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senior editor
Jack Penchoff
managing editor
Mary Branham Dusenberry
associate editor
Laura Coleman
graphic design coordinator
Natasha Bullock
proofreader
Chris Pryor
reprint permissions
(800) 800-1910
sales@csg.org
advertising sales
Mohanna & Associates, Inc.
(800)800-0341
info@mohanna.com
publication sales
(800) 800-1910
sales@csg.org
fax
(859) 244-8001
e-mail
statenews@csg.org
internet
www.csg.org

headquarters
Daniel M. Sprague, Executive Director
2760 Research Park Drive
P.O. Box 11910
Lexington, KY 40578-1910
(859) 244–8000

washington
Jim Brown, General Counsel and Director
Hall of the States
444 N. Capitol St. N.W., Suite 401
Washington, DC 20001
(202) 624–5460

eastern
Alan V. Sokolow, Director
50 Broad Street, Suite 520
New York, NY 10004-2315
(212) 482–2320

midwestern
Michael H. McCabe, Director
701 E. 22nd Street, Suite 101
Lombard, IL 60148
(630) 925–1922

southern
Colleen Cousineau, Director
P.O. Box 98129
Atlanta, GA 30359
(404) 633–1866

western
Kent Briggs, Director
1107 9th Street, Suite 650
Sacramento, CA 95814
(916) 553–4423

state

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CSG Affiliates at Work

By Jack Penchoff

Affiliates of The Council of State Governments have made their presence known along the Gulf Coast as those states continue to recover from the ravages of Hurricane Katrina.

In December, 80 treasurers, treasury staff and private sector members of the National Association of State Treasurers helped clean mold and debris from museum pieces and participated in the demolition and restoration of homes in St. Bernard Parish during NAST's Treasury Management Conference in New Orleans.

This month Kerry Holt, communications manager for NAST, reports on that work.

In August 2006, *State News* reported on the work of the Southern Governors' Association in helping with restoration efforts in New Orleans. This month, Lee Stevens, SGA's director of Health Policy and Programs, reports on SGA's health information exchange program. U.S. Health and Human Services Secretary Michael Leavitt has cited the organization's Gulf Coast Health Information Technology Task Force as the benchmark initiative that could lead to a nationwide health information-sharing program.

Health care is also the focus of a report on how states are treading where the federal government fears to go—universal health care.

Karen Imas, publications manager for the Eastern Regional Conference, writes about how three states in the Eastern region have dealt with the issue and pending proposals in other Northeastern states.

Last month we reported that Oklahoma Gov. Brad Henry, CSG president, has made sustainable energy the focus of his President's Initiative. Henry says the growing energy crisis demands attention now, and developing and utilizing alternative energy sources, as well as using traditional energy sources more efficiently, will help address the problem. Doug Myers, CSG energy and environment policy analyst, provides a more specific outline on how CSG will work on the initiative.

The National Emergency Management Association, another CSG affiliate, recently released its biennial funding report. It provides an in-depth analysis based on extensive surveying of state emergency management directors, the individuals appointed by their governors to coordinate disaster preparedness, mitigation, response and recovery. The document also identifies issues that could impact the field in the future, while presenting a historical backdrop. Beverly Bell, policy analyst with NEMA, outlines the report's findings.

A report that is sure to attract a lot of attention in legislative bodies this year is *State Legislator Compensation: A Trend Analysis*. This 36-page publication was written by Dr. Keon Chi, editor-in-chief of CSG's *Book of the States*. This month we present an article with some of the key findings. Among those findings is that over the past 30 years, legislative pay nationwide, when adjusted for inflation, has declined in 28 states and increased in only 22. Collectively, legislative pay during that same period actually declined in current dollars.

The study also includes figures from Puerto Rico.

— Jack Penchoff is CSG associate director of communications and senior editor of State News magazine.

'Decoupling' Provides Win-Win for Utilities, Consumers

The Alliance to Save Energy has partnered with several other energy conservation organizations to help policymakers develop plans that will allow customers to conserve energy while preventing utilities' profits from declining.

The Alliance, the Natural Resources Defense Council, the American Council for an Energy Efficient Economy and the American Gas Association urge state public utility commissions to support gas distribution company decoupling proposals.

The costs of distributing natural gas utilities vary little in relation to the amount of gas delivered to customers. But typical utility rate structures penalize utilities if customers use energy more efficiently—most utilities use a 100-year-old rate design that recovers the fixed costs of their businesses based on volume. This means that under traditional utility rate design, a utility's earnings and profits decline if customers conserve.

"Decoupling" formulas separate the revenue generated from providing gas service to customers from the amount of gas customers use. Decoupling allows the utility to actively promote energy efficiency without having to sacrifice the company's financial stability. It adjusts the actual sales volumes to the sales volumes approved during the last rate case. When sales volumes deviate from the forecast in the rate case, a true-up mechanism adjusts the distribution charge.

Decoupling also delivers benefits for customers. It prevents utilities from increasing profits by increasing sales volumes; additional distribution charges are refunded to customers. It does not shelter the utility from the impact of increased costs but it also does not provide a guaranteed profit. There is no reward or bonus for the utility.

According to the Alliance to Save Energy, decoupling and other innovative rate designs can create a win-win for natural gas utilities and the customers they serve.

To find out more, visit *www.ase.org*.

RAND Study Says Undocumented Immigrants Cost Public Little in Medical Care

The RAND Corporation recently released a report that indicates contrary to popular belief, the public spends little on health care for undocumented immigrants.

RAND worked with Los Angeles County, which has the largest concentration of immigrants in the nation, and interviewed 65 county neighborhoods in 2000 and 2001. Researchers asked non-elderly immigrants about their health status, insurance and whether they were documented or undocumented immigrants. Researchers derived estimates for the county, then applied those statistics to the national level.

The study found:

- Of the nation's $430 billion in medical spending in 2000, native-born residents accounted for 87 percent of the population but 91.5 percent of spending. Foreign-born residents, who include undocumented immigrants, accounted for 13 percent of the population but only 8.5 percent of medical spending. Undocumented immigrants—3.2 percent of the population—accounted for only about 1.5 percent of medical costs.
- Foreign-born residents—particularly undocumented immigrants—use less public funding and pay more out-of-pocket costs than native-born residents.
- Lower medical spending is driven by lower utilization of services. Utilization data from Los Angeles County show that many foreign-born residents had almost no contact with the formal health care system—about a third of undocumented immigrants had never had a checkup. Since Los Angeles County is known as an immigrant-friendly location for services, national estimates may be lower for undocumented immigrant service use.
- A number of reasons account for lower utilization of services, but immigrants—especially undocumented immigrants—appear to be healthier than native-born residents.

RAND researchers indicate that the policy debate over immigration should not focus on health care costs but on a fuller analysis of all the fiscal benefits and costs of illegal immigration. They say the analysis should incorporate taxes paid by immigrants and public benefits received—including public school costs.

The report, which was released in November/December 2006, is available at *www.rand.org/pubs/research_briefs/RB9230*.

States Take Lead to Improve Access to Pediatric Care

The Maternal and Child Health Bureau of the Health Resources and Services Administration reported in December 2006 that state and regional approaches are providing promising practices to extending access to pediatric subspecialty care, including cardiology, emergency medicine, immunology and neurology.

According to the report, gaining timely access to pediatric subspecialists is becoming increasingly difficult in the United States due to a work force shortage in pediatrics. Access expansion efforts include growing existing state and regional networks and strengthening the capacity of primary care providers (PCPs) with more consultation support and coordination from pediatric subspecialists.

Few financial resources are available to support planning, training, information systems and quality improvement mechanisms necessary to achieve organized systems of pediatric specialty care linked with primary care, the report says. Many times, neither public nor private insurance covers the time it takes for physicians to communicate, coordinate and manage chronic conditions. No federal or state funding sources besides Title V, a federal block grant given to states to ensure the health of mothers of children with special needs, are available to directly support costs of the necessary infrastructure.

Despite these challenges, the report identifies 13 promising approaches that expand access, including a mix of sponsorships and partnerships.

For example, North Carolina's plan, Improving Access through Collaborative Care (IMPACC), has formed a statewide coalition of all tertiary care pediatric centers, the majority of pediatric subspecialists in the state, and the state's Medicaid primary care children's case management network to improve access by using practice and financing improvements. IMPACC's goal is to improve access to pediatric subspecialty care in a timely and efficient manner, develop statewide evidence-based management approaches for chronic childhood conditions, reduce costs of care and develop a model for other states for medical home/ medical center collaboration for caring with children with special needs.

To find out how other states are addressing this need, visit *http://www.mchpolicy.org/documents/StateandRegional-PromisingPractices.pdf.*

SSA Report Compares States' SSI Programs

A report released in September by the Social Security Administration provides data and state profiles for programs for Supplemental Security Income (SSI) recipients as of Jan. 1, 2006.

The programs included in the study are state supplementation of federal SSI payments (mandatory and optional), state assistance for special needs, and Medicaid. The characteristics selected for each program are those about which the Social Security Administration receives questions most often from individuals, public and private organizations, and federal and state agencies.

The report focuses on eligibility provisions and levels of assistance for individuals and couples who receive supplementary payments in each state and in the District of Columbia and is organized by living arrangements. It also presents information about federal and state administrative responsibilities for making payments, state criteria for special needs payments, and Medicaid eligibility.

With the exception of New Jersey and Rhode Island, all states and the District of Columbia provided current data for the report. Summaries for each state contain information on state supplementation, state assistance for special needs, and Medicaid.

To facilitate comparisons across states, a section of the report includes four tables that summarize:

- The number of people who receive optional supplementation,
- Selected features of state supplementation programs,
- Selected features of medical programs affecting SSI recipients and the needy, and
- State threshold amounts for blind and disabled individuals to maintain Medicaid eligibility.

The full report is available at the Social Security Administration Web site: *http://www.ssa.gov/policy/docs/progdesc/ssi_st_asst/2006/index.html#preface*.

School Leaders, Feds at Odds about Success of Public School Systems

According to Public Agenda, a nonpartisan opinion research and civic engagement organization, federal officials and local school leaders are at opposite ends of the spectrum regarding successes in state public school systems.

Public Agenda's report indicates that superintendents and educators also have differing opinions. Sixty-two percent of teachers say kids are slipping through the system without learning, but only 27 percent of superintendents agree. In addition, federal officials enforcing No Child Left Behind said last summer that not a single state has met its benchmarks for ensuring more qualified teachers.

More than half of U.S. superintendents consider local schools to be "excellent," and only 23 percent say low standards are a serious problem where they work. But the Department of Education says only 10 states have testing systems that meet its standards. Ironically, 64 percent of superintendents and 67 percent of principals say one of the best ways to help school leaders is to reduce red tape and bureaucracy from school mandates like NCLB.

To view the report from Reality Check 2006, visit *http://www.publicagenda.org/press/press_release_detail.cfm?list=75.*

Legislator Annual Salaries by Region: 1975–2005* (CPI adjusted)

State	1975	1985	1995	2005	Percent change (%) 1975–2005
Eastern					
Connecticut	$20,364.30	$24,063.00	$21,906.66	$28,000.00	37.50%
Delaware	33,323.40	37,020.00	33,984.08	39,785.00	19.39
Maine	14,255.01	13,882.50	13,038.12	11,384.00	-20.14
Massachusetts	46,978.59	55,530.00	60,661.58	55,569.39	18.29
New Hampshire	370.26	185.10	130.71	100.00	-72.99
New Jersey	37,026.00	46,275.00	45,747.80	49,000.00	32.34
New York	87,011.10	79,593.00	75,157.10	79,500.00	-8.63
Pennsylvania	57,760.56	64,785.00	61,432.76	69,647.00	20.58
Rhode Island	1,314.42	777.42	6,333.10	12,646.00	862.10
Vermont	7,942.08	9,193.92	11,291.86	12,705.00	59.97
Puerto Rico	54,452.00	36,301.00	51,260.00	73,775.00	35.49
Average (w/o PR)	30,634.57	33,130.49	32,968.38	35,833.64	16.97
w/o NH (a)	33,997.27	36,791.09	36,617.01	39,804.04	17.08
Median	26,843.85	30,541.50	27,945.37	33,892.50	26.26
w/o NH (a)	33,323.40	37,020.00	33,984.08	39,785.00	19.39
Midwestern					
Illinois	$74,052.00	$60,157.50	$55,243.74	$57,619.00	-22.19%
Indiana	22,215.60	21,471.60	15,162.13	11,600.00	-47.78
Iowa	29,620.80	27,024.60	24,573.10	21,380.54	-27.82
Kansas	12,051.96	8,525.71	7,246.45	6,651.00	-44.81
Michigan	70,349.40	67,598.52	64,249.52	79,650.00	13.22
Minnesota	31,101.84	41,369.85	38,787.60	31,140.90	0.13
Nebraska	17,772.48	8,884.80	15,684.96	12,000.00	-32.48
North Dakota	740.52	7,496.55	5,646.59	7,000.00	845.28
Ohio	64,795.50	58,600.81	55,454.18	56,260.62	-13.17
South Dakota	9,256.50	5,923.20	5,577.31	6,000.00	-35.18
Wisconsin	58,049.36	50,350.90	49,742.24	45,569.00	-21.50
Average	35,455.09	32,491.28	30,669.80	30,442.82	-14.14
Median	29,620.80	27,024.60	24,573.10	21,380.54	-27.82
Southern					
Alabama	$ 3,887.73	$ 1,943.55	$ 1,372.43	$ 1,050.00	-72.99%
Arkansas	4,443.12	13,882.50	16,338.50	14,067.00	216.60
Florida	44,431.20	33,318.00	30,381.77	29,916.00	-32.67
Georgia	26,658.72	13,327.20	14,187.05	16,524.00	-38.02
Kentucky	2,776.95	5,553.00	3,921.24	7,657.65	175.76
Louisiana	11,107.80	31,096.80	21,958.94	16,800.00	51.25

Legislator Annual Salaries by Region: 1975–2005* (CPI adjusted)

State	1975	1985	1995	2005	Percent change (%) 1975–2005
Southern, continued					
Maryland	$46,282.50	$38,871.00	$37,670.05	$40,500.00	-12.49%
Mississippi	29,991.06	18,510.00	13,070.80	10,000.00	-66.66
Missouri	31,101.84	36,138.92	31,779.45	31,351.00	0.80
North Carolina	17,772.48	15,548.40	18,235.07	13,951.00	-21.50
Oklahoma	36,877.90	37,020.00	41,826.56	38,400.00	4.13
South Carolina	62,851.64	18,510.00	13,593.63	10,400.00	-83.45
Tennessee	23,106.08	23,137.50	21,566.82	16,500.00	-28.59
Texas	26,658.72	13,327.20	9,410.98	7,200.00	-72.99
Virginia	20,271.74	20,361.00	23,527.44	18,000.00	-11.21
West Virginia	17,772.48	12,031.50	19,606.20	15,000.00	-15.60
Average	25,374.50	20,786.04	19,902.93	17,957.29	-29.23
Median	24,882.40	18,510.00	18,920.64	15,750.00	-36.70
Western					
Alaska	$54,502.27	$40,981.14	$31,385.60	$24,012.00	-55.94%
Arizona	22,215.60	27,765.00	19,606.20	24,000.00	8.03
California	78,198.91	62,437.93	94,109.76	110,880.00	41.79
Colorado	28,139.76	32,392.50	22,873.90	30,000.00	6.61
Hawaii	44,431.20	28,875.60	41,826.56	34,200.00	-23.03
Idaho	1,851.30	2,832.03	16,155.51	15,646.00	745.14
Montana	3,221.26	4,601.59	3,169.67	3,379.00	4.90
Nevada	6,664.68	5,775.12	5,097.61	3,900.00	-41.48
New Mexico	8,886.24	8,329.50	5,881.86	8,460.00	-4.80
Oregon	19,549.73	17,214.30	17,127.98	16,284.00	-16.70
Utah	5,553.90	5,414.18	4,999.58	5,400.00	-2.77
Washington	14,069.88	25,358.70	33,853.37	34,227.00	143.26
Wyoming	1,666.17	4,164.75	4,901.55	4,500.00	170.08
Average	22,226.99	20,472.49	23,153.01	24,222.15	8.98
w/o CA (b)	17,562.67	16,975.37	17,239.95	17,000.67	-3.20
Median	14,069.88	17,214.30	17,127.98	16,284.00	15.74
w/o CA (b)	11,478.06	12,771.90	16,641.74	15,965.00	39.09

Sources: Various editions of *The Book of the States* and surveys by The Council of State Governments, 2006.

Notes:

*State legislators' annual salaries in this table include annual or per diem salaries paid during regular sessions. These figures do not include pay for special sessions, committee meetings, additional compensation for legislative leaders or per diem expense allowances (lodging, meals, travel, etc.). Biennial salaries are divided to calculate estimated salaries for one year. Per diem rates are multiplied by the number of calendar or legislative days during irregular sessions to calculate annual salaries, as in Arkansas, North Dakota, Oregon, Montana, Nevada and Texas. Kentucky's General Assembly met biennially and paid per diem salaries in 1975, 1985 and 1995.

(a) New Hampshire is excluded from the averages and medians because it has a constant compensation of $100 per year.

(b) California is excluded from the averages and medians because it is the state with the highest legislator compensation.

Chart from *State Legislator Compensation: A Trend Analysis*.

LEGISLATIVE Pay Daze

CSG National Study Finds Legislators' Salaries Lag Inflation

A new CSG study has found legislative salaries haven't kept up with inflation. The salaries for lawmakers are influenced by type of legislature, frequency of sessions and the regions in which legislators serve.

By Jack Penchoff

New Hampshire and California sit on opposite coasts. They also sit on opposite sides of the legislative pay scale. New Hampshire's lawmakers are the lowest paid in the nation at $100 per year. Legislators in California, however, are the highest paid in the 50 state capitols with annual salaries of $110,880.

Yet, lawmakers in both states share something in common with their brethren in the other 48 states—their pay has not kept pace with inflation nor the average salary increases among the general population.

Those are some of the findings in a new publication from The Council of State Governments, *State Legislator Compensation: A Trend Analysis*.

Dr. Keon Chi, editor-in-chief of CSG's annual *Book of the States*, wrote the 38 page report. Using data compiled from *Book of the States* over the past 30 years, Chi and his staff took a comprehensive look at state legislative compensation and the various factors that influence salaries for state lawmakers.

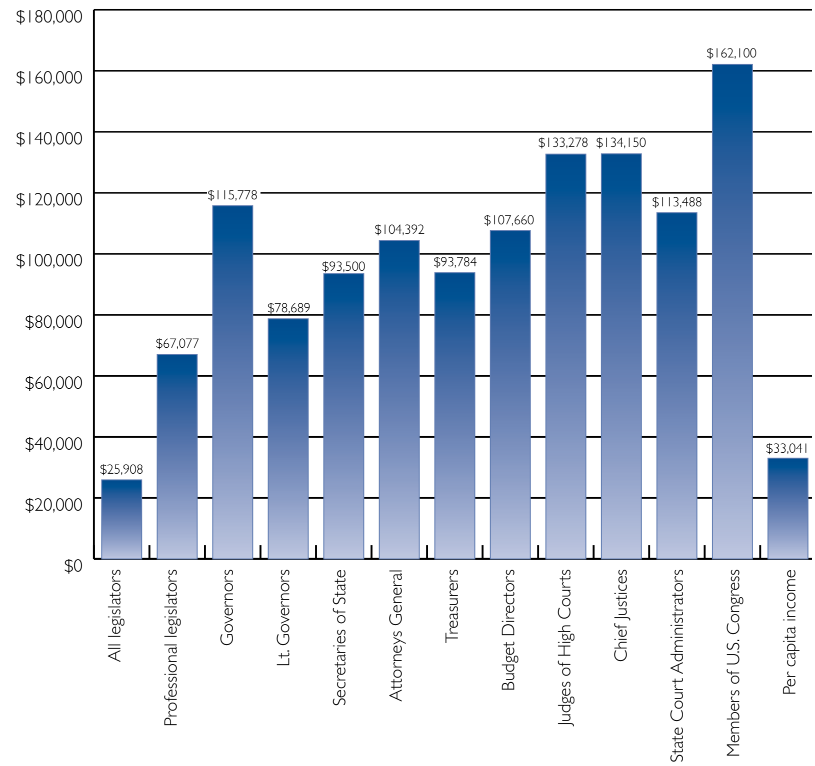
"To my knowledge, this is the first longitudinal analysis that focuses on legislative salaries broken down by types, frequency of sessions and regions," Chi said.

Salaries Decline

Chi's trends analysis shows that since 1975, when adjusted for current dollars, legislators' pay in the majority of states—28—has actually declined. In 22 states, salaries over that same 30-year period increased.

> "Even in California and other states with higher pay, compensation levels have an impact on recruitment, retention and the work of the legislature. If legislators are not paid adequately, then candidates are drawn from a smaller pool. High pay broadens that pool. You can't expect to attract good candidates with pay that is lower when compared to other jobs and professions."
>
> —Dr. Keon Chi

2005 Salary Comparison: Legislative, Executive and Judicial Branches



But even in states where salaries increased, pay did not keep up with inflation.

Between 1975 and 2005, per capita income in the 50 states increased 50.62 percent.

Meanwhile during that same period, annual salaries for legislators declined nearly 7 percent when adjusted for inflation.

In New York, for example, where the legislature is full-time, the annual legislative salary declined 8.63 percent between 1975 and 2005. Meanwhile, per capita income for residents of the Empire State rose 56.92 percent.

Even in some states where legislators' salaries increased in current dollars, gains were much smaller than per capita income in the state.

An example is Massachusetts. Legislative pay for legislators increased 18.29 percent since 1975 when adjusted for inflation. Meanwhile, per capita income in the Bay State increased 85.19 percent when adjusted for inflation over the 30 years included in the report.

Although California's legislators are the highest paid, their inflation adjusted salary increased between 1975 and 2005 by 41.79 percent, about the same increase in per capita income for all residents, 40.41 percent.

Pay influences the interest level of potential candidates for legislative offices, said Chi.

"Even in California and other states with higher pay, compensation levels have an impact on recruitment, retention and the work of the legislature," said Chi. "If legislators are not paid adequately, then candidates are drawn from a smaller pool. High pay broadens that pool. You can't expect to attract good candidates with pay that is lower when compared to other jobs and professions."

Types of Legislatures

Among the factors that impact legislative compensation, according to the report, is the type of legislative body—professional, citizen or a hybrid of the two.

Professional legislatures are generally comprised of full-time legislators who have no legal limits on the length of their regular sessions. The nine states with professional legislatures also are the nine highest paid—California, Illinois, Massachusetts, Michigan, New Jersey, New York, Ohio, Pennsylvania and Wisconsin.

In 2005, the average salary in professional legislatures was $67,077.22. That's a 5.13 percent increase for those states since 1975. In four of those states—Illinois, New York, Ohio and Wisconsin—salaries during that period declined when adjusted for inflation.

Citizen legislatures are the lowest paid. Citizen legislators generally hold full- or part-time jobs outside the legislature and spend less time on legislative work. In 2005, legislators in those 18 states earned an average salary of $9,158, which was 12.4 percent lower than the average for those 18 states 30 years earlier.

Hybrid legislatures possess some of the characteristics of professional and citizen legislatures. In 2005, legislators in those 23 states earned an average of $22,907, a 16.22 percent decline in pay when adjusted for inflation.

Professional Legislator Annual Salaries by State: 1975–2005* (CPI adjusted)

State	1975	1985	1995	2005	Percent change (%) 1975–2005
Professional					
California	$78,198.91	$62,437.93	$94,109.76	$110,880.00	41.79%
Illinois	74,052.00	60,157.50	55,243.74	57,619.00	-22.19
Massachusetts	46,978.59	55,530.00	60,661.58	55,569.39	18.29
Michigan	70,349.40	67,598.52	64,249.52	79,650.00	13.22
New Jersey	37,026.00	46,275.00	45,747.80	49,000.00	32.34
New York	87,011.10	79,593.00	75,157.10	79,500.00	-8.63
Ohio	64,795.50	58,600.81	55,454.18	56,260.62	-13.17
Pennsylvania	57,760.56	64,785.00	61,432.76	69,647.00	20.58
Wisconsin	58,049.36	50,350.90	49,742.24	45,569.00	-21.50
Average	63,802.38	60,592.07	62,422.07	67,077.22	5.13
w/o CA (a)	62,002.81	60,361.34	58,461.11	61,601.88	-0.65
Median	64,795.50	60,157.50	60,661.58	57,619.00	-11.08
w/o CA (a)	61,422.43	59,379.15	58,057.88	56,939.81	-7.30

Regions

The report includes regional information. Tables in the report show that in 2005 legislators in the Eastern Region were the highest paid. At $35,833, their salaries were nearly double the average legislators in the South are paid. Three states in the East, however, had an inflation-adjusted net decrease in pay between 1975 and 2005. Those were Maine, New Hampshire and New York.

In the Midwest, average salaries in 2005 were $30,442.82, a 14.14 percent decline from 1975 when adjusted for inflation. That decline is reflected in the fact that there were no increases in eight of the 11 Midwest state legislatures between 1975 and 2005 when pay is adjusted for inflation.

In the South, basic compensation for lawmakers between 1975 and 2005 declined in 11 of the 16 states. In Alabama and Texas, there was no change in legislative salaries between 1975 and 2005, resulting in a 73 percent decline when adjusted for inflation. The five states with increases, when adjusted for inflation, were Arkansas, Kentucky, Louisiana, Missouri and Oklahoma. Southern lawmakers earned an average of $17,957 in 2005. Overall, Southern legislatures' average pay declined 29.23 percent between 1975 and 2005 when adjusted for inflation.

In the West, legislators' average salary in 2005 was $24,222. However, remove California's salary figures and the rest of the West averaged only $17,000, below that of the South.

While average legislative pay in the West increased an inflation adjusted 8.98 percent between 1975 and 2005, the average pay for Western legislators actually declined 3.2 percent when California's figures are not used.

Other Compensation

The report includes tables and charts on other forms of legislative compensation, including expense allowances, per diems and retirement benefits.

"Some states are generous with their per diem expenses allowances, therefore salaries are not the only indicator of total compensation," Chi said. "Expenses, retirement and health care benefits are highlighted in the report."

Chi also uses data to compare legislative salaries with those of other elected and judicial officials. While acknowledging that most state legislators are part time, he uses for his comparison the averages of the nine professional legislatures. State high court justices, for example, earn a national average of $133,278, nearly double the salaries of the average lawmaker in professional legislatures.

Executive branch offices included for comparison, and all higher with higher salaries than legislators, are governors, lieutenant governors, secretaries of state, attorneys general, treasurers, budget directors and state court administrators.

—Jack Penchoff is CSG associate director of communications and senior editor of State News magazine.

State Legislator Compensation: A Trend Analysis is available through CSG for $45. CSG members receive a 20 percent discount. For a copy, call 800-800-1910.

Learning to Compete

The EPSCoR Experience in West Virginia

EPSCoR has played a major role in West Virginia's efforts to carve a niche in the new, knowledge-driven economy. Other states can benefit from similar programs.

By Joe Manchin III and Earl Ray Tomblin

As a result of investments by EPSCoR and the state, students have access to state-of-the-art research equipment in West Virginia University's new nanotechnology clean lab.

During his 2006 State of the Union address, President George W. Bush announced the American Competitiveness Initiative. This initiative called for doubling the federal commitment to basic research, making the federal research and development tax credit permanent, and training thousands of additional math and science teachers.

In September 2006, Sen. Bill Frist, R-Tenn., and Sen. Harry Reid, D-Nev., introduced, with 41 co-sponsors, the bipartisan National Competitiveness Investment Act in response to the growing concerns about America's declining ability to compete in the global, 21st century economy.

As these proposals demonstrate, the words "competitiveness" and "research" are figuring prominently in policy discussions at the federal level. The same is true in every state. In West Virginia, we are striving to stimulate economic development through research, innovation, and math and science education from elementary school through graduate study. In the midst of these discussions, it is important to note the success of one program that has focused on competitiveness and research for the last quarter-century: the Experimental Program to Stimulate Competitive Research, commonly known by its acronym, EPSCoR.

Congress created EPSCoR in 1979 to increase scientific research capacity in states that historically receive small amounts of federal research and development funding. West Virginia was one of five charter EPSCoR states when the program began operating in 1980. Arkansas, Maine, Montana and South Carolina were the other four.

West Virginia has benefited tremendously from its participation in EPSCoR, and the purpose of this article is to provide an overview of the role EPSCoR has played in our state's efforts to carve a niche in the new, knowledge-driven economy. We also hope this article will contribute to the ongoing national dialogue about the essential role that all states—not only the traditional research powerhouses—must play in helping America maintain its economic and intellectual leadership in a rapidly changing world.

The West Virginia EPSCoR Experience

In 2001, West Virginia received a $9 million grant from the National Science Foundation to improve our state's research infrastructure. Using this grant as a catalyst, West Virginia EPSCoR expanded our research capacity. In 2004, the governor proposed, and the state legislature approved, the dedication of 0.5 percent of limited racetrack video lottery revenue each year (approximately $4 million) to the Research Challenge Fund, which the West Virginia EPSCoR Office oversees.

This unprecedented investment of state funds for research represented a major step forward for West Virginia. We recognized the investments other states around us—for examples, Kentucky's "Bucks for Brains" program and Ohio's "Third Frontier" initiative—were making in research and education, and we realized that we needed to play catch-up.

There have been four keys to maximizing the use of this new state investment. The first key for West Virginia was to invest in research projects that were linked to our state's economic development goals and priorities. By statute, projects that receive grants from the Research Challenge Fund (RCF) are held accountable for specific economic development outcomes.

Collectively, the first five winners of RCF grants have formed four start-up companies with 17 full-time and nine part-time employees. RCF grantees have also generated 13 current or pending patent applications, three new licensed products, almost $20 million in competitive federal grants and $2.3 million in venture capital in just the last three years. These are the kind of results that help policymakers justify a continued investment in research.

The second key was to build on our current strengths. We are the second-leading coal-producing state in the nation, and we are home to the federal National Energy Technology Laboratory, which means we have the opportunity to be a leader in new techniques like coal liquefaction and the use of clean coal technologies. West Virginia is also home to the Center for Identification Technology and Research and the nation's largest undergraduate academic program in forensic science. We have three medical schools that combine excellence in cutting-edge research with commitment to health care in rural communities. Therefore, the areas of emphasis for our research agenda include energy technologies, identification technologies, biotechnology and nanoscale engineering.

The third key for West Virginia was to diversify its investment. Funding for project-based research is critical, but we also need to invest in educational opportunities that will allow us to "grow our own" and create the next generation of West Virginia scientists, engineers and technicians.

As a result, the Research Challenge Fund also supports two Governor's Schools for Math and Science—one at the state's research-extensive institution, West Virginia University, and another at the National Radio Astronomy Observatory located in our eastern mountains. These schools serve 150 talented eighth and ninth graders each summer, and inspire them to pursue careers in science and research. The RCF also funds summer research experiences for undergraduates and nationally competitive stipends for graduate students in the sciences and engineering. By starting as early as middle school, our goal is to create a pipeline of students who will stay in West Virginia to fill the good-paying, high-tech jobs of the 21st century.

The fourth and final key for West Virginia was to integrate research into a long-term strategic plan that would guide our policy and budgetary actions and lead to sustained economic growth. The State EPSCoR Advisory Council led the planning process that resulted in "Vision 2015: West Virginia's Science and Technology Strategic Plan."

The vision statement of Vision 2015 is, "By 2015, research and innovation will be the number one driver of West Virginia's new, diverse, and prosperous economy." The plan contains 16 goals, including a 10 percent increase in the number of science-related doctorates awarded each year through 2015, a 10 percent increase in the number of science-related jobs created each year through 2015, and a 20 percent increase in the number of scientific researchers at Marshall and West Virginia universities.

Each goal is clearly assigned to specific individuals, such as our university presidents and the EPSCoR and economic development directors. When the time comes to check on progress toward these goals, we will know exactly who to call and what to ask.

Leave No State Behind

Naturally, West Virginia's EPSCoR experience differs from the experiences of other states. The more important common denominator is that every successful example of regional or state high-tech economic development in the United States over the last 50 years has depended on a robust research and innovation network, consisting of higher education institutions, public schools, private businesses and nonprofit organizations.

Think about the Research Triangle in North Carolina, California's Silicon Valley, Route 128 in Boston, and Northern Virginia. These places have high quality K-12 science and mathematics education and a strong commitment to basic research. They are proactive about recruiting students and employees in high-tech fields, and they have legal, tax, regulatory and technology policies that are conducive to research and innovation. In short, they are examples of what we should all be doing to stimulate economic development in the 21st century.

The good news is that in all states, we can point to best practices and success stories that produce positive results. There are lessons that EPSCoR states can learn from high-performing states such as California and North Carolina. Likewise, EPSCoR states have much to offer the nation, including unique strengths such as energy research in coal-rich states such as West Virginia and Wyoming. Our collective challenge is to harness the power of researchers in

> By 2015, research and innovation will be the number one driver of West Virginia's new, diverse, and prosperous economy.
>
> *—Vision statement of Vision 2015*

every state and put that power to work for the good of the nation.

The dominant theme in education policy over the last six years has been no child left behind. When it comes to our nation's ability to compete in the global economy, we must ensure that no state is left behind, because every state, their students and their citizens have important contributions to make to the nation's competitiveness. The 25 states and two jurisdictions that make up EPSCoR represent 20 percent of the U.S. population, 25 percent of the research and doctoral universities, and 18 percent of the nation's scientists and engineers. That is why we believe in the value and power of EPSCoR—both as a catalyst for improvement within our respective states and as a contributor to America's increased competitiveness in the global economy.

—Joe Manchin III is the governor of West Virginia and Earl Ray Tomblin is West Virginia Senate president and lieutenant governor. Tomblin is also the past chair of The Council of State Governments.

Relevant Web sites:

National Science Foundation EPSCoR:
http://www.nsf.gov/ehr/epscor/about.jsp

EPSCoR Foundation:
http://www.epscorfoundation.org/

West Virginia EPSCoR:
http://www.wvepscor.org

Text of West Virginia's Vision 2015 Strategic Plan:
http://www.wvepscor.org/library/files/vision2015.pdf

EPSCoR: A National Infrastructure Program

The National Science Foundation (NSF) established the Experimental Program to Stimulate Competitive Research (EPSCoR) in 1979 in response to congressional concerns about the geographic concentration of federal support for academic research and development. EPSCoR is designed to fulfill the NSF mandate to promote scientific progress nationwide.

EPSCoR is directed at those jurisdictions that have historically received lesser amounts of NSF Research and Development funding. Twenty-five states, the Commonwealth of Puerto Rico and the U.S. Virgin Islands currently participate. Through this program, NSF establishes partnerships with leaders in state government, higher education and industry to effect lasting improvements in a jurisdiction's research infrastructure and its national research and development competitiveness.

EPSCoR eligible jurisdictions are Alabama, Alaska, Arkansas, Delaware, Hawaii, Idaho, Kansas, Kentucky, Louisiana, Maine, Mississippi, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Dakota, Oklahoma, Puerto Rico, Rhode Island, South Carolina, South Dakota, Vermont, Tennessee, West Virginia, Wyoming and the Virgin Islands.

Participating federal agencies are the departments of Agriculture, Defense and Energy, the Environmental Protection Agency (EPA), the National Aeronautics and Space Administration (NASA), the National Institutes of Health and the National Science Foundation.

Not all states participate in every agency program. Eligibility is based on the research and development competitiveness of each state within the participating federal agency.

By stimulating competitive research and promoting broad excellence in education, EPSCoR helps improve access to high-quality education and front-line research, expand economic opportunity, create jobs and improve quality of life for residents in all regions of the nation.

"When it comes to our nation's ability to compete in the global economy, we must ensure that no state is left behind, because every state, their students and their citizens have important contributions to make to the nation's competitiveness."

Less Money, MORE WORK

Key Findings from the NEMA 2006 Biennial Report

The just-released 2006 Biennial Report from the National Emergency Management Association reveals ever-increasing responsibilities for state emergency management agencies, an ongoing struggle for adequate federal funding, and states leading the way in continuous improvement for their emergency management programs.

By Beverly Bell

In 2005, the country witnessed one of the worst natural disasters with Hurricane Katrina. During the same year, state spending on emergency management actually dropped as compared to FY 2003.

That's just one of the surprising findings in the 2006 Biennial Report, which was recently published by the National Emergency Management Association, a CSG affiliate. First issued in 1996, the report is the most comprehensive compilation of 2005 emergency management data and information available. It provides an in-depth analysis based on extensive surveying of state emergency management directors, the individuals appointed by their governors to coordinate disaster preparedness, mitigation, response and recovery. The document also identifies issues that could impact the field in the future, while presenting a historical backdrop.

The spending totals speak for themselves: States dedicated $2.105 billion to emergency management in 2003 and $1.227 billion in FY05, a reduction of more than 41 percent. It should be noted that the 2003 amounts included spending for homeland security, which might account for some of the difference. However, when the 2005 numbers are compared to those of 1999—before most states had designated homeland security offices or divisions—there is also a substantial decrease. State spending on emergency management increased steadily throughout the 1990s and was estimated at $1.925 billion in FY 1999. But six years later, spending had decreased by 36 percent.

Fewer Dollars, More Mandates

At the same time state emergency management budgets were losing ground, federal dollars weren't keeping pace. The Emergency Management Performance Grant (EMPG) is the primary federal funding available to state and local governments for all-hazards planning, training and exercises as well as some personnel costs. The 2006 Biennial Report has found that the program's shortfall is now an estimated $287 million, significantly higher than an earlier shortage of $260 million. The program did receive increases from 2002 to 2004, but this followed 10 years of flat funding. The fear is that as the gap grows, the nation's ability to respond to disasters of all types is seriously compromised.

Compounding the issue is the fact that state emergency management agencies are being tasked with more homeland security responsibilities. This is particularly true when it comes to three national priorities as identified by the U.S. Department of Homeland

Security: the National Response Plan, the National Incident Management System (NIMS) and the National Preparedness Goal. In all three cases, these are assigned most frequently to emergency management—not the state homeland security agency—for implementation.

The National Response Plan is an all-hazards approach to domestic incident management, required by a presidential directive (HSPD-5). In 32 states, NRP implementation is handled by emergency management. The second priority, NIMS, is meant to be a consistent framework for a jurisdiction to manage any incident, regardless of the cause, size or complexity. Its implementation on the state level is similar to the NRP, with emergency management having the primary responsibility in 32 states.

The National Preparedness Goal provides priorities and targets in building, sustaining and improving this country's ability to manage any threat or hazard. Twenty-five states assign this responsibility to emergency management.

Finally, the same trend holds true for risk and vulnerability assessments within the states. These assessments are conducted to identify those weaknesses and hazards with the greatest potential to affect lives and property; and determine the likelihood, vulnerability and magnitude of such events occurring, and what the result would be. The thinking is that once threats have been identified, they can be mitigated and steps can be taken to avoid an incident. Emergency Management takes the lead on conducting these assessments in 18 states.

And while all are important to national security, the report shows that at the state level, they represent more federal mandates that aren't supported by adequate funding.

States Offering More Help in Disasters

Despite continuing budgetary demands, more states are taking proactive steps to offer more aid to their citizens during times of disasters.

Federal assistance is an option for large-scale disasters and emergencies. However, most events never receive a presidential disaster declaration and must be handled by state and local government.

The 2006 Biennial Report shows that many states have established their own state-funded assistance programs. These programs help individuals and families repair damaged homes, and business owners to reopen their doors. Thirty-eight states provide some kind of assistance, either in the form of public assistance, individual, unmet needs and/or other assistance. Funding comes from a variety of sources including general state money appropriated through the legislature, governor, emergency or disaster funds and state contingency funds.

Pay Less Now or More Later

So how is emergency management money being used? Of the $1.227 billion in FY05 state spending, $794 million was dedicated to response and recovery. This means that nearly 65 percent was spent after disasters had occurred. In contrast, $433 million—or only 35 percent—was spent on preparing for disasters and trying to reduce the devastation of future disasters by implementing mitigation projects.

In fact, since 1999, spending on mitigation projects—which help reduce the devastation caused by future disasters—has decreased by 75 percent, while response and recovery expenditures have gone up by more than 18 percent.

Seven years ago, mitigation spending totaled $498 million, and response and recovery was at $672 million. In 2003, mitigation spending fell to $310 million, but response and recovery spending had increased to $746 million. The cycle continued in 2005 when mitigation spending decreased again, this time to $122 million. Response and recovery spending went up to $794 million.

The data from the report is particularly worrisome, since mitigation investment has been shown to reduce the impact of future disasters, save lives and money. A 2005 report published by the Multihazard Mitigation Council—"Natural Hazard Mitigation Saves: An Independent Study to Assess the Future Savings of Mitigation Activities"—found that every $1 of federal funds spent on mitigation grants from the Federal Emergency Management Agency leads to an average of $3.65 in avoided post-disaster relief costs and increased federal tax revenues.

The worst incremental decline in the NEMA data was from

The 2006 Biennial Report has found that the Emergency Management Performance Grant (EMPG) program's shortfall is now an estimated $287 million, significantly higher than an earlier shortage of $260 million. The program did receive increases from 2002 to 2004, but this followed 10 years of flat funding.

2003 to 2005 when spending on mitigation projects plummeted by nearly 61 percent. The drop could be attributed to a reduction in the funding formula beginning in FY2003 when Congress cut state hazard mitigation funds from 15 percent to 7.5 percent of disaster costs. Recent reform legislation eliminated the 7.5 percent restriction, but the cap had already forced states either to reduce the amount they spent on critically needed mitigation programs; suspend buy-out assistance programs for flooded communities; or eliminate projects all together.

Defined as those activities that reduce or eliminate the degree of risk to human life and property, mitigation includes projects such as purchasing property that is repeatedly flooded; rebuilding structures at a higher building code or coastal restoration work that diminishes hurricane destruction.

Change is the Only Constant

The 2006 Biennial Report also confirms what those in emergency management and homeland security already know: Organizational structures for these two important functions continue to undergo constant change, with no sign for a clear preference.

For example, in 13 states, the emergency management agency is located within the department of public safety; in 16 states, it is located within the military department under the auspices of the adjutant general; and in 13 states, it is located within the governor's office.

The same inconsistent approach holds true in the area of homeland security. While each state has a designated homeland security point of contact, who fulfills these responsibilities varies. Twenty-four states have established a unique position of homeland security adviser/director. However, in nine states, the emergency management director is the primary point of contact, and in seven states it is the adjutant general. In another seven states, public safety secretaries/commissioners serve in the position.

In some cases, these individuals manage homeland security grants and budgets; in other cases, they have very limited responsibilities. The differing structures speak to the challenges states face in assimilating a homeland security role into their emergency management systems. They also indicate that the relationship between the two roles is still being defined.

Using Standards to Make Programs Better

There's been a lot of focus at the federal level on establishing standards to evaluate current emergency management capabilities. Another surprising finding in the 2006 Biennial Report is that states are way ahead of the curve when it comes to this issue. While the federal government is still discussing what standards and methods should be used, an overwhelming majority of states—46—are already making use of established standards to assess capabilities and address shortfalls in their emergency management programs.

One appraisal method they utilize is the Emergency Management Accreditation Program (EMAP). The EMAP process includes a voluntary self-assessment and documentation; on-site assessment by a team of independent assessors; committee review and recommendation; and an accreditation decision by an independent commission.

According to the report, 11 states require local jurisdictions to use EMAP standards in developing annual work plans. This trend of using standards could have far-reaching implications because regardless of their size or scope, all disasters start as local events. Standards would result in a more comprehensive emergency management program at the local level, which would mean greater capability when a disaster occurs.

Mutual Aid Growing

As demonstrated in the 2005 hurricane season, the mutual aid system in the U.S. continues to strengthen. The Emergency Management Assistance Compact (EMAC), a national mutual aid agreement that allows support across state lines when a disaster occurs, played a key role in the response to hurricanes Katrina and Rita. By spring 2006, the compact had deployed nearly 66,000 people from 48 states, at a cost of more than $830 million.

Thirty-five states now have established similar structures within their own borders. These intrastate agreements allow jurisdictions to help one another while having provisions in place to address reimbursement, liability and workers' compensation issues. In comparison, only 27 states had intrastate agreements two years earlier. Thirty-six states have also created regional mutual aid mechanisms. This bodes well for faster, stronger and more efficient disaster response and recovery.

Similar to previous editions, the 2006 Biennial Report conveys a complex discipline that faces the ongoing struggle between adequate funding and the primary mission of saving human life and protecting property. Given the recurring demands on state budgets as well as federal programs, this pressure shows no sign of abating.

Complimentary copies of the NEMA 2006 Biennial Report were sent to all governors, state emergency management directors, homeland security advisers, key members of Congress, and others. The full report is available for purchase at *www.nemaweb.org.*

—Beverly Bell is a policy analyst with the National Emergency Management Association.

Energy in ACTION

New CSG President's Initiative Focuses on Sustainable Energy

Oklahoma Gov. Brad Henry, the 2007 president of The Council of State Governments, has selected sustainable energy as his President's Initiative. Henry says the growing energy crisis demands attention now, and alternative energy sources, as well as enhanced use of traditional energy sources, will help address the problem.

By Doug Myers

"As so often happens in this great country, it is the states—led by responsible men and women of both parties, representing a spectrum of viewpoints—who are leading the way with meaningful action."

—Gov. Brad Henry
2007 CSG president

The growing energy crisis in the United States and the world needs to be addressed now, Gov. Brad Henry of Oklahoma says.

"The reality of periodic oil shortages, erratic fluctuations in gas prices, threats to our economy and security, and growing environmental concerns illustrate … the need for immediate action," Henry said when he addressed CSG's national conference in Phoenix Dec. 2, 2006.

As the new Council of State Governments' president, Henry has chosen sustainable energy as the 2007 President's Initiative.

Under the President's Initiative, CSG will examine the changing role of traditional energy sources and alternatives to conventional electricity generation and liquid fuel sources. CSG will also investigate state government roles in emerging technologies, energy efficiency and reduced emissions practices, and the development of new energy infrastructure. Ultimately, CSG will share a range of policy options and best practices for providing abundant, economic, clean and secure energy in the 21st century.

Reliance on Oil, Natural Gas, Coal

Our nation relies heavily on oil, natural gas and coal for both electricity generation and liquid fuel. Today, however, these traditional sources of energy are under increasing scrutiny for four primary reasons: regional supply volatility, questionable reserves of oil and natural gas, adverse environmental impacts, and increasing prices.

"More than 60 percent of our nation's oil comes from foreign sources," Henry said. "That amounts to approximately $320 billion each year that the United States spends on imported oil. And that reality has created a dangerous dependence on a number of foreign nations that are openly hostile to the United States."

Though higher prices have spurred further oil and gas exploration, the number of successful hits per exploratory well has dropped significantly over the past decade, according to a 2005 report by Robert L. Hirsch. For many experts, this indicates we have reached or are approaching peak production. Therefore, Hirsch says, "… conventional oil supply will no longer be capable of satisfying world demand. At that point world conventional oil production will have peaked and begin to decline."

With increased competition from expanding Chinese and Indian economies, the availability of oil supplies will remain precarious.

An additional problem posed by dependence on traditional energy sources is the environmental impact associated with their production and use. Carbon dioxide, methane and nitrous oxide emissions caused by fossil fuel combustion have been shown to contribute to global climate change and air and water quality degradation, and have potentially serious health consequences.

The increased cost of natural gas and oil also adversely impacts businesses, state governments and citizens. High natural gas prices have already sparked problems in many regions of the country, particularly among the poor and elderly, who are often ill-equipped to afford increased prices. According to a recent Associated Press story, families find it difficult to keep up with the rising cost of winter heating bills even with federal and state heating assistance programs.

Alternative and Traditional Energy

Renewable sources of energy currently account for only 6 percent of total U.S. energy use. However, a recent RAND Corporation study found that increasing renewable energy market penetration to 25 percent is highly feasible over the next 20 years and there are myriad benefits for doing so, including more stable long-term prices; displacement of as much as 2.5 million barrels per day of oil; reducing carbon dioxide emissions by nearly a billion tons by 2025, which would be easier with expansion of renewable energy sources; and relying less heavily on a fluctuating natural gas market for power producers. Furthermore, the RAND study indicates that policymakers can anticipate reductions in energy expenditures within a decade by expanding renewable energy.

In addition to renewable energy sources, enhanced use of traditional sources is becoming more prevalent. These include clean coal technology, shale oil, coal liquefaction/gasification and clean diesel. According to the Hirsch report, the U.S. has an estimated 2 trillion barrels of shale oil, and vast reserves of coal from which to produce liquid fuels. And the Department of Energy maintains that clean coal technology such as coal gasification to produce electricity has increased energy efficiency and minimized environmental impact over traditional coal production practices.

Emerging Practices

Increasing the energy efficiency of cars and buildings has the potential to impact U.S. dependence on fossil fuels in the near-term. Increased fuel economy standards in automobiles will help curb both U.S. oil consumption and emissions. Improved building standards or "green" codes will also help curb energy use and emissions. Furthermore, carbon sequestration—the capture and storage of carbon dioxide to prevent it from being absorbed in the atmosphere—can potentially be used to reduce this greenhouse gas.

Oil, natural gas and coal will remain an integral part of the U.S. energy portfolio for the foreseeable future. However, to cope with changing global conditions, the role of these traditional fossil fuels should be integrated into a new energy mix that includes alternative sources and energy efficiency.

"The means to transport food to the market, medicine to hospitals, and raw products to production—the very energy that fuels our economic engine—is at risk," Henry said. "The ramifications of a major disruption in our fuel supply are nothing short of catastrophic. Energy binds the fabric of our economy, and our economic well-being depends on it."

It is for these reasons, he said, that "we must undergo an energy paradigm shift in America, (for) we will need every tool to face the challenges of energy production and usage in the 21st century and beyond."

—Doug Myers is an energy and environment policy analyst with The Council of State Governments.

> "We owe it to current and future generations to embark on effective strategies to create and strengthen sustainable energy."
>
> *—Gov. Brad Henry*
> *2007 CSG president*

What CSG is Doing

CSG's National Spring and Annual Meetings

A special plenary session on sustainable energy practices will be held during CSG's 2007 spring meeting in Puerto Rico. Policy workshops led by nationally known experts will be held at upcoming spring and annual meetings to discuss state solutions for sustainable energy.

Targeted Articles in *State News* Magazine

Throughout the upcoming year, *State News* will highlight trends and innovative policies for sustainable energy.

Stand-alone Publications

State policies that increase efficiency and promote alternative energy development will be highlighted through a series of stand-alone issue briefs.

Reaching Targeted Audiences

CSG will seek financial support for a special forum for state officials on sustainable energy problems and solutions. The conference would discuss possible state responses and options to the myriad energy issues facing states.

Policy Tracking

Over the next year, CSG staff will track and highlight innovative energy legislation and practices. Staff will focus on tracking effective state programs and legislative solutions that promote sustainable energy. Selected programs will be highlighted in CSG's Innovations Awards Programs.

Internet Outreach

CSG will make all of this research available to the public through its Web site, *www.csg.org*. The Web site will also include a biofuels and biobased products database, which will include the availability and description of said products in each state, enacted legislation and executive orders pertaining to biofuels and biobased products, and contact information regarding the product's supplier.

"For under $250 a month, we could address the needs of the working uninsured with a basic health insurance package that would include a full prescription package, laboratory services and pre- and post-natal care."

—*Connecticut Gov. Jodi Rell*

Several states are implementing comprehensive health care reform plans, bringing the issue to the forefront of national discussion 10 years after the Clinton health proposal failed.

By Karen Imas

State legislatures, faced with the challenges of a booming uninsured population nearing 46 million nationwide, are taking the lead in implementing universal health care plans. With increased tax revenues, states are using the better economic conditions to offer a variety of new programs, often public-private partnerships, ranging from providing health insurance for all children (in Illinois) to legislation requiring that all adults obtain health insurance (in Massachusetts).

A recent report by the Kaiser Commission on Medicaid and the Uninsured found that states' revenue growth, after a decade of skyrocketing Medicaid spending, is helping governors move forward with comprehensive health care reform.

Three states are at the forefront—Maine, Vermont and Massachusetts. Recent reforms in these states have grabbed the nation's attention and serve as a catalyst for discussion of creative expansion options at both the state and federal levels. The tides may be changing since the Clinton health reform proposals failed 10 years ago.

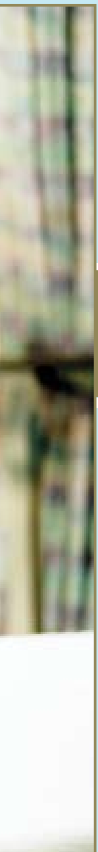
While states are at the forefront of reform, proposed programs do not rely on the state to be the "single payer," the insurer of last resort for everyone. Instead, most policy changes are designed to increase affordability for various populations.

Feds Look to States for Models

States are doing something right by taking a more proactive role in health care delivery, and Congress is watching closely. Three similar bills have been introduced in Congress that would encourage states to find ways to make the health care system work better. Sens. George Voinovich of Ohio and Jeff Bingaman of New Mexico introduced the first bill in May 2006. Sen. Russ Feingold introduced his own bill, the State Based Health Reform Act, in July.

Under Feingold's plan, "the federal government would help a few states provide health insurance for all their citizens, but leave it up to those states to decide how they want to go about it. Rather than directing states to implement a specific health care system, the bill provides a flexible approach that allows states to try innovative ways of achieving universal coverage."

Wisconsin Rep. Tammy Baldwin, who has backed the idea for



Under the Microscope

States Serve as Laboratories for Universal Health Care Programs

several years, and Georgia Rep. Tom Price, along with two other co-sponsors, also introduced a bill in July. These bipartisan approaches encourage more states to experiment with coverage expansion and cost-containment—the types of reforms achieved in Massachusetts, Maine and Vermont, and of ongoing reform discussions in states such as Illinois, Colorado, Washington, New Mexico and Oregon.

There seems to be bipartisan consensus that Congress will not be able to agree on health care reform. Given the massive cost of health care reform at the federal level, states are the ideal litmus test for various programs. The state proposals would be reviewed by a commission or task force and the most promising ones would be sent to Congress for fast-track approval.

States are customizing health care reforms to their particular needs often with bipartisan legislative consensus. In both Massachusetts and Vermont, laws were passed by Democratic-controlled legislatures and signed into law by Republican governors. The following are innovative programs across the country:

Massachusetts

In 2006, Massachusetts pioneered a market-based system for universal health care, leveraging significant federal funding. By mid-2007, the state will require all residents to obtain health insurance or pay a penalty.

New and affordable policies and subsidies will be created to enable compliance with the mandate. In addition, employers will be required to make a "fair and reasonable" contribution to the cost of coverage for their employees or pay a penalty.

All four Medicaid health plans are participating in the new program. Outreach, public education campaigns, public health initiatives and quality benchmarking activities are moving forward. The Health Care Quality and Cost Council is building a price transparency Web site for consumers and payers with cost and quality information on services and providers.

The state began enrolling uninsured individuals who earn less than the federal poverty level in October. Those enrollees are not required to pay any monthly premiums and would be responsible for very small co-payment fees for emergency room visits and other services. Starting Jan. 1, those earning between that amount and three times the poverty level are able to buy subsidized policies with premiums based on their ability to pay.

Policymakers believe the plan can be achieved without imposing new taxes or borrowing money because financing would come largely from funds now being used for other health care expenses, such as reimbursing hospitals for care they provide to uninsured residents. It will be up to the new governor, Deval Patrick, to carry the plan forward. Both Maine and Vermont have passed health care coverage expansions that aim for universal coverage in their states, but stop short of requiring individuals to purchase insurance.

Maine

Maine's Dirigo Health Reform Act drew national attention when it was signed into law in 2003 by Gov. Jon Baldacci, making it the first state in recent years to enact legislation aimed at providing universal health care access.

The law, which went into effect Jan. 1, 2005, is designed to contain health care costs, improve quality and ensure access to health care for all. The key vehicles for coverage expansion are a health insurance product for small businesses, self-employed

> "The federal government would help a few states provide health insurance for all their citizens, but leave it up to those states to decide how they want to go about it. Rather than directing states to implement a specific health care system, the bill provides a flexible approach that allows states to try innovative ways of achieving universal coverage."
>
> *—State Based Health Reform Act*
> *Proposed by U.S. Sen. Russ Feingold*

and unemployed Mainers with subsidies for low-income people, and expansion of Medicaid to additional parents and adults without dependent children.

The Dirigo Choice health insurance program had 12,153 enrolled at the end of October 2006.

A Blue Ribbon Commission examining Dirigo recently approved a set of recommendations that includes looking into the idea of mandated employer group coverage for workers and requiring individuals above certain income levels to get coverage for themselves. The commission also expressed support for new taxes to expand the program.

Funding for Dirigo has come under scrutiny from some legislators who dismiss the initiative as too costly and ineffective and for stifling competition for other private insurers. However lawsuits challenging the funding mechanism, a savings offset payment recouping savings to the system due to fewer uninsured, have been unsuccessful. If the legislature doesn't approve new taxes, the state next year would revert to the original funding mechanism. The state is already collecting a $43.7 million savings offset payment to cover 12,500 people in 2006.

Vermont

Vermont's Catamount Health, approved in May 2006, is a state-subsidized voluntary program designed to help people without insurance buy it on their own in the private marketplace. Vermont's legislation focuses on managing chronic illnesses in the hopes of improving the quality of care, while reducing the rate of growth in health care costs. It takes effect in October 2007.

The state estimates as many as 25,000 of 60,000 uninsured Vermont residents may enroll in coverage under this program. If coverage goals are not reached by 2010, the legislature may consider coverage mandates.

Catamount Health provides sliding scale subsidies for premiums and cost-sharing under commercial health insurance plans. The plan will be offered by private insurers, and its benefits and charges will be similar to those in the average BlueCross BlueShield plan in Vermont. Under Catamount Health, enrollees will pay $10 for office visits, 20 percent coinsurance for medical services, tiered co-payments of $10, $30 or $50 for prescription drugs, and a $250 annual deductible for an individual or $500 for a family for in-network services (double those amounts for out-of-network).

Catamount Health premiums are projected to range from $60 per month for individuals with household income of less than 200 percent of the federal poverty level to $135 per month for individuals with household income between 275 and 300 percent of the federal poverty level.

Small businesses are concerned with these reforms because employers who do not provide their workers health insurance will have to begin paying $365 a year per full-time employee. They will also have to make payments for part-time workers, which is a sticking point for many employers.

To fund the program, tobacco taxes will increase a total of 80 cents per pack over a few years.

Pending Proposals

Connecticut

Legislators have labeled health care access a major priority for 2007. In December, Gov. Jodi Rell unveiled the Charter Oak Health Plan which would offer adults of all incomes the opportunity to enroll in a state health care plan with comprehensive coverage. The plan will address the needs of about 400,000 uninsured Connecticut residents—some 11 percent of the population— who are uninsured. The plan includes $1,000 deductibles, co-payments ranging from $10 to $55 per visit and 20 percent coinsurance to a maximum of $1,000. No state funds and no legislative changes are expected to be needed for the program.

"To develop the Charter Oak Plan, my administration will work with representatives of major managed care providers in Connecticut to develop an affordable, accessible product," Rell said. "For under $250 a month, we could address the needs of the working uninsured with a basic health insurance package that would include a full prescription package, laboratory services and pre- and post-natal care."

Connecticut already provides coverage to the poor through Medicaid and to children through the Healthcare for UninSured Kids and Youth (HUSKY) insurance program.

New Jersey

New Jersey is crafting a new bill for introduction in the legislature that would overhaul the state's health care system and require all New Jersey residents to carry medical insurance. Policies would be affordable for low-wage earners. This model, based on the Massachusetts plan, would require residents to get

> Living in the world's most affluent society, it shocks the conscience that any child should be forced to live without access to basic medical care. With Cover All Kids, Pennsylvania parents will no longer need to make the impossible choice between paying the rent and taking their child to see a doctor.
>
> —*Pennsylvania Gov. Ed Rendell*

health insurance and prove they have it when they file their state income tax returns.

The plan seeks to provide health insurance for the 1.4 million adults and children who don't currently have it by creating a state-subsidized HMO or PPO. To help pay for the coverage, the state would reallocate the $983 million it now spends on charity care and grants to hospitals for caring for the uninsured.

New Jersey has almost twice as many uninsured residents as Maine, Vermont and Massachusetts combined—the only states that currently provide or plan to provide universal coverage.

Sen. Joseph Vitale, chairman of the Senate Health, Human Services and Senior Citizens Committee, is a key architect of the plan. He hopes to introduce a bill this spring.

Pennsylvania

Pennsylvania is the second state to try to provide insurance to all children who otherwise would go without coverage. A bill signed by Gov. Ed Rendell in November aims to meet this goal through an initiative his administration calls Cover All Kids. Under the initiative, parents will be able to afford to insure their children because the monthly premiums will be based on family income. Currently, the Childrens' Health Insurance Program (CHIP) is free for children from families with annual incomes under $40,000 and available at a reduced cost for children from families with incomes up to $47,000.

Under Cover All Kids, all parents who cannot afford to insure their children will get assistance from the state to ensure that the cost of health insurance for their children is reasonable.

"Living in the world's most affluent society, it shocks the conscience that any child should be forced to live without access to basic medical care," Rendell said. "With Cover All Kids, Pennsylvania parents will no longer need to make the impossible choice between paying the rent and taking their child to see a doctor."

Illinois became the first state to do so under a program called All Kids that debuted July 1; the state has since enrolled more than 35,000 children who were previously ineligible for government subsidized coverage.

—Karen Imas is publications manager for The Council of State Governments Eastern Regional Conference.

What Can Canada's Model Teach the States?

Canadian provinces, which have a single payer system, are experimenting with a two-tiered system where some private care is subsidized by the government or offered at a fee to the consumer. Canada is one of the few countries with no user fees and the only country that outlaws privately funded purchases of key health services. Clinics could be prosecuted for charging patients for procedures that would be covered under the public health system—a violation of Canada's Health Act.

Per capita, Canada spends approximately half of what the United States spends on health care.

"Canada's landscape is public with stealth privatization. The U.S. landscape is becoming the opposite," said MPP Dr. Shafiq Qaadri of Ontario.

A Supreme Court decision last year on private medicine has rapidly altered the options available to patients in Canada. In June 2005, the Supreme Court of Canada ruled that the Québec government cannot prevent people from paying for private insurance for health care procedures covered under Medicare. The justices said banning private insurance for a list of services ranging from MRI tests to cataract surgery was unconstitutional under the Québec Charter of Rights, given that the public system has failed to guarantee patients access to those services in a timely way.

Canada is anticipating an infusion of private care for core services in at least some provinces—Alberta, British Columbia and Québec—and various experiments combining public and private care. Such efforts aim to reduce patients' waiting times for treatment, as well as to control public spending. The differing levels of private care from province to province are in part a function of how open provincial governments are to private medicine.

In February 2006, Québec announced that it would improve access within the public system to tertiary cardiology and radiation oncology services and would provide hip and knee replacements and cataract surgery within six months after they are recommended by a specialist. If these operations cannot be performed at a government-funded hospital within that time, Québec will pay for surgery at an affiliated private clinic in the province. If the wait extends beyond nine months, patients can receive publicly funded care at a private clinic outside Québec or even Canada. The government will allow Québec residents to buy private health insurance specifically for these designated services, although the scope of such insurance may be expanded in the future.

Capitol Comments, CSG's new Web log, can help keep you informed.

www.capitalcomments.typepad.com

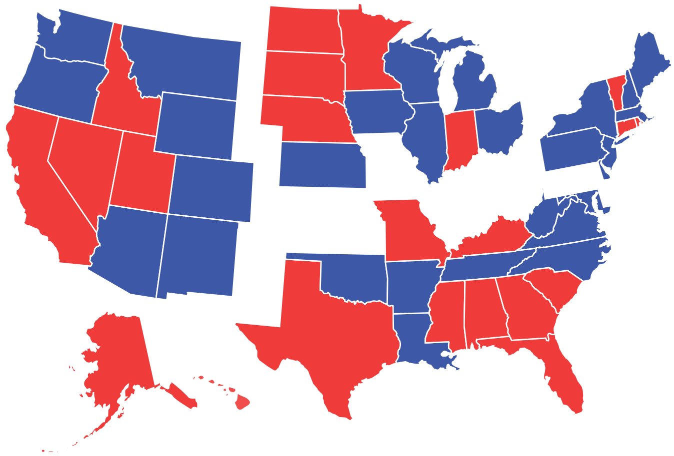
Sharing capitol ideas.

2007 Party Control Maps

(as of Jan. 2007)

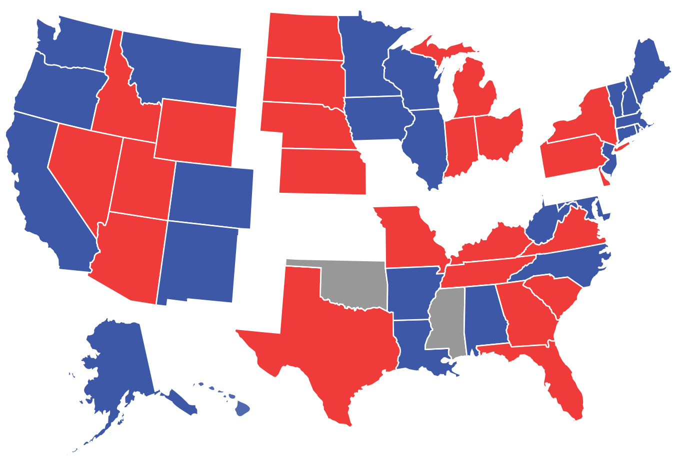
Governors

- Democrat
- Republican



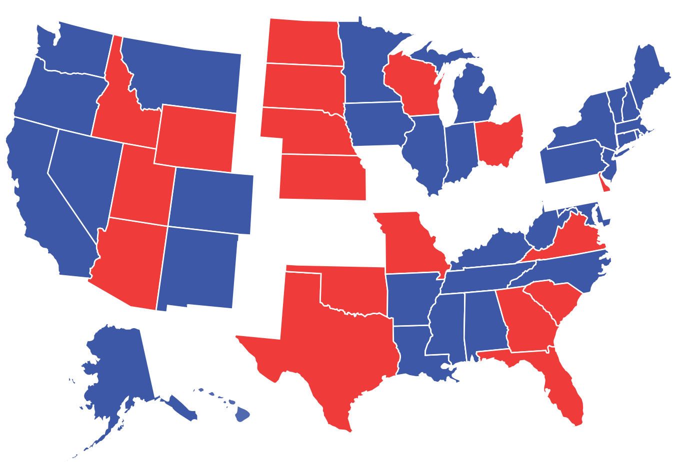
Senate

- Democratic majority
- Republican majority
- Split



House

- Democratic majority
- Republican majority



Note: The party control map published in January's *State News* contained an error. Oklahoma's Senate has an even split between the Parties. Also, Minnesota's House of Representatives has a Democratic majority. Since the publication, Mississippi's Senate has undergone a change, and there is an equal number of Democrats and Republicans in that chamber.

State Officials Weigh In

New Survey Shows Health Care, Education, Energy Top Concerns for Policymakers

Survey of State Officials

Concerns about health care, the education system and the future of energy weigh heavily on the minds of many state government officials, according to a recent survey conducted by The Council of State Governments.

During CSG's Nov. 30–Dec. 3 Annual State Trends and Leadership Forum, 199 conference attendees, selected through a nonrandom sampling process, rated the importance of 15 vital trends that state governments will have to address over the next five years. Survey respondents were asked to rate the importance of these trends on a one to five scale, where five equals very important and one equals unimportant. Presented here are the results from the 102 state public officials included in this sample.

State Trends: Regional Differences

Health care emerged as state government officials' most important concern, with education and energy issues following closely behind. As a group, state officials mostly agreed on the relative importance of the 15 trends, but further survey analysis revealed subtle and important differences among the four regions of the country.

"Escalating health care challenges"—including issues such as the growing number of uninsured and underinsured individuals, long-term health care needs and increased spending on health care—was the most important concern for state officials in the Eastern, Midwestern and Southern regions.

In the West, however, health care ranked second. Public officials from the Western United States, a region with unique energy and environmental challenges, rated "uncertain energy future" as most important. This trend, which included energy access and pricing, increasing fuel importation and renewable energy, ranked third behind health care and education concerns in all other regions.

"Dwindling water resources" ranked ninth in importance for state officials as a whole. However, in the West where states are already seeing water shortages, the trend jumped in importance to fourth. In the East, where water resources are a less immediate concern, state officials ranked this trend second-to-least important.

Two trends rated least important by state officials in all regions were "growing cultural diversity" (issues such as changing social standards and norms, religious divisions and differences in generational perspectives) and "disposable society" (issues such as increased consumerism and the build-up of waste). Interestingly, "deepening social and economic disparities" appeared in the bottom five for all regions except the South—a region in which seven of the 10 states with the lowest per capita income are located.

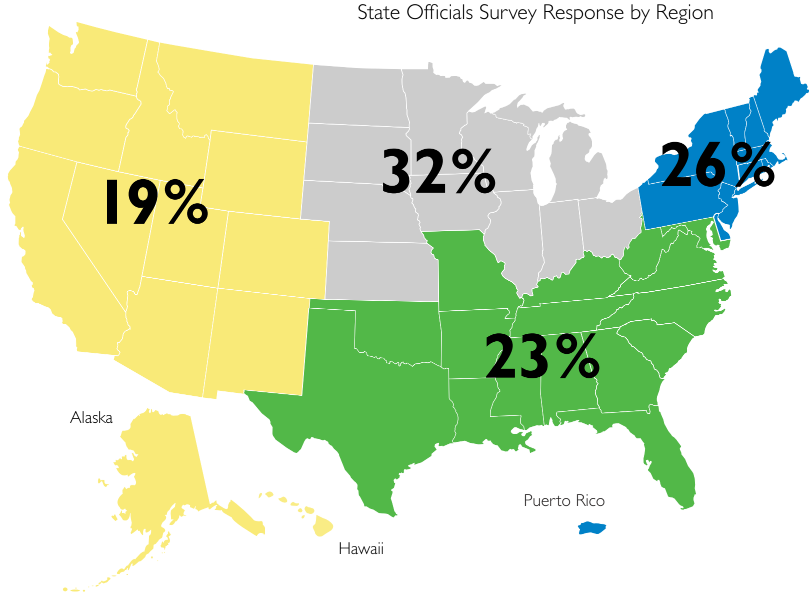
Trends in America

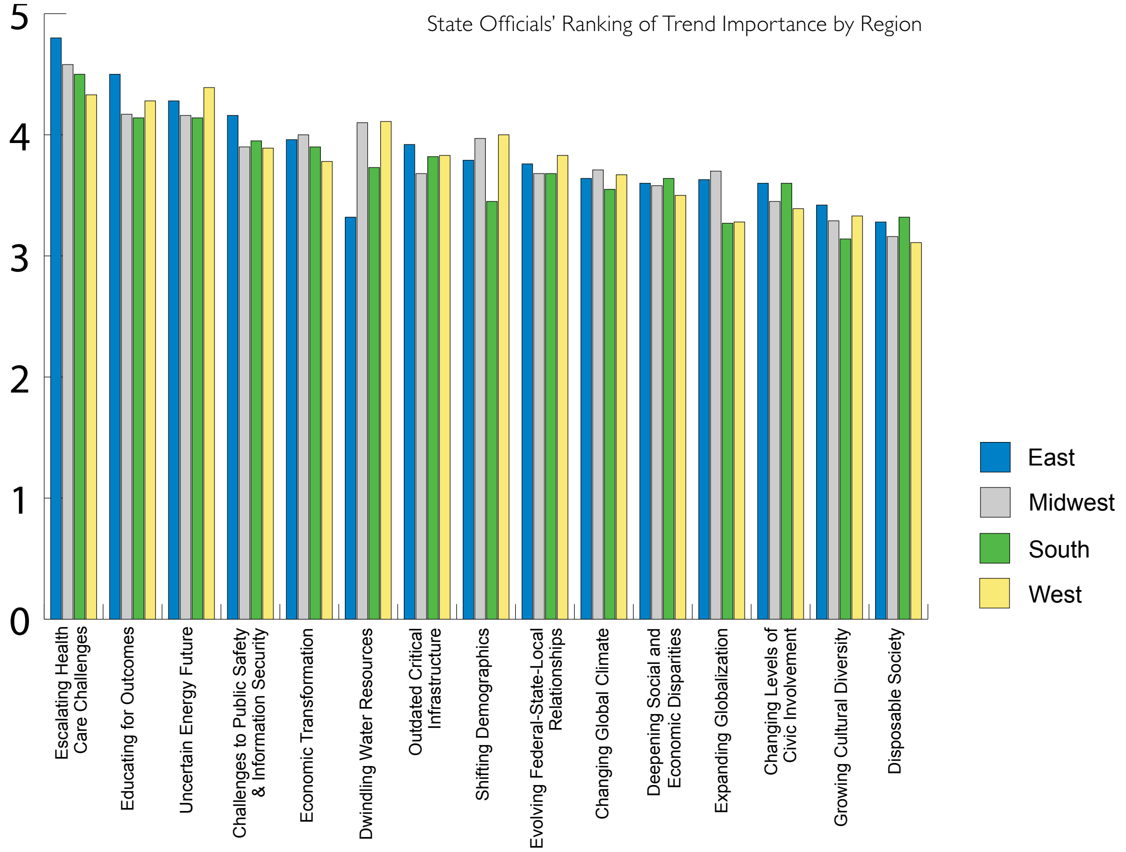
CSG policy and research staff will use the results of the State Trends Survey to focus attention on the broad trends most important to state government officials. Through in-depth analysis of the most important trends, staff will identify the issues under each broad trend where guidance on policy solutions would be most helpful to CSG constituencies. Over the coming years, CSG will continue to monitor these trends through special reports, issue briefs, magazine articles and conference sessions.

As lawmakers navigate the turbulent waters of 21st century governance, CSG will continue to monitor broad trends affecting states. Trends tracking helps policymakers look beyond immediate, hot-button political issues to identify emerging opportunities and vulnerabilities and to plan for the long-term. Through continued trend monitoring, CSG will be able to guide lawmakers toward possible strategies for proactively managing change.

For more information about trends analysis or the State Trends Survey, please contact The Council of State Governments' research group at *research@csg.org*.

State Officials Survey Response by Region





15 Vital Trends

Ranked by Importance to Public Officials (n=102)

1: Escalating Health Care Challenges
growing number of uninsured and underinsured, long-term care, gap between spending and improved health status, etc.

2: Educating for Outcomes
P-16 access and achievement, public school finance, workforce preparation, etc.

3: Uncertain Energy Future
energy access and pricing, increasing fuel importation, re-examination of nuclear, renewable energy, etc.

4: Challenges to Public Safety & Information Security
criminal justice issues, domestic security, immigration enforcement, personal privacy protection, etc.

5: Economic Transformation
concentration of market power, global economic development, regional growth variations, labor and wage issues, etc.

6: Dwindling Water Resources
declining aquifers, pollution, agricultural issues, management of boundary waters, etc.

7: Outdated Critical Infrastructure
power distribution, public buildings, telecommunications systems, transportation systems, etc.

8: Shifting Demographics
aging society, changing family structures, influx of immigrants, regional population shifts, etc.

9: Evolving Federal-State-Local Relationships
federal assumption of state responsibilities, unfunded mandates, state versus local administrative authority, etc.

10: Changing Global Climate
agricultural impacts, health impacts, water impacts mitigation issues, etc.

11: Deepening Social & Economic Disparities
disparities with respect to age, gender, geographic location, race/ethnicity, etc.

12: Expanding Globalization
emerging foreign powers, global economic integration, outsourcing, cultural and knowledge exchange, etc.

13: Changing Levels of Civic Involvement
demographic differences, influence of special interest groups, campaign finance, partisanship and polarization, etc.

14: Growing Cultural Diversity
changing social standards/norms, different generational perspectives, racial/ethnic divisions, religious divisions, etc.

15: Disposable Society
changing dietary patterns (fast food), increased consumerism, build-up of e-waste, medical waste, solid waste, etc.

U.S. Health and Human Services Secretary Michael Leavitt has cited SGA's Gulf Coast Health Information Technology Task Force as the benchmark initiative that could lead to a nationwide health information-sharing program. Leavitt was a featured speaker at SGA's 2006 annual meeting in New Orleans last July.

PRESCRIPTION *for* SHARING

SGA Task Force Examines Health Information Exchange

The Southern Governors' Association is leading a multi-state initiative for health information exchange. U.S. Health and Human Services Secretary Michael Leavitt has cited SGA's Gulf Coast Health Information Technology Task Force as the benchmark initiative that could lead to a nationwide health information-sharing program.

By Lee Stevens

Hurricanes along the Gulf Coast in 2005 highlighted the need for medical information sharing across state lines.

The Southern Governors' Association in 2006 created a task force to address that need.

The SGA Gulf Coast Health Information Technology Task Force is working on a multi-state demonstration project to test the abilities of multiple locations in participating states to access test medication histories through a new central Web site. The project is set to launch in the spring. The demonstration will help providers, state personnel and task force members understand the process of logging onto the site, achieving authentication and successfully accessing a patient's medication history.

ICERx, the site, is a collaboration of national charities, private businesses, the American Medical Association and federal, state and local governments. It is set up to provide a central site for the collection of medication history data collected through pharmacies using e-prescribing technologies.

The SGA convened the task force in early 2006 at the request of the Office of the National Coordinator (ONC) in the U.S. Department of Health and Human Services (HHS). Following the devastating experience of hurricanes Katrina and Rita, Gulf Coast governors from Texas, Louisiana, Mississippi and Alabama have set as a priority efforts to seek solutions in the ongoing national debate surrounding the deployment of health information technology (HIT).

The task force is charged with overseeing the initial development of methods to securely share medical information across state lines, ultimately creating a roadmap of interoperability among states.

The three primary working groups—clinical/technology, governance and finance—updated the task force on their past and future work during a meeting in Washington, D.C., in October 2006.

The governance group has drafted an executive order on health information technology; the finance group has explored financing models and potential cost savings realized through HIT implementation; and the clinical/technology group has developed a medication history "use case."

Dr. Robert Kolodner, the interim national coordinator for HIT, and Kelly Cronin, director of programs and coordination for the Office of the National Coordinator, also updated the task force on national activities.

The activities at the ONC and America's Health Information Community, as well as support from HHS Secretary Michael Leavitt, are being used to expedite the task force's work.

National dialogue has made clear that health care providers agree a patient's medication history is the most critical data set to share electronically, especially during events like Katrina. This data set, collected by most pharmacies using e-prescribing technologies, can help health care providers determine a patient's health status through the highly specialized prescription drugs they are taking, or that have been prescribed for them in the past.

Task force members, understanding the sense of urgency to achieve HIT capabilities in the Gulf region, immediately recognized and agreed that medication history is the starting point for interstate information-sharing. The panel heard the experience of Dr. Carol Diamond of the Markle Foundation, who worked to bring medication histories online in the days following Katrina through Katrinahealth.org, and began to discuss the replication of this data source as a long-term and sustainable resource that can be used not only in emergencies, but also on a daily basis.

Encouraging better understanding of HIT and its adoption in the Gulf states is critical to the long term objective of the Gulf Coast Health Information Technology Task Force—interstate interoperability for sharing health data. Through its demonstration project, the Task Force will provide firsthand experience with HIT to those who might need to use these technologies during an emergency. This will be an important first step toward day-to-day adoption and the potential to add additional, standardized data sets in the future.

The Southern Governors' Association will continue to oversee and shepherd this project through a grant from the Robert Wood Johnson Foundation. SGA and its partners anticipate the project will be completed later this year.

—Lee Stevens is director of Health Policy and Programs for the Southern Governors' Association.

Eastern Trade Council
aids Northeast Export Promotion

The Eastern Trade Council (ETC) is helping companies in the ERC expand their trade opportunities to South Africa.

A delegation of state officials from the Eastern Regional Conference visited South Africa in December to explore trade opportunities. The trade mission was sponsored by the Eastern Trade Council, a CSG/ERC affiliate created to increase cooperation among the northeastern states in export development.

State government officials from Delaware, New Hampshire, Maine, Massachusetts, New York and Pennsylvania recently traveled to South Africa on a business development mission where they met with public sector officials and businesses to enhance trade ties between the Northeast states and South Africa. The trade mission, which took place from Dec. 2-9, was sponsored by the ETC, a CSG/ERC affiliate created to increase cooperation among the northeastern states in export development.

South Africa, with a population of roughly 50 million and direct access to the 185 million sub-Saharan market, has seen a dramatic and extraordinary transformation in its economy since 1994. South Africa represents $570 million in exports for the Northeast and is ranked its 31st largest export market. The resultant robust economy, in turn, has created many new business opportunities for a broad spectrum of U.S. exporters. The close relationship between the U.S. and South Africa puts U.S. businesses, especially from the Northeast, in a prime position to contribute to and benefit from this economic transformation.

Members of the delegation that traveled to South Africa include New York Assemblyman Daryl Towns, Maine Rep. Nancy Smith, Pete O'Neill, executive director of the Center for Trade Development in the Pennsylvania Office of International Business Development, Christa Bleyleben, director of the Massachusetts Office of International Trade, David Mathe, international trade specialist for the Delaware Economic Development Office, Maureen Mezei, international trade director, Rhode Island Economic Development Corporation, and Dawn Wivell, director of the New Hampshire Office of International Commerce.

"The dramatic recovery of the South African economy over the last 10 years makes it one of the top emerging economies in the world. It is an ideal market for New York to establish new partnerships," said Towns, chairman of the Committee on Banks.

The trip included stops in Johannesburg, Pretoria and Cape Town where the delegation met with representatives from central and provincial governments, representatives from the FIFA World Cup Organizing Committee and private sector enterprises involved in a variety of infrastructure development projects and industries including automotive, high-tech, and agriculture.

"ETC is a terrific resource for Maine, where a regional approach to international trade offers opportunities that perhaps we would not pursue on our own," said Smith. "By presenting ourselves as part of a cohesive group, we are better able to promote Maine businesses throughout this global economy."

The group was welcomed by Donald Teitlebaum, deputy chief of mission, and were briefed on South Africa's economy by Riann LeRoux, acting deputy general of the South Africa Department of Trade and Industry. Delegates visited the Innovation Hub, a high-tech

The trade mission delegation outside the Meerlust Winery.

cluster and the first internationally benchmarked Science Park in southern Africa. It creates an environment where international businesses can access a regional center of knowledge creation and provides a gateway for local businesses to successfully launch into the fast moving world of global interconnectivity.

Fikile Magubane, the consul general in New York, invited the ETC to visit South Africa as part of a major business development effort.

"Participants on this trade mission came away with the message that South Africa is steadily building an economy strong and dynamic enough to roll back poverty and overcome the legacy that is responsible for it," said Magubane. "Our efforts to bring the long-excluded majority of our people into the economic mainstream are paying extraordinary dividends in terms of rising disposable incomes, consistently higher growth and opportunities for trade and investment."

Many companies in South Africa are in long-term infrastructure development mode and are exploring long-term relationships with U.S. companies.

Transnet, a state-owned diversified transport and logistics company, is undergoing a major reorganization and is seeking to renovate all aspects of its rail system. To that end, Transnet has launched an asset development plan worth ZAR 64.5 billion (U.S. $9.1 billion) over the next five years. The plan was presented to the ETC delegation, and O'Neill saw an opportunity to market Pennsylvania's locomotive production to Transnet—a $219 million bid opportunity.

"I believe fellow members of the ETC mission would agree with me that South Africa presents compelling market opportunities for our client companies. Growing business opportunities in the mining, construction, and infrastructure sectors in South Africa alone are good reasons to look at this market," said O'Neill. "The country's interest to position itself as the business gateway to Greater Africa make this the key market on the continent that our exporters should be urged to examine."

Bleyleben also saw opportunities for Massachusetts companies in South Africa, particularly in the energy sector following meetings with ESCOM, the national power company.

South African wine exporters expressed interest in meeting U.S. wine distributors through meetings arranged by Wines of South Africa (WOSA), an independent, non-profit company in Stellenbosch which represents all exporters of South African wines and promotes these wines abroad.

Through the support of Pennsylvania, which retains a trade representative in South Africa trade, and as a result of the ETC mission, ETC members will have the opportunity to explore these and other opportunities in South Africa with the in-country expertise offered by the Pennsylvania representative, Richard Zurba.

The Eastern Trade Council seeks to strengthen state and regional economic competitiveness in the global marketplace by sharing trade development information, jointly promoting regional products, and collectively advocating for federal trade promotion programs and policies which will benefit the region. For more information, visit *www.easterntradecouncil.org.*

"The dramatic recovery of the South African economy over the last 10 years makes it one of the top emerging economies in the world. It is an ideal market for New York to establish new partnerships."

—New York Assemblyman Daryl Towns
chairman of the Committee on Banks

NAST lends a hand

Treasurers, Others Help Hurricane Katrina Victims

Nearly 80 people representing state treasurers, treasury staff and NAST private sector members volunteered to clean up artifacts at a New Orleans museum or worked on restoring homes in St. Bernard Parish.

By Kerry Holt

The recent National Association of State Treasurers (NAST) Treasury Management Conference drew more than 560 people to New Orleans, contributing much needed tourism dollars and helping the economy of an area still reeling from Hurricane Katrina.

After the conference, NAST, in conjunction with the Louisiana State Treasurer's Office and Camp Hope, an umbrella organization of Habitat for Humanity, hosted the Lend a Hand to New Orleans Community Service Event.

Nearly 80 participants representing state treasurers, treasury staff and NAST private sector members assisted in two dedicated projects. Several volunteers opted to clean muck and debris off artifacts from local museums, with some pieces dating back to the 1700s. Most of the volunteers assisted in the demolition and restoration of homes in St. Bernard Parish, an area so heavily devastated that virtually every structure was left under five to 12 feet of water.

The plight of those in the community is little known. Louisiana State Treasurer John Kennedy felt their needs would be best served by a community service project.

"We were pleased that so many people turned out to lend a hand to the rebuilding efforts in St. Bernard Parish," said Kennedy. "Many people do not realize how much work is still left to be done in the New Orleans area until they see the devastation firsthand. The turnout shows that the commitment to rebuilding New Orleans and Louisiana is as strong as ever."

NAST President Tate Reeves, the state treasurer in Mississippi, was pleased with the volunteers' efforts.

"The effects of Hurricane Katrina were as far reaching as any natural disaster in American history," Reeves said. "It is encouraging to see our friends and colleagues in NAST working together to help rebuild one of many areas affected by Katrina. I am certain that the economic benefits of our conference and the individual efforts of those volunteers will make a huge difference to our region of the country."

Volunteers were sent to homes owned by the disabled or elderly and given the task of completely gutting the residence—leaving only the exterior shell and wall studs remaining. Mold removal teams would be called in later, just another step in the process of rebuilding flood ravaged neighborhoods. Camp Hope officials estimate that the work conducted by NAST saved each homeowner between $5,000 and $20,000.

Michele Santos McGruther, a volunteer representing FTSE Americas Inc., recalls her cleanup experience.

"To be able to see Treasurer Kennedy break down walls and tear out furniture was inspiring and invigorating and our crew worked hard to keep up," McGruther said. "There were five to six inches of mud on the carpets, a refrigerator tossed onto its side and sitting atop dining room chairs, furniture strewn about, pictures lost to water disintegration.

"The piles of salvageable mementos were not even enough to

"It is encouraging to see our friends and colleagues in NAST working together to help rebuild one of many areas affected by Katrina. I am certain that the economic benefits of our conference and the individual efforts of those volunteers will make a huge difference to our region of the country."

—NAST President Tate Reeves
Mississippi state treasurer

"Many people do not realize how much work is still left to be done in the New Orleans area until they see the devastation firsthand. The turnout shows that the commitment to rebuilding New Orleans and Louisiana is as strong as ever."

—Louisiana Treasurer John Kennedy

fill a small grocery handcart, while the debris pile rose half as high as the home itself," she added sadly.

All participants agreed the community service event was an inspirational chance to give back to the community and certainly put their own lives in perspective.

"As a self-admitted 'news junkie,' I thought I was prepared for the damage that we'd see up close in St. Bernard Parish," said Rick Sweet, a project volunteer from the Florida Department of Financial Services. "It quickly became clear that the destruction had impacted this area more than we knew. Homes, businesses, schools and churches, of all shapes and sizes, were damaged or destroyed. Katrina spared no one in this middle-class community, and most of it now resembles a ghost town."

To view a slideshow presentation of photos of the project, visit *www.nast.org*. As of November 2006, volunteers from across the country have helped clean up 1,863 homes in the parish, but more work is needed. Camp Hope desperately needs more volunteers for a wide variety of projects. For more information about how to contribute or volunteer, please visit *www.camphopeonline.com* or call (504) 682-9267, or e-mail *stbproject@gmail.com*.

—Kerry Holt is the communications manager for the National Association of State Treasurers.

Joseph Marcelonis of ACS Government Solutions, graciously chose to volunteer his time gutting homes of the disabled and elderly as part of the NAST Lend a Hand to New Orleans Community Service Project.

Just one of several water-soaked homes that NAST conference attendees cleaned up in St. Bernard Parish, La. As one volunteer recalls, "Katrina spared no one in this middle-class community, and most of it now resembles a ghost town."

All photos courtesy Kerry Holt, NAST.

CSG/ERC Executive Committee OKs Ag, Energy and Health Resolutions

More than 60 members of the ERC Executive Committee representing 10 member jurisdictions met Dec. 6-9, 2006, to review plans for the 2007 and 2008 annual meetings, review policy projects and vote on resolutions.

Québec MNA William Cusano, chair of CSG/ERC, announced plans for the August Annual Meeting in Québec City. The program will focus on U.S.—Canada relations and will include a number of cultural and social events. New Jersey Assemblyman Reed Gusciora presented preliminary ideas for the 2008 meeting to be held in Atlantic City.

During the meeting, Vermont Sen. William Doyle introduced a resolution opposing a U.S. Department of Agriculture (USDA) requirement calling for increased inspections of Canadian products coming into the U.S.

State and provincial leaders from across the Northeast and the Eastern Canadian Provinces argued that the USDA rule would create back-ups at the border and impede commerce. The resolution calls for USDA to withdraw the rule, which also would require new user fees to be assessed on all commercial vehicles entering the U.S. from Canada to pay for the increased inspections. The resolution will be sent to congressional leaders and the secretaries of agriculture and homeland security.

The executive committee also passed a resolution urging the federal government to provide the U.S. Virgin Islands with a portion of the fuel excise tax revenues collected in the U.S. mainland. U.S. Virgin Islands Sen. Terrence Nelson's resolution contends that the territory should get a share of the fuel excise taxes collected from fuel refined at the HOVENSA refinery on St. Croix. Nelson said Congress allows the territory to receive a rebate on excise taxes on rum sales to the mainland, so why not on fuel?

U.S. Virgin Islands Senate President Lorraine Berry addresses the CSG/ERC Executive Committee.

Finally, members approved a resolution opposing the Enzi bill, or similar federal legislation, or regulation preempting, limiting or undermining state regulation of health insurance. States have passed more than 1,000 laws regarding health insurance protecting consumers and payers. Moreover, state policymakers are closer to consumers and payers than federal regulators and are in a better position to assess needs and devise feasible solutions.

A copy of the resolution will be forwarded to the president, the secretary of Health and Human Services, key congressional committee chairs and members of the northeast congressional delegations; as well as the governors, health and insurance commissioners, legislative leaders and chairs of legislative health and insurance committees across the region.

Members of the executive committee gave updates on key policy projects including the establishment of a National Justice Center at CSG, model legislation on e-waste that has been introduced in various states, regional advocacy on key issues surrounding the 2007 Farm Bill, research on transportation financing, and international trade missions to boost export opportunities for the region's companies.

Morris Elected Chair of CSG-*WEST*

Washington State Rep. Jeff Morris

Washington State Rep. Jeff Morris will preside over The Council of State Governments-*WEST* for the 2006–07 term. He is the first Washingtonian to chair the organization in almost 25 years.

Morris lives in Mount Vernon and represents voters in northwest Washington, including the San Juan Islands. He is a member of the Tsimpshian tribe of the Sealaska Corporation.

Other members of this year's officer corps are Alaska Sen. Lesil McGuire, chair-elect; New Mexico Rep Jose Campos, vice chair; and Oregon Senate Majority Leader Kate Brown, immediate past chair. These officers guide all policy and program decisions of CSG-*WEST*.

Morris is best known in the Washington Legislature as a leader in energy and technology. He serves as chair of the House Committee on Technology, Energy and Communications. In his private life, Morris directs the Northwest Energy Technology Collaborative where he and his team are working to accelerate the growth of energy and technology business in the region.

The Washington lawmaker is a past president of the Pacific Northwest Economic Region. He has been internationally recognized by the Canadian Consulate for his work to eliminate barriers to commerce between the U.S. and Canada. Morris is a graduate of the CSG Toll Fellows program which trains outstanding state leaders across the nation.

The Western region of CSG serves state legislators from Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming. The association promotes excellence in Western state legislatures through regional problem-solving and professional development. Each year the region holds forums and collaborates with other governmental associations on policy matters that affect the West.

• 2007 innovations award

CSG provides insights about major trends to state officials. It also highlights state responses to these trends. Our Innovations Awards Program, now in its 21st year, is a key component of both endeavors. We invite your agency or department to consider applying for a 2007 award.

Qualified programs must address an issue under one of the following categories and related subcategories:

- Infrastructure and Economic Development: Business/Commerce; International Trade; Transportation
- Government Operations: Administration; Elections; Public Information; Revenue
- Health and Human Services: Aging; Children and Families; Health Services; Housing; Human Services
- Human Resources/Education: Education; Labor; Management; Training and Development; Personnel; Workforce Development
- Natural Resources: Agriculture; Energy; Environmental Protection; Natural Resources; Parks and Recreation; Water Resources
- Public Safety/Corrections: Corrections; Courts; Criminal Justice; Drugs; Emergency Management; State Security; Public Safety

Regional panels of state officials review the applications and determine the Innovations Award winners.

Download an application: *www.csg.org/programs/innov/apply.aspx*
Contact: Nancy J. Vickers, nvickers@csg.org, (859) 244-8105

deadline **April 2, 2007**

conferencecalendar

This calendar lists meetings as designated by CSG's Annual Meeting Committee. For details of a meeting, call the number listed. "CSG/" denotes affiliate organizations of CSG. Visit *www.csg.org* for updates and more extensive listings.

February 2007

Feb. 10–14 **CSG/National Emergency Management Association—2007 NEMA Mid-Year Conference—Alexandria, VA**—Alexandria Hilton Mark Center. Contact Karen Cobuluis at (859) 244-8143 or *kcobuluis@csg.org*.

Feb. 11–14 **CSG/American Probation and Parole Association—2007 Winter Training Institute**—Atlanta, GA—Atlanta Sheraton Hotel. Contact Kris at (859) 244-8204 or visit *www.appa-net.org.*

March 2007

March 11-14 **CSG/National Association of State Treasurers—NAST Legislative Conference**—Washington, DC—Willard InterContinental Hotel. Contact Adnee Hamilton at (859) 244-8174 or *ahamilton@csg.org*, or visit *www.nast.org*.

April 2007

April 10–11 **CSG/Environmental Management and Assessment Program—2007 Symposium**—Washington DC—Grand Hyatt. Contact Krista Rinehart at krinehart@csg.org or visit *www.csg.org/policy/enviro/UpcomingEMAPMeetings.aspx* for registration information.

April 13-15 **CSG/Southern Legislative Conference—LSA Directors' Spring Meeting**-Atlanta, GA—The Ritz-Carlton, Buckhead. Contact Ken Fern at (404) 633-1866 or *kfern@csg.org*.

May 2007

May 5 **CSG/NASTD-Technology Professionals Serving State Government—2007 Executive Board Meeting**—Baltimore, MD—Sheraton Inner Harbor Hotel. Contact Pamela Johnson at (859) 244-8184 or *pjohnson@csg.org*.

May 5–8 **CSG/NASTD—Technology Professionals Serving State Government—2007 Eastern Region Seminar**—Baltimore, MD—Sheraton Inner Harbor Hotel. Contact Pamela Johnson at (859) 244-8184 or *pjohnson@csg.org*.

May 17-19 **CSG Healthy States Policy Development Workshop**— Atlanta, GA—Westin Buckhead and Global Communications Center/CDC. Invitational event for legislators working in the areas of aging, health disparities, and community approaches to wellness. Contact Pam Goins at *pgoins@csg.org*.

May 20-23 **CSG/NASTD-*Technology Professionals Serving State Government*—2007 Midwestern Region Seminar**—Ashland, NE—Eugene T. Mahoney State Park. Contact Pamela Johnson at (859) 244-8184 or *pjohnson@csg.org* or visit *www.nastd.org*.

June 2007

June 2-6 **CSG/NASTD-*Technology Professionals Serving State Government*—2007 Western Region Seminar**—Albuquerque, NM—Hotel Albuquerque at Old Town. Contact Pamela Johnson at (859) 244-8184 or *pjohnson@csg.org* or visit *www.nastd.org*.

June 10–13 **CSG Spring National Committee and Task Force Meetings**—San Juan, Puerto Rico. Contact Wanda Hines at (859)244-8103 or *whines@csg.org*.

June 10–14 **CSG/National Association of State Chief Administrators (NASCA) & National Association of State Facilities Administrators (NASFA)—NASCA & NASFA National Conference and Resource Expo**—Lake Tahoe, NV—Montbleu Hotel. Contact Marcia Stone at (859) 244-8181 or mstone@csg.org or visit *www.nasca.org* or *www.nasfa.net.*

June 16–20 **CSG/NASTD—Technology Professionals Serving State Government—2007 Southern Region Summer Seminar**—Mobile, AL—The Battle House Renaissance Hotel. Contact Pamela Johnson at (859) 244-8184 or *pjohnson@csg.org*.

July 2007

July 8–11 **CSG/American Probation and Parole Association—32nd Annual Training Institute**—Philadelphia, PA—Philadelphia Downtown Marriott. Contact Kris at (859) 244-8204 or visit *www.appa-net.org.*

July 14–18 **CSG/Southern Legislative Conference**—Williamsburg, VA. Contact Nai Hallman at the Southern Legislative Conference at (404) 633-1866 or visit *www.slcatlanta.org* for additional information.

July 15-17 **CSG/National Association of State Treasurers—NAST Annual Conference**—New York, NY—The Barclay InterContinental Hotel. Contact Adnee Hamilton at (859) 244-8174 or *ahamilton@csg.org*, or visit *www.nast.org*.

July 21–25 **CSG/National Association of State Personnel Executives—2007 Annual Meeting**—Williamsburg, VA—Contact Lisa Collins at (859) 244-8179 or *lcollins@csg.org* or visit *www.naspe.net.*

August 2007

Aug. 4-8 **CSG/National Association of Government Labor Officials—2007 Annual Meeting**— Savannah, GA—The Westin Savannah Harbor. Contact Leslie Scott, Association Manager, at (859) 244-8182 or *lscott@csg.org* or visit *www.naglo.org*.

Aug. 11–15 **CSG/Eastern Regional Conference—47th Annual Meeting and Regional Policy Forum**—Quebec City, Quebec—Hilton Hotel. Contact Pamela Stanley at (646) 383-5711 or *pstanley@csg.org* or visit *www.csgeast.org*.

Aug. 23-25 **CSG Healthy States Forum for State Legislators**-- New Orleans, LA—Hilton New Orleans Riverside. Contact Pam Goins at *pgoins@csg.org*.

Aug. 25–27 **CSG/Southern Governors' Association (SGA)—73rd Annual Meeting**—Biloxi, MS. Contact Liz Purdy at (202) 624-5897 or sga@sso.org or visit *www.southerngovernors.org*.

Aug. 25–30 **CSG/NASTD—Technology Professionals Serving State Government—30th Annual Conference and Technology Showcase**—Minneapolis, MN—Hyatt Regency. Contact Pamela Johnson at (859) 244-8184 or pjohnson@csg.org or visit *www.nastd.org*.

September 2007

Sept. 16–19 **CSG/CSG-*WEST*—Annual Meeting**—Jackson Lake Lodge, WY. Contact Lolita Urrutia at (916) 553-4423 or *csgw@csg.org*.

Sept. 16–19 **CSG/National Association of State Treasurers—NAST Annual Conference**—Sunriver, OR—Sunriver Lodge. Contact Adnee Hamilton at (859) 244-8174 or *ahamilton@csg.org*, or visit *www.nast.org*.

November 2007

Nov. 11–14 **CSG Annual State Trends and Leadership Forum**—Oklahoma City, OK. Contact Wanda Hines at (859) 244-8103 or *whines@csg.org*.

February 2008

Feb. 10–13 **CSG/American Probation and Parole Association—Winter Training Institute**—Phoenix, AZ—Phoenix Hyatt Regency. Contact Kris at (859) 244-8204 or visit *www.appa-net.org*.

March 2008

March 10–14 **CSG/National Emergency Management Association—NEMA Mid-Year Conference**—Washington, DC—JW Marriott. Contact Karen Cobuluis at (859) 244-8143 or *kcobuluis@csg.org*.

Although the federal government tends to get more attention, state officials are often on the front lines of cutting-edge trends and issues. On the other hand, sometimes in the community of state governments, the more things change, the more they stay the same.

In print since 1958, *State News* (formerly *State Government News*) has chronicled many of the changes … and continuities.

Here's what we reported on:

40 Years Ago—February 1967

Annual Sessions Growing

New Hampshire voters had approved a constitutional amendment allowing the state's legislature to meet in annual session. But the state's Supreme Court declared the amendment invalid in January 1967. The court ruled that the wording of the question on the ballot was ambiguous, therefore the voters could not know the effect of their votes. As a result of that ruling, the New Hampshire legislature was required to continue meeting only on a biennial basis.

Update

All but nine states now meet on an annual basis, according to the 2006 Book of the States, published by The Council of State Governments. Each state has different rules on the start and length of sessions in both even- and odd-numbered years, as well as provisions for the call of special sessions.

25 Years Ago—February 1982

Congress Passes Fiscal Note Law

States scored a victory in the early 1980s, as President Reagan signed into law a bill requiring fiscal notes for federal legislation that significantly affects state and local governments, according to an article in the February 1982 *State Government News.*

The Council of State Governments' Executive Committee, Southern Governors' Association and Southern Legislative Conference adopted resolutions in 1981 supporting such legislation.

The bill, HR 1465, requires the Congressional Budget Office to prepare fiscal notes on any reported federal legislation that would cost state and local governments at least $200 million annually. The bill also covered legislation which, in the judgment of the CBO director, would have "exceptional fiscal consequences" on a specific geographic region or particular level of government.

The cost estimates from the federal government were meant to serve as an effective fiscal management mechanism for state governments struggling with federal aid reductions and the revenue gap left by federal tax cuts.

10 Years Ago—February 1997

Preparing for Terrorism

Terrorism preparedness was still at the forefront of many states' agendas in 1997 after the bombing of the Alfred P. Murrah Federal Building in 1995. A *State Government News* article by George Foresman, then the assistant coordinator-operations for the Virginia Department of Emergency Services, discussed the need for state and local governments to be involved in terrorism preparedness.

He points out that, while terrorism is a federal crime, local and state governments must manage any initial response, and long-term recovery will remain their responsibility. The bombing in Oklahoma City showed that law enforcement agencies and emergency managers must respond simultaneously to an incident.

Foresman suggested in the article that law enforcement and other emergency response agencies from all levels of government must integrate their needs and priorities into a cohesive strategy. He said effective preparedness requires determining in advance who is responsible for what, how to cover costs and what resources are available to facilitate physical and economic long-term recovery.

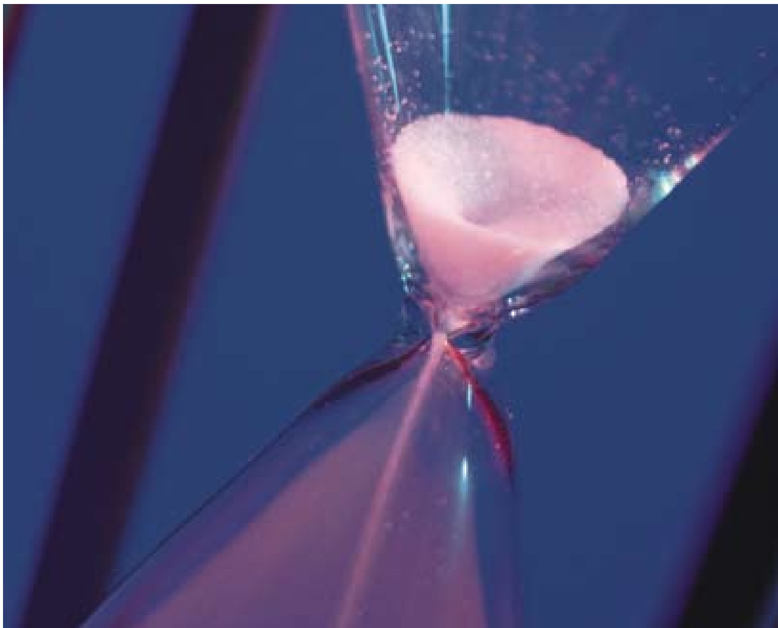
Update

The 2006 Biennial Report from the National Emergency Management Agency, a CSG affiliate, illustrates the growing federal mandate for state involvement in homeland security issues, but also reveals a funding dilemma.

State are giving emergency management agencies homeland security responsibilities, according to the report. Three national priorities identified by the U.S. Department of Homeland Security—the National Response Plan, the National Incident Management System and the National Preparedness Goal—are assigned most frequently to emergency management for implementation.

The report found that these growing responsibilities mandated by the federal government are not supported by adequate funding. The Emergency Management Performance Grant (EMPG) is the only federal funding available to state and local governments for all-hazards planning, training and exercises as well as some personnel costs. The report says now there is an estimated $287 million shortfall in the program. This is up from an earlier estimated shortfall of $260 million. The fear is that as the gap grows, the nation's ability to respond to disasters of all types is seriously compromised.

For more on the report, see the article on Page 16.



We ourselves feel that what we are doing is just a drop in the ocean. But the ocean would be less because of that missing drop.

—*Mother Teresa*

Henry Toll Fellowship Program

—Inspiring Leaders

Sept. 29–Oct. 4, 2007

Application Deadline April 16

The Henry Toll Fellowship Program is nationally recognized among all branches of state government. The program serves to equip talented state policymakers with the skills and strategies to meet the challenges ahead.

The Toll Fellowship Program will convene Sept. 29–Oct. 4, 2007 in Lexington, Ky.
Applications are available at www.csg.org, keyword "tolls" and must be postmarked **by April 16, 2007** to be considered for the 2007 class.
If you have any questions about the program or application process, contact Krista Rinehart at (859) 244-8249 or send an email to tolls@csg.org.

www.csg.org, keyword "Tolls"