HOT TOPIC: Growing State Economies

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NEVADA GOV. BRIAN SANDOVAL
2015 CSG National President
Speaking during his 2015 State of the State Address

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For more information and to apply, visit www.csg.org/LeadershipCenter/TollFellows.aspx. Applications will be accepted through April 15, 2015.
ON THE COVER
Nevada Gov. Brian Sandoval has a long list of accomplishments in his public service career—from serving as the youngest ever chairman of the Nevada Gaming Commission to being the first Hispanic elected to statewide office. But he hopes his work to improve education and workforce development leaves a lasting legacy.

Photo Courtesy Brian Sandoval / Nevada Governor’s Office

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The federal minimum wage has increased 29 times since 1938. Some states have raised their minimum wage, often above the federal rate, while others have kept wages at or below the federal rate.

41 PATHWAYS TO PROSPERITY
Members of the CSG National Task Force on Workforce Development and Education will release recommendations in the CSG “State Pathways to Prosperity” initiative later this year. Here’s an update.
As we prepare to bid winter goodbye and set our clocks to spring ahead into daylight saving time March 8, the staff at CSG also is ready to spring forward with some new opportunities to network with state officials from across the country and offer fresh perspectives on the challenging issues facing states.

Here’s what’s happening at CSG in March and April 2015.

1. The application window is open for CSG’s 2015 Henry Toll Fellowship Program.
   CSG is now accepting applications for the 2015 Toll Fellows Program, to be held Aug. 28–Sept. 2 in Lexington, Ky. Each year, CSG brings 48 of the nation’s top officials from all three branches of state government to the Bluegrass State for this intensive leadership development program, designed to stimulate personal assessment and growth, while providing priceless networking and relationship-building opportunities. Mark your calendar and submit your application online at www.csg.org/tollfellows by April 15!

2. CSG Justice Center releases report on Texas juvenile justice system.
   A first-of-its-kind study of Texas youth involved with the juvenile justice system, drawing on a dataset of 1.3 million individual case records over eight years, shows that juveniles under community-based supervision are far less likely to reoffend than youth with very similar profiles who are confined in state correctional facilities. Download the full report at www.csgjusticecenter.org.

3. Mark your calendar for CSG’s 2015 regional meetings.
   Don’t miss these opportunities to network with colleagues and explore targeted policy solutions for issues affecting your region.
   - **CSG Midwest** | 70th Midwestern Legislative Conference Annual Meeting
     July 12–15, 2015 | Bismarck, N.D.
   - **CSG South** | 69th Southern Legislative Conference Annual Meeting
     July 18–22, 2015 | Savannah, Ga.
   - **CSG West** | 68th CSG West Annual Meeting
   - **CSG East** | 55th Eastern Regional Conference Annual Meeting
     Aug. 16–19, 2015 | Wilmington, Del.

4. CSG West, Border Legislative Conference release report on border economy.
   The U.S.–Mexico trading partnership is critical to economic prosperity in both countries, and ensuring the competitiveness in the border region lies at the heart of this relationship. CSG West, CSG’s Border Legislative Conference and the Woodrow Wilson Center’s Mexico Institute take a detailed look at the changing landscape of economic development along the U.S.-Mexico border and emerging opportunities for growth. For the full report, visit www.borderlegislators.org.

5. CSG kicks off 2015 policy academies!
   Cybersecurity. Food insecurity. Medicaid. Pensions. Workforce development. These are among the most challenging issues facing states in 2015. They are also issues that will be addressed during CSG’s 2015 Policy Academy series. For a full listing of sessions, please visit the CSG Conference Calendar at www.csg.org.
Unfortunately there is no magic wand waving, there is no approach that will extricate us from the (Affordable Care Act). It is upon us and we must act.”

—Wyoming Gov. Matt Mead in his State of the State address, discussing Medicaid expansion and health insurance exchanges.

Thanks goes to the legislature for cutting spending, the economy for recovering and the people for voting for temporary taxes.”

—California Gov. Jerry Brown in his State of the State address, talking about the improvement in the economy in the last four years.

MARKET-BASED NEEDS MUST BE AN IMPORTANT FACTOR IN EDUCATION FUNDING, CURRICULUM AND RESULTS.”

—North Carolina Gov. Pat McCrory, in his State of the State address, announcing a plan to expand strategic partnerships between the education and business communities.

Studies sit on shelves, collecting dust. Politicians talk about tax reform every year. Nothing meaningful gets done. We must make hard decisions today so we can have prosperity tomorrow for our future generations.”

—Maine Gov. Paul LePage in his State of the State address.

THE GOAL ISN’T CREATING NOBEL PRIZES—THOUGH WE’LL TAKE THEM IF THEY COME. THE GOAL IS CREATING JOBS, AND RESEARCH IS A PROVEN JOB CREATOR.”

—Montana Gov. Steve Bullock, in his State of the State address, discussing a plan to invest state dollars in research at the state’s universities and businesses.

WE NEED TO NURTURE AN ‘INNOVATION ECONOMY,’ IN WHICH ENTREPRENEURS USE TECHNOLOGY TO DEVELOP NEW PROCESSES AND PRODUCTS FROM EXISTING ONES.”

—Hawaii Gov. David Ige, in his State of the State address, discussing the need to support the state’s infrastructure for businesses.

WILL THIS LAW OR ACTION MAKE IT EASIER FOR FAMILIES AND SMALL BUSINESSES TO STAY IN MARYLAND?”

—Maryland Gov. Larry Hogan, laying out in his State of the State address the test he will use in making decisions, as reported by CBS Baltimore.
Vermont’s mayors are calling on state lawmakers to consolidate the state’s 300 school districts, the Burlington Free Press reported in January. Vermont has a declining student population and many districts have small class sizes, the mayors argued. The move comes as part of a larger push by Vermont’s mayors for education funding and school governance reform.

Former casino workers in New Jersey soon may receive some job training assistance, thanks to a federal grant to the state. According to The Star-Ledger, the $29 million in funding from the U.S. Department of Labor will help the state provide job training to casino workers laid off following the closure of four of Atlantic City’s 12 casinos last year.

Lawmakers in Maine will consider a bill that would make it harder for nonresidents to work on citizen ballot initiatives. The Portland Press Herald reported the bill, introduced after a failed initiative last year that would have banned bear baiting, will clarify state law so that only Maine residents can request signatures during a citizen ballot initiative.

Maryland law has allowed for the establishment of charter schools since 2003, but advocates say the law falls short of providing the framework needed for charter schools to grow and flourish. A recent study by the Abell Foundation, a Baltimore-based education research nonprofit, supports those claims. It recommends the state amend its current law to give charter schools more control over teacher contracts.

Charter School Changes on the Horizon

Maryland law has allowed for the establishment of charter schools since 2003, but advocates say the law falls short of providing the framework needed for charter schools to grow and flourish. A recent study by the Abell Foundation, a Baltimore-based education research nonprofit, supports those claims. It recommends the state amend its current law to give charter schools more control over teacher contracts.

The idea may have legs with Gov. Larry Hogan, who appointed a senior adviser to his staff with the focus of increasing access of Maryland’s students to charter schools. State legislative leaders also have expressed a willingness to reconsider rules governing charter school operations, The Baltimore Sun reported.

Charter schools have opened across the state, serving 18,000 students, mostly in Baltimore, since the 2003 law was passed. The Abell Foundation report advocates recruiting charter school organizations that have been successful in other states to set up operations in Maryland.

“it seems to me that the state should be asking, ‘Are these entities producing better results with similar children?’ If they are, then they should be recruited to Maryland,” said Robert Embry, president of the Abell Foundation.

But to do so, advocates say, the state must adopt critical changes to its law to make it more welcoming to charter schools. Those proposed changes include giving charter school operators more leverage in negotiating contracts with teachers, no longer requiring teachers to pay dues to local teacher unions and allocating more funding to charter schools—changes that won’t be met without challenge.

According to John Woolums of the Maryland Association of Boards of Education, provisions that give local school boards control over charter schools are among the strengths in the state’s charter school law. The statewide association of local school boards “does not see a need to revamp or amend the state law to facilitate successful charter schools,” he said.

For more on CSG East, visit: capitoleides.csg.org and www.csgeast.org.
JUVENILE JUSTICE
A January 2015 report from The CSG Justice Center found juvenile justice reforms implemented in Texas between 2007 and 2011 contributed to a 66 percent reduction in youth incarcerated in state-run correctional facilities, The Texas Tribune reported. The report also found the state’s efforts to increase the use of community supervision in lieu of incarceration did not compromise public safety; over the same period, the state saw a 33 percent decline in juvenile arrests.

MERCEDES IN ATLANTA
In a move that further solidified the South’s reputation as major locus of the automobile industry, Mercedes-Benz announced in January that it was relocating its U.S. corporate headquarters to Atlanta. The Atlanta Business Chronicle reported about 1,000 jobs are to be moved starting in July. The company said it will move first to a temporary facility in Atlanta before moving into a new space in about two years.

ENERGY LEGISLATION
West Virginia lawmakers voted in January to repeal the state’s Alternative Energy Portfolio Act, the Charleston Gazette reported. The bill, House Bill 2001, repeals a 2009 law setting thresholds that eventually would require power companies to use alternative fuels to provide 25 percent of electricity production by 2025. The bill retains provisions for net metering.

COMMON CORE
Legislation approved by a Mississippi Senate committee in January directs the state to adopt new Mississippi College and Career Readiness Standards, remove any reference to common core from its standards and adopt a new assessment aligned with those standards. According to The Clarion-Ledger, the bill also severs the state’s ties with the Partnership for Assessment of Readiness for Colleges and Careers consortium. Another measure cutting ties with the partnership passed the full House the same day.

SPECIAL EDUCATION
A bill that would provide money to the parents of special-needs students to pay for private education was passed through committees in both houses of the Mississippi legislature, the Northeast Mississippi Daily Journal reported in February. The five-year pilot program would provide $6,500 a year to parents. Proponents say the bill is necessary because only 23 percent of special-needs students graduate high school.

Like many other states across the country, South Carolina and Virginia are debating measures to generate funds to enhance their transportation and infrastructure systems.

In her State of the State address, South Carolina Gov. Nikki Haley unveiled her transportation funding plan, which includes a 10-cent per-gallon tax increase. Haley’s office said the state would raise $3 billion for roads over the next decade through the 10-cent increase on the gas tax, The State reported. That would address only partially the state’s projected $40 billion-plus deficit in the additional money it needs for roads repairs.

But Haley said she would veto a tax hike bill if it did not include a 30 percent cut in the state’s income tax and restructuring measures for the Department of Transportation.

“If we do all of those things, we will have better roads and a stronger economic engine for our people,” The State quoted Haley as saying during her State of the State address. “That’s a win-win.”

In Virginia, Democratic Gov. Terry McAuliffe and Delegate Chris Jones, the Republican chairman of the House Appropriations Committee, are pushing for two bills designed to reform the state’s transportation system.

If enacted, the legislation would pay for repairs of structurally deficient bridges and deteriorating pavements, change the formula for distributing state transportation funds to local governments and provide money for mass transit expenses like replacing aging buses and repairing old facilities, Capital News Service reported.

For more on CSG South, visit: capitolideas.csg.org and www.slcatlanta.org.
**GUN LEGISLATION**
Michigan Gov. Rick Snyder vetoed gun legislation in January that would have allowed individuals accused of domestic violence to obtain pistol licenses. According to *The New York Times*, the House and Senate strongly backed the legislation, which was supported by the National Rifle Association.

**HOME HEALTH CARE**
The new union of home health care workers in Minnesota reached a contract agreement with the state in January. The Associated Press reported the state’s 27,000 home care workers would be paid a minimum of $11 an hour under the agreement and also would receive five days of paid time off. Minnesota’s home health care workers voted in August to unionize despite numerous legal challenges to the process.

**RENEWABLE ENERGY**
Ohio’s renewable energy industry is at risk following recent legislative changes that have stymied growth in wind and solar energy production, the *Cleveland Plain Dealer* reported. The Pew Charitable Trusts reviewed the renewables industry following the 2008 establishment of state incentives for utilities to seek more renewable energy sources and legislative moves beginning in 2013 that have pulled back on renewable energy standards.

**CONCEAL AND CARRY**
Lawmakers in North Dakota are considering new legislation that would allow elected officials with a valid concealed carry permit to carry guns in public buildings. According to *The Bismarck Tribune*, the House Judiciary Committee in January debated House Bill 1157, introduced by Rep. Ben Koppelman in response to a gunman’s attack on the Canadian Parliament.

**ROAD MAINTENANCE**
Kansas drivers may have to deal with potholes a little longer as state leaders try to patch up the state’s budget instead. *The Kansas City Star* reported in January that $300 million in funding for road maintenance work will be delayed as part of Gov. Sam Brownback’s proposal to transfer $350 million out of the Department of Transportation budget from 2015 to 2017 to help offset the state budget deficit.

**IOWA TO OFFER VOTER REGISTRATION ONLINE**
The Iowa Voter Registration Commission approved a measure in January to develop an online voter registration process for qualified voters, *The Associated Press* reported. Online registration, expected to be available before the 2016 primary, will enable Iowa residents with a state driver’s license or photo ID to register through a new website, which links an individual’s information from the state Department of Transportation with the Iowa Secretary of State’s office and county auditors’ sites.

Paper voter registration applications, currently in use in the state, will remain an option for residents.

“This is obviously another major step toward the goal we all share, … to encourage as much (voter) participation as we can,” Iowa Secretary of State Paul Pate said following the commission’s unanimous decision.

Voter rights groups in the state have called for a more inclusive online registration system that would enable residents without a state driver’s license or state-issued photo ID to register online. According to the American Civil Liberties Union of Iowa and other voter rights groups, requiring state-issued photo IDs to register online disproportionately excludes eligible voters like the elderly, minorities and low-income residents. About 7 percent of eligible voters in the state lack a state-issued photo ID.

State election officials have vowed, however, to continue working to make the new online system more inclusive.

“We can capture 93 percent of the eligible voters through the DOT system, but we don’t stop there,” said Carol Olson, deputy secretary of state for the elections division. “The other 7 percent of the eligible voters are just as important.”
DROUGHT
California is reporting progress in water conservation efforts amidst the historic drought, but the state's residents have yet to reach Gov. Jerry Brown's goal of a 20 percent reduction in water use, The San Francisco Chronicle reported. According to data released by the State Water Resources Control Board in January, California's residents reduced their water usage by 9.8 percent in November 2014 as compared to water use in November 2013.

TABOR LAWS
The U.S. Supreme Court is expected to decide the fate of a lawsuit against Colorado's Taxpayer's Bill of Rights, also known as the TABOR law, a 1992 measure that requires the legislature to obtain the permission of the state's voters before increasing taxes. Plaintiffs in the case, which include state legislators, argue the law strips the state of its republican form of government, as required by the U.S. Constitution, according to The Denver Post.

AUTISM TREATMENT
A proposed boost to Nevada's state autism treatment program would help the state extend services to an additional 260 children with autism-related disorders, state health officials say. According to the Las Vegas Sun, Gov. Brian Sandoval's plan would add $61 million in funding to the Nevada Autism Treatment Assistance Program, established in 2011 to assist parents in paying for autism treatment services.

SCHOOL HOURS
Oregon students will be spending more hours in the classroom following a vote by the state Board of Education in January, The Oregonian reported. The new rule will require school districts to schedule 80 percent of their students to be in class for the state-required minimum hours beginning next year. Some districts allowed high school students to attend school part-time.

DRONES
Legislators in Washington state are again attempting to regulate how private citizens can use drone-operated cameras, King 5 News reported in January. The bipartisan effort follows legislation last year that focused primarily on government use of drones, which ultimately was vetoed by Gov. Jay Inslee. Proponents of House Bill 1093 point to an incident last summer, in which a drone operated from a hotel in Seattle nearly clipped the Space Needle, as evidence that more regulations are needed.

ARIZONA REQUIRES HIGH SCHOOL CIVICS TEST
Beginning in the 2015-16 school year, high school students in the Grand Canyon state will be required to pass the U.S. citizenship test before they graduate, The Associated Press reported. The Arizona House and Senate each passed legislation on the fourth day of the 2015 legislative session requiring students to earn at least 60 percent on the civics test in order to obtain a high school or GED diploma; Gov. Doug Ducey quickly signed the act into law.

Arizona is the first state to add the test as a graduation prerequisite, though as many as 15 other states are expected to consider similar measures this year.

With the passage of the law, Arizona leads a nationwide effort to increase students’ understanding of basic government.

"Requiring that students pass this test is not by any means a silver bullet, but I think it is a step, a small step forward," said Senate Majority Leader Steve Yarbrough, who sponsored the senate bill.

The Arizona-based Joe Foss Institute is pushing the initiative nationwide and hopes to have all 50 states adopt it by 2017. Former U.S. Supreme Court Justice Sandra Day O’Connor, who hails from Arizona, also has supported the effort.

But some educators question whether the test will promote student engagement in civics or merely rote memorization.

"The interest is promoting civics and we want to see students engaged," said former high school government teacher Joe Thomas. "I don't know if a test engages students.

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REDEFINING, RATHER THAN REBUILDING, THE STATE WORKFORCE

The workforce within state government is inherently complex. This includes factors such as widely diverse occupational groups hired to provide numerous essential public services, merit system rules and regulations, multi-union or employee association collective bargaining, regulatory implications from legislative and judicial branches, and a myriad of competing interest groups trying to influence how that workforce should be apportioned and utilized.

State government, like all employers, is not immune from an economic recession. In general, public-sector employers are usually the first to feel the economic downturn and lag behind in terms of the ability to recover quickly.

Since 2008, most states have faced budgetary challenges due to the Great Recession. Layoffs, wage freezes, wage cuts, elimination or reduction of benefits have all been used to help states respond to the loss of revenue. And in many states, the recession has only exacerbated the indebtedness of state employee pension systems.

As the economy improves, unemployment rates have fallen, job creation has increased and employees are starting to see modest increases in pay. But what does this mean for the state workforce? Many states are seeing little or no revenue growth, and what growth has occurred is being swallowed up by increasing benefit and pension costs.

It is doubtful that employment levels in state government ever will return to the pre-recession era rate. States have either cut or modified programs or services or invested in technology solutions that have increased efficiencies and reduced the numbers of employees required to perform the same amount of work.

In light of these implications, a redefining, rather than a rebuilding, of the state workforce is occurring. States are increasing the use of limited or long-term staff augmentation instead of investing in a full-time salaried position with benefits. Public-private partnerships, which delegate traditional public-sector work to private contractors, are on the rise. State agencies are continually striving for improvements in efficiencies given the limited funding and uncertain landscape for increases in funding in the future.

While these approaches are certainly viable options in dealing with the fiscal realities and a shrinking workforce, they also have a dramatic impact on the state workforce that remains. There always will be a need for states to hire employees to carry out those functions that people want and need from their government. So the role of recruiting and maintaining a qualified and motivated workforce are more important than ever for the states.

As a result, many state human resource professionals and administrators are exploring more of the nontraditional methods of attracting and retaining employees. Those approaches include utilizing social media to recruit; offering flexible schedules and telecommuting opportunities; considering flexible compensation and benefit strategies; and implementing in-house professional development opportunities. There is also an increased emphasis on rebranding state government to help market and promote the value and satisfaction that can go with public service.

The recent recession has dispelled the myth that public-sector employment provides an unprecedented level of job security, which was often a significant selling point in attracting qualified candidates to state government. So now more than ever, states are finding themselves challenged with redefining their workforces and ensuring that it can continue to attract and retain employees to deliver the essential services required by the people who live there.
As states compete more and more with each other and with countries around the world, many are looking to the private sector for ideas on how best to serve the business community and attract new employers. These new strategies involve public-private partnerships, as well as just listening to business leaders to help develop a focused plan for spending precious state dollars to attract business—which can include everything from education to infrastructure. States also will get some help growing their economies from a new workforce investment plan from the federal government and from what’s become known as the Sharing Economy. Perhaps the biggest boost will come—as it has in the most recent past—from international trade.

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42 – Straight Talk—Workforce Training
When business leaders get together to talk in Oregon, people listen. More than 1,200 people, including many state policymakers, in fact, are hearing that message. That’s because the business leaders gather in January to lay out their wants and needs.

“If we see a consensus on something we think can make a difference, we try to call that out,” said Duncan Wyse, president of the Oregon Business Council, which holds the leadership summit each year attended by policymakers, business and community leaders.

The Oregon group is among many private groups across the country getting more involved in state economic development efforts.

“This is becoming more common, … the switch from having a state agency to a public-private partnership” for economic development, said Laura Stein, vice president for administration at the Iowa Innovation Corporation, which works with a state authority to woo business to the state.

The state agency still plays a role, of course. Take North Carolina, which is redesigning its economic development strategy, placing the sales and marketing function in the hands of a private entity, according to state Commerce Secretary John Skvarla. His agency evaluates the proposals from the Economic Development Partnership.

“It truly is a public-private partnership that is designed to give the recruiting function speed and mobility, quite candidly, free of bureaucratic constraints that government tends to offer,” he said.

The National Governors Association—in a 2013 report, “Redesigning State Economic Development Agencies”—found three foundational strategies greatly increase the effectiveness of economic development agencies, among them: engage and sustain the private sector involvement. The other strategies from the NGA Center for Best Practices: creating mechanisms to create collaboration and instituting a quantitative evaluation system.

Changing times—with global competition, innovation and entrepreneurs driving development—call for changing strategies in the states, the NGA report said. In the past, strategies often favored recruiting a big catch—a large business or industry to move into the state.

In Massachusetts, state officials target different sectors of the economy through a distributed network of quasi-governmental economic development agencies, according to Pat Larkin, director of the Innovation Institute at MassTech. Her sector is focused on innovative products and ideas.

“It’s a partnership with industry, trying to be responsive to industry needs in a modern economy that moves at warp speed,” Larkin said.

But newer firms account for most new jobs, according to the NGA report, and the big tax incentives states used to give put them in direct competition with each other with no guarantee, and often no evidence, of success.

Some states are restructuring or moving away from the traditional tax incentive packages. Michigan, for instance, is moving to more cash incentives, where businesses get the assistance upfront for infrastructure or worker training, according to Steve Arwood, CEO for the Michigan Economic Development Corporation.

“It is more of a project-based approach, using funds to extend a sewer, fix a road, help with upfront job training costs,” Arwood said.

But states need to ensure they are getting enough bang for those bucks, said Robert Zahradnik, project director for economic development at the Pew Charitable Trusts, who has been studying state evaluations of such incentives. Between 2012 and 2014, 10 states and the District of Columbia passed laws to require regular evaluation of incentives.

“When it comes to this type of policy, the stakes are high,” Zahradnik said. “Policymakers spend billions of dollars each year on tax incentives. Clearly, they don’t want to miss opportunities to spark economic growth that could lead to more jobs and higher earnings and bright prospects for the Americans they serve, but at the same time, policymakers need to consider tradeoffs.

“A dollar spent on a tax incentive is one they can’t spend on other investments to grow their economy, like education and infrastructure.”

In fact, some states include those other investments as keys to a successful economic strategy. Here are five states NGA cited in its report as showing innovation in their economic development efforts.▶
Business leaders in Oregon have long taken a strong interest in building the state’s economy. But they don’t always focus on the immediate needs of business; they look, instead, at the long-term needs for a growing economy.

In fact, the Oregon Business Council, an association of more than 40 business community leaders, each year releases the Oregon Business Plan focused on issues that will help the state reach its three overarching goals: create 25,000 jobs each year, increase the state’s per capita income above the U.S. average by 2020 and reduce poverty below 10 percent by 2020.

“The topics we tackle are way more than you would normally associate with economic development departments,” said Duncan Wyse, president of the Oregon Business Council.

The council holds an annual leadership summit attended by policymakers, business and community leaders. It released the 2015 business plan at its Jan. 6 summit. The 2015 plan focuses on three main themes—connecting education to careers, modernizing the state’s infrastructure and putting natural resources to work to help rural parts of the state.

The business council works closely with elected leaders to develop the plan, and Wyse said that is a key to its success.

“Having a well articulated policy agenda from the business community is helpful to policymakers,” said Wyse. “When business leaders speak in unison about what matters for job creation and raising incomes, people listen. In our state, elected leaders understand that.”

In fact, Wyse sat down before the summit with House Speaker Tina Kotek and Senate President Peter Courtney to discuss the key areas of focus for this year. Both agreed transportation needed attention.

At the summit, both leaders implored those in attendance to support a legislative transportation package that would move through the session.

“We need your help,” Courtney said at the summit, which posted videos of the speakers online. “We’re not going to make the public policy, be it sub or full committee, house or senate floor, without your help.

“We’re all in it,” he said. “We need you to want to make it a reality as much as you want to talk about it.”

Kotek acknowledged it would be difficult.

“We need a common will and a common goal to fund a transportation package,” she said at the summit. “That means revenue. That means a political will to stand up together and do that.”

Wyse said the business plan has tackled tough issues before. Two years ago, for instance, the business plan worked on reforming the public employee pension system because that was important for the economy.

“If we didn’t take that on,” said Wyse, “we wouldn’t have the public services we need.”

That shows the plan is a holistic one, he said.

“This isn’t a tactical agenda,” he said. “This is a strategic agenda.”

The business plan focuses on what Wyse calls the four Ps for prosperity—people, place, productivity and pioneering innovation—all related to education, quality of life, basic infrastructure and regulatory climate.

Sean Robbins, director of Business Oregon, the state’s economic development agency, said at the January summit that connecting with businesses across the state is important to formulating a plan for the state’s economic development efforts.

“When we talk about the economy sometimes, we lose ourselves in data and numbers,” he said. “We sometimes forget that the economy is about people, communities, and that if we do this work right, we have the opportunity to improve people’s lives through the dignity of work.”

—Oregon Senate President Peter Courtney spoke during the annual Oregon Business Summit in January. The state’s business community has outlined a legislative wish list this year centered on improvements in education, infrastructure and natural resource policy. © AP Photo / Don Ryan

“Oregon Business Plan Focuses on the Four Ps for Prosperity

BUSINESS SUMMIT
PORTLAND, Ore.—Oregon Senate President Peter Courtney spoke during the annual Oregon Business Summit in January. The state’s business community has outlined a legislative wish list this year centered on improvements in education, infrastructure and natural resource policy. © AP Photo / Don Ryan

“If we didn’t take that on,” said Wyse, “we wouldn’t have the public services we need.”

That shows the plan is a holistic one, he said.

“We need a common will and a common goal to fund a transportation package. That means revenue. That means a political will to stand up together and do that.”

—Oregon House Speaker Tina Kotek
When Iowa reorganized its economic development agency in 2011, the state created a three-legged stool focused on different aspects to cover all the bases.

The Iowa Economic Development Authority is the public leg that handles state tax credits and financial assistance. The Iowa Innovation Corporation is the nonprofit corporation set up to do the things that government can’t do—the private part of the public-private partnership.

The third leg is the corporate board of directors, a group led by CEOs of businesses in the state that “give us high level market intel about what’s going on in their sector,” said Debi Durham, director of the Iowa Economic Development Authority.

The change in strategy came when Gov. Terry Branstad reorganized the state’s efforts to move to the public-private partnership model, said Rep. Mary Ann Hanusa, chair of the House Economic Growth Committee and ex-officio member of the Iowa Innovation Corporation board.

“We had not, in this state, included a framework for innovation,” Hanusa said. “The more traditional, mainline type of business is not the same as many of the innovative, take an idea and run with it type of business. That piece was missing from our economic development model.”

A report from the Battelle Institute 10 years ago identified those gaps, said Laura Stein, vice president for administration at the Iowa Innovation Corporation.

So the state started a demonstration fund to fill that gap. The funding wasn’t tied to job creation, Stein said, it was tied to wages and commercialization of a new product and attraction of outside capital.

“It had an excellent return on investment for the state and something that was a surprise to everybody is the number of businesses still going today that received funding,” she said.

From that beginning, Durham said, the state has developed a robust system of funding for entrepreneurial development. The role of the corporation, she said, is to develop the seed fund for people to go beyond what the state can offer.

Stein said the Battelle Institute recently completed a second report that offered additional steps the state could take to expand on the state’s success so far. It recommended, among other things, using the federal Small Business Innovation Research project funds for services like a mentoring program with continued monitoring for the small startups it has assisted.

“It’s not that we will give you a little money and then you won’t hear from us again,” she said. “It’s almost like a concierge service to continue that contact with companies that are in this space.”

Stein said it’s been a well thought-out process for the state to get to the point of focusing on the commercialization space and increasing innovation.

While the private corporation focuses on the projects to encourage innovation, the public side—the authority—still directs the workflow, Durham said.

“That’s why it works so well—because we are so in partnership with each other,” she said.

Hanusa said the legislature supports the efforts to encourage entrepreneurship and innovation, and has seen success from the change through the number of jobs created.

Iowa, she said, still has some of the traditional state funding and incentives for both current businesses in the state looking to grow, as well as from other businesses that may want to locate there.

“We’ve also benefited by that infusion of experience from the private sector, the wealth of experience and new ideas that are being brought in to complement what the state is doing as the state in economic development,” she said.

“There is also an understanding that economic development comes in a number of forms and it’s not your grandfather’s economic development,” said Hanusa.
North Carolina Commerce Secretary John Skvarla uses a basketball analogy when he talks about his state’s new economic development strategy.

The state recently spun off the sales and marketing function for economic development to a nonprofit private entity called the Economic Development Partnership.

“They’re supposed to be the point guard, out there stealing and assisting and setting up other players,” said Skvarla. “They’re supposed to be out there with speed and efficiency and creating all kinds of economic opportunity nationally and internationally.”

That’s the recruiting wing for North Carolina, said Skvarla.

Another key player on a basketball team is the center, in this case, the North Carolina Department of Commerce.

“It is our job to evaluate the programs and projects that are delivered by the partnership and to also determine if they are meritorious,” said Skvarla.

This public-private partnership, Skvarla believes, creates a more agile system of responding to opportunities to attract businesses and industries to the state.

“We should have a lot better deal flow, to use a venture capital term,” he said.

Skvarla believes deal flow consists of two components—companies that are being recruited or that are considering North Carolina and those that are organically grown in the state.

He said businesses basically want two things—speed to market and certainty.

“Nobody is going to take a risk with anything that is uncertain when they have alternatives that are certain,” he said.

The partnership represents the speed to market component, while the state Department of Commerce provides the certainty of economic support, he said.

Rep. Craig Horn said the model allows the partnership to act much quicker than state government could.

“The private sector, that’s what they do—react to the moment,” he said. “They can react on a dime.”

Horn said it also reflects North Carolina’s efforts to listen to the private sector in business development.

“It’s critically important, I think, for all of us to listen to, and be directly involved with, the folks at that point where the rubber meets the road—the business community,” he said.

The partnership, Horn said, gets “real people that have to deal with the policies we create involved in actually creating the policies.”

The change was an initiative of Gov. Pat McCrory, Skvarla said. The state held a ribbon-cutting in January for the new partnership. Now, Skvarla said, step one is evaluating the deals in the pipeline now to “quite frankly, give them all a reality check.”

That reality check will show which deals are worth pursuing, according to Skvarla.

“Typically, in bureaucracy, every deal is in the pipeline forever even if they’re not really in the pipeline,” he said. “A vetting for all the deals in the pipeline will show if they should be in the pipeline for now, so we don’t waste resources chasing things that shouldn’t be chased.”

The partnership will bring new deals to the commerce department, which will evaluate them for action, he said.

“This is the foundation that we need to build a beautiful house on top of that, with significant deal flow that gives the commerce side the luxury of determining what the merits of these deals are and how much money is going to be spent,” he said.
When Massachusetts Sen. Karen Spilka started learning more about the technology sector in her state, she realized there was a disconnect between the industry and state policymakers.

“It’s not as if that sector isn’t important in the state, Spilka said. In fact, that business sector drives a lot of innovation in Massachusetts. So she took action.

“I founded the Tech Hub Caucus in the state-house as a way for legislators to work together with the tech sector,” she said.

The caucus, she said, regularly meets with technology companies to learn about the challenges they face, while company representatives learn about the legislative process.

That interaction is important, since technology is key to the Massachusetts economy, she said.

In fact, the MassTech Collaborative, one of several quasi-governmental economic development agencies in Massachusetts, is focused on improving the conditions for growth in the innovation economy, said Pat Larkin, director of the Innovation Institute at MassTech.

“We got well organized back in 1982, where we came to appreciate the emerging vibrancy of an innovation economy,” said Larkin.

The innovation economy, she said, is the “value-added part.” It’s those businesses and industries creating new and innovative products and ideas. Over the years, though, the innovation and traditional sectors of the economy have converged, according to Larkin.

“If you were to ask us today, we’d say the entire economy is innovative,” said Larkin. “You’ve got to have innovation in every element of your economy or you will die. Those segments of the economy will not survive.”

The knowledge base and strong information technology infrastructure in Massachusetts, she said, can help feed innovations in other segments of the economy.

The collaborative starts its work at the nexus of the stakeholders—industry, academia and the state, said Larkin. They discuss the gaps, barriers and unmet needs in the economy, she said.

“Coming out of those dialogues, we try to test and model new projects or activities that the state may need or another industry may need, but it’s all geared toward creating efficiencies in the economy,” she said.

The collaborative has started several projects on a pilot basis. It also offers a collaborative research matching grant program, a $50 million initiative to make significant investments in research collaborations that can contribute to the growth of the state’s economy, she said.

The collaborative recently has awarded three new projects—one in underwater robotics, one for a new tech platform for an open cloud and one for a flexible electronics effort at UMass Lowell to support growth in the local defense industry, according to Larkin.

She said the MassTech Collaborative understands its role in the economy and, using the money allocated by the state, fills that role.

“We don’t make markets for technology—the public sector doesn’t,” said Larkin. “We don’t go out there trying to make the markets for them. We try to understand what the needs are in the market that is really identified and created by the private sector.”

So legislators need to understand the industry and help it along, said Spilka. She authored an economic development bill that requires a governor in his or her first year to form an economic development task force to set the administration’s overall agenda for the next four years. That agenda would be updated each year.

“The second year, the agencies have to develop their agendas and goals consistent with the governor’s for the prior year so all agencies involved in economic development are moving forward together with the same goals and same missions,” she said.

It shows, she said, how the sectors of the economy are intertwined, such as the advanced manufacturing sector that relies on the tech sector. And that goes back to innovation.

“I think it has really helped spur us to take a look at economic development, not only in pockets of each sector, but as a whole because of all that’s happening,” said Spilka.
Michigan has a new way of looking at incentives.

Steve Arwood, CEO of the Michigan Economic Development Corporation, said the state is moving quickly away from tax incentives to attract companies to the state.

“We are going to more of a front-loaded cash incentive basis where we work with companies upfront,” said Arwood. “I think companies are often faced with a wide range of options … Our staff is retooled to really focus on what are your immediate needs and we get in the immediate needs business.”

The move from long-term tax incentives can help legislators plan better for economic development efforts each year, instead of trying to determine the cost of tax credits down the road, he said.

Sen. Mike Kowall said cash incentives can help businesses with immediate costs.

“Sometimes they have to put in sewer lines,” he said. “Sometimes there are other infrastructure needs that have to take place. … If you can help with those costs, that really helps move the projects along.”

Sen. Wayne Schmidt, chair of the Senate Commerce Committee, said the cash incentives also can include assistance in preparing the workforce needed to fill a new plant or an expansion. The state can work with community colleges to provide the continuing education to ensure not only that the new workforce is trained, but that those workers are kept up to date with their skills.

“That is a big change,” he said. “Rather than just tossing some tax break, we are offering tools and educational opportunities to help them up front when they’re getting those businesses started and moving from that fledgling level to the next stage.”

In fact, Michigan is focusing more on the worker training aspect as part of a refocused economic development strategy, especially when it comes to manufacturing training.

In Michigan, said Schmidt, “what’s old is new again.”

For the longest time, he said, manufacturing was big in the state. It is again, with not only a resurgence in auto manufacturing, but also in the aerospace and oil and natural gas machinery industry.

“We’re putting a new polish on it,” said Schmidt. That “polish” comes through an emphasis on ensuring manufacturing companies have the workers they need to build the automobiles and other machines. In fact, Gov. Rick Snyder has refocused the state’s economic development efforts through a new Department of Talent and Economic Development.

“Tens of thousands of jobs go unfilled every year because people don’t have the right skillset,” said Schmidt. “They don’t have that kind of training.”

The new department also will leverage the forces of economic development into one spot, said Arwood. That means pulling together the different areas that can impact economic development—such as housing availability, workforce development and education, and business attraction and retention.

All the groups, he said, will continue to focus on their specific areas, “but we’re going to be linked together in a similar purpose.”

Arwood said the change will help the state move from an incentive approach to a more holistic approach to attract business.

“It’s not just luring a business in with some kind of state incentive package,” he said. “It’s also creating a sense of place that is attractive to the workers they’re trying to attract, that’s affordable for a lot of the workers they’re trying to attract.”

That means economic development agencies have to look at everything from affordable housing to linking up the agencies that serve the unemployed with those that work on worker training, Arwood said.

“How do you help these businesses get connected with talent resources and, in many cases, how do you partner with businesses to make sure that talent is there, and that the existing talent continues to get access to training resources?” he said.
Superlatives are nothing new in the long public service career of CSG’s 2015 National President and Nevada Gov. Brian Sandoval.

At the age of 35, Sandoval became the youngest person ever to serve as chairman of the Nevada Gaming Commission, which oversees the Silver State’s gaming industry. He was the first Hispanic to hold state office in Nevada when he was elected attorney general in 2002. He became the state’s first Hispanic federal judge when he was appointed by President George W. Bush as U.S. district judge for the District of Nevada in 2005. And Sandoval was the first challenger to ever beat a sitting governor in a primary election, defeating then-Gov. Jim Gibbons in 2010.

Born in California, Sandoval grew up in Sparks, Nev. He received a bachelor’s degree from the University of Nevada in 1986 and went on to obtain a juris doctorate from The Ohio State University Moritz College of Law three years later. During his years in private legal practice—where he focused on litigation, administrative and adoption matters—he received a variety of honors and awards, including the Hispanics in Politics’ 1996 Broche de Oro Award, the Anti-Defamation League’s 2003 Torch of Liberty Award, the Nevada State Bar’s 2004 Access to Justice Public Lawyer Award, and the Latino Coalition’s 2004 Most Influential Hispanic in the U.S. Award.

Sandoval went on to serve two terms in the Nevada Assembly, where he was a member of the Judiciary, Taxation and Natural Resources committees. During this time, he also served on the Nevada Legislative Commission, the Advisory Commission on Sentencing, the Juvenile Justice Commission and the Advisory Council on Community Notification of Sex Offenders.

In 1998, Sandoval resigned as state assemblyman upon his appointment by then-Gov. Bob Miller to serve on the Nevada
FOCUSING ON CHILDREN

Nevada Gov. Brian Sandoval has been using many of his public speeches and appearances to advocate for a stronger educational system and better conditions for children in his state. Pictured at his second inaugural ceremony in January, far left, the event’s theme was “Generations To Come” and featured students from across the state. And last year, middle photo, Sandoval announced that Nevada had been chosen as the new site for a $5 billion Tesla Motors car battery factory. Sandoval, right, talked with a group of Carson City fifth-graders in March after signing into a law an emergency bill extending bonds for school construction.

“\textit{I believe we stand at the threshold of a new Nevada, but only if we take this opportunity to invest in our education system.}”

Gaming Commission. The following year, he was selected as the committee’s chair, becoming the youngest chairman in the committee’s history.

With his election as Nevada’s attorney general in 2002, Sandoval worked to strengthen Nevada’s laws against drug abuse, domestic violence and human trafficking. He also created the state’s first Public Integrity Unit.

But while Sandoval has amassed a collection of firsts, he also has some reservations about gaining the attention.

“I wish I wasn’t the first,” he said about becoming Nevada’s first Hispanic federal judge during a speech to students at The Ohio State University Moritz College of Law in 2012. “It shouldn’t have taken this long.”

Sandoval was sworn in as Nevada’s governor Jan. 3, 2011, and was re-elected to a second term in November. As governor, Sandoval has targeted a great deal of attention on improving education, workforce development and economic development programs—issues at the heart of The Council of State Governments’ “State Pathways to Prosperity” initiative, which will continue under his leadership along with CSG’s 2015 Chair Sen. Carl Marcellino of New York.

Among the milestones Sandoval has marked as governor, he counts a number of achievements in education, such as expanding full-day kindergarten, creating new programs for students learning English, increasing funding for special education programs and establishing a Charter School Authority.

“I believe we stand at the threshold of a new Nevada, but only if we take this opportunity to invest in our education system,” Sandoval said in a January press release announcing his plan to modernize Nevada.

Sandoval serves as the vice-chair of Jobs for America’s Graduates, a program he is piloting in the next school year in eight Nevada schools. He also serves as chair of the Education Commission of the States.

His commitment to improving education in Nevada goes hand-in-hand with his initiatives to grow the state’s economy. In his 2015 State of the State Address, Sandoval remarked on the economic progress Nevada has experienced since he first took office.

“During my first State of the State Message in 2011, Nevada led the nation in unemployment,” he said. “Today, Nevada’s job growth is third strongest in the country, we have cut our unemployment rate in half and we have the second fastest growing population in the nation. We live in a state that is transforming before our eyes—with 21st century companies, jobs and technologies that place us at the forefront of innovation and the new economy.”

Sandoval hopes his experience helps to inspire generations of young people to come, particularly Hispanic youth.

“When I was young, my mom was a legal secretary and worked for U.S. Attorney Larry Semenza and a magistrate judge. That was my first exposure to the law,” he told the Nevada Lawyer magazine. “As I grew older, I became very interested in government and law. It was something I grew to be very passionate about. I had a dream that I never gave up on. I hope other Hispanics and young people will see if they work hard and stay in school they can achieve it as well.”

In 2012, Governing magazine named Sandoval “Public Official of the Year.”

© AP Photo / Cathleen Allison

© AP Photo / Cathleen Allison
by Clarence E. Anthony

Few at the state or federal level would disagree that cities are the engines of economic growth and innovation in our country. That’s why the National League of Cities’ central message to our federal partners this year is to “Go Local” with policies that leverage city leadership and support much-needed local projects.

In a recent NLC survey sent to state municipal leagues around the country, respondents overwhelmingly identified maintaining existing or building new infrastructure as the most pressing issue concerning local communities’ quality of life and economic vitality.

It’s easy to see why. Cities hold the key to our national economic vitality by creating centers for people to live, work, learn and do business. In order to continue to be effective in this role, and to keep people and goods moving, cities require a safe, seamless and modern infrastructure system.

But at the end of the day, there is no escaping that cities are creatures of state government, subject to state fiscal and regulatory systems that can either support the very economic activity cities facilitate or inhibit it through onerous, unfunded mandates or misaligned priorities.

Cities and States: Tied Together

As an example, cities are continuously working to maintain and build out their transportation infrastructure systems. This involves

LOCAL FOCUS

BIDDEFORD, Maine—The National League of Cities believes states should consider the position of cities on things such as broadband. Network engineer Will Duquette adjusts power wires in a fuse panel at Great Works Internet.

© AP Photo / Pat Wellenbach
efforts to make streets safer and accommodating to different modes, including alternative forms of transportation such as biking and walking.

Cities, however, often experience tension with their state Department of Transportation partners, who have different, more traditional ideas about streetscape and community design. Given that state DOTs typically control the purse strings for many aspects of transportation projects, including those at the local level, these differences in planning philosophy can result in an impasse.

Another policy issue that commonly comes between cities and their state partners is the build-out of municipal broadband networks. Local-level projects that increase broadband availability, affordability and adoption need state-level support. That support can come in the form of access to open networks, state rights of way, “dig once” policies and facilitating coordination.

To date, 19 states have erected policy and legislative barriers that discourage or prohibit community broadband projects. Since broadband network development tends to occur at the local level, states that avoid placing restrictions on who can own and operate a broadband network leave more options open for local entities to implement innovative, context sensitive solutions.

At a time in our economic history where access to information is paramount to prosperity and economic innovation, state partners must play a supportive rather than prohibitive role in building out crucial municipal networks that can help close the digital divide in our nation.

**What Relationship Works Best?**

Research on state-local fiscal policy indicates that greater flexibility for localities, given appropriate controls by the state, tends to be superior policy. The policy implications for the National League of Cities and our state league partners are straightforward.

For state policymakers, there are clear policy levers that can improve the fiscal and economic vitality of local governments. At the most basic level, those levers include protecting local funding and providing more local tax authority—which were among the most cited responses to our state league survey on 2015 legislative priorities.

Maintaining and/or increasing state aid levels, particularly where state aid reduces inequities within the state, is another critical step, particularly as cities struggle to recover from the economic downturn. Pressures to pass tax and spending limits in state legislatures and via state ballot measures has become a permanent part of the political landscape of state and local government, whether it is the progeny of California’s Proposition 13 or Colorado’s Taxpayer Bill of Rights, or more recent efforts in numerous states.

State and local policymakers should resist the easy temptation of providing tax relief by undermining local fiscal capacity, and look to the economic ramifications and unintended consequences experienced by those states where state-level tax and expenditure limits are most restrictive.

Underscoring every position we take at the National League of Cities is that, ultimately, policies are only as strong as the good they do in our nation’s communities. Our members recognize the critical importance of a strong state-local partnership that facilitates investment in and provides a strong foundation for local innovation and growth in all sectors of the economy.

Clarence Anthony is the CEO and executive director of the National League of Cities, the nation’s oldest and largest membership organization for municipal officials. Anthony served for 24 years as the mayor of South Bay, Fla. He also has served as president of the Florida League of Cities and the National League of Cities and as the international voice for local governments in his role as international manager of United Cities and Local Governments in Barcelona, Spain.
The Workforce Innovation and Opportunity Act—also known as WIOA—will bring some big changes to states, according to Bryan Wilson, state policy director of the National Skills Coalition. The act, signed into law by President Obama on July 22, 2014, replaced the Workforce Investment Act of 1998.

Wilson said the act encompasses two broad strategies for workforce development—sector partnerships and career pathways.

“States and local workforce boards will have to have a system of partnerships where the employers in the industry sector sit down with the education and training providers who prepare workers for that sector to say what are the skill gaps in their sector and devise a plan to close those gaps and implement that plan,” he said.

With career pathways, Wilson said, the core programs authorized by WIOA—such as Adult, Dislocated Worker and Youth formula programs and certain Rehabilitation Act programs—will need to work together to provide everything a person needs to get back into the workforce, from academic instruction to occupational skills training.

“In order to implement the law successfully, leadership at every level of the system is critical,” U.S. Secretary of Labor Thomas Perez said. “Governors, mayors, county commissioners and their staff, along with workforce boards and service providers, all have important roles to play. States should begin talking strategically with local and regional partners to develop strategies for shared planning and program management.”

In general, provisions in the Workforce Innovation and Opportunity Act take effect July 1, 2015. State unified and local plans and the performance accountability measures take effect July 1, 2016.

“I think, in general, we see this law as an improvement, which is good. I think there are some opportunities,” said Thomas Smith, Delaware’s director for the Division of Employment and Training.

“The law gives us the resources and flexibility to align and integrate workforce and education programs across federal, state and local levels so that the needs of business and workers drive public investment in training and career services.”

—U.S. Secretary of Labor Thomas Perez

Here are some of the major changes made in the Workforce Innovation and Opportunity Act for state policymakers to consider.
Core Programs Authorized Under WIOA
WIOA authorizes several main employment and training programs used in the states, including:
- Adult, Dislocated Worker and Youth formula programs
- The Wagner-Peyser Employment Service program
- Adult Education and Literacy programs
- Programs authorized under title I of the Rehabilitation Act that provide services to those with disabilities

Common Metrics Gauge Program Effectiveness
All core programs authorized by WIOA—such as the Wagner-Peyser Employment Service Program and the Adult, Dislocated Worker and Youth formula programs—will be required to report on a common set of performance indicators, including the number of people employed, median wages, the number of people who earned a credential and measurable gains in skills.

All core programs also will have to measure the effectiveness of their service to employers.

“As I travel the country and work with state and local boards, I suggest that in the way (the Workforce Investment Act) acknowledged data, WIOA is obsessed with data. I think it’s critical,” said Ron Painter, CEO of the National Association of Workforce Boards.

Focus on Manufacturing
CHARLOTTE, N.C.—Mark Pringle, vice president of Siemens Charlotte, left, North Carolina Gov. Pat McCrory and Eric Spiegel, president and CEO of Siemens Corporation, toured the Siemens plant during a September 2014 event at the Siemens Charlotte Energy Hub. Siemens is providing a $32 million in-kind software grant to Central Piedmont Community College to educate and train workers for the manufacturing industry. This academic partnership will help North Carolina prepare a highly skilled workforce necessary to take advantage of a manufacturing resurgence in America. © Jason E. Miczek / AP Images for Siemens

Business Involvement Emphasized
WIOA stresses a greater role for the business sector in planning programs and services.
Local workforce boards, along with representatives from secondary and higher education institutions, are required to be involved in the development and implementation of career pathways that align employment, training, education and support services. The plans also should pay special attention to those who have barriers to employment.

Focus on Manufacturing
STRONGSVILLE, OHIO—Jonah Devorak checked a high-pressure valve at Swagelok Co. last September. Devorak was stuck in a “dead-end job” at a suburban Cleveland restaurant where he’d been washing dishes and manning the grill since he was 16. His outlook turned around after hearing about a program at Cuyahoga Community College that trains students for manufacturing jobs at a company that had openings for dozens of machine operators. He spent two months training to operate computer-controlled machines and then another two-month internship that landed him a full-time job at Swagelok, a Cleveland-area maker of high-pressure valves and fittings. © AP Photo / Tony Dejak

Youth Funds Target Those not in School, Job
Seventy-five percent of funding for youth services now must be spent on out-of-school youth. Only 30 percent of the funding previously was required to be used for out-of-school programs.

“I think probably the biggest challenge in Delaware was the change in youth funding,” said Thomas Smith, Delaware’s director for the Division of Employment and Training. “Prior to this law, we were about 55 percent in school and 45 out of school, so that was a pretty big difference.”

Two other major changes to the youth programs are likely to impact states. The eligibility age for services was raised from 21 to 24 and at least 20 percent of the funding must be spent on work-based learning, such as internships or apprenticeships.

Workforce Training
STRONGSVILLE, OHIO—Jonah Devorak checked a high-pressure valve at Swagelok Co. last September. Devorak was stuck in a “dead-end job” at a suburban Cleveland restaurant where he’d been washing dishes and manning the grill since he was 16. His outlook turned around after hearing about a program at Cuyahoga Community College that trains students for manufacturing jobs at a company that had openings for dozens of machine operators. He spent two months training to operate computer-controlled machines and then another two-month internship that landed him a full-time job at Swagelok, a Cleveland-area maker of high-pressure valves and fittings. © AP Photo / Tony Dejak

Unified and Combined State Plans Guide Services
States will be required to submit a single, four-year strategic state plan—called a unified plan—for how the core services will achieve the state’s workforce goals.
States also may choose to submit a combined plan, which includes all the core programs, plus one or more additional programs, such as Temporary Aid to Needy Families or Perkins career and technical education programs.

A unified plan must include:
- An analysis of the state’s economic condition;
- Identification of existing and emerging in-demand industry sectors;
- A description of the knowledge, skills and abilities needed by workers in those existing and emerging industries;
- An analysis of current workforce data and labor market trends; and
- An analysis of existing workforce development activities.
The growing economy

Real gross domestic product for the United States grew 1.8 percent in 2013, slower than the 2.5 percent growth in 2012. Three industries—nondurable goods manufacturing, real estate and rental and leasing, and agriculture, forestry, fishing and hunting—contributed about 42 percent to the real GDP growth rate, representing 0.75 percentage points of 1.8 percent total growth. In a few areas, including educational services, other services and government, actually had a negative effect on GDP growth. For example, educational services pulled the real GDP growth rate down by 0.01 percentage points.

The top three contributors to the 1.8 percent real total growth for the country:

- Nondurable goods manufacturing 0.33 percentage points
- Real estate and rental and leasing 0.21 percent points
- Agriculture, forestry, fishing and hunting 0.21 percentage points

Real GDP grew in 49 states from 2012 to 2013. Alaska was the only state in which GDP fell, primarily due to a decline in mining. Mining played a key role in five of the fastest growing states—North Dakota, Wyoming, West Virginia, Oklahoma and Colorado. For example, North Dakota’s GDP grew the most of any state over this period—9.7 percent—and mining contributed 3.61 percentage points to that growth.
SECTORS CONTRIBUTING TO REAL GDP GROWTH

The color represents the sector contributing the most to a state's overall GDP growth. The percentage represents the change in overall GDP growth.

Data Source: U.S. Department of Commerce, Bureau of Economic Analysis
At least a dozen states—including Arizona, Florida, New York, Ohio and Wisconsin—have plans to cut taxes in the coming year. There are lots of perfectly valid reasons to cut taxes, and we’re not claiming we have some kind of magic formula available for states to set the most equitable, and economically sensible, rates possible.

That said, we worry about the oft-cited theory that cutting taxes is an immutable route to economic dynamism. This idea reminds us of the turn-of-the-century immigrants who came to the United States confident that they would find the streets paved with gold. In fact, they mostly found cobblestone.

We know this is a controversial topic and includes a number of powerful and intelligent public officials who have ridden to office on a steed made of tax cuts. As The Washington Times warranted around the beginning of the year, “tax cuts … will not only make life easier for the taxpayers, lowering their burdens in the struggle to survive and prosper, but the states will see stronger economies, with more employed workers to pay more taxes.”

But let’s take a look at some fascinating state-specific statistics. First we looked at the Tax Foundation’s list of state-local tax burdens as a percentage of state income for 2011, the most recent available ranking. Then we went through the 2014 State New Economy Index, which looks at 25 indicators representing variables that make it most likely that a state will enjoy economic health in years to come. The New Economy Index is assembled by the Information Technology and Innovation Foundation.

Of the 20 states with the highest state-local tax burdens, six of them are in the top 10 of the New Economy Index. The three states that did best in the Index—Massachusetts, Delaware and California—all were among those with the
we've more commonly heard that consistency about this topic over the last 15 years or so, you'll see this is far easier said than done. waste in government and we're confident at many of the commissions set up to reduce chance of fostering economic activity. possible this may have a somewhat better diminishment of services, then it's entirely more, if taxes can be trimmed without any factor that it likely will consider. What's more, as we reflect on the reasons of taxes is more likely to win the day, particularly when it comes to startups or new facilities. When corporate accountants do the math to help choose a location, they want to be sure that choice will lead to profitability. As long as taxes stay relatively stable in a state, that calculus is more likely to be reliable. But states that are forced to raise taxes one year—even temporarily—in order to make up for tax cuts in prior years make planning extremely difficult.

We had a firsthand taste of this some years back when we were rating the states in terms of their management capacity. At the time, a Fortune 50 company made a decision to settle in Virginia. We heard from reliable sources that a deciding factor was that our work had demonstrated the consistency of management in place in the commonwealth at the time, which, it was presumed, would forestall any major fiscal surprises. (As it happens, the Virginia project never came off, but it was huge and we felt very proud of ourselves for a little while.)

What’s more, as we reflect on the reasons we have heard for corporate decisions to grow in or move to a state, several come up that are more significant than tax rates. Underfunded infrastructure—notably roads, bridges and water systems—can be a potent impediment for companies concerned about finding a good place for its employees to live and, sometimes, a good place from which to ship goods or deliver services. And yet, when a state’s taxes aren’t sufficient to pay for regular maintenance of infrastructure, potholes will blossom like dandelions in the suburbs.

Even more important is the existence of an adequately trained workforce. Growing in a state isn’t just the function of putting up offices or factories. It requires filling those buildings with men and women who can do the necessary jobs without tons of expensive training and retraining. The kind of educational system that builds such a workforce isn’t cheap. And it’s primarily paid for by tax dollars. So, the moment that tax cuts require reducing the quality of K-12 or higher ed, the less competitive a state becomes.

One small caveat: We’re not equating more money spent with better education. We’re just saying that when cuts in education result in fewer folks skilled in technology, or health care, or engineering, or teaching and so on, the less attractive a state will be for business. By the way, we live in New York, which has the highest state-local tax burden of the 50 states. This doesn’t make us happy, at all. There are lots of ways we could enjoy spending that cash. But our state still ranks 12th highest in the New Economy Index. We can’t complain about that.
“What happens when a person becomes a business?”
That’s the question Airbnb cofounder and CEO Brian Chesky posed in an interview with McKinsey & Company in November 2014.

Founded in 2008, Airbnb allows people to rent out just a bedroom or an entire house for a short period of time by listing the offering on their website. The company has grown quickly and now has more than 1 million listings worldwide in 34,000 cities across 190 countries. It is just one example of the explosive growth potential in what is being called the “sharing economy.”

What once might have been a difficult task—like finding a bedroom to rent for the night in a private residence while on vacation—has been made easier and cheaper by technology that allows people to connect.

When it comes to governing this emerging business landscape—which might include renting out a room in your house for the weekend, catching a ride with Uber or hosting a meal in your house with strangers, and everything in between—policymakers are playing catch-up.

“When residential housing ceases to be residential—via online businesses, like Airbnb, turning residential apartments into illegal, unregulated hotel rooms—all kinds of undesirable and illegal activity can be brought into a residential building,” said Krueger.

“Now, this is amazing, but it’s also complicated because there are laws that were written many decades ago—sometimes a century ago—that said, there are laws for people and there are laws for business,” said Chesky. “Suddenly these laws feel a little bit outdated. They’re really 20th century laws, and we’re in a 21st century economy.”

**Shared Housing**
In New York, a debate about where services like Airbnb fit into the legal landscape has been heated.

In 2014, New York Attorney General Eric Schneiderman released a critical report, finding that up to 72 percent of Airbnb listings were illegal and that commercial users of the site were running multimillion dollar businesses. For example, a group of more than 100 users collectively booked 47,103 reservations and earned $59.4 million in revenue.

“This report raises serious concerns about the proliferation of illegal hotels and the impact of Airbnb and sites like it on the City of New York,” Schneiderman said in a press release.

“We must ensure that, as online marketplaces revolutionize the way we live, laws designed to promote safety and quality of life are not forsaken under the pretext of innovation.”

For New York state Sen. Liz Krueger, appropriately regulating the room-sharing market is about the public safety of both her constituents and visitors to New York.

“After hearing complaints from her constituents, Krueger sponsored the “Illegal Hotel Law,” which passed in 2010. The law helps to remove ambiguities and more consistently define what a permanent resident is and helps officials pursue enforcement action against illegal short-term rentals in residential buildings.

Krueger said that, although business models may have evolved, the fundamental issues raised by companies like Airbnb are not new. She said she has worked for a decade to understand and address the growth in an industry where residential apartments are converted into short-term units for visitors.
“In that time, the locus of illegal activity has shifted from a few local operators, to large online companies such as Airbnb and others,” she said.

“These companies have become highly profitable by ignoring state and local laws and the damage their business model does to communities. Although illegal hotel activity now takes place in a wide variety of forms in New York City, the key challenges remain the same—preserving affordable housing and protecting the safety and quality of life of residents and communities.

Shared Transport
Washington state Sen. Cyrus Habib agrees that novel business models in the sharing economy pose some difficult questions for state regulators.

“The emergence of services like Uber and Lyft and Sidecar has been greeted with a lot of enthusiasm by customers,” said Habib. “The challenge is most of our regulations tend to respect a boundary between personal and commercial activity.”

Habib in January introduced Senate Bill 5550, which would provide a legal framework for on-demand transit companies like Uber and Lyft—often called transportation network companies, or TNCs—so they can operate legally in his state.

“This creates a statewide standard that is no more or no less invasive or burdensome than necessary,” said Habib. “You want to offer just enough to protect drivers and the public.”

Habib’s bill would require transportation network companies to conduct background checks, provide appropriate insurance, supply data to the state and pay for permits.

One of the more sticky issues in the ridesharing market is insurance. Where does commercial activity end and personal activity begin? While Uber provides insurance that covers commercial activity, drivers must have their own insurance to cover personal activity.

“Private insurance isn’t interested in paying out for commercial activity,” said Habib.

Having a bright line where one type of coverage ends and begins is important, according to Habib, “so it isn’t messy and people don’t end up in court.”

Habib believes the private sector eventually will catch up, offering hybrid policies that makes allowances for both personal and commercial activity.

“We have every reason to believe insurance companies will do this,” said Habib. “For this to work, we need some of those tools, like hybrid policies, and the government can’t do this on its own. But we can incentivize those kinds of solutions.”

In January, Nebraska state Sen. Heath Mello introduced a bill to regulate transportation network companies.

“My legislation creates a comprehensive policy framework that would allow transportation network companies to operate in this state lawfully while ensuring both consumers and drivers are protected,” said Mello.

Like Habib’s legislation in Washington, Legislative Bill 629 would require companies to carry appropriate levels of insurance and conduct driver background checks.

“(Companies) like Lyft and Uber play a unique role in both fostering innovation and developing the ‘sharing economy’ in Nebraska,” said Mello. “Providing consumers new options for safe, reliable, and affordable transportation is vital to both growing our cities and attracting innovation-based businesses and high-skilled workers.”

Mello said working with stakeholders when crafting legislation is key to making sure the regulations work for everyone. He said he’s worked with representatives from taxi companies, the insurance industry and Public Service Commission, as well as these new transportation network companies and their drivers and riders.

“Collaboration has been key to making sure that these companies can operate lawfully, as well as be appropriately regulated to ensure the safety of consumers, protect the rights of drivers and foster economic development in our communities,” said Mello.

Balancing Act
In the sharing economy, balancing regulations with worker and consumer protections will be difficult, but necessary.

“I want to make the system work—protect workers as much as possible. But I still worry about what this is doing on a macroeconomic level,” said Habib. “We want to find a way that doesn’t curb entrepreneurs, but also doesn’t reverse all the gains we have made in security in employment.”

—WASHINGTON STATE SEN. CYRUS HABIB
Sometimes sales tax is charged on online purchases and sometimes it isn’t. The reason is a long-standing restriction on state tax power, preventing states from imposing their tax system on individuals or businesses with no physical presence in the state. Retailers currently are only required to collect sales taxes in states where they have a physical presence of property or employees.

This limitation has come under pressure due to the growing size of Internet retail and the resultant disparity in tax treatment between goods purchased online and goods purchased at brick-and-mortar stores. Americans spent about $263 billion in Internet retail purchases in 2013, a growth of 15 percent over the year before and comprising about 6 percent of the $4.5 trillion in all retail sales. State and local sales tax collections on online purchases could total as much as $4 billion nationwide, if they could be collected. The Council of State Governments in May 2012 approved a resolution supporting legislation to allow states to tax online sales and has joined a coalition of organizations supporting such legislation.

A growing number of states are defying constitutional restrictions and ordering retailers to collect sales and use taxes, sparking extensive litigation and economic uncertainty. Another group of states has adopted the Streamlined Sales Tax Agreement, which held promise as a potential solution but has struggled to win over most states.

A more constructive approach has been action on the Marketplace Fairness Act, a proposed federal bill that would allow a state to require sales and use tax collection by out-of-state retailers if the state adopts specified simplifications for its sales tax system. In May 2013, the U.S. Senate voted 69 to 27 to approve the act, but the U.S. House of Representatives has yet to consider the bill. Virginia Rep. Bob Goodlatte, chairman of the House Judiciary Committee, is floating an alternative “hybrid origin-sourcing” approach, which would significantly transform the structure of sales taxes.

**Marketplace Fairness Bill**

While it is important to allow states room to set tax policies in line with their interests, it is also vital that states be prevented from adopting policies that would excessively harm the free-flow of interstate commerce in the national economy.

The Marketplace Fairness Act tries to strike that balance with four main goals:

- Provide a mechanism for states to collect sales tax on sales to their residents;
- Equalize tax burdens between similar items sold in the same state;
- Define the limits of state tax authority to prevent uncertainty and harm to interstate commerce; and
- Simplify the tax collection system so that online sellers do not face excessive and inequitable compliance burdens.

For example, the Marketplace Fairness Act requires states to provide a uniform sales tax base, stopping the practice of many of the 9,952 sales tax jurisdictions from choosing categories of what will and won’t be taxed that are different from their home state. States must give 90 days notice on rate changes, must provide tax rate lookup software keyed to ZIP codes, and must provide combined collection forms and mechanisms.

States, eager to see the bill passed, have offered other concessions. A revised version sponsored by Rep. Jason Chaffetz of Utah is rumored to limit multistate audits of online sellers and require states to integrate sales tax collection software with intracompany payment processing systems.
Hybrid-Origin Sourcing

To avoid double taxation, sales tax requires a consistent, uniform rule about where sales occur, known as a sourcing rule. Unless states adhere to such a rule, a transaction involving a consumer in California, a warehouse in Texas, a website server in Nebraska, an incorporation in New Jersey, a corporate headquarters in New York and trucks crossing many states could conceivably be taxed multiple times as each state jockeys for its asserted share.

Every state with a sales tax uses destination-sourcing—the location of the sale is considered the location where the customer receives it—for interstate sales and all but two states also use destination-sourcing for intrastate sales. The Marketplace Fairness Act also uses a default destination-sourcing rule, although if there is no delivery location specified, the tax applied would be the customer’s billing address, and if that’s not known, the seller’s address.

Goodlatte’s hybrid-origin sourcing model departs from these norms and has a more complicated approach. Under this approach, the sale would always be sourced as the taxing jurisdiction of the seller. A voluntary interstate compact would be established to send the revenue to the taxing jurisdiction of the buyer. The tax would thus be collected and then redistributed.

For example, assume a Rhode Island consumer purchases an item on the Internet from a seller located in Washington state. Under the current destination-sourcing rule, the sale is sourced to Rhode Island, and the state’s 7 percent tax is due. Under the hybrid-origin system, the sale is sourced to Washington state and that state’s 6.5 percent tax, plus the local sales tax, averaging 2.38 percent, is due, but the money is remitted to Rhode Island—if Rhode Island joins the compact.

The hybrid-origin approach has a number of insurmountable problems, including the difficulty of defining origin and consequent tax arbitrage opportunities, the economic and structural difficulties of transforming the sales tax into a business tax, the likelihood of an interstate compact structure to achieve uniformity, taxation without representation for many consumers, the retention of economically unjustifiable tax distinctions for similar items purchased in the same state, and the lack of needed simplifications to the sales tax system.

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Most problematically, it likely violates the Due Process Clause of the U.S. Constitution because it imposes state tax authority on taxpayers who lack the minimum contacts required for a state to assert personal jurisdiction. Hybrid-origin also may exceed Congress’s power under the Interstate Commerce Clause by overly coercing states to alter internal tax policies unrelated to interstate commerce.

What’s Next?

Keeping the sales tax up to date with the modern economy is important for the states and brick-and-mortar retailers, just as making multistate sales tax collection as seamless and simple as possible is important for Internet retailers and the national economy as a whole. The Marketplace Fairness approach—giving states limited additional authority to collect existing taxes, as long as the state adopts meaningful simplifications to its sales tax system—is a better solution than constructing a brand new sales tax system based on hybrid origin-sourcing.

Congress, however, ultimately will decide what happens. Marketplace Fairness Act proponents have demonstrated they have the votes in the Senate, and they probably have them in the House, too. Getting a vote to occur is another matter. Supporters have tried to attach the bill’s language to nearly every “must-pass” piece of legislation in recent memory, without success.

About the author

Joseph D. Henchman is vice president of Legal & State Projects at the Tax Foundation. Since 1937, the Tax Foundation’s research, analysis and experts have informed tax policy at the federal, state and local levels.
While state policymakers often wring their hands over health care spending and how it may squeeze out other policy priorities, the flipside of that spending is jobs—lots of them and more to come in the future.

In 2012, the 17 million health care and social assistance jobs made up 14.6 percent of all services producing jobs in the U.S., according to the Bureau of Labor Statistics. Only business and professional services and state and local government were bigger segments of the services producing sector—at 15.4 percent and 16.5 percent respectively.

The bureau projects health care and social assistance jobs will grow to nearly 22 million by 2022 and become the biggest job sector in 2022. The rate of job growth in the health care sector has been nothing short of phenomenal. Jean Moore, director of the Center for Health Care Workforce Studies at the University of Albany in New York, said health jobs grew by 22.2 percent from 2002 to 2012, compared to just 0.2 percent for all other job sectors. That growth is projected to continue in the next decade—from 2012 to 2022—with 26.5 percent growth in health care compared to 8.9 percent in other sectors.

Moore said the health care segment will grow, but the jobs and professions that make up the growth will depend on a number of factors. “We are entering into pretty drastic changes in health care,” Moore said.

The problems with the current system are pretty well documented, she said. “Services are fragmented. We are not getting particularly good outcomes. Services cost a fortune. Access to care varies greatly,” she said. “Providers are under the gun to improve access, improve quality and increase cost-effectiveness.”

But how providers make those changes, and how those changes will affect jobs, isn’t clear.

Take nurses, who make up the single largest occupational sector in health care. The demand for nurses historically has been driven by acute care delivered in hospital settings.

“But what if we move more services to ambulatory settings and there is a corresponding decline in the number of hospital beds and admissions?” Moore said. She gave New York as an example. An initiative there aims to reduce inappropriate hospital admissions for Medicaid enrollees.

Job Growth and the ACA

The Affordable Care Act, passed in 2010, also will influence the changing nature of the health care delivery system and its impact on the health care workforce.

Kentucky Gov. Steve Beshear, in his state of the commonwealth address in January, said his state’s decisions to expand Medicaid eligibility and increase the number of insured people—key elements of the ACA—already are growing health care jobs.

“From November 2013 to November 2014, the number of core health services jobs in Kentucky increased by 5,300,” Beshear said.

Since Gov. Beshear’s speech, a Deloitte Consulting and University of Louisville analysis commissioned by Kentucky found that Medicaid expansion will create more than 40,000 jobs through 2021, with an average salary of $41,000. For the past year, in addition to new jobs created in health care and social services, the report found another 6,600 jobs were created in other employment sectors.

The report also estimates a cumulative impact of $30.1 billion of the state’s economy through 2021. An additional $1 billion in a combination of state income taxes, state sales taxes and local payroll taxes are estimated during the time period 2014–2021.

“For all the naysayers who claimed that expanding Medicaid was a budget-busting boondoggle, take a look at the facts,” Beshear said at the report’s release in February, according to the Louisville Courier-Journal. “It’s working and it’s literally paying off. The state is saving money, hospitals are earning more, and our people are getting healthier.”

The Kentucky report underscores how the traditional Bureau of Labor Statistics data on current and projected employment by job sector probably underestimates how much the ACA has increased health care employment, according to Manoj Shanker, an economist with the Office of Employment and Training in the Kentucky Education and Workforce Development Cabinet. Shanker said BLS data cannot measure the effect of increased health care spending in generating multiplier effects in other employment sectors.

“For all the naysayers who claimed that expanding Medicaid was a budget-busting boondoggle, take a look at the facts. It’s working and it’s literally paying off.”

—Kentucky Gov. Steve Beshear
“Typically, smart doctors and smart hospitals outsource jobs, so, as a result, they are not counted in the health care sector,” Shanker said. He said the fee structure for Medicaid particularly encourages outsourcing to offset lower compensation rates.

Shanker said his local Kentucky hospital had outsourced many of its administrative and billing functions to a company in Georgia. The individual checking in the patient is the same person working the same job, but now is counted in the professional and business services sector, not health care and social assistance.

A national report refines Kentucky’s results. President Obama’s Council of Economic Advisers in July 2014 released a report, “Missed Opportunities,” that found the 24 states that had not expanded Medicaid missed out on 85,000 new jobs in 2014 because of that decision. The report also said expanding Medicaid in those states would generate an additional 184,000 jobs in 2015 and 103,000 in 2016.

Missouri, which has not expanded Medicaid eligibility, completed a similar analysis. The state Economic Research and Information Center concluded in a June 2014 report that the state’s health care jobs were growing at less than half the rate of the average growth in peer states that expanded Medicaid. The report also found Medicare and Medicaid cuts caused a direct loss of about 3,145 hospital jobs and impacted an additional 2,001 jobs due to indirect effects on companies that support hospitals and businesses that rely on hospital worker spending.

**ACA and Health Care Delivery**

ACA programs and policies also are likely to refocus the health care system toward primary and preventive care, Moore said.

Janet Haebler, associate director of state government affairs for the American Nursing Association, agreed.

“The majority of registered nurses work in hospitals, but with the ACA, that will change,” she said.

BLS data project more than 1 million new nurses will be needed between 2012 and 2022. More than half of those — 526,800 — are replacements for nurses retiring or otherwise leaving the profession. By contrast, a little less than 300,000 new physicians and surgeons will be needed over the same decade.

Haebler said there are enough nurses in the pipeline to meet projected increased demands now, but that will not be the case soon. The problem will be compounded by a projected shortage of nursing faculty. One half of all nursing faculty will retire in the next 10 years, she said.

One policy solution to get more nurses prepared to train the next generation is the type of legislation making its way through the New York legislature. All nurses would be required to earn their baccalaureate degree within 10 years of being licensed. The legislation was first introduced in 2005 and finally passed the assembly in 2014. Such legislation would increase the number of nurses with a bachelor’s of science in nursing degree who could go on to higher degrees and teaching.

On the practice side, Haebler said, states are removing barriers that prevent nurses, especially nurse practitioners, from performing duties that are consistent with their education and training. Some states are moving away from restrictive physician supervision, collaboration agreements and prescribing limitations.

Nurses are ideally suited to be care coordinators, supervising other health professionals, including community health workers and paramedics who are moving into providing community-based care in chronic disease management, Haebler said.

“The future (of health care) is on the ambulatory side, on primary care and chronic disease management. Workers will need to learn new things: how to coordinate care, what is population health, how to manage chronic diseases and how to work on teams,” Moore said.

That could lead to growth in relatively new positions in health care, such as certified case managers and community health workers. Learn more about these positions at the Capitol Ideas website.
Utah state Rep. Kay Christofferson knows firsthand the impact transportation investment—and the lack thereof—can have on his state’s economy.

“I was working in the (transportation) construction industry in 2008 when the economy went into a big slump and I saw what that did,” he said. “I think 30 percent of the jobs were lost in construction.”

Christofferson, a civil engineer and House Transportation Committee member, also has seen the positive impact transportation has had on his community of Lehi, Utah. Once a relatively small town with an agricultural economy, it’s now at the epicenter of economic growth in the state thanks to four exits along the major north-south artery I-15, the expansion of the FrontRunner commuter rail system to the area and other factors.

Software companies like Adobe and Xactware now have operations or corporate headquarters in Lehi. Outdoor activities retailer Cabela’s has a large store, as well. “A lot of them have been attracted by the fact that there are a lot of transportation options,” said Christofferson. “I was born in Lehi. I’ve seen it go from 4,000 people to 55,000 plus. … Transportation is a huge factor (in) that rapid growth and the businesses and other industries that have filled in that area. It’s a prime spot between Provo and Salt Lake, two big hubs of Utah, where a lot of not only business activity but the educational institutions are.”

Driving Investment
Rep. Justin Miller, a freshman lawmaker from Salt Lake City and an economist by trade, recalled a major event that provided an impetus to transportation investment.

“The 2002 Olympic Games here in Salt Lake City probably put transportation needs more on the map than they were prior to that,” he said. “In order to accomplish the Olympics, we had to do a major rebuild of the corridor of I-15, which was a gigantic project.”

While that investment and the Utah Transit Authority’s expansion of the FrontRunner system have paid off in myriad ways, Miller said it has been Utah’s approach to transportation over the years that has prepared it to face its present and future.

“Because of Utah’s fiscal management in the past, it really opened up our ability to be forward-thinking as far as infrastructure needs, as opposed to having to make up for actions in the past,” Miller said.

Today, Utah is among a handful of states leading the nation in job growth. Last year, employment growth was at 3 percent, exceeding the national average of 1.8 percent.

But Utah does have concerns.

“In the next 40 years, we’re going to double our population,” said Jeff Harris, director of...
transportation planning at the Utah Department of Transportation, commonly called UDOT. Much of that growth will happen along the Wasatch Front, the narrow strip of land in the central part of the state that is home to Salt Lake City, Provo and Ogden. Sandwiched between the Wasatch Mountain Range to the east and the Great Salt Lake and Utah Lake to the west, it provides tight quarters for 80 percent of the state’s total population.

Harris’ department and its partners have a document they hope will guide them through the changes ahead. Utah’s Unified Transportation Plan 2011-2040 lists the highway and transit projects state and local leaders hope will allow them to meet the population growth challenge and continue their economic success.

Under the plan, the state will invest an additional $11.3 billion in new transportation funding for a total of $54.7 billion. In the process, the Economic Development Research Group estimates the state will generate more than 180,000 jobs by 2040, add $183.6 billion to the state’s gross domestic product and produce $22.2 billion in tax revenues from economic growth. Overall, Utah expects to see a $1.94 return on investment in non-construction GDP gain per $1 invested.

Funding Improvements

But nationwide, experts say states and the federal government are largely missing out on the economic benefits extensive infrastructure investment could bring and allowing infrastructure to decline in many places is costing Americans in jobs, GDP and quality of life.

The American Society of Civil Engineers in 2011 estimated the deteriorating infrastructure will cost the economy more than 876,000 jobs and suppress growth in GDP by $897 billion by the end of the decade. But with an additional investment of $94 billion per year nationwide, many of the costs could be avoided and benefits achieved.

The problem has been funding those improvements.

As the 2015 legislative sessions got underway in January, many states, including Utah, were expected to consider changes to their state gas taxes or other revenue enhancements. Utah and other states remain concerned, however, about the uncertainty surrounding the federal transportation program this year and whether the dwindling Highway Trust Fund can be replenished.

Harris said his department is doing its part to keep costs down on Utah transportation projects. Rather than keep transportation construction crews on staff, UDOT relies on contractors and consultants from the private sector to tackle the work.

“We’re more of a management organization than we are anything else,” he said. “We’re very lean and mean.”

State and federal funding and fiscal management all will be important parts of the equation in helping states bring their infrastructure into the 21st century.

Harris said plenty of Utah transportation assets will need a 21st century facelift as the state grows. That essential north-south route, I-15, for example?

“It’s as wide as it’s going to get, really, so how do I keep that facility functioning at a reasonable level of mobility and levels of congestion?” said Harris.

Elsewhere in the state, additional transportation challenges and economic opportunities loom. East of the Wasatch Front is the Uintah Basin, which is home to a huge energy field that is not served by rail so tanker trucks must traverse the area’s main highway artery, U.S. 40. That road will need to be improved, Harris said.

Farther south is U.S. 191, a primarily two-lane road that is one of the few highways that crosses the Colorado River. As a favored route for both freight trucks and tourists bound for popular destinations like Arches National Park and Canyonlands, it, too, will need upgrades. All three roads are critical to the state’s economy.

Harris and others say Utah will continue to rely on careful planning, cooperation and fiscal responsibility in transportation across the state in order to try to maintain its economic success.

“Urban planning is about congestion and mobility,” said Harris. “Rural planning is about connecting communities, it’s about interstate commerce, it’s about tourism. All of those are critically important to the state of Utah.”

“I was born in Lehi. I’ve seen it go from 4,000 people to 55,000 plus. … Transportation is a huge factor in that rapid growth and the businesses and other industries that have filled in that area.”

—Utah state Rep. Kay Christofferson
THE GLOBAL BUSINESS MODEL

More than 80 percent of the world’s purchasing power resides outside the United States—that’s a lot of customers for U.S. businesses. More than one in five American jobs—38.1 million—depend on international trade. In addition, foreign-owned companies employ 5.3 million Americans.

Looking to the global marketplace for economic development and paying attention to export and import trends is no longer an option for state policymakers—it is a necessity.

A study by the International Trade Administration found that jobs in exporting industries actually pay better, with exports contributing an additional 18 percent to workers’ earnings on average in the U.S. manufacturing sector. That earnings premium is even higher for blue-collar workers, who get a 20 percent boost over white-collar workers.

While trade policy is largely handed down from Washington, state leaders must understand those policies—particularly how free trade agreements affect their state—as they craft their job growth strategies.

Although free trade agreements can be contentious, they are, at their essence, an agreement between two or more countries to abide by certain rules that affect trade and offer protections for investors and intellectual property rights. They are designed to reduce barriers to trade, protect U.S. competitive interests abroad and enhance the rule of law among partner countries.

UNITED STATES TRADE AGREEMENTS (2013)

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<td>US-PANTPA</td>
<td>The United States-Panama Trade Promotion Agreement</td>
</tr>
<tr>
<td>PTPA</td>
<td>The United States-Peru Trade Promotion Agreement</td>
</tr>
<tr>
<td>US-SINFTA</td>
<td>The United States-Singapore Free Trade Agreement</td>
</tr>
</tbody>
</table>

Source: Office of Trade Representative

TOP 5 STATE MERCHANDISE EXPORTERS (2013)

<table>
<thead>
<tr>
<th>State</th>
<th>Value of Merchandise Exports ($billions)</th>
<th>State Share of National Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Texas</td>
<td>$279.49</td>
<td>18%</td>
</tr>
<tr>
<td>California</td>
<td>$168.04</td>
<td>11%</td>
</tr>
<tr>
<td>New York</td>
<td>$86.52</td>
<td>5%</td>
</tr>
<tr>
<td>Washington</td>
<td>$81.64</td>
<td>5%</td>
</tr>
<tr>
<td>Illinois</td>
<td>$66.09</td>
<td>4%</td>
</tr>
</tbody>
</table>

Source: Office of Trade Representative
The Global Business Model

**Canada**
- NAFTA • 1994
- $301.6B/$332.6B

**Morocco**
- US-MOR FTA • 2006
- $2.5B/$977M

**Isreal**
- US-ISRFTA • 1985
- $13.7B/$22.6B

**Bahrain**
- USBFTA • 2006
- $1B/$636M

**Oman**
- US-OMANFTA • 2009
- $1.6B/$1B

**Morocco**
- US-MOR FTA • 2006
- $2.5B/$977M

**Australia**
- US-AUSFTA • 2005
- $26.1B/$9.3B

**Bahrain**
- USBFTA • 2006
- $1B/$636M

**Oman**
- US-OMANFTA • 2009
- $1.6B/$1B

**Morocco**
- US-MOR FTA • 2006
- $2.5B/$977M

**Korea**
- KORUS FTA • 2012
- $41.7B/$62.4B

**Peru**
- PTPA • 2009
- $10.1B/$8.1B

**Mexico**
- NAFTA • 1994
- $226B/$280.5B

**Colombia**
- CTPA • 2012
- $18.4B/$21.6B

**Chile**
- US-CHIFTA • 2004
- $17.5B/$10.4B

**Panama**
- US-PANTPA • 2012
- $10.6B/$449M

**Dominican Republic**
- CAFTA-DR • 2004—$7.2B/$4.3B

**Guatemala**
- CAFTA-DR • 2004—$5.6B/$4.2B

**Nicaragua**
- CAFTA-DR • 2004—$1.1B/$2.8B

**Honduras**
- CAFTA-DR • 2004—$5.4B/$4.5B

**El Salvador**
- CAFTA-DR • 2004—$3.3B/$2.4B

**Costa Rica**
- CAFTA-DR • 2004—$7.2B/$11.9B

**Trans-Pacific Partnership**
The U.S. is in the process of negotiating a new free trade agreement, the Trans-Pacific Partnership. The TPP, as it is called, would build on pre-existing trade agreements with six countries—Australia, Canada, Chile, Mexico, Singapore and Peru. It also would develop new agreements with five countries—Brunei, Japan, Malaysia, New Zealand and Vietnam. In 2013, the U.S. exported nearly $700 billion in goods—or 44 percent of total U.S. exports—to TPP countries.

**Trans-Atlantic Trade and Investment Partnership**
Negotiations to launch the Trans-Atlantic Trade and Investment Partnership, or T-TIP, were announced in 2013 and are ongoing. The agreement would set standards for trade and investment between the United States and the member states of the European Union. Trade among countries included in T-TIP account for one-third of world trade in goods and services and almost half of global economic output.
When President Obama announced in January a proposal to make the first two years of community college free, education experts say it was an important moment, but perhaps not for the reason most people think. It was important, they say, because of the conversations starting in homes and state capitols.

“The real importance in what the president is proposing is in the big, high-level conversations he’s starting,” said Debbie Cochrane, research director for the Institute for College Access and Success, an independent, nonprofit organization dedicated to making higher education more affordable and available. “He’s starting conversations about the importance of higher education and that it should really be universal at this point.”

**Borrowing Tennessee’s Promise**

Called America’s College Promise, President Obama’s plan gives students the chance to go to a community college tuition free for two years if they attend at least half-time, maintain a 2.5 grade point average and make steady progress toward completing their program.

The idea was based on Tennessee Gov. Bill Haslam’s signature achievement, the Tennessee Promise. The program is called a last-dollar scholarship. Students must apply for financial aid and others scholarships; the state picks up the tab for the amount left unfunded for two years.

“Tennessee Promise, it requires some skin in the game by the (student) too,” said Warren Nichols, vice chancellor for Tennessee’s Community Colleges. “They must do eight hours of community service per semester and they must also work with a mentor, which is an adult volunteer from the community.”

The first group of Tennessee Promise students enters college this fall. Nichols said the state is estimating the program will cost about $34 million per year, which will be funded by the proceeds of the state lottery. That money previously had been used to fund a different scholarship program.

“All of this is designed to get us a better educated citizenry in Tennessee, and obviously to give us a better educated workforce so that we can keep our quality of life in Tennessee high, keep unemployment rates low and keep our businesses and industries strong with a good workforce,” Nichols said. “Businesses and industry have been really supportive of this initiative.”
Nichols said nobody in the community college system has any idea about how many new students to expect this fall because of Tennessee Promise. Some high schools made all seniors apply. While the state was expecting 20,000 to 25,000 initial applicants, he said, more than 60,000 signed up. Additional deadlines are expected to whittle that number down.

“We believe that we may end up with an additional 10,000 to 12,000 students when all is said and done,” Nichols said. “But of that 10,000 to 12,000, we don’t know how many would have come to us anyway. We’re still guessing at what our numbers are going to be. On a short-term basis, we do believe we have the facility capability of handling and absorbing the students.”

While classroom space eventually may become a problem, said Nichols, a more immediate issue is paying for the instructors and support staff to help students succeed.

“There’s no additional state funding coming to support this influx of students other than the student tuition that will come with it, which we know only pays for a percentage of the cost of doing business,” he said. “We don’t have the funding to hire those additional staff. That’s where we’re scratching our heads, trying to make sure that the students who come to us in the fall of ’15 are going to have all the advantages and all the tools necessary from our level to make sure they’re successful.”

Nichols said Tennessee Promise is the beginning of a new conversation in the state about higher education.

“The conversation that has occurred with these 60,000 students who initially applied for Tennessee Promise, whether they had any intention of going or not, that is 60,000 individual conversations that are occurring about students going to college,” he said. “It’s a conversation they’re having with someone about their future in higher education. That’s a tremendous move forward right there.”

A Shift in Thinking
Dewayne Matthews, vice president of strategy development for the Lumina Foundation, said the president’s America’s College Promise initiative is an important move forward for higher education in the country. In his State of the Union speech, Obama connected higher education to both economic growth and economic security.

While people have heard the statistics that 60 percent of jobs will require some postsecondary education by 2018, Matthews said, those implications are beginning to sink in.

“It’s less about paying for college; that’s significant, affordability is a big issue,” he said. “But the real issue … was the question about whether we really need to shift our thinking as a nation that some form of postsecondary education should be expected, should be something that everybody gets or at least has access to it. The simplest way to assure that it is considered to be something that everybody needs and everybody should have access to is to make it free.”

Some detractors argue that promise-type programs—since they are not based on income—end up paying tuition for students who otherwise can pay their own way.

“There’s no point in arguing that point,” Matthews said. “That’s absolutely true, just like there are people who go to high school who can afford to pay for that.

“The effect of it (promise-type programs) on behavior, the decision about whether or not to go to college, is greatest on low-income students. While there may be more efficient ways, frankly, to target aid based on financial need, the overarching question is whether doing it this way, making it this simple and clear, actually sends a much more powerful message … that college is possible and that this is something they really should be doing.”

While many doubt Congress will approve America’s College Promise, Matthews said maybe that’s not the point.

“I think it will probably cause a lot more people to pay attention to these plans,” he said. “The broader public is now having this conversation about ‘wait a minute, should we be thinking about college more broadly?’ Is it time for another moment like the country made several times in the past, to recalibrate our thinking about how much education is enough? Have we reached that point where it’s now time to take another step? That, I think, is the conversation that this has prompted.”

“The conversation that has occurred with these 60,000 students who initially applied for Tennessee Promise, whether they had any intention of going or not, that is 60,000 individual conversations that are occurring about students going to college.”

—Warren Nichols, vice chancellor for Tennessee’s Community Colleges
When did the hourly minimum wage rise?

The federal minimum wage has increased 29 times since 1938. Some states have raised their rates, often above the federal rate, while others have kept wages at or below the federal rate.

Congress sets first federal minimum wage at 25 cents an hour. The 1938 Act was applicable generally to employees engaged in interstate commerce or in the production of goods for interstate commerce.

Sources:
CSG’s The Book of the States Volume 32
U.S. Department of Labor, Office of State Standards Programs Wage and Hour Division website
Growing State Economies Tied to Increasing Talent Development

by Pam Goins

New York Sen. Carl Marcellino understands the evolving conditions as business and industry work to fill vacant jobs with skilled employees. “The workplace is changing rapidly, making it imperative that we develop innovative ways to educate and prepare our students for the demands of an increasingly diverse and global culture and economy,” said Marcellino, the 2015 national chairman of The Council of State Governments.

Most states see evidence of economic growth in increases in job creation and an overall decrease in unemployment. But too many people remain unemployed, the skills gap dividing workers’ technical skills and those needed by business and industry continues to grow, and too many employees lack opportunities to advance.

“As a former educator, I know that a great education is the key that can open the door to a brighter future for our children,” said Marcellino. “Students need more specialized skills and states must create the educational opportunities that produce the skills needed to both get and keep jobs.”

Marcellino will use his tenure as chairman to continue CSG’s “State Pathways to Prosperity” initiative started under the 2014 CSG chair, Tennessee Senate Majority Leader Mark Norris. The initiative focuses on the nexus between workforce development and education, with a particular emphasis on veterans, adults who are food insecure, job seekers with criminal backgrounds, and children and youth.

In an effort to assist states in advancing talent development, education services and job-driven training, CSG’s National Task Force on Workforce Development and Education, along with its subcommittees, has developed top priorities in state policy and best practices.

“The programs that are successful are ones in which employers and educators are transparent in what they bring to the table and what they have to gain from the partnerships,” said Richard Dunfee, executive director, Grants Resource Center, American Association of State Colleges and Universities, and a member of the national task force.

The task force recommendations will be released in early spring. CSG will provide technical assistance, such as convening and facilitating key stakeholders to train, motivate and help move state actions forward, throughout 2015.

The emphasis on leveraging legislation and state policy is critical to ensure success. “State legislatures need to support industry, communities, education systems and government entities as they work to form partnerships,” said South Dakota Rep. Jacqueline Sly, the 2015 national chairwoman of CSG’s Public Policy Committee on Education and Workforce Development. “Each sector has a role to play as states work to have a skilled workforce to meet the demands and needs of business and industry.”

Pathways to Prosperity Priorities

Veterans’ Concerns

• Accept credit for military training, education and experience toward obtaining academic degrees—credit for prior learning.
• Provide credit for military training, education and experience toward obtaining occupational license or certifications.
• Leverage existing small business/entrepreneur initiatives for veterans.
• Create a centralized, opt-in database of veterans for states to utilize to educate and inform veterans of opportunities, benefits and programs.

Children and Youth

• Develop and implement promising and evidence-based programs and practices focused on improving outcomes for children and youth.
• Provide quality early childhood and K-12 education for all children.
• Provide support and sustainable assistance to families; implement comprehensive wraparound services, support community efforts to teach life and employment skills.
• Use data, research and impact assessment tools to target investments to yield the greatest impact for children.

Workforce Development and Education

• Provide opportunities to sequence credentials to build an individual’s qualifications, licensure flexibility, credit for prior learning and competency-based education.
• Direct state agencies to collaborate to develop actionable recommendations on sharing of data and develop a data dictionary to convey a common understanding and sharing of information.
• Encourage development of competency models by industry to help inform students of the skills needed in the industry sector.
• Encourage the use of career pathways to build successful careers.
• Match business competencies to education standards.

Hunger and Nutrition

• Conduct a food mapping assessment to identify food deserts and determine the need for intervention through program or policy change at the most appropriate level—local or state.
• Create a bipartisan task force including a broad coalition of public-private stakeholders to focus on hunger and nutrition. A task force could develop baselines and measurements for hunger and nutrition, review current policies and programs, set measureable goals, recommend policies and measure progress.
• Develop a statewide healthful food campaign through departments of public health using tools such as nutrition education for employees, wellness programs, tax incentives and insurance premium discounts to incentivize healthy behaviors.
WHAT PUBLIC-PRIVATE PARTNERSHIPS ARE EFFECTIVE WORKFORCE TRAINING TOOLS?

YOUTH APPRENTICESHIPS

“Youth apprenticeship provides a great example of successful public-private workforce development partnerships. Through youth apprenticeship programs, the K-12 system is offering the job-related education required (for students) to be successful in a job, while private companies are providing paid, on-the-job training experience. Many of these youth programs link directly to two-year associate degrees offered by technical colleges, thus encouraging kids to continue their education in a debt-free environment. Charleston, S.C., has a youth apprenticeship experience where kids are considered for skilled manufacturing jobs, receive college credit and the costs are covered by the Charleston Chamber of Commerce.”

BRAD NEESE
Director
Apprenticeship Carolina

SCOT McLEMORE
Manager of Workforce Development
Honda North America, Inc.

SUPPORT FOR INNOVATIVE EDUCATION

“Workforce development is an imperative we are pursuing on multiple levels. … Our efforts include new training centers we have established for our existing workforce and support of innovative efforts in education for the workforce of the future. One such program is the Marysville Early College High School in Marysville, Ohio, home to several of our production and R&D operations. Students in this program can choose from … IT, manufacturing, logistics or health care and graduate with a two-year associate … degree in addition to a high school diploma. More than that, they develop creative thinking and problem-solving skills that will be key to their future and ours.”
THOSE WITH FLEXIBILITY AND SPEED

“Flexibility and speed are vital in creating public-sector workforce development tools that work for the private sector. Since 2000, Florida’s Quick Response Training grant program has helped more than 580 businesses grow through employee training and up-skilling. But responsiveness to dynamic and evolving needs of business requires a willingness to change tactics as needed to keep—or set—the pace. To ensure this public-private partnership stays effective, we are updating Quick Response Training to be even more flexible and incorporate the latest intel from education, industry and economic development leaders to meet business where it lives, today and tomorrow.”

NICK D’ANDREA
Director of Public Affairs
UPS

METROPOLITAN COLLEGE

“UPS created a unique public/private workforce, education and economic development partnership between UPS, the Commonwealth of Kentucky, Metro Louisville, and the academic institutions of Jefferson Community and Technical College and the University of Louisville. Started in 1998, Metropolitan College has assisted UPS in its ability to attract and retain employees for its operations, while increasing educational attainment in the community by breaking down financial barriers to postsecondary education. … Students of all ages graduate without student loan debt and have historically stayed in Kentucky after graduation. The end result improves community education offerings and satisfies our need for employees in high-need business areas, making it a win-win for all parties involved.”

DWAYNE INGRAM
CEO of IT Capital Services
Chairman, CareerSource Florida
Board of Directors

SCHOOL OF STEM PARTNERSHIP

“Philips Healthcare partners with the University of Washington Bothell’s new School of STEM to ensure their students in science, technology, engineering and math have real-world industry experience and are job-ready upon graduation. Representatives from Philips serve on the school advisory board and help craft curriculum and educational experiences like internships, student capstones and co-op programs that strengthen the Puget Sound community and benefit individual STEM students and potential employers. Philips also has a robust internship relationship with the university and interns, upon graduation, regularly return to Philips as full-time employees.”

DANIEL FELTON
Senior Manager, State Government Relations
Enterprise & Government Solutions, Philips North America

NICK D’ANDREA
Director of Public Affairs
UPS
It’s a funny thing that most everyone I know would tell me that they communicate effectively. They’re sure that when they speak, people listen and take action. When I press them to tell me who was listening and what action was taken, rarely does anyone know the true numbers.

Dear reader, I can almost guarantee that no one is listening well these days, and very few take action once the event, conference or phone call is over.

Why? Because effective communication needs the driver of leadership.

Leadership is the key component in managing an effective, long-lasting and far-reaching message. Along with leadership, there are two other drivers for success in every spoken exchange—control and preparation.

Why does it seem that people always ask challenging questions versus easy conversational questions? Because challenge creates conflict and drama, and we are a drama society.

So how does one rise above and maintain leadership to effectively communicate with all audiences? By understanding the synonym for the verb control, which is manage. Therefore, a well-handled question, response or presentation is effective management or, for this discussion, effective communication.

Control and preparation are paramount in effective communication. Human nature being what it is, we know that you’ll react in one of three ways to being challenged: You will become defensive, evasive or contentious.

These actions are closely aligned with the freeze, fight or flight response in each of us—it’s an instinct of fear, stress and frustration. Understand, though, if your answer is friendly, assured and to the point, you’re likely to emerge unscathed, if not victorious, with most audiences. That is why effective communication is based on control and preparation in advance.

If someone pushes against your leadership in a public setting, be careful about being perceived as negative or hostile or intimidating; if you come across that way, your audience will be negative, hostile or unfriendly toward you. This is where your leadership with effective communication steps in to tap down these perceptions so you can get your message across.

To lead with effective communication, four rules apply.
1. Know Your Audience.

Who is your target audience for the presentation? Is it the general public, industry groups, physicians or, perhaps, the media? Know who they are and why they've come to hear you speak. Were they invited, cajoled or interested in the topic? What are the demographics of your audience and do they fit your conversation?

Be careful about speaking in jargon. It’s tough to adjust your technical language level to that of the audience, but it’s critical. Don’t talk over their head and don’t talk down to them. Think about why they have consented to hear you speak, in essence allowing you a chance to entertain, educate or enlighten. The more you learn about who you are speaking to, the better you are able to craft your message to meet their needs. Effective communication only works when you know who is in your listening audience.

2. Know Your Purpose.

Have you been asked to inform, educate or provide information to the public? As an effective communicator, you must be able answer the “So what?” the “Why are you speaking?” and “What is your intended outcome?” Otherwise, you'll be talking with no action to be taken.

Let me add that I have found that my mature audience tends to want more facts in the conversation and many of my younger folks want a place to find more information—they will look up the information and make a judgment. Unfortunately, when you do that, you will be sloppy on key message points, wander in your presentation and, when it is over, you'll kick yourself for not making the most of the opportunity you have been given.

If you don’t have your points down in a clear, succinct and memorable manner, your audience will not be able to follow you. When you understand the value of a clear messaging that is repeatable, you will then effectively communicate your key message.

To sum it up, it’s wise to remember the old adage, “If you can’t tell it, you can’t sell it.” And I’ll add, “If you tell it poorly, you’ll not be invited back.” That is the antithesis of leading with effective communication.

About the author

Deb Sofield coaches executives to *Speak Without Fear*. As a national speaker, author and radio talk show host, Sofield speaks for associations, conferences and luncheons. Sofield is a visiting professor, teaching public speaking at Harvard University, John F. Kennedy School of Government, and on the faculty of the Woman’s Campaign School at Yale University. She has worked at Loyola University School of Mass Communications, the University of South Carolina’s School of Mass Communications and Clemson University.
//APPA Second World Congress
The American Probation and Parole Association and the International Community Corrections Association will conduct the Second World Congress on Community Corrections July 14-16 in Los Angeles at the Westin Bonaventure Hotel and Suites.

For more information, visit: http://worldcongressoncommunitycorrections.org.

//NASPE Nominations Sought
The National Association of State Personnel Executives is taking nominations for the Eugene H. Rooney Jr. Award, the Eva N. Santos Communication Award and the Advancing the HR Profession Award. Nominations are due by March 27.

//BLC Border Report Released

The report is the result of four Regional Economic Competitiveness Forums held along the U.S.-Mexico border in 2014 to collectively generate a shared vision and policy recommendations to strengthen economic competitiveness. The effort involved several members of the Congressional Border Caucus and was funded by a grant from USAID/Mexico and other private sector partners.

Dr. Duncan Wood, director of Woodrow Wilson International Center for Scholars-Mexico Institute, left, Christopher Wilson, senior associate of institute, Texas Reps. Henry Cuellar and Beto O’Rourke, California Rep. Juan Vargas and Nuevo Leon Diputada Imelda Alejandro de la Garz, the 2015 chair of the CSG Border Legislative Conference, spoke on a panel about the release of the report, “The U.S.-Mexico Border Economy in Transition.”

//CPSG Leadership Program Applications
Applications are now being accepted for CSG national and regional leadership programs designed exclusively for state leaders.

■ Toll Fellowship Program, Lexington, Ky., Aug. 28–Sept. 2; application deadline is April 15.

■ Bowhay Institute for Legislative Leadership Development, Madison, Wis., Aug. 21–25; application deadline is April 8.

■ Center for the Advancement of Leadership Skills, Little Rock, Ark., Oct. 7–11; application deadline is July 31.

■ Robert J. Thompson Eastern Leadership Academy, Philadelphia, Aug. 23–27; application deadline is June 23.

■ Western Legislative Academy, Colorado Springs, Colo., Nov. 30–Dec. 3; application deadline is April 24.
Thank you!

CSG’S LEADERSHIP CIRCLE

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
Phyllis Kahn has served in the Minnesota House of Representatives for more than 40 years. The longtime legislator holds a bachelor’s degree in physics from Cornell University, a doctorate in biophysics from Yale and a master’s in public administration from the John F. Kennedy School of Government at Harvard. While many issues facing legislators today have roots in science, the scientific background Kahn has is something not all policymakers have. She believes it’s important for legislators to have a sound footing in science and technology. “When I first started talking about DNA, it wasn’t that eyes glazed over,” she said. “It was that nobody knew what it was.” One criminal case changed all that. “The O.J. Simpson case made us all understand what DNA was.” Although science can sometimes make people uncomfortable, Kahn said, new legislators should try to find a way to make scientific evidence matter to other people. “I always try to expand it into the financial,” she said. “It’s not that early childhood education is really good for little kids. It’s that early childhood education will save us a pile of money in the future.”
HELPING KIDS CLOSER TO HOME

Find out why Texas youth who are under community-based supervision have better outcomes than those confined in expensive and far-off correctional facilities.

Closer to Home
An Analysis of the State and Local Impact of the Texas Juvenile Justice Reforms