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Happy 2015! In this season of resolutions, renewed fitness regimens and fresh new looks, we’re making a few updates of our own here at The Council of State Governments. Welcome to “What’s Happening at CSG”—the latest addition to CSG’s Capitol Ideas magazine—designed to keep you in the know on everything going on at CSG. In each issue, we’ll provide you with the top organizational events, initiatives and activities for the upcoming two months so you won’t miss a beat!

Here’s What’s Happening at CSG in January and February 2015

1. CSG welcomes our new national officers and committee chairs! We look forward to working with these outstanding new officers:
   - Gov. Brian Sandoval, Nevada, 2015 CSG National President
   - Sen. Carl Marcellino, New York, 2015 CSG National Chair
   - Sen. Beau McCoy, Nebraska, 2015 CSG National Chair-elect
   - Sen. Kelvin Atkinson, Nevada, 2015 CSG National Vice Chair
   - Gov. Earl Ray Tomblin, West Virginia, 2015 CSG National Immediate Past President
   - Sen. Mark Norris, Tennessee, 2015 CSG National Immediate Past Chair

2. CSG releases Top 5 Issues for 2015.
   Check out the top issues facing the states this year in this issue of Capitol Ideas and read more about them online at the CSG Knowledge Center.

   Save the dates and plan to join us in charming Nashville, Tenn. Check www.csg.org/2015NationalConference for more details.

4. CSG eCademy launches Tune In Tuesdays @ 2!
   Beginning Jan. 13, tune in to CSG eCademy the second and fourth Tuesdays of each month for insightful webcast programming on a range of policy issues. As an added bonus, participation in CSG’s eCademy programming may earn you a free registration to the 2015 CSG National Conference! For a full listing of upcoming sessions, visit www.csg.org/eCademy.

   Chock full of the latest news impacting the states, infographics and upcoming CSG events, The Current State will keep you up to date on everything you need to know. Watch your inbox for more information!
In a country where we expect free Wi-Fi with our coffee, the least we can do is expect that our schools are properly wired.”

— President Obama as quoted in The New York Times at a daylong meeting with educators in November to talk about the potential of technology in education.

I believe we can. We are making progress as a nation.”

— U.S. Housing and Urban Development Secretary Julian Castro as quoted in the Los Angeles Times in November saying he believed the country is on track to house all homeless veterans.

Every year we’re spending a little more and taking in a little less.”

— Economist Joseph Henchman of the Tax Foundation, as quoted in a December Stateline article, about the need for states to address falling income from gas taxes that are not indexed to inflation.

Success is every time we help somebody actually get a job that allows them to rebuild their career and increase their earnings.”

— New Jersey Deputy Labor Commissioner Aaron Fichtner, as quoted in a Stateline article describing attempts by states to help the long-term unemployed.

If anybody wants to fund universal prekindergarten or infrastructure investments, this is the best way to do it,”

— Massachusetts Treasurer Steven Grossman, as quoted in The Boston Globe in December, about the need for Congress to pass the Marketplace Fairness Act.

I wanted to know the difference between a marijuana cookie and a Chips Ahoy! cookie just by looking at it.”

— Colorado state Rep. Jonathan Singer, as quoted in The Denver Post during a November working group meeting tasked with developing rules to limit accidental ingestion of marijuana-laced food. No decision was reached.

We face huge head winds.”

— Virginia Gov. Terry McAuliffe, as quoted in November in a story in The Washington Post about how problems in the federal government’s budget are impacting neighboring states.
ATTACKING TEACHERS
After three years, a controversial program offering $20,000 as a financial incentive to attract top teachers to low-scoring schools in Delaware has failed to do just that. The Delaware Talent Cooperative has been able to recruit only 11 highly rated educators to qualifying schools, The News Journal reported in November. The state had hoped to provide 200 transfer bonuses, but fewer schools eligible for the program chose to participate.

HIRING FREEZE
Portland, Maine, officials have frozen hiring and limited overtime spending due to an anticipated loss of more than $3 million in state funding for aid to undocumented immigrants despite new state policy. According to the Portland Press Herald, the city is among several Maine communities that plan to continue providing general assistance to individuals regardless of immigration status, despite a new state prohibition on the use of general assistance funds for undocumented immigrants.

CAMPAIGN FINANCING
Maryland Gov.-elect Larry Hogan is the state’s first gubernatorial candidate to win through funding from the state public financing system, The Washington Post reported. The system’s future, however, is in question. The fund was built through many years by a voluntary tax option, but is nearly depleted. Until Hogan’s campaign, public financing hadn’t been tapped in two decades. Because of this, the state removed the voluntary checkoff box on state income tax forms in 2010.

BRIDGE TOLLS
The Tappan Zee bridge replacement project in New York, expected to cost the state $4 billion, likely will result in doubling the current $5 bridge toll by 2019, the Times Union reported. Thruway officials note that motorists along other parts of the highway will not be assessed for the bridge project. Experts suggest, however, that increased tolls along the Thruway system are likely to cover expenses currently covered by the bridge toll.

PORT DEVELOPMENT
Puerto Rico has announced plans to develop the Port of the Americas on the southern coast of the island, according to Business Wire. Puerto Rican officials indicate they are seeking a major international port operator to partner with on the project. The Puerto Rican government has invested more than $285 million in upgrades to the port in recent years as part of a broader effort to position the territory as a global business hub for the region.

NEW HAMPSHIRE FACING ENERGY CRISIS, AGAIN
With the onset of winter, many residents of New Hampshire are concerned that the expensive electrical and heating bills of last year may be a reality again in 2015. Some energy experts expect the same, the Union Leader of Manchester, N.H., reported in November.

William Quinlan, president and chief operating officer of Public Service New Hampshire, expects significant energy supply shortages in the not-so-distant future. He backs that up with last year’s experience of high electricity demand during a particularly cold winter, natural gas shortages due to limited pipeline capacity and the closure of four power plants that produce 10 percent of the region’s energy supply.

“Looking out into the last half of 2017, and the first half of 2018, at this time it looks like the supply will not be sufficient to meet customer demand,” said Quinlan. “The challenge is to improve the infrastructure between now and then.”

A March report by ISO New England, which operates the New England power grid, showed the region’s residents doubled their spending on energy last winter, with total energy spending at $6.8 billion, up from $3.6 billion during the winter of 2013. Experts suggest high demand for home heating last year diverted natural gas supplies, which provide 46 percent of the fuel necessary for the region’s electricity generation.

Not everyone agrees, however. According to Kate Epsen, executive director of the New Hampshire Sustainable Energy Association, “the alleged crisis is overstated.” She points, instead, to the energy shortage as an impetus for innovation and conservation.

“We import nearly all of our energy needs,” said Epsen. “In the future, be it five or 20 years, the supply portfolio needs to increase in diversity, toward fuels that are both indigenous to New Hampshire, which include biomass, hydro, solar and wind, and that generate new economic growth here from savings, jobs and returns.”

For more on CSG East, visit: capitolideas.csg.org and www.csgeast.org.
AIRPORT’S IMPACT
The Hartsfield-Jackson Atlanta International Airport released a report in November showing it drives nearly a half-million jobs across the metro region, The Atlanta Journal-Constitution reported. Jobs at the airport grew 9.1 percent to 63,300 during the past four years. Those jobs include airline, airport and contractor positions. The report attributes about 450,000 metro region jobs—both direct and indirect—to the airport. It estimates the total annual revenue generated by the airport and those jobs at $64.2 billion.

GEORGIA GAS TAX
Leaders in the Georgia House and Senate have indicated they’re willing to consider increasing the state’s gasoline tax to fund the state’s transportation infrastructure, The Atlanta Journal-Constitution reported. The increase would come by legislative action through the Joint Study Committee on Critical Transportation Infrastructure Funding. The committee has conducted meetings across the state since July. The state now levies a 4 percent tax on gasoline, but part of that tax is earmarked for the general fund.

OFFENDER SENTENCING
Oklahoma County, Okla., Court Clerk Tim Rhodes and the state Corrections Department have been piloting a program that allows a convicted inmate’s sentencing to be electronically submitted from the courthouse to prison staff, which streamlines inmate transfers in the county, The Oklahoman reported. Rhodes said judgments and sentences emailed to the state corrections department from an authorized email address are considered by all parties to be certified.

FOREST FRACKING
A federal management plan announced in November will allow hydraulic fracturing in the George Washington National Forest, the largest national forest in the eastern United States, but limits drilling in most of the forest. According to The Christian Science Monitor, the plan eliminates the possibility of oil and gas leases on 985,000 acres. It will permit drilling on 167,000 acres with existing private mineral rights and 10,000 acres that already have been leased to oil and gas companies.

ENDING A 21-YEAR EDUCATION FUNDING SUIT
Ending a 21-year education funding lawsuit waged by more than two dozen school districts, a divided South Carolina Supreme Court ruled in November that lawmakers failed to ensure students’ success, the (Florence, S.C.) Morning News reported.

The 1993 lawsuit alleged that state legislators did not provide enough money to educate K-12 students, though it took six years alone for the state Supreme Court to rule on what the term “minimally adequate education” meant. The lawsuit also alleged funding was unequally distributed between the poorer and richer districts in the state.

“They were shortchanging the districts across the state about $32 million a year by what state law said they were supposed to supply.” John Kirby, one of the original superintendents involved in the lawsuit, was quoted as saying. Kirby was a superintendent in Latta and was part of a group of state school chiefs that formed an organization in the late 1980s to try to get more attention from the legislature. “They were not funding us adequately, and the districts were having to fund the rest. The poorer districts were having trouble doing that, more than the richer districts.”

Writing for the majority, Chief Justice Jean Toal wrote: “The South Carolina Constitution requires there be a system of free public schools that affords each student the opportunity to receive a minimally adequate education. The plaintiffs, including eight South Carolina school districts, claim that the State failed to meet this constitutional obligation. The trial court held that the State’s failure to address the effects of pervasive poverty on students within the plaintiffs’ school districts prevented those students from receiving the required opportunity.”

Toal’s ruling directs lawmakers and schools to work together to solve the ongoing problems faced by students living in poverty, saying schools need to do a better job identifying students’ needs and then getting lawmakers to help fund them.

For more on CSG South, visit: capitolideas.csg.org and www.slatlanta.org.
MARKETING CAMPAIGN
A new national marketing campaign for Wisconsin will center on the state’s love of beer, cheese and Packers football, The Associated Press reported in November. The $1.6 million campaign, launched this year by the Wisconsin Economic Development Corporation, features radio and online ads targeting entrepreneurs and potential investors in the state. It is part of a larger multi-phase project that began in 2012.

ROADS, BRIDGES CRISIS
Within 10 years, 52 percent of South Dakota’s roads and bridges could be categorized in fair or poor condition if current funding structures remain. In response, Sen. Mike Vehle, chair of a special legislative committee established to study the state’s highway needs and financing, introduced a bill that would raise taxes and fees to net $100 million in additional funding for roads and bridges in the first year alone, the Rapid City Journal reported. South Dakota’s gas tax of 22 cents-per-gallon hasn’t been raised since the 1990s.

JUDICIAL APPOINTMENTS
Mandatory retirement and judges’ decisions to leave the bench have led to an unprecedented number of new appointments to Minnesota courts, the Star Tribune of Minneapolis reported. Since he took office in 2011, Gov. Mark Dayton has appointed 76 judges. As a result of these appointments, racial diversity among Minnesota judges has increased by 53 percent and the number of female judges has increased by 18 percent.

FERTILIZER BANS
New rules proposed by Ohio lawmakers, including limits on the use of fertilizer, aim to reduce algal blooms in Lake Erie, according to the Northeast Ohio Media Group. The rules would prohibit Western Basin farmers from using fertilizers or manure on their land during periods of rain, snow or frozen conditions. If passed, the rules would be the strongest effort yet to prevent the algal blooms that led to bans on drinking water in Toledo last summer.

NEW TREASURER
Indiana Treasurer Kelly Mitchell was elected to serve starting in January, but her role began early. According to The Associated Press, Gov. Mike Pence appointed Mitchell to serve out the remaining weeks of the term for former Treasurer Richard Murdock, who resigned before the end of his second term in August 2014. Mitchell replaced interim Treasurer Daniel Huge.

KANSAS SETS 50-YEAR WATER PLAN
A study of Kansas’ long-term water needs is nearing completion, The Topeka Capital-Journal reported. During a water policy conference in November, Kansas Gov. Sam Brownback released the draft 50-year water plan, including a variety of proposals to address the state’s rising demand for agriculture and drinking water supplies.

Among the proposals are programs to dredge state reservoirs, including the John Redmond Reservoir, which serves a nearby nuclear power plant. Nearly 40 percent of that reservoir’s storage capacity has been consumed by silt, a problem that plagues a number of other Kansas reservoirs.

The report also includes a number of recommendations to promote water conservation, including strategies to identify more efficient irrigation technology, exploring crops that conserve water and directing state agencies involved in business recruitment to focus on industries and companies that adopt water conservation practices.

Efforts to address the state’s water needs won’t be limited to within its borders. The report recommends increased collaboration with neighboring states like Colorado and Nebraska to address surface water issues, which often result in expensive litigation for resolution.

“As I look out on the future of Kansas, one of the big things we have to resolve is the issue of water,” Brownback told attendees at the November water policy conference. “It’s just one of those key things that we’ve got to address. We’ve got to do it working together.”

Brownback said he would authorize a position to work on water planning at the Kansas Water Office, water allocation by the Kansas Department of Agriculture and water quality in the state Department of Health and Environment.
California Cap-and-Trade Sets Example

California could provide an example to the nation—and the states—on the challenges and opportunities in the fight to slow climate change. According to The Associated Press, the Golden State launched a cap-and-trade program nearly three years ago as part of its air quality standards, some of the most stringent in the world.

As part of its push to reduce greenhouse gases to 1990 levels by 2020, the program targets industrial polluters, requiring the businesses to pay for each ton of pollution emitted beyond a set cap, or limit. The program has assessed a total of $2.3 billion in permit fees, an amount that will likely grow as the program expands its reach to fuel distributors this year.

Companies that cut emissions below the cap are able to sell their remaining permits to industries producing more pollution. “California has the most integrated response and strategy to deal with climate change of any political jurisdiction in the world,” Gov. Jerry Brown said in an interview with the AP in November. “What happens here doesn’t stay here, it goes around the globe.”

California’s cap-and-trade emissions program was part of a law signed by former Gov. Arnold Schwarzenegger; it also includes provisions requiring energy efficiency, renewable energy and lower carbon fuels.

Some experts point to early predictions that the program would be cost prohibitive for industries, many of which were expected to move to other states as a result. “We just haven’t seen that,” said Adrienne Alvord, California and Western states director of the Union of Concerned Scientists. Instead, she said, the state has seen economic growth at the same time as the program’s implementation.

Others, like Catherine Reheis-Boyd of the Western States Petroleum Association, warn that widespread adoption of programs like California’s cap-and-trade initiative may lead to shortages of products like low-carbon fuels necessary to meeting such stringent standards.

Alcohol Laws

Utah Gov. Gary Herbert believes alcohol laws do not hamper the Beehive State’s economy, but he is willing to consider ways to improve its liquor laws, The Salt Lake Tribune reported. Current laws require new restaurants to install a barrier so patrons are not able to see alcoholic beverages being prepared. Results from a recent poll conducted by UtahPolicy.com indicated that two-thirds of the state’s residents believed Utah’s liquor laws hurt economic development and tourism.

Right-to-work legislation will likely be on the agenda for the 2015 legislative session, the Albuquerque Journal reported. Advocates for the legislation argue that New Mexico is at a disadvantage when competing with neighboring right-to-work states Arizona, Texas and Oklahoma. Republicans gained control of the state House of Representatives for the first time in 60 years in the November midterm election.

Death with Dignity

Oregon’s Death with Dignity law, the first of its kind in the nation, turned 20 in November. According to The Oregonian, 1,173 of the state’s residents have qualified for lethal prescriptions under the law and 752 patients have used prescribed lethal drugs to end their lives over the past two decades. State data show the average death with dignity patient was white, educated, had health insurance and was older than 65.

Rainy Day Funds

Wyoming’s rainy day fund is nearing $2 billion, up $400 million in the past two years alone, leading some state lawmakers to push for a conversation on how to manage the fund. With no personal or corporate income tax, the state relies heavily on energy production for revenue. That leads some lawmakers to advocate leaving the rainy day fund alone, pointing to uncertainty in the future of the state’s coal industry. Others, however, want to tap the reserves to improve schools and infrastructure, the Deseret News reported.

Technology Contracts

Nevada joins a growing number of states that increasingly are relying on the private sector to manage the government’s information technology work. Gov. Brian Sandoval and the state’s Board of Examiners approved the contracts with companies based in states across the country—from California to New Jersey, according to the Las Vegas Sun. The new trend is, in part, a response to the difficulties states have experienced in hiring qualified IT workers.

For more on CSG West, visit: capitolideas.csg.org and www.csgwest.org.
OHIO SEN. FRANK LAROSE HAS PARTICIPATED IN AND FACILITATED NEXT GENERATION WORKSHOPS—“BUILDING TRUST THROUGH CIVIC DISCOURSE”—IN OHIO AND IN SEVERAL OTHER STATES. THE WORKSHOPS ARE OFFERED BY THE NATIONAL INSTITUTE FOR CIVIL DISCOURSE AT THE UNIVERSITY OF ARIZONA. HE’S ALSO WORKING WITH NOLABELS.ORG TO BRING THE NATIONAL EFFORT, WITH THE RALLYING CRY “STOP FIGHTING, START FIXING,” TO OHIO.

MORE THAN MANNERS
CIVILITY IS ESSENTIAL FOR BETTER GOVERNMENT

Our institutions of deliberative democracy are not functioning optimally. Much of what’s broken can be traced to a rise in partisan tribalism and an associated decline in civility in the public square. To even the most casual observer of American politics, that is obvious and has, unfortunately, become the accepted or at least expected status quo. Improving civility in government is to the optimist a daunting task, to the pessimist a fool’s errand.

I submit that we can, and for the future of our states and our nation, we must do better. It is a good thing that the discussion of public policy elicits a strong, and in many cases, emotional reaction from most citizens. This energy can yield positive outcomes when citizens have productive outlets for their passion, such as grassroots political involvement and engagement in the policymaking process. But it is too often misapplied when it becomes manifest as a personal animosity toward the individual who has a differing view from our own. Simply stated, we should be able to be ideological adversaries without being personal enemies.

We should not make the mistake of thinking that things are worse now than ever before. Incivility in public affairs is as old as politics itself. We also should be realistic; we can’t “fix” civility any more than we can “fix” world peace or hunger, but all of these are worthy endeavors to which great efforts should be devoted.

Campaigning in the modern era has emphasized party lines and party loyalty constructed on adherence to narrow, but emotionally charged ideological issues. Paired with the mass media nature of modern campaigns, a mentality of “win at any cost” has caused deep divides that last long after the last vote is counted. The high emotions and hurt feelings of campaign season lead to even more partisan tribalism and a desire for retribution. This becomes a cycle that leaves little room for building trust, which is necessary for the constructive conversations that in turn are necessary to solve the complex problems facing our society.

My observation is that governing has become too much about ideology and not enough about analysis and problem solving. There is also a toxic notion that has permeated our public discourse that compromise is weakness. I would argue that compromise is one of the essential tools statesmen and stateswomen use to solve problems in a democracy. Improved civility and the resultant productive dialogue is the solution to these problems and many others.

Civility is not just about being nice to each other; it’s about delivering better outcomes to the people we serve.

Though incivility in politics is not a new problem, it is our problem now, and our generation of leaders has an opportunity and a duty to proactively address the issue. I’ve made this a priority myself because of the obvious need for improvement and my sincere belief that we can make things better. I’m glad to be actively engaging with outstanding organizations that are focused on ways to improve government through civil conversation.

The call to action is simple: Demand civility from your elected leaders and work conscientiously to model constructive civil behavior in your own public interactions. While those of us who seek elected office must be held to the highest standards, this job is bigger than just us. Citizens have a responsibility to do their part to maintain civility. There should be a particular emphasis from those who have a special level of public trust because they work in journalism, academia or any other field that makes them an opinion leader.

Civility is more than just having good manners; without it, our system of government cannot function effectively. As citizens, it is our responsibility to expect better from our leaders and from each other. We all benefit when improved civility becomes a mutual priority.
As states work to continue to grow their economies, they’ll consider issues in the various policy areas that have an impact on workforce development. That focus is part of the CSG chairman’s initiative, “State Pathways to Prosperity.” Noted journalists, consultants and performance management experts Katherine Barrett and Richard Greene have joined CSG as senior fellows. They list the Top 5 issues facing state government as a whole, while CSG policy experts share the Top 5 issues in education, workforce development, transportation issues, rural America, energy and environment, international, health and federalism. The 2015 chairs of CSG’s four regions—each featured in their own specially zoned regional edition of Capitol Ideas magazine—look to 2015 and discuss issues facing states and their region. Legislative leaders who chair CSG’s national policy committees offer their insights into what others should know.
Water’s Importance in Economic Development

In recent years, devastating drought in the West and the depletion of groundwater in many parts of the U.S. have dramatically increased the focus on water supply. California’s drought is front page news and even states with traditionally healthy water resources now require long-term water plans.

This phenomenon is clearly crucial to the health and welfare of residents. But easily missed is the impact of water shortages on economic development. Corporations considering where to locate or expand their operations, which used to focus primarily on availability of workforce, climate and taxes, increasingly are taking a hard look at the availability of water now and into the future.

A growing number of states are pointing to their water resources—and even their stewardship of water—in their promotional literature. Georgia’s Department of Economic Development, for example, boasts that it’s “the only state with a complete inventory of water systems,” and the state’s Environmental Protection Division “has drafted baseline water resources assessments; forecasts of agricultural water demand; and new ways to forecast future municipal and industrial water demand.”

That’s just not the kind of verbiage you used to see in economic development literature.

Infrastructure Neglect

We were talking to a rather large group of public sector officials recently and asked them to name the fiscal issues that worried them the most. High on their list were problems with the maintenance of infrastructure. These concerns are borne out by The American Society of Civil Engineers report card, which most recently gave the nation’s infrastructure a grade of D+.

Many of the states’ issues with infrastructure are their own fault. In good times, as well as hard times, they’ve ignored maintenance needs in favor of funding other—more politically beneficial—expenditures. There simply aren’t a lot of votes available on a road resurfacing platform. Yet, every year that maintenance is put off, the costs just grow larger and larger, until roads, bridges and buildings begin to crumble and hugely expensive efforts are required to fix them. Along the way, safety issues arise.

Sadly, there are no requirements for states to disclose the amount of deferred maintenance they have accrued. That only turns a time bomb into something worse—a hidden time bomb.
There was never a time when states were economically homogeneous. But in conversations with a number of demographers, we’ve come to realize that the divide between “have” and “have not” cities and counties in individual states is expanding worrisomely.

In Colorado, for example, as of last spring, 19 counties were at pre-recession levels in terms of jobs, but 45 were still at recession levels. The counties that were doing best were those with nicely diversified economic bases. On the flip side were a number of counties that depend on revenues from tourism or from natural gas or coal.

This dichotomy can create enormous complexities, and legislatures are going to have to deal with them as they allocate resources. Montana’s demographer Jim Sylvester told us the legislature there is in a quandary about how to govern a state in which the East is doing wonderfully—partly due to fracking—and the West’s economy is flat. He asks, “How do you do policy that applies to the whole state?”

Evidence-based practice centers have proliferated from coast to coast, and we think that’s a very good thing. There’s a bipartisan allure to the idea that data mixed with meaningful evaluation will help government spend its money where it counts and drive down spending on programs that don’t work well.

But as much as improved use of evidence-based data looks like a very sweet donut to many states, we can’t help but notice that the hole in the middle is getting bigger. No doubt, programmatic data sharing and longitudinal data are desirable, but we believe legislatures will be grappling increasingly with privacy concerns, shortages in analytic capacity and multiple problems with data quality.

One of the smartest guys we know is Don Kettl, former dean of the University of Maryland’s School of Public Policy. As he told us, “Cybersecurity is, beyond doubt, one of the most important but least-explored issues facing the nation. Period. … The biggest route to failure on this issue is for everyone to assume that the feds have it under control and will solve it for everyone else. It’s an issue we all share and all need to own.”

While it is not possible to put a total dollar amount on the potential threats, the drama of the risks entailed is clear. So far, most of the successful attacks on computer security have been hazards to privacy. But a severe IT breakdown endangers services like electricity, water supplies, emergency responders, financial services, public safety, corrections, health care and so on. When we hear about the number of so-called “breaches” faced by individual states, it feels to us like it’s not a question of whether a life-threatening attack on a state’s computers will occur, but when it will occur.

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About Barrett and Greene
Noted journalists, consultants and performance management experts Katherine Barrett and Richard Greene have joined CSG as senior fellows. They founded the Government Performance Project, a 10-year effort by The Pew Charitable Trusts to improve state government management. As CSG senior fellows, Barrett and Greene will serve as advisers on state government policy and programming and will assist in identifying emerging trends affecting states. They will write a regular column in Capitol Ideas magazine.
States are finally starting to see their economies recover after the Great Recession. The national unemployment rate has fallen below 6 percent; no state has an unemployment rate over 8 percent. Total employment rose by nearly a quarter of a million jobs in September 2014 alone.

Bill McBride, a finance and economic blogger who was one of the first to warn about the housing bubble in the 2000s and predict the impending economic collapse, is optimistic.

“Right now, 2014 is on pace to be the best year for both total and private sector job growth since 1999,” McBride said in a recent post to his blog, Calculated Risk.

But labeling the economic recovery a success is tricky. Although the country has regained all the 8.7 million jobs lost during the Great Recession, the jobs created aren’t equal to those lost. According to the U.S. Conference of Mayors, the average annual wage for jobs lost in the recession was $61,637, but the average wage for the jobs added through the second quarter of 2014 was $47,171. That’s a 23 percent drop, representing $93 billion in lost wages.

The National Employment Law Project notes there are now nearly 1 million fewer jobs in mid-wage industries than at the start of the recession. In addition, low labor force participation rates and elevated levels of underemployment persist.

With figures like these, state leaders in 2015 will be looking for ways to encourage job creation that is more than just moving the statistical needle. They will be looking for innovative ways to bring the public and private sectors together to create an environment conducive to entrepreneurial investment, a crucial ingredient to job growth.

Those innovative growth strategies likely will include public-private partnerships that focus on supporting entrepreneurial ecosystems and the development of high-growth companies in the state—and the good-paying jobs that come with them. An example is Launch Tennessee, a unique component of Tennessee’s economic development strategies.

“The economy’s real engine of job creation is early-stage businesses, which, according to the Kauffman Foundation, create nearly all net new jobs in the United States, a fact that also holds true at the state and city level,” said Charlie Brock, CEO and president of Launch Tennessee. “State leaders who focus on entrepreneurship as a source of economic development help propel entrepreneurs and startups forward and prosper, thus creating more jobs and increasing capital for Tennessee.”

Created by the Tennessee legislature in 1998, Launch Tennessee is governed by a 22-member board of directors composed of some of the state’s leading entrepreneurs, investors, innovators and community leaders and propelled by a one-sentence mission statement: “To make Tennessee the No. 1 place in the Southeast for entrepreneurs to start and grow a company.”

To help foster new business creation, Launch Tennessee has nine regional entrepreneurial accelerators across the state that offer mentoring, education and training, strategic and technical support, and help identifying sources of capital.

“Our organization oversees one of the country’s only statewide connected network of accelerators,” said Brock. “Since 2012, Launch Tennessee has reorganized the accelerator network so that many cohorts focus on a specific industry that is also a regional strength.”

In 2014, Launch Tennessee accelerated 70 companies through its accelerator network and invested $4.2 million across 19 deals, matching $14 million of private investment and representing more than $18 million of capital in Tennessee companies.

—Jennifer Burnett
States and education officials have been betting on early education as a way to improve a child’s chances of future success.

It’s a good bet, according to Sara Johnson, assistant professor in general pediatrics and adolescent medicine at Johns Hopkins University School of Medicine.

“Investing in a child’s potential by building caregiver capacities, increasing educational attainment for adults, providing mental health services for parents, providing population-level parent support with things that work like home visitation and Early Head Start will begin to transform parents so they then begin to build capacities in their children,” she said.

Across the country, new programs are focusing on state and community-based programs to enrich early success. In West Virginia, for instance, legislation passed in 2002 required the state to expand universal access to preschool programs. The law was fully implemented in the 2012–13 year when all 4-year-olds had access to pre-K programs. Senate Bill 247, sponsored by Sen. John Unger, also required the state to provide pre-K access to 3-year-old students with a disability with an Individualized Education Program.

Building on an existing Head Start program was key to the state’s success, according to Unger, chairman of CSG’s Subcommittee on Children and Youth.

“It’s a model having universal preschool for all 4-year-olds in West Virginia,” he said. “We maximized Head Start programs by realigning federal and state funds and priorities for a focus on the best early childhood experience we could offer.”

Several states are expanding K–12 academic standards to include early education.

In Georgia, for instance, educators and social services providers have formed partnerships to evaluate developmental milestones. They track student progress from prekindergarten into and through the primary grades of elementary school.

The Georgia Early Education Alliance for Ready Students was established in 2010 to help business, civic and government leaders as they maximize the economic return on the state’s investment in early child care and education. Last June, the group collaborated with the Frontiers of Innovation initiative at the Center on the Developing Child at Harvard University to determine best practices and opportunities to advance the social-emotional development of the state’s youngest population. The outcome was a set of interventions based on data to assist existing programs in Georgia.

New Jersey officials developed a program to assess and identify children as young as 3 years old in need of intervention and allow them to enter pre-K programs. Each program from preschool to kindergarten is jointly aligned up to third grade standards and curriculum.

States also are addressing issues that might limit a child’s educational success.

Libby Doggett, deputy assistant secretary for policy and early learning, Office of Elementary and Secondary Education, U.S. Department of Education, believes states can play a role in helping students in those areas.

“Large-scale preschool programs that are high quality show substantial positive impacts on a child’s learning and they have improved health, increased adult employment, decreased teen pregnancy and shown a decrease in criminal justice issues,” she said.

Unger believes state policymakers must be concerned about early experiences and readiness for school.

“We need to view our policies not through the eyes of experts but through the eyes of our children,” he said. “Our goal must be to work collectively to remove those obstacles that keep children from flourishing.”

—Pam Gains
Job training and education programs play a critical role in closing the gap between the skills businesses need in today’s workforce and the skills current job seekers bring to the table.

Take Elizabeth Lafontaine’s story.

She thought she had taken the right path to gainful employment by getting a degree from the University of New Hampshire and finding a job with a financial services firm. She was unexpectedly laid off after eight years with the company and had to turn to the local American Job Center for assistance.

New Hampshire Works is a collaboration of state agencies and community organizations committed to provide programs for those seeking a job and for employers in need of skilled workers to fill vacant jobs. Lafontaine is one of the 96 percent of training graduates who find full-time jobs after finishing the program; she now works as a financial adviser.

Not only do job seekers build on existing competencies through job-training programs, but they also learn new skills and bring home a paycheck. The concept of earning while you learn is also beneficial to those businesses that utilize apprenticeships and on-the-job training. They acquire new workers, plus get financial assistance from the state to participate in registered apprenticeship programs.

In 2001, a partnership between the South Carolina Chamber of Commerce and state Technical College System created Apprenticeship Carolina. Based on results from an in-state analysis of gaps between worker skills and workforce needs then and in the future, the group focused on “broadening the view of education beyond traditional academic boundaries to begin to see education as the precursor to employment” and urged the state to ramp up efforts to enforce programs to train occupational skills and the use of apprenticeships.

Using a $1 million award from the state legislature to create Apprenticeship Carolina, the group opened its doors in 2007. The program now has the fastest growing use of apprenticeships in the nation and works to build relationships with business, offer market apprenticeships, identify core job competencies and coordinate curricula with the colleges. All services are offered to employers at no cost.

Brad Neese, director, believes the program offers the next level of apprenticeships far beyond the early days of learning a trade.

“When you talk about apprenticeships, people’s minds automatically go to trades. What we’ve seen is that it’s a concept that can be used in other occupations—advanced manufacturing, IT, health care,” said Neese. “Having quality on-the-job training, coupled with high-end, job-related education and good mentorship to maintain the transfer of knowledge, is a concept that can be used in any industry.”

Since its inception in 2007, Apprenticeship Carolina has registered nearly 8,000 new apprentices, up from 777 before the program began. More than 665 business partners participate in the program; that’s up from 90 companies in 2007 and more than 10,000 apprenticeships have been offered.

When the National Apprenticeship Act was written in 1937, states and the federal government developed a formal system of registered apprenticeships. Today, businesses register either at the federal or state level and agree to the duration and standards necessary for completion. When the apprentice finishes the combination of on-the-job training and classroom-based instruction, they receive a nationally recognized portable credential.

New federal legislation signed into law in July 2014, the Workforce Innovation and Opportunity Act, builds on the previous Workforce Investment Act and apprenticeship language.

—Pam Goins
In October, Tennessee Transportation Commissioner John Schroer announced in a letter to state lawmakers he was delaying $400 million in road projects until the 2016 fiscal year. The reason—uncertainty about the future of federal transportation funding.

“We’re just playing it conservative as the state of Tennessee does,” Schroer said. “We’re making sure that we’re in a good cash position and that we’re managing the dollars the way we think is appropriate.”

Many believe the current federal approach makes it difficult for state officials to do long-term planning and is doing damage to the nation’s transportation system.

Congress last summer approved an extension of 2012’s MAP-21 surface transportation legislation and patched up the depleted federal Highway Trust Fund with a $10.8 billion infusion from the general fund. That infusion is expected to allow states to reimburse contractors for work on construction projects through May, just as the road construction season begins in many states. But the long-term transportation bills that once defined the federal program have been hard to come by in recent years. That has left states struggling to predict what the future holds, to schedule long-term projects and to do long-range planning.

While other states can issue bonds to continue to fund projects through periods of uncertainty, Tennessee is a non-debt, pay-as-you-go state, Schroer said.

“The problem is if we keep pushing projects back and (Congress keeps) doing short-term extensions, then our ability to commit long-term dollars to projects that might cause economic stimulus around the state is going to be more and more difficult,” he said.

The Volunteer State is not alone. State transportation leaders in Louisiana said last fall that while their budget for the 2015-16 fiscal year is nearly $650 million, the state has more than $12 billion in unmet transportation needs.

Nationwide, Congress’ short-term approach and resulting project delays appear to be having an impact, many believe.

“I do sense, whether it’s (from) local chambers of commerce or (metropolitan planning organizations), that there’s a growing recognition that the accumulation of short-term measures are doing damage to our system,” U.S. Secretary of Transportation Anthony Foxx told The Hill newspaper in October.

A report last fall from Duke University’s Center on Globalization, Governance and Competitiveness found that Washington’s piecemeal approach to investing in transportation infrastructure is costing the United States more than 900,000 jobs and making the country less competitive than its top trading partners.

It will be up to the new Congress to decide whether long-term certainty can once again be a hallmark of the federal program.

Last year, U.S. Sen. Bob Corker of Tennessee was one of those who introduced a bipartisan proposal to increase the federal gas tax and index it to inflation. There is also no shortage of other revenue options should Congress choose to go down that road. In October, the American Association of State Highway and Transportation Officials released a list of some three dozen options for Congress to consider. Another proposal, however, offered last year by Sen. Mike Lee of Utah and Congressman Tom Graves of Georgia, would phase out the gas tax over time and give states much of the responsibility for raising and spending transportation revenues.

But Schroer thinks it would be a mistake for the federal government essentially to get out of the transportation business.

“We’ve got to have some kind of consistent funding where we know it’s there and how they raise the dollars is really up to them,” he said. “It’s my job to spend it; it’s their job to raise it.”

—Sean Slone
For people living in rural America, not having access to high-speed, broadband Internet means more than not being able to stream the latest episodes of the newest must-see series from Netflix. It also can mean missing out on a crucial steppingstone to economic success.

Just ask Jasper Schneider, acting administrator for the U.S. Rural Utilities Service. He previously served as state director of USDA Rural Development for North Dakota.

“I oftentimes get asked what’s the biggest game changer for rural America,” Schneider said. “Every time, without hesitation, I say broadband Internet. It’s 21st century infrastructure.”

Schneider said access to broadband Internet service makes it easier for people to start new businesses or work from home. It makes it easier for rural residents to gain access to specialized classes on the K-12 level or complete a degree in higher education. It also gives rural residents easier access to specialists with telemedicine.

“It opens up all those opportunities for rural America,” he said.

But for many rural Americans, those opportunities are still out of reach. According to a 2013 report from the U.S. Department of Commerce, 98 percent of the country’s urban residents had basic broadband services available in June 2011. During that same time period, only 71 percent of people living in rural America could access basic broadband. And when the speeds get higher, the gap between urban and rural access grows.

North Dakota is one exception to the rule. The state has spent hundreds of millions of dollars in USDA Rural Development and American Recovery and Reinvestment Act funding in the past four years to develop what is believed to be the country’s largest fiber-optic-cable-to-the-home network covering 10,000 square miles and 18,000 homes.

“Fiber to the home, in lay terms, is really the purest form of Internet connection that you can have,” Schneider said. “It’s basically uncapped speed. … The nice thing about fiber, too, is really, it’s scalable for probably the next 20 years at least. If you make these investments, they can scale to whatever new technologies that are coming down the road.”

Colorado also has been at work encouraging more broadband development. During the last session, legislators passed two bills—House Bill 1327 and House Bill 1328—making it cheaper for telecommunications companies to lay broadband lines and creating a new fund to help defray the cost of installing Internet service to unserved areas of the state.

While federal funds helped wire rural areas in North Dakota, Schneider said states have other opportunities to step up and get involved in making sure high-speed Internet access is available.

“State governments certainly can start to get involved in this,” he said. “I will say the state of New York, for example, with Gov. (Andrew) Cuomo’s initiative, is way out in front of this.”

Cuomo’s administration has proposed allocating $500 million to spread broadband Internet service throughout the state.

“Things like that are incredibly innovative and I think you’re going to see other states following suit if they’re not already there,” said Schneider.

“People get it. This is important infrastructure, it’s essential infrastructure and it needs to happen.”

—Jennifer Ginn
The public comment period for the Environmental Protection Agency’s proposed Clean Power Plan Rule closed Dec. 1, 2014, but that does not mean the conversation is over.

“These rules are so complex that we will probably be talking about them for years to come,” said Tiffany Floyd, Air Quality Division administrator for the Idaho Department of Environmental Quality.

The EPA in June released its proposed rule to cut greenhouse gas emissions from existing power plants. The proposed rule—often referred to as the 111(d) Rule after the section it amends in the Clean Air Act—aims to reduce carbon emissions 30 percent nationwide by 2030.

Individual states have their own carbon emission reduction target. State leaders spent the past summer examining what this means for their state and what changes they will need to make to their current energy infrastructure to meet the prescribed EPA target.

Current market trends may help states like Pennsylvania meet its target.

“We are seeing a shift from coal to natural gas driven primarily by market forces,” said Pennsylvania state Rep. Greg Vitali. “Natural gas prices continue to decrease, out-competing coal, which will help meet the reduction goals set by the proposed 111(d) Rule.”

States, however, will have to do more than just switch power plant fuel sources to meet the EPA’s goals. States also are looking for opportunities to increase renewable energy, like wind and solar, as well as to improve energy efficiency.

The proposed rule pushes the status quo and can be a driver for workforce development, said Steve Patterson, executive director of the Arkansas Advanced Energy Association, an association dedicated to growing Arkansas’ economy by expanding the energy workforce and manufacturing base through the increased use of advanced energy technologies.

“We believe that if the Clean Power Plan Rule is implemented in the right way, there is the potential for huge growth in the advanced energy job market,” said Patterson.

Patterson points to a recent report prepared for the Arkansas Advanced Energy Foundation, “The Economic Impact of Energy Efficiency Programs in Arkansas,” showing an estimated 9,000 jobs are connected to energy efficiency in the Arkansas public utilities market alone. The report, which analyzed data through the end of 2013, showed a growth of 2,200 jobs related to the energy efficiency sector. That number is up from 2011 estimates, the year the Arkansas energy efficiency resource standards took effect.

“All these are good, high-paying skilled labor jobs,” said Patterson.

Not all agree, however, that a change in the status quo is good for workforce development.

A report commissioned by the U.S. Chamber of Commerce estimated the proposed rule will cost 224,000 jobs nationally and lower the U.S. gross domestic product by $51 billion each year through 2030.

Patterson disagrees with the study’s findings.

“Unfortunately, analyses like the U.S. Chamber study are too focused on generation and do not properly value energy efficiency,” he said. “Measuring the costs of energy efficiency has to be balanced against the benefits of energy savings, job creation and health.”

—Rebekah Fitzgerald
States are going global in a variety of ways from internationalizing higher education to attracting foreign investment and the location of international companies. Being globally competitive is the latest trend. Often overlooked by state government, however, is the true engine of global economic prosperity—exports.

While exports are the bright spot of U.S. economic recovery, only 1 percent of small businesses are exporting. They say their greatest barrier is a lack of information or understanding.

According to the U.S. Department of Commerce, every 1 billion in exports helps support more than 5,000 good-paying jobs. A recent study by the International Trade Commission found companies that exported grew by 37 percent, while non-exporting firms declined by 7 percent from 2005 to 2009.

States at the top of state economic rankings share in common robust exports. Texas has been ranked the top exporting state for 12 consecutive years. It is also a top destination for foreign companies locating to the U.S.

Ann Pardalos, president of the only national platform representing state international trade agencies, the State International Development Organizations, said the more states can develop a global mindset, the better.

“The more firms the state can help to export internationally, the better the prospects for developing a world-class workforce and environment that attracts global enterprises to the state,” she said. “States that can better make the connection between exporting and economic development will be the winners in 2015 and beyond—especially when the U.S. completes new trade agreements.”

As the manager of international trade for Missouri, Pardalos sees first-hand the impact of state and federal dollars invested in export promotion.

In the first year of the State Trade and Export Promotion—or STEP—program, an export assistance program introduced in the Small Business Jobs Act of 2010, Missouri recorded a 39-to-1 return on investment from firms receiving support. Many states have seen similar returns on investment through the program, which offers a federal grant matched and managed by states to provide assistance to companies exporting for the first time or exporting to new markets.

In addition to its success across the states, the first two years of the STEP program demonstrated the resourcefulness of states. Many of the top 10 performers in terms of return on investment were not leading export states.

State international trade agencies are on the front lines steering companies through the export promotion process, from identifying opportunity in foreign markets to assisting companies with export control compliance. Many states maintain permanent or shared offices overseas to generate trade leads and help businesses to connect with new customers.

“Exporting companies create good jobs and boost state economies,” Pardalos said. “To support this trend, state governments need to invest in programs that create an environment for small business export success. Better coordination with the federal government on export promotion is also essential to limit duplicative services and streamline the overall exporting process so that more companies are incentivized to look globally.”

Pardalos fears the STEP program might not be renewed.

“It will be a huge step backwards for state-federal cooperation in this area if Congressional leaders don’t continue to show support for exports,” she said.

—Catherine Bray
By the end of 2014, 27 states and the District of Columbia chose to expand Medicaid eligibility to 138 percent of the federal poverty level as allowed by the Affordable Care Act and the subsequent Supreme Court decision that found it unconstitutional to force states to expand eligibility.

That leaves 23 states that may still decide to expand their Medicaid programs in 2015.

Jesse Cross-Call, policy analyst in the health policy division of the Center on Budget and Policy Priorities in Washington, D.C., predicts more movement on Medicaid expansion this year.

“Looking at the crystal ball, four or five states will expand, but it will take awhile,” Cross-Call said. “We won’t be able to count them in the expansion column on April 15, as they will likely have to put together a waiver and negotiate its approval with the federal authorities to get something to fly.”

Cross-Call said Western states are particularly likely to be active. Utah and Montana are debating Medicaid expansion proposals, and Cross-Call predicted Wyoming may join those debates. He noted that Alaska narrowly elected a governor who supported Medicaid expansion.

In the South, Georgia, North Carolina and Tennessee are likely to debate expansion he said.

New states that adopt Medicaid expansion are more likely to design their own programs, requiring a waiver from the federal government. Four states—Arkansas, Iowa, Michigan and Pennsylvania—have already done so.

Cross-Call said Arkansas’ private option program that uses Medicaid funds to purchase health insurance plans from the state’s exchange is the most well-known waiver. He predicted the states coming online with expansion will look at cost-sharing for some services, wellness incentives and private insurance premium reimbursement. Each program will be tailored for its state.

Montana Gov. Steve Bullock proposed to expand Medicaid in his 2017 biennial budget. His press release called for a “made-in-Montana model that accepts federal funds to expand health coverage to 70,000 working Montanans, while reducing medical costs and improving patient health and productivity.”

The Montana model would use a private insurer to administer the program. It would recruit a network of doctors, hospitals and other providers and process payment claims.

Wyoming Gov. Matt Mead officially called for Medicaid expansion in November 2014. A study found costs for an Arkansas-like private option plan would be too high; the alternative proposed would charge small co-payments and monthly premiums for enrollees with incomes above the poverty line.

In Indiana, Gov. Steve Pence will continue to negotiate a waiver that builds on the state’s Healthy Indiana Plan, called HIP, which offers limited coverage to 40,000 low-income adults. Former Gov. Mitch Daniels designed the plan as a Medicaid version of a high-deductible health insurance plan combined with a health savings account.

New Hampshire, after extended debate in 2013 and 2014, has instituted the New Hampshire Health Protection Program. The expansion legislation requires New Hampshire to submit a waiver by March 31 to use premium assistance for newly eligible individuals to purchase private insurance in the state’s health insurance exchange.

Rep. Mariellen MacKay said the state originally estimated 50,000 new eligibles and expected enrollment of 30,000 in the first three years.

“Enrollment is booming,” she said, noting that about 20,000 have enrolled in the first few months.

—Debra Miller
While state leaders are required to maintain a balanced budget, they often can’t factor in the potential economic costs imposed by federal rules and regulations on their budget each year.

In fact, federal regulations and unfunded mandates cost states, cities and the general public between $44 billion and $62 billion each year, according to a recent report by the White House Office of Management and Budget.

The Council of State Governments launched a federalism initiative under the leadership of Alaska Sen. Gary Stevens, the 2013 CSG national chair. Stevens said unfunded mandates create problems for states. “Unfunded mandates have long been enormously costly for individual states,” he said. “In recent years they have grown exponentially with little attempt to rein them in by the federal government.”

The federal government in 2013 issued 3,659 final rules written on 26,417 pages in the Federal Register, and more than 79,000 pages of proposed rules and regulations, according to the Congressional Joint Economic Committee. These unfunded federal mandates can be a major obstacle and burden for a state’s ability to enact policies.

“It is not too much to ask that there be a reality check on the federal level of the egregious impact unfunded mandates have on the states,” Stevens said. In understanding this burden to states, Congress passed the Unfunded Mandates Reform Act of 1995, which was designed to limit the imposition of unfunded federal mandates on state, local and tribal governments by requiring regulatory agencies to assess anticipated costs before promulgating a final rule. Federal agencies, however, regularly avoid those requirements and issue final rules without providing analysis of the possible economic impact.

In addition, the Office of Management and Budget does not calculate costs of rules imposed on states by independent federal agencies such as the Securities and Exchange Commission, the Federal Communications Commission and the Nuclear Regulatory Commission.

The recent report to Congress also stated that executive agencies and independent agencies promulgated a combined total of 68 major rules in 2012. Major rules are defined to have an economic impact of $100 million or more. The federal agencies provided a cost-benefit analysis for only 14 of the 68 major rules.

The most recent major rules included the Environmental Protection Agency’s rule on emission standards, known as the 111(d) Rule, and the U.S. Department of Agriculture’s rule on school lunch and nutrition standards.

According to the EPA, the rule on emissions standards—which it issued in May 2011—will reduce emissions of hazardous air pollutants, including mercury, from public and private energy generating units. According to the Office of Management and Budget, this rule will cost state, local and tribal governments approximately $294 million in 2015.

States are keenly aware of the cost of such rules. “EPA must consider the significant costs imposed upon the states as well as the adverse impacts on local or small governments,” Kentucky Energy and Environment Cabinet Secretary Leonard Peters wrote in a recent letter to EPA Administrator Gina McCarthy on the proposed 111(d) Rule. “The Cabinet will have to identify the funding source for the resources to implement and enforce the rules, being the delegated administrator of the program.”

The USDA rule on nutrition standards is designed to update nutrition standards and requires schools to increase the availability of fruits, vegetables, whole grains, and low-fat milk; reduce the levels of sodium and saturated fats in meals; and meet the nutrition needs of children within certain calorie requirements. According to USDA, this will cost state and local school food authorities $479 million each year.

—Andy Karellas
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POLICYMAKERS FACE A WIDE VARIETY OF ISSUES

‘WE CAN ALL BENEFIT FROM MAKING CONTACTS’

by Mary Branham

Delaware Rep. Helene Keeley and Sen. David Sokola serve as the 2015 co-chairs of The Council of State Governments’ Eastern Regional Conference. They will host the 55th ERC meeting Aug. 16–19 in Wilmington, Del. They believe the economy still poses major challenges for states, but states can take steps to make it easier for their citizens.

Read the full interview with Helene Keeley and David Sokola at capitolideas.csg.org.

1 What do you see as the most pressing issue facing the nation as a whole in 2015?

KEELEY: “The economy is still the most pressing issue for the nation. I say that because there are still certain regions that are struggling to recover from the Great Recession. Some areas are doing very well and others continue to seriously struggle.”

SOKOLA: “Continuous threats to shut down the federal government add levels of uncertainty to state and local governments and impact their ability to plan.”

2 What do you see as the most pressing issue facing states in your region in 2015?

KEELEY: “I think the biggest issue we face here in the region is infrastructure, or growing transportation infrastructure. Congress has yet again decided to not pass a full transportation bill. ... In the Northeast, we are a region that relies on our roads, bridges, trains to get us from point A to point B, in mass amounts. The state of the national and regional infrastructure does and will always play a role in building and maintaining industry.”

SOKOLA: “The general economic growth has been steady, but painfully slow, and cannot accommodate all who have been or might soon be displaced from those jobs, which were often low of very specialty skill work and do not easily translate to other fields.”

3 As the nation’s economy continues to rebound, what are the most important steps states can take to strengthen their workforce?

KEELEY: “I think that employers rely on the state to make sure the workforce is equipped via public education and job training and I don’t think that’s necessarily a bad thing; however, I think employers also need to say, ‘I’m willing to invest in someone and make sure that person that may not possess every single qualification I’m looking for, that we can work with that person and we can get them to 100 percent. I think that this investment in our workforce on the part of our companies is also critical with regard to job training and public education.”

SOKOLA: “A strong workforce is an educated workforce, and one that can be more easily retrained and apply knowledge in creative ways to new challenges. High standards of what students know and can do are important, but cooperation and teamwork skills also need to be emphasized and should be included in all types of education or training.”

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SOKOLA: “A strong workforce is an educated workforce, and one that can be more easily retrained and apply knowledge in creative ways to new challenges. High standards of what students know and can do are important, but cooperation and teamwork skills also need to be emphasized and should be included in all types of education or training.”
4 What issues do workers in your region face that make it difficult to find employment?

KEELEY: “When a manufacturing plant gets a new contract, they need workers right then and there. To a certain extent, it’s the state’s responsibility to identify and/or understand manufacturing is increasing in a certain area of a region and have that skilled workforce ready to go to coordinate with employers as they are discussing potential contracts or increasing business or a different product line. . . .”

SOKOLA: “From manufacturing to research to financial services, downsizing from consolidation, offshoring, outsourcing and streamlining have impacted many people. It seems to be particularly difficult for those in the mid-40s and up who were not quite ready to retire, but had not developed a diversified skill set.”

5 Since a good education is so vital to a child’s future employability, what do you see as the biggest challenges children in your region face?

KEELEY: “I think the biggest challenge that children in my region and children all over this country are facing is poverty. . . . Children experiencing poverty face homelessness, neglect, hunger, exhaustion, depression, illness, trauma and a host of other anguish and they will typically not be able to perform comparably alongside their more affluent and comfortable peers. As a state, we also need to address their needs beyond the classroom.”

SOKOLA: “Children no longer only have local or even regional obstacles, as they now face national and international competition. Standards, expectations and supports need to be high, and prospects with real long-term benefit potential need to be pursued. These should include opportunities like STEM and language immersion programs, but they must be of high quality.”

6 What can your region do to assist veterans in re-entering the workforce?

KEELEY: “(In) Delaware, . . . within our department of labor, every single one of our department of labor job centers have vet reps that specifically only work with veterans. Our governor has reached out to employers to have that Veterans First initiative. (O)ur workforce investment board, one of their big initiatives is regarding veterans.”

SOKOLA: “First, veterans must be welcomed home rather than forgotten or turned away. Veterans deserve a fair shot at any openings, and businesses and government should have incentives for hiring those who have served. . . . For military families transitioning between assignments within the states, we also need to streamline any licensure or certification process and expand on the reciprocal agreements that already exist between states.”

7 What can employers do to help someone with a criminal record overcome that past and become an active and contributing member of the workforce?

KEELEY: “(In the late ’80s, early ’90s, a lot of states put in legislation that had minimum mandatory sentences for everything. . . . Right now we’re seeing the effects of those minimum mandatory laws. . . . I think what we can do as a state . . . is change the laws that affect the minimum mandatory sentencing so people who don’t have records, do not find themselves with criminal records at all.”

SOKOLA: “Employers should get rid of the criminal history checkbox on application forms and conduct background checks only after conditional hire. Potential employees should only be excluded if the crime committed is clearly contrary to the position applied for.”

8 What will state leaders need to do to address those issues in the most effective way?

KEELEY: “I think every level of government needs to make the commitment to make this happen, whether it is working with judges when it comes to sentencing . . . Or legislators being directly involved with workforce investment boards and our education system... Having the governors highlight in state of the states, in briefings, what employers are doing, what the state is doing is also important.”

SOKOLA: “States should ‘ban the box’ for most employment applications and allow appropriate options that are suitable for specific occupations.”

9 How can CSG help with those efforts?

KEELEY: “I serve on the chair’s national committee, Pathways to Prosperity, and I’m very excited the new chair, Carl Marcellino, has agreed to extend that into his chairmanship. . . . I honestly believe this is something every region can really take a hold of and make a part of this year’s annual meetings across the country.”

SOKOLA: “CSG can help by making information available related to specific efforts that are underway in state or local governments, including contact information for individuals and agencies who would be able to answer questions about effectiveness and potential unintended consequences of policy actions.”

10 How can state policymakers get involved with CSG and make the most of that involvement?

KEELEY: “There is a wealth of resources at CSG. Those individuals who do decide to make the commitment, they can get involved with CSG and they will very quickly learn all the tools that are already assembled in a toolbox that they can use in their own districts and in their own states in sharing their expertise.”

SOKOLA: “No one is an expert in each of the wide variety of issues that are addressed in a typical legislative session. We can all benefit from developing contacts from other states and from regional or national organizations.”
The financial relationship between the federal government and the states has never been more intertwined and complex. This makes federalism and intergovernmental relations issues critical for state governments. States need an improved relationship with the federal government that includes more understanding of the respective roles of the two levels of government and an increased focus on outcomes.

With nearly one-third of total state funds coming from the federal government, states are extremely dependent on the federal government for money. This is a significant portion of state budgets and makes for some fairly major challenges for state officials. Just as important is the fact that the federal government is extremely dependent on the states to carry out federal programs and mandates. Overcoming current challenges in federalism, therefore, will help both levels ensure the goals they set for programs are being met.

States face significant challenges involving their financial relationship with the federal government. These challenges include decreasing federal funds, problematic uncertainty and burdensome mandates.

The first major challenge states face is declining federal government money to states—and the expectation that these funds will decrease even further. With high federal deficits and other demands for federal spending, it’s easy to see why money the states receive from the federal government is decreasing. Like states, the federal government is facing demands for more spending and lower taxes, while at the same time facing significant liabilities.

The ability of the federal government to do everything citizens want—while also seeking to control the deficit—means funding cuts in some areas, particularly to discretionary federal funds. Many of the grants state receive are in the discretionary category. That money to states already has dropped by 4.6 percent since the 2010 federal fiscal year. Mandatory programs outside of health care have increased a small amount, by about 2.5 percent. Only in the Medicaid program, the health care program for low-income individuals, has there been any significant increase. States should expect a general long-term decline in discretionary grants.

Given the financial management pressures for the federal government, there is every expectation Congress will be inclined to slowly decrease these funds to states and, of course, some of those funds are already part of the budget-cutting sequester legislation implemented in 2013. States will face the challenge of a federal government requiring various programs, but providing less money for them.

A second major challenge is the uncertainty caused by the lack of long-term federal decision-making on funding for programs to the states. Congress often waits until the last minute to authorize funding for many programs. States are left wondering how much money they will have for programs they are required to carry out. Many times, the delay by Congress in deciding whether to reauthorize programs creates an enormous amount of uncertainty for state officials. The uncertainty can last months, sometimes years. When legislation is passed, it’s often for too short a time.
For example, Congress recently passed a transportation funding bill that only lasts until May 2015. That uncertainty makes planning extremely difficult. This is a huge problem for states, especially since uncertainty causes disruption to program activities and hiring and therefore limits states’ ability to reach their goals, whether it’s less crime or improved education.

One senior budget official from the Midwest recently said, “We’d rather have certainty as to how much we will receive, rather than year after year of uncertainty without the ability to plan.” Not that states want cuts, but this underscores the states’ frustration with the continued uncertainty caused by the many times Congress is unable to pass a budget or other funding legislation. The uncertainty is compounded when legislation is passed for only for a short time, as was the case with transportation funding.

A final challenge for states is the problem of the many mandates and strings attached to much of the money the feds provide for programs. Many programs include significant requirements on all funding received from the federal government. As funds decline, states are expected to meet the same burdensome requirements, but with less money.

Several things could improve the federalism environment involving finances.

First, money from the federal government should have significantly fewer specific requirements and more general goals. If the grant is to reduce crime through money for drug rehabilitation, then give the states the flexibility to do what works best for them. Make the states accountable for developing effective anti-drug addiction programs that decrease crime, but avoid micromanaging and having numerous requirements.

The federal government should offer increased flexibility that will benefit everyone. States will have fewer “check the box” burdensome requirements that don’t necessarily lead to the outcomes everyone wants. And the federal government can work with the states to get the results they want—such as lower crime—without the administrative burden of making sure many specific administrative requirements are being met.

Second, federal officials need to have a better understanding of state programs and processes so they appreciate the consequences of their actions on state programs and the ability of those programs to carry out the goals they want achieved. While states don’t necessarily expect increased certainty in this difficult political environment, state officials can encourage the federal government to consider overcoming obstacles to passing appropriations and pass them for longer periods of time. Finally, for those programs the federal government feels they must cut, they also should re-examine the program’s requirements so that the level of funding realistically matches what is required.

Federalism is the proverbial two-way street. States receive money from the federal government to carry out certain programs and outcomes. The feds want these outcomes achieved. Both governmental levels need to work together to ensure that the funding levels and the requirements match and that practical flexibility is provided to state programs so we all get what we want—better outcomes for society.
THE $3.1 TRILLION INFUSION

FEDERAL SPENDING IN THE STATES

The federal government spends a lot of money in the states; it infused $3.1 trillion into states in the 2013 fiscal year. Programs include such things as Social Security and Medicaid, and salaries and wages for federal employees living and working in those states. In the 2013 fiscal year, federal spending in the states was the equivalent of about one-fifth of states’ economic activity, according to a report released in December by The Pew Charitable Trusts, “Federal Spending in the States 2004–2013.”

FEDERAL SPENDING GDP EQUIVALENCY

As for state GDP, federal spending was equivalent to 27.1 percent or more of GDP in seven states; 22.1 percent to 27 percent in 11 states; 18.1 to 22 percent in nine states; 15.1 to 18 percent in 15 states; and 11.6 to 15 percent in eight states. It ranged from 32.9 percent of Mississippi’s GDP at the top end to 11.6 percent of Wyoming’s GDP on the bottom end. Federal spending was equivalent to 42.3 percent of the District of Columbia’s GDP.

TOP 5 HIGHEST GDP EQUIVALENCY

<table>
<thead>
<tr>
<th>State</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>District of Columbia</td>
<td>42.3%</td>
</tr>
<tr>
<td>Mississippi</td>
<td>32.9%</td>
</tr>
<tr>
<td>Virginia</td>
<td>32.9%</td>
</tr>
<tr>
<td>New Mexico</td>
<td>30.6%</td>
</tr>
<tr>
<td>Maine</td>
<td>30.1%</td>
</tr>
</tbody>
</table>

BOTTOM 5

<table>
<thead>
<tr>
<th>State</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nebraska</td>
<td>14.5%</td>
</tr>
<tr>
<td>Delaware</td>
<td>14.5%</td>
</tr>
<tr>
<td>Minnesota</td>
<td>14.4%</td>
</tr>
<tr>
<td>North Dakota</td>
<td>12.5%</td>
</tr>
<tr>
<td>Wyoming</td>
<td>11.6%</td>
</tr>
</tbody>
</table>
**WHERE THE MONEY GOES**

Federal spending in the states covers:

**Retirement Benefits**, including Social Security, veterans benefits and other federal retirement and disability payments

**Nonretirement Benefits**, such as Medicare, food assistance, unemployment insurance, student financial aid and other assistance programs

**Grants to State and Local Governments** for a variety of programs, including Medicaid

**Contracts** for the purchase of goods and services

**Salaries and Wages** for federal employees.

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**FEDERAL SPENDING PER CAPITA**

Per capita federal spending ranged from $7,108 in Utah to $16,710 in Virginia. Since the spending includes salaries of federal workers, Virginia and Maryland top the list of money spent per capita. Those states are topped only by the District of Columbia, where the per capita average is $73,920.

<table>
<thead>
<tr>
<th>State/Region</th>
<th>Per Capita Federal Spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>District of Columbia</td>
<td>$73,920</td>
</tr>
<tr>
<td>Virginia (VA.)</td>
<td>$16,710</td>
</tr>
<tr>
<td>Maryland (MD.)</td>
<td>$15,684</td>
</tr>
<tr>
<td>Alaska (AK)</td>
<td>$14,375</td>
</tr>
<tr>
<td>Hawaii (HI)</td>
<td>$13,752</td>
</tr>
<tr>
<td>New Mexico (NM)</td>
<td>$13,213</td>
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<tr>
<td>Maine (ME)</td>
<td>$12,104</td>
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<tr>
<td>Alabama (AL)</td>
<td>$11,743</td>
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<td>West Virginia (WV)</td>
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<tr>
<td>Minnesota (MN)</td>
<td>$8,188</td>
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<td>$8,312</td>
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<td>Nevada (NV)</td>
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<td>Wisconsin (WI)</td>
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<td>$8,377</td>
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<tr>
<td>Iowa (IA)</td>
<td>$8,446</td>
</tr>
<tr>
<td>Kansas (KS)</td>
<td>$8,308</td>
</tr>
<tr>
<td>West Virginia (WV)</td>
<td>$8,174</td>
</tr>
<tr>
<td>Utah (UT)</td>
<td>$7,108</td>
</tr>
</tbody>
</table>

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In 2012, the U.S. Census Bureau discontinued an important annual report—the Consolidated Federal Funds Report. Policymakers and analysts across the country used this report to watch federal spending trends. In 2014, a group of analysts from various state and local membership organizations—including CSG—began discussing the possibility of recreating the report using publicly available datasets. The Pew Charitable Trusts took the lead and, after exploring the strengths and weaknesses of the data, published the first report in December 2014. Pew’s data are designed to recreate and extend the state-level analysis for fiscal years 2004 through 2013 using the same five spending categories. Pew’s data are not an exact replica of the Consolidated Federal Funds Report and the differences between the two sets are explained in the report’s methodology section on Pew’s website. Pew’s data captures about 90 percent of total federal spending each year.
ENERGY AND THE ENVIRONMENT
DEVELOP POLICY THOUGHTFULLY

“First, clean, reliable and affordable energy is not the enemy of our environment. Therefore, beware of those that will try and convince you, for self-serving reasons, that you must choose between being pro-energy and pro-environment. You do not. Additionally, policy development for both energy and environmental issues must be done thoughtfully and must be based on reliable and verifiable data, taking into consideration the current and future impact on your citizens. These policies will impact those you serve at every level, for a long time. Concerning these two issues, there is rarely a ‘do over.’”

CHUCK MARTIN
State Representative, Georgia
Co-Chair of CSG’s Energy and Environment Committee

EDNA BROWN
State Senator, Ohio
Co-Chair of CSG’s Health Committee

WHAT SHOULD NEW LEGISLATORS KNOW ABOUT….?

HEALTH
INCREASE ACCESS TO CARE

“The old adage ‘an ounce of prevention is worth a pound of cure’ rings truer than ever in health care policy today. Increasing access to early and preventive care is the best way to improve health outcomes and reduce costs in our communities. With that goal in mind, policies like the Affordable Care Act are not simple or cost-free, and there is always room for improvement. However, as common sense wisdom predicts, making investments in vaccinations, health screenings and regular checkups on the front end will save money in the long run.”
FISCAL AND ECONOMIC DEVELOPMENT
BE CAREFUL ABOUT INCENTIVES

“As the state and national economies improve, legislators need to be careful about offering incentives. Over the last three decades, business incentives have become one of the most popular economic policy tools in the arsenal of state and local decision makers. … Despite growing utilization and general support for these tax breaks and other incentives, there is a lack of basic reporting on the cost and efficacy of these programs. Until this information is consistently available, it will be problematic for policymakers and the public to determine whether these programs work as intended and justify their cost.”

JAY EMLER
Commissioner, Kansas Corporation Commission
Co-Chair of CSG’s Fiscal and Economic Development Committee
CSG 2012 National Chair

TRANSPORTATION
UNDERSTAND STATES’ ROLE

“As the state and national economies improve, leadership on transportation issues is increasingly coming from state legislatures and local officials. States across the country are making their own investments in transportation infrastructure through new sales or gas taxes. Others are exploring innovative funding models like the road usage charge. And where state investment is lacking, municipalities are taking up the charge of developing comprehensive transportation choices themselves. … New legislators need to know that they are now responsible for charting the future of transportation.”

JUDY CLIBBORN
State Representative, Washington
Chair of CSG’s Transportation Committee

EDUCATION
PROVIDE INNOVATIVE OPPORTUNITIES

“States such as Idaho have spent a great deal of time focused on education reform over the last few years. Education may be the most important policy area that legislators deal with during their tenure. I would remind new legislators that more dollars for education does not necessarily equal improved students and test scores. Legislators can make a difference in the quality of their state’s education system by providing more and better opportunities for our young people to learn and be successful. States must continue their efforts to keep our students competitive by providing innovative learning opportunities and rewarding our best teachers.”

JEFF THOMPSON
State Representative, Idaho
Co-Chair of CSG’s Education Committee

JAY EMLER
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JEFF THOMPSON
State Representative, Idaho
Co-Chair of CSG’s Education Committee
Alaska and Oregon joined Colorado and Washington in legalizing marijuana for adults 21 and older. Guam became the first U.S. territory to legalize medical marijuana.

MINIMUM WAGE

Voters in four states—Alaska, Arkansas, Nebraska and South Dakota—approved a higher minimum wage.

THE INITIATIVES

Voters approved tax limitation amendments in three states:
- **Georgia**: No future increases in income tax rates.
- **North Dakota**: Repealed real estate transfer taxes.
- **Tennessee**: Banned state and local income and payroll taxes.

Vermont’s legislature will decide in January whether Gov. Peter Shumlin will win another term after neither he nor Republican Scott Milne captured more than 50 percent of the vote.

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- **Tennessee**: Banned state and local income and payroll taxes.

IN THE U.S. TERRITORIES, GOVERNORS’ POLITICAL PARTIES REMAIN UNCHANGED

Guam
- **2 REPUBLICANS**
- **2 DEMOCRATS**
- **1 INDEPENDENT**

No. Mariana Islands
- **2 REPUBLICANS**
- **2 DEMOCRATS**
- **1 INDEPENDENT**

Puerto Rico
- **2 DEMOCRATS**
- **1 INDEPENDENT**

Virgin Islands
- **1 INDEPENDENT**

American Samoa
- **1 INDEPENDENT**

THE GOVERNORS

31 REPUBLICANS
17 DEMOCRATS
1 INDEPENDENT
... and THE RED WAVE

THE LEGISLATURES

30 REPUBLICAN
11 DEMOCRAT
8 SPLIT

Nebraska’s legislature is unicameral and nonpartisan.

REPUBLICANS gained control of the NEW MEXICO HOUSE for the first time since 1952.

11 CHAMBERS switched from DEMOCRAT to REPUBLICAN control.

- Colorado Senate
- Maine Senate
- Minnesota House
- Nevada Senate & House
- New Hampshire House
- New Mexico House
- New York Senate
- Washington Senate
- West Virginia Senate & House

STATE SUPREME COURTS

Only one incumbent state supreme court justice up for election or retention vote was not re-elected/retained.

REPUBLICANS fill every statewide elective office in 19 states

- Alabama, Arizona, Arkansas, Florida, Georgia, Idaho, Kansas, Louisiana, Nevada, New Jersey, North Dakota, Ohio, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Utah and Wyoming
STATE OF THE STATES: WHAT’S ON GOVERNORS’ MINDS?

In most years, it’s education and health care. At least, those issues rank at the top of the list in governors’ state of the state addresses from 2012 to 2014.

The Council of State Governments has been providing the tools state policymakers need to get the job done for more than 80 years. CSG offers a number of valuable programs and publications to give state leaders the information they need to better serve their constituents.

Founded in 1933, with roots going back to 1925, The Council of State Governments is our nation’s only organization serving all three branches of state government. CSG is a region-based forum that fosters the exchange of insights and ideas to help state officials shape public policy. This offers unparalleled regional, national and international opportunities to network, develop leaders, collaborate and create problem-solving partnerships.

Information is available at your fingertips at both the CSG website, www.csg.org, and through the CSG Knowledge Center, which now boasts more than 5,000 items from throughout the CSG family of organizations, including affiliate organizations, the CSG Justice Center and the CSG regions.

Find your tools at www.csg.org
LEXINGTON, Ky.—CSG founder Henry Toll spoke at the dedication of the CSG building in 1969 (above). The CSG national office will move back into that building, which has been under renovation, in 2010 (right).

© The Council of State Governments
It’s been 90 years since Henry Toll founded an organization to serve state legislators—The American Legislators’ Association, the forerunner of The Council of State Governments. Toll believed it was important for states to interact and formed the legislators’ association. But a changing world in the 1930s, Toll believed, necessitated more interaction from all branches of state government. CSG has grown and changed over the years. Here are some important dates in CSG history.

- **1983**: CSG Associates Program established
- **1986**: CSG Toll Fellows Program established
- **1994**: CSG 21st Century Foundation formed
- **1995**: MLC Bowhay Institute for Legislative Leadership Development established
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- **1995**: MLC Bowhay Institute for Legislative Leadership Development established
- **2000**: CSG West’s Western Legislative Academy established
- **2002**: *The Book of the States* becomes annual publication
- **2004**: National Center for Interstate Compacts established
- **2005**: ERC’s Robert J. Thompson Eastern Leadership Academy established
- **2006**: CSG Justice Center formed
- **2006**: SLC’s Center for the Advancement of Leadership Skills established
- **2006**: SLC’s Center for the Advancement of Leadership Skills established
- **2006**: SLC’s Center for the Advancement of Leadership Skills established
- **2010**: State News is transformed into the bimonthly magazine, *Capitol Ideas*
- **2010**: CSG Knowledge Center launched
- **2010**: CSG Knowledge Center launched
- **2010**: CSG Knowledge Center launched

**LOOKING FORWARD | 2015**

CSG will open its newly renovated headquarters building, which opened in 1969.
The Council of State Governments offers a variety of information in several formats to better serve state leaders.

**CSG Knowledge Center**

The Knowledge Center allows users to search a particular topic from across CSG’s network of affiliates and offices.

- **Launched in 2010**
- **5,000+ Items** all indexed and summarized
- **500 Blog Posts In 2014**
- **Nearly 2,000 blog posts total**
- **Most Read Article:** “Does Merit Pay for Teachers have Merit?”

**Capitol Research**

CSG’s Policy and Research staff regularly publishes timely and impactful policy reports that seek to inform state officials about current issues and provide an analysis of policy options.

- **255+ Reports** available in the Knowledge Center archives
- **60+ produced every year**

**CSG Justice Center**

The Justice Center evolved from The Council of State Governments’ Eastern Regional Conference justice program to a national center in 2006. It serves all states to promote effective data-driven practices—particularly in areas in which the criminal justice system intersects with other disciplines, such as public health—to provide practical solutions to public safety and cross-systems problems.

- **National Focus in 2006**
- **21 States** have worked with the CSG Justice Center on Justice Reinvestment

**CSG Special Focus**

**International Affairs**

The work of state government officials often stretches beyond state lines and, for many states, beyond international borders. CSG’s international program has a number of initiatives to increase cooperation between U.S. states, Canadian provinces, Mexico and nations overseas. International exchange missions and innovative cross-border initiatives such as the U.S.-Mexico State Alliance, Border Legislative Conference, the Great Lakes Legislative Caucus and the Eastern Trade Council bring international neighbors and elected officials together to find solutions to shared challenges.

**Regional Focus**

CSG is a region-based forum that fosters the exchange of insights and ideas to help state officials shape public policy. This offers unparalleled regional, national and international opportunities to network, develop leaders, collaborate and create problem-solving partnerships.

**Mission**

CSG champions excellence in state governments to advance the common good.

**Overseas Voting Initiative**

Launched in 2013, the CSG Overseas Voting Initiative promotes the rights of uniformed services personnel, their voting-age dependents and overseas civilians to vote in U.S. elections by improving the state elections processes.
CSG STATES PERFORM

States Perform provides users with access to interactive, customizable and up-to-date comparative data for all states.

6 KEY POLICY AREAS
200+ measures
120,000+ data points

TOP DATA AREAS:
» Education
» Employment and Income
» Crime
» Healthy Behaviors
» State Revenues and Expenditures
» Transportation

CSG eCademy sessions are an online source of information and training on the most critical issues facing state leaders, the latest trends in state policymaking and cutting edge state solutions.

28 eCademy sessions in 2014
22 national; 6 from the Southern Legislative Conference

2014 POLICY ACADEMIES

CSG Policy Academies provide state leaders customized training and a ‘deeper dig’ on critical policy topics facing the states.

17 POLICY ACADEMIES
600+ state official attendees

CSG AFFILIATES

Affiliates contribute specialized expertise, information, resources and issues to the overall mission of CSG.

» American Probation and Parole Association
» Emergency Management Accreditation Program
» Interstate Commission for Adult Offender Supervision
» Interstate Commission for Juveniles
» Interstate Commission on Educational Opportunities for Military Children
» National Association of State Facilities Administrators
» National Association of State Personnel Executives
» National Association of State Technology Directors
» National Association of State Treasurers
» National Emergency Management Association
» National Hispanic Caucus of State Legislators
» State International Development Organizations
The Council of State Governments’ leadership programs are based on the premise that if states are to meet tomorrow’s challenges, they must prepare for them today. These programs are designed to equip talented state policymakers with the skills and strategies to meet the challenges ahead. Each year’s classes of the top emerging state leaders represent all three branches of government. Although members come from a variety of diverse backgrounds, they share the common goal of improving state governments as well as their personal effectiveness as public servants.

**CSG LEADERSHIP CENTER**

**NATIONAL**

**HENRY TOLL FELLOWSHIP PROGRAM**

Year Program Began: 1986
Number of Alumni: 1,096

The Toll Fellowship Program was named for CSG founder Henry Wolcott Toll, a Colorado state senator from 1922 to 1930. Toll directed CSG until 1938 and remained CSG’s honorary president until his death in 1975.

**NOTABLE GRADUATES**

- Former U.S. Labor Secretary Hilda Solis, Class of 1998
- Former Arizona Gov. Jan Brewer, Class of 1995
- Chief Justice Michael Heavican, Nebraska, Class of 2012
- Chief Justice Mary Russell, Missouri, Class of 1997
- Arizona Gov. Doug Ducey, Class of 2011

**CSG WEST**

**WESTERN LEGISLATIVE ACADEMY**

Year Program Began: 2000
Number of Alumni: 565

**NOTABLE GRADUATES**

- U.S. Rep. Jeff Denham, California, Class of 2004
- Lt. Gov. Shan Tsutsui, Hawaii, Class of 2005
- Senate Majority Leader Moises Denis, Nevada, Class of 2005
- Albuquerque Mayor Richard Berry, New Mexico, Class of 2008

**CSG EAST**

**ROBERT J. THOMPSON EASTERN LEADERSHIP ACADEMY**

Year Program Began: 2005
Number of Alumni: 214

The program is named for Pennsylvania state Sen. Robert J. Thompson, who died in 2006. He was a public official for 30 years, rising to the position of chairman of the Appropriations Committee.

**NOTABLE GRADUATES**

- MLA Andrew Younger, Nova Scotia, Class of 2011
- Minister of Energy, Minister of Communications Nova Scotia

**CSG SOUTH**

**THE CENTER FOR THE ADVANCEMENT OF LEADERSHIP SKILLS**

Year Program Began: 2006
Number of Alumni: 134

**NOTABLE GRADUATES**

- Craig Burns, Virginia, Class of 2008
- Tax commissioner
- Democratic Caucus Floor Leader
- Attorney General Mark Herring, Virginia, Class of 2009
- U.S. Sen. Thom Tillis, North Carolina, Class of 2007

**CSG MIDWEST**

**BOWHAY INSTITUTE FOR LEGISLATIVE LEADERSHIP DEVELOPMENT**

Year Program Began: 1995
Number of Alumni: 697

The program was named after James Bowhay, who died in 1998. He was director of the CSG Midwest office for 15 years and served as assistant director of the CSG West office for three years.

**NOTABLE GRADUATES**

- Lisa Madigan, Class of 1999
- Named Illinois’ first female attorney general in 2002
- Iowa Speaker Kraig Paulsen, Class of 2004
- Tony Clark, Class of 1995
- Serves on the Federal Energy Regulatory Commission
- MPP Dave Levac, Class of 2007
- Speaker of the Legislative Assembly, Ontario
- U.S. Sen. Tammy Baldwin, Wisconsin, Class of 1996
The Book of the States has been the reference tool of choice since 1935, providing relevant, accurate and timely information, answers and comparisons for all 56 states, commonwealths and territories of the United States.

2014 EDITION
46TH VOLUME • 29 ARTICLES

202 TABLES
158 independent
44 with articles

MORE THAN 100,000 PIECES OF DATA

MOST POPULAR DATA
» Salaries of state officials
» State holidays
» Governors’ salaries
» Legislative statistics
» Governors’ transition funding
» State employee numbers
» Initiatives and referendums

WHO WRITES?
Authors represent academic as well as government interests
LONGEST-SERVING AUTHOR
Thad Beyle—20 volumes over 27 years

WHO HELPS?
500 different contacts provide information each year

WHO WANTS TO KNOW
Requests for information have come from Cambodia, Greece, Japan and Sweden

DID YOU KNOW?
$134,390 Average governor’s salary in 2014
$7,823 Average governor’s salary in 1937

HISTORY OF THE BOOK OF THE STATES

1935 Volume 1 of The Book of the States published
2002 The Book of the States becomes an annual publication
2010 The Book of the States goes digital and is available on the CSG Knowledge Center
2013 The Book of the States archive dating back to 1935 goes online
The Council of State Governments National Center for Interstate Compacts assists states in developing interstate compacts to address a number of multi-state issues. NCIC serves as an information clearinghouse, a provider of training and technical assistance and a primary facilitator in assisting states in the review, revision and creation of new interstate compacts. Here is a primer on interstate compacts. For more information, visit www.csg.org/NCIC.

**COMPACTS = CONTRACTS BETWEEN STATES**

- Comacts are governed by tenets of contract law.
- An offer to enter the agreement is expressed by the first state to join the compact and accepted by each subsequent jurisdiction that also joins.
- States join compacts through legislation passed during a session.

**200 INTERSTATE COMPACTIONS**

**25 EACH STATE BELONGS TO THIS AVERAGE**

**4 COMPACTS OF WHICH ALL 50 STATES ARE MEMBERS**

**VIRGINIA** Member of 40 compacts, the most of any state

**HAWAII** Member of 15 compacts, the fewest of any state

**SIGNIFICANT DATES IN COMPACT HISTORY**

- **1922** States began using compacts to establish regulatory agencies with the creation of the Port Authority of New York and New Jersey.
- **1955** Comacts evolved to include the creation of administrative agencies.
- **2004** CSG established the National Center for Interstate Compacts.

**TYPES OF COMPACTIONS**

**Advisory compacts**
- Agreements between two or more states used to create study commissions to examine a problem and report its findings to member states.
- Lack a formal governance structure or enforcement procedures.

**Administrative compacts**
- Typically require the creation of an interstate agency to oversee an ongoing area of interstate policy. These commissions often serve as quasi-governmental agencies and have the authority to pass rules, form committees, establish organizational policy, seek grants and ensure compliance with the compact.
- Many modern administrative compacts create a national office and hire staff to carry out the day-to-day operations of the compact.

**Border compacts**
- Agreements between two or more states establishing state boundaries.

**USE OF COMPACTIONS**

- Resolve boundary disputes.
- Manage shared natural resources.
- Create interstate administrative agencies in a wide range of policy areas, including tax reform, education, criminal justice, licensing, and energy and environment.
For more than 70 years, CSG has compiled new and innovative legislation that is being considered in capitols across the country in its Suggested State Legislation program. A committee of state policymakers meets twice a year to consider bills for inclusion in the published SSL volume.

**TO BE INCLUDED, THE LEGISLATION MUST:**

» Address a significant issue facing states;

» Have national or regional significance;

» Include a fresh or innovative approach;

» Be of such complexity that a bill drafter would benefit from having a comprehensive draft available;

» Represent a practical and comprehensive approach to a problem;

» Be logically consistent;

» Be written in a clear and unambiguous way; and

» Have been passed in at least one state.

**SSL FAST FACTS**

74 SSL VOLUMES PUBLISHED TO DATE

FIRST VOLUME OF SSL PUBLISHED IN 1946

STATE AND FEDERAL LEADERS MET for the first time in August 1940 to review state laws regarding U.S. security. The result: “A Legislative Program for Defense”

**A CLOSER LOOK AT LEGISLATION**

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**NUMBER OF BILLS INTRODUCED FOR EACH POLICY AREA**

| Conservation and Environment | 4 | 5 | 4 | 4 | 4 | 3 | 3 | 0 | 4 | 5 |
| Energy | 3 | 8 | 4 | 2 | 7 | 5 | 5 | 5 | 5 | 5 |
| Economic Development | 0 | 1 | 2 | 2 | 0 | 1 | 1 | 2 | 0 | 1 |
| Labor / Workforce | 9 | 4 | 4 | 5 | 3 | 3 | 0 | 5 | 1 | 1 |
| State and Local Govt | 0 | 0 | 2 | 2 | 3 | 3 | 9 | 7 | 0 | 1 |
| Transportation | 5 | 9 | 5 | 7 | 3 | 8 | 3 | 5 | 3 | 12 |
| Education | 18 | 8 | 12 | 16 | 15 | 10 | 8 | 10 | 21 | 17 |
| Health Care | 22 | 13 | 13 | 6 | 15 | 14 | 13 | 12 | 25 | 17 |
| Criminal Justice | 8 | 12 | 10 | 12 | 3 | 16 | 13 | 6 | 2 | 3 |

**NOTE** The year noted is when a volume of SSL is published.

A=Fall meeting in which legislation is approved for inclusion  |  B=Spring meeting in which legislation is approved for inclusion

**SOURCE:** The Council of State Governments, Suggested State Legislation
Having worked with elected leaders on three continents at every level of government, I remain awed at the patience, humility and humor that seems to distill the qualities of the best—or as one senate chairman said to me once: “Any day we can help one human being—anywhere in the world—is a good day … but if we can have fun doing it, it makes for a great day.”

Key state leadership is about focus—taking away partisanship and getting to the heart of the problem. Former U.S. Sen. George Voinovich of Ohio, who also served as a state legislator, mayor and governor, once told me he had struggled hard to try and determine how one could distinguish between a Republican versus a Democratic pothole. His view was always to try and understand the problem, what it would take to fix it, and who could help him fix it.

For a newly elected—or appointed—state leader, especially a legislator, perhaps the most important steps to develop and build, or enhance, leadership skills involve organizing, intelligence, humor, keeping tabs, promises and building relationships.

Right away, after being elected, you want to organize on two fronts—creating an organization or caucus with those elected or selected to serve with your class and selecting staff. When I attended a session for newly elected governors, the very first admonition was to not select one’s campaign manager, but rather someone with deep knowledge, understanding
and experience in the position to which one was elected or appointed. You want a key person on your staff who understands her or his responsibility is to any issue that affects more than one person in your district.

But organizing also has a very different task for you—proactively assuming responsibility for learning about your new body, what are the rules, written and unwritten? If there is not a formally organized opportunity available, be a leader, get your new colleagues on the phone and enlist them in organizing a session where you can not only begin to grasp the rules and procedures critical to your ability to be effective, but also where you can become a leader in your own caucus—a caucus that might well become an instrument for change. Also, you need to form a critical support team as you try and learn how to leverage—or change—the rules of your new governmental institution.

These alliances and friendships are, as often as not, not partisan, but rather collective. If you have an interest in an issue, join a caucus that offers an opportunity to leverage new relationships—or to learn more about the issue and more about those with common interests. A new member’s cause can be effective in helping to organize, share interests and elect your own leaders—but also to offer leverage in receiving committee positions—and in developing friendships and alliances that cross regional, party and other kinds of barriers. That cause can be invaluable in enabling emerging leaders to grasp how colleagues are succeeding—or failing—both their constituents and themselves at a time when they are perhaps unfamiliar to the unwritten and written rules of the process. It offers you the first opportunity to take the lead on issues, and the kinds of skills and relationships that can enable a leader to make a difference—to be a creative force, respected and admired by her or his colleagues.

In a state legislature, in a court, or any other new level of state governance, one never wishes to take on a battle without reconnaissance. Just as the United States would never undertake a foreign military incursion without vital intelligence, so, too, learning and understanding the people and background of your new institution are critical.

My experience is that humor is perhaps one of the most important factors in leadership—both for your personal health and well-being, but also because it can be far more effective in dealing with your colleagues than confrontation. The first elected leader—a freshman—for whom I worked, came into our office in only her second week. She called me into her office, shut the door and told me she was expecting a call from the speaker of the House momentarily. I, of course, asked why she had gone over to the capitol to meet with the speaker and what the topic of her very first meeting was. She responded that she went over to ask why male members of Congress were able to use the swimming pool 24 hours a day, but female members only one. He responded that the rules only required suits to be worn one hour a day. I asked what she did next. She told him she understood that—and that she had even spoken to former Congresswoman Bella Abzug, and that the two of them were prepared to swim without suits themselves.

At this point, I interrupted to ask how the speaker reacted. She told me he turned a whiter shade of pale and said he would get back to her. She wanted me to be present in her office when he called, because she thought this would be an important leadership lesson.

Indeed, less than two minutes later, the phone rang. The call was brief. The speaker advised her that effective at midnight that night, the pool would henceforth be open to all members of the House 24 hours a day—and suits would be mandatory! But unlike some of her more feisty colleagues, the congresswoman had not held a press conference. No one else even was aware of the meeting—her first ever with the leader of the institution to which she had been elected.

What it did mean is that the speaker recognized that someone had achieved a precedent-setting change in the House through the use of humor and respect. And the respect was not only mutual—she directed me to alert her if any issue arose in our state in which the speaker’s assistance would be critical—but also led to a fundamental change in the institution, a change that cemented her position as a leader not just in her freshman class, but also amongst her colleagues.

An early—and ongoing job is to not only know who might be in a position to help you serve a constituent or meet a critical goal, but also what all the hurdles are that stand between you and achieving your goal. To me, it is a kind of scorekeeping. Which lawmaker—or staffer—might constitute a blockade or obstruction; what will it take to surmount that? Who is a doorkeeper? It is wise to keep a little notebook—with signatures—to be redeemed on matters important to your district and constituents.

It is a daunting challenge for a newly elected or selected state leader charged with protecting and responding to the often inchoate concerns of citizens to have any great certainty what steps are most critical and how most safely and rapidly to effect them. It is even a greater challenge in this era where emerging electronic media can lead to second guessing from citizens, especially in the millennial generation, who do not rely on traditional media. There are no easy answers to these challenges, but the construction of trust and respect with your new colleagues in your early days of new state responsibilities could prove invaluable. 

Frank Shafroth is director of the Center for State and Local Government Leadership in the Centers on the Public Service at George Mason University. Shafroth’s grandfather was a law partner of Henry Toll, the founder of The Council of State Governments.

“...The greatest leader is not necessarily the one who does the greatest things. He is the one that gets the people to do the greatest things.”

—Ronald Reagan
Justice Reinvestment

North Carolina Report Released

The CSG Justice Center released a report detailing what has happened in the three years since North Carolina passed the Justice Reinvestment Act, a comprehensive package of reforms that touched on almost every aspect of the criminal justice system. Since 2011, the state’s prison population has decreased by nearly 3,400 people and 10 prisons have been closed. Some of the generated savings has been reinvested in improving supervision practices by adding 175 probation and parole officers and investing in cognitive interventions and substance use treatment for individuals with the greatest need for treatment and who are at the highest risk of reoffending.


APPA Leadership Institute

Applications are being accepted for the CSG affiliate American Probation and Parole Association’s Leadership Institute. The 12-month program is designed to provide current or potential supervisors with a fundamental understanding of leadership within the community corrections arena. The multidisciplinary curriculum—a blend of on-site and distance learning—addresses issues of concern to community corrections providers. Applications for the leadership institute and applications for a partial scholarship are both due April 1. For more information, visit http://www.appa-net.org.

NASFA

Montana Named Winner

Montana’s State Building Energy Conservation Program Implementation was selected as the winner of the 2014 Innovation Award from the CSG affiliate National Association of State Facilities Administrators. Gov. Brian Schweitzer tasked Montana’s Department of Environmental Quality’s State Building Energy Conservation Program to reduce building energy usage in state facilities by 20 percent. The department teamed up with Montana State University’s Architecture and Engineering Division to find and evaluate conservation measures, as well as handle design, bidding and construction oversight. This partnership led to implementation of more than $40 million in energy and deferred maintenance projects, saving the state more than $1.8 million a year in utility costs and completing more than 80 projects in a three-year span.

NASTD

Regional Seminars

Registration is open for four regional seminars being held by the CSG affiliate National Association of State Technology Directors. The seminars are geared toward state government information technology employees and the corporate entities that serve them. State and corporate affiliate members get discounted registration rates.

- Southern Region Seminar, March 9–12, Savannah, Ga., registration cutoff Feb. 16
- Midwestern Region Seminar, April 13–16, Des Moines, Ia., registration cutoff March 14
- Eastern Region Seminar, May 18–21, Stowe, Vt., registration cutoff April 17
- Western Region Seminar, June 1–4, Denver, registration cutoff May 11.

For more information, visit http://www.nastd.org.

CSG ECADeMY

Ebola: Lessons Learned

A December CSG eCademy featured Christine Kosmos, director of the Centers for Disease Control and Prevention’s Division of State and Local Readiness, discussing lessons learned about Ebola and states’ response. “I think our initial message of every hospital should be able to handle an Ebola patient needed some tweaking,” Kosmos said. “Since then, we’ve learned a lot.” Listen to the recorded eCademy at: http://knowledgecenter.csg.org/kc/category/content-type/content-type/multimedia.
IN MEMORIAM
The CSG family lost two of its own this fall

Michael J. Scott

Michael J. Scott, 50, of Lexington, Ky., died Nov. 26, 2014. He was a former CSG employee and the husband of Leslie Scott, who serves as executive director of the National Association of State Personnel Executives, an affiliate of CSG. Scott worked from 1996 to 2000 as managing editor of CSG’s national magazine.

A native of Indianapolis, Scott was a lifelong dedicated public servant. He was assistant director of the Kentucky State Board of Elections and previously had served as director in the office of Kentucky’s secretary of state, as a policy analyst for Kentucky’s Finance and Administration Cabinet and a fiscal officer for the Kentucky Cabinet for Economic Development. Scott also was a Navy veteran.

Jerri Lynn Robinson

Jerri Lynn Robinson, 61, of Frankfort, Ky., died Oct. 30, 2014. She was the wife of Michael J. Robinson, CSG’s senior executive deputy director.

Robinson retired from Kentucky state government after having served in leadership positions at the Office of the Attorney General, the Cabinet for Health and Family Services, and the Department of Insurance. During her career, she was tasked with managing the development and implementation of Kentucky’s All Schedule Prescription Electronic Reporting System—which has become a national model.

Robinson was one of the founding officers of the Capital Ovarian Cancer Organization and was an active Girl Scout leader in Frankfort for more than a decade.

CSG’S LEADERSHIP CIRCLE

Thank you!

To learn more about CSG’s Associates Program and Leadership Circle, please contact Maggie Mick, Director of Development | The Council of State Governments | ph 859.244.8113 | mmick@csg.org
CATHERINE PUGH

Maryland Senate Majority Leader / President of the National Black Caucus of State Legislators

Her hometown of Baltimore didn’t have a marathon so Catherine Pugh, a runner, worked with others to found one in 2001. That’s indicative of Pugh’s attitude about a lot of things. The new Maryland Senate majority leader got involved in politics because she saw a need for change in a number of areas. “With so many things tied to politics—whether it is legislative or policy—in order to get certain things done it requires participation in the political process,” she said. She was elected to the Baltimore City Council in 1999, then moved on to the Maryland House of Delegates before she began service in the state Senate in 2007. She’s not afraid to push for the right thing in the legislature, such as changing the compulsory school attendance age to 18 and diversifying the state pension funds. She’s also not afraid to tackle tough issues, like health and fitness. Pugh has run the Baltimore Marathon a few times, both individually and as a member of a team. She also works to get people engaged in healthier activities. She has written two children’s books—both about exercise and health. “The younger we reach our people, the greater the opportunity for them to adapt their lifestyles to lead healthier lives,” she said.
Since 1937, The Council of State Governments Eastern Regional Conference (ERC) has sought to facilitate information sharing and cooperation among its member jurisdictions in pursuit of multi-state or region-wide solutions to public policy challenges facing the Eastern states. In pursuit of its mission, ERC conducts public policy research, holds seminars and conferences, conducts leadership training and promotes the interests of the region at the federal level.
SAVE THE DATE

DEC. 10-13, 2015
NATIONAL CONFERENCE
NASHVILLE

REGISTRATION OPENS JAN. 26!