

States of prog

Governors Outline Plans for the Future in State of the State Messages

by Laura Coleman

In January 2005, the “Nation’s Report Card” revealed no progress for high school students in 30 years. The United States is ninth in the world in high school graduation rates among 25- to 34-year-olds. The 1 million students who drop out of high school each year cost our nation more than \$260 billion in lost wages, taxes and productivity in their lifetimes.

During the first two months of this year, governors across the country pledged to get to work and cooperate with their legislatures to improve conditions in their states. But their plans are not limited to improvements in K-12 education. Health care, public safety, and improving infrastructures also topped governors’ agendas.

K-12 Education

According to a 2004 report from the American Federation of Teachers, for every new real dollar gained in the private sector, teachers only gain about 18 cents. In 2004, the average beginning teacher’s salary was \$31,704 and the average teacher’s salary overall was \$46,597.

Governors across the country, and in particular from states with below average teacher salaries, vowed to provide better compensation, thus ensuring that the best teachers remain in the classroom.

“We need to bring teacher pay in line with teacher responsibility,” said Arizona Gov. Janet Napolitano. “Teaching shouldn’t be the ‘last resort’ for students as they enter college and begin to think about future careers.”



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Vermont in particular faces a demographic challenge with the prescription drug benefit: its population is the second-oldest in the country. “We need to work together to address the federal Medicare implementation challenges that are currently afflicting the entire nation.”

—Gov. Jim Douglas, Vermont,
CSG’s 2006 president.



Napolitano called for legislation to increase the base salary in Arizona so that every teacher makes at least \$30,000 a year. She also called for more professional development.

Kentucky Gov. Ernie Fletcher spoke about a similar plan. “I will propose an enhanced professional compensation plan that pays teachers more who receive professional development that is directly related to their classroom work and who take voluntary actions to teach subjects where there is a need or to teach at a low-performing school,” he said.

Attracting K-12 teachers in low-performing schools was an issue inextricably linked to compensation.

Hawaii Gov. Linda Lingle laid out a plan to draw teachers to areas where there has been a shortage. Her plan is to allow retired teachers to be hired for up to 24 months without any loss of retirement benefits, start a Master Teacher Program with bonuses for any National Board Certified Teachers who agree to teach in an underperforming school for three years, create an emergency certified teacher program to allow any person with a bachelor’s degree to teach, and use \$500,000 to re-establish the Hawaii Educator Loan Program for loan forgiveness.

“Education must be one of our highest priorities, and is deserving of more support,” said Lingle. “It is our hope for a better tomorrow, both for us as individuals and as a state. Over time, it can wash away the barriers of disadvantage.”

Dr. Keon Chi, a senior fellow in CSG’s national office in Lexington, Ky., agrees that education should be a top priority. “Hopefully, legislatures will support governors’ initiatives, including more money for education programs and teachers’ salaries,” he said. “Legislators should do their best to raise compensation levels for K-12 teachers in order to improve student performance. Education is the best investment states can make for the benefit of their citizens.”

Higher Education

“In 1970, half of the people in the world who held science and engineering doctorates were Americans,” said U.S. Department of Education Secretary Margaret Spellings. She pointed

out, however, that projections show that figure will drop to 15 percent by 2010.

Several governors proposed plans to increase enrollment in state colleges and universities and make higher education a reality for more residents.

Colorado Gov. Bill Owens addressed what he calls the “Colorado Paradox.” Colorado ranks second in the nation in college degrees per capita, but lags behind in the percentage of Colorado students who pursue college education.

Among Owens’ ideas to address this issue are limiting tuition increases and allocating more state funding for financial aid.

Illinois Gov. Rod Blagojevich proposed a \$1,000 annual tax credit for every freshman and sophomore attending a state college or university. These credits would be awarded to students who keep a B average.

“For many families, this is a tax credit that can help make the dream of college affordable and the dream of college a reality,” said Blagojevich. “Washington has its priorities all mixed up. On one hand, their policies encourage the outsourcing of jobs. On the other, they’re trying to cut college scholarships. As a nation, we are falling behind.”

Steps such as these are examples of how state governments hope to compensate for federal cuts to student loan subsidies.

Tougher Punishments for Sex Offenders

Governors across the nation made it clear that sex offenders should face tougher penalties to reduce recidivism.

South Dakota Gov. Mike Rounds announced that he will introduce a sex offender bill to increase penalties for repeat offenders, require a description of the offender’s crime to be listed on the registry, specify procedures for registering incarcerated sex offenders, and create a new felony for harboring a sex offender. The bill would also create a process where certain offenders can be determined ineligible for parole.

According to Kansas Gov. Kathleen Sebelius, protecting children from these criminals is common sense. She asked Kansas’ legislature again this year to double prison sentences for sex offenders who prey on children. Then she asked to add another penalty.

“When they’ve served their prison time, I want to require all repeat sex offenders to wear electronic tracking devices—for the rest of their lives,” said Sebelius. “These tracking bracelets will allow law enforcement officers to monitor their locations at all times. I’ve put money for this in my budget because, again, it’s just common sense.”

Health Care

Nearly every governor mentioned health care during this year’s State of the State addresses. Governors in several states mentioned increasing budget allocations for health care as a response to federal spending cuts.

California Gov. Arnold Schwarzenegger asked for the federal government to permit the import of prescription drugs into the United States.

“I ask myself, what’s the quickest way we can help the greatest number of people with the spiraling health care costs? I believe in the free market. I believe in free trade,” said Schwarzenegger. “I mean, we buy food from overseas. We buy cars from overseas. Why not prescription drugs?”

Oklahoma Gov. Brad Henry also called for the importation of prescription drugs from other industrialized countries. “Prescription drugs are one of the chief drivers of increased medical costs,” he said. “When needy Oklahomans must choose between food and medicine while drug companies spend more than \$4 billion on advertising, something has gone terribly wrong. The status quo is unacceptable.”

Idaho Gov. Dirk Kempthorne announced that Medicaid reform is at the top of his agenda. “Medicaid is among the fastest growing parts of the state budget,” said Kempthorne. “But to cure the systemic problems and reign in the escalating costs, we must do more to modernize the system. Unless we do something, we’ll be forcing the care of our grandparents to be in direct conflict with the education of their grandchildren.”

Kempthorne’s reform strategy includes plans to redesign Medicaid into three distinct programs: one for low-income children, one for individuals with disabilities or special health needs, and one for the elderly. Each program would be specialized to meet the needs of its population.

Vermont Gov. Jim Douglas announced his directive to the Agency of Human Services to reinstate benefits to seniors who were previously enrolled in one of Vermont’s prescription drug programs. “This means that no senior who relied on state government for medicine will be turned away from a pharmacy,” said Douglas. “They will get the drugs they need and Vermont will guarantee their affordability.”



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Vermont in particular faces a demographic challenge with the prescription drug benefit: its population is the second-oldest in the country. “We need to work together to address the federal Medicare implementation challenges that are currently afflicting the entire nation,” said Douglas, who is CSG’s 2006 president. “We must ensure that Vermont seniors have access to the prescription drugs they need at the price they were promised.”

West Virginia Gov. Joe Manchin unveiled a “Preventive Care Clinic-Based Plan” as one of his two public/private health initiatives to help provide West Virginians affordable health care. The plan sets up sites at primary care clinics or private doctors’ offices and would allow subscribers access to primary care services—checkups, sick visits, X-rays or lab tests—at the participating clinic or doctors’ office for a monthly fee. According to Manchin, the plan would provide basic preventive care for a low price.

Additionally, in Arizona and Kentucky, proposals are on the floor to offer tax breaks for health insurance costs to small businesses. In Arizona, 17 percent of residents are uninsured, and in Kentucky, 13.9 percent of residents lack coverage.

Transportation and State Infrastructures

As a result of more fiscally stable states, allocations for repairing and updating infrastructures were in governors’ budgets this year. Years during the economic downturn left roads and highways neglected and this year, governors pledged to make long-needed repairs.

Alaska Gov. Frank Murkowski introduced his “Bottleneck Busters” transportation initiative in October 2004. The proposal included \$97 million in state funding for congestion relief projects. During his recent state of the state address, Murkowski asked legislators this session to jumpstart the program with \$30 million of state funds. Murkowski’s budget also includes allocations to reconstruct dangerous sections of Alaska’s roads.

Virginia Gov. Tim Kaine’s address included his ideas for improving the state’s transportation system, especially in evacuation routes.

“The hurricanes that devastated the Gulf Coast last year taught us many things about the need for preparing for the worst,” Kaine told legislators. “I will initiate a thorough review of evacuation and emergency plans. I will insist that state and local agencies be prepared to aid and evacuate residents in an emergency, especially elderly and poor residents and those without their own transportation.”

In addition, Kaine told legislators that Virginia’s transportation woes are far-reaching and can be felt in both rural and urban areas.

“Because fiscal accountability shouldn’t depend on a single election, Virginia needs a constitutional amendment to protect transportation dollars permanently,” said Kaine.

Oklahoma Gov. Brad Henry asked legislators to allow voters to decide on a similar measure.

Several states have enacted legislation protecting transportation funds, which seek to prevent policy-

makers from dipping into money from hybrid funds to use for general allocations. Hybrid funds—like transportation funding—are often in better shape than general funds because of revenue from gas taxes.

Other Priorities

Governors in Alaska, Idaho, Michigan, Missouri, New York and Washington specifically mentioned skyrocketing energy costs and announced plans to help their residents.

Gov. Kempthorne’s budget includes more than \$63 million in one-time energy assistance to help Idahoans with energy costs. Every Idaho resident who filed a 2004 tax return or the grocery tax credit will receive a check for \$50 for each qualifying man, woman and child. Kempthorne asked lawmakers to approve the legislation immediately.

Proposals also have taken shape in New York, where Gov. George Pataki announced a \$500 fuel tax credit for senior citizens, and in Missouri, Gov. Matt Blunt asked the state legislature to approve a \$6.1 million budget allocation for the state’s Utilicare program.

Several governors also mentioned using state funds to research alternative energy sources in order to reduce dependence on foreign fuel.

Increasing state technology made the agenda in Georgia and Rhode Island with the governors of those states introducing initiatives to support establishing broadband connectivity in their states. Gov. Donald Carcieri announced that Rhode Island is poised to become the first state in the country to be wireless border to border. He told legislators that investments in technology yield solid rewards.

“The opportunities for business, health care and education are limitless,” said Carcieri. “It requires a public investment, but promises to pay off in the future with new jobs.”

The Fiscal State of States

As a result of an economic upturn in the 2005 fiscal year—revenues exceeded expectations in 45 states and were on target in five—talk of tax cuts have entered governors’ agendas.

Almost every state is looking at a cap on property taxes, and many states have enforced a limit. Another trend, says Sujit CanagaRetna, fiscal analyst for the Council of State Governments, is lowering property taxes and compensating with a hike in sales taxes.

However, experts warn that despite fiscal stability, states will be wary of increases in program spending in the next year.

“The revenue situation for states has improved radically,” said CanagaRetna. “But when you look at it from the perspective of the depths we were plunged to, we still have a long way to go.”

CanagaRetna said that states are expecting a series of looming expenditures, such as health care, retirement, and education including court-mandated education costs, so those areas will soak up a lot of revenue.

“So although revenue is improved,” said CanagaRetna, “we are not out of the woods.”

—Laura Coleman is associate editor of *State News* magazine.