In an era when national politics is often focused on personality over policy, most Americans might be surprised at what’s going on in their state legislatures.

State lawmakers are seeking answers to some of the nation’s most serious issues and intractable challenges, sometimes even crossing the aisle to find policy solutions that strengthen and protect their economies, workforces, families and the environment. They aren’t immune to the hyper-partisanship that defines our times, but they don’t face the same level of gridlock as their counterparts in Congress.

With 48 legislatures having both chambers under the same party’s control, it is likely the parties in power will more easily advance their policy priorities and pass more legislation than in the past. We’ll have to see.

We also don’t know what effect the election of more than an average number of newly elected women will mean for legislation. Historically, women have proved to be more collaborative and more likely to reach consensus.

One thing we do know, however, is that most states will be dealing with these 10 pressing issues.

**BUDGET BATTLES**

Balancing budgets and reforming taxes always monopolize lawmakers’ time. The federal Tax Cuts and Jobs Act passed last year will complicate the tasks this year. The federal act was the largest overhaul of the nation’s tax code since 1986. In 2019, the law will continue to challenge states to evaluate their conformity to the federal tax code and determine how specific federal provisions will affect state revenue.

Lawmakers also will be discussing how they can benefit from the U.S. Supreme Court’s ruling in *South Dakota v. Wayfair*. In order to compel out-of-state remote sellers to collect and remit sales taxes, lawmakers must pass legislation or issue regulations. As of Jan. 8, 27 states and the District of Columbia had begun to enforce these requirements.

Although some speculate the laws could be subject to litigation, the U.S. Supreme Court suggested states should be on solid legal ground if they include several features of the South Dakota law upheld by the court’s decision. Notably, that it excludes small vendors with limited business in the state from having to collect taxes; prohibits the collection of taxes retroactively; and adheres to the uniform, simplified rules contained in the Streamlined Sales and Use Tax Agreement to make it easier for sellers to comply.

Fortunately, state budgets are largely stable and many state leaders are optimistic about the coming year. Revenue collections in most states are on target or exceeding estimates. General fund revenues for states as a whole are expected to continue their modest growth at 2.6 percent.

**EDUCATION FUNDING**

Although states have been increasing higher education funding, K-12 funding remains below pre-recession levels. Teachers...
took their protests, walkouts and strikes to state capitols last year demanding better pay, benefits and working conditions, and there’s talk of more doing so this year. Many teachers’ pay is so low they qualify for government benefits and must take on second or even third jobs just to make ends meet. A study by Maryland’s Kirwan Commission on Innovation and Excellence in Education recommended a 10 percent pay hike for teachers after it discovered teachers made 25 percent less than comparable professionals with similar education and responsibilities.

Low pay could be a reason states are facing another hot issue: teacher shortages. Countries where students perform well compensate teachers on par with other professionals.

With these and other concerns, like school safety, you can be sure K-12 funding won’t be left behind in this session. Plus, frustrated at yearly budget cuts, several teachers ran for legislative seats last fall and 42 won, according to Education Week. Thirty-three are Democrats and nine are Republicans.

Do you think they will keep school funding and teacher pay a topic of high interest this year? You betcha.

MEDICAID OPTION

Excluding federal matching funds, Medicaid consumes almost 20 percent of state spending. And every year, lawmakers explore ways to improve the efficiency, outcomes and cost-effectiveness of their programs. The Affordable Care Act gave states the option to expand Medicaid, and 36 states and the District of Columbia have done so. With the recent federal district court ruling the ACA unconstitutional, however, state lawmakers will be on watch. Attorneys general from 17 states and the District of Columbia have filed a notice of appeal challenging the ruling. Meanwhile, the ACA will remain intact.

States were required to pay a small share of Medicaid expansion costs starting in 2017, with slight increases each year. Lawmakers will need to decide if those can continue to be financed with general fund dollars, as most states have done. Some have used other sources like provider taxes or fees.

Seventeen states have used waivers offered by the federal government to design Medicaid programs to meet their specific needs. Five states have received approval of waivers to require able-bodied adult Medicaid enrollees to verify that they are employed, actively seeking work or attending school or job training before receiving benefits, and several states have similar proposals pending federal approval.

Kentucky’s waiver allowing work requirements was temporarily halted due to an injunction last November, but the Centers for Medicare & Medicaid Services re-approved the waiver shortly after the court decision. This action and other possible litigation may affect pending proposals as well as the debate going on in other states regarding work requirements and community engagement.

In addition, lawmakers will be looking to better integrate behavioral health and primary care services, especially for those with substance use disorder. States have
been using 1115 waivers to serve this population. Last October, Congress passed the SUPPORT for Patients and Communities Act, which offers legislators more options and flexibility in using Medicaid for substance abuse treatment and other services.

**OVERREACHING OPIOIDS**

Few issues involve so many different aspects of state government as does the opioid epidemic. Among behavioral health, the criminal justice system and social services, the situation has reached crisis levels. People with mental illness and substance use disorders, like opioid addiction, are more prevalent in jails and prisons than in the general population. While 3.2 percent of men and 4.9 percent of women in the general population have a serious mental illness such as schizophrenia, major depression or bipolar disorder, in jail, the rates go up to 14.5 percent of men and 31 percent of women.

Opioid use disorders are also common among those incarcerated. Approximately half of state and federal prisoners meet criteria for substance use disorder, according to the U.S. Department of Justice. Additionally, people with a mental disorder are more likely than those without one to also have an alcohol or substance use disorder.

The criminal justice system, however, was not designed to treat mental illness or drug addiction. Too often law enforcement officers arrest and jail a person who needs medical care instead. Opioid addiction rarely is treated in prison. After release, abuse often resumes, and overdoses occur due to a loss of tolerance gained while incarcerated.

Legislatures will be taking a closer look at who is in jail, why they are there and whether their detention promotes or hinders public safety. When it comes to prisoners addicted to opioids, among other options, lawmakers will consider allowing medication for opioid disorders inside prison and expanding community-based treatment for mental illness or addiction outside of jail.

**WORKFORCE READY**

The traditional American education system has struggled to prepare students for today’s job market. So lawmakers are creating new pathways to careers with a greater focus on providing students with job skills before they leave high school. Businesses say they need better-educated and -prepared employees who come to them with some skills already mastered. Students would benefit from knowing what kind of job or career they are headed for before taking on huge amounts of debt for a college degree they may never use.

State and local policymakers are establishing partnerships between education and businesses to create youth apprenticeships, career pathways, and rigorous career and technical education to build a stronger workforce. They are also studying high-performing countries, like Switzerland and Singapore, that have effective systems to help students choose and succeed in specific careers. Beginning in secondary school, students in these countries have many opportunities to get real-life job experiences and gain skills. All students leave the system with a fine secondary education that sometimes includes college-level coursework along with meaningful on-the-job experiences.

Equipping students with workplace skills addresses the needs of just one segment of the job-seeking population. Can lawmakers find similar solutions for unemployed adults, soon-to-be-released inmates and returning military veterans?
TRANSPORTATION TRAVAILS

America’s transportation infrastructure has been idling in a state of near-crisis for more than a decade, while millions of drivers, passengers and pedestrians cross thousands of structurally deficient bridges every day. There are several reasons why states are struggling to keep their transportation infrastructure afloat:

• Increased costs of road construction and maintenance.
• Stagnant gas tax revenue due to years (decades in some instances) of fixed fuel tax rates and advancing vehicle fuel efficiency.
• Flat federal assistance.

Further out, the impending mass adoption of electric vehicles is likely to empty the tank of gas tax revenues.

More than half of state legislatures have enacted measures to increase transportation revenues since 2013, Emerging ideas range from fees on electric and hybrid vehicles to road-use charges to variable-rate gas taxes to innovative financing. But so far, a guaranteed long-term solution has proved elusive. The result is likely to be a mixture of new strategies. In the meantime, transportation infrastructure continues to crumble, keeping this topic on the list for the last three years.

PRIVACY AND SECURITY

As the amount of sensitive consumer data collected, shared and analyzed grows, so does the threat of cyberattacks and data breaches. Lawmakers will continue to search for new and effective ways to secure their constituents’ privacy while beefing up security practices and policies to protect the sensitive data collected and held by state agencies.

They’ll also look at the security and privacy practices of certain businesses, given the continued security breaches of the growing amounts of data collected, shared and used commercially. Businesses are using all this data in many new ways, prompting legislation requiring them to tighten their security practices. There has been a lot of global interest in the European Union’s recent General Data Protection Initiative, which sets specific rules on how businesses may process personal data.

The “internet of things”—the network of vehicles, appliances and other products that collect data often without consumers’ knowledge or consent—led California to
require manufacturers to equip connected devices with reasonable security features. The California Consumer Protection Act, enacted in a rush to sideline a more stringent ballot measure late last year, imposes a broad range of privacy rules for businesses. California will be refining the legislation in the coming year, but other states are likely to be watching and will be considering some of the same requirements, among them that consumers be:

• Notified when their personal data is collected, sold or disclosed.
• Allowed to have their information deleted.
• Given the opportunity to opt out of having their information sold.

States have long taken the lead in consumer privacy and security matters, such as security-breach notification laws. That’s likely to continue, especially if the federal government fails to act.

ENERGY INFRASTRUCTURE
The explosion of new technologies—from smart water heaters and thermostats to electric vehicles, rooftop solar panels and energy storage—promises a cleaner, more efficient, more reliable energy future. But it also requires a modernized power grid, and new regulatory approaches.

The old energy infrastructure, designed for a centralized grid with one-way energy flow, needs to be upgraded to accommodate two-way energy flows and the growth of an increasingly modular system. Massive infrastructure investments will be needed to create a 21st-century grid and finding the money often won’t be easy. But that’s just part of the challenge.

Lawmakers also will be busy updating policies and regulations that no longer work in this rapidly changing market. As more people generate their own energy and utilities downsize their generation sources, a fundamental shift is occurring. Large, distant generation sources are being replaced by smaller, local sources located near energy consumers. Creating a modular two-way system—where customers are also producers, managers and

THE CHALLENGE FOR LAWMAKERS IS CRAFTING POLICIES THAT PROMOTE INVESTMENT IN INFRASTRUCTURE WHILE ALLOWING INNOVATIVE INDUSTRIES AND NEW ENERGY MANAGEMENT APPROACHES TO COMPETE WHERE ONCE ONLY REGULATED MONOPOLIES COULD OPERATE.

market participants—requires building a more flexible, sophisticated grid and enacting regulations that equitably compensate market players.

The challenge for lawmakers is crafting policies that promote investment in infrastructure while allowing innovative industries and new energy management approaches to compete where once only regulated monopolies could operate.

VOLATILE VOTING
After the midterm elections, voters from New York to California complained of slow results, recounts, long lines, broken voting machines, voter registration purges, confused poll workers and legal disputes. Election issues are sure to pop up in sessions around the country as lawmakers seek to assure constituents that their votes matter and will be counted.

A recent Pew Research Center survey found that 91 percent of Americans agreed that voting is important, and 89 percent had confidence that their poll workers do a good job. Partisan differences emerged, however, in discussions on how easy it should be to vote. While most Democrats agreed that it should be easy for every citizen to vote, most Republicans believed the process shouldn’t be so easy that it is open to fraud. Lawmakers will be debating these concerns as they consider legislation this year dealing with Election Day and automatic registration, ID requirements, types of ballots, election security, early and no-excuse absentee voting, straight-ticket voting, postelection audits, felons’ right to vote and rules around military and overseas voters.

Voting topics will be discussed widely, including bills on redistricting. Distrust in how districts have been drawn previously was evident on election night when voters in five states approved ballot measures that will move the whole process to a redistricting commission.

FAMILY FIRST
Family First will dramatically change the way federal Title IV-E funds can be spent by states, territories and tribes. States previously could use them for children only after they entered foster care. As of Oct. 1, states will have the option to claim federal reimbursement for approved prevention services—evidence-based in-home parenting training, mental health and substance abuse treatment—that allow “candidates for foster care” to stay with their parents or kin caregivers.

The act also provides incentives for states to change their use of congregate care. To be eligible for federal reimbursement, the act limits the number of foster children allowed in a family foster home to six, with some exceptions. To receive reimbursement for a child’s stay in a congregate care setting or residential group home, the program must be designated as a qualified residential treatment program.

Such programs must be licensed and accredited, use a trauma-informed treatment model, have registered or licensed nursing staff, engage families in the treatment process and provide support after discharge. Assessment of a child must indicate the need for residential care, and each child’s treatment must be regularly reviewed. Other types of facilities or services that qualify include prenatal, postpartum or parenting support programs for
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The Runners-Up

Lawmakers will also be busy with:

- Regulating sports betting
- Developing marijuana policies
- Addressing sexual harassment
- Keeping housing affordable
- Looking at occupational licensing
- Challenging the high cost of prescription drugs
- Dealing with disasters
- Adopting new (5G, blockchain) technologies
- Redesigning immigration policy
- Protecting drinking water
- Considering gun control

State-Federal Issues:

Many state policy issues have a federal component. These will all be part of legislative discussions in 2019.

- International trade
- Higher education
- Immigration
- Environmental regulations
- Federal infrastructure initiatives
- Data privacy
- 5G technology
- Sports betting
- Disaster mitigation
- Medicaid
- TANF/welfare reform
- Opioids
- Prescription drugs

teen moms, and high-quality residential settings for youth who have been, or are at risk of becoming, victims of trafficking.

Legislators will be busy assessing the foster care prevention services in their states and identifying which children in congregate care can be placed safely in family-based care. All these changes will require them to find ways to increase the number of foster families and therapeutic care options.

So there you have it: NCSL’s educated guess at what will dominate state legislative agendas in the year to come. Let the sessions begin!

Julie Lays is the editor of State Legislatures. Thank you to these NCSL staff who contributed to this article: Glen Andersen, Emily Blanford, Jackson Brainerd, Jerard Brown, Ben Erwin, Michelle Exstrom, Savannah Gilmore, Pam Greenberg, Suzanne Hultin, Nina Williams-Mbengue, Kevin Pula, Wendy Underhill and Amber Widgery.

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