America relies on nuclear energy for 20% of our electricity and nearly 70% of our carbon-free electricity production. Professionals like Katie Higgins at Constellation Energy Nuclear Group (CENG) work every day to make certain that this source of electricity is both clean and safe.

America’s nuclear power plants exceed already stringent federal safety standards through the use of multiple safety systems that layer precaution on top of precaution. And with our electricity needs expected to grow 24% by 2035, advanced nuclear energy plants, with state-of-the-art safety systems, must be built. Nuclear energy is a low cost and reliable energy source that produces electricity around the clock.

As America works to reduce greenhouse gas emissions, we need to use more low-carbon sources of electricity such as wind, solar and nuclear energy. Providing affordable electricity and ending our dependence on foreign energy sources cannot be achieved without nuclear energy playing a significant role in a balanced energy portfolio.

For more information on safe nuclear energy, go to safetyfirst.nei.org
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**SL ONLINE**

**VISIT WWW.NCSL.ORG/MAGAZINE THIS MONTH FOR:**

- NCSL’s new “State Budget Update,” which describes the fiscal situation faced at states as they prepare their FY 2013 budgets.
- An earlier column from Marty Linsky.
- More on the top issues lawmakers will face in 2012.
- More on public health efforts to improve nutrition.
- A list of all official state foods.
- Details on the National Popular Vote.

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**THEN & NOW**

**25 YEARS AGO**

Articles from the January 1987 issue of State Legislatures:

**BUDGETING WITHOUT HARD NUMBERS**

“Lawmakers grappling with state budgets in 1987 are in for a lot of guesswork. Federal tax reform, to a large degree, is the culprit.”

**AS RADON ISSUE HEATS UP, GOVERNMENT RESPONDS**

“Radon, a colorless, odorless, cancer-causing gas, is fast becoming one of the country’s most serious environmental concerns.”

**THE DONOR DILEMMA:**

“Medical technology has taken the transplantation of human organs beyond the realm of experiment to nearly routine.”

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**DID YOU KNOW ...**

Inside the Colorado Capitol you will find a rare, rose-colored onyx (also known as Beulah red marble) lining the columns and corridors. In fact, it was so rare that the Capitol builders used up the entire limited supply on the building. The quarry, in Beulah, Colo., has become a housing development.

—From *A Celebration of State Capitols*, by Richard R. Gibson
The United States added a little more than 27 million people (an increase of 9.8 percent) over the last 10 years, according to the Census Bureau. The populations of state legislative districts have also increased, but the number of state legislators has not. In Rhode Island, the House actually shrunk (from 100 to 75) in 2004.

Over the last 10 years, state house districts, on average, grew by 6,887 constituents and state senate districts by 13,824. Today, our elected officials represent more people than at any other time in history.

States in the South and Southwest have seen the most growth. Nevada’s population skyrocketed by 35 percent, adding an average of 16,722 constituents to each house district. Texas representatives each gained about 29,000 constituents. On average, a state senator in the Lone Star Legislature now represents 811,000 constituents—more than the state’s U.S. representatives in Washington, D.C., who represent 710,000 constituents.

Is there an ideal size of legislative districts? “No,” says NCSL’s Karl Kurtz, director of the Trust for Representative Democracy. “As with so many other issues of government organization, each state needs to find its own solution that best fits its circumstances and traditions.”

Constituents per State Senate District, 2010

- 400,000 – 931,000
- 200,000 – 399,999
- 100,000 – 199,999
- 50,000 – 99,999
- Less than 50,000

Constituents per State House District, 2010

- More than 200,000
- 100,000 – 200,000
- 50,000 – 99,999
- 25,000 – 49,999
- Less than 25,000

*Nebraska has a unicameral legislature

Supersized to Lite (District Populations)

HOUSE AVERAGES

- U.S. HOUSE 709,760
- CALIFORNIA ASSEMBLY 465,674
- NEW JERSEY GENERAL ASSEMBLY 219,797
- VERMONT HOUSE 4,172
- NEW HAMPSHIRE HOUSE 3,291

SENATE AVERAGES

- U.S. SENATE 3,087,455
- CALIFORNIA SENATE 931,349
- TEXAS SENATE 811,147
- WYOMING SENATE 18,788
- NORTH DAKOTA SENATE 13,726

States with two-member house districts: Arizona, Idaho, New Jersey, North Dakota, South Dakota and Washington

States with a mixture of single and multi-member districts: Maryland, New Hampshire, Vermont and West Virginia

For the average number of constituents in all state legislative districts in 2010, go to www.ncsl.org/magazine.
THE CORINTHIAN STYLE WYOMING CAPITOL was finished in 1890, the first year of Wyoming statehood. Its cost: $136,275.12. Now it’s on the National Register of Historic Places and needs some interior improvements. How costs go up. The state will spend about $60 million to install a fire-suppression system and update the heating, wiring, plumbing and air conditioning in the 122-year-old building. Lawmakers are figuring out how to make the improvements and still work in the building. They are also considering a $70 million appropriation to build a new state office building nearby.

WHEN THE NOVEMBER ELECTION PRODUCED A 20-20 TIE IN THE VIRGINIA SENATE, Republicans contended they were in control of the chamber by virtue of the tie-breaking vote of the GOP lieutenant governor. But Democrats said not so fast. They planned to file suit over the lieutenant governor’s right to cast votes on chamber organization, the budget and judicial appointments, asserting they have the Virginia Constitution behind them. “Just two weeks ago, the citizens of Virginia elected 20 Democrats and 20 Republicans to the Senate,” said Senator Richard Saslaw, the Democratic leader. “They have called for divided government, not one-party rule.” But GOP Caucus Chair Senator Ryan McDougle disputed that, saying that the “lieutenant governor has the right to vote” under the existing structure. “I mean, it’s just not an issue.” Before the election, Democrats controlled the Senate 22-18.

TIM MASSANELLI WORKED FOR 19 SPEAKERS during his 36 years as parliamentarian for the Arkansas House. In November, he stepped down from his job because of poor health, but members of the House are hoping the 78-year-old will return when the fiscal session starts Feb. 13. He’s been described as “brilliant,” “a master politician,” “irreplaceable.” Former speaker Shane Broadway called him “invaluable, he’s an institution.” Former speaker Bob Johnson said, “Tim is very wise. ... He is always willing to give some solicited or unsolicited advice. You could take it or leave it. I chose to take it at almost about 100 percent. ... Tim Massanelli, I would say is irreplaceable.” Massanelli had something to say about that when leading a group of freshmen around the Capitol and stopping before a black and white photograph of legislators from 1925. “They each served here. Everyone of them thought this place couldn’t run without ’em. ... They’re all dead. This place ain’t missed a lick. It won’t miss a lick when I’m gone, and it won’t miss a lick when you’re gone. That’s the nature of the system.”

A GROUP OF BIPARTISAN FLORIDA LAWMAKERS—three Democrats and two Republicans—have formed a new Everglades Caucus to press for restoration of the environmentally significant subtropical wetlands in the southern part of the state. “No one is happy with the pace at which the Everglades are being restored,” said Representative Steve Perman. He and Senator Thad Altman are the founders of the caucus, which includes Senator Maria Lorts Sachs, and Representatives Gayle Harrell and Lori Berman. They expect more members to join. “The state of Florida has really come to the table in many ways, but our federal partners have fallen short,” Altman said. The new caucus will meet at the start of the legislative session and will invite various environmental groups to press the state and federal government to continue restoration efforts, stymied by funding and legal challenges.

THE GREAT STATE OF ... CHICAGO? That’s the idea behind a bill introduced by Representative Bill Mitchell who thinks that Illinois and Cook County should be divided into different states because of the “different and firmly seated views” Chicagoans hold compared with their more conservative neighbors in the rest of the state. Mitchell’s concern centers on Chicago’s higher tax rates and stricter gun laws. Chicago’s “liberal policies are an insult to the traditional values” of the rest of the state, he said. “When I talk to constituents one of the biggest things I hear is ‘Chicago should be its own state.’... Downstate families are tired of Chicago dictating its views to the rest of us.” Plus, there’s precedent: Maine seceded from Massachusetts in 1819, Mitchell’s bill states. If passed, it would go on the ballot, and if successful there, it would require approval by Congress and the president.

FORMER MASSACHUSETTS HOUSE SPEAKER SALVATORE DIMASI REPORTED TO FEDERAL PRISON in Kentucky to begin serving an eight-year sentence for his conviction on conspiracy, fraud and extortion charges. A federal jury in June found DiMasi guilty of steering two state contracts totaling $17.5 million to a software company in exchange for $65,000. Prosecutors claimed he also would have benefited from hundreds of thousands of dollars more the software company paid to others involved in the scheme. DiMasi was also ordered to forfeit $65,000 and serve two years of supervised release following his sentence.

WHEN THE WASHINGTON LEGISLATURE WAS CALLED INTO SPECIAL SESSION in November to find $2 billion in cuts to the $8.7 billion discretionary budget, some 2,000 people descended on the Capitol to protest cuts and tax loopholes in an expansion of the Occupy Wall Street movement. Following a morning of music, speeches and “teach-ins,” the crowd dispersed to march around the building in an effort to disrupt a legislative hearing while others went inside the Capitol in an attempt to occupy the rotunda. Protesters were expelled from the building after about two hours.
The 2010 Census shows the percentage of Americans who own their own home (65.1 percent) at the second highest level ever, just behind what it was in 2000 (66.2 percent). Yet mortgage fraud continued at high levels in 2010 despite improvements in various economic sectors and financial institutions, according to the FBI’s “2010 Mortgage Fraud Report: Year in Review,” released in August.

Mortgage fraud involves misstating, misrepresenting or omitting information needed by an underwriter or lender to fund, purchase or insure a loan. This type of fraud is called “loan origination schemes.” Fraud can also be targeted at consumers, in the form of foreclosure rescues, short sales and loan modifications. The FBI warns that because of “foreclosures, housing prices, contracting financial markets, and tighter lending practices by financial institutions” the housing market is “still in distress and providing ample opportunities for fraud.”

Mortgage fraud in 2010 was most prevalent in California, followed by Florida, New York, Illinois, Nevada, Arizona, Michigan, Texas, Georgia, Maryland, and New Jersey, according to the FBI. That’s the same list as in 2009.

State lawmakers have attempted to fight fraud with laws that address various issues. Some define, criminalize and set penalties for the specific crime of mortgage fraud. Others eliminate exemptions or appropriate funds and resources to regulatory agencies.

In all, 22 states have passed laws addressing some issue of residential mortgage fraud during the past six years. Ten states had legislation pending in their 2011 legislative sessions.

Home Fraud Still Broad

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**Top 10 Mortgage Frauds**

The most prevalent fraud schemes found by the FBI in FY 2010.

- Loan Origination Schemes: 62%
- Title/Escrow/Settlement Fraud: 14%
- Real Estate Investment: 7%
- Short Sale: 4%
- Commercial Real Estate Loan Fraud: 4%
- Builder Bailout: 2%
- Equity Skimming: 2%
- Foreclosure Rescue: 2%
- Advance Fee: 2%
- Bankruptcy Fraud: 1%

National savings rates have been creeping higher—from below zero in 2005 up to 5 percent in July 2011—with more consumers saving as rainy days continue. Money managers recommend consumers have at least three to six months of mandatory expenses saved in case of an emergency.

To encourage people to save, a few financial institutions have been offering prizes with savings programs to test whether a chance to win will motivate consumers.

Eight Michigan credit unions, the Doorways to Dreams Fund, the Filene Research Institute and the Michigan Credit Union League began a program called Save to Win. In 2009, account holders could earn chances to win cash prizes by making monthly deposits of at least $25 into a one-year federally insured share certificate, similar to a certificate of deposit. Prizes included a $100,000 jackpot, and smaller monthly cash prizes, in addition to the interest or dividend payments on the savings certificate. Over the course of 11 months, about 11,500 Michigan residents saved more than $8.5 million. In 2010, the program expanded to 19 credit unions, and it continues to grow. Michigan was chosen to pilot the Save to Win program because its law already allowed credit unions to hold promotional savings raffles.

The idea is spreading. Since 2009, lawmakers in six states—Maine, Maryland, Nebraska, North Carolina, Rhode Island and Washington—have passed laws to allow credit unions and other financial institutions to hold promotional savings raffles. A problem holding up these efforts is a federal law that prevents banks, but not credit unions, from conducting raffles, resulting in opposition from banking associations in some states. The laws in Maine, Maryland and Washington apply to all financial institutions, while the laws in Nebraska, North Carolina and Rhode Island apply to credit unions.

Last year, JPMorgan Chase Bank held a “Double Your Money” deposit sweepstakes, which offered savings account customers the chance to double their money, up to a maximum of $5,000 and nonaccount holders, a chance at a $5,000 check. Participants did not have to have an account at the bank to be eligible to win, which exempted the sweepstakes from the federal law. To participate, a person could make a minimum deposit of $1,000 into a savings account, establish an automatic deposit of $100 or more into a savings account, or submit an entry card by mail, if not an account holder.

—Heather Morton
Changing Up the Electoral College?

Four presidents have been elected without winning the majority of popular votes. That’s because 48 states give all their Electoral College votes to the candidate who wins in their state. The 2000 election of President George W. Bush was the most recent example, and has sparked a renewed interest in changing the system.

Recently, in Pennsylvania and Wisconsin, legislators have suggested replacing the winner-take-all system with the model used in Nebraska and Maine. These two states allot two electoral votes to the statewide winner and the rest according to the winner in each congressional district.

California and Vermont this year joined Hawaii, Illinois, Maryland, Massachusetts, New Jersey, Washington and Washington, D.C., in supporting a different idea known as the “Agreement Among the States to Elect the President by National Popular Vote,” or the NPV compact. It would require electors to vote for the candidate who wins the most votes nationwide.

Both concepts preserve the Electoral College and do not require a constitutional amendment since the U.S. Constitution gives states exclusive control over how to award their electoral votes.

Proponents of the National Popular Vote point out that the state winner-take-all rule is not in the Constitution. They argue that it would give candidates a reason to campaign nationwide and not just in “battleground” states. The current system allows candidates to pay little attention to the concerns of voters in states where they are comfortably ahead or hopelessly behind.

They dispute that the change would broaden campaigns, suggesting instead that it would just alter their targets; candidates may focus on only their “base” voters (such as city dwellers) instead of on voters from a wide geographic cross-section. They dispute the change would broaden campaigns, suggesting instead that it would just alter their targets; candidates may focus on only their “base” voters (such as city dwellers) instead of on voters from a wide geographic cross-section. And a recount, opponents argue, could be a national nightmare because each state has its own set of procedures.

“The Electoral College is an important part in the system of constitutional checks and balances in our country,” says Allison Hayward, vice president of policy at the Center for Competitive Politics. “Modifying the way we elect the president to a system that increases the chances of electoral chaos and voter anger is not in the best interest of our country.”

The National Popular Vote compact would go into effect after states representing 270 electoral votes join. The tally is currently at 132 electors.

—Wendy Underhill

For more details, on the National Popular Vote go to www.ncsl.org/magazine.

By the Numbers

With thousands of troops heading home, veterans’ issues are high on state lawmakers’ agendas. Here are some recent figures from the 2010 census.

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
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<tbody>
<tr>
<td>21.8 million</td>
<td>Veterans in 2010.</td>
</tr>
<tr>
<td>9 million</td>
<td>Veterans 65 and older.</td>
</tr>
<tr>
<td>1.7 million</td>
<td>Veterans younger than 35.</td>
</tr>
<tr>
<td>3</td>
<td>States with more than 1 million veterans.</td>
</tr>
<tr>
<td>12%</td>
<td>Unemployment rate among veterans, October 2011.</td>
</tr>
<tr>
<td>26%</td>
<td>Veterans 25 and older with a bachelor’s degree.</td>
</tr>
<tr>
<td>$35,367</td>
<td>Annual median income of veterans, compared with $25,605 for the population as a whole.</td>
</tr>
<tr>
<td>3.4 million</td>
<td>Veterans with a service-connected disability.</td>
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NO PEAS FOR PRISONERS

First it was lunches, now the last supper. Texas is cutting prison costs by cutting meals. Last April, officials stopped serving lunch on the weekends to about 23,000 inmates in 36 state prisons. Breakfast and lunch were combined into brunch. In the fall, officials ended the traditional special meal the night before executions. According to the New York Times, other cuts include replacing milk in a carton with the powdered version (for a savings of $3.5 million a year) and substituting hot dog and hamburger buns with bread slices. “If they don’t like the menu,” Texas Senator John Whitmire told the newspaper, they shouldn’t “come there in the first place.” Federal and county prisoners in Texas still receive three meals a day.

TALKING BEARS

The Lakota Native American language got some help from Papa Bear, Mama Bear and all the little Berenstain Bears. Twenty episodes of “Math Waünsila Thiwáhe” (The Berenstain Bears popular children’s show) were translated into the endangered language and shown on public television in North Dakota and South Dakota. It’s the first animated series to be translated into an American Indian language. With fewer than 5 percent of the Sioux tribe able to speak the language of their ancestors, “the bears are doing their part to save a language,” Wilhelm Meyea, executive director of Lakota Language Consortium, told the Associated Press. There are about two dozen Sioux tribes in North America, with reservations in Minnesota, Montana, Nebraska and Canada, along with the Dakotas.

STUDENT POWER

Give students the chance, and they come up with some pretty good ideas. Freya Chay did. After her local government passed a resolution exempting renewable energy systems from property taxes, she learned it couldn’t go into effect without changes to the Alaska state tax code. So Chay created and helped pass an amendment to a Senate bill allowing any municipality in Alaska the option to exempt. Chay’s idea came from a program called Caring for the Kenai, which encourages young people to submit ideas to improve their local environment. Legislators and state agency staff often help students with their projects, invest some time and, occasionally, some money. Districts in Anacortes, Wash., and Alberta, Canada, have adapted the program, and others in California, Hawaii and New York have shown interest.

IPADS IN THE CHAMBER

Indiana lawmakers—at least some of them—will be testing iPads this session for their usefulness in conducting official business. Starting this month, members of one committee from each chamber will receive the tablets to read new legislation, take notes, send emails, and communicate with constituents via social media. The Data Processing Subcommittee is conducting the pilot program. Senator Brandt Hershman told the Times of Northwest Indiana that he believes switching to iPads will “not only enhance efficiency, but could lead to savings,” by eliminating the need to print all bills.

FOOD FIGHT

Some of the most heated debates in Arizona these days are not over immigration or recalls, but food. Macayo’s Mexican Kitchen started a petition drive to lobby the Legislature to make the chimichanga—a king-sized tortilla wrapped around beef, chicken or pork, along with cheese, sour cream, salsa and guacamole and deep-fried in lard—the official state food. Others just enjoy eating them. “You know your chimichanga is authentic if, an hour after eating it, you feel a log gently rolling around in your stomach,” Tom Miller of Tucson, a self-described chimiologist, told The New York Times. Lawmakers in the Grand Canyon State already have some official items: the bolo tie (neckwear), the Apache trout (fish), the Arizona Tree Frog (amphibian) and the Colt single-action Army revolver (firearm). Problem is, no one knows for sure who invented the chimichanga, and several folks are claiming naming rights. Oklahoma is ahead of Arizona on this matter; it has an entire official meal that includes okra, grits and black-eyed peas. Yum, yum. For a list of all official state foods, go to www.ncsl.org/magazine.
APPLAUSE FOR JAWS

Florida is making happy campers out four kinds of sharks. Wildlife officials have banned fishermen from keeping tiger and three kinds of hammerhead sharks caught in state waters, according to the Miami Herald. Populations of these species have dived by 50 percent recently. Another 22 species already are protected. As the top dogs in their habitats, sharks play an important role in marine ecosystems.

PENSION TENSION

Rhode Island lawmakers passed a major overhaul of their public employees’ pension system. The plan will cut unfunded pension liability by 41 percent by suspending cost-of-living increases, raising the retirement age of most employees to match their Social Security retirement age, and switching to a hybrid system of defined benefits and defined contributions. Rhode Island is the first state in at least a quarter-century to revise the basic structure of a pension plan for current state employees. It was one of only two states with less than 50 percent of the assets needed to pay benefits, and one of 33 with less than 80 percent of the needed assets. “It would certainly be a lot easier to walk away from this reform,” Senate President Teresa Paiva Weed, told the Washington Post. “However, it is clear that doing nothing only puts our retirees and our active members’ benefits at greater risk. We owe it to them, as well as to all other taxpayers, to attack this challenge head on.”

FARMERS FOREVER

A group of farmers in North Dakota is backing a proposal to add this to the state constitution: “The right of farmers and ranchers to engage in modern farming and ranching practices shall be forever guaranteed in this state. No law shall be enacted which abridges the right of farmers and ranchers to employ agricultural technology, modern livestock production and ranching practices.” The farmers were concerned about efforts by animal rights groups to limit certain farming practices in other states. Opponents told the Associated Press that farmers and ranchers shouldn’t have unlimited control, voicing the need for some environmental and animal rights regulations. Agriculture is important to North Dakota, generating up to one-fourth of the state’s economy.

PILL MILL BILL

Tennessee lawmakers passed new regulations on the so-called “pill mills” that provide dealers and addicts with illegal prescription drugs. The new rules require pain clinics to be certified through the Health Department, prohibit cash transactions and apply stiff penalties for any violations on those who work at the illegal pain clinics. Prescription drug abuse is the fastest-growing drug problem in the country, according to the National Office of Drug Control. Tennessee has an overdose of these clinics; it ranks second in the nation in the number of prescription medications dispensed. Tennessee Senator Ken Yager, sponsor of the legislation, told The Tennessean the problem affects every county in the state. “I have received more calls on this bill than any bill I’ve done in the legislature.”

RUNNING FROM OFFICE

Utah’s ban on campaign fundraising while the Legislature is in session is causing several lawmakers who are contemplating running for other offices to consider resigning. “I’m not sure I’m willing to take a 45-day hiatus from raising money,” Representative Carl Wimmer, who is running for Congress, told The Salt Lake Tribune. The Legislature will meet in session until March 8, followed almost immediately by the Democratic caucuses on March 13 and the Republican caucuses on March 15. That’s not much time to raise money. Twenty-eight states restrict giving and receiving campaign contributions during the legislative session, according to NCSL. Courts have ruled in some states that lawmakers running for federal offices cannot be restricted by a state law. Utah Lieutenant Governor Greg Bell, however, interpreted the ban “to apply to contributions to any campaign for any office for which a legislator maybe a candidate,” according to the Salt Lake Tribune.
Everyone who’s been paying attention to national politics knows how polarized the fight over job creation has become.

Last fall, President Obama and congressional Republicans continued to slug it out over who has the best vision for the economy. The president proposed the American Jobs Act—a mix of targeted tax cuts, funds to keep state and local workers on the payroll and to build infrastructure projects, and an extension of unemployment insurance—only to see it stall in Congress. The president then took to the hustings to decry inequities in the tax code between the super-rich and the middle class.

Republicans attacked Obama’s proposed tax hikes on wealthier Americans, describing them as an all-out assault on the nation’s job creators.

Where the economy, taxes and the budget are concerned, the two sides today are on different planets, a split that is echoed in legislatures across the country.

“The president’s plan is the best one I’ve heard so far,” says Assemblywoman Maggie Carlton, a Democrat from the economically hard-hit Las Vegas area. Her state is staggering under an unemployment rate that was at 13.4 percent in October, the highest in the nation. “We need to get very serious in Nevada, where unemployment in the construction trades is over 50 percent.”

But Republican Senator Paul G. Campbell Jr. of South Carolina argues temporary tax cuts aren’t the best way to help businesses. Decisions on “shovel ready” projects risk being made for political reasons, not economic ones, he says. “The president’s proposal doesn’t make a bit of sense.”

With the federal government paralyzed over how best to spur job growth, what can states do? A range of economists who specialize in economic development agree there are things states can do to improve the nation’s jobs outlook, but there are plenty of pitfalls, too.

Most experts agree the states’ role in job creation is limited because they have less capacity to jolt the economy than the federal government and they’re facing severe fiscal constraints.

Promoting job creation “is really a task for the federal government,” says Jeffrey A. Frankel, a professor of capital formation and growth at the Harvard University Kennedy School of Government. Only the federal government has the tools to increase consumer demand and the availability of credit on a large scale, says Roger Noll, an emeritus economics professor at Stanford University.

In addition, states historically have devoted a big chunk of their economic development efforts to luring factories and other types of businesses to relocate within their borders, sometimes with lavish tax breaks and other incentives. Always controversial, such efforts not only have become more spendthrift than ever before, but are also damaging to the national economy since they merely shift employment and do nothing to create new jobs for the nation as a whole.

States are still “trying to attract jobs from other states,” says Jon Shure, director of state fiscal strategies for the Washington, D.C.-based Center on Budget and Policy Priorities. “Many states still feel that, by offering lower taxes and higher subsidies, they can grow their economies. It is not a long term-strategy, but states still do it. And companies still play states off against each other, asking for the best deal and then leaving when they get a better one someplace else. It’s a sucker’s game for states, but no one wants to unilaterally disarm.”

**Investments vs. Incentives**

In Connecticut, efforts are underway to take a different course. Governor Dannel P. Malloy received bipartisan backing from the legislature on two measures aimed at creating new jobs, not just poaching them from other states.

The first, Bioscience Connecticut, calls for investments in the...
state’s flagship public university and its health center to promote high-tech investment nearby, providing—in the estimates of its sponsors—3,000 jobs annually between 2012 and 2018.

“We need to find what can be our future, and moving aggressively into biotech and research can be that future,” Senate Majority Leader Martin Looney said when the bill was passed. “It requires us to make this investment today because this is the specific opportunity that has presented itself in this time frame and now is the time to do it.”

The second measure is a $626 million economic development package that includes cuts in regulations favored by GOP lawmakers and supports worker training advocated by Democrats. There are financial incentives for each job created and even larger benefits for companies that hire veterans, disabled people and the unemployed.

“States are recognizing the importance of organic growth,” says Martin Shields, a regional economist at Colorado State University. “Fostering entrepreneurship is increasingly recognized as an important source of growth. The importance of innovation and creativity, and the supporting role that institutions can play in this, is evident in policy initiatives, such as clean energy, biopharmaceuticals and the like.”

Yet, Shields acknowledges the limits to such policies, especially the possibility that governments will create a revenue-wasting “industrial policy” rather than letting the free market work its magic.

“At the end of the day, it’s very hard to plan economic development,” Shields says. “It’s hard to pick winners. It’s hard to identify and seed ‘the next big thing.’”

Is Green Great?

The recent implosion of Solyndra—a politically well-connected solar energy equipment company that received $535 million in federal stimulus money from the Obama administration—has only fueled criticism of efforts to “pick winners,” whether it’s at the federal or state level.

Joel Kotkin, an author and fellow at Chapman University in southern California who specializes in the future of urban areas, says there may be valid reasons to support “green” industries, but job creation isn’t one of them. The jobs created, he said, simply cost too much in taxpayer money to represent a good investment.

“The idea that going green would be economical in the short- to medium-term is off,” he says. “It’s one thing to say we need to do this for other reasons, but to pretend it’s an economic policy is disingenuous.”

When Michigan tackled changes to its tax code earlier this year, the governor and Legislature took a broader approach. They reduced taxes on an entire class of businesses—limited-liability corporations, many of which are smaller—from 23 percent to 6 percent while also simplifying the rules for deductions.

“We call it economic gardening,” says Representative Mark Ouimet, who represents a portion of Ann Arbor. Even though Michigan is best known as the headquarters of the Big Three automakers, “we feel it will be small business that will lead us out of the economic challenge we’re in,” he says.

Plethora of Policies

Policies that help create jobs, some targeted and some more holistic, can help states pull out of the prolonged labor slump, experts say.

Efforts to improve workers’ skills and advise companies on everything from how to expand locally to how to break into foreign markets are beneficial, as long as the programs are well run, says Ryan Sharp, director of the Center for Strategic Economic Research in Sacramento, Calif.
Making the Top 10

Each year, several organizations compile rankings to compare business climates in the states. While the rankings rely on different criteria, some states have managed consistently to top several lists for the past few years.

North Carolina, Texas and Virginia consistently finish in the top five of at least four business climate rankings. Texas and Virginia have topped CNBC’s list every year since it started ranking states in 2007. North Carolina has ranked No. 2 on Chief Executive Magazine’s “Best/Worst States for Business” since 2009, edged out only by Texas.

What keeps these states on top?

Those who compile the lists often cite these states’ success in categories such as economic growth, unemployment, workforce quality, costs of doing business, tax and regulatory environment, and quality of life. Although every organization evaluates states differently, scoring near the top of several different subcategories may often earn states a top spot in the overall rankings. For example, in CNBC’s “America’s Top States for Business” rankings in 2011, Virginia was in the top 10 for half of the evaluation categories, helping it earn the top spot overall.

Other states that regularly appear in business climate rankings top 10 lists are Georgia, Florida, South Carolina, Tennessee and Utah. Utah claimed the top spot on Forbes’ 2010 “Best States for Business and Careers” list (after Virginia topped the list for four years), and Business Facilities Magazine’s “Best Business Climate” list in 2011, largely because of recent economic growth. A states’ perceived potential for future growth also can help it make the top 10.

Business Facilities Magazine stresses that the difference between top-ranking states is often small. States that appear in the top 10 are all experiencing success in developing their economies, and many of these states consistently finish in the top 10 on more than one list.

—Erica Michel, NCSL

“Do No Harm”

Of course, the easiest way for states to prevent job losses is to refrain from cutting state workers. Nationally, private sector payrolls have been increasing, at least modestly, for the past year and a half. It’s been government payrolls that have held back employment growth overall. State governments have shed 125,000 jobs since 2008, and local governments have cut another 525,000 over the same period, according to Bureau of Labor Statistics. That’s both an enormous drag on the monthly employment numbers and a wallop to the larger economy from lost wages and lower consumer spending.

“One of the best things states can do is not lay off public sector workers,” says Shure of the Center on Budget and Policy Priorities. “I’d say, ‘first, do no harm.’”

Low interest rates are the silver lining for states in the current economy, Shure says. They allow states to borrow for infrastructure repairs and maintenance that can put people to work.

But the most important strategy may be the least hands-on—that is, just providing the kinds of fundamental conditions that allow businesses to thrive.

“In general, the key to job creation is understanding that governments don’t create jobs,” says Michael Pakko, an economic forecaster at the Institute for Economic Advancement at the University of Arkansas at Little Rock. “They only provide an environment that is conducive—or not—to job growth.”

Both Sides Bring Value

The good news for those craving bipartisan solutions to the jobs crisis, economists agree, is that both liberal and conservative ideas have something to offer. Liberals can take comfort that smart investments in education, research and general infrastructure are important. Conservatives can relish that efforts to eliminate needless regulations and counterproductive tax policies can help.

“What it comes down to is doing things to make sure the environment is positive for business growth,” says Mark Schill, vice president for the Praxis Strategy Group.

“We understand certain regulations are for the public good. We don’t want to have no regulation. But you need timely answers, more streamlined processes, agencies not competing with each other,” he says. “We call it fighting ‘DURT’—delays, uncertainty, regulation and taxes.”

“Policymakers should ensure that their [state’s] tax system is competitive with that of its neighbors,” says Creighton’s Goss. “This means the tax code should not be cluttered with special cutouts and incentives for a narrow slice of firms and individuals. For long-term, sustained development, policymakers should reduce tax rates at the same time they widen the tax base. Special incentives do the opposite.”

Even the most business-friendly environment, however, won’t help if your state skimps on shelling out for basic amenities. Carlton, the Nevada legislator, notes her state ranks high nationally for business

Ernie P. Goss, a regional economist at the Creighton University College of Business in Omaha, Neb., urged quicker processing of payments to state vendors and expediting state and local projects that may be on hold because of a lengthy approval process. “And pray for favorable factors, such as good weather and no natural disasters,” he says.

Another option for states are work-sharing programs that allow employers to reduce a worker’s hours so those employees then can receive partial unemployment insurance benefits while continuing to work part time, says Dean Baker, an economist and co-director of the Center for Economic and Policy Research in Washington, D.C. The federal government lets states run such programs even when the employee has exceeded the 26 weeks of state unemployment and is tapping into extended benefits during which the federal government pays a larger share.

“This would encourage employers to cut workers’ hours rather than lay them off,” Baker says. “Twenty states already have work-sharing programs, but the take-up rates are very low. This is because most employers don’t even know about it, and because the program tends to be overly bureaucratic. However, if a state could get more widespread use of work sharing, it could be an effective way to bring down its unemployment rate.”
friendliness but low in education spending. In fact, an Education Week comparison published in 2009 found Nevada ranked third from the bottom of the 50 states in expenditures per pupil when adjusted for local costs.

Carlton says when courting prospective employers, falling short in education “is one of the first things that gets you taken off the list. We really found that out when the recession hit.”

Schill emphasizes any solution has to be balanced. “You can neither cut nor spend your way there,” he says.

With educational attainment increasingly important for securing good jobs, “focusing so much on cuts is not healthy,” Schill says. “It doesn’t mean you just throw more money at the problem, but you have to have adequate levels of investment in your workforce.”

One of the biggest challenges of enacting a balanced approach to job creation is the nature of politics itself. One obstacle is over-indulgence to entrenched interests. Kotkin emphasizes a promising agenda is impossible to accomplish if it bends too much to powerful interest groups, whether they be unions, environmentalists or real estate developers.

Another obstacle is deeply ingrained partisanship. Vicious fights over a few fundamental issues lead to demonization of the other side, which, in turn, makes cooperation on more mundane—and historically bipartisan—issues that much more difficult. “State officials often get caught up in the national debate, whether by choice or not,” says Colorado’s Shields.

Ultimately, however, voters cannot escape blame entirely, says Noll of Stanford. “Most pundits blame it on weak leadership, but I think that is a cop-out,” he says. “We elect them, probably because we like strong personalities and simple, home-spun solutions to complex problems.”

“The problem with ‘growing your own’ jobs,” Goss says, “is that it takes longer, and thus is less politically viable for elected officials who have very short time horizons.”

Many pundits say the United States has yet to pull out of the recession that began in December 2007, and they point to ongoing high unemployment as first-hand evidence.

It’s true U.S. employment numbers are grim. The slow pace of job creation resembles the jobless recoveries following the 2001 and 1990 recessions. The job losses in this past recession were much larger as a share of the labor force than those that occurred in the two earlier downturns. The net result is that unemployment in still uncomfortably high at 8.6 percent as of November.

In addition, many workers have simply dropped out of the labor force and are not even counted among the unemployed. Millions have been out of work for more than a year, and with each passing day it grows more difficult for these people to find a new job with pay comparable to what they lost.

Those who say the economy is still in a recession and that a lack of jobs is the problem, however, are confusing cause and effect. First, the U.S. economy is not in a recession. A recession is largely characterized by a decline in aggregate output—in other words, when you are producing fewer goods and services this year as compared to last year. The last quarter of negative growth in the United States was in the second quarter of 2009. Since then, the nation has had nine straight quarters of positive growth, and all indications were that the fourth quarter of 2011 would be positive as well.
Not all the news is grim. Since reaching its lowest point in 2010, total nonfarm employment in the United States as of October had risen by 1.6 percent, or by 2 million jobs. Also, from its peak in 2009 of 10.1 percent, the national unemployment rate had fallen to 8.6 percent in November—still well above historical norms, but an improvement nonetheless. And incomes are rising. Those who have jobs earned more last year than they did in 2010. The number of job openings also continues to rise. Job openings in the United States have been above 3 million for the last three months of data, the best reading since before the recession began, according to the Bureau of Labor Statistics.

That’s the good news. Now for some bad news. Many families continue to struggle, and 14 million people who want to work can’t find jobs.

So what is wrong with the labor markets? There are really two main problems. The first is the output gap and the nature of the economic recovery itself. The second is something more fundamental: technological change and the growing skills gap.

**The Output Gap**

The problem isn’t that the United States is not growing, it’s just not growing fast enough. Looking back at the two major downturns in the mid-1970s and early 1980s, the U.S. economy averaged more than 6 percent growth for the two years after the recession ended. After these growth spurts, the nation’s economy had “caught up” with long-run growth trends. The excess growth made up for the steep decline in output that occurred during the recessions. This suggests the labor markets also healed quite rapidly.

This time around, the story has been much different. During the recent recession, the U.S. economy contracted by roughly 5 percent, when normally it should have grown, but for the recession, by roughly 4 percent. This adds up to an output gap of 9 percent. With GDP growth averaging less than the 3 percent since the second quarter of 2009, slightly less than average, the nation cannot close the output gap with a growth spurt. As a result, the labor markets remain weak.

The output gap is one reason there are continued calls for more fiscal stimulus. Unfortunately, many of the stimulus strategies miss their mark because they focus on the consumer. It is true that growth in consumer spending was a large part of the catch-up that occurred in the last two major downturns. But this was because consumer spending had fallen to lower than long run levels during the recession itself.

This time, the consumer was not affected by some external negative shock. Rather, the consumer was the problem. Consumer spending had surged to unsustainable levels in the middle part of the last decade in large part because of a false sense of wealth driven by the massive asset bubble—first in terms of equity prices during the dot.com bubble in the late 1990s and then during the home price bubble of the mid-2000s. This could have created a nice fiscal stimulus for the U.S. economy, but instead our nation simply opened a vast trade gap—our over-spending consumers helped China’s economy grow more than our own. Since the 1980s, consumer spending went from roughly 74 percent of all income to more than 84 percent by mid-2005. Over the same time, the trade deficit grew from roughly 0 percent of real GDP to nearly 6 percent—showing that much of the expansion in spending accrued to the rest of the world.

So what is the true problem behind the economic recovery and the output gap? It boils down to trade, housing and business spending. True, continued efforts to stimulate consumer spending in the U.S. economy through tax cuts has helped keep
spending from falling as far as it might have, but it also has kept demand for imports very high. The trade deficit is running at 3.5 percent of GDP, or more than one-third of the output gap. Slow down consumer spending for imported products and some of this gap will be erased, which would actually help the United States. The continued decline in the U.S. dollar also will help fill the gap.

As for housing, the problem here is the tyranny of the huge inventory. Over the course of the housing bubble, the United States produced close to 3.5 million housing units that simply weren’t needed given the pace of population growth. As a result, new home construction is at its lowest level ever, accounting for close to one-third of the output gap. The good news is that these excess units are dwindling away over time, and the nation should start to see a slow increase in the pace of construction this year, which will start to fill in some of the gap.

Finally, there is the lack of business investment. This explains the last one-third of the output gap. Some of the slow pace of business investment can be linked to the trade deficit itself. If the United States exports more and imports less, businesses will beef up capacity. Using direct incentives such as tax credits could help, too, as would federal spending on infrastructure projects instead of tax cuts.

**The Skills Gap**

The second problem with the labor markets, and one that is more profound, is a persistent and growing skills gap. The pain of the recession has fallen largely on those with the fewest skills. According to the U.S. Census Bureau, in 2010, those who had a bachelor’s degree or higher had the lowest unemployment rate, at 4.3 percent, among all educational attainment levels. This matches the other trend, which is the long-term gap in income between high- and low-skilled workers.

In terms of the slow recovery, the skills mismatch is playing a significant role: There are simply not enough qualified applicants for the types of jobs that are becoming available. The professional/scientific/technical and health and education sectors currently are leading the jobs recovery, but these industries largely employ workers with high levels of education.

Two of the slower post-recessionary growing sectors have been construction and retail, which generally employ more low-skilled workers. Retail can’t grow quickly because people already are spending more than they can afford. Construction is being hampered by the excess inventory of housing. And, while manufacturing used to be able to absorb these workers, it is not happening this time. Manufacturing output in the United States is certainly growing and exports are a large source of new profits for these firms, but the sector is not creating many new jobs because information technology is filling the roles that low-skilled workers used to take. This increased technological efficiency is true in many parts of the economy outside of manufacturing.

**Cautious Optimism**

The forecast is for slow, yet sustained growth for the U.S. labor market. GDP growth has grown at an average rate of 2.4 percent after the end of the recession, which lags the historical trend of post-recessionary growth in economic output. After the recessions of the mid-1970s and early 1980s, GDP grew at a much faster than average pace the two years following their economic troughs. The two post-recessionary years after this recent recession have actually been slower than average, which has led to the painfully slow recovery in the labor market.

By the second half of 2012, GDP growth should exceed 3 percent, which will help speed up the job recovery process. Given that increase in economic output, expect the unemployment rate to fall below 8 percent by 2013, and for total nonfarm employment to increase by 4.2 million jobs over the same period.

Despite what you might read in the media, the U.S. economy continues to recover from the Great Recession. While the pace of job growth so far has left much to be desired, there is ample evidence the recovery process is gaining steam. This has positive implications for job growth over the next few years. Clearly times remain tough for many Americans and the recovery is fragile, but we’re headed in the right direction.
Convictions Put Spotlight on Need for Change

With the June 15 conviction of Sal DiMasi on one count of conspiracy, two counts of mail fraud, three counts of wire fraud and one count of extortion, Massachusetts has achieved the trifecta. The last three speakers of the Massachusetts House all have been convicted of felonies committed while in the speaker’s chair.

Massachusetts is not alone.

In the past year or so, indictments and convictions of sitting legislators, some presiding, have occurred in Alabama, Alaska, New York, Pennsylvania and Tennessee. In Pennsylvania, the criminal conspiracy resulted in the convictions of a former speaker and former chair of the House Republican Campaign Committee. In New York, it was the former Senate majority leader. In Alabama, it was four senators—two Democrats, a Republican and an independent.

What’s going on here?

I have more than a passing interest in understanding the Massachusetts situation. I served three terms in the Massachusetts House during my formative years, and the place and the process are both close to my heart.

The convictions nationwide, however, suggest a pattern that may tell us that, in at least some legislatures, there is a more systemic problem.

From a leadership perspective, making meaning out of the Massachusetts trifecta and the indictments and convictions in other states is important. The interpretation will drive what remedies, if any, are implemented. At its essence, exercising leadership involves three core steps: observation, interpretation and intervention.

Observation involves collecting the objective data, in this case the indictments and convictions.

Interpretation is the tricky part. Everyone creates his or her own view of how to make sense of these straightforward facts. What story do they tell?

We usually are committed to our own interpretation of reality. As my 98-year-old mother says, “That’s my story, and I’m sticking to it.” We are influenced in making our interpretations by whatever lens we look through, by our backgrounds, our ideology, by the role we play in the story. The interpretation is critical because any intervention to address the situation will inevitably be based on an interpretation, a theory of the case.

This business of interpretation is a leadership opportunity. Human beings and organizations will ordinarily try to make interpretations of reality, especially in particularly difficult situations, with explanations that have three characteristics:

◆ They point to the failures of individuals.
◆ They describe the situation as a technical problem that can be fixed by changing the rules.
◆ They assume progress can be made without anyone having to give up any important values or beliefs or identities in the process.

It is an act of leadership to remain open to interpretations that:

◆ Are systemic rather than focusing on individuals.
◆ Require people to adapt by giving up beliefs or values or practices they hold dear.
◆ Require conflict, tension and loss if progress is to be made.

Applying this notion to legislative corruption scandals, the conventional explanations—these were a few bad apples or all politics is rotten—and the conventional responses—such as changing the ethics code—do not measure up.

Let’s explore what it might mean to look at the situation differently, to start from an assumption that there is a culture in those legislatures that implicitly condones or even passively colludes in the corruption. To this way of thinking, the enablers would include all legislators, statewide officeholders, activists, donors, people in the business community, advocates and the media.

This would be an interpretation that is systemic, adaptive and likely to cause conflict.

The implications for interventions are dramatic and provocative. Here are some leadership interventions based on that interpretation.

Raise or lower salaries. Most state legislatures pay their members in the never-never land of not being as much as a full-time job and adequate to raise a family, yet enough so that outside work becomes a political liability. Legislators, especially House speakers, think they need more money to live and to conduct themselves as people expect them to do. Their situation is different from governors, many or most of whom not only make more money and have considerable staff and monetary resources at their disposal, but who came from successful careers outside of government and have savings to draw upon. Speakers and other legislative leaders typically depend on their legislative salaries plus perhaps a part-time law practice or other job. They must give up that outside income, however, when they become speaker, which is clearly a full-time job.

Raising salaries for what amounts to full-time jobs would remove some of the temptation to supplement meager public incomes inappropriately or illegally to provide for families and pay kids’ college tuitions. Lowering salaries would take the pressure off legislators to treat electoral office as a full-time job, restore a notion of citizen-legislator, and give lawmakers the freedom to spend time and energy nurturing their nonelective professional lives.

Decentralize power. Massachusetts has one of the most institutionally powerful speakerships in the nation. In most state legislatures, however, real power is centralized among a handful of folks in key positions. It is the Lord Acton principle—“All power corrupts; absolute power corrupts absolutely”—in practice. The system works well enough for most legislators and lobbyists because they know the rules of the game. As a result, winning and keeping the favor of the handful of key players is an aspiration for every legislator. In fact, it’s a goal for every officeholder, including the governor, the cabinet secretaries, every lobbyist and advocate, and

Change will have to be deeper than a bunch of new ethics laws, outlawing what we all knew was wrong already.

Marty Linsky’s column on leadership runs occasionally in State Legislatures. Linsky, who has been teaching leadership and politics for more than 25 years on the faculty of the Harvard Kennedy School, is a former journalist and onetime assistant minority leader of the Massachusetts House. He is co-founder of Cambridge Leadership Associates (www.cambridgeleadership.com), a global consulting practice. Contact him at marty@cambridgeleadership.com.
every businessperson whose success may be affected by what is and is not enacted.

Most people contribute to the war chests of key legislators not because they have a tough fight for re-election, but because they get what they want from them. Keeping these lawmakers in their powerful roles works for contributors. In the DiMasi trial in Massachusetts, people from the governor’s office and from the legislature testified they were enablers—my word, not theirs—by moving forward the legislation and ultimately the contract for which DiMasi was convicted of receiving kickbacks.

Diffusing power among a wider group of lawmakers and democratizing the legislative process would make it more difficult for those trying to affect legislation to make things happen their way by concentrating on only a few members. With dispersed power, a legislature would be less vulnerable to corruption of the process by advocates illegally currying favor by bribing only one or two members. Any attempts to do so would be more likely to be exposed before they were fully executed.

Eliminate the House altogether. Nebraska, the only state with a unicameral Legislature, has been relatively free of corruption, as far as we know. The bicameral U.S. Congress structure was created to give small states a chamber where they were equally represented and the six-years Senate terms were designed to give senators a longer perspective on their responsibilities. The first rationale never existed for the states. As for the second, in most states the terms of the senators and the representatives are the same.

Two chambers reduce accountability. One house can pass lousy bills as favors to contributors—or bribers—without feeling responsible, since those bills can be given a quiet burial in the other chamber. How many times have you heard something to the effect, “I know it’s a terrible idea, but they’ll kill it in the Senate.” I heard that a lot when I was in the House, and again when I worked in the governor’s office in the 1990s. With a single chamber, members would not have the freedom to do “favors” by moving bills out of their chamber, knowing that the other chamber would do the right thing.

Sure, eliminating the House seems wildly unrealistic. It will never happen. But if there is a systemic issue, rather than just some bad apples, the change will have to be deeper than a bunch of new ethics laws, outlawing what we all knew was wrong already.

Someone smarter than I said that once is an incident, twice is a coincidence and three times is a pattern.

Pretending that all politics is corrupt or, alternatively, that all those convicted legislators were just bad apples will not deal with the systemic issues that produced the current reality.

In the fall, the whole country was consumed with the child molesting scandal at Penn State. The individual versus systemic interpretations have been at war there as well.

Leadership that aims to reduce the likelihood of corruption will take courage and could come from anyone in the affected states: legislators, the governor, the business community, lobbyists or activists. All have benefited from how the system currently is organized, and have all contributed to it. They all have a piece of ownership in the pattern of corruption in their own states.

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TOP 12 FOR 2012

It’s a full agenda for states in the new year as they tackle tough issues in a difficult economy. These 12 promise to rise to the top.

1 Federal Deficit

Actions—or inaction—by Congress to reduce the federal deficit will have a significant effect on state budgets. Lawmakers in eight states—Hawaii, Maine, Maryland, Massachusetts, Tennessee, Utah, Vermont and Virginia—have developed contingency plans in the event of federal cutbacks. More may consider doing so with the failure of the Joint Select Committee on Deficit Reduction to produce a bill to cut up to $1.5 trillion in federal spending. With automatic across-the-board cuts looming in the future, states will be grappling with how to prepare for such a potentially cataclysmic hit to their budgets. The inaction of the super committee places federal funding for state education, energy, environment and criminal justice programs in jeopardy.

2 State Budgets

With unemployment rates still high—11 states are still in the double digits—the demand for state services, especially Medicaid, is expected to remain high for the foreseeable future. In addition, the level of support from the federal government could be dwindling. Even though half the states predict revenues are likely to meet FY 2012 estimates, budget officials recognize state economies are fragile and they are concerned about the potential of a double-dip recession, according to NCSL’s new “State Budget Update.”

3 Jobs

There are about 13.9 million people unemployed in the United States, according to the Bureau of Labor Statistics. Although private sector employment continues to expand, more than 500,000 government jobs have been lost since September 2008. Many state legislatures will be looking for ways to create more jobs by offering tax credits, supporting the growth of small businesses, increasing the availability of capital in local financial markets, reforming state development funds and investing in green energy.

4 Pensions

Over the past two years, 40 legislatures have revised at least one state retirement plan. The changes range from increasing employee contribution requirements and age and service requirements for retirement to revising cost-of-living adjustments. In 2012, states will continue to redesign retirement plans, looking for ways to control the costs of retiree health care programs, and manage unfunded liabilities. Some policymakers may consider a “hybrid” model for state pensions that offers employees both a traditional pension plan and a 401(k)-type plan.

5 Medicaid

Recent studies confirm what many policymakers already know: The tough economy is making it difficult to balance or even plan for their state’s Medicaid budgets. In 2011, nearly every state took steps to contain Medicaid costs. Lawmakers are especially concerned about the expansion of Medicaid in 2014 dictated by federal health reform. They are experimenting with new approaches to paying providers, delivering health care and streamlining services for those eligible for both Medicaid and Medicare.

6 Voter ID

Although lawmakers may not see the volume of voter ID legislation in 2012 that they did in 2011, the issue will continue to garner attention. Lawsuits will challenge recently passed voter ID legislation, and some state legislators will re-introduce voter ID laws. 2012 will be the first presidential election year with so many new voter ID laws in place. Citizens in 31 states will have to show ID before voting.

7 Health Reform

The U.S. Supreme Court agreed to hear arguments on the federal health reform law in the spring, but the ruling is not expected until at least June. Several elements of health reform, however, will remain on legislative to-do lists. These include:

◆ Health Benefit Exchanges. Developing a plan for establishing an exchange—a website for people to compare and purchase individual health insurance policies—will be a 2012 priority for the 14 states that have committed to conducting their own
exchange. States must meet the Jan. 1, 2013, deadline to be eligible to receive federal money.

◆ Health Information Exchanges. States are responsible for developing information systems that contain electronic health records to allow health care professionals easy access to patients’ health histories, so they can avoid costly and dangerous errors and duplication of services. By the middle of the year, every state will need to have a Medicaid electronic health record incentive in place and be working on an exchange, required by late 2014 or early 2015.

◆ Essential Benefits Package. Thousands of state laws require coverage of a variety of health services that apply to different types of insurance. The federal government will announce early this year the minimum or “essential” benefits all states must require insurers to offer. Depending on how much the list differs from a state’s laws will dictate how much effort lawmakers will spend on this issue in 2012.

8 Corrections and Juvenile Justice

With corrections costs rising quickly, states are experimenting with “justice reinvestment,” which redirects funding to manage spending and reduce crime. More states will likely be considering this promising reform in 2012. States will also continue to reform sentencing policies, and improve and expand eligibility for community supervision and treatment programs. At least 13 states already have study committees exploring corrections and sentencing policy and will be proposing changes in 2012 legislative sessions.

State legislative agendas will also focus on better results for young people in the justice system, including new requirements that attorneys be provided during all critical stages of juvenile proceedings and that mental health and substance abuse treatment be expanded. The approach this year will be on controlling costs while improving public safety, keeping young people out of institutions, investing in community-based alternatives, and expanding prevention programs.

9 Funding Education

Lawmakers will consider how to reallocate funding to K-12 programs that consistently improve student achievement, such as improving teacher effectiveness and implementing more rigorous standards and assessments. They will also closely watch for Congress to reauthorize the Elementary and Secondary Education Act and for the U.S. Department of Education to announce waivers from some of the more restrictive provisions of existing No Child Left Behind law. Colleges and universities are facing even more cuts this year. They’ll urge legislators to give them more flexibility to spend the limited money they receive from the state.
10 Transportation Infrastructure

A large gap still exists between revenue generated by the gasoline tax and the amount of money needed to repair roads, bridges and other infrastructure, and to pay for new transportation projects. States will continue to seek new revenue sources to replace the vanishing gas tax revenue. In addition, state lawmakers expect Congress to reauthorize the surface transportation act, which will help stabilize state planning and project funding.

11 Environmental Regulations

The energy industry will have to comply with a wave of new federal regulations aimed at protecting public health and environmental quality. New clean air and water rules will force significant changes by coal, natural gas and nuclear power providers, the costs of which will be passed on to consumers and ratepayers. State legislatures will largely be responsible for enforcing the new federal standards in a way that protects natural resources, citizens’ health and the economy. Many lawmakers are concerned about protecting consumers’ pocket books as well, and will be looking at how regulatory costs can be reduced. Some will be looking to avoid regulatory costs altogether by promoting the development of clean energy and efficiency.

12 Natural Gas

New natural gas discoveries have been a game changer for the industry, lowering prices and adding stability. This has led to more construction of natural gas plants and some displacement of coal with natural gas. The new technology that has opened up these resources, fracking, has some worried about water contamination and other environmental dangers, however. State lawmakers will be working to develop adequate regulations that protect the environment without harming the industry.

There are many other hot topics legislators will be debating, promoting and voting on. Early voting policies, common core educational standards, drugged driving, prescription drug abuse, programs to help families facing foreclosure, food safety, and help for families living in poverty are all issues likely to draw attention and action from lawmakers in many states.

Read more about the issues that will be important to lawmakers this year at www.ncsl.org/magazine.
Bringing Up Baby

For new parents, home visits by trained professionals can make all the difference.

BY STEFFANIE CLOTHIER AND JACK TWEEDIE

There’s nothing like becoming a new parent. The joys are great, but the demands are daunting, even for the well-prepared. For young, poor single parents—who often lack stable jobs, places to live or family support—the challenges can be overwhelming.

Since the 1990s, lawmakers have increasingly supported voluntary home visiting programs as a promising way to provide support for these families and a better chance of a good start for their children’s health, development and well-being.

Forty-six states and Washington, D.C., now fund some type of voluntary early childhood home visiting program, according to the Pew Center on the States. These programs send a nurse, social worker or other specially trained visitor to work with expecting women and new parents in their homes.

These trained professionals come—as often as weekly near the birth and less frequently as the child grows older—to teach interested parents how to provide good nutrition for their babies, deal with colicky ones, talk and interact in ways that stimulate babies’ brains, and avoid potential health risks. They help parents recognize and address special challenges, such as learning disabilities and developmental delays. They can refer moms with depression or substance abuse problems to counseling and other resources. And they answer the flood of questions that come as parents adjust to pregnancy and caring for the baby.

Rigorous evaluations of home visiting practices have shown programs that target families with particular challenges—such as first-time, teen or low-income parents or single moms—can reduce child abuse, improve parenting skills, and enhance children’s health and readiness for school.

Investments in these programs have produced significant returns through reduced spending on early childhood health care, child welfare, special education, grade retention and juvenile crime. Home visiting can reduce infant mortality, preterm births and emergency room visits. The Nurse Family Partnership program has shown the strongest results, with one study finding a 48 percent reduction in child abuse and cost-benefit research showing as much as a $5.70 benefit for every dollar spent.

“In times like these when we are cutting billions of dollars from our budget, we must invest our scarce resources where they will have the greatest return. Home visiting is such an investment.”

—Washington Representative Ruth Kagi

from our budget, we must invest our scarce resources where they will have the greatest return. Home visiting is such an investment,” says Washington Representative Ruth Kagi.

As is the case with many social programs, the strength of the research varies, and results are different among home visiting programs. In addition, there are an array of state and local home visiting programs that may be achieving good results for children and families but either have not been evaluated or have not been studied using the most rigorous methodologies.

For the past decade, many states have funded programs through a mix of state general fund money, federal welfare money, tobacco
settlements and Medicaid. Lawmakers looked to invest in effective programs, but often lacked clear research when choosing among different approaches or evaluating locally developed strategies. They supported a variety of national, state or locally designed models that looked promising. Many programs are hybrids, using materials from national models with community members for home trainers and adjusting the frequency of visits to fit the community’s needs and funding.

The recent focus on research-based evidence has led many state officials to re-examine these programs to ensure they meet the highest standards.

A Push From D.C.

In 2010, Congress established the five-year, $1.5 billion Maternal, Infant and Early Childhood Home Visiting Program, which provides grants to states and tribes to use on voluntary, home-based services for expecting and new parents. States were required to conduct a needs assessment, identify specific at-risk communities to target, and choose from among nine approved home-visiting models.

All 50 states, the District of Columbia, and five territories applied for the first $90 million, and only North Dakota opted out of the second-year formula funding of $125 million. Federal money increases to $350 million in the third year and $400 million in the fourth and fifth years. Most states also submitted applications for part of the $99 million in competitive grants that were awarded in September to 22 states. These competitive grants range from $1.1 million to $9.4 million a year.

The federal grants do not require new state matching funds, but states must maintain spending to be eligible, although states that made across-the-board cuts that reduced spending for home visiting have remained eligible. At least 75 percent of the federal money must be used to support evidence-based programs identified in the federal grant. In a nod to innovation, states may spend up to 25 percent of the federal money on promising programs that will be evaluated in the future.

States are required to track whether programs are:

◆ Improving maternal and child health.
◆ Reducing child abuse and neglect, injuries and emergency room visits.
◆ Improving children’s readiness for school and their achievement.
◆ Reducing crime or domestic violence.
◆ Improving family economic self-sufficiency.
◆ Improving the coordination and referrals for other community resources.

Not all legislators support seeking the federal money. The Florida Legislature originally voted not to apply for the money, in part

Key Questions for Legislators

◆ How should the legislature fund and oversee home visiting programs?
◆ What are our state’s goals for the programs? Should we give greater priority to maternal and child health, or school readiness, or reducing child abuse?
◆ Do our programs work? Do we target the families most in need of help?
◆ Is our training for home visitors adequate?
◆ How can we better coordinate home visiting programs with other efforts such as preschool, child care quality improvement, child health, early childhood mental health?
◆ How can we best use the federal funds to complement and strengthen our existing programs?
◆ How do we best use the data required under the federal initiative to improve our programs?
Playing by the Federal Rules

Federal officials have identified nine models that meet their standards of evidence-based programs:

- Child First
- Early Head Start—Home-Based Option
- Family Check Up
- Healthy Families America (HFA)
- Healthy Steps
- Home Instruction Program for Preschool Youngsters (HIPPY)
- Nurse-Family Partnership (NFP)
- Parents as Teachers (PAT)
- Public Health Nursing Early Intervention Program (EIP) for Adolescent Mothers.

because it is tied to federal health care reform. Representative Denise Grimsley, chair of the Joint Legislative Budget Commission, said she did not want to accept the home-visiting grant because of the health-care law and because it was a case of “big government” assuming responsibilities that should rest with families. Legislators did accept the money in August when it became clear their decision would affect Florida’s eligibility for the Race to the Top Early Learning Challenge grant.

States Move Ahead

The federal home visiting initiative is being launched at a time when state policymakers are at very different points in how they envision their state services. Some lawmakers have moved ahead with setting goals for expansion and developing methods for directing funds to effective programs. Others have been able to use the planning and assessment period of the federal grant to identify the best next steps for their states.

In Louisiana, state officials identified needs and priorities for expansion. Resolutions passed by the Legislature in 2008 and 2009 established a Home Visiting Advisory Council that made recommendations for expanding the Nurse-Family Partnership from 15 percent of eligible families to 50 percent by 2014. Louisiana received $6.6 million in competitive grant funding that will enable them to expand more quickly.

“We know that the Nurse-Family Partnership works in Louisiana,” says Senator Mike Walsworth. “We can now use these [new] funds to reach more eligible mothers to transform the lives of children and families in Louisiana.”

In Washington, the Legislature enacted a requirement in 2009 that new money for home visiting be directed only to programs proven to be effective. The state also created a public-private matching fund to support expansion, training, improvements and evaluations. The federal home visiting money is being distributed to programs that meet the evidence-based standards in the federal law.

“We know that the Nurse-Family Partnership works in Louisiana. We can now use these [new] funds to reach more eligible mothers to transform the lives of children and families in Louisiana.”

Senator Mike Walsworth
Louisiana

Iowa lawmakers inventoried their home visiting investments in 2007 and found almost a dozen different programs—including national and local models—spread across several state agencies. Without any evaluation of the local programs, it was difficult to determine whether they were making a difference. So agency officials decided to target the new federal money to two communities plus provide planning grants to others. It’s too early to say whether any local programs will be successful in gathering the evidence needed to be added to the list of approved models.

New Mexico, too, has several home visiting programs operating around the state, funded by the state as well as philanthropy. The initial federal home visiting money allowed the state to expand services in two communities and address needed improvements, such as developing a data system to track results and analyze progress. New Mexico received one of the competitive grants to develop a continuum of services, starting with screening for needs and including specialized treatment for those with significant challenges.

“Evidence-based home visiting is a critical part of our strategy to reduce poverty and improve outcomes for disadvantaged families,” says Senator John Sapien. “Increased federal funding will allow the home visiting strategy to reach more families and ultimately decrease the costs of some social programs.”

Senator John Sapien
New Mexico

Legislators often have not been in the driver’s seat in applying for federal funds for home visiting but will be important players in the future. Legislators, who have funded the current array of state and local programs, will be in a position to take stock of existing appropriations and determine how best to ensure they are making investments in programs that make a difference for families.
Movies with smoking, long exploited by the tobacco industry, are a primary recruiter of new young smokers. PG-13 and R-rated films account for a million US teen smokers, 44 percent of the national total.

Through state subsidies, taxpayers now pay hundreds of millions to producers of films with smoking that recruit kids to smoke. These subsidies also undermine states’ vital efforts to prevent adolescents from starting to smoke. No state can now afford that policy conflict and toxic waste of resources.

The fix is unusually straightforward. As the CDC recommended last summer, states can make future media productions with tobacco ineligible for public subsidy (see box).

There’s no First Amendment issue. States already qualify film projects for subsidy based on other content.

Whether or not you think film subsidies make sense as economic development policy, their collateral damage to the health of America’s next generation make them unsupportable. It’s time to mend them or end them.

Learn more at bit.ly/fixsubsidy.
As Americans leap into the New Year, many will resolve to eat healthier to make up for holiday indulgences. New guidelines for what eating healthy means, released last year by the U.S. Department of Agriculture, include a new “MyPlate” icon: a dinner plate that divides fruits, vegetables, grains, protein and dairy into appropriate portions on a colorful place setting.

With more than 33 percent of American adults overweight or obese—resulting in medical costs of about $147 billion a year, according to a 2009 study in Health Affairs—and 17 percent of children and adolescents also above a healthy weight, eating more nutritiously is paramount.

“We need to make sure we have the most nutritious food that we can,” says Texas Representative Carol Alvarado. “A child who receives a healthy meal will be a better student, a healthier adult and less likely to have heart disease and diabetes.”

Healthy eating is an issue many lawmakers have already tackled. Some support comes from those who want to encourage healthy choices by bringing more fruit and vegetables to their communities. Others see a silver lining in the salad plate: a lift to local economies by promoting state agriculture products.

Fill Half Your Plate With Produce

The new dietary guidelines recommend a plate half full of fruits and vegetables. Yet 32 states scored at or below the national average, in a 2011 report by the Centers for Disease Control and Prevention. The report looked at the availability of supermarkets, produce stands and farmers’ markets that typically sell healthy foods such as fresh produce, whole grains and low-fat dairy products.

“My district is underserved by grocery stores and has more convenience stores that don’t provide fruits and vegetables,” says Alvarado. “I support community gardens—it teaches children about where food comes from and how it grows and also teaches them to take pride in their community.”

State legislatures in Illinois, Louisiana, New York and Pennsylvania have supported public-private partnerships to bring healthy food sellers into urban, suburban and rural communities.

Amy Winterfeld tracks nutrition issues for NCSL.
Healthy eating can currently starve of produce. Not only can this help local diets, it also may give a boost to local economies. Grants, loans and tax credits are offered to grocery operators to build new full-service stores or improve existing facilities by adding refrigerated storage for fresh produce, for example. In Pennsylvania, over a five-year span, 5,000 jobs were created or retained as a result. New federal funding is available to states for these efforts.

California legislators in 2011 enacted a tax credit for farmers who donate fruits and vegetables to food banks. In 2010, Mississippi lawmakers exempted food grown or processed in Mississippi and sold at farmers’ markets from the sales tax. Laws in California, Illinois, Nebraska and Washington support electronic card readers at farmers’ markets to encourage public benefit recipients to use their cards to buy fresh produce.

Lawmakers have also looked at promoting healthier habits for school children while supporting local economies by purchasing local food for schools. In 2011, Michigan legislators created a school purchasing preference for food grown or produced by Michigan businesses. New Jersey lawmakers enacted a “Jersey Fresh” program that allows schools to adopt price preferences for local agricultural and farm products, improve kitchen facilities to incorporate more fresh, locally grown produce, and add information about the value of eating fresh, locally grown produce to school curricula.

“Educating our children about our state’s diverse and delicious agricultural fare and the nutritious value of local and safe ‘Jersey Fresh’ produce will help them cultivate healthier food choices and make them aware of the importance of supporting local farmers,” says New Jersey Assemblyman John McKeon.

A Rutgers University report found that $1.1 million spent in New Jersey in 2000 to promote local fare had an economic impact of $63.2 million. It also generated an increase in state and local tax revenue by $2.2 million for the year. In 2011-2012 Oregon legislators created grants to reimburse districts for buying local food products and for conducting certain food-based educational activities.

Last year, Missouri Representative Casey Guernsey sponsored legislation that established a Farm-to-Table Advisory Board to “link schools and state institutions with local and regional farms for the purchase of locally grown agricultural products; increase market opportunities for locally grown agricultural products; and assist schools and other entities to teach children and the public about nutrition, food choices, obesity, and health; and the value of having an accessible supply of locally grown food.”

In Colorado and Massachusetts, lawmakers established food policy advisory councils in 2010. Massachusetts directed its council to increase local food production and state use of local products. Colorado’s council is charged with fostering a healthy food supply while enhancing agricultural and natural resources, encouraging economic growth, promoting “Colorado Proud” products and improving community health.

In Texas, a “Go Texan” agricultural marketing and promotion effort by Senator Craig Estes supports programs for rural economic development, marketing and promotion of agricultural and other products grown, processed, or produced in the state. Vermont also enacted legislation in 2011 to encourage economic development by marketing state foods and products.

In 2011, legislators in at least six other states—Georgia, New Mexico, New York, South Carolina, Virginia and Washington—proposed legislation to encourage local food purchasing or “buying from the backyard” by state agencies or schools. Five of those bills carried over into 2012.

Bring on the Amber Waves

Grains cover another quarter of the USDA-recommended plate. The new dietary guidelines advise “make at least half your grains whole grains.” An Oregon law enacted in 2011 puts whole grain flours on an equal footing with enriched flour. Previously, only enriched flour met health requirements for manufacturers of bread, rolls or buns.

Guidelines for healthy school foods and snacks in North Carolina and Rhode Island call for increasing whole grain and grain products. Texas has just created a grain producers indemnity fund to protect farmers from economic hardship.

Pack in the Protein

Most Americans eat enough protein, but the new guidelines encourage leaner and more varied selections of protein-rich foods. Meat, poultry, fish, beans, eggs, peanut butter and nuts or seeds all provide protein. Legislators focused on fish last year in at least two states.

Rhode Island’s fishing community will benefit from a newly created Seafood Marketing Collaborative to support local fish-
It will be promoting the health and vitality of the state’s seafood populations, identifying regulatory restrictions that inhibit local seafood businesses, and increasing consumer demand for local seafood through marketing.

Even in land-locked Nebraska, legislators appropriated funds to enhance fisheries by improving hatcheries and buying and developing fishing facilities that improve access for fishermen.

Washington appropriated $3.47 million for improving recreational fisheries. Legislators also directed state agencies to look for partnerships that will help keep fish hatcheries operating with less reliance on state money. In 2009, another New England state, Vermont, established a milk and meat pilot program to encourage purchasing local milk and meat for school meals and to provide technical assistance to schools to help them provide the most local fruits and vegetables possible.

In Arkansas and Indiana, lawmakers established liability protection for agritourism, which encourages education, entertainment or recreation on farms and ranches.

MyPlate places a cool blue glass of milk next to the plate as a reminder that the dietary guidelines recommend switching to fat-free or low-fat milk. Dairy products add protein, as well as calcium, vitamins D, B12 and A, phosphorus, and potassium.

Licensed child-care facilities in California must now provide water and serve only low-fat or nonfat milk to children older than 2. Minnesota appropriated $500,000 for each of the next two years to the state’s six Second Harvest food banks to purchase milk from Minnesota processors.

Massachusetts legislators, in 2010, directed the state’s public health department to use scientific guidelines to set standards for school snacks and beverages that encourage greater consumption of water, low- and nonfat milk, fresh fruits and vegetables, and reduction of fat and sugar in snacks. Beverage standards set by Louisiana legislators in 2009 require high schools to serve low-fat milk or skim milk.

In New York, a Calcium Purchasing Preference Initiative is pending that would require foods and beverages that contain a higher level of calcium to be purchased for government buildings so long as they are same quality, and equal or lower in price.

Doctors of optometry are the nation’s largest eye care profession, serving patients in nearly 6,500 communities across the country. In more than 3,500 of these communities, they are the only eye doctors. As primary eye care providers, optometrists perform nearly 70 percent of all first-time eye examinations for Americans.

**Doctors of optometry** are an integral part of the health care team, earning their doctoral degree just as dentists, podiatrists and other doctors do. Doctors of optometry are trained to *examine, diagnose, treat and manage diseases and disorders* that affect the eye or vision.

Learn more about public health efforts to improve nutrition at www.ncsl.org/magazine.
Visitors hoping to get some R&R at their favorite state parks last summer may have found the gates padlocked, the restrooms closed and the docks removed. No function of state government may be feeling the pinch of tough times as much as state parks, even though they make up less than 0.3 percent of all state budget expenditures. The grim news on state park funding comes from across the country. California closed 70 state parks. Arizona eliminated all state funding for parks. Colorado reduced its parks budget by $3 million, Georgia by $10 million, and Massachusetts by $23 million.

The cutbacks affect a broad cross-section of citizens and may be one of the most visible ways people feel the pain of deep cuts in state budgets. They come at time when the use of parks is at an all-time high, attracting families looking for nearby, affordable vacation and recreation options. Visits to America’s 7,000 plus state parks increased by 14 million between 2009 and 2010 to 741 million.

An analysis by Virginia’s State Parks found annual visitor spending is about $18 billion nationally. Spending on parks for capital expenditures and operating budgets amounts to an additional $3 billion. And parks provide jobs. Maintaining state parks requires some 270,000 employees; another 319,000 jobs are pegged to parks’ capital expenditures and operating budgets.

No Help From D.C.
Phil McKnelly, executive director of the National Association of State Park Directors, says that, unlike many other programs, state parks do not have a dedicated federal match, making them more susceptible to budget cuts. A few federal programs have aided parks, but those, too, are in serious jeopardy of being slashed. The Land and Water Conservation Fund has been consistently underfunded, and the Department of Transportation’s Recreational Trails program has been targeted for possible elimination in recent budget talks. Federal money typically is allocated for acquiring land, not for the daily operations and maintenance of parks.

States have attempted a dizzying array of tactics to keep parks open during the past few legislative sessions. Some have had a dedicated funding stream for more than 20 years, although it doesn’t typically pay for all operations. Colorado and Oregon have funded their state parks partially through state lotteries. Arkansas and Missouri have dedicated a portion of the sales tax since 1996 and 1984, respectively. Texas uses a sales tax on sporting goods to help fund parks.

None of these sources, however, can pay for all the costs associated with state parks. Although revenues from park admission fees, camping fees, golf course charges and restaurants can help fill the gaps, outside of certain very popular parks, they are not enough to make parks self-sustaining.

Looking at Fees
To help support their parks, Montana lawmakers created a park “passport” in 2003 that added an optional fee to vehicle registrations, allowing car own-
ers unlimited admission to any state park for a year. During the 2011 session, lawmakers raised the $4 fee to $6, but added the option to opt out of the passport “for life.” Around 80 percent of Montanans chose to pay the fee in 2008, which generated about $3.2 million. About 88 percent of all state park visitors that year purchased the passport.

“Parks are critical to Montana’s brand,” says Montana Senator Ryan Zinke. “When people hear Montana, they think about wide-open spaces, clean air, clean water, the last best place. Our parks do a tremendous job of promoting that image.”

Chas Van Genderen, administrator for Montana state parks, says the strength of the license fee is that it draws money from a large base of citizens, and the vast majority of state park visitors drive there.

Michigan legislators also created a park passport. For $10, Michiganders have unlimited admission to all state parks, recreation areas and boat launches for a year. California voters, however, rejected a similar concept on a ballot measure in 2010. Washington, which previously did not charge an entrance fee to any of its parks, created a $30 annual “Discover Pass” this year. Lawmakers set the day-pass fee at a comparatively high $10, giving visitors an incentive to buy the annual pass.

Exploring Partnerships

A few states have explored the possibility of corporate sponsorships. In Virginia, several fitness trails have been finished through volunteer and monetary donations from Dominion Power, one of the main energy providers in the state. Touch-screen stations at all state parks, available around the clock, also were funded by Dominion.

Virginia State Parks Director Joe Elton wants to “create a culture of collaboration and partnership. We’re not asking corporations to fund operations or maintenance; we are looking for specific projects that need enhancement. Corporations are not going to bake the cake, but they can put the icing on the cake.”

After budget woes forced seven parks to close in Arizona, the Legislature searched for any entities willing and able to quickly take over and operate them. A few parks are now operated by nonprofit organizations, in cooperation with local governments. Homolovi State Park re-opened thanks to $175,000 from the Hopi Tribe. The agreement gives the tribe a significant say in the operation of the park, which is a culturally and religiously important site for the tribe. But lawmakers discovered deferred maintenance backlogs make private entities leery of operating parks. Complicating matters further, the state does not own the land where most of the popular recreation parks are located. They are mostly on Forest Service and BLM land.

California, New York and Virginia have looked for partnerships with

Average Sources of Funds for State Park Operating Expenses

<table>
<thead>
<tr>
<th>Source of Funds</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>State general funds</td>
<td>36.4%</td>
</tr>
<tr>
<td>Other funds</td>
<td>4.6%</td>
</tr>
<tr>
<td>Federal funds</td>
<td>1.7%</td>
</tr>
<tr>
<td>State dedicated funds</td>
<td>18.1%</td>
</tr>
<tr>
<td>Park-generated revenue</td>
<td>39.1%</td>
</tr>
</tbody>
</table>


“The time couldn’t be worse for reducing services at parks. With economic pressures and family stress over budgets, we’re talking about taking away the close-to-home opportunities to get outdoors and relieve some of that pressure.”

—Phil McKnelly, executive director of the National Association of State Park Directors
businesses—such as North Face, Nestlé, Coca-Cola, Sony and several other national and local businesses—that are interested in increasing their visibility and branding in parks. The companies often receive some kind of recognition. In Virginia, North Face’s logo was added to trailhead signs.

In another partnership in California, three state parks will benefit from shared staffing and management with nearby National Park units. This option, however, is not available to most state parks.”

**Drilling Debate**

Drilling for oil and gas on state park land also is being discussed in Ohio and Pennsylvania. In Ohio, the General Assembly passed legislation to allow drilling on state lands and created an Oil and Gas Leasing Commission to oversee leasing of land that is owned or controlled by a state agency. Funds from royalties and fees will be used to buy land for more parks and to pay capital expenses.

Some lawmakers, however, are not sure drilling is the answer. “I wish I could say I trust the oil and gas corporations to be environmentally responsible and sustainable in their practices. But I am almost certain that if it is a choice between profitability or enhancing precautions and protection of our natural beauty, industry will choose profits every time,” says Ohio Representative Robert F. Hagan.

But Ohio Representative John Adams, sponsor of the legislation, thinks drilling is a critical step. “Drilling in state parks will help erase the half-a-billion dollar backlog of projects that need to occur right now in our parks,” he says. “This will, in turn, help to keep our parks and our lakes up to the standards the citizens of Ohio want.”

How to maintain and pay for parks will spark more debate in the years ahead as lawmakers continue to face tough budget decisions. It’s an open question whether state lawmakers will decide that the value of parks to citizens, tourists and local communities outweighs the need for further budget cuts. Innovations at statehouses suggest state parks will remain, but perhaps in a different form.

“The time couldn’t be worse for reducing services at parks,” says McKnelly of the state park directors group. “With economic pressures and family stress over budgets, we’re talking about taking away the close-to-home opportunities to get outdoors and relieve some of that pressure.”
“It’s a long ways from where we were five years ago, but at least it shows we’re headed in the right direction.”
—Idaho Senate President Pro-Tem Brent Hill, in the Spokesman-Review about the state of the state’s budget.

“People want jobs, and they want them today. They don’t want any more partisan division.”
—Connecticut Senator Kevin Kelly, on the General Assembly’s passage of a bipartisan jobs bill, in The Connecticut Mirror.

“We need to fix this so that the loophole doesn’t exist anymore, and that will take care of those local governments without the federal government having to raise more taxes for them.”
—Wyoming’s U.S. Senator Mike Enzi to The Associated Press about the Marketplace Fairness Act before Congress.

“These are pretty much the very shocking things we’ve been trying to avoid for the last three years. There are no choices left.”
—Washington Senate Ways and Means Chairman Ed Murray, on the governor’s proposed cuts to balance the budget, in the Seattle Times.

“It may be necessary, but it’s certainly not fair.”
—Rhode Island House Deputy Minority Leader John Savage, about the legislature’s major overhaul of the public pension system, from Reuters.

“What we want the federal government to do is enforce their own law.”
—Alabama Representative Kerry Rich, cosponsor of the state’s tough new immigration measure, in USA Today.

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*“The Contribution of Office, Industrial and Retail Development and Construction on the U. S. Economy”, Stephen Fuller, Center for Regional Analysis, George Mason University, 2007