progress, will headline the first new energy economy session. The speakers will engage participants in a discussion about the potential for renewable energy and energy efficiency to create jobs.

“The Recovery Act has certainly catalyzed the new energy economy sector but a lot of this was coming before 2009,” said Chris Whatley, director of CSG’s Washington, D.C., office. “States themselves were investing in incentives and renewable energy standards all designed to kind of promote growth in the new energy economy sector.”

Funding and support for green jobs just makes sense, said Kaplan.

“Funding renewable energy and energy efficiency projects creates and retains ‘green’ jobs and saves money for the state in reduced operating, maintenance and capital costs,” Kaplan said. “This ‘green boom’ may seem like a trend, but it doesn’t appear to be losing steam ... The process of becoming more sustainable and reducing our energy consumption will continue — how we do business, how we run our households, where we spend our money will continue to evolve.”

The second energy session at CSG’s Economic Summit of the States will focus on driving renewable energy through different financing mechanisms from rebates to other incentives.

— Mikel Chavers

DID YOU KNOW?

State general fund spending in states’ 2010 fiscal year budgets totals $627.9 billion, or 5.4 percent below 2009 spending — representing a 5.4 percent decrease and the worst percentage change in the past 32 years, according to the National Association of State Budget Officers.
State Transportation Departments Weather Budget Cuts
Infrastructure Insights: Public Works in the New Budget Era
Saturday, May 22 | 8-9:30 a.m. | Juilliard Complex, 5th floor

Facing backlogs and budget cuts, state departments of transportation are making tough funding decisions. And, with the federal stimulus funding running out and the future of the federal transportation funding bill uncertain, transportation projects are on shaky ground. This session will explore how state departments of transportation are making out in the era of the budget cut.

New York State Department of Transportation Acting Commissioner Stanley Gee and U.S. Department of Transportation Chief Economist Jack Wells are the featured speakers for the session on transportation Saturday, May 22, from 8-9:30 a.m. Gee has witnessed the effects of the recession on transportation funding in his state firsthand and will share his experiences at the session.

“'Knowledge Economy’ Will Require More Educated Work Force
Seeding the Knowledge Economy: Education and Economic Development
Friday, May 21 | Noon-1:30 p.m. | Juilliard Complex, 5th floor

By 2018, more than 70 million jobs in the U.S. economy will require an associate degree or above, economists say.

That presents a major challenge for some states in terms of getting their work force ready for that goal, said Jim Applegate, senior vice president for program development at the Lumina Foundation for Education. He believes it’s important for states to consider higher education as a key partner in a state’s economic development efforts.

“The silos we see in many of the states, where work force development is seen in one cabinet or one sector and higher education is in another sector … that has to end,” he said.

That’s the focus of a session, “Seeding the Knowledge Economy: Education and Economic Development” noon Friday.

Applegate believes states must find ways to improve the educational opportunities for workers across the spectrum.

“I know it’s an extremely hard time in all of the states and everybody has to tighten their belts sometimes to the point where it looks like we’re going to cut ourselves in half,” he said. “You have to think of ways you don’t balance your budget deficits on the backs of high education as a first option.”

Educating displaced workers is an immediate concern, but Applegate believes it’s equally important to ensure current workers also are targeted in state efforts at higher education attainment. That means states must do their part to fund higher education institutions so tuition rates won’t continually increase, he said.

“We are at a place now in the affordability side of the house where continued rises in tuition to compensate for reductions in state funding will slam the door on the very people we need to get into higher education we need to be economically successful in the states.”

Other speakers at the session are Watson Scott Swail, president and CEO of The Educational Policy Institute, and Oregon Speaker Pro Tempore Arnie Roblan.

— Mary Branham

2010 Toll Fellows Announced

Each year, 40 state government officials from all three branches of government are chosen to participate in CSG’s national leadership workshop, the Henry Toll Fellowship Program.

EAST
- Vermont Rep. Christopher Bray
- Maine Rep. Mark Eves
- New York Assemblyman Adriano Espaillat
- New Hampshire Assistant Commissioner of Revenue Margaret Fulton
- Connecticut Director of Public Affairs Adam Jeamal
- Puerto Rico Associate Justice Rafael Martinez
- Chief Justice Steven Pierce, Massachusetts Trial Court
- U.S. Virgin Islands Special Assistant to the Governor Rebecca Smock

MIDWEST
- Iowa Rep. Richard Anderson
- Minnesota Rep. Matt Dean
- Ohio Sen. Teresa Fedor
- Kansas Sen. Laura Kelly
- Kansas Sen. Carolyn McGinn
- North Dakota District Judge Daniel Narum
- Iowa Rep. Jo Oldson
- South Dakota Secretary of Corrections Timothy Reisch
- Ohio Supreme Court Chief Justice Evelyn Stratton

SOUTH
- Mississippi Rep. Dirk Deeded
- Senior Policy Advisor Laura DeVito, North Carolina
- Judge Doug Gaston, Missouri
- Tennessee Sen. Dolores Gresham
- Georgia Policy Director Erin Hames
- Tennessee Secretary of State Tari Hargrett
- Texas Rep. Eduardo Lucio
- Kentucky Supreme Court Chief Justice John Minton
- Louisiana Rep. Ricky Novlin
- Arkansas Director of Policy and Planning Dawn Zekis

WEST
- Idaho Rep. Cliff Bayer
- Hawaii Rep. Pono Chong
- Nevada Supreme Court Justice Mark Gibbons
- Northern Mariana Islands Director of the Courts Tracy Guerrero
- Idaho Sen. Jim Hammond
- Utah Human Resources Executive Director Jeff Herring
- Arkansas Sen. Linda Menard
- Oregon Division of Insurance Administrator Teresa Miller
- Utah Rep. Jennifer Seelig
- Nevada Assemblywoman Debbie Smith
“The easy solutions are all gone; the painful ones have all been used.”
—Pennsylvania Sen. Chris Ross, discussing the economic plight facing states today and the importance of attending the Economic Summit of the States

“We’re going to make it through, and we’re going to make things better for the people we serve.”
—South Dakota Gov. Mike Rounds, 2010 CSG president, discussing the recession during the Opening Session and Luncheon of the Economic Summit of the States

Said at the Summit

“Had it not been for the stimulus dollars, we would have been in serious, serious trouble.”
—Florida Sen. Thad Altman, discussing the state of the economy during “Eye of the Storm: Fiscal Leaders’ Insights on the Budget Crisis” Thursday afternoon.

“If we do this right, we have the opportunity ... to really transform our health care system.”
—Jennifer Tolbert, associate director of the Kaiser Commission on Medicaid and the Uninsured, about the challenges facing states under the new federal health care reform law.

Additional Resource Materials Available
Resource materials are available at the attendee resource table located near registration on the 5th floor. Please help yourself to any materials needed. Materials are provided by:

- American Probation and Parole Association (APPA)
- National Association of State Treasurers (NAST)
- National Emergency Management Accreditation Program (EMAP)
- National Lieutenant Governors Association (NLGA)
- The Council of State Governments (CSG)

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Twitter (CSGSpring10)

Tell Us What You Think and Win!
The Council of State Governments values your opinions and insights. Give us your feedback about the summit by completing an evaluation and returning it to the designated drop boxes, the registration desk or any CSG staff member. For every daily evaluation received, attendees will be entered to win one of several prizes, including free registration for both the 2010 national conference and the 2010 regional conference of your choice.