CSG: State Leaders Making a Difference

Top 10 Issues Facing States

Meet the 2011 Henry Toll Fellows

How Confident is Your State?

“I’ve had the wonderful opportunity to travel among the regions. CSG’s regional focus helps state leaders accomplish more.”

—Connecticut Deputy Speaker Bob Godfrey, 2011 CSG National Chair
NEW EPA POWER PLANT REGULATIONS WILL COST A LOT OF JOBS. ESPECIALLY OVER THE NEXT THREE YEARS.

The Environmental Protection Agency (EPA) is anxious to finalize some of the most expensive regulations the agency has ever written for coal-fired power plants. The timing couldn’t be worse. As our economy struggles to recover, new EPA regulations could hinder our ability to create jobs.

According to a preliminary analysis by National Economic Research Associates (NERA), just two proposed EPA regulations would cost over $180 billion and cause huge U.S. job losses – over 1.4 million job-years to be exact. And these are net job losses that take into account so-called “green jobs” that might result from these regulations. In fact, the analysis found that for each “green job” created, four jobs would be lost.

NERA’s preliminary analysis suggests the loss of American jobs would be heaviest over the next three years – over 980,000 job-years of lost employment. In addition, escalating electricity rates and an $8 billion a year hike in natural gas prices because of the regulations would further jeopardize our economic recovery.

Just recently, the EPA finalized one of these rules, and NERA’s analysis is being updated to include the new 1300-page final rule.

We should all be able to agree on how to achieve environmental progress without harming our economy and destroying jobs. That’s why the EPA needs to make major changes to its regulations. Many others have also called on the EPA to take a more balanced approach to protecting the environment. These include Democratic and Republican members of Congress, labor unions, the U.S. Chamber of Commerce, major manufacturers, state lawmakers, and governors...to name just a few.

To learn more about these regulations and NERA’s preliminary analysis, visit AmericasPower.org.
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Kansas Senate President Stephen Morris and Senate Majority Leader Jay Emler are taking their leadership national as they lead two organizations serving policymakers across the country.
As the year comes to a close, we have much to celebrate at The Council of State Governments. I am so proud to be associated with the dedicated and passionate public servants who lead our states. Every day I have the opportunity to learn from and serve an exceptionally talented group of governors, legislators and judges. While the past year certainly posed its fair share of challenges, I had a front row seat to witness how, with innovation, creativity, intelligence and persistence, the leaders of the states tackled problems and crafted solutions.

This past year, I have had the opportunity to work closely with two outstanding leaders: our national chair, Connecticut Deputy Speaker Bob Godfrey, and our national president, Montana Gov. Brian Schweitzer. Both men have left their imprint on CSG. They have been fierce defenders of the states and worked to advocate the interests of the states to our federal government. They also have provided exceptional vision for building an even better CSG. I thank them for all of their many contributions to our success in 2011.

Let’s face it, serving as a state leader today isn’t easy. The public is frustrated and the electorate is quick to judge. It is very difficult to work toward long-term solutions in a climate that demands immediate results. Campaigns have become increasingly coarse and expensive. I know first-hand how service in a state legislature requires significant sacrifice from both the officeholders and their families. I remain incredibly impressed by the variety of people who seek public office and the remarkable talents and perspectives they bring to their service.

The Council of State Governments isn’t an organization apart from the states. We are a community of the states. We bring the states together to accomplish more than any one state could accomplish on its own, and we provide a forum for leaders to share insights, broaden their perspectives and learn from each other. States created CSG in 1933 to fill a need. Since that time, we have been the place where state leaders come together to empower themselves to achieve excellence. We exist because state leaders knew then what they know now: Sharing what works makes leaders more effective in serving the needs of the people who sent them to the state capitol. We remain committed to sharing capitol ideas and we work hard every day in many ways to honor the vital role the states have entrusted to us.

At The Council of State Governments, we serve all three branches of state government and relish our status as a regionally based organization. No other association does what we do. No other organization can.

In this issue, we share with you all of the ways CSG is here to help. You’ll find these pages full of valuable information that we hope will prompt you to access the resources of CSG. Whether you log on to our powerful CSG Knowledge Center or reach out to access the expertise of our regional or national policy staff, we hope you will view this issue of Capital Ideas as our invitation to get full value from all CSG has to offer. Consider this issue our personal invitation for you to become more involved in the work of CSG.

CSG also is committed to helping state leaders develop their leadership potential. The Henry Toll Fellowship, named for CSG’s founder, is a world-class leadership development program that annually brings together the best and brightest emerging state leaders. This year’s class was exceptional and we share with you some of their leadership insights in the pages of this issue. If you are interested in how you might become a Toll Fellow in next year’s class, please log on to www.csg.org to learn more about how to apply.

CSG was created by the states, for the states. We are a member-driven association of state leaders. Our work reflects the priorities of the states. We know that when state leaders come together to listen, to share, to explore, to work, to learn—good things happen. We also know that leadership is challenging and solutions to complex problems can be elusive. That is why CSG pays dividends for the states. We are an exceptionally low-cost way for solutions to be found and for leaders to develop the skills and access the resources they need to be successful.

We hope in the coming year you will join us. You are a member of our CSG family. I encourage you to take full advantage of the many ways CSG provides you with an opportunity to make a difference in your state, commonwealth or territory.

From all of us at CSG, warmest wishes for the holiday season and may 2012 be a year in which our paths cross often.
THE BIG PICTURE

Couldn’t attend? Missed a session? Want to share your experience with a colleague?
We are proud to offer to you audio, resources and materials from the CSG National Conference & North American Summit online at www.csg.org/2011nationalconference.
The Council of State Governments is proud of the role we play in helping state leaders achieve excellence – and that’s why CSG is committed to not only providing cutting-edge information & research on the policies that affect your constituents, but also giving you the big picture on how those policies affect your state, your country and your world!
LEADERSHIP ACADEMY
CSG East held its 6th Annual Eastern Leadership Academy Sept. 18–22 in Philadelphia. Speakers for this year’s academy included former Nebraska state Sen. David Landis, retired U.S. Air Force Col. Daniel J. Miller and time-management expert Pam Vaccaro. Also featured during sessions were author David Eisenhower and John Cape, managing director of the PFM Group. MLA Andrew Younger of Nova Scotia was selected 2011 class president.

BORDER TRAFFIC
The CSG East Transportation Committee has focused on improving customs and immigration processing of rail passengers crossing the U.S.-Canadian border. Thousands of passengers on Amtrak train service between the two nations are subject to extensive delays at the border annually. The committee is working to amend the existing Canada-U.S. Air Transport Preclearance Agreement, or pass a new agreement, enabling preclearance for rail passengers in Montreal and Vancouver and all future passenger rail crossings between the two nations.

SMALL BUSINESS GRANTS
The Eastern Trade Council, an affiliate organization of CSG East, consists of the state trade directors from the East member states. As a result of CSG's work at the Small Business Administration, nine out of 10 states within the Eastern Trade Council jurisdiction will receive $5.32 million in federal grants and matching funds from states to increase the number of small business exports and to raise the value of exports.

ENERGY PROGRAM
CSG East’s Energy and Environment Committee has monitored proposals to sharply reduce federal spending for the Low Income Home Energy Assistance Program. The Eastern Regional Conference sent letters to President Obama and Congressional leaders urging them to restore funding for the program. Staff also organized workshops and/or webinars on pilot projects using electric vehicles to enhance grid reliability and incorporate renewable energy into the grid; creative financing mechanisms for solar power and energy efficiency; and innovative waste-reduction policies.

51st ANNUAL MEETING
This year’s CSG East Annual Meeting and Regional Policy Forum was called “Charting the Course to a Stronger Regional Economy: Partnerships-Relationships, A New Way of Doing Business.” The opening panel included a discussion on trade and the economy with Nova Scotia Premier Darrell Dexter, Vermont Gov. Peter Shumlin, economist Linda Nazareth and Christopher Sands, senior fellow at the Hudson Institute in Washington, D.C. Other key topics included U.S.-Canada trade issues, education, transportation and advancing the regional energy economy.

Forging a Relationship Among States, Canadian Provinces

By Nova Scotia Speaker Gordie Gosse and MLA Leo Glavine, CSG East 2011 Co-Chairs

Nova Scotia has been an international associate member of CSG's Eastern Regional Conference since 1998. During that time, our relationship with ERC's member states has continued to evolve and grow. This past August, the Province of Nova Scotia hosted, for the first time, the CSG Eastern Regional Conference Annual Meeting in Halifax. More than 400 state and provincial officials met to discuss economic, environmental and other challenges facing policymakers on both sides of the border.

The theme of the ERC Annual Meeting, “Charting the Course to a Stronger Regional Economy,” focused on partnerships and relationships. Not only do we, as state and provincial officials, face similar challenges, but we also can learn from each other as we try to address those challenges.

Like the U.S., Canada also faced huge deficits in the 1990s and even suffered an international ratings downgrade. However, through a combination of spending cuts, tax cuts and imposing a value added tax, Canada was able to balance its books in three years.

ERC has not only provided the opportunity for us to forge closer relationships with our U.S. counterparts so we can better learn from one another, but it also has brought us together, as partners, to address common problems. Over the last two decades, trade between our two countries has tripled. The U.S. and Canada can boast having the largest bilateral trading relationship in the world. Approximately $1.7 billion worth of goods and services crosses the Canada-U.S. border every single day.

However, regulatory and other impediments to moving goods and people across our shared border could harm this vital economic relationship. Through the ERC Canada-U.S. Relations Committee, state and provincial officials are pressing our two countries to find ways to eliminate regulatory barriers to cross-border trade and travel.

To sustain and expand our economic relationship, we need to build on our longstanding relationship as neighbors and friends.
The Great Recession has levied a heavy toll on families and communities across the South. The Southern Office/Southern Legislative Conference responded with a focus on seeking answers to the immediate needs of our citizens, as well as paving the way for a recovery built of good jobs and strong state fiscal policy. At our annual meeting in Memphis, the SLC took a concerted look at hunger, reviewing the practical and policy options to alleviating this pernicious problem, as well as investigating the opportunities for new growth and stability for our economy.

The catastrophic tornados, historic flooding and record drought that affected our region this year underscored the value of the work of our task force dedicated to emergency management and response. Pulling together the agencies and policymakers affected by these disasters in a regional manner offers tremendous opportunities to share valuable experiences and knowledge in a context that emphasizes the shared conditions that affect our states.

Throughout the year, the Southern Office/SLC has sought solutions for policymakers to apply in boosting state and regional economies, including major research on state activity in energy policy. The staff of the Southern Office/SLC continues to monitor pressing concerns at the regional level as well, including the continuing scourge of methamphetamines, federal education policies and reforms to state pensions.

As the South recovers from the economic downturn, it will face significant obstacles to restoring the health of our housing markets, replacing our lost jobs, improving the educational outcomes for all our children and providing economic opportunities for our citizens. The Southern Office/SLC is well-positioned to provide mechanisms enabling state policymakers to find opportunities and solutions that will meet the challenges ahead.

**OFFICERS IN CHINA**

The China-U.S. Exchange Foundation and the Chinese People’s Association for Friendship with Foreign Countries partnered for the third year with the CSG South’s office to coordinate and organize a delegation of House and Senate presiding officers. The briefings were designed to assist delegation members in obtaining detailed information on the most efficient and effective strategies for states to engage and promote trade and investment with China.

**SOUTHERN PUBLICATIONS**

The CSG South office continues to publish a variety of reports and briefs on topics pertinent to policymakers across the region. Recently released publications include: State Section 529 Plans; Amazon.com and the States: Untapped Revenue Streams; NCLB ALERT: The Waiver Option; Food Safety: Building an Integrated System; and Economic Expansion, Energy Independence and Environmental Efficiency: Renewables in the South.

65th ANNUAL MEETING

Highlights of the CSG South annual meeting included Michelle Rhee, former chancellor of the District of Columbia Public Schools and founder of StudentsFirst; a special session, “Facing Hunger in the South,” brought together a panel of corporate leaders to discuss how corporate America is mobilizing to fight hunger in the country; and “Taking Action Against Hunger,” a hands-on project that engaged attendees in the packaging of 20,000 ready-to-eat meals. Also speaking was David J. Bronczek, president and CEO of FedEx Express.

**CREATIVE THINKING ACADEMY**

Many states promote the creative economy to enhance economic development. An important component of this strategy has involved promoting the film industry in the states. In 2002, Louisiana led the way on this front. Recently, policymakers have been discussing whether this is a good use of state funding. The CSG South office, in partnership with Georgia Southern University, hosted a dialogue among select Southern legislators and industry leaders in Atlanta Oct. 2-3 to discuss the issue.

**STAFF EXCHANGE PROGRAM**

The third Legislative Staff Exchange Program met June 13-15 in Richmond, Va., for select staff from both the Oklahoma Senate and House. The program provides an opportunity for staff members to participate in a peer-to-peer program designed to share best practices and innovative ideas in legislative staffing across the spectrum of legislation, in either a formal or informal group dynamic.

To learn more about these and other developments in the Southern Region, visit: capitolideas.csg.org and www.slcatlanta.org.
The Midwest

66th ANNUAL MEETING
CSG Midwest held its 66th Annual Meeting in Indianapolis July 17–20. The meeting included sessions on the economy, education reform, the region’s changing demographics and the fiscal state of the states, as well as a wide-ranging look at some of the long-term challenges facing policymakers in the Midwest. The meeting also featured a special session on collaborative regional economic development as part of Rep. Scott Reske’s Midwestern chair’s initiative.

EARLY CHILDHOOD INSTITUTE
CSG Midwest and the Minnesota Community Foundation partnered to produce a series of in-depth programs for legislators in Minnesota, North Dakota and South Dakota on the science of brain development in early childhood, the effects of early stress and trauma, and the policy implications for states. The third Legislative Leadership Institute on Child Development Research and Policy was held in North Dakota Sept. 12–14, and a fourth in Minnesota Nov. 14–16. The institutes are made possible through a grant from the Minnesota Community Foundation.

ALBERTA JOINS MIDWEST
CSG Midwest officially welcomed the province of Alberta as an affiliate member at its annual meeting in Indianapolis. It is the fourth Canadian province to join the Midwest as an affiliate member. Saskatchewan joined in 2000, Ontario in 2001 and Manitoba in 2004.

MIDWESTERN RAIL
The Midwest Interstate Passenger Rail Commission, an interstate agency established pursuant to a regional interstate compact developed by CSG Midwest, is pursuing development of improved passenger rail service in the region. The commission, which includes legislators and gubernatorial appointees from each of the compact’s 11 member states, was instrumental in working to secure federal stimulus funding for the development of regional high-speed rail plans.

GREAT LAKES CAUCUS
The Great Lakes Legislative Caucus, chaired by Minnesota Sen. Ann Rest, met in Indianapolis July 15–16. The agenda included discussions about Asian carp and other invasive species, ballast water regulation, the future of wind energy in the Great Lakes Basin, and efforts to ecologically separate the Great Lakes and Mississippi River watersheds. In September, 30 caucus members signed a letter addressed to federal officials in the U.S. and Canada expressing concerns over the process by which the Great Lakes Water Quality Agreement is being renegotiated.

WORKING TOGETHER FOR ECONOMIC GROWTH, PROSPERITY IN THE MIDWEST REGION

By Indiana Rep. Scott Reske, CSG Midwest 2011 Chair

As states nationwide continue to cope with the aftermath of the recent national recession, CSG’s Midwestern Legislative Conference has turned its attention to ways in which the Midwestern states and provinces might work together to achieve greater economic growth and prosperity for the region.

Earlier this year, the MLC Economic Development Committee, co-chaired by South Dakota Sen. Mike Vehle and Ohio Rep. Ted Celeste, sponsored a series of regional webinars designed to identify the challenges states and provinces face in promoting economic growth and to explore ways they might address those challenges by working together.

Hosted by an advisory group led by Nebraska Sen. Heath Mello, the webinar series was consistent with the theme of my MLC Chair’s Initiative for the year, which emphasized the importance of—and the need for—collaborative regional economic development.

As part of that initiative, and with the help of a new MLC Task Force devoted to this issue, I convened a special forum in conjunction with this year’s MLC Annual Meeting: “Building a Stronger Midwest: Growing Together Through Regional Cooperation.”

Both during and after the summer forum, task force members worked to develop options and a set of recommendations that will guide the MLC’s efforts in this area in the months to come. Much remains to be done, but by working collaboratively in pursuit of regional growth, the Midwestern states and provinces hope to forge a brighter economic future for all Midwesterners—a future based on the region’s unique strengths and competitive advantages.

To learn more about these and other developments in the Midwestern Region, visit: capitolideas.csg.org and www.csgmidwest.org.
Advancing Opportunities with the Asia-Pacific Region

By Hawaii Rep. Marcus Oshiro, CSG West 2011 Chair, 1998 Toll Fellow

In the backdrop of the Asia-Pacific Economic Cooperation Leaders Meeting, scheduled for November in Hawaii, the 2011 CSG West Annual Meeting provided a unique platform for Western legislators to learn and exchange information on strategic economic opportunities with the Asia-Pacific region. APEC serves as a multilateral forum in which leaders of 21 Asian and Pacific economies convene to solve economic problems and cooperate on strategies aimed at developing key economic sectors. The United States last hosted APEC in Seattle in 1993.

Collectively, the 21 economies of APEC represent nearly half of the world’s population, nearly half of the world trade and more than $31 trillion in economic output. Moreover, much of the CSG West member states’ trade and export of goods and services occur in APEC economies. As part of their meeting, APEC Leaders will consider a variety of issues that correlate to the topics programmed by CSG West policy committees during the annual meeting, including energy, trade, transportation and innovation.

The setting of the CSG West Annual Meeting, including a policy session at the renowned East-West Center, served as a conduit for state legislators to promote solutions and greater subnational cooperation for the consideration of APEC leaders. CSG West adopted a resolution that expressed the membership’s interest and stake in the outcome of the agreements executed by APEC countries on a variety of issues, such as energy, economic development, trade facilitation, emergency preparedness, science and technology and others. Moreover, the resolution encouraged APEC to engage with Western state leaders to strengthen a regional vision utilizing a bottom-up approach that can increase economic opportunities for both APEC and the United States.

CSG West’s unique programming and international portfolio provide Western legislators and their constituents a unique opportunity to convene a dialogue on such relevant and challenging global economic trade issues that affect all our states. At CSG West, we think global but also act local.
Job Creation, Confidence and Employment Growth

Job creation doesn’t come easy, but new jobs were created across the country in 2011. Gallup measured the job creation levels in the state by conducting nearly 100,000 interviews with employed adults from January to June, asking questions regarding employment opportunities—whether their companies were expanding, not changing the size of the workforce, or reducing the workforce—to develop a job creation index. The national job creation index is +13, compared to +10 for all of 2010. But the level of job creation in a state did not necessarily mean the people living in the state were optimistic about the future, as based on the Economic Confidence Index. In fact, that Gallup index captures Americans’ pessimistic views of the current and future U.S. economy. The confidence index averaged -28 nationwide during the first six months of this year—mirroring the views in the first half of 2010, when the index averaged -26. Only Washington, D.C., had a positive confidence index score at +11. The index is based on consumer ratings of their perceptions of current economic conditions—excellent, good, only fair or poor—and their perceptions of whether economic conditions are getting better or worse. While all states are poised for growth through 2017, the gains won’t be evenly distributed, an IHS Global Insight analysis found. The company’s regional economic group looked at demographic assumptions, historical and cyclical trends, and other factors such as oil prices and tax policy, to project the average annual growth rate in employment over the next six years.

Jobless Rate Across 3 Decades

The national unemployment rate shot up as the Great Recession took hold of the U.S. economy. The last three decades saw fluctuations, but the unemployment rate has been above 9 percent only a few times during that span.

Source: Bureau of Labor Statistics
Since 1935, The Council of State Governments’ The Book of the States has been the leading authority on information about the 50 states and territories.
States have found themselves in some challenging times recently. Whether it’s job creation, education, natural disasters or childhood obesity, states often could use a helping hand to address some of their biggest challenges. In many instances, that help comes from private businesses. Here are three examples of ways private industry is giving back to the states.

Education Strengthens Communities

AT&T believes education strengthens communities and improves quality of life for all.

“AT&T believes that education plays a critical role in the future of economic growth and prosperity in the states and has focused its philanthropic efforts to grow a smart and skilled workforce to be successful in an increasingly competitive global marketplace,” said Marilyn Reznick, executive director, Education Leadership at the AT&T Foundation.

In 2008, the company launched its initiative, AT&T Aspire, a four-year, $100 million program focusing on high school success and workforce readiness. AT&T also has provided support for schools and nonprofit organizations targeted at keeping at-risk students in school and on track to graduate with programs such as Jobs for America’s Graduates. It is a national nonprofit that provides states with proven strategies to help young people who need additional assistance complete high school and transition successfully into postsecondary education and the workforce. Jobs for America’s Graduates works closely with state policymakers and the business community to implement model programs.

AT&T has funded studies at Civic Enterprises, Hart Research and Johns Hopkins University seeking perspectives of educators, students and parents on the dropout problem to better understand the root causes and identify solutions.

Health and Wellness

In September, Darden Restaurants announced its plans for a comprehensive new health and wellness initiative, including menu changes that were praised by First Lady Michelle Obama and her Let’s Move! campaign.

The Darden initiative, conceived through an alliance with the Partnership for a Healthier America, will reduce the overall calorie footprint across the entire Darden portfolio of brands by working toward a 10 percent reduction of calories over five years and a 20 percent reduction in calories over 10 years. In addition, Darden is committed to reducing sodium in its offerings by 10 percent over the next five years and 20 percent over the next 10 years. Finally, Darden will ensure its children’s menus provide healthier choices.

According to Susan Connelly, Darden’s director of State and Local Government Relations, this announcement marks the most comprehensive health and wellness commitment in the restaurant industry to date.

Relief During Disasters

When natural disasters disrupt everyday life, Procter & Gamble responds by working with relief partners throughout the United States and around the world to provide P&G products and services that make a temporary shelter feel more like home.

In September, P&G’s mobile laundry unit, “Tide Loads of Hope,” assisted flood victims in Pennsylvania with washing and drying clothing and other household goods. Local flood victims were able to drop off their laundry for cleaning without charge. P&G employees laundered the loads inside a converted beverage truck that contains 32 washers and dryers.

P&G converted the beverage truck into a mobile laundry unit within seven days after Hurricane Katrina hit the Gulf Coast in 2005, and it was deployed to the Ninth Ward in New Orleans. The Loads of Hope truck has since been deployed to many of the major weather-related disaster sites in the U.S., including Joplin, Mo., which was decimated by tornadoes earlier this year.

Through these services and donations of products and cash, P&G has been able to help people rebuild their lives in Japan, Pakistan, Australia, New Zealand, Haiti and the U.S. over the past year.
As state legislatures prepare to meet for their 2012 sessions, they will continue to deal with the issues that confronted them in 2011, and for years before that. Many of the top issues are the same as they have been the past few years. In most cases, it all comes down to money—the amount states collect and the amount they spend. State leaders attending The Council of State Governments 2011 National Conference and North American Summit ranked the top 10 issues from a list of 15. They picked energy volatility and its impact on the economy as the number one issue facing states. Read more about these issues, and others, at www.csg.org/capitolideas.
hot topic | TOP 10 ISSUES FACING STATES

1

Energy Volatility

Americans are spending more money than ever before to put gas in their cars, heat their homes and pay their utility bills.

Rising energy prices also have increased the costs that consumers pay for everyday goods.

“Energy costs trickle down into every product we buy and every service we consume,” said North Dakota Rep. Kim Koppelman.

“There is an often overlooked energy component to every transaction and when energy prices go up, the entire economy is affected.”

While this is not new, recent volatility in energy prices has placed considerable strain on the American economy, both at the state and federal level.

Koppelman noted the issue of energy production and volatility is not cut and dried. He suggested “a balanced approach that accounts for environmental and safety concerns, while not limiting production and development.”

He believes policymakers can achieve this by facilitating production and energy transmission and distribution through an approach that limits taxation and encourages diversification and production.

—CRADY DEGOLIAN

RESOURCES

- Daily Fuel Gauge Report, AAA, fuelgaugereport.aaa.com

NEW YORK, N.Y.—Dante Wadley shops for apples at the Union Square green market in New York. Rising energy costs are affecting the cost of consumer goods. © AP Photo/Mark Lennihan

2

Infrastructure

Sept. 30, 2011, marked the two-year anniversary of the expiration of legislation authorizing federal surface transportation programs. With Congress unable to reach agreement on a new bill, those programs have been operating under a series of temporary extensions since 2009, the latest of which expires at the end of March.

That’s led many state departments of transportation to seek new strategies and new tools to meet their growing infrastructure needs.

“The lack of a long-term federal authorization, in conjunction with the economic downturn, has limited (the Maryland Department of Transportation’s) ability to add new, larger, multi-year projects to our capital program,” said Maryland Transportation Secretary Beverley Swaim-Staley. “The uncertainty has forced MDOT to focus on system preservation and relatively small projects.”

As in many states, a Blue Ribbon Commission on Transportation Funding in Maryland is examining long-term funding issues, Swaim-Staley said. The state also is exploring public-private partnerships to help fund infrastructure investment.

—SEAN SLOANE

RESOURCES

- American Association of State Highway & Transportation Officials, www.transportation.org
- Maryland Blue Ribbon Commission on Transportation Funding, www.mdot.maryland.gov/Planning/BRC

3

Job Creation

With unemployment stuck at around 9 percent, the number one issue for many state leaders is jobs. Underlying the determination and creativity of state leaders is a stark reality—the U.S. has shed millions of jobs since the Great Recession began in 2007.

“Talking about jobs is at the top of most state leaders’ lists. It is driving the conversation,” said Mark White, vice president for research at the Center for Regional Economic Competitiveness.

Georgia, for instance, has the Georgia Work Ready program. White calls it “a great example of a state addressing the jobs mismatch—a situation where workers are unemployed because they simply don’t have the skills to do the jobs that remain unfilled.”

It’s one of many innovative approaches states have taken to get more people working, especially as they scale back traditional measures like tax incentives and other resources for economic development.

—NATHAN DICKERSON

RESOURCES

- Good Jobs First, www.goodjobsfirst.org
Medicaid

Medicaid is the 800-pound gorilla in budget discussions in state capitols. The health program for the poor is the single largest portion of state spending, overtaking the traditional position of elementary and secondary education, according to the National Association of State Budget Officers.

Growth rates for Medicaid spending are higher than ever as a result of increased enrollment due to the economic downturn and continuing high unemployment. NASBO calculated a 7.9 percent annual growth rate for 2010 fiscal year spending and an 11.2 percent rate for the 2011 fiscal year, but projects a decline in overall spending for Medicaid of 2.9 percent in the 2012 fiscal year.

“The most interesting figure is that in the aggregate, we’re finding that states are going to spend nearly $16 billion more on Medicaid for this current fiscal year 12 than they did last year … to make up for loss of recovery funds and the growth of the program,” said Scott Pattison, executive director of NASBO.

—DEBRA MILLER

Economic Development Strategies

State leaders faced a Catch-22 in 2011—they needed to create jobs but had fewer resources with which to do it.

“(For states), economic development is about creating jobs. Economic development is how we get jobs,” said Mark White, vice president for research at the Center for Regional Economic Competitiveness.

But the old model of economic development—offering large incentives and tax breaks to companies—“is being heavily scrutinized,” he added.

So, to do more with less, states have been shaking up the old way of doing business to attract jobs.

“People are being forced to interact and get out of their old silos,” said White.

Take Michigan, for example. The state formed the Office of Urban Initiatives to connect the state’s key economic engines—its urban areas. Several other states also have created hybrid agencies to unite public, private and nonprofit sectors. Economic development agencies are even connecting their states to the global economy with new export strategies. All in an effort to help states innovate their way out of the recession.

—NATHAN DICKERSON

RESOURCES

» Good Jobs First, www.goodjobsfirst.org
» Enterprise Florida, www.eflorida.com

WASHINGTON, D.C.—Sue Ward, of Upper Marlboro, Md., left, a member of the National Committee to Preserve Social Security and Medicare, joined members of Congress and union members on Capitol Hill to voice their opposition to potential cuts in Medicare, Medicaid and Social Security benefits. © AP Photo/J. Scott Applewhite
State Budgets

It’s no secret that for the past few years, state leaders have struggled to balance their budgets amid crashing revenues and soaring expenses.

States focused largely on cutting expenses, rather than pursuing increased revenues, in efforts to end the year in the black. States made considerable cuts in spending across a spectrum of programs during the most recent fiscal year.

“The highest percentage cuts you saw in general government—those areas that are administrative or those areas that include things like state parks—then you saw some significant cuts in terms of dollar amounts in areas like education, higher education in particular,” said Scott Pattison, executive director of the National Association of State Budget Officers.

The depth of the recent recession left states so low on revenue that even historically “sacred” areas of state budgets—like health care and education—saw significant cuts. The federal American Recovery and Reinvestment Act funds helped cushion areas like K–12 education and Medicaid from even greater cuts.

—JENNIFER BURNETT

Resources

- The National Association of State Budget Officers (NASBO), www.nasbo.org
- CSG Knowledge Center, Tax and Budgets, knowledgecenter.csg.org/kc
- Center on Budget and Policy Priorities, www.cbpp.org

LANCASTER, Pa.—Student Kailyn Hackett, 13, reads in her class at Lincoln Middle School in Lancaster, Pa. Financial woes have forced school districts to shed thousands of teaching jobs, adopt a four-day school week and cut electives such as art. © AP Photo/Alex Brandon

State Revenue Trends

States continue to slowly recover from the Great Recession, the worst downturn to ravage state budgets in more than eight decades. Although state revenues have improved from the depths to which they plunged at the height of the downturn, they are still significantly below pre-recession levels.

That creates major challenges for revenue.

“Even with long-range projections reflecting a 4 percent annual growth, Louisiana will have to continue to find ways to meet education, health care and infrastructure needs in the years ahead,” said Louisiana Rep. Jim Fannin, chair of his state’s House Appropriations Committee.

In some states, that may mean tax hikes. Despite the toxicity of raising taxes in the current political environment, a number of states have enacted actions targeted at increasing revenue through tax and fee hikes. In the 2012 fiscal year, states have proposed $13.8 billion in new taxes and fees and $2.8 billion in new revenue measures even though a substantial share of this increase stems from increases in California, Connecticut and Minnesota.

—SUJIT M. CANAGARETNA

Resources

- Center on Budget and Policy Priorities, www.cbpp.org
- The National Association of State Budget Officers (NASBO), www.nasbo.org
- The Rockefeller Institute, www.rockinst.org

SOUTH WINDSOR, Conn.—Pet stylist Amber Tedone will be charging her customers a new sales tax for services. Connecticut lawmakers, like other states, are avoiding tax increases in favor of more modest increases in fees, fines and sales taxes. © AP Photo/Jessica Hill
Postsecondary Access and Affordability

The American Dream depends more and more on a college degree. Gone are the days when a high school diploma was sufficient to ensure a good paying job.

“We know that people who have access to postsecondary education over their lifetime earn more money,” Illinois Rep. Roger Eddy said. “They make contributions, become more passionate, become more motivated in their life, and I believe it makes for better communities.”

But tuition increases at public four-year universities in recent years have averaged 9 percent per year, according to The College Board. Add to that cuts to financial aid programs in many states, and the result has been declining access to postsecondary education, particularly for historically underserved populations.

State legislatures have responded to college access and affordability issues in a variety of ways. In 2011, Illinois, for example, enacted House Bill 1710, known as The College Planning Act, in an effort to increase high school graduation rates and break down some of the barriers blocking access to higher education.

—TIM WELDON

RESOURCES

- The College Board, www.collegeboard.com
- National Center for Public Policy and Higher Education, www.highereducation.org
- CSG Education Policy page, knowledgecenter.csg/kc

ST. PAUL, Minn.—Winona State student Kristine Drost protested rising tuition costs at the State Capitol in St. Paul, Minn. © AP Photo/The Minnesota Daily, Erin Westover

Health Care Reform

Health insurance exchanges, likened to Travelocity for health insurance, are a major piece in the federal health reform bill. States’ exchanges are supposed to be up and running by Jan. 1, 2014, or the federal government can step in.

Dave Chandra, senior policy analyst at the Center on Budget and Policy Priorities, predicted many legislatures will take up the issue of health insurance exchanges again in 2012. Legislation failed in 16 states in 2011, and another 11 states did not consider proposed exchange legislation.

“Stakeholder groups are convening in many states, to negotiate differences between executive and legislative leaders,” he said.

While some state policymakers may be inclined to wait and see what happens when the U.S. Supreme Court takes up the Affordable Care Act, which seems probable for summer 2012, Chandra warned, “If a state waits too long, it may give up the opportunity to run its own exchange.”

—DEBRA MILLER

RESOURCES

- CSG Health Policy page, knowledgecenter.csg.org/kc
- Center on Budget and Policy Priorities, www.cbpp.org

State Employee Pension Plans

Current state employees are no longer off the table as policymakers consider ways to reform the pension benefits they offer. Thirty-nine states made fairly significant revisions to their pension plans in 2011, including 12 states that require current employees—and three states requiring future employees—to make higher contributions, 14 states that increased the age and service requirements for employee pensions, and nine states that revised provisions for automatic cost-of-living adjustments.

“It used to be the case where these revisions were targeted to new employees. Not anymore,” said Sujit CanagaRetna, senior fiscal analyst for The Council of State Governments Southern office.

“Now the fiscal situation is so dire that you have to have immediate results and this is how you get immediate results.”

The trend in recent years for a push from defined benefit to defined contribution plans seems to have abated, CanagaRetna said, because of the turbulence in the stock market.

—MARY BRANHAM

RESOURCES

- National Association of State Retirement Administrators, www.nasra.org
- Center for Retirement Research at Boston College, crr.bc.edu
- Pew Center on the States, www.pewcenteronthestates.org

Read more about these issues, plus the Top 10, at www.csg.org/capitolideas.
DEBT CEILING DEAL = LESS FOR STATES

States can expect to get less money in a number of programs under the federal deficit reduction deal reached to raise the debt ceiling in August. “You’re going to get squeezed and the squeeze is going to be disproportionate to the amount of total spending on the federal side,” Chris Whatley, director of The Council of State Governments’ Washington, D.C., office, told policymakers around the country this summer.

The new deficit reduction committee is looking at spending across the board. In fact, if the bipartisan committee can’t reach agreement, a series of cuts in everything from social programs to defense will take effect early next year.

THE STATES’ TEA PARTY

Texas state Sen. Dan Patrick of Houston has called the Tea Party, “the most important political movement of our lifetime.” That’s not just true for the federal government … or for Texas.

Across the country, Tea Party conservatives have pushed for deep budget cuts. But they’re also pushing traditional socially conservative issues at the state level, including teaching creationism in schools and opposing abortion. In Tennessee, for instance, Tea Party supporters presented a list of priorities and demands to the state legislature, including rejecting provisions of federal health care reform.

NO PHOTO ID, NO VOTE

Voters in five more states will have to show a photo ID if they want to cast a ballot. Kansas and Wisconsin passed strict photo ID laws this year, while South Carolina, Tennessee and Texas made their photo ID laws even stricter.

The changes are part of a wave of new laws enacted by Republican-controlled legislatures that are the strictest ever passed in the states. Opponents say requiring a photo ID disenfranchises a certain segment of voters. According to the Brennan Center for Justice at the NYU School of Law, 11 percent of the population—or 21 million people—do not have access to a government-issued ID.
TAXING ONLINE PURCHASES

Online purchases will no longer be exempt from state sales taxes in California … starting in September 2012. That deal rescinded an earlier law that would have kicked in right away. Other states are looking at similar taxes—dubbed the Amazon Tax—as a way to collect additional tax revenue.

The University of Tennessee’s Center for Business and Economic Research estimates by 2012 states will lose between $11.4 billion and $12.65 billion from untaxed online sales. New York passed a law in 2008 to require online retailers to tax purchases in the state. Illinois and Arkansas are among the states that passed some version of an online tax law this year.

NO WAIVER LEFT BEHIND

States now have the option to opt out of No Child Left Behind’s strict measures of progress and sanctions. The Obama administration in September asked all 50 states to apply for waivers from the requirements of No Child Left Behind, which was due for Congressional reauthorization four years ago.

The administration has said it would like to see NCLB include more college- and career-ready standards, a heavier reliance on data, and a flexible, targeted system for measuring student growth. Waivers would allow each state to set its own standard for progress instead of the unpopular Adequate Yearly Progress required by NCLB.

A RECORD YEAR FOR DISASTER

With a record 84 major natural disasters and previous funding cuts from the federal government, states’ emergency preparedness efforts are getting squeezed. The floods, drought, wildfires and Hurricane Irene—10 of those were billion-dollar disasters, the National Climatic Data Center says—have strained already tight state resources.

“There have been extraordinarily deep and dangerous cuts to the agencies that have principal responsibility for disaster readiness and disaster response,” Irwin Redlener, director of the National Center for Disaster Preparedness at Columbia University in New York, told USA Today. “It really undermines the nation’s capacity to be ready for the inevitable disaster.”

STATES LIMIT PLANNED PARENTHOOD

Eighteen states passed laws limiting the services of Planned Parenthood, while five states—Indiana, Kansas, North Carolina, Texas and Wisconsin—totally defunded the family planning provider because some of their clinics provide privately funded abortions.

Judges in Indiana, Kansas and North Carolina blocked enforcement of the laws after Planned Parenthood challenged them in court. The Centers for Medicare and Medicaid Services said states enacting such laws risk losing federal funding.

LEGISLATORS LEAVE WISCONSIN

Democratic lawmakers left Wisconsin in February in an effort to block a vote on Gov. Scott Walker’s plan to remove collective bargaining rights for most public workers, including teachers, starting in the 2012 fiscal year. The plan also removed state workers’ right to bargain over benefits, vacations and workplace safety. It exempts police officers and firefighters.

The legislation also changed union certification rules and prohibits union dues from being deducted from employees’ paychecks. The battle led to recall elections for nine state Senate seats; Republicans lost two seats in the recall vote while the two Democratic senators survived recall.

NEW YORK LEGALIZES GAY MARRIAGE

New York in June became the sixth and the largest state to legalize gay marriage. Four Republicans joined all but one Democrat in the state Senate to approve the measure where the GOP holds a majority. The New York Assembly had approved the measure the week before. Gov. Andrew Cuomo, who made legalizing gay marriage one of his top priorities for the year, signed the bill shortly after the Senate approved it. The law allowed same-sex couples to begin marrying in New York by the end of July. Connecticut, Iowa and Massachusetts, New Hampshire and Vermont also allow same-sex couples to wed. The first three are the results of court decisions, while New Hampshire and Vermont are the result of legislative action.
"We’re not looking for a **bailout** from the federal government. We’re not going to buy our way out of this recession. We’re going to have to **grow** our way out."

— *Colorado Gov. John Hickenlooper*, about the state’s budget woes, according to *Bloomberg News*

"There have been extraordinarily deep and **dangerous cuts** to the agencies that have principal responsibility for disaster readiness and disaster response. It really undermines the nation’s capacity to be ready for the **inevitable disaster**."

— *Irwin Redlener*, director of the National Center for Disaster Preparedness at Columbia University in New York, told *USA Today*

"They think they’re going to be able to carve out their **little piece of pork**. They think they’re going to keep their snouts in that trough."

— *Ohio Gov. John Kasich*, in a speech to the Ohio Farm Bureau, referring to the so-called “special interests,” according to *NPR*

"Our state was **careening** towards **bankruptcy** and fiscal insolvency."

— *Illinois Gov. Pat Quinn* told reporters, indicating in January that he intended to sign an increase in personal and corporate income taxes passed by the legislature

"It would be a **big mistake**."

— *Texas Railroad Commission Chairman Elizabeth Ames Jones*, about federal regulators assuming oversight of drilling for natural gas, in an interview with *Bloomberg News* in June

"We need **money**."

— *California Gov. Jerry Brown*, told reporters in Sacramento in September regarding the tenuous budget situation in his state, according to *Bloomberg News*

"(State leaders) need to know the **great milk cow** in the sky has dropped dead and that it’s over."

— *Former U.S. Sen. Alan Simpson*, about the impact the looming federal deficit would have on states in the March/April Capitol Ideas
“There’s been nothing like this since the ‘60s and ‘70s when most states passed laws giving public-sector unions rights to bargain. 2011 by far has seen the most dramatic changes in collective-bargaining law.”

—Joseph Slater, who teaches labor law at the University of Toledo in Ohio, told Bloomberg News in September

“This provides the potential benefit of hundreds of millions of dollars with little or no risk to the state.”

—Ohio Sen. Kris Jordan, about allowing oil and gas drilling in state parks using the hydraulic fracturing—or fracking—technique

“It’s gonna take us several years for us to get back to where we need to be.”

—President Obama, talking about economic recovery in the U.S. during a CBS News town hall in May

“Nobody is going to be happy with this, which is the essence of real compromise.”

—Minnesota Gov. Mark Dayton, announcing a deal to end a two-week shutdown of the state government, according to USA Today

“Here’s an investment tip for you: Put your money in moving vans. They’ll be in high demand.”

—Illinois state Sen. Kyle McCarter, arguing raising personal and corporate income taxes would force businesses to move out, during the debate in January, according to the Christian Science Monitor
1. How were state fiscal conditions at the end of the 2011 fiscal year?

“Actually, it was fairly positive at that time on the revenue side. We were seeing a strong improvement in state revenues as we got to the middle of the calendar year, the end of fiscal year 11. Unfortunately, there are so many demands on the spending side that there were still some really difficult decisions that elected officials had to make, including continuing to have to make some cuts, even to education. It was a mixed bag; certainly an improvement from where we were, but still a mixed bag.”

2. Were budgets more stable this year compared to the last few years?

“I think that there was more stability for state budgets because we could predict the situation. During the beginning of the recession, we were having shortfalls because revenues were coming in below forecasts and making predictions was hard to do. It was like playing catch-up. We were constantly having to make cuts or make changes because less money was coming in than expected. As we approached fiscal year 12, and now we’re in fiscal year 12, we were more stable because we knew that the stimulus act funds were ending, so we could predict that.”

3. What happened in 2011 that changed the fiscal conditions?

“It really was economic. We had revenues falling way below forecasts and coming in way below the period prior to that recession, during that recessionary period and beyond. The situation for states is very, very dependent on the national economy. There is a lag time between the time of economic recovery and the time of state fiscal recovery, so … regardless of how lackluster some of the economic indicators are at the moment, as the economy recovered, you did start to see an improvement in state fiscal situation.”

4. What are states facing now?

“I think for the long term, we are going to see for states a new normal in which they don’t have the growth in spending that they had in decades since World War II. That’s going to make it difficult to decide where money is going to go. There’s a lot of pressure to spend money on education and health care, on Medicaid, prisons, transportation—a lot of areas that people need or want to spend money on, and there’s not going to be enough to go around. So I expect for the long term, we are going to see some really, really difficult decisions as to where to spend money.”

5. What does the fiscal cliff—the end of the Recovery Act—mean for states?

“I think it’s going to be less dramatic than some have predicted simply because we knew the Recovery Act was ending and we knew those funds, particularly to areas like Medicaid and K–12, were being phased out and therefore we were able to plan for that and predict that. The drama of the impact has been lessened as a result to be able to plan for it and predict the end of the Recovery Act funds. … We really are entering a period for several years in which economic growth will not be sufficient to bring in revenues that will allow us to go back and restore all the cuts previously made.”

6. During times of recession, more people need programs like Medicaid so states have to spend more.

“The cost of Medicaid definitely goes up in bad times simply because there are more people enrolling in the program. … In the aggregate, we’re finding that states are going to spend nearly $16 billion more on Medicaid for this current fiscal year 12 than they did last year … to make up for loss of Recovery funds and the growth of the program. At the same time, in the aggregate, states are still cutting K–12 and higher education and other areas of state government are remaining flat. To me, that is extremely significant that the only area of major actual growth in spending at the state level for fiscal year 12 is Medicaid.”
Scott Pattison, executive director of the National Association of State Budget Officers, believes states still have a tough road ahead even though the fiscal situation is beginning to improve.

What will the discussion on reducing the federal debt mean for states?

“States are going to have to plan for a steady decline in funds from the federal government. It’s not clear what funds will be cut and by how much; and I also don’t think it will be extremely dramatic. I think this is something that will be more phased in over time. I think states have to plan for the fact, when you look at the size of the federal deficit, regardless of the politics, you have to assume that the federal government over time is going to decrease at least the growth of federal spending and states receive a huge amount.”

How did the federal debt downgrade actually affect states?

“It’s one of those things that should be a concern over time for the states when they examine their debt capacity and issuance of debt. At the moment, the downgrade by one of the rating agencies of the federal government does not appear to have any dramatic impact on the states; however, it has certainly made the rating agencies examine more carefully the ratings of state debt.”

How do states handle the big looming issues that affect financial stability?

“I hope that if we do have another healthy period of economic growth, that during that period, the states make some financially responsible decisions and at that time deal with some of these long-term liabilities, because that’s the time you have the money and you should be dealing with your long-term liability. Don’t ignore them during the good times. I hope that they’re prepared for the healthy economic period that we certainly hope comes in a few years and deal with these really long-term issues.”

So what is the big picture for states?

“The big picture comes down to they’re going to have to be prepared to make some tough tradeoffs. I do not foresee easy times for states. Even if we see some economic improvement, they’re going to have to make some tough decisions. We’re just not going to be back to a period of time where they’re going to please everyone and put as much money as they need or want to in every single area of state government. They’re going to continue to have to make tough decisions.”

Scott Pattison, executive director of the National Association of State Budget Officers, offers these three tips to help state officials stay abreast of state and national economic health.

1. Check in with national organizations like The Council of State Governments and the National Association of State Budget Officers “to keep an eye out for what other states are doing and what other states are reporting, because that’s very important to not be too isolated as a state.”

2. Follow the wealth of economic information from the Federal Reserve.

3. Follow various economic indicators, such as unemployment rates and housing starts, to determine state and national economic health.

Read the full interview with Scott Pattison at capitolideas.csg.org.
Those words are from one of my favorite Robert Frost poems, “The Road Not Taken.” They remind me that sometimes where we choose to go makes a big difference.

This past year, as in years past, several newspapers around the country carried articles and, in some cases, editorials critical of legislators who travelled to conferences like those convened by CSG. They lampooned public servants who attended these meetings as wasteful and out of touch. I take great exception to the premise of these “news” accounts. They are simply not true. More troubling, they create fear among legislators who wish to do the right thing, but now worry about the political consequences of travelling to meetings and conferences.

As a former legislator, I understand the challenges associated with out-of-state travel. It is so easy for a newspaper, television station or political opponent to falsely portray a legislator who attends a meeting as a jet setter who is simply enjoying a vacation paid for by the taxpayers. It isn’t true and it isn’t fair.

In response to such coverage and pressure, some states have banned out-of-state travel by state leaders. In other cases, state travel budgets have been slashed. The result is politically correct, but I have to believe such policies may be, in the long run, self-defeating.

The essence of leadership is courage. The courage to act with conviction. The courage to speak your mind. The courage to bridge differences, to accept a hard-earned compromise, to be curious. Good leaders are always curious. Curious about what really works, curious about what people really need, curious about how to do more with less. Curiosity is hard to pursue in isolation. Curiosity requires a broad spectrum of inputs.

Real leaders do more than act on what they already know; they seek to understand that which they don’t know. Again, a leader can’t be successful in isolation. If all a state does is that which it is already doing, it can only expect to achieve that which it has already achieved. To go from good to great requires new ideas, new perspectives and new innovations. Sometimes those things can be homegrown. Oftentimes, they are most efficiently found somewhere else.

When faced with a crisis, looking inward seldom produces results. That is true for the states today. Faced with one of the most significant fiscal crises in the history of our nation, states are hungry for new ways to address the significant challenges they face.

There will always be an editor looking for a quick, sensational news item. I cannot change that. No matter the location, duration or subject of a meeting, any attendee can be vulnerable to criticism and “gotcha” journalism. If we lived in a rational world, newspapers would not criticize, they would commend leaders who sought out new knowledge, who acted with curiosity and who proudly shared their own state’s success stories.

I salute state leaders who have taken their time and invested their money to come together at CSG meetings and meetings of our sister organizations. They make our goal of sharing capitol ideas a reality.

CSG promises to continue to host meaningful, thoughtful, substantive and rewarding conferences and meetings. While the politics of today may make it harder for our members to attend these meetings, I encourage them to take the road less traveled. I think they will find it will make all the difference.
BORN IN DEPRESSION, CSG PROMOTES ‘HARMONY AMONG STATES’

When Henry Wolcott Toll spearheaded an effort to form an organization to promote state cooperation, he noted the disharmony among the states: “Our only hope lies in a two-fold program: to make the legislative and executive departments of the 48 states more adequate, and to develop a closer contact between them,” he wrote in 1931. That continues to be CSG’s goal. The organization has expanded—as has the country. Over the next few pages, learn how CSG empowers state leaders to share capitol ideas.
YOU ARE CSG

RELEVANT INFORMATION AT YOUR FINGERTIPS

CSG EAST | CSG SOUTH
CSG MIDWEST | CSG WEST

Regional by design, CSG is a national community with six offices across the U.S. The headquarters office is in Lexington, Ky., and the federal affairs office is located in Washington, D.C. Regional offices are located in Atlanta, Chicago, New York City and Sacramento. All CSG members have the opportunity to participate on two levels—regional and national. This structure invites focused participation from members on a more intimate, regional level and also provides a national community to exchange information and ideas.

WASHINGTON, D.C.

CSG’s Washington, D.C., office provides state leaders a voice in Congress. The Washington office monitors federal developments and trends and evaluates the impact of federal activities, including U.S. Supreme Court decisions, on states. The CSG Washington office is well positioned to continue growing the partnerships between the states and the federal government.

CSG AFFILIATES

Through affiliation with CSG, national organizations of state officials can share ideas and combine efforts to accomplish mutual goals. Affiliates contribute specialized expertise, information, resources and issues to the overall mission of CSG. In turn, CSG offers a mechanism by which affiliates may tap into CSG’s products and services, and a forum for bringing issues to a broader, collective state audience.

CSG COMPACTS CENTER

CSG assists states in working collaboratively to address problems that span state boundaries. CSG’s National Center for Interstate Compacts serves as an information clearinghouse, provides training and technical assistance, and assists states in the review, revision and creation of new interstate compacts to solve multi-state problems.

CSG ASSOCIATES

CSG has long believed private sector involvement in the American governance system is critical to formulate sound solutions to public policy challenges. The CSG Associates Program facilitates this interaction by engaging government affairs professionals in CSG’s program and policy work, its national and regional conferences, and its information network. CSG Associates bring their perspectives to CSG’s state trends identification and analysis process and make significant contributions to its meetings and international exchanges.
The CSG D.C. office serves as an advocate for state governments in Washington, D.C. The office communicates regularly with congressional, agency and White House officials to ensure the interests of states are known and understood. The office helps members understand how their work in state capitols interacts with federal laws and policies. In addition, CSG helps state officials understand how pending and recently passed federal laws will impact their state.

www.csgdc.org/FederalAffairs

The CSG Justice Center helps states increase public safety and strengthen communities. The center serves all states to promote effective data-driven practices—particularly in areas in which the criminal justice system intersects with other disciplines, such as public health—to provide practical solutions to public safety and cross-systems problems.

justicecenter.csg.org

The Border Legislative Conference is a joint program of the CSG West and CSG South regions aimed at enhancing collaboration and communication among state legislators of the United States and Mexico. It serves as a mechanism for ongoing dialogue and collaboration among state legislators of the two nations. The goal of the program is to empower border state legislators to engage in the binational agenda and provide input and direction in the development of policy between both countries.

www.borderlegislators.org

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www.borderlegislators.org

CSG FEDERALISM/ADVOCACY

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CSG JUSTICE CENTER

CSG BORDER LEGISLATIVE CONFERENCE

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www.borderlegislators.org

CSG KNOWLEDGE CENTER

www.csg.org/knowledgecenter

Today’s state government leaders don’t have time to weed through a stack of hundreds of policy documents. They aren’t interested in another white paper buried on their desk. That’s why CSG created the Knowledge Center, an interactive website that serves as a one-stop shop for more than 600 tagged and indexed policy reports, blogs and other policy items. State government officials can browse by topic and, most importantly, quickly find what they’re looking for. They can subscribe to RSS feeds on only the topics in which they’re interested. Within the Knowledge Center, you can find:

» Capitol Research—online policy reports and issue briefs on topics ranging from motor vehicle taxes to obesity, state prison populations to unemployment benefits.

» Capitol Comments—CSG’s online blog serves as your conduit to CSG’s on-staff policy experts with frequent postings on transportation, education and federal affairs.

» Policy Webinars—CSG offers a wide variety of webinar policy events, with various Web-based trainings occurring monthly. These online forums are not only an opportunity for you to hear from and interact with national policy experts on a variety of topics, but also are available for your use later on; download and learn at your leisure.

» Access to CSG Regions & Affiliates—CSG’s Knowledge Center is your gateway to publications and resources from CSG’s four regions, each providing a unique perspective on the issues most impacting your state. Likewise, the Knowledge Center features resources from CSG’s 14-member affiliate community with custom policy reports and tools.

» Data Center—CSG’s Data Center provides comparative and longitudinal information across all CSG databases and publications. Gain access to hard-to-find statistics and trend data for your state, region or the entire country.

» Suggested State Legislation—CSG’s seminal program, now in its 60th year, provides you information on cutting-edge legislation and access to legislative trends, as well as the most current bills being considered by the national SSL committee.

» Innovations—CSG’s Innovations Awards program, now in its 25th year, recognizes the top programs making a difference in the states. From the smallest programmatic and service tweaks to the largest sweeping changes in state service delivery, Innovations is your “best practices” repository for policy ideas that work.

www.csgdc.org/FederalAffairs

www.csg.org/knowledgecenter

www.borderlegislators.org

www.csg.org/knowledgecenter

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www.csg.org/knowledgecenter
Capitol Ideas

Tools You Can Use

Capitol Ideas

capitolideas.csg.org

The flagship publication of CSG is a news magazine that shares the best of the best ideas in state government. Its advantageous bimonthly reach of 20,000 state leaders offers unparalleled access to the community of state government. With colorful graphics, lively articles, expert commentary and fact-based reporting, Capitol Ideas keeps decision-makers in all the states in the know.

The Book of the States

www.csg.org/bookofthestates

A staple of CSG for more than 75 years, The Book of the States is a state government encyclopedia with essential and hard-to-find information all in one place. Featuring easy-to-read summaries, tables and charts, The Book of the States is an invaluable reference tool that’s withstood the test of time. It provides information, answers and comparisons for all 56 U.S. states and territories. And now, with CSG’s new The Book of the States online Web tool, you have immediate access to the articles, charts and tables of current and past editions. As the Web tool grows, users will be able to access charts and tables in more than 50 different categories and create custom reports based on their queries. This new tool enables unprecedented access to 76 years of historical state information available only from The Council of State Governments.

States Perform

www.statesperform.org

The States Perform website provides access to interactive information on how states are performing across six key policy areas: education, public safety and justice, energy and environment, economic and fiscal policy, health and human services, and transportation. In a world where states are expected to do more with less, States Perform offers access to interactive, customizable and up-to-date comparative performance measurement data from all 50 states.

Social Media

Facebook » www.facebook.com/CSGovts
Twitter » twitter.com/CSGovts
YouTube » www.youtube.com/CSGovts

Recognizing the new ways social media is driving modern policy dialogue, CSG is actively engaged on a number of social media platforms: Facebook, Twitter and YouTube. These unique tools allow CSG’s expert policy staff to alert state officials to breaking policy information, events and impacts.

Interstate Compacts Database

apps.csg.org/ncic

CSG’s National Center for Interstate Compacts maintains the best single resource for state interstate compact statutory information. Search by state, compact name or year of joiner to learn which compacts your state is a member of. Also included is key contact information for each compact in the states, as well as relevant information on national groups which administer interstate compacts. More than 200 different interstate compacts exist today and each state is, on average, a member of more than two dozen agreements.
WHO IS CSG? | HOT TOPIC

CONNECTING LEADERS

LEADERSHIP DEVELOPMENT

› www.csg.org/leadershipcenter

CSG provides members with the opportunity to participate in leadership training at both the national and regional levels. From the premiere Toll Fellowship Program, which offers a weeklong program for officials in all three branches of state government, to regional programs focused on legislators, CSG helps you enhance your skills as a leader.

NATIONAL & REGIONAL CONFERENCES

› www.csg.org/events

CSG’s national and regional meetings convene state leaders, private sector partners and staff from every region to learn from experts and colleagues around the country. Each conference focuses on issues state leaders are facing today, with an eye toward problem-solving for the future. Upcoming conferences include:

REGIONAL

› CSG Midwest
  Cleveland, Ohio | July 15–18

› CSG West
  Edmonton, Alberta | July 20–23

› CSG East
  Atlantic City, N.J. | July 20–23

› CSG South
  Charleston, W.Va. | July 28–Aug. 1

NATIONAL

HERE FOR YOU

CSG is dedicated to getting you what you need, when you need it. If you have any questions about CSG or any of our programs or products, please use the contact information below.

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CAPITOL IDEAS | NOV/DEC 2011

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A SPECIAL MESSAGE FROM CSG’S NATIONAL CHAIR

1 Good for the Bottom Line
CSG helps states achieve budget savings. Our Justice Center is a prime example of how we work to help states achieve more with less. (See pages 38–39 for information on the Justice Center’s work this year.) The ideas generated by CSG result in budget savings far in excess of the dues a state pays. Our meetings, publications and online resources are full of information on what works. Put the power of CSG to work in your state.

2 Brings States Together
CSG’s National Center for Interstate Compacts is the nationally recognized leader in developing and implementing interstate compacts. This means CSG helps states craft solutions to problems they can’t solve on their own and for which federal involvement can be avoided. This is a cost-effective way for states to work together to solve problems and create opportunities.

3 The Power of Three
CSG is the only association that includes elected and appointed officials from all three branches of state government. This means our dialogue is richer, our perspectives are better informed and our reach is greater. No branch of government exists in isolation; all three are necessary to effectively govern a state. CSG also is home to many affiliated groups of executive branch officials, including the National Association of State Treasurers and the National Lieutenant Governors Association. The CSG family tree, found on pages 32–33, shares the many valued components that contribute to our impact.

By any measure, the past year has been one of remarkable success for The Council of State Governments. As the national chair, I have had the opportunity to travel our nation and meet with hundreds of state leaders. I am proud of the role CSG plays as a convener and facilitator of state-based solutions. Our regional focus makes us uniquely relevant, and our policy expertise and partnerships allow us to share evidence-based, data-driven solutions with our member states.

CSG makes a significant difference. We are successful because of the tremendous commitment our members bring to our work and the investment of our private sector associates and other partners. We have accomplished a great deal for the states. Taken as a whole, CSG represents an excellent value to the states. Here are the top 10 ways CSG has returned the investment of the states, commonwealths and territories.

By Nancy Goatta
4 Regional Relevance
Sixty cents of every dollar a state pays in dues to CSG goes directly to support one of four CSG regional offices. CSG East, Midwest, South and West each focus on the issues important and unique to the states in their region. This enhances the relevance of the work and delivers real value to the states. From these regions, great ideas emerge. The members also develop strong and lasting relationships with leaders in neighboring states. This network becomes a trusted source of information and unvarnished insight. We’ve highlighted the work of our regions on pages 6–9.

5 Beyond Borders
Today’s economy is global and, increasingly, what happens in Canada and Mexico has a direct impact on the states. CSG is the only association affiliated with many of the Canadian provinces and with working partnerships with the Mexican states that border the U.S. This year we convened the first North American Summit, highlighted on pages 40–41. This unprecedented event brought together policymakers from throughout North America for energized discussions on how we can work together to enhance our prosperity and energy security. CSG also facilitated delegations to China and Brazil in which our members gained first-hand insights into these emerging economies.

6 We Bring CSG to You
This year we launched several new initiatives designed to bring thought leaders and experts directly to state policymakers. The CSG Policy Academy series included sessions throughout the country focused on education, transportation and health policy. In addition to these academies, CSG’s Justice Center was engaged in providing technical assistance to the states on a broad range of public safety-related issues. Our regional staff regularly visits state capitols to learn first-hand from our members and to share CSG’s policy expertise and resources. This up-close-and-personal approach reflects our commitment to bring value to the states.

7 Leaders are Made
We believe leaders are made, not born. CSG has a long-standing commitment to helping state leaders develop their leadership skills and become more effective public servants. Each CSG region maintains a leadership training program and the national organization each year names a new class of Toll Fellows. (This year’s class is featured on pages 34–37.) The members selected for these programs consistently rank them as among the most valuable leadership training experiences of their lives. With term limits in many states, the need to make sure public officials have the capacity to lead in complex times is important. CSG’s leadership development programs are just one of the many ways we empower state leaders to accomplish great things.

8 Knowledge is Power
The challenges facing states today are complex. We understand that leaders have limited time and many demands. That is why we offer significant expertise at your fingertips. This year, the CSG Knowledge Center expanded its online offerings and incorporated 75 years worth of information from past editions of CSG’s The Book of the States. We also created an incredible resource in our States Perform Web tool. This site allows you to sort, rank and analyze a treasure trove of data.

9 Advocate for the States
We understand that states are the building blocks of our nation. CSG advocates for the states to the federal government. We argue against unfunded mandates and we urge the federal government to give the states the flexibility we need to craft solutions that make sense. We work to limit federal pre-emption and, when necessary, to court to defend the prerogative of the states. Through the State and Local Legal Center, CSG monitors and intervenes in cases pending before the U.S. Supreme Court when states’ rights are at issue.

10 Friends and Family
While CSG has dozens of programs, perhaps the most valuable resource is the network of state leaders you can build from participating in CSG events. Our members consistently tell us this element of CSG proves the most valuable. Whether engaging through a CSG policy task force or participating in a special national working group, nothing beats the opportunity to talk one-on-one with a leader from another state—someone who has already taken on an issue and can offer solid advice and insight. Over time, these relationships begin to feel more like friendships. Before long, you will think of CSG as a family. These friendships transcend political party or ideology and provide lasting value even long after you have left public service. It is this aspect of CSG that I think of as priceless.

CSG is a community of the states, but that community is only as vibrant and healthy as the people who participate. We have an exceptionally talented group of state leaders who offer up their time and talents to guide CSG. I have been fortunate to work with them during my year as national chair. I consider my work with CSG to be among the most valuable experiences of my 23 years in the legislature. If anyone in your state ever asks the question, “what do we get for these dues?” I hope you will call me. My Top 10 list is just the beginning.
The Council of State Governments family tree isn’t just one branch; it’s an ever-growing tree of experts and the expertise that matter to state policymakers. The organizations that comprise the CSG family span a wide and diverse array of policy and service areas, including justice and corrections, emergency preparedness and the various levels of executive branch elective officials.

Here are the leaders of organizations affiliated with CSG.
LEARN MORE

To learn more about these organizations visit the organization’s website. To read a message from each of the affiliate leaders, visit capitolideas.csg.org.
The Henry Toll Fellowship Program, named in honor of CSG’s founder, has emerged as the nation’s premier leadership development program for state leaders. Designed to connect outstanding state leaders from all three branches of government, the 2011 class included 12 leaders from each of CSG’s four regions selected in a competitive process. These inspiring leaders gathered in Lexington, Ky., home of CSG’s national headquarters, Sept. 9–14. Since 1986, more than 1,000 outstanding state leaders have joined the ranks of Toll Fellow alumni. The 2012 Henry Toll Fellowship Program will be held in Lexington, Ky., Sept. 8–13. To learn more about the program, and to apply for next year’s class, visit www.csg.org.
KEYS TO EFFECTIVE LEADERSHIP

“The key to effective leadership is to have integrity and good relationships with those that you work with, and to value other people’s opinions.”
—Nevada Assemblywoman Marilyn Dondero Loop

“Do not expect of your subordinates anything you would not do yourself.”
—Kansas Chief Justice Lawton Nuss

“The ability to help others meet their goals.”
—Arkansas Director of the Senate Ann Cornwell

“I believe that the key to effective leadership is being able to inspire and motivate others by articulating a vision that resonates with them.”
—Minnesota Deputy Secretary of State Beth Fraser

“Effective leadership must result in the inspiration of people so they work more and dream more because they want to do it and not because you make them do it.”
—Puerto Rico Secretary of Consumer Affairs Luis Rivera Marin

LEXINGTON, KY.—Above, Bill Barker as Thomas Jefferson greeted Indiana Sen. Ed Charbonneau during the Toll Fellows visit to the Kentucky Capitol. Top right: Arkansas Judge Shawn Womack, left, South Dakota Transportation Secretary Darin Bergquist and Rhode Island Sen. Roger Picard applaud their team’s success on the ropes course. Right: Hawaii Rep. Cindy Evans participated in activities at the ropes course at Asbury College, one of several activities that allowed Toll Fellows participants to take initiative and learn leadership skills.

“Effective leaders must listen to and broadly engage those they wish to lead, develop a plan based on long-term goals (not short-term fears), and maintain the courage to disappoint some (or all) of the people whom they are leading towards sustainable, long-term change.”
—Kansas Sen. Jeff King
BEST PIECE OF ADVICE

“The right thing and the most popular thing are not always the same, but it is of utmost importance to do the right thing instead of the most popular.”
—South Dakota Transportation Secretary Darin Bergquist

“Know precisely what is required and expected of you and focus only on that before turning to anything else.”
—Delaware Deputy Attorney General Aaron Goldstein

“My father used to tell me all the time: ‘Better to remain silent and have people think you’re a fool, than to open your mouth and remove all possible doubt.’”
—Missouri Rep. Tishaura Jones

“Never burn bridges, no matter how tempting.”
—Arizona Rep. Steve Farley

“Always stay grounded in all you do. Power can corrupt; you must stay humble no matter how important others may tell you that you are. Remember where you’ve been and how you got where you are.”
—Alaska Rep. Anna Fairclough

FAVORITE LEADERSHIP QUOTE

Kansas Chief Justice Lawton Nuss
“Much has been given us, and much will rightfully be expected from us.”
—Theodore Roosevelt

Virginia Senate Finance Director Betsey Daley
“Leaders don’t create followers, they create more leaders.”
—Tom Peters

Arkansas Secretary of State Mark Martin
“The greatest leader is not necessarily the one who does the greatest things. He is the one that gets the people to do the greatest things.”
—Ronald Reagan

Delaware Deputy Attorney General Aaron Goldstein
“If your actions inspire others to dream more, learn more, do more and become more, you are a leader.”
—John Quincy Adams

Wyoming Rep. Thomas Lubnau
“Continuous effort—not strength or intelligence—is the key to unlocking our potential.”
—Winston Churchill

Photography by Kirk Schlea
2011 TOLL FELLOWS CLASS ROSTER

EAST
Connecticut Office of State Ethics Director
Carol Carson
Maine Rep. Jim Dill
Massachusetts Sen. Jennifer Flanagan
Virgin Islands Special Assistant to the Governor
Derek Gabriel
Delaware Deputy Attorney General
Aaron Goldstein
Pennsylvania Rep. Glen Grell
Puerto Rico Secretary of Consumer Affairs
Luis Rivera Marin
Connecticut Rep. Patricia Billie Miller
Rhode Island Sen. Roger Picard
Delaware Chief Strategy Officer Brian Selander
Massachusetts Rep. Martha Walz

MIDWEST
Iowa IT Administrator Matt Behrens
South Dakota Transportation Secretary
Darin Bergquist
Indiana Sen. Ed Charbonneau
Minnesota Deputy Secretary of State
Beth Fraser
Illinois Rep. Robyn Gabel
Wisconsin Deputy Chief Cathlene Hanaman
Kansas Sen. Jeff King
Ohio Rep. Tom Letson
Nebraska Sen. Beau McCoy
Kansas Chief Justice Lawton Nuss
Iowa Rep. Renee Schulte
Ohio Judge Mary Jane Trapp

SOUTH
West Virginia Department of Administration
COO Timothy Abraham
Kentucky Justice Secretary J. Michael Brown
Arkansas Director of the Senate Ann Cornwell
Virginia Senate Finance Director Elizabeth Daley
Georgia Rep. Terry England
Tennessee Rep. Joshua Evans
Tennessee Sen. Jack Johnson
Missouri Rep. Tishaura Jones
Arkansas Secretary of State Mark Martin
Alabama Sen. Arthur Orr
Oklahoma Rep. Jabar Shumate
Arkansas Judge Shawn Womack

WEST
Utah Lt. Gov. Greg Bell
Oregon Sen. Richard Devlin
Arizona Treasurer Doug Ducey
Hawaii Rep. Cindy Evans
Wyoming Workforce Development Director
Joan Evans
Alaska Rep. Anna Fairclough
Arizona Rep. Steve Farley
Idaho Division Manager
Catherine Holland-Smith
Nevada Assemblywoman Marilyn Loop
Wyoming Rep. Thomas Lubnau
Montana Rep. Susan Malek
Colorado Rep. Beth McCann

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Lexington Convention & Visitors Bureau
The Procter & Gamble Company
W. Rogers Company

JUSTICE REINVESTMENT APPROACH INCREASES PUBLIC SAFETY, CUTS MILLIONS IN SPENDING

By Robert Coombs

Using Data and Expert Assistance, North Carolina and Ohio Enact Bipartisan Legislation

In June, state leaders from across the political spectrum in both North Carolina and Ohio came together in their respective states to enact comprehensive, data-driven legislation using a justice reinvestment approach. Both states received intensive technical assistance from The Council of State Governments Justice Center, in partnership with the Pew Center on the States and the Bureau of Justice Assistance.

The bills in both states will increase public safety and reduce crime by making probation more effective, increasing sentence lengths for certain high-risk property offenders or the most serious and violent offenders, and expanding sentencing options for nonviolent and first-time felony offenders.

Ohio's criminal justice system faced population pressures that outstripped resources. The state's prisons were 33 percent over capacity and projected to add another 2,800 people by 2015. Nearly half of prison admissions consisted of property and drug offenders who received short sentences followed by no supervision.

Outside the prison walls, Ohio's probation system—a patchwork of 187 independent agencies—lacked consistent policies and minimum standards. No statewide data existed, making it difficult to know how many were on probation. Research showed some programs were increasing recidivism rates because they used no criteria to filter out participants who would not benefit from the intensive programs.

Over 18 months, a bipartisan, inter-branch working group reviewed exhaustive analyses prepared by the CSG Justice Center, and, drawing on that information, designed a 13-point policy framework to accomplish three core goals:

• Require first-time property and drug offenders to serve probation terms and attend treatment;
• Establish statewide criteria for community correction programs, prioritizing placement of people who would benefit most from community supervision and treatment; and
• Establish statewide standards for probation to ensure consistency from county to county.

Sen. Bill Seitz sponsored the framework introduced as House Bill 86. The Ohio General Assembly passed the legislation with sweeping bipartisan majorities and on June 29, Gov. John Kasich signed the bill into law.

The new law is expected to avert all projected growth in Ohio's prison population through 2015, helping the state avoid an estimated half-billion dollars in spending. In addition, the new statute eases prison crowding as the population gradually declines to levels last seen in 2007, generating $78 million in savings by 2015.

Moreover, the adoption of statewide risk assessment instruments means community supervision and treatment resources will be consistently targeted toward offenders who need them the most. The state will reinvest $20 million over four years to improve felony probation supervision, providing incentive funding for agencies that reduce recidivism.
With an increasing number of probation revocations and various sentence enhancements, North Carolina’s prison population was projected to grow 10 percent by 2020. Detailed analyses conducted by the CSG Justice Center showed that only 15 percent of people leaving prison received supervision and many high-risk offenders returned to the community unwatched. Furthermore, community-based treatment programs were poorly targeted, minimizing their impact on public safety.

With guidance from an inter-branch working group established by the governor and state leaders, CSG Justice Center staff developed policy options that included a new habitual breaking and entering offense and required post-release supervision for everyone convicted of a felony. One recommendation was that the state prioritize supervision resources for high-risk individuals and empower probation officers to implement swift and certain sanctions. By focusing existing treatment resources on people who would benefit the most from them, the law concentrated on reducing recidivism.

Rep. W. David Guice introduced the policies as House Bill 642, The Justice Reinvestment Act, which passed with near unanimous bipartisan support and was signed by Gov. Bev Perdue on June 23.

Since then, the state has shuttered two prisons and expects to save more than 3,600 beds by the 2017 fiscal year. The reduction in the population translates into more than $560 million saved over six years, including $267 million in avoided costs and $293 million in savings from reduced costs. These savings position the state to reinvest more than $4 million annually to expand community-based treatment programs for people on supervision.

Looking Ahead

The CSG Justice Center continues to work with Oklahoma and Hawaii as Justice Reinvestment states. Like North Carolina, many offenders in Oklahoma go without supervision and the prison population seems poised to climb. Hawaii has set the goal of managing its prison population in order to move all of the state’s offenders out of mainland prisons and back to in-state facilities.

The CSG Justice Center’s Justice Reinvestment Initiative is a partnership with the Public Safety Performance Project of the Pew Center on the States and the Bureau of Justice Assistance, U.S. Department of Justice. The CSG Justice Center has provided data-driven analyses and policy options to state leaders in 14 states.
The straight-talking Alan Simpson pulled no punches as he addressed state policymakers last month in Bellevue, Wash.

In fact, the former U.S. senator from Wyoming left quite an impression on both sides of the aisle.

“He struck a lot of us by speaking the truth, plainly, simply, that we need to do some things with our government at the local, regional and national level,” said Hawaii Rep. Marcus Oshiro, the 2011 chair of CSG West. “I think we’re at a time right now in our history that if we don’t make these choices, we’ll do much less for our constituents.”

Simpson, who co-chaired the National Commission on Fiscal Responsibility and Reform, said the Congressional super committee now meeting on ways to cut the federal debt must accept that some compromises must be made to reduce the federal debt.

“Deficit denial is as dead as the dodo bird,” Simpson said.

Kentucky Sen. David Givens said Simpson’s straight talk gave him “a little bit different perspective on some of the long-term challenges states are going to face as the federal government continues to fail to deal with the debt crisis.”

While state budgets—and the impact they have on just about every policy issue—were at the center of many discussions, policymakers gathered in sessions that focused on a tri-national approach to addressing many of policymakers’ concerns.

**TRADE TALK DOMINATES CONFERENCE**

**Speakers Stress Importance of Canada, Mexico to the States** by Mary Branham

**NAFTA Continues to Shape Trade**

Keynote speaker Anthony DePalma, a writer who was the first *New York Times* foreign correspondent to serve as bureau chief in both Canada and Mexico, said the 17-year-old North American Free Trade Agreement will continue to shape trade among the U.S., Canada and Mexico.

“Despite all that’s happened, this process of coming together on the continent we call North America, the place we know about but are only beginning to understand, has continued and I believe inevitably will continue,” he said.

He cited the trade statistics of the impact Canada and Mexico have on the U.S. and on individual states. NAFTA, he said, has never been as bad as its detractors said it would be, nor as good as its supporters predicted.

DePalma’s presentation, and the discussion in other sessions during the conference, left an impression on New Mexico Treasurer James B. Lewis, a 1993 Toll Fellow.

“We are so connected,” Lewis said. “We are in truly a global marketplace today.”

Ambassadors from the U.S., Canada and Mexico stressed the vital importance of the North American relationship to trade in all three countries.

“The fabric of the interconnectedness we’ve developed based on trade and trade-related jobs is critically important,” said Arturo Sarukhan, ambassador to the U.S. from Mexico.

Sarukhan, Gary Doer, ambassador to the U.S. from Canada, and Strategies for a New Era’s Gary Weir, ambassador to the U.S. from Mexico, all stressed the importance of North America to their countries’ economies.

**LEARN MORE**

Canada, and David Jacobson, ambassador to Canada from the U.S., had numbers to back it up. Sarukhan said 10 million jobs in the U.S. depend on trade with Mexico. Doer pointed out that Canada is the largest customer for U.S. goods of any country in the world; it buys more goods from the U.S. than the whole European Union combined.

Doer admitted discussions of “Buy American” or “Buy Canadian” might gain points politically. “But if you say ‘Buy Canada’ is ‘Closed Canada,’ and ‘Closed Canada’ is ‘Less Jobs Canada,’ people get it,” he said.

Brian Lee Crowley, managing director of Macdonald-Laurier Institute in Canada, stressed that NAFTA is not just about trade, and the U.S., Canada and Mexico do not constitute a trading bloc. “When you and I think about trade between countries, we think of each country as its own self-contained economy,” he said. “Japan makes cars, France makes wine and they trade wines for cars. This is most emphatically not what happens in North America.”

The three nations in North America, he said, don’t trade finished products with each other. Instead, they make things together and sell them to each other and the rest of the world. “We are a production bloc, not a trading bloc,” he said.

Jacobson pointed out that the average automobile crosses the U.S. border seven times in the course of its manufacturing. “Rather than undoing NAFTA, we need to go in the other direction and reduce barriers that still exist,” said Jacobson.

Infrastructure, Border Congestion Pose Barriers

Trade among the three countries of North America has tripled since NAFTA took effect. That robust increase, however, belies some of the obstacles to cross-border trade in the continent, with inadequate or antiquated infrastructure near the top of the list of concerns of businesses and governments.

“As a region, our importance is actually becoming diminished relative to other trading blocs in the world,” said Diane Gray, president and CEO of CentrePort Canada. “We’ve spent a lot of time resting on our laurels when it comes to the NAFTA environment.”

The path to reinvigorating it, she said, is a renewed commitment to improving the continent’s infrastructure.

Along the U.S.-Mexico border, 70 percent of the trade between the two countries relies on trucks, as well as the highways that move the trucks’ freight across the border.

“Trade between Mexico and Canada has grown exponentially,” said Sean Carlos Cazares Ahearne, Mexico’s deputy director general for border affairs, “but growth of our border facilities has not.”

To maintain a reliable trade relationship between the U.S. and Mexico, maintaining efficient border crossings and bridges is important, said Diputado Ramiro Flores Morales of the Coahuila State Legislature, who is chair of the Border Legislative Conference. “It is extremely important and transcendental to have life and infrastructure between our borders,” he said.

Nevada Assemblyman Marcus Conklin, chair of CSG’s International Committee, said state leaders must recognize the importance of that relationship to the states. “We are recognizing that issues in Canada and Mexico have profound impact on the states as well as the nation,” Conklin said. “We look forward to working together as North America strengthens its presence on the world stage.”

—Tim Anderson of CSG Midwest and JC Hendrickson of the CSG Washington, D.C., office also contributed information for this article.
O P P O R T U N I T Y T O  T H O R O U G H L Y E X A M I N E I D E A S

“I have found CSG to be very beneficial to me as a state legislator because it permits me to meet with colleagues from other states, hold out ideas and take a look at them in a nonthreatening environment. So often when we’re in the midst of a legislative session or making the decisions that impact our constituents, we’re under pressure. We have to make the right decision. We don’t have a tremendous amount of time to hold out new ideas and look at them wholly and completely, so this has permitted me to do that.”

D A V I D G I V E N S
Senator
Kentucky

U P - T O - D A T E T E C H N O L O G Y T R A I N I N G

“I think it’s very important with the world changing and technology (changing) almost every second, that CSG sees that … is an important aspect for us as legislators, particularly with the social media. The fact that (CSG does) a session in social media (at its national conferences) so that we can be brought up to date into what is going on in technology, it’s a very good thing for us. I’ve not experienced that in any other conferences. I just applaud CSG for taking all of that into consideration for all that we do as legislators to help us be the best that we can be.”

V I V I A N D A V I S F I G U R E S
Senator
Alabama

Visit capitolideas.csg.org to watch video interviews from these and other members about how The Council of State Governments can empower you to better serve your constituents.
EXPANDED SKILLS IN LEADERSHIP

“Serving on the executive committee for CSG has expanded my skills for leadership in the state of Wyoming. Really, what happens whenever you volunteer for a project, if it’s a task force or some piece of information that you’re working on for CSG, … you’re having to dig deeper on what your thoughts are on policy and what are your leadership skills as you lead in your own state. … I’ve taken greater consideration now as I learned those relationships (with other branches of government), and I guess at the end of the day, it’s really about relationships and having a better understanding of the three branches of government.”

ROSIE BERGER
Representative, Incoming CSG West Chair
Wyoming
2007 Toll Fellow

SOURCE FOR ACCURATE, NONBIASED INFORMATION

“Over the years that I have been involved in CSG, I found it not only is an incredible source of up-to-date and accurate, nonbiased information about the issues confronting legislators around the United States, but it also provides an opportunity for professional development. I’ve attended several trainings that have been offered by CSG and it’s helped me to be a better decision-maker, a better policymaker and I’ve also learned how to do critical things like find common ground, how to improve my own decision-making as a legislator.”

KIM GILLAN
Senator
Montana
2002 Toll Fellow

FIRES UP IMAGINATION

“I have benefited from the CSG programs in the 17 years I’ve been in the legislature, everything from the regional leadership program … to the Toll Fellowship program … The meetings—particularly the national meetings where we bring in speakers from around the country, around the world—have been able to fire my imagination about what can be, should be, might be. In a lot of ways, CSG encourages visionaries and development of visions. It doesn’t mean we’re always successful, but it does mean that we’re going to be challenging our colleagues who don’t come to CSG meetings to think larger, to think deeper, think longer term.”

TOM SLOAN
Representative
Kansas
2003 Toll Fellow

RODGER WERKMEISTER
Representative
Washington
2008 Toll Fellow
Lieutenant Governors Travel to China

Six lieutenant governors met Chinese Premier Wen Jiabao, the nation’s second-ranking official, during a trade mission of the National Lieutenant Governors Association, a CSG affiliate. Lt. Gvs. Mark Parr of Arkansas, Yvonne Pretter Solon of Minnesota, Mead Treadwell of Alaska, Rick Sheehy of Nebraska, Kim Reynolds of Iowa and Kay Ivey of Alabama also met ministers from China’s departments of agriculture, commerce and foreign affairs. NLGA facilitated more than 20 trade meetings between the lieutenant governors, provincial leaders and some private-sector companies.

The NASPEs Go To...

The National Association of State Personnel Executives each year presents the NASPEs, the awards program designed to recognize great accomplishments of state human resource management personnel. This year’s winners, which highlight the innovative practices Leadership.org engages with state human resources either with an individual’s lead or with a cutting-edge program, are:

- Rooney Program Winner: Becoming a Great State to Serve (Georgia)
- Communications Award Winner: Customer Service Campaign (Georgia)
- Communications Award of Merit: LA Careers Biweekly User Calls (Louisiana)

For more information on the award-winning programs, visit the NASPEs Hall of Fame.

CSG Analyzes State Business Incentive Programs

During the past three decades, states developed business incentive programs to encourage economic activity. Now, in the face of severe fiscal turmoil, policymakers are looking more closely at their programs to ensure they are getting a return on their investments.

To help state policymakers make informed decisions, CSG offers the third edition of State Business Incentives: Trends and Options for the Future. This report contains information and data on business incentives offered by states; trends in the types of incentives offered; discussion of the accountability and oversight of incentive programs; and policy options and courses of action for state policymakers to consider for the future.

Access the report online at knowledgecenter.csg.org.
First-Term Legislators Educated on Policy Issues

One out of every five state legislators in the country was newly elected in 2011. Through its Policy Academy for Newly Elected Legislators, CSG is introducing some of those freshmen legislators to policy information about college- and career-readiness issues.

CSG held the policy academies, funded by the Bill & Melinda Gates Foundation, the William & Flora Hewlett Foundation and CSG’s 21st Century Foundation, in September for legislators from the Eastern and Western regions. Legislators toured schools that have been recognized for innovations that are leading to increased student achievement.

The policy academies will continue in November in Cleveland and Atlanta, with a final policy academy in Florida in December.

Ruiz Named Director of CSG West

Edgar E. Ruiz is the new director of The Council of State Governments West. He assumed his duties Nov. 2.

“Edgar’s vast experience and dedication with CSG over the past 10 years makes him uniquely qualified to lead the CSG West office,” said David Adkins, CEO/executive director of The Council of State Governments.

Hawaii Rep. Marcus K. Oshiro, chair of CSG West, who chaired the search and selection committee, said Ruiz’s experience serving as legislative staff for a California Assembly member and his experience on CSG West’s staff make him uniquely qualified to lead CSG West.

“We are indeed fortunate to have a candidate with the experience, insight and bilingual skills that Edgar brings to this position,” said Oshiro.

Ruiz has a bachelor’s degree and a master of public administration from San Diego State University, and a law degree from the Lincoln Law School of Sacramento.
When The Council of State Governments was created in 1933, a key service provided to state leaders was a simple telephone directory of state officials. Times have changed. The explosion of the Internet in the past decade has made information not only easily accessible, but also incredibly confusing. Where do you get factual information? Who is (and isn’t) an expert? John Mountjoy, CSG director of policy and research, shares CSG’s online resources that provide state policymakers the tools they need to better understand the complex policy world in which they operate.

**USE TOOLS, RESOURCES AVAILABLE AT YOUR FINGERTIPS**

**GAIN SOME KNOWLEDGE.**

CSG’s Knowledge Center is your one-stop shop for state policy and all things CSG with more than 1,500 unique entries—and growing by the day. Issue briefs and special reports, webinars, CSG Regional and Affiliate publications, SSL and Innovations—are just a few of the knowledge choices in this repository of policy information.

**JOIN THE CONVERSATION.**

CSG’s online blog, Capitol Comments, serves as your daily conduit to CSG’s on-staff policy experts. Share how one of our featured topics is playing out in your state. Transportation, education, federal affairs—we have news to share and want to hear from you.

**GET SOCIAL.**

Friend us on Facebook. Follow us on Twitter. View us on YouTube. Social media is driving the modern policy dialogue in a variety of new ways, and CSG is actively engaged on these platforms. These unique tools allow CSG’s expert policy staff to alert state officials to breaking policy information, events and impacts.

**TAKE A LOOK BACK.**

With 76 years under our belt, CSG’s *The Book of the States* is the reference tool of choice for those seeking to better understand state government. *The Book of the States* is now even better with online research tools and customizable reports—plus the whole book in its entirety online for free—giving you unprecedented access to more than seven decades of state data, right at your fingertips.

**CHART A NEW PATH.**

Performance measurement and management are more than buzzwords … they are how your state ought to be doing business. If you don’t know how your state is measuring up, you can’t make the best strategic decisions on resource allocation and results-focused government. CSG’s States Perform Web tool gives you customized data in more than 100 different performance categories.

**COOPERATE.**

CSG maintains the best single resource for state interstate compact statutory information. Search by state, compact name or year of joinder to learn which compacts your state is a member of. Your state belongs to a variety of agreements—learn which ones, and maybe find some your state needs to join.
National and Regional Meetings

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

APPAs 2012 Winter Training Institute
Feb. 26–29 | San Diego, Calif.

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

APPAs 2012 Winter Training Institute—set for Feb. 26–29 in San Diego—expects to attract approximately 600 professionals involved in the community corrections, criminal justice and treatment professions in the U.S. and its territories, Canada, Poland and New Zealand.

The headquarters hotel is the beautiful Hilton San Diego Bayfront and rates will be at the federal lodging per diem of $133. The rate is available until Jan. 31, 2012.

Visit the APPA website at www.appa-net.org for details.

States face unprecedented fiscal challenges today: lean budgets, reduced federal assistance and turbulent financial markets. The National Association of State Treasurers’ Issues Conference on Public Funds Management will present strategies to address these important issues. National experts in the financial services industry and government will speak on pension fund investing, debt management, and new regulatory complexities. This conference will provide public finance officials with the tools they need to successfully manage state funds while navigating through a volatile economy.

For more information on the conference, visit www.nast.net.
Stephen Morris and Jay Emler carry hefty titles in Kansas. Morris is president of the Kansas state Senate, while Emler is the Senate majority leader. But the pair of Kansans will spread their leadership wings across the country this year as Morris, a 1993 Toll Fellow, leads the National Conference of State Legislatures as president and Emler serves as chair of The Council of State Governments. Both men say the organizations provide a vital service to the states. “States have limited resources, so whenever we can learn from others rather than reinvent the wheel, it’s been worthwhile,” said Morris. They also share similar views on leadership, agreeing that listening is a key to being a good leader, as is preparing the next generation of leaders. “From a leader’s perspective, you need to be grooming people to take your place. You, the leader, are not what is important; it’s the institution of the legislature that is important,” said Emler. As they prepare to head up these national organizations, it’s a sure bet that from a leadership perspective, Stephen Morris and Jay Emler are not just in Kansas anymore.
CSG ASSOCIATES
Make Great Things Happen

CSG appreciates the following companies and organizations for their membership in the CSG Associates Program:

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3M Company
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Advanced Medical Technology Association (AdvaMed)
Air-Conditioning, Heating and Refrigeration Institute
Allergan, Inc.
Alliance of Automobile Manufacturers
Altria Client Services Inc.
Alzheimer's Association
American Bankers Association/State Bankers Association
American Beverage Association
American Chemistry Council
American Coalition for Clean Coal Electricity (ACCCCE)
American Dental Association
American Diabetes Association
American Electric Power
American Forest & Paper Association
American Nurses Association
American Society of Civil Engineers
American Specialty Health, Inc.
AMERIGROUP Corporation
Amway Global
AOL, LLC
American Petroleum Institute
Archer Daniels Midland Company (ADM)
Ash Grove Cement Company
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Cargill
Chevron Corporation
Citigroup Inc.
Comcast
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CropLife America
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Exxon Mobil Corporation
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Genentech
General Electric Company
General Motors
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Global Automakers
Golden Living
Grifols Inc.
Grocery Manufacturers Association/Food Products Association
HCA—Hospital Corporation of America
Healthcare Distribution Management Association
Hewlett-Packard
HMS
Illinois Tool Works, Inc.
Institute of Building Technology and Safety (IBTS)
Institute of Scrap Recycling Industries, Inc. (ISRI)
International Bottled Water Association (IBWA)
International Paper
Intuit
Johnson & Johnson
Koch Companies Public Sector, LLC
Kraft Foods Global
LifePoint Hospitals
Lilly USA LLC
Massport (The Massachusetts Port Authority)
MAXIMUS, Inc.
McDonald’s Corporation
McLane Company, Inc.
Mead Johnson Nutrition
Mead Johnson Nutrition
Medco Health Solutions, Inc.
MedImmune, Inc.
Medtronic
Merck & Company, Inc.
Microsoft Corporation
Molina Healthcare
MultiState Associates, Inc.
National Apartment Association
National Association of Home Builders (NAHB)
National Beer Wholesalers Association
National Cable & Telecommunications Association
National Community Pharmacists Association
National Council of State Boards of Nursing, Inc.
National Education Association
National Electrical Manufacturers Association (NEMA)
National Restaurant Association
National Rural Electric Cooperative Association
Nissan North America, Inc.
Norfolk Southern Corporation
Northeast Utilities
Novartis Pharmaceuticals Corporation
Novo Nordisk Inc.
Partnership for Prevention
Pfizer Inc.
Philips Electronics North America
PhRMA
Procter & Gamble
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THANK YOU!
SEASONS GREETINGS
AT THIS TIME OF CARING, SHARING AND GIVING