

Taking the long view

Policy-makers in Kentucky have a designated agency to watch for trends that can mean the difference between finding the road to disaster and the one to success.

BY ELAINE STUART



What if a traditional mainstay of your state's economy was crumbling and no agency had the task to warn you of the early signs of its demise? How can a state prepare for societal and global changes that turn upside-down its tax structure and traditional ways of life?

While it is easy to be caught unaware by the really big developments that can make or break a state, Kentucky legislators and policy-makers have an edge not enjoyed by their counterparts in other states. That advantage is the Kentucky Long-Term Policy Research Center, which the General Assembly created in 1992 with a daunting mandate to change the way decisions are made.

Nearly a decade later, the Center's work has, by many accounts, become the catalyst for decision-making that legislators envisioned, changing perceptions about the future well beyond the commonwealth's marble-lined state Capitol. Aside from providing the underpinning for proposed legislation, the volumes of reports the Center has produced have been used in high-school and college classrooms; as guides for local and regional planning, policy-making and advocacy initiatives; in leadership-training courses; and as a resource for policy researchers, from news reporters to academics.

The Center is the only legislative-branch agency of its kind in the nation and has only distant relatives in the executive branches of other states, said Keon Chi, editor-in-chief of *Spectrum: The Journal of State Governments*, published by The Council of State Governments. Moreover, the sheer volume and quality of the Center's work would likely distinguish it from any other state-level research center. "No other state produces reports on such pertinent issues," said Chi, who testified before the Kentucky General Assembly in support of legislation authorizing the creation of the Center in 1992.

A nonpartisan approach

Legislators need the policy perspective the Center provides, said Rep. Steve Nunn, a Republican in his sixth term and the Center's chairman. "Our challenge as policy-makers is figuring out how to implement a plan to deal with long-term trends and issues because we tend to think only two years ahead for the budget cycle," he said.

The Center is governed by a 21-member Board of Directors that includes legislative- and executive-branch representatives and an 11-member at-large component. This structure gives it sufficient autonomy to conduct and report on objective research without fear of political reprisals. Legislators and government officials "are so reactionary that we need a vision and a plan," Nunn said. "I think the Center has helped me."

Saying he has referred to the Center's reports on the floor, Nunn said the Center has succeeded in broadening legislators' perspectives. "Because the Center is nonpartisan, it is trying to raise awareness instead of dictate policy, and I think it is doing it," he said.

Nunn has company on the other side of the political aisle when it comes to using the Center's work. Gov. Paul Patton, a Democrat, has said he reads or reviews all the Center's reports.

Ron Carson, who served as the state's chief budget officer before joining the Kentucky Council on Post-secondary Education, remembers seeing Patton pull out of his briefcase a dog-eared copy of the Center's 1996 report, *\$5.8 Billion and Change: An Exploration of the Long-Term Budgetary Impact of Trends Affecting the Commonwealth*. The report recommended that the state balance its budget, set up a rainy-day fund, reform higher education and change its tax structure. "Beyond merely reading the report, the governor acted on it," Carson said. "I think it is fair to say that these policy changes, in fact, have become the heart of Gov. Patton's budget and policy agenda during his term of office."



Kentucky policy-makers get a far-sighted perspective from the Kentucky Long-Term Policy Research Center. Shown is the Capitol in Frankfort.

Policy-makers have received dozens of reports from the Center since it began operations in 1993. All reports are made available free of charge upon request and in a variety of formats, from news releases and research summaries to electronic versions that are available at its oft-visited Web site (www.kltprc.net). The reports have found a responsive audience in and out of state government, including a range of community and advocacy organizations.

Al Smith, who has 50 years experience in news and public service, praised the Center's reports. Smith, host of a statewide televised news program who once owned a chain of weekly newspapers, said, "I really believe in this agency. I really use them."

Smith lauded the Center for its unbiased and frank reporting on a state in transition. Reports have covered such politically touchy issues as coal and tobacco, health care, income disparities, education and taxes. "The Center does not shrink from serious problems and is able to give the best accounts of anyone I know," he said.

An early-warning system

The Center's first report released in 1994 examined the future of burley tobacco in Kentucky, a potentially vola-

tile subject in a state where tobacco has been the leading cash crop for decades. The report by Executive Director Michael T. Childress, which predicted a decline in the burley tobacco quota, quickly was on the front page of a major state newspaper and met with criticism from pro-tobacco lobbyists and legislators who questioned the veracity of its findings. While the predictions proved modest in comparison to the precipitous drop in the state's burley tobacco quota over the past three years, the report clearly anticipated what lay ahead for the state's leading cash crop.

Similarly, *Farms, Factories and Free Trade*, a 1995 report on the impact of globalization on the state's rural economies, anticipated substantial losses of low-wage, low-skill manufacturing jobs, particularly in the garment industry. The industry subsequently lost thousands of jobs and slipped from its once dominant position as the leading employer in the state. Other reports have suggested strategies for rural development, long-range budget forecasting and planning, higher-education reform, entrepreneurial development, higher standards for teacher quality and improvements in child care. Executive- and legislative-branch policy responses followed on every issue.

A national reputation

The Center has attracted attention outside the Commonwealth. Its report on the impact of retail sales over the Internet on state revenues has national importance, said Salomon Guajardo, senior professional associate for the National Education Association. Speaking of a forecasting model developed by the Center, Guajardo said, "The Center developed a powerful tool for analysts and researchers to gauge the potential sales-tax revenue that Kentucky could collect if the Internet Tax Freedom Act of 1998 was not enacted by the U.S. Congress. The model can be replicated and modified easily to satisfy consumer and market conditions in other states."

The Center has helped the Commonwealth earn national recognition from third parties that grade the states on their fiscal planning and performance. All budget units of state government are required to give "affirmative consideration" to the trends the Center outlines in its biennial report and to report on the ways they plan to address these trends.

For most state agencies, that's a tall order. The engaging 122-page 2000 trends report, *Challenges for the New Century*, touches on dozens of trends that will almost certainly influence the Commonwealth's future. Like much of the South, the report urges, Kentucky must move beyond its manual labor past into a more entrepreneurial, information technology-driven economy if it is to close income gaps. The state's economy is likely to suffer if it fails to address one of the nation's widest gulfs between the incomes of the poor and the wealthy, and the stubborn link between economic circumstances and educational achievement, access to health care and Information Age literacy. Further, the Center anticipates a range of new pressures on government, many of which are likely to come from the state's aging population. As Baby Boomers age and exert enormous pressure on federal budgets, the Center concludes, state and local governments

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should anticipate shouldering greater responsibilities.

In addition to its biennial trends reports, the Center issues a Visioning Kentucky's Future report in alternating years that gauges the state's progress on 26 goals for the state's future that were developed in a series of public meetings in the 1990s. Other state agencies, as well as a number of local and regional entities, have used the goals and benchmarks to measure their own progress.

Long before the Web became a household word, the Center anticipated a future driven and dominated by information technology. To that end, it has issued reports on the public's readiness for electronic government and on cyberspace's impact on tax revenues; it also issues periodic reports on survey data that gauge access to computers and the Internet in the state. And the Center lives by its words, making every report and publication available at its Web site and on CD-ROMs that are now distributed annually along with an index.

The Center has also earned praise for its development of the interactive Kentucky State Budget Game. The game has been used in high schools and college courses to teach users how difficult it is to meet public needs — and demands — in a fiscally responsible manner.

In spite of the positive response to the think tank's work, some complain that its reports are too long, too esoteric, and too short on policy prescriptions. These criticisms are being met with a response. Childress said, "We're responding to these criticisms by launching a new initiative that will provide lawmakers with more timely, accessible and useable information."

Nunn said plans are in the works to have the Center staff interact more with legislators to encourage lawmakers to read and digest the reports. Nunn agreed that legislators prefer shorter reports. "The Center's publications are rather intensive and more than most legislators can consume in a short pe-

riod of time," he said.

A talented staff

The Center has a small staff, including an occasional intern. The staff bring diverse skills to the challenge of communicating with the state's policymakers and residents. Childress, an alumnus of the RAND Corporation, has never seen an issue he cannot quantify, staff say. Childress inputs an enormous amount of data, runs most of his own numbers, writes articles and reports, orchestrates the Center's annual conference and other proceedings, maintains close contact with the leadership of the agency's 21-member board, and politely fields inquiries, whether from a legislator or a student with a deadline. "He is absolutely the best, a leader by example who inspires people to do good work," said senior staff member Michal Smith-Mello.

Smith-Mello has worked as a member of research teams and as a journalist and editor, serving as SGN's managing editor in 1986 and 1987. Childress is fond of saying she has a "black belt" in writing. In addition to the expanding shelf of reports and articles she has written or edited, she develops marketing tools for the Center with Childress, and edits everything from the Center's quarterly publication *Foresight* to many outgoing letters.

Legislative Research Commission alumna Billie M. Sebastian manages day-to-day business, orchestrates the scanning program, writes, edits, proofreads and maintains the Web site. Amy Watts, an economist by training, analyzes data and writes reports. Mark Schirmer, a communications specialist, compiles CD-ROMs, shoots and edits video, writes, proofreads and assists with layout. Suzanne King, a staff assistant, fields phone calls, creates layouts for publications and helps keep the agency moving.

The Center also taps experts, state agencies and university resources. It collaborates with university entities such as the Sanders-Brown Center on Aging at the University of Kentucky, the UK Center for Health Services Management and Research, UK Sur-

vey Research Center and the Martin School of Public Policy at UK. The state's leading experts write articles for *Foresight* and collaborate on studies. Both Kentucky Educational Television and a group of young Kentucky leaders collaborated on a conference last year.

Readers can learn more about the Kentucky Long-Term Policy Research Center at its Web site (www.kltprc.net), where they can access the full text of its reports and articles. Printed copies are also available upon request while they last. To request a copy of any report, contact the center via e-mail at info@kltprc.net; by phone at (800) 853-2851, ext. 19; or by writing to the Center at 111 St. James Court, Frankfort, Ky. 40601. ★

Cookie monsters that know all

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governments collect and use personal information.

Another battle has been going on in the private sector, where businesses are asking for self-regulation, while consumers are saying retailers aren't solving the problem fast enough, Moran said.

"It just isn't an easy issue," she said. "Consumer privacy strikes at the heart of what Americans want."

Elaine Rose, another senior assistant attorney general from Washington, said Congress has made strides to protect consumers, especially with the Gramm-Leach-Bliley Act of 1999. The act, also known as the Financial Services Modernization Act, requires every financial institution to put a privacy policy in writing and send that plan out to all customers by July 2001, and every year thereafter.

"There are steps being made in that vein to give consumers more control over their privacy," Rose said. "Whether it's gone far enough depends on people's perspective." ★