HOT TOPIC: Government Efficiency

Budgeting for Results

Using Private Money for Public Good

Powering Down at Public Buildings

Legacy of the Lease of Indiana Toll Road

‘Don’t Give Up on Good Ideas’

“(F)inding constant improvement, efficiencies and effectiveness has to be the mentality of those that serve in public service, because those that aren’t working to make things better are falling behind.”

—Missouri Gov. Jay Nixon, 2013 CSG National President

PLUS: Remembering Arch Lustberg
Applications for this year’s class are now being accepted. The CSG 2013 Toll Fellows Program will be held Aug. 16–21.

For more information, visit the CSG Leadership Center online at www.csg.org/leadershipcenter.
ON THE COVER
Missouri Gov. Jay Nixon, the 2013 president of The Council of State Governments, launched an efficiency initiative after his re-election. He believes technology will play a key role in helping with those efforts.

Photo by Lloyd Grotjan, Full Spectrum Photo.

MARCH/APRIL 2013

12
HOT TOPIC—PERFORMANCE-BASED BUDGETING
State leaders continue to look for new and better ways to allocate scarce resources. Many are turning to the strategy of budgeting based on performance.

18
HOT TOPIC—MEDICAID FRAUD
As Medicaid continues to grow—now the single largest component of state spending—some states have successfully combined aggressive law enforcement efforts with complex data systems to prevent fraud before it occurs.

26
HOT TOPIC—EFFICIENCIES IN EDUCATION
A new report from the Center for American Progress shows that education spending per pupil has nearly tripled over the past 40 years, but overall academic achievement remains flat.

32
HOT TOPIC—PUBLIC-PRIVATE PARTNERSHIPS
When Indiana leased its toll road in 2006, many people expected it to be the model for deals across the country. But while the state has reaped many benefits, it hasn’t been the model many expected.
hot topic | 12 PERFORMANCE-BASED BUDGETING
State leaders continue to look for new and better ways to allocate scarce resources. Many are turning to the strategy of budgeting based on performance.

16 SOCIAL IMPACT BONDS
Some states and localities are using social impact bonds to bring new money into old problems. Governments select a population and set goals.

18 MEDICAID FRAUD
As Medicaid continues to grow—it’s now the single largest component of state spending—some states have successfully combined aggressive law enforcement efforts with complex data systems to prevent fraud before it occurs.

20 STATE WORKFORCE
States took a wide variety of actions with their workforces during the Great Recession. They now face a new challenge—retirements.

26 EFFICIENCIES IN EDUCATION
A new report from the Center for American Progress shows that education spending per pupil has nearly tripled over the past 40 years, but overall academic achievement remains flat.

30 ENERGY EFFICIENCY
Alaska is one state that has found energy audits of state buildings have helped it save money.

32 TRANSPORTATION
When Indiana leased its toll road in 2006, many people expected it to be the model for deals across the country. But while the state has reaped many benefits, it hasn’t been the model many expected.

36 PRISON PRIVATIZATION
While states have been privatizing prisons since the 1980s, the jury is still out on whether such actions are successful.

38 INSPECTORS GENERAL
Twelve states have inspectors general with statewide jurisdiction and 28 states have created inspectors general offices with jurisdiction limited to specific state agencies and authorities.

features | 44 REMEMBERING ARCH LUSTBERG
Arch Lustberg, who educated many state leaders on the art of communicating through the CSG Toll Fellows program, died Feb. 8.

45 FAST FACTS ON STATE LEadersHIP
Learn more about who is leading the states.

they said it | 5 STATE OF THE STATES

regional roundup | 6 EAST

7 SOUTH

8 MIDWEST

9 WEST

in the know | 10 EFFICIENCY IN THE COURTS
Nebraska Supreme Court Chief Justice Mike Heavican says technology offers savings for the court system, as well as fair and timely justice.

by the book | 22 STATE WORKFORCE
Many states have cut the number of full-time employees over the course of the recession, but at the same time added part-time employees.

10 questions | 24 GOV. JAY NIXON
Missouri Gov. Jay Nixon, the 2013 president of The Council of State Governments, launched a government efficiency initiative after he was re-elected in November. He believes technology will play a major role in making state government more efficient.

straight talk | 40 INCREASING EFFICIENCY
Policymakers and other stakeholders share ideas on how executive and legislative branch officials can partner to increase efficiency in state government.

stated briefly | 42 AFFILIATE & ASSOCIATION NEWS
News from The Council of State Governments and its affiliates

how to | 46 MAKE THE MOST OF STATES PERFORM

on the road | 47 UPCOMING MEETINGS

shout out | 48 NORTH CAROLINA ASSOCIATE JUSTICE Cheri Beasley
North Carolina Associate Justice Cheri Beasley, a 2012 CSG Toll Fellow, learned the value of public service from her mother. She saw the obligation to make a difference, and knows her current role on the North Carolina Supreme Court will impact the lives of many people.
“It was the best of times, it was the worst of times.”

That’s not just the phrase that opens the classic novel, A Tale of Two Cities, it is also an apt phrase for state government in 2013. Since the economic downturn of 2008, most states have found decreased revenues, increased caseloads and a myriad of other challenges brought on by economic instability and sluggish growth. And yet, these challenges have created new opportunities. While recent history has been among the most trying of days for the states, it also has been among the most robust for innovation and enhanced efficiency in government.

Most of us can agree the federal government isn’t getting the job done. The fiscal cliff, the sequester, the endless kicking the can down the road, and the entrenched partisanship and polarization have rendered Washington impotent. While D.C. may not be able to find a way to address the challenges facing our nation, it is clear that state leaders are finding new and creative ways to solve problems. It is clear to me, Washington needs to get out of the way and give states the flexibility they need to efficiently and effectively deliver government services.

In this issue of Capitol Ideas, we are showcasing many states and state leaders who have spurred innovation and been catalysts for creativity. The CSG 2013 national president, Missouri Gov. Jay Nixon, shares his experience in bringing new efficiencies to state government and we share success stories in how many states are saving money, reducing fraud and waste, and doing more with less. That’s the magic of the states—they really do serve as laboratories for new solutions that work. In state capitols across the country, leaders are coming together to serve the common good—something our friends in Washington could learn to emulate.

For 80 years CSG has served as the forum of choice for state leaders to learn from each other and to share their own success stories. We are proud of our history and the results our members have achieved. In addition to policy expertise, CSG also has a big stake in leadership development.

Our premier leadership development program is named for our founder, Colorado state Sen. Henry Toll. Each year we assemble a class of outstanding state officials from all three branches of state government. Applications for this year’s class are now available at www.csg.org.

I was honored to be named a CSG Toll Fellow in 1993. One of the great highlights of that experience was the opportunity to meet and learn from a remarkable man, Arch Lustberg. Mr. Lustberg taught at our national and regional leadership programs and consistently earned the highest of praise from state leaders trained by him. Arch passed away last month after a long and wonderful life. We remember him in this issue but we won’t soon forget him.

Most state leaders ran for office because they wanted to make a difference. The past several years have been tough. They have required discipline, intelligence and persistence and most states are not out of the woods yet. Platitudes and slogans will not solve the problems facing our states. Ignoring the problem, delaying action or playing the blame game doesn’t get the job of governing done either.

But authentic leaders committed to finding new ways, willing to look beyond the entrenched interests, and willing to serve the common good are making choices that will allow their states to emerge from this economic crisis stronger and more efficient. These are the leaders who are reinventing state government and from the crisis finding a silver lining. The work may not always bring them popularity but it does bring them the satisfaction of knowing they did make a difference.

Every state makes a small contribution to support CSG. They choose to invest in CSG because they know through CSG, they can accomplish more than any one state can achieve on its own. CSG is the manifestation of government efficiency. And we are honored to play the role of helping states come together to find and craft solutions that work.
“Fiscal discipline is not the enemy of our good intentions but the basis for realizing them.”

—California Gov. Jerry Brown, in his Jan. 24 address, discussing the need for the state to live within its means and not begin programs only to cut them when funding disappears, as stated in prepared text on the governor’s website.

“… (F)or government to be effective, we must be trusted and the more we’re trusted, the more effective we are. …”

—New York Gov. Andrew Cuomo, in his Jan. 5 address, discussing the need to reform government and build relationships with New Yorkers, as stated in prepared text on the governor’s website.

“Maybe the folks in Washington, in both parties, could learn something from our record here.”

—New Jersey Gov. Chris Christie, in his Jan. 8 address, discussing the successes brought by state leaders working together to address the state’s problems, according to nj.com.

“With all of the subjects we tackle at this Capitol, we must recall that facts and figures and spreadsheets never tell the whole story.”

—Arizona Gov. Jan Brewer, in her Jan. 9 address, discussing the need for state leaders to work together and remember the people they serve, as stated in prepared text on the governor’s website.

“Opportunity is too important to leave to chance. Opportunity requires growth. And growth requires investment.”

—Massachusetts Gov. Deval Patrick, in his Jan. 16 address, discussing the need for the state to invest in education, innovation and infrastructure, according to a transcript of his speech at the WBUR website.

“Few of us would deny that our government structure is outdated, broken and does not well serve the citizens of South Carolina.”

—South Carolina Gov. Nikki Haley, in her Jan. 16 address, announcing she would only propose two major changes in state government this year, according to a transcript of her speech on The State website.
SUPREME COURT
The Connecticut General Assembly in January confirmed the state’s first openly gay Supreme Court justice, The Connecticut Mirror reported. The Connecticut Senate and House of Representatives overwhelmingly confirmed Andrew J. McDonald, a former state senator. He is one of three justices appointed to the state Supreme Court over the past 40 years without previous lower court experience. Prior to his confirmation, McDonald served as Gov. Dan Malloy’s general counsel.

HEALTH ENTERPRISE ZONES
Maryland Lt. Gov. Anthony Brown announced in January five areas in the state designated as “health enterprise zones.” The zones are part of a $16 million project, created through 2012 legislation, to bring health care to the poor. Reducing health care costs, improving access to care, and reducing racial and ethnic health disparities are some of the program’s goals, The Baltimore Sun reported. The five zones will be West Baltimore, Annapolis, Capitol Heights, Greater Lexington Park and Dorchester-Caroline counties.

REVENUE REVIEW
New Hampshire Gov. Maggie Hassan in January created the Consensus Revenue Estimating Panel via executive order. The panel will be tasked with developing and updating revenue estimates throughout and after the budget process. The governor’s budget director, Gerald Murphy, will lead the panel, which will be made up of both government and nongovernment officials.

GUN SAFETY
Maine Rep. Paul Davis in January introduced a bill that would require public schools to offer gun safety courses. Davis said the bill would give students the opportunity to learn how to properly and safely handle firearms. At least three previous attempts to pass a similar requirement for gun safety courses in public high schools have been made, according to the Sun Journal in Lewiston.

TAX INCREASES
Massachusetts Gov. Deval Patrick in January unveiled his proposed 2014 fiscal year budget containing $1.9 billion in tax increases. Under the proposal, income taxes would rise to 6.25 percent, up 1 percent from the current rate. In addition, Patrick’s budget calls for the repeal of the sales tax exemption on candy and soda and an increase in the cigarette excise tax, according to a press release from Patrick’s office.

In his Jan. 17 state of the state address, Delaware Gov. Jack Markell unveiled several proposals aimed at increasing mental health services for children. Markell’s proposals were based on recommendations from Lt. Gov. Matt Denn and Vivian Rapposelli, secretary of the Department of Services to Children, Youth and their Families. The governor tasked the duo with studying ways to improve mental health services.

Markell touted the state’s ongoing efforts to combat youth suicides by mentioning its collaboration with the Johns Hopkins School of Medicine to offer training to high school faculties in detection and prevention of depression in teenagers. While Delaware’s high schools provide mental health services and some elementary schools have family crisis therapists, state middle schools severely lack mental health resources, according to Markell.

“Only three of our state’s middle schools have full-time professionals responsible for the mental health needs of students at that critical age,” Markell said. “I propose a tenfold increase in the number of trained, front line mental health personnel in our middle schools.”

The proposal called for the placement of more behavioral health consultants in middle schools by September 2013, The News Journal of Dover reported.

Markell also proposed allowing Medicaid and CHIP programs to reimburse for consultations between pediatricians or family doctors and child psychiatrists.

Proposals for increased long distance technology-based mental health services were also on Markell’s agenda.

“Let’s also invest in long-distance mental health services provided through technology like Skype. Telemedicine like this can help get kids services without waiting for weeks for appointments,” Markell said.

“Simple investments like these can make a real difference in a child’s life.”
The South

CHARTER SCHOOLS
South Carolina jumped 13 spots in relation to the strength of its charter school laws, The Post and Courier of Charleston reported. It’s now ranked 12th in the nation. The rankings are released by the National Alliance for Public Charter Schools, which evaluates states based on the 20 essential components from its model law. Those components include measuring quality and accountability, equitable access to funding and facilities, and limited caps on charter school growth.

NURSING GRANTS
Texas State University received a $2 million private grant to help establish a master’s degree in nursing program. University officials hope the program will increase the number of nurse practitioners, which are in high demand in the Lone Star State due to a shortage of health care providers. According to The Austin American-Statesman, university officials plan to graduate 38 nurses with master’s degrees each year after putting them through a 21-month, five-semester program for registered nurses that already have bachelor’s degrees.

MENTAL HEALTH FUNDING
In his state budget proposal, Missouri Gov. Jay Nixon asked for $10 million to help mentally ill residents receive timely and effective treatment. The Columbia Missourian reported the majority of the funding would be put toward an emergency room diversion project that would be tested at seven hospitals around the state. According to the state Department of Health, approximately 1,100 people could be helped through the program each year.

JUVENILE JUSTICE
The Louisiana Juvenile Justice Implementation Commission said more funding from the state and local level is needed for the state’s juvenile justice system, which has seen large budget cuts in recent years, The Times-Picayune reported. A report by Louisiana State University’s Institute for Public Health and Justice praised the state’s efforts to revamp its juvenile justice system. Despite the progress, the report noted, problems remain, including how local courts deal with low-risk status offenders, such as children who skip school. The report noted a need for accessible mental health programs and more supervision or other programs to help juveniles once they are released from long sentences.

TUITION COSTS
Florida Gov. Rick Scott has proposed new legislation aimed at keeping tuition costs steady for the state’s students, The Miami Herald reported. The proposal—known as Finish in Four—aims to encourage students to complete their degrees in four years by freezing tuition costs during that time. Universities would have the flexibility to determine which degrees may take longer than four years to complete and offer an extended guarantee. Scott also has challenged Florida colleges and universities that award four-year degrees to offer at least one degree at $10,000.

Virginia Task Force Recommends Initiatives to Improve School Safety

A 45-member school safety task force in Virginia has submitted recommendations intended to decrease the risk of violence at state schools and college campuses, according to the Richmond Times-Dispatch.

The 45-member Governor’s Task Force on School and Campus Safety recommended strengthening the state’s penalties when legal gun buyers knowingly purchase weapons for people who can’t pass background checks. The proposal adds a one-year mandatory prison sentence for the purchaser and a 10-year prison term for the intended recipient if the deal involves multiple weapons. State Attorney General Ken Cuccinelli noted that Project Exile, a federal program requiring five-year minimum sentences for gun possession by felons, helped stem gang violence in Richmond in the 1990s.

The task force voted to recommend creating a new criminal offense for people who take guns or explosives into schools with the intent to do harm. Such an action would be a class 3 felony, punishable by five to 20 years in prison.

The group also will be examining the issue of armed security guards in school buildings, and is expected to make a recommendation addressing the issue—along with other long-term policy-oriented suggestions—by the end of spring.

To learn more about these and other developments in the Southern Region, visit: capitolideas.csg.org and www.slcatlanta.org.
GOVERNOR’S RESIDENCE
The North Dakota legislature is considering a bill to authorize construction of a new governor’s residence, The Bismarck Tribune reported in January. House Bill 1379 would allocate $3 million from the Capitol Building Fund to build a new governor’s residence and conference center on the capitol grounds. The bill also would allow money from other sources, including private donations, to help pay for construction. The current governor’s residence was built in 1960.

NEWBORN HEART SCREENINGS
Nebraska Sen. Jim Smith has sponsored a bill requiring newborns to undergo congenital heart screenings. Hospitals would be required to collect and report test data, the Lincoln Journal Star reported in January. The screenings would cost more than $140,000 in the state’s next two-year budget. The bill would set up a panel of experts to develop the potentially life-saving screenings as well as educational materials.

GUN PERMITS
The South Dakota House Local Government Committee in January rejected a bill that would have allowed residents to carry concealed weapons without state permits, The Associated Press reported. The bill also would have prohibited police from searching or detaining people just for having a pistol or revolver.

TAX BREAK
Both chambers of the Iowa legislature have proposed measures to issue an income tax credit to every taxpayer in the state, according to the Des Moines Register. The proposals call for dividing Iowa’s estimated $800 million budget surplus among taxpayers. According to Senate Republicans, the credit would be $375 for individuals and $750 for couples filing jointly.

BANKRUPTCY FILINGS
Wisconsin bankruptcy filings were down for the second consecutive year in 2012, the Milwaukee Journal Sentinel reported in January. Filings decreased 7 percent in 2012 as compared to 2011. The number of filings fell to 25,012, down from 26,923 in 2011. The number of filings nationally fell by 14 percent in 2012 over 2011, according to the American Bankruptcy Institute.

Indiana Looks to Improve College Readiness
Indiana’s House Education Committee in January passed a bill that would tie college financial aid to state exam performance, The Indianapolis Star reported. The goal of the bill, sponsored by Rep. Ed Clere, is to reduce the number of students entering college who are not prepared.

“The fundamental problem we are trying to address is a question of readiness,” said Clere. “We’re finding far too many students are arriving at college requiring remediation.”

Under the bill, students who fail state exams would no longer be entitled to receive state grants, scholarships or aid beginning in fall 2014. The bill would protect financial aid for students in special education.

The bill also would provide much needed assistance to academically struggling students. A system would be developed by the state Board of Education, Indiana’s Education Roundtable and other state agencies to pinpoint high school juniors in danger of failing the algebra 1 and English state exams required for graduation.

Those identified as potentially failing juniors would be given a placement exam that colleges use to assess incoming freshman. Any student showing an area of concern based on the exam would be required to attend remediation classes during his or her senior year of high school. This practice is already in place in the Indianapolis Public School system, according to The Indianapolis Star.

By assessing students early and offering remediation while they’re still in high school, the program’s goal is not only to better prepare students for higher education, but also to reduce their potential debt. Those students who are told they need college remediation often have to use student loans to pay for those noncredit bearing classes, according to Dan Clark, executive director of the Indiana Education Roundtable.

Students who fail the placement exam will have access to free adult education courses to help them reach their goal of passing the test. Once students pass the test, their access to aid will be re-established.

To learn more about these and other developments in the Midwestern Region, visit: capitolideas.csg.org and www.csgmidwest.org.
CAMPAIGN FINANCE
Arizona Sen. Steve Gallardo in January introduced a bill that would make certain violations of campaign finance laws felony offenses, The Arizona Republic reported. Senate Bill 1195 would make the knowing violation of independent expenditure law a Class 5 felony, punishable by a maximum prison sentence of two and a half years. The law would apply to offenses involving contributions of $25,000 or more.

ILLEGAL IMMIGRANTS
Colorado’s Senate Education Committee in January passed a bill that would allow illegal immigrants to receive in-state tuition. Senate Bill 33 says students who graduate from high school and have attended a state school for at least three years would qualify to receive the in-state tuition rate regardless of their immigration status, according to The Denver Post.

INFORMATION SHARING
Utah began sharing information on the mentally ill with the federal government through the National Instant Background Check System in January, The Salt Lake Tribune reported. The state had previously kept its own list of those prohibited from purchasing a firearm within the state and would provide only a name to the federal database.

PRISON REOPENING
During his January state of the state address, Hawaii Gov. Neil Abercrombie announced plans to reopen Kulani Correctional Facility by July 1, 2014. The prison was closed in 2009 after the previous administration determined it was not fiscally responsible to keep it open, Hawaii News Now reported. The reopening of the minimum security facility would create more than 90 new jobs.

PENSION FUND
Oregon’s public pension fund yielded investment returns in excess of 14 percent in 2012, The Oregonian reported in January. The system had reported a $16.3 billion actuarial deficit at the end of 2011. With the 2012 investment gains, the fund still has a deficit of almost $14 billion. In addition to the deficit reduction, the fund’s total assets are more than $61 billion, their highest level since the global financial crisis, according to the office of Treasurer Ted Wheeler.

Idaho Attorney General Seeks Funds to Fight Child Pornography
Idaho Attorney General Lawrence Wasden teamed up with state police in asking the legislature for $2 million in funding to help increase enforcement against child pornography crimes, The Associated Press reported.

During testimony to the House Judiciary and Rules Committee in January, Boise Police Detective Tim Brady told lawmakers the money would strengthen the state’s Internet Crimes Against Children Task Force. The task force is an alliance of local, state and federal law enforcement and prosecution agencies focusing on those who criminally exploit children using the Internet.

The task force, which receives $220,000 in federal funding each year, is part of a national law enforcement network partially funded by Congress through the U.S. Department of Justice. That money only covers one full-time and one part-time administrator within the office of the state attorney general.

Under the proposal, a 14-person investigative team would be assembled to address cases where highly trained computer skills are needed. According to Brady, law enforcement personnel abandon many suspected child pornography leads they get due to lack of resources.

An estimated $1.1 million of the $2 million in funding would come from a $20 increase on misdemeanor and felony conviction fees. The rest would come from tax dollars.

Idaho courts have recommended a study of the potential impact of fee increases, citing the fact that offenders already have a difficult time paying fees they owe now. The fee collection rate is only 48 percent for felonies and 79 percent for misdemeanors, according to AP.
TECHNOLOGY OFFERS
SAVINGS, FAIR AND TIMELY JUSTICE

The core mission of all courts is the delivery of justice in a fair and timely manner. Justice may be as mundane as paying a traffic fine or as significant as protecting the constitutional rights of an accused in a capital case. Increasingly, “fair and timely,” both in paying those traffic fines and in protecting the rights of the accused, depends on technology.

Twenty-first century citizens have an expectation that government services will be available online. Courts have no exemption from this expectation and must adapt to provide more direct services through the use of technology. Electronic filing of court cases, the ability to review court documents online 24 hours a day, seven days a week, and the ability to pay fines or court judgments online fit the expectations of today’s court consumer. At the same time technology, used creatively, allows court staff and judges to perform administrative functions from remote locations and speeds the processing of routine matters.

In Nebraska and many other states, electronic filing of cases is available in all trial courts, which means the courts are effectively available outside the traditional hours of 8 a.m. to 5 p.m. Filings can be made from any location and documents are available to view, thus eliminating the need for travel, postage and phone calls. Also, judges are becoming adept in the use of videoconferencing for many types of hearings, which saves court time as well as the time of law enforcement personnel, litigants and lawyers.

And one of the biggest challenges most state courts are facing in the 21st century is how to provide language access to those seeking justice who do not speak or understand English. How does a court in rural America provide interpreter services in Dinka, Somali, Farsi and K’iche? The answer is likely to involve sophisticated technology. Interpreters can provide remote translation using computers, cell phones, videoconferencing and other electronic services, unavailable even a decade ago. In such circumstances, technology is a win/win situation. Litigants, witnesses, judges and lawyers are better served by having increased access to certified, professional interpreters and the courts’ budgets are not depleted in paying for costly travel or waiting time.

Courts have just begun to exploit the potential for improving service and access with technology. Justice in a fair and timely manner will be enhanced as we use that technology wisely and imaginatively.
More with Less

Efficiency isn’t just about cuts. Missouri Gov. Jay Nixon, the 2013 president of The Council of State Governments, said saving money through operating more efficiently allows state governments to invest those resources in other programs that can make a difference. States are looking at a number of government efficiency options, such as spending money where it’s most effective through performance-based budgeting, making government buildings more efficient and ensuring tax dollars are spent effectively.

IN THIS SECTION

12 Performance-based Budgeting
16 Social Impact Bonds
18 Medicaid Program Integrity
20 State Workforce
22 By the Book—State Workforce Cuts
24 10 Questions—Gov. Jay Nixon
26 K–12 Efficiencies
30 Energy Efficiency
32 Public-Private Partnerships—Transportation
36 Public-Private Partnerships—Prisons
38 State Inspectors General
40 Straight Talk—Partnering for Efficiency
As budgets remain strained, state leaders continue to look for new and better ways to allocate scarce resources. While performance-based budgeting is not a new strategy, some states are giving the concept a closer look.

“In recent years, there has been renewed interest in performance-focused strategies, largely because of frustrations from the recession. State leaders had to make painful cuts, and were often frustrated that they couldn’t determine what current programs were accomplishing and which ones produced the greatest returns on investment for citizens,” said Gary VanLandingham, director of Results First, an initiative the Pew Charitable Trusts and the John D. and Catherine T. MacArthur Foundation created to assist states with implementing a cost-benefit approach to policy decisions.

South Dakota has seen some of the benefits and Sen. Phyllis Heineman is hoping for more. She has co-sponsored legislation this year to create a systematic process for the performance management review of state agencies.

“We’re seeing the power and the possibilities of results-based management in some of our agencies, like the department of education and in the area of criminal justice,” she said. “It’s really about a shift in the culture of government—thinking about outcomes instead of just focusing on the process.”

MANAGING FOR RESULTS
ANNAPOLIS, MD.— Maryland’s Department of Budget and Management, in coordination with the office of Gov. Martin O’Malley, left, publishes a Managing For Results comprehensive plan that outlines the administration’s priorities and goals and how progress will be measured against those goals.

© AP Photo/Steve Ruark
Senate Bill 231 establishes a procedure to provide the legislature with a consistent system to evaluate the efficiency and effectiveness of state agencies and to provide additional government transparency to the public. “This piece of legislation was introduced to move the conversation forward in South Dakota, to move us toward more evidence-based decision making and put a focus on accountability for performance,” said Heineman.

Sen. Larry Tidemann, who serves as chair of Government Operations and Audit Committee and as the vice-chair of Appropriations Committee, has introduced a companion bill. Senate Bill 131 would require each agency’s budget report to include performance metrics that actually measure outcomes and tie those outcomes to how money is allocated.

**Managing for Results**

While South Dakota is just beginning to explore performance management at the state level, Maryland has embraced the practice for nearly two decades. In 1997, then-Gov. Parris Glendening appointed an interagency steering committee, which developed a strategic planning and performance measurement approach to management and budget called Managing for Results.

Maryland’s Department of Budget and Management, in coordination with the governor’s office, publishes a Managing For Results comprehensive plan that outlines the current administration’s priorities and goals and how progress will be measured against those goals. That plan focuses on desired outcomes and emphasizes the use of resources to achieve measurable results, accountability, efficiency and continuous improvement in state programs.

“Our department monitors all of the performance areas identified in the plan—linked directly to the governor’s priorities—to determine the progress the state is making toward our goals,” said Rachel Monks, a policy analyst for the department.

But Maryland doesn’t just measure agency performance—the state takes it to the next level by tying those measures to the budget. The Department of Budget and Management requires agencies to include in their annual budget requests their overall agency missions, visions, key goals and performance measures, as well as the missions, goals, objectives and performance measures for every program in their agencies. That information is then integrated into the budget process.

“Performance measures are a key tool we use when analyzing agency budget requests, and performance data is considered when making budget recommendations,” said Monks.

Every state measures outcomes in at least some agencies, but fewer have a statewide strategic plan to measure outcomes across all agencies. Even fewer relate those outcomes to the budget. “Unquestionably, there has been a steady trend over the last decade toward the development of performance measures aimed, in large part, at seeing where the money is going and if you are getting the results you want,” said Richard Greene, a nationally recognized expert on performance management. “That being said, there is not a lot of evidence that those performance measures are being used to directly influence budget decisions.”

That is likely because moving to a performance-based model is a big task that takes time and resources. “It’s not easy to do and do well,” said VanLandingham. “It takes time, expertise and resources to implement a statewide system. Some states may try to do this on the cheap, but that won’t work. You have to really invest...
in the process and it’s not something you can just jump into or do overnight.”

Creating Success
Monks said one reason her state’s program has been successful is that the state didn’t rush the process.

“We phased it in over several years,” she said. “The first year, we required agencies to identify department level missions and goals. The next year, we required the identification of missions, goals and objectives at the program level. By the third year, we had outcome data coming in that were considered when creating the governor’s budget.”

In many cases, states aren’t collecting the kind of outcome data they need and switching to an outcome-oriented data collection system from an output-oriented system can be challenging.

“A good performance management program will typically lead a state to collect data they don’t currently collect,” said VanLandingham. Monks agrees.

“Engaging in this process definitely changed the kind of data we collect,” she said. “We used to only measure inputs and outputs instead of outcomes, so we didn’t really know how we were doing—if we were really meeting our goals. The outcome data provides us with a

Performance Measures

The Government Finance Officers Association recommends states develop and use program and service performance measures as an important component of long-term strategic planning and decision-making, which should be linked to governmental budgeting. Performance measures should:

• Be based on program goals and objectives that tie to a statement of program mission or purpose;
• Measure program outcomes;
• Provide for resource allocation comparisons over time;
• Measure efficiency and effectiveness for continued improvement;
• Be verifiable, understandable and timely;
• Be consistent throughout the strategic plan, budget, accounting and reporting systems and, to the extent practical, be consistent over time;
• Be reported internally and externally;
• Be monitored and used in the managerial decision-making process;
• Be limited to a number and degree of complexity that can provide an efficient and meaningful way to assess the effectiveness and efficiency of key programs; and
• Be designed in such a way to motivate staff at all levels to contribute toward organizational improvement.
much clearer picture of how we are performing—which we are achieving with the money we are investing.”

Another major challenge to implementing a performance-based budgeting process is getting everyone involved on board.

“Getting buy-in from all of the agencies and making sure they understand the process is very important,” said Monks.

Maryland focused on education when it moved to its performance-based practice to ensure the rollout went smoothly.

“We partnered with a state university to train our people in identifying appropriate outcomes, how to measure them and how they relate to the budget process,” said Monks. “Once agency leaders had a better understanding of the concept of performance measurements, they came to recognize its value over time.”

Any major shift in state strategies or procedures can be stressful, but particularly so when it is related to evaluating performance.

“Agencies can be fearful of this process because it sounds like ‘if we don’t meet our targets, our budget will be cut,’ which really isn’t the point,” said Greene.

He prefers the term “performance-informed budgeting” rather than “performance-based budgeting.”

“When you use the term ‘performance-based,’ it connotes that it is something formulaic—something rigid. How much money we get will be based on how well we perform. But performance-informed budgeting implies that money is allocated to places where it will be used in the most effective way to improve results.”

Setting an Example

Along with Maryland, Washington has been at the forefront of the movement toward performance-based or performance-informed budget strategies. The Washington State Institute for Public Policy, a nonpartisan center established by the legislature, has developed a sophisticated method to assess the costs and benefits of potential policy options using performance-focused measures.

According to VanLandingham, the Results First initiative provides assistance to states to help them adopt and apply Washington’s methods to their own policies and programs, using a cutting-edge approach that uses the best national research and state-specific data to identify and compare the return on investment that a state could achieve by funding alternative programs.

“The state’s cost-benefit model helps legislators move beyond anecdotes to make budget and policy decisions based on evidence and to take on a more long-term perspective,” said VanLandingham.

This is particularly true in the area of criminal justice. For example, in the mid-1990s, Washington started using a model that calculates the potential return on investment of certain policy options and ranked the projected benefits, costs and risks of programs related to criminal justice. That model was then used to make decisions about how much Washington should invest in certain crime prevention and treatment programs.

The result was a savings of $1.3 billion for each two-year budget cycle, eliminating the need to build new prisons and making it possible to close an adult prison and a juvenile detention facility.

“But the program isn’t just saving money,” said VanLandingham. “By spending its criminal justice budget more wisely, Washington has also seen a greater improvement in crime rates and juvenile arrest rates than the national average, enabling it to improve public safety while also saving taxpayer dollars—a win/win for citizens.”

Those results illustrate the benefits of focusing on outcomes when planning and paying for, state programs, which is important, according to Heineman.

“We have to make sure that when we speak of government being efficient and effective, it’s not just rhetoric, it’s reality,” she said. 

“Better results, less cost”

Source: Results First, an initiative the Pew Charitable Trusts and the John D. and Catherine T. MacArthur Foundation

OPEN TO IDEAS

OLYMPIA, WASH.—Washington Gov. Jay Inslee, in photo at left, said during his first press conference as governor that he was open to many ideas as the legislative budget process began in January. Washington has long been a leader in performance-based budgeting. © AP Photo/Rachel La Corte

“We have to make sure that when we speak of government being efficient and effective, it’s not just rhetoric, it’s reality.”

—South Dakota Sen. Phyllis Heineman
More than 3,000 adolescents go through Rikers Island prison in New York City each year. Half of them will reoffend and end up back in prison within a year after their release.

That’s an expensive problem. According to the Vera Institute of Justice, each inmate cost New Yorkers an average of $60,000 in 2012.

In January 2013, Rikers Island kicked off a new program called the Adolescent Behavioral Learning Experience, aimed at reducing the number of 16- to 18-year-olds who reoffend.

“What we’re doing is a form of cognitive behavioral therapy,” said Kristin Misner, chief of staff to New York City’s deputy mayor for health and human services. “There’s been tons of research done in the criminal justice arena around the use of cognitive behavioral therapy to reduce recidivism for offenders.

“It helps kids realize the choices they make have consequences and results. They can make different choices; they are not victims of circumstance. They can take control and ownership of their lives so when they leave Rikers, it makes them think more about the structured decision making that leads to positive outcomes for them.”

New York City is paying for this $9.6 million, four-year program by becoming the first entity in the country to enter into a social impact bond. It’s a new financial tool that may be able to make an impact of some of the country’s most intractable problems.

What It Is

Proven, effective programs that save money for states or local governments in the long run can be hard to finance, said Kristina Costa, research assistant and leader of the social impact bond work at the Center for American Progress. Sometimes the people a program targets are politically unpopular, Costa said, and sometimes it takes time to see the program’s effects.

Social impact bonds are a way to bring new money into old problems. Costa said governments select a population and set goals—such as creating a 10 percent reduction in the number of homeless people sleeping on the street six months or more—and decide they’re willing to pay for the results.

An outside group, called an intermediary, sets up the contract language, finds investors willing to finance the project and manages the service providers. The government repays the money only if the goal is met, as judged by an independent evaluator. If the program works better than anticipated, the funder earns a small profit on its investment.

“Foundations were really an early supporter of this,” Costa said. “It’s a recognition they don’t have enough money to solve all the problems. This is a way to bring private capital into the public good.”

Goldman Sachs is funding the Rikers Island project. If the project can reduce adolescent recidivism by 10 percent, which would allow the prison to close a wing, Goldman Sachs will earn its money back. If the project reduces recidivism more, the bank will earn a profit, topping out at slightly more than $2 million for a 20 percent or more reduction.

“We invest the firm’s capital in what we think of as double bottom line investments, those that have both social and financial returns,” said Andrea Phillips, vice president of the Urban Investment Group at Goldman Sachs.

Because New York’s bond structure will not pay a return unless recidivism is reduced a minimum of 10 percent, Bloomberg Philanthropies provided a $7.2 million grant to the intermediary that will limit Goldman Sachs losses should the project fail.

Phillips said it was important to the bank to have that reassurance, or credit enhancement, since this deal is the first of its kind in the United States.

“I hope the need over time for credit enhancement will decrease as use of these financial instruments becomes more commonplace,” Phillips said. “We wouldn’t have done it if we didn’t think it would work. Our real hope, in part spurred by our investment, is that other folks become interested in making similar types of investments that can really open up a new pool of capital for social interventions.”

It’s Not for Everyone

Misner and Costa stressed that while social impact bonds may be good financing tools for some social ills, they won’t work in every situation. Costa said the interventions need to actually save money—not just prevent bigger expenditures in the future—or a short period of time. While preschool education may have many benefits, especially for at-risk youth, she noted, those benefits are spread out over the child’s lifetime.

“I will say it is a tool in the toolbox,” Misner said. “If there are programs we know 100 percent are going to work, this is not the right tool to use. The government will fund that for themselves.

“There has to be a sweet spot where there is sufficient evidence an intervention is likely to work, but not enough confidence on either the budget or city side to spend new dollars when the city or state is already spending money on treatment.”

George Overholser, CEO of the intermediary firm Third Sector Capital Partners, said social impact bonds will not be constrained by money in the marketplace, but rather by interventions that are scalable and proven. His company is working with Massachusetts on a bond that targets reducing the number of nights in prison for young people aging out of the juvenile corrections and probation systems.

WHO’S CONSIDERING SOCIAL IMPACT BONDS?

New York City isn’t the only governmental entity looking at social impact bonds. Here are some of the other bonds being crafted.

Fresno, Calif.: The California Endowment is financing a bond to reduce asthma rates.

Massachusetts: The state is finalizing contracts to confront chronic homelessness and provide support for youth aging out of the juvenile corrections and probation systems.
“The reason people like it (social impact bonds) is because it combines an evidence-based way of reaching social goals with an economical way of saving taxpayers money at the same time. For a long time, there used to be a tradeoff. This way, we can be both progressive and frugal at the same time and that’s attractive to people.”

—George Overholser, CEO, Third Sector Capital Partners
Texas Sen. Jane Nelson has one word to describe what she saw as abuse of her state’s Medicaid system—infuriating.

An investigation in 2012 revealed that between 2008 and 2010, Texas spent $424 million on medically unnecessary orthodontic braces for Medicaid recipients, more than was spent on braces by all the other states combined. In total, the Texas inspector general identified more than $6 billion in fraud and waste in the program from 2004 to 2011.

“We can’t afford to be losing a single dollar—let alone this amount,” said Nelson, who chairs the Texas Senate Health and Human Services Committee. “Under the current system, all too often we uncover systemic abuse weeks or months after services have been delivered and money has left the treasury.”

So she and Lt. Gov. David Dewhurst have introduced Senate Bill 8 to further enhance the state’s fraud control system.

“Senate Bill 8 will focus more attention on claims data much earlier in the process and before the damage adds up into the hundreds of millions, as we are unfortunately seeing today,” she said. “Senate Bill 8 will help to punish the criminals who are stealing from our most vulnerable citizens, making the system better for us all.”

A National Problem

Nationwide, the improper payment rate for Medicaid—an important indicator of potential fraud—is 7.1 percent. That number has fallen from 10 percent in 2008, but Medicaid fraud still cost the federal government more than $19 billion in 2012, according to the Centers for Medicare and Medicaid Services. That doesn’t include the billions states paid out to cover up to 50 percent of the costs for every Medicaid payment, depending on match rate. The CMS refuses to make its list of state-by-state payment error statistics publicly available, which limits the public’s understanding of the state-specific nature of the problem and hampers state legislative oversight.

The problem could continue to grow if left unchecked.

Medicaid has surpassed education as the single largest component of state spending, according to the National Association of State Budget Officers. Ballooning Medicaid costs threaten the ability of states to meet critical needs in education, infrastructure and other important areas. To put the problem of Medicaid fraud in perspective, more money is lost annually through payment error than is spent by the federal government each year on the Temporary Assistance to Needy Families, the nation’s primary welfare program.

The scope of the problem depends on the state. Some states have achieved error rates of 2 percent, while others have exceeded 30 percent, according to the CMS.

Some states have successfully combined aggressive law enforcement efforts driven by Medicaid Fraud Control Units housed within attorneys general offices with complex data systems and screening procedures to identify suspicious payments and prevent fraud before it occurs. Others rely largely on so-called “pay and chase” methods to catch fraud after the fact.

The Texas legislature created the Office of the Inspector General within a reorganized and strengthened Health and Human Services Commission in 2003 as a way to address fraud. The system created a new authority with strong investigative powers, direct accountability to the governor and clear legislative oversight. Since 2003, the inspector general claims to have saved the state more than $4.6 billion both through fraud prevention and through recovery of improper payments.

That reform effort born in Austin soon found its way to Albany, N.Y.

Sen. Kemp Hannon, chair of the New York Senate Health Committee, said his state was losing billions through Medicaid fraud and invited the Texas inspector general to testify.

Hannon and Senate Majority Leader Dean Skelos subsequently led a successful effort in 2006 to pass the most sweeping Medicaid fraud legislation enacted by any state to that date. The legislation created an independent Medicaid inspector general and
made new investments in a host of data systems and procedures designed to expand the scrutiny of claims before they are paid.

“The results were staggering,” Hannon said. The inspector general recovered more than $1 billion in the first few years, Hannon said. The target for savings in the 2014 fiscal year, he said, is $1.1 billion, including $809 million in cost avoidance.

“The key to our success was making the IG independent and directly accountable to the governor,” said Hannon.

New York is one of the few states that provide a hard estimate of the dollar amounts saved from preventing fraud on the front end. This type of data is essential for allocating resources to the most effective strategies to weed out improper payments, such as systems to check providers against national lists of providers banned from Medicare and to check to see if patients are eligible for care from other insurance providers.

According to Hannon, who was appointed to Gov. Andrew Cuomo’s Medicaid Redesign Team in 2011, the state is now focusing on ensuring vigorous fraud oversight in managed care as part of a larger Medicaid reform effort designed to save $17 billion over the next five years.

Evidence For Reform

While the federal government is helping states address Medicaid fraud through increased funding and staff training, the New York and Texas experiences demonstrate that there is no substitute for legislative leadership for forging state-specific solutions. Until recently, individual state reform efforts were largely disconnected and lacked a comprehensive resource to highlight evidence-based reform ideas.

In January, The Pew Center on the States launched an aggressive effort to meet this important need.

Drawing on reports from the CMS, Pew has built a database, available at www.pewstates.org/Medicaid-fraud, that makes it simple to learn about anti-fraud and abuse strategies used in a specific state or at different stages in Medicaid’s interactions with providers and patients. The Pew database centralizes hundreds of anti-fraud and abuse practices, including policy approaches from 49 states and the District of Columbia.

“States have identified hundreds of promising anti-fraud and abuse practices,” said Kavita Choudhry, research manager for the State Health Care Spending Project. “Our aim is to make it simple for lawmakers to learn about these strategies and take steps to ensure that more of their Medicaid dollars go toward care that improves patients’ health.”
States took a wide variety of actions with their workforces to try to rein in costs after the Great Recession started gripping the country in late 2007.

As Leslie Scott, director of the National Association of State Personnel Executives said, “As we’ve heard often, never waste a crisis.”

States certainly didn’t waste this one.

Where States Stand

According to a study released in January by the Rockefeller Institute of Government, state government employment declined much slower than private sector jobs after the recession began in December 2007. But while private sector jobs have started to rebound, state governments have continued to lose jobs almost continuously since 2008. Twenty-five states reported a decline in employment in November 2012 as compared to one year earlier.

“What we’ve seen, obviously, state governments’ workforces are significantly smaller than they were in 2008,” Scott said. “A lot of states tried to deal with some of the issues with furloughs, … which in some cases worked, in some cases not so much.

“There were two schools of thought on that. One is furloughs aren’t the answer because you have a structural issue. … Some said it gets us through until the economy can recover.”

Restructuring and Centralizing

Scott said the recession gave states the incentive to take a hard look at how they were doing business.

“A lot of states have looked at restructuring, more centralization of services. … It’s worked very well in Indiana and Utah. They’re seeing efficiencies and still getting work done.

“I think what we’ve seen is the centralization (of services) has worked better than consolidating agencies at this point, as far as cost savings, but that’s short-term cost savings. … Long-term, it’s probably too soon to tell.”

Jim Honchar, Pennsylvania’s deputy secretary for human resources and management, said his state’s workforce has been dramatically reduced from prerecession levels. He said the state’s 18 cabinet level agencies were given a lot of leeway in deciding how to provide the same services with fewer employees. Consolidating services also has played a big role in doing more with less.

“I will say one of the things that has
worked particularly well was the consolidation and creation of the HR service center, which streamlines all transactions,” Honchar said. “We now have a one-stop shop for every personal transaction (like changes to W-2s or benefits questions). … All of that is now handled through one service center; it used to be handled individually by each agency.”

Honchar said the state also rolled out an automated system that lets employees make changes, such as to their benefits or withholdings, online. Another big change was having new employees fill out their paperwork online before the first day of work. He estimates that change alone will save the state $500,000 annually.

**Changing the Workweek**

While many states debated changing to a four-day workweek in 2008, Utah was the only state to actually do it.

Jeff Herring, executive director of the Utah Department of Human Resource Management, said public reaction in the state was generally positive.

“I think it worked,” he said. “It saved us some money and it provided us some opportunities during some tough times that didn’t exist when we implemented it.”

Before its passage, state government officials estimated the four-day workweek would save about $3 million annually in energy costs due to shutting down state buildings for one additional day each week. An evaluation of the program in 2009 showed that it actually saved $500,000 in reduced energy consumption annually.

But the change didn’t last. The Utah legislature voted to return to the five-day week in 2011.

**New Challenges**

Scott said the biggest challenges facing states now include health care costs, pension fund shortfalls and low morale. Another top concern, oddly enough, is a future worker shortage.

Many states laid off younger workers, and even middle managers, to deal with budget cuts, Scott said. What’s left, she said, is a lot of older workers who are waiting for the economy to recover so they can retire.

“When these folks retire, what’s state government going to look like?” she said. “There’s not going to be very much institutional knowledge. What’s the first thing to go when budgets get tight? Training. So there will be no people who are developed (to step into management). That’s a very big concern. It keeps HR directors up at night.”

Honchar said Pennsylvania is fairly well prepared for retirements with its statewide program to train potential and emerging leaders. Waves of retirements are fairly common in the state.

“Because 70 percent of our workforce is unionized, we generally see peaks of retirements occurring every three to four years when a collective bargaining agreement comes up,” Honchar said.

Herring said states should keep an eye on the future and pay close attention to training programs. There won’t always be 150–200 applicants for every job posting, he noted.

“We’re increasing our training capacity,” he said. “One thing we want to focus on is increasing the capacity of our managers to manage. In (economic) downtimes, training and development is one of the first things cut. When we’ve got this impending workforce shortage, this transfer of knowledge, succession planning, making sure you’ve got a deep bench, … it’s important to plan for that now.

“It will be a challenge to see how we can continue to attract and retain the workforce we need, to be the employer of choice in the state, not the employer of last resort.”

**LABOR AGREEMENT**

HARTFORD, CONN.—Gov. Dannel P. Malloy and Connecticut’s state employee unions worked together in 2011 to develop a labor savings and concessions agreement. After rank-and-file members ratified the agreement, Malloy rescinded thousands of layoff notices and was able to forego additional state budget cuts. ©AP Photo/Jessica Hill
Many states cut the number of full-time employees over the course of the recession, but some balanced those cuts with increases in the number of part-time employees. Maine, for instance, decreased its full-time workforce by nearly 15 percent from 2007 to 2011, but increased part-time employees by nearly 33 percent over that same time period. Its net change in full-time equivalent employment was an increase of 6.63 percent. But Maine wasn’t the leader in adding part-time workers during the 2007 to 2011 time period—both South Dakota and Pennsylvania increased their part-time workforces by more than 33 percent. New Mexico was the only state to cut both full-time and part-time workers, and it had the largest drop in FTE, or full-time equivalent, employment at 10.45 percent.

### Private employment is now 3 percent below its level at the start of recession, while state and local government employment is down 2.5 percent over the same period.

Source: Rockefeller Institute
You launched a government efficiency initiative in November after your re-election. What is your goal with this initiative?

“Twofold: to make sure we deliver more efficient—in other words, only spend resources where we have to—and effective services to more Missourians. It’s a constant effort. … The bottom line is this is an ongoing, continuing process for us to try to make sure we are delivering to the people of Missouri their services as efficiently as possible and embracing technology wherever possible.”

When people talk about efficiency, technology seems to be a big part of reaching those goals.

“The government sector, by its very nature, has a lot of tasks that technology can make more efficient. It also allows people to access state services on their time schedule. As opposed to waiting in line to get a license renewal, you can go online at home and do that, or a fishing license or whatever. We have worked hard to use technology not only to respond to what was an economic downturn, a cut in the budget, but more importantly to be able to provide people services when they want them as opposed to merely on regular business hours.”

What steps have you taken, or will you take, to guarantee success for your efficiency initiative?

“We’re going to measure it, watch very carefully what we get. We get monthly reports from all of our departments, plus we’re also engaging the legislature to work with us in this process. We’re trying to seek others’ thoughts, assistance and have this be a collaborative process, not merely a top-down ordering.”

What is your measurement of success—is it the amount of savings or providing better services?

“I think you can have both. Clearly you’re looking for ways to save money and when you do save money, you can use those resources in ways that are more effective. All of us realize that the government sector, as far as the number of employees, continues to shrink. … Consequently, you’re always looking to ways to make things more efficient. And then you take those dollars—when you do save, when you narrow the number of repetitive tasks that are being done—and put them into things that can make a difference.”

How can states ensure long-term success of these changes?

“A couple of areas. We looked at our financial portfolio and have been retiring debt, restructuring bonds as interest rates have dropped. That can have both a short- and long-term effect. If you can take things that are being paid for out there and lower the interest rates, you can save real dollars in the short run, real dollars in the long run. I also think that embracing information technology is extremely important in (the) public sector now so that you can provide services to people online. … Short-term, saving dollars, but the long-term effect is not only that you can access public services more easily, but I think people will have more faith in government, have more support for public service and I think (that) can help build the team attitude of a state or a republic.”

What is the biggest challenge in making state government operate more efficiently?

“Change is always hard in any organization. Whether it’s government or private sector, folks like to do things the way they did them before. The energy has to be there. The other challenge you face, sometimes people are just unsure about what the future is and are less likely to want to jump in. I think overall we’ve seen a very good attitude, both inside the government and outside, to work in a continuous systems improvement mode the way that modern manufacturing does.”
Missouri Gov. Jay Nixon, the Council of State Governments’ 2013 president, has set a goal to increase the efficiency and effectiveness of state government operations. His administration’s efforts have cut energy use, reduced leased space by nearly 420,000 square feet, eliminated unnecessary boards and commissions and put hundreds of state services online.

Do efforts to make state government more efficient necessarily mean more cuts in the state government workforce?

“It can, but it also allows folks to be freed up to do productive things. … Last summer during the drought we stood up a program … that shifted the resources of our soil and water (departments) to put in additional wells in livestock operations so instead of having to sell off their cattle, they could put those wells in, keep those cattle and keep the market alive. We were able—in these situations when we free up people—to not necessarily (put them) out of service, but to get the most impactful efforts out of their time.”

What advice would you give to other state leaders in dealing with these challenges?

“First of all, it’s to include folks and have collaboration, but set specific goals. We ended 118 nonperforming degree programs at our four-year public institutions of higher education without a single bill being passed by the legislature, without a single dollar being appropriated by anybody, by bringing together these leaders, laying out the goal and agreeing to a series of indices as to what was a performing degree program. My advice to folks is … bring the actors together and lay out your goals. It’s just amazing how willing people are to work together toward a specific goal if you bring them together and show respect for their positions. … Once you get buy-in on that, then drive it to the finish line.”

What did you learn from the 2011 “Rebooting State Government” report and from the process about restructuring state government?

“One of the things we learned was working with the legislature, you can get a lot done. One of the things we talked about was getting some measurements over the tax credits we have in the state to make sure they are performing the goals for which they were passed many years ago. We’ve made some progress there but we still, even in this legislative session, we’re still moving forward on some of those recommendations from years ago. I think one of the things is that sometimes when you’re moving public policy, it takes a little longer. Sometimes things happen incrementally. My advice is when folks come up with really good ideas, if they don’t get done in the first six months or first year, don’t give up on them. Stick with them and oftentimes that willingness to stick with what is a legitimate goal can yield results in the out years.”

What do you believe is the most important consideration in implementing government efficiency measures?

“As we evolve government into a technological age, as we expand our trade footprint internationally, as we have an education system that has to compete with everybody around the world, finding constant improvement, efficiencies and effectiveness has to be the mentality of those that serve in public service, because those that aren’t working to make things better are falling behind.”
Unlike other school districts across the country, Clark County, Nev., was bursting at the seams. Over a 25-year period, the district saw an increase of 200,000 students with a rapidly changing set of demographics. Before school officials knew it, they found themselves operating the fifth-largest district in the United States. Each year, the district added as many as 16 new schools and hired thousands of new teachers and staff to meet the demands of their growing system.

But the economic downturn and flat state funding levels left the district struggling to make acceptable gains in student achievement and success. Superintendent Dwight Jones, who was hired in September 2010, knew things had to change.

He set forth an ambitious reform agenda that included an efficiency audit to figure out ways to do things differently. That included emphasizing performance management and accountability, strategically using data, establishing performance zones to pool resources for schools of highest need, and focusing on a return on investment to determine if the district’s strategies were producing academic success.

“Now the question is how to scale the work,” Turner said, referring to replicating effective practices of high-performing schools throughout the district. “The answer

More than Money

Clark County, Nev., School District officials knew they had to better target their spending to improve outcomes. The district’s budget fell $500 million from 2007 to 2012, according to Ken Turner, special assistant to the Clark County superintendent.

“Dollars are tight everywhere and (that’s) especially the case now that we must leverage scarce resources to boost productivity,” Turner said.

The study Jones commissioned in 2011 was charged with identifying the major focus areas for the district that would improve efficiency and effectiveness in the educational programs and operational services. The study also looked at expanding the school district’s empowerment zones. Nevada established these zones to allow districts to allocate resources to best meet their needs. The study also considered a growth model to measure student progress, as well as a school performance framework targeting yearly student academic growth and ways for sharing innovative ideas among staff.

“Dollars are tight everywhere and (that’s) especially the case now that we must leverage scarce resources to boost productivity,” Turner said, referring to replicating effective practices of high-performing schools throughout the district. “The answer
is not more money. The question is how are we spending the money? The expenditure is only half of the equation. Policymakers must ask, ‘What is the return on investment and does it allow us to compete internationally?’

“A state legislator must care deeply about what are we getting in return. Districts must first build credibility not by asking for money, but to ask for much more useful data, helpful tools and targeted resources. Put those schools on steroids that are doing good things.”

Better Performance
Boser, of the Center for American Progress, echoed the emphasis policymakers should place on better performance.

He said local education agencies must produce strong educational attainment and graduates who are college- and career-ready or policymakers and other stakeholders will begin to challenge their investments.

The center’s report, “Return on Educational Investment,” notes that some people might worry that a focus on efficiency might inspire policymakers to reduce already limited education budgets and further increase the inequitable distribution of school dollars. The center’s report notes that transforming schools will take both “real resources and real reform.”

One finding in the study is that districts could see a large increase in student achievement without increasing their spending if they implement strategies to use funds more productively. According to the center’s analysis, a low-productivity district in California could see a 25 percent jump in achievement, whereas an Arizona school district could see as much as a 36 percent increase in academic achievement if the system intensified efficiency from the lowest level to the highest possible.

According to the report, as much as $175 billion—or 1 percent of the national gross domestic product—is lost in the nation’s school systems yearly due to low productivity. In 16 states, more money in the system correlated to

“If you buy raisins and you hate raisins, then you’ve wasted money. Often we don’t spend money wisely.”

—Ulrich Boser, senior fellow, Center for American Progress
higher student achievement. Conversely, five states spent additional money on education but saw lower student achievement results. Although the results were only slightly lower, the results illustrate that without a focus on how dollars are spent simply increasing the amount spent will not automatically improve student outcomes.

One method to increase effective spending and productivity with a district is through collaborative efforts both inter- and intrastate. With the national collaboration around the Common Core State Standards, which 45 states and District of Columbia have adopted, increased productivity is at the fingertips of state and district leaders, according to Boser.

“The Common Core State Standards will play a key role,” he said. “States didn’t always agree on education outcomes, which makes it difficult to measure productivity. Now we can see if we’re all reaching the same goal.”

According to the center’s report, more than a million students are enrolled in highly inefficient districts. Based on the center’s metrics, more than 400 school districts were highly inefficient on all three of their productivity measures. The center’s analysis shows that high-spending districts often are inefficient and produce limited educational outcomes. For instance, the report found that only 17 percent of Florida’s districts in the top third in spending were also in the top third in achievement.

The report states that students coming from disadvantaged backgrounds are more likely to be enrolled in highly inefficient school districts. Those students participating in free and reduced-price lunch programs were 12 percentage points more likely to be enrolled in the least-productive districts.

When looking to increase productivity and efficiency, Boser suggests asking hard questions about where the money is being spent and compare to similar districts. These questions will help begin the discussion for policymakers. Even highly productive districts need to continually review their strategies, according to Boser.

“Don’t rest on (your) laurels; it’s not productivity nirvana.” Boser said. “They must have a willingness to think outside of the box. One district combined the district IT department with the city IT department to save dollars. You must work across departments to find new ways of saving dollars.”

Saving money through more efficient methods, he said, can increase productivity.

All across the country, schools are being asked to do more with less money. U.S. Education Secretary Arne Duncan noted as much in a 2010 speech at the American Enterprise Institute.

“It’s time to stop treating the problem of educational productivity as a grinding, eat-your-broccoli exercise,” he said. “It’s time to start treating it as an opportunity for innovation and accelerating progress.”
The Texas comptroller’s office took a hard look at productivity in the state’s local school districts and came to this conclusion: Many things—both inside and outside a school building—influence student learning.

The cost of education is controlled by many factors, some of which are beyond the district’s control. Following a 2009 legislative directive, the comptroller’s office reviewed both academic performance and financial data to find those districts that produce high academic success and cost-effective operations. Beginning in 2010, results were shared for those districts that were successful in improving student academic achievement while keeping spending relatively low.

Those are the results of the Financial Allocation Study for Texas, or FAST, which the comptroller’s office developed to examine district and campus resource allocation and the relationship between those allocations and student achievement. Tom Currah, senior adviser and data analysis director in the Texas comptroller’s office, said his office has compiled a list of smart practices gathered from those districts rated as high performing.

“The hope is that districts can be provided a measure relative to other districts and campuses in the state,” he said. “They can find districts that they can replicate or say ‘Hey, look at this district.’”

According to the Texas comptroller’s office, five-star districts succeed in improving student achievement while keeping spending relatively low. The secrets to their success are practices that:

- Are effective for containing, reducing or avoiding costs;
- Improve the efficiency and effectiveness of educational program delivery, including demonstrated improvement in student performance;
- Produce a significant long-term return on investment for the district;
- Increase purchasing power though the use of partnerships;
- Realize efficiencies through the use of shared services arrangements with other districts; and/or
- Can be implemented by other districts.

Currah noted that the allocation study is more of an informational tool where cost measures are based on size and type of district, relative wages in the community and spending is similar.

The study produces a rating of one to five stars showing the effectiveness of each campus’ success in combining cost-effective spending with measurable student achievement and success. The tool shows the district, enrollment, state accountability rating, math and reading progress percentiles, a composite percentile, elements of the FAST rating, a spending index and their overall rating. More information can be found at http://www.fastexas.org.

WICHITA FALLS, TEXAS—Students in Steve Tucker’s film class at Hirschi High School learn techniques of video production, communicating through film and interpersonal relationships. The Texas comptroller’s office looked at productivity in local school districts and concluded that many things inside, and outside, a school building influence student learning. ©AP Photo/Wichita Falls Times Record-News, Torin Halsey
Energy Audits Help States Save Money, Create Jobs

by Brydon Ross

Alaska spends more than $640 million each year to power, heat and cool more than 5,000 public buildings in the state.

The state could easily trim those costs by nearly 20 percent.

A November 2012 white paper by the Alaska Housing Finance Corporation, the state’s public housing and weatherization entity, found the state could save more than $125 million in energy costs each year if comprehensive “investment grade audits” were applied at facilities. Those audits provide a detailed overview of a building’s energy use, operation and maintenance factors, and the condition of the structure—such as the foundation, roof and windows.

“It’s finally getting known on a national level that energy efficiency is no longer just a concept,” said John Anderson, a weatherization program officer with the agency. “Energy efficiency is huge and the impact it has on job creation, and the benefits seen in power reductions, are being felt in Alaska.”

Alaska is just one example of how states interested in cutting spending, reducing energy consumption and harmful air emissions could utilize energy audits of public buildings to pay big dividends in the future. A 2005 report by the Oak Ridge National Laboratory found that energy audits made up only 2.2 percent of the federal funding provided to states in the State Energy Program, but delivered 16 percent of the actual energy savings for the entire program.

Although audits are just one component of a multi-faceted energy-efficiency strategy, they provide important guidance to help states strategically plan investments.

Simple Solutions in Alaska

The Alaska Housing Finance Corporation used funds from the American Recovery and Reinvestment Act to benchmark the energy use of the state’s largest municipal buildings to conduct more than 300 investment grade audits.

Many of the audits’ key findings encapsulated in the agency’s report suggested relatively simple solutions could address common problems found across the state’s buildings portfolio.

“Operations and maintenance issues were probably the largest component we found,” Anderson said. “The heating and cooling systems of the buildings were not being operated properly. Some of the maintenance staff simply didn’t have the training to operate many of these complex systems at schools and hospitals.”

For instance, the agency found one school was using three times the amount of energy as another similarly sized school in the same region because maintenance staff members were operating the power systems manually and had turned off portions of the system they did not know how to use.

The white paper also found many of the audited facilities’ mechanical and ventilation systems were outdated, had limited or no insulation and contained unrepaired gaskets around windows, contributing to unnecessary energy loss.

Officials with the agency said having the detailed data from the audits is integral to the future success of the state’s energy efficiency revolving loan program, which leveraged Recovery Act funds to create a $250 million resource for the agency to issue bonds for municipalities or schools to make building upgrades or retrofits.

The Alaska Housing Finance Corporation estimates the energy savings from the retrofits will help pay for the actual loan those communities receive, with an average project seeing a 30 to 40 percent reduction in energy use and an average payback within seven to eight years.

“Our governor and legislature have made a huge commitment to energy efficiency,” said Stacy Schubert, director of governmental relations and public affairs for the agency.

She said the agency has received more than $500 million for its home energy rebate and weatherization program for low-income Alaskans.

“We’ve seen 30 percent efficiency improvements from those projects that have been independently verified, "Energy efficiency is huge and the impact it has on job creation, and the benefits seen in power reductions, are being felt in Alaska.”

—John Anderson, weatherization program officer Alaska Housing Finance Corporation
which brought energy savings and supported jobs,” said Schubert.

‘Leading by Example’

Massachusetts has been ranked as the most energy-efficient state in the country for the second year in a row by the American Council for an Energy-Efficient Economy.

The state has aggressively used energy audits and employed a host of energy efficiency measures for several years. The efforts began with Gov. Deval Patrick’s 2007 “Leading By Example” executive order to help modernize publicly owned state building codes, reduce greenhouse gas emissions and improve conservation of natural resources.

“We estimate that our energy efficiency projects at state facilities will reduce energy bills by almost $200 million and reduce about 700,000 metric tons of greenhouse gases from going into the atmosphere,” said Eric Friedman, who directs the commonwealth’s Leading by Example program.

“By the end of 2014, during the Patrick administration, we as a commonwealth will have addressed energy use in every single facility within our state portfolio,” Friedman said. That projection will mean the state has examined the energy use and instituted efficiency measures for more than 75 million square feet of space.

Friedman noted that state entities typically have a difficult time managing energy spending because of their sheer size and the way infrastructure data is tracked.

Historically, the only way states were able to get energy information was through examining utility bills that provided only monthly account data. Facility managers at college campuses with dozens of buildings, for example, would only know how much energy was used on an aggregated basis and would never know how much each individual building was using or recognize specific anomalies within their systems.

To address this knowledge gap, the state contracted with a private company to install 1,300 energy meters for 25 million square feet of space in 400 state buildings, which in essence provided a real-time energy audit with immediate response solutions for system operators.

“We can now track building-level data, which is extraordinarily helpful to know where to target energy efficiency efforts,” Friedman said.

Managers now have access to data showing building energy performance that can track seasonal changes and provide comparisons to help pinpoint problems. Friedman noted that the meter program helped discover a quirk in the air conditioning system at a state university that was actually heating a building in the summer instead of allowing the facility to heat naturally with increasing outside temperatures.

“The university estimated they saved close to $30,000 over two months just from that single building,” he said.

The metering program, he said, is an important piece of the overall strategy to meet Patrick’s objectives. It helps agencies understand building energy use and where it should prioritize resources.

“We’re focusing on large strategies when they’re available and simple strategies where those make sense, like energy data management and operation efficiency, all with the goal of reducing energy use and greenhouse gas emissions,” he said.

“The reason we’re having success here is that we’ve come at this from a whole host of directions.”
The 2006 lease of the Indiana Toll Road may be the closest thing the United States can point to as a legacy for transportation public-private partnerships—P3s for short. The P3 is still a relatively new tool in this country, after all.

But while the agreement is one that already has allowed Indiana to reap enormous benefits, it has not become the model for the nation some originally expected as the public-private partnership trend has spread to other states in recent years.

The state of Indiana leased the 50-year-old, 157-mile, east-west tollway in the northern part of the state to private investors. Under the terms of the deal, a consortium that included Australian bank Macquarie and Spanish infrastructure firm Cintra gave Indiana a one-time, $3.8 billion, lump-sum payment in return for agreeing to operate and maintain the road—and keep the toll revenues—for 75 years.

Not only was the state able to pay off its original debt, invest in other projects and create a legacy fund for future projects, but it also reaped benefits as the private investors reportedly put hundreds of millions of dollars into upgrading the toll road, which had been in disrepair for years.

“I live up in that area and it’s probably the smoothest pavement we’ve had in 25 years,” said Rep. Edmond Soliday, the Valparaiso Republican who chairs the House Roads and Transportation Committee.

Pros and Cons

But the toll road lease was not without its critics, among them Rep. Patrick Bauer, a South Bend Democrat.

“I don’t think (Macquarie-Cintra has) done a good job at all,” he said. “I personally don’t take the toll road because so many times there’s trouble getting people through the gates. It’s not every time, but it’s enough times. I think they don’t clear the roads in the winter as well as the state did.”

Bauer’s criticism extends beyond the company’s stewardship of the road, however, and dates back to the 2006 lease agreement. At the time, he wanted the state to go in a different direction.

“If we had done what I suggested, we could have done four 20-year bonds and made over $3 billion every 20 years and (still) controlled the road and achieved four times as much,” he contends. “But I think (then-Gov. Mitch Daniels, who pushed for the deal) wanted to be an example of privatization…. He just wanted the money up front and quick. And he achieved his purpose. There are roads running everywhere and bridges to nowhere.”

In his criticisms, Bauer also cites the jurisdictional issues that can arise from a public-private arrangement on a transportation facility.

“A few years back, the state police wanted to close (the road) because of weather, and (the toll road operators) said, ‘We’re a private road, get the hell out of here,’” Bauer said. “Meanwhile, they don’t pay property taxes on gas stations and restaurants because, by the way, they’re a public entity.”

The length of the 75-year lease also has been a target of criticism, most recently in a 2012 academic study by College of William and Mary professor John Gilmour, who argued that future generations of Hoosiers won’t experience the same benefits from the 2006 deal that this generation has, that transportation is a public function and that states should not turn over management control of valuable public commodities to public interests.

“It’s a scheme that’s short-lived,” Bauer said. “It helps the existing officeholder (the governor at the time), … but it doesn’t go on forever. … I just think we’re in an uncomfortable long-term position because we’re not in control. … We now have a situation where one of our major
arteries is controlled by a foreign company. … You’re doing this for a company that intends to make a profit and that profit should be going to the state rather than to a private company. … I think a state or a public entity can make more money doing it themselves.”

Soliday and Sen. Thomas Wyss, a Fort Wayne-area Republican who chairs the state’s Homeland Security, Transportation and Veterans Affairs Committee, point out that the legacy fund is at least one benefit to future generations. They also note the lease agreement includes measures to ensure the road is properly maintained by the contractor, that toll rates aren’t increased over a certain level and that even if something went wrong with the contractor, the state would still get to keep all it has gained.

“If (Macquarie-Cintra) went bankrupt — which there’s no indication that they’re going to — but if they did, we’d own the toll road,” Soliday said. “We have all of that work done. We haven’t lost a thing. We have a much better toll road. The debt is paid off. We have billions of dollars of work done across our state. … Our state doesn’t get hurt at all.”

Rep. Ed DeLaney, an Indianapolis Democrat and member of the House Roads and Transportation Committee, is skeptical the toll road lease will look as good 68 years from now when the lease ends as it does right now coming off projects funded by Major Moves, a program that allowed the state to fund other transportation projects. But he said in the end, it likely won’t matter.

“My feeling and my experience is if you delay a funeral too long, the crowd has thinned,” he said. “The number of people who will remember this 30 or 40 years from now if it’s buried under bad circumstances won’t be very high and there will be no one (still around) to take responsibility.”

No Longer a Model

But Wyss, Soliday and DeLaney all agree Indiana — or any other state — is unlikely to see a deal like the toll road come along again anytime soon.

Wyss said the state likely couldn’t get $1.5 billion for the toll road today.

Soliday said as the state looks to new public-private partnerships, the balance of power between states and their private partners has shifted dramatically. Arguably, Soliday believes,
it was the banks and private investors that ultimately learned more from the Indiana deal than other states did. While numerous models of P3s have emerged around the country and contracts have evolved since 2006, no state has signed a better one, he contends.

“I think you probably have seen the last deal like that where the leasor (the state) is going to have no risk in the game,” he said. “I’m out trying to sell the Illiana (Expressway) these days. We’ve got bidders and so forth. I think it’s going to be successful. And the Ohio River Bridges (Project) I think is going to be successful. But we’re going to have to have skin in the game.”

“I don’t think it’s a model anymore,” DeLaney said of the 2006 deal. “I think (then-Gov.) Mitch Daniels sold our toll road at the absolute top of the market, for which he deserves credit. If you’re going to sell it, sell it at the top of the market. But I don’t think it’s a model for very many other people in light of today’s economics. I don’t think that it can be repeated.”

Perhaps a case in point can be found next door in Ohio, where just over a year ago Gov. John Kasich hired a consultant to examine revenue options for the Ohio Turnpike, including a potential lease. Kasich announced in late 2012 that his preference was instead to increase the bonding capacity of the Ohio Turnpike Commission.

“It’s been a very big win for the governor and the people of the state of Ohio,” Jim Barna of the Ohio Department of Transportation told attendees at the Transportation Research Board’s annual meeting in Washington, D.C., in January. “The feedback we’ve gotten from all the local governments along the turnpike has been very positive. There was a lot of resistance for us to go out and privatize that asset, I think we’ve come up with the best option.”

One important lesson from Indiana’s toll road experience that other states should take away, some lawmakers say, involves the role of the state legislature in signing off on such deals at various points in the process. Before the $3.8 billion agreement was signed in 2006, a $4.6 billion offer for the toll road was on the table. But lengthy debate on the merits of the agreement in the legislature ultimately derailed it, which meant Indiana lost out on an additional $800 million that could have gone to transportation needs.

“(When) the legislature has to approve everything,” Soliday said, “banks or investors say ‘Hey, wait a minute, I’ve got this money. I need to invest it. I can’t mess around with the stuff you guys do in government. I’m tired of waiting.’ And they move on. They’ll pull out.”

In 2011, Soliday and Wyss were among the sponsors of legislation that shifted approval authority on future deals from the legislature to the governor.

“What we concluded was that we needed to create a system where the governor can act, particularly in these bi-state agreements where you’ve got to be working through each other’s cultures, as we’ve done with Illinois and Ohio and (with Kentucky) on the Ohio River bridges,” Soliday said. “And you can’t do that on the floor of the House of Representatives.”

But other states might also note what DeLaney sees as an unexpected benefit from the toll road lease, as Indiana faces a future without the money from the deal, which already has been spent.

“Now that (the Major Moves funding) is gone, we noticed that it was nice having revenue for roads and so we may actually take a serious look at a long-term solution to our roads and transportation problems,” he said. “(The toll road lease) artificially moved a lot of money forward, got a lot done in a short period of time and we noticed that and we liked the result. And now we’re saying, ‘oh my.’”

There are plenty of states saying “oh my” as they, like Indiana, contemplate how to fund transportation going forward. While they come with strings attached—and may come with even more in the future—public-private partnerships can provide states an important tool in playing catch up and moving ahead even as they work on those longer-term solutions.
Indiana Reaps Benefits of Privatizing Toll Road

When Indiana leased the 50-year-old Indiana Toll Road to private investors in 2006, the lump-sum payment it received allowed the state to:

» Pay off the original debt from building the road in 1956. Toll rates had never been high enough to allow the state to make much more than interest payments and Indiana still owed $200 million when the lease was signed. “Under any (gubernatorial) administration, we were not capable of raising the tolls by ourselves,” recalled state Rep. Ed DeLaney, an Indianapolis Democrat and member of the House Roads and Transportation Committee. “It was a political failure that justified this (lease deal). We gave up 20 years worth of moderate toll increases. We just couldn’t bring ourselves to raise it a penny. That’s an embarrassment. And so based on that failure, we leased it out to somebody else who could (raise the tolls).”

» Fund numerous other transportation projects as part of a program called Major Moves. “All of these projects happened all across the state of Indiana,” said Sen. Thomas Wyss, a Fort Wayne-area Republican who chairs the Homeland Security, Transportation and Veterans Affairs Committee in the Indiana Senate. “I think every county in this state benefitted … with projects that were (completed) years ahead of when they would have ever been done.”

» Set aside $500 million in a legacy fund that accrues interest, which the state can tap every five years to build additional infrastructure projects.
PRIVATE PRISONS—GRADE: INCOMPLETE by Debra Miller

While states have been privatizing prisons since the 1980s, the jury is still out on whether such actions are successful.

Florida state court Judge Jackie Fulford in June 2012 found “many shortcomings in the evaluation of whether privatization is in the best public interest as it relates to cost savings and effective service.”

That opinion came as state legislators rushed to privatize 29 south Florida prisons in a last-minute budget provision in 2011. Fulford said that violated state law.

Former Sen. Paula Dockery, who served for 16 years before being term-limited at the end of 2012, said many questions about the evaluations of private prisons must be answered. She’s not opposed to trying prison privatization on a case-by-case basis, but “the record in Florida is still too sketchy to proceed wholesale.”

Savings Questioned

In fact, Gerry Gaes, former director of research for the U.S. Bureau of Prisons and now visiting faculty member at Florida State University, reviewed available research on the topic and disputed one management system is better than the other.

“The research literature on prison privatization does not show that one sector is more efficient than the other,” he said in a February 2012 summary of his review. “This may be because any savings to the taxpayer that the private sector achieves through lower wages and benefits to its employees is diminished by the profits it reaps from the contract.”

Florida projected a $15 million savings under the 2011 privatization proposal. But Dockery said that’s just a small drop in the bucket of a $2 billion corrections department budget.

“What I find most troubling is that if you are going to change policy, you should be able to demonstrate costs less or the same as publicly operated prisons and services as good or better, not just claim to be able to save $15 million,” she said.

Those savings also may be skewed, she said. Private prisons operate in newer facilities that are in better repair than those in which the state operates prisons.

“We are comparing apples and oranges,” she said.

Texas (18,603 inmates) and Florida (11,827 inmates) had the highest number of inmates in private prisons in 2011.

Alabama, California, North Carolina and Wisconsin each reduced the size of their private prison population by at least 45 percent from 2010 to 2011.

Arizona, Pennsylvania, South Carolina and South Dakota incarcerated at least 17 percent more inmates in private facilities in 2011 than in 2010.
“They (private prisons) avoid the elderly and unhealthy prisoners, stacking the system to run a prison cheaper.”

Proponents of prison privatization tried again in the 2012 Florida legislative session. Efforts to privatize those 29 prisons failed by a narrow 21-19 margin in the state Senate. Florida is now moving to privatize health care services in prisons.

Proponents pointed to analyses by the legislative research unit that showed some savings in side-by-side analyses of public and private prisons. Those reports, however, noted, “the cost savings estimates are subject to caveats and should be evaluated cautiously.”

An Arizona legislator also wants his state to tread lightly in judging the success of private prisons. Rep. Chad Campbell is leading the charge in Arizona to evaluate the efficiency of private prisons and savings to taxpayers. He told The New York Times in 2011 that private prisons typically only house relatively healthy inmates. “It’s cherry-picking,” Campbell said. “They leave the most expensive prisoners with taxpayers and take the easy prisoners.”

This fact was noted in the methodology section of a 2011 Arizona Department of Corrections report with side-by-side comparisons of state-run and privately run prisons. “(U)nlike the private contractors, the ADC is required to provide medical and mental health services to inmates regardless of the severity of their condition(s).”

The Arizona Department of Corrections originally proposed privatizing 5,000 state prison beds in 2011. The department scaled back plans in 2012, issuing a request for proposals for 2,000 beds.

That proposal faced rough sailing following an advocacy report documenting a $3.5 million annual loss to the state from prison privatization and various incidents of poor quality service, including a high-profile escape that resulted in murder charges against the escapees. State statutes require cost and quality comparisons between state-run prisons and those run by private companies and those have been completed for the 2008, 2009 and 2010 fiscal years. But until the American Friends Service Committee, a national Quaker organization that deals with justice issues, conducted a 2012 review, very little qualitative data existed on the quality of services inside the prison and the impact of the prison on public safety.

“It is sort of ridiculous that a nonprofit organization had to do the first ever state review of costs and services,” said Caroline Issacs, program director of the American Friends Service Committee in Tucson.

Campbell filed six bills in 2012 to require more transparency, accountability and state regulation for private prisons. And in 2013 he again filed the bills, including one establishing a private prison study committee to make recommendations on the continued use of private prisons in Arizona.

Quality and Success

Gaes told CSG that measuring quality of prison operations, whether public or private, is difficult. He warns that states must improve their ability to monitor both cost and quality. He said most of the time people don’t know how to do it correctly. “It is harder than you would think,” Gaes said.

“Absent these controls, private prison operators will squeeze profits by lowering the quantity and quality of their services,” he said.

Furthermore, Gaes said, over the long run he fears what he called a race to the bottom.

“As a general rule of thumb, privatization has lowered the cost and reduced the quality and now that becomes the new unit of comparison for privately and publicly operated prisons,” he said.

Florida’s Dockery believes privatizing prisons can be a dangerous policy position where the state incentivizes having more prisoners, which may perversely stand in the way of other criminal justice reforms. A few years ago, she worked for sentencing reform—for instance to reduce or eliminate prison time for failure to pay fees or fines. The legislature passed a bill establishing an independent commission to study sentencing guidelines, but that commission was never staffed.

Florida has among the toughest mandatory sentencing laws in the nation, according to a 2012 study by the Pew Center on the States. In other words, lawbreakers in Florida are more likely than in other states to go to prison and Florida has not yet moved to institute sentencing reform as have many other states, said Julie Ebenstein, staff attorney at the Florida Chapter of the American Civil Liberties Union. One impact of sentencing reform is a reduction in corrections costs.

“Misdirected attention to prison privatization (to save money) may sap the energy to deal with over-incarceration and financial wastefulness of prisons coming from the right and libertarian factions,” Ebenstein said.
As executive director of the Association of Inspectors General, I have received many inquiries from state legislative and executive branch offices regarding the pros and cons of establishing inspectors general offices. These inquiries frequently occur in the aftermath of embarrassing public corruption or ethics scandals that have left elected officials scrambling to try to restore the public trust and ensure that such wrongdoing will not reoccur.

Melinda Miguel, the chief inspector general for the state of Florida and the president of the Association of Inspectors General, believes the inspector general network in Florida has been instrumental in helping to ensure open and honest state government. In addition to having a chief state inspector general, Florida has inspector general offices in every state agency.

“The inspectors general have played an important role (by) not only detecting fraud, but also deterring fraud and ferreting out abuse. Floridians have come to understand that the IGs are the people’s watchdogs,” Miguel said.

After Congress passed the Inspector General Act of 1978, which established the IG concept at the federal level, Massachusetts in 1980 became the first state to create a statewide inspector general office. Since then, the number of state IG offices has been steadily increasing. Twelve states now have inspector general offices with statewide jurisdiction, and approximately 28 states have created inspectors general offices with jurisdiction limited to specific state agencies and authorities.

In part, the growth in state inspector general offices can be attributed to the seemingly endless parade of public corruption scandals, and the bipartisan efforts of honest elected officials to put an end to these transgressions. In responding to scandal, it is common for legislators from across the aisle to work together and co-sponsor inspector general legislation, as was recently the case in Virginia, which created a statewide inspector general office in 2011.

Inspectors general at all levels of government operate under similar mandates. They provide independent oversight of governmental operations and monitor government for accountability and transparency by conducting investigations and audits in an effort to promote economy, efficiency and effectiveness and to detect and prevent fraud, waste, abuse and corruption.

In debating whether to establish an inspector general office, elected officials sometimes claim that their state cannot afford the additional administrative costs associated with a new state agency, and that the work of the IG will be redundant because the audit and investigative services the IG provides are already covered by other state agencies. In the wake of continuing government scandal and the documented effectiveness of IG offices from around the country in combating fraud, waste and abuse, these arguments have been outweighed by the considerable benefits that inspectors general provide. Specially, there is a growing consensus that IG offices foster government efficiency in several ways.

### Ways Inspectors General Foster Government Efficiency

1. **Increased Government Accountability**
   - An IG’s primary function is to hold government officials and employees accountable to the public. The creation of an independent IG’s office provides an important check and balance to ensure the elected and appointed officials are indeed working in the public interest. The presence of an IG serves as a significant deterrent to officials and employees who might abuse their positions in government.

2. **An Internal Mechanism to Resolve Disputes**
   - An IG’s office provides an internal mechanism for resolving disputes based on allegations of misconduct and corruption. In a relatively short period of time, an IG can determine the facts surrounding allegations of wrongdoing by conducting an investigation and issuing a report. The IG can be particularly useful in resolving disputes between the executive and legislative branches of government that can lead to unproductive, protracted and often expensive legal battles. By having an independent IG conduct necessary investigations and audits, public officials can avoid claims that the investigations or audits are self-serving or biased.

3. **Transparency in Government Administration**
   - Allegations against public officials involving claims of corruption, ethics violations and abusive practices are now commonplace. All governments need an orderly process for reviewing these claims and, when necessary, taking appropriate action. An IG review of such allegations—with a public release of the findings and recommendations—is an important step in ensuring that allegations of misconduct are fully vetted and that the public is kept informed. The IG is also able, in short order, to dispatch spurious claims of official or employee misconduct.
Restoration of the Public Trust
After a political or ethics scandal, the public loses faith in government officials. An IG can help restore public trust. The IG’s office can conduct appropriate investigations and audits to address the deficiencies in a government’s internal controls that led to the scandal and make recommendations for improving policies and procedures to prevent recurrences. Moreover, the IG can monitor specific areas of governmental operations implicated in a scandal or otherwise deemed susceptible to fraud, waste and abuse. A meaningful ongoing accountability and oversight program is the only realistic way to restore public confidence in government after it has been tarnished by scandal.

Deterrence of Crime
Much of the workplace fraud committed by government employees are crimes of opportunity, often based on employees’ knowledge that administrative operations lack effective internal preventive controls and oversight, leading to a belief that the chances of being caught are low. An active IG's office, along with a comprehensive ethics code and whistleblower policies, greatly increase the likelihood of detecting employee crime. As a result, fewer employees will risk engaging in fraudulent activities.

Cost Savings
Although sometimes difficult to quantify, the potential deterrent effect of an active IG’s office may result in significant annual savings even after factoring in the administrative costs of the office. Further savings can be realized when specific IG recommendations for eliminating waste and abuse are implemented. Moreover, once in place, IGs provide comprehensive and cost-effective, in-house investigative and audit services.

ASSOCIATION OF INSPECTORS GENERAL
The Association of Inspectors General is a membership organization of more than 650 federal, state and local inspectors general and their professional staff members. The association conducts training, holds an annual conference and offers a certification program for inspectors general, auditors and investigators working in IG offices. The association’s goal is to advocate for and strengthen the inspector general community.

39
HOW CAN POLICYMAKERS PARTNER TO INCREASE EFFICIENCY IN STATE GOVERNMENT?

PARTNER THROUGH OVERSIGHT

“Oversight is one function that easily allows for partnering. Why? Because regardless of whether you are a legislative or executive branch official, you strive for the same thing—to spend money wisely to make government work and have a positive impact on people’s lives. Sure there are different ways to get there, but working together to assess government operations allows for a system of checks and balances. Are the laws helping government work effectively or are they creating obstacles? Do the processes achieve the intended purpose of the law and at what cost? Partnering through oversight helps officials address those questions and implement needed improvements.”

COMMUNICATE WITH HONESTY, TRANSPARENCY

“I think it really starts with a number of character traits, such as transparency, honesty, courage, communication—and it’s a combination of all of them that is really required. First of all, you really have to be willing to make the tough decisions, to make cuts and to be efficient as possible. … You really have to be able to communicate exactly what you’re doing. … We want to make sure that the legislature, the executive branch, the general public, the media are aware of what we’re doing within the Department of Justice and why we’re doing it so that they can better understand, hold us accountable and give us reinforcements for positive behavior.”

ELAINE M. HOWLE
California State Auditor
2013 President, National State Auditors Association
Selected as one of Governing magazine’s 2012 Public Officials of the Year

J.B. VAN HOLLEN
Wisconsin Attorney General
InCREASIng EffICIEnCy |
straight talk

IMPROVe COLLABORAtION, COMMUNICAtION

“Defining Medicaid program integrity as simply fighting fraud, waste and abuse is obsolete. States and the federal government must approach program integrity more holistically to reflect the changing realities of health care delivery. First, improving collaboration and communication between federal and state officials could dramatically alter the effectiveness of Medicaid program integrity efforts and the overall efficiency of the program. Also, Medicare needs to heed the states’ call to leverage resources and information across the programs. Finally, executive and legislative officials should develop and target program integrity tools on state-specific vulnerabilities and program inefficiencies, rather than falling back on one-size-fits-all approaches that waste valuable resources.”

RALLY AROUND GOOD GOVeRNMeNt

“It’s just rallying around the goal of good government. We’re so bifurcated now and so polarized that they need to come back and understand, and this is what I tell my people, that not everything that comes out of my mouth is a pearl of wisdom so I expect to be challenged, but in a civil manner. Try to work out and understand the other side’s point of view. … I will expound my position, but I’ll always listen to the other side, because I’m not always right. There’s always a different point of view and you can always find common ground.”

MAKE DATA AVAILABLE, USABLE

“In a successful partnership, all partners need to possess similar information. Executive branch officials can encourage a productive partnership with legislators by putting as much information and data as possible online and in a user-friendly standard format that can be readily utilized. This will not only empower the legislature to identify efficiencies, it will empower citizens to do the same. This transparency should go beyond detailed financial information, and should also include data across a range of executive branch operations.”

ANDREA MARESCA
Director of Federal Policy and Strategy
National Association of Medicaid Directors

TREY GRAYSON
Director, Institute of Politics
Harvard University
Former Kentucky Secretary of State
2004 CSG Toll Fellow

RICHARD SLIWOSKI
Director
Virginia Department of General Services
2012 CSG Toll Fellow

RALLy AROUND GOOd GOVeRNMeNt

“Defining Medicaid program integrity as simply fighting fraud, waste and abuse is obsolete. States and the federal government must approach program integrity more holistically to reflect the changing realities of health care delivery. First, improving collaboration and communication between federal and state officials could dramatically alter the effectiveness of Medicaid program integrity efforts and the overall efficiency of the program. Also, Medicare needs to heed the states’ call to leverage resources and information across the programs. Finally, executive and legislative officials should develop and target program integrity tools on state-specific vulnerabilities and program inefficiencies, rather than falling back on one-size-fits-all approaches that waste valuable resources.”

“Defining Medicaid program integrity as simply fighting fraud, waste and abuse is obsolete. States and the federal government must approach program integrity more holistically to reflect the changing realities of health care delivery. First, improving collaboration and communication between federal and state officials could dramatically alter the effectiveness of Medicaid program integrity efforts and the overall efficiency of the program. Also, Medicare needs to heed the states’ call to leverage resources and information across the programs. Finally, executive and legislative officials should develop and target program integrity tools on state-specific vulnerabilities and program inefficiencies, rather than falling back on one-size-fits-all approaches that waste valuable resources.”

RICHARD SLIWOSKI
Director
Virginia Department of General Services
2012 CSG Toll Fellow

ANDREA MARESCA
Director of Federal Policy and Strategy
National Association of Medicaid Directors

TREY GRAYSON
Director, Institute of Politics
Harvard University
Former Kentucky Secretary of State
2004 CSG Toll Fellow

RALLy AROUND GOOd GOVeRNMeNt

“It’s just rallying around the goal of good government. We’re so bifurcated now and so polarized that they need to come back and understand, and this is what I tell my people, that not everything that comes out of my mouth is a pearl of wisdom so I expect to be challenged, but in a civil manner. Try to work out and understand the other side’s point of view. … I will expound my position, but I’ll always listen to the other side, because I’m not always right. There’s always a different point of view and you can always find common ground.”

MAKE DATA AVAILABLE, USABLE

“In a successful partnership, all partners need to possess similar information. Executive branch officials can encourage a productive partnership with legislators by putting as much information and data as possible online and in a user-friendly standard format that can be readily utilized. This will not only empower the legislature to identify efficiencies, it will empower citizens to do the same. This transparency should go beyond detailed financial information, and should also include data across a range of executive branch operations.”
stated briefly | AFFILIATE & ASSOCIATION NEWS

NLGA Leads Economic Development Forum in Mexico

The National Lieutenant Governors Association signed a cooperative agreement to work on issues and policy aimed to elevate the economic prosperity and opportunity of the states in both nations during the inaugural Economic Development Forum with the Association of Mexico Secretaries of Economic Development in February.

New Mexico Lt. Gov. John Sanchez, NLGA West Region chair, hosted the meeting Massachusetts Lt. Gov. Tim Murray, NLGA chair, led the meeting with Calif. Economic Development Secretary Juan Gutierrez chair of Association of Mexico Secretaries of Economic Development.

Those in attendance included the Minnesota lieutenant governor, the Arizona secretary of state, and the economic development secretaries of Hidalgo and Cochila of Mexico.

New Mexico Gov. Susana Martinez detailed the group specific efforts her state will engage in to grow trade with Mexico and Mexico Consul Mauricio Ibarra pledged his support to grow the effort.

NLGA is an affiliate of The Council of State Governments. The forum was part of the CSG U.S.-Mexico State Alliance work funded by the U.S. Agency for International Development.


Western Legislative Academy Class of 2012

The West’s premier training event for state legislators in their first four years of service took place Nov. 13-16, 2012, in Colorado Springs, Colo.

Thirty-seven legislators attended CSQ-West’s Western Legislative Academy, studying communications, time management, ethics, leadership and negotiations. Wyoming Sen. Ogden Driskell was elected class president.

For information about how to apply for 2013 Western Legislative Academy—which is scheduled for Nov. 13-16 in Colorado Springs—visit www.csqwest.org. Applications are due April 26.

Photo by Lynn Scott Photography
Study: 1 in 5 Arrests Involve Someone on Probation or Parole

A new Council of State Governments’ Justice Center report released in January revealed the majority of all adult felony and misdemeanor arrests were people who were not currently under supervision.

“The Impact of Probation and Parole Populations on Arrests in Four California Cities” was funded by the Public Safety Performance Project of the Pew Center on the States, the Public Welfare Foundation, the Fund for Nonviolence and the Rosenberg Foundation. The study answers one question that to date has been a matter of speculation among law enforcement and corrections officials: To what extent do people on parole and probation contribute to crime, as measured by arrests?

Other findings revealed that while people under probation and parole supervision accounted for one out of every six arrests for violent crimes, they accounted for one out of every three drug arrests. During a 3.5-year period in which total arrests fell by 18 percent, the number of arrests involving individuals under parole supervision declined by 61 percent and by 26 percent for individuals under probation supervision.

The chiefs of the Los Angeles, Redlands, Sacramento and San Francisco police departments commissioned the analysis in 2010. The 3.5-year timeframe covered in the study, which concluded in June 2011, immediately preceded the implementation of the state’s Public Safety Realignment Act, which commenced in October 2011.

Utah Hosts Legislative Staff Leaders

Nonpartisan legislative staff leaders from the Western region met at their annual Fall Training Seminar in early October in Park City, Utah. The members of the CSG-West Legislative Service Agency/Research Directors Committee participated in management training and shared best legislative management practices.

Pam Varn, executive director of the Alaska Legislative Affairs Agency, is former chair of the CSG-West Legislative Service Agency/Research Directors Committee. Mike Christiansen, director of the Utah Office of Legislative Research and General Counsel, is the current chair. Charlotte Carter-Yamauchi, not pictured, will serve as vice chair in 2013-14.
Arch Lustberg ended many of his presentations with a quote—“Tell me and I’ll forget. Show me and I’ll remember. Involve me and I’ll understand.”

Lustberg involved many state leaders throughout his long career and left them with a better understanding of the art of communications. Following his Feb. 8 death from respiratory failure at age 87, The Council of State Governments Executive Director/CEO David Adkins said Lustberg’s involvement in the lives of so many was much more than an education.

“Because he involved CSG in so much of his work, we will always understand the profound difference he made for the many leaders whose lives he touched through CSG,” Adkins said.

Lustberg was a regular presenter at the CSG Toll Fellows program, as well as the leadership programs offered through the CSG regions. Adkins presented Lustberg with the first Distinguished Service to the States award—CSG’s highest honor—in 2010 in New York City.

“He was a most deserving recipient and the standing ovation on that occasion was sustained and heartfelt,” Adkins said.

Among those Lustberg touched Brian Selander, former chief strategy officer for Delaware Gov. Jack Markell, now executive vice president for The Whistle, a sports and entertainment network.

“When you teach someone how to speak, you also help shape how they think,” Selander said. “Arch taught thousands of public officials how to communicate with more passion, more purpose and more certainty. Those values made more bold the policies these leaders were crafting—not just the language they used to describe them when done.”

Lustberg was recognized as the leading trainer in effective communication. He established his own training company in 1984 and coached governors, congressional leaders, presidential appointees, and leaders in business and industry, as well as many state officials.

That experience made him a must-have speaker for many state leadership programs.

“Arch was a cornerstone of the BILLD program,” said CSG Midwest Director Mike McCabe. “He was an expert communicator, but also a gifted teacher and a born entertainer. He commanded the room like few others and he was, for many of the 600 legislators who had the privilege of learning from him at BILLD, the person they most remembered.”

BILLD is the Bowhay Institute for Legislative Leadership, CSG Midwest’s leadership academy, which is held each year in Madison, Wis.

Laura Tomaka, who coordinates the BILLD program, said Lustberg was exactly what he taught others to be—memorable and likeable.

“His legacy will carry on in the hundreds of BILLD alumni who continue to put his training into practice long after the time they spent with him in Madison,” she said.

The same can be said of Toll Fellows program alumni.

Adkins, who first heard Lustberg when he was a Toll Fellow in 1993 as a Kansas state representative, said Toll Fellows continued to give Lustberg high marks even as his health declined.

“He loved to perform and his spirit always remained strong,” Adkins said.

Adkins, who became CSG’s executive director in 2009, regularly sought out Lustberg when he was on the agenda. He recalls a chance meeting during CSG’s annual meeting on a cold and blustery day in Quebec City several years ago.

“He was the embodiment of all he taught,” Adkins said. “He spoke with an open face, he loved his audience, whether one or hundreds, and he knew all the tricks for likability.

“There will never be another Arch.”

Funeral services for Lustberg were held Feb. 16 in Tenafly, N.J. He is survived by his bride of 61 years, Jean Anne, three children, Larry, Leigh and Lori; and three grandsons.
**5 STATES HAVE FEMALE GOVERNORS—ARIZONA, NEW HAMPSHIRE, NEW MEXICO, OKLAHOMA AND SOUTH CAROLINA.**

Margaret "Maggie" Hassan was sworn in in January as the 81st governor of New Hampshire. She is one of five women governors across the country.

**FAST FACTS ABOUT STATE LEADERSHIP**

**IN 4 STATES**—ARKANSAS, MISSOURI, RHODE ISLAND AND VERMONT—THE GOVERNOR AND LIEUTENANT GOVERNOR ARE MEMBERS OF DIFFERENT POLITICAL PARTIES.

A single political party fills every executive branch office in **30 STATES**; in 29 others, at least one member of the other party fills one of those seats. Rhode Island Gov. Lincoln Chafee is an independent; Democrats fill the other executive branch offices.

**3 STATES**—ALASKA, HAWAII AND UTAH, AND 4 TERRITORIES—AMERICAN SAMOA, GUAM, NORTHERN MARIANA ISLANDS AND THE U.S. VIRGIN ISLANDS, DO NOT HAVE A LIEUTENANT GOVERNOR.

**3 GOVERNORS**—JERRY BROWN OF CALIFORNIA, JOHN KITZHABER OF OREGON AND TERRY BRANSTAD OF IOWA—HAD SERVED IN THE OFFICE IN PREVIOUS DECADES.

**IOWA ATTORNEY GENERAL TOM MILLER HAS THE LONGEST TENURE IN THE OFFICE—HE’S SERVED SINCE 1978 WITH A BRIEF BREAK FROM 1991 TO 1994.**

Iowa Treasurer Michael Fitzgerald is the longest-serving state treasurer; he was first elected in 1982.

**IN 27 STATES**, THE HOUSE SPEAKER AND SENATE PRESIDENT ARE REPUBLICANS; IN 17 STATES, BOTH ARE DEMOCRATS; AND IN 5 STATES, THE PARTIES SPLIT LEADERSHIP. NEBRASKA’S BICAMERAL LEGISLATURE IS NONPARTISAN.

3 governors—Jerry Brown of California, John Kitzhaber of Oregon and Terry Branstad of Iowa—had served in the office in previous decades.

Of the 7 new governors elected in 2012, 2 served in Congress, one served as a state attorney general, 3 were members of the state legislature and 1 was a former mayor.

For a complete list of leadership in the states and territories, visit the Capitol Ideas website.
Jennifer Burnett, senior researcher at The Council of State Governments and manager of the States Perform website, said data are controlling most of our lives these days. CSG’s States Perform provides users with access to interactive, customizable and up-to-date comparative performance measurement data for the 50 states in six key areas. The data can help legislators and other policymakers make the best decisions for their states.

EXPLORE THE DATA.
States Perform contains more than 200 measures, with at least 10 years of data for each measure. Both outcome measures, such as the percent of a state’s population with a high school diploma, and input measures that help put the outcomes in perspective, such as the number of public K–12 schools in the states, are available. Not sure of what you’re looking for? That’s no problem, Burnett said. “I think the best way to do it is to get on there and start exploring,” she said. “See what’s there, see if anything fits your needs. The data is updated as frequently as possible, so if you’re there and you’re using the data, you can be assured that it is the most recent data available.”

NARROW YOUR SEARCH.
After you determine the general topic you’d like to look at, it’s time to get more specific. Transportation safety, for example, can be narrowed down to the number of state-owned bridges that are structurally deficient. If you want to know, for example, how your state compares to three other states, click on the compare section, choose the states and the measure, then hit enter. “What will come up is a spreadsheet of all three of those states for that measure for the most recent year, including links to the original data sources,” Burnett said.

MAKE THE DATA FIT YOUR NEEDS.
Burnett said policymakers can look at data from one state or all 50, from one year or multiple years, using one measure or many. The report can be downloaded into any spreadsheet program. “You also can create a map or a bar chart that can be downloaded into a report,” she said. “It’s created from the researcher perspective. You don’t want it to just be a bunch of pretty pictures; you want it to be useful. It consolidates the data and makes it very easy to get the data that’s most functional for you.”

COMPARE APPLES TO APPLES.
Knowing how your state is performing isn’t enough. To truly understand where your state stands, you also need to know how other states are performing. That comparative data can be tricky to find, especially because states may differ in how they calculate or collect certain kinds of data. The data in States Perform has been vetted to be as comparable as possible, so you don’t have to worry that you are comparing apples to oranges, Burnett said.

DON’T BE AFRAID OF USING DATA.
Although researchers have a wide variety of information at their fingertips with States Perform, Burnett said the design of the site makes it easy to use. “We’re overwhelmed with information and data from everywhere,” she said. “This brings it down to size and makes it more usable. Most of the strategies we focus on are data driven now. Don’t be afraid of getting the data and using it yourself. It empowers you to make better decisions.”
National and Regional Meetings

Registration and application deadlines may apply. Visit www.csg.org/events for complete details.

For more information, visit: www.csg.org/events.

CSG National Conference
September 19–22, 2013 | Kansas City

NAST—2013 Legislative Conference
March 18–20, 2013 | Washington, D.C.

NAST—2013 Legislative Conference
March 18–20, 2013 | Washington, D.C.

March 18–21, 2013 | Washington, D.C.

NEM—2013 Emergency Management Policy and Leadership Forum
March 18–21, 2013 | Washington, D.C.

SLC Annual Meeting to Convene in Mobile, Ala.

The 67th Annual Meeting of the Southern Legislative Conference will convene in Mobile, Ala., July 27–31. The annual meeting is convened as the focal point and culmination of the SLC’s yearly activities.

Each year the SLC Annual Meeting provides policymakers with an opportunity to engage regional and national policy experts on the issues that matter most to them and their constituents. Sharing their experiences with others facing similar challenges and opportunities remains a hallmark of the SLC Annual Meeting. Of equal benefit are the numerous opportunities for informal discussions and sharing of ideas and innovations across state lines that the SLC Annual Meeting provides for its participants.

Visit www.slcatlanta.org for more information.

MLC Annual Meeting Gathers in St. Paul, Minn.

The MLC Annual Meeting—the premier event for Midwestern state lawmakers—will be held July 14–17 in St. Paul, Minn.

The MLC Annual Meeting is a conference for policymakers from around the Midwest to share ideas, talk about innovative state policy, discuss common challenges and identify solutions. Small-group discussions foster collaborative problem-solving, while larger sessions allow attendees to hear from some of the country’s top experts on issues of importance to state policymakers. Jon Meacham, one of America’s foremost historians, and author Jonathan Haidt will address meeting attendees.

Register by May 7 to receive a discount on your registration fee.

Visit www.csgmidwest.org for more information.
Shout Out | Justice Cheri Beasley

Cheri Beasley
Associate Justice, North Carolina Supreme Court | 2012 CSG Toll Fellow

When Cheri Beasley was young, her mother expected her to do volunteer work. “She really taught me the value of public service,” said Beasley, a 2012 CSG Toll Fellow. That lifelong habit led her to a career in public service. “I just saw that growing up and I saw the importance of being a part of the community and the obligation, really, to make a difference.” That drive to make a difference continues in her current role as an associate justice on the North Carolina Supreme Court. “There is no greater responsibility than making decisions that are hugely important in people’s lives,” Beasley said. Her experience in the court system has shaped the advice she would give on leadership. “Do what’s right regardless of whether or not it is popular and treat people the way you would want to be treated,” she said.

Do you know someone in state government who deserves a shout out? Email Mary Branham at mbranham@csg.org.

For more on Cheri Beasley, visit: capitolideas.csg.org.
CSG POLICY WEBINAR SERIES

JOIN IN LIVE OR VIEW AT YOUR LEISURE!

CSG offers a wide variety of online policy events. The forums are a unique opportunity for you to hear from and interact with national policy experts on a variety of topics. To see a listing of upcoming webinars or to view the archive, visit www.csg.org/events/webinar.

Current webinars available in the CSG archive:

- The Clean Water Act and Waters of the U.S.
- States to Watch in 2013: Transportation Funding
- Beyond the Cliff: State Budgets and the New Congress
- Increasing Academic Success in Postsecondary Education
- Supreme Court, Health Care and the States
The Council of State Governments
2760 Research Park Drive
P.O. Box 11910
Lexington, KY 40578-1910

Capi Tolidea S.CSG. or G

KeYNoTe SPeAKeR

Nate Silver
Founder, FiveThirtyEight.com;
Author of The Signal and The Noise
Saturday, Sept. 21, Noon

REGISTER NOW!
www.csg.org/2013nationalconference