

STATE OF THE STATES

★ ★ ★ ★ ★ A STATELINE.ORG REPORT ★ ★ ★ ★ ★

2006

State Policy Developments and Trends



Politics | Aging | Taxes & Budget
Health Care | Homeland Security | Education
Immigration | Energy | Issues to Watch

Cover Photos:

Govs. Mark Warner of Virginia (D), Tom Vilsack of Iowa (D) and Mike Huckabee of Arkansas (R) at the 2005 National Governors Association annual meeting in Des Moines.

Volunteers from the Bay St. Louis (Miss.) Emergency Management Agency rescued the Taylor family from atop their car on U.S. 90 after Hurricane Katrina.

Pharmacist John Endris fills a prescription in Springfield, Ill. The state slowed payments to Medicaid providers.

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Major 2006 State Meeting Dates

ORGANIZATION	MEETING	DATES	LOCATION
American Legislative Exchange Council (ALEC)	Annual Meeting	July 19–23	San Francisco
Association of Capitol Reporters and Editors (ACRE)	Capitolbeat 2006	Aug. 4–6	Columbus, Ohio
Center for Policy Alternatives (CPA)	Annual Meeting	Dec. 8–10	Washington, D.C.
The Council of State Governments (CSG)	Eastern Regional Cfc. Annual Meeting	July 30–Aug. 2	Philadelphia
The Council of State Governments (CSG)	Midwestern Legislative Cfc. Annual Meeting	Aug. 20–23	Chicago
The Council of State Governments (CSG)	Southern Legislative Cfc. Annual Meeting	July 29–Aug. 2	Louisville, Ky.
The Council of State Governments (CSG)	CSG-West Annual Meeting	Aug. 10–13	Breckenridge, Colo.
Eastern Governors Association (EGA)	Annual Meeting	Feb. 25–28	Washington, D.C.
Midwestern Governors Association (MGA)	Annual Meeting	Feb. 25–28	Washington, D.C.
National Governors Association (NGA)	Winter Meeting	Feb. 25–28	Washington, D.C.
National Governors Association (NGA)	Annual Meeting	Aug. 4–7	Charleston, S.C.
National Conference of State Legislatures	Annual Meeting	Aug. 15–18	Nashville, Tenn.
New England Governors Association (NEGA)	Annual Meeting	TBD	Newport, R.I.
Southern Governors Association (SGA)	Annual Meeting	TBD	New Orleans
Western Governors Association (WGA)	Annual Meeting	June 11–13	Sedona, Ariz.

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Designed by Hasten Design Studio, Inc.

Printed by Midatlantic Printers

All photos courtesy of Associated Press Wide World Photos

By Gene Gibbons, Executive Editor

In the celebrity, scandal-obsessed atmosphere that saturates modern America, interest in government performance is seen by many as the almost exclusive province of policy wonks. What is essentially the glue of civilized society is too often greeted with disdain. Infrastructure? A jaw-breaking, my-eyes-glaze-over topic. Fiscal matters? B-o-r-r-ing. Politics — once the art of achieving the possible through compromise — has become a soup of spin and photo ops distanced and divorced from our lives. Indeed, Grover Norquist, one of the high priests of anti-tax politics, once boasted his goal was to shrink government to the point where “we can drown it in the bathtub.”

Hurricane Katrina provided a horrific reminder that government matters. Suddenly, arcane policy matters such as evacuation procedures and levee maintenance became a matter of life and death. In times of crisis, people inevitably turn to the public sector for help with solving their problems.

Most of us are fortunate enough never to face such a nightmare, but our everyday lives are no less dependent on a web of public policies that make society work — or not. The aim of this publication, *Stateline.org*'s sixth annual *State of the States* report, is to illuminate public policy choices and changes that will touch lives in the 50 states in 2006.

Over the next several months, the midterm U.S. election campaign will expose us once again to our would-be leaders' visions of how to achieve the common good. At the state level, there are issues aplenty to be debated, chief among them how to improve public education and provide more affordable health care.

As *Stateline.org*'s Eric Kelderman notes in our opening chapter, 36 states will choose governors on Nov. 7 and some — Florida, Michigan, Ohio and Pennsylvania among them — will be battlegrounds in the 2008 presidential election. Mindful that four of the last five occupants of 1600 Pennsylvania Ave. led states before they led the nation, at least a half-dozen potential presidential aspirants are current or former governors. Since legislators in 46 states also face the voters this year (the exceptions are New Jersey, Virginia, Mississippi and Louisiana), bipartisanship in addressing critical issues such as education and health care may be elusive.

In the wake of Katrina, which claimed more than 1,300 lives on the Gulf Coast, a report of this type would not be complete without a look at the state of emergency preparedness



Louisiana Gov. Kathleen Blanco (D), President Bush and Sen. Mary Landrieu (D-La.) inspect Hurricane Rita damage in Lake Charles.

in the states. *Stateline.org*'s Mark K. Matthews found that the spate of deadly hurricanes that hit Louisiana, Mississippi, Florida, Alabama and Texas last year quickened efforts in other states to review and upgrade plans for dealing with natural or man-made catastrophes. *Stateline.org*'s Joseph Popiolkowski examined recovery efforts in three of the worst natural disasters of the last decade to find lessons for today. We also look at how state National Guard deployments to Iraq, Afghanistan and other war zones are affecting readiness for crises at home.

It's been five years since states were beset by a severe fiscal crisis — the “worst since the Great Depression,” one governor opined. That now seems largely a thing of the past — state revenue in 2005 exceeded forecasts in 42 states, according to a survey last summer by the National Governors Association and the National Conference of State Legislatures. But money is still tight, and the overarching challenge for officials in most states is to meet competing demands for spending on education and on health care for the poor, elderly and disabled, principally through the Medicaid program.

In these pages, *Stateline.org*'s Daniel C. Vock examines the two most-discussed options for cutting Medicaid costs. One would raise copayments for doctor's visits and prescription drugs, a step that mainly would impact the poor; the other would tighten requirements to qualify for publicly financed nursing home care, a change that mainly targets the middle



A rally for nursing home residents in Little Rock, Ark.

class. In a separate chapter, staff writer Kavan Peterson looks at a way more and more states are trying to raise learning standards — by investing in quality pre-K education.

Elsewhere in *State of the States 2006*, staff writer Kathleen Hunter, who covers tax and budget policy, reports on proposed government spending limits that voters in several states will consider this year. Anti-tax advocates pushing the plans suffered a pair of setbacks in 2005 when voters in California and Colorado agreed with critics who claim the spending caps handcuff state government’s ability to provide much-needed services.

A report on aging looks at what states are doing to get ready for a big increase in retirees: The first members of the post-World War II baby boom generation reach retirement age in just five years. *Stateline.org*’s Christine Vestal, who’s been tracking that issue with research assistance from Virginia Commonwealth University students, reports that, despite all the doomsayer rhetoric, the aging of America probably won’t inundate state policy-makers with a new set of problems.

State of the States 2006 profiles two new faces in the ranks of governors — Democrats Tim Kaine of Virginia and Jon Corzine of New Jersey, both elected Nov. 8 — and presents “issues to watch” in the states. The profiles were prepared by intern Brian H. Kehrl.

You’ll also find in this book an array of maps and charts meant to serve as useful reference material — including *Stateline.org*’s 2006 election guide in a pullout-poster for the first time.

The list of credits for this publication would not be complete without commending Tiffany Shackelford, *Stateline.org*’s Web and marketing manager, who handled layout and printing, and thanking contributing editor Christopher Connell, who is responsible for the quality of the editorial content. *Stateline.org* Managing Editor Barbara Rosewicz oversaw the entire project while at the same time achieving ever higher standards in keeping readers of our daily online publication abreast of pressing state issues.

This report exemplifies the kind of journalism you’ll find each weekday by clicking on *Stateline.org*. It’s the only free Internet news site that tracks policy innovation and initiatives in the states, those laboratories of democracy, as U.S. Supreme Court Justice Louis Brandeis once aptly described them. “It is one of the happy incidents of the federal system that a single courageous state may, if its citizens choose, serve as a laboratory; and try novel social and economic experiments without risk to the rest of the country,” Brandeis wrote in 1932.

Stateline.org, a project of the Pew Research Center in Washington, D.C., is a nonprofit, nonpartisan enterprise funded by The Pew Charitable Trusts as part of its mission to serve the public by providing useful information. We are grateful to the board and staff of the Trusts, including President Rebecca W. Rimel and Director of Information Initiatives Donald Kimelman, for their generous support. As always, we welcome your comments and suggestions on how we can improve this publication and our online reports. ✦



Then-Sen., now Gov. Jon Corzine (D-N.J.).

MIDTERM ELECTIONS PRESAGE BIG CHANGE IN THE STATES

By Eric Kelderman



New York Gov. George Pataki (R), bowing out after three terms.

The moving vans will pull up to governor's mansions in at least nine states in January 2007, and some familiar faces — Republicans Jeb Bush of Florida, George Pataki of New York and Mike Huckabee of Arkansas and Democrat Tom Vilsack of Iowa among them — will exit the state political stage. But most won't be leaving politics

altogether, and if recent history is any guide, one of the departing governors — or perhaps a successful gubernatorial candidate in this year's election — might be packing his or her bags in January 2009 to move into the White House.

Thirty-six states choose new governors on Nov. 7, 2006. Legislators in 46 states face the voters this year, and all 435 seats in the U.S. House of Representatives plus 33 U.S. Senate seats are also at stake. The Republican Party has more to lose in the gubernatorial elections: 22 of the contested governorships are in Republican hands, while Democrats hold 14. At present, the GOP commands a 28-to-22 advantage in the governor's mansions. The math is even more unfavorable for Republicans when you consider that all but one of the nine wide-open races — in which no incumbent is running — are to fill seats now occupied by the GOP.

While the issues vary from state to state, education and health care are certain to rank high among voter concerns. Democrats planned to try to exploit voter discontent with the Iraq war, high oil prices and the disjointed federal

response to Hurricane Katrina. But the GOP successfully parried Democrats' thrusts over Iraq and the economy in 2004 and hoped massive aid for the hurricane victims would persuade voters to forgive emergency response missteps.

There is always a spate of governors' races in the middle of a presidential term, but the contests for state leadership have special significance when the president is a lame duck, as is George W. Bush.

"You have the equivalent of a national election. Governor's races in all parts of the country give both political parties the opportunity to test market ideas, concepts, values and message for 2008," Vilsack, a Democrat completing his second term and eyeing a run for the White House, told *Stateline.org*.

Term Limits for Governors and Legislatures

States	Gubernatorial Term Limits	Legislative Term Limits
Alabama	2 consecutive terms allowed	None
Alaska	2 consecutive terms allowed	None
Arizona	2 consecutive terms allowed	House: 4 terms (8 years); Senate: 4 terms (8 years)
Arkansas	2 consecutive terms allowed	House: 3 terms (6 years); Senate: 2 terms (8 years)
California	2 consecutive terms allowed	Assembly: 3 terms (6 years); Senate: 2 terms (8 years)
Colorado	2 consecutive terms allowed	House: 4 terms (8 years); Senate: 2 terms (8 years)
Connecticut	None	None
Delaware	2 consecutive terms allowed	None
Florida	Limited to 8 consecutive years in office	House: 4 terms (8 years); Senate: 2 terms (8 years)
Georgia	2 consecutive terms allowed	None
Hawaii	2 consecutive terms allowed	None
Idaho	None	None
Illinois	None	None
Indiana	Limited to 2 consecutive 4-year terms, then eligible again after 4-year break	None
Iowa	None	None
Kansas	2 consecutive terms allowed	None
Kentucky	2 consecutive terms allowed	None
Louisiana	2 consecutive terms allowed	House: 3 terms (12 years); Senate: 3 terms (12 years)
Maine	2 consecutive terms allowed	House: 4 terms (8 years); Senate: 4 terms (8 years)
Maryland	2 consecutive terms allowed	None
Massachusetts	None	None
Michigan	2 consecutive terms allowed	House: 3 terms (6 years); Senate: 2 terms (8 years)
Minnesota	None	None
Mississippi	2 consecutive terms allowed	None
Missouri	2 consecutive terms allowed	House: 4 terms (8 years); Senate: 2 terms (8 years)
Montana	Limited to 8 years in a 16-year period	House: 4 terms (8 years); Senate: 2 terms (8 years)
Nebraska	2 consecutive terms allowed	Unicameral: 2 terms (8 years)
Nevada	2 consecutive terms allowed	Assembly: 6 terms (12 years); Senate: 3 terms (12 years)
New Hampshire	None	None
New Jersey	2 consecutive terms allowed	None
New Mexico	2 consecutive terms allowed	None
New York	None	None
North Carolina	Limited to 2 consecutive 4-year terms, then eligible again after 4-year break	None
North Dakota	None	None
Ohio	Limited to 2 consecutive 4-year terms, then eligible again after 4-year break	House: 4 terms (8 years); Senate: 2 terms (8 years)
Oklahoma	2 consecutive terms allowed	12-year combined total for both houses
Oregon	None	None
Pennsylvania	2 consecutive terms allowed	None
Rhode Island	2 consecutive terms allowed	None
South Carolina	2 consecutive terms allowed	None
South Dakota	2 consecutive terms allowed	House: 4 terms (8 years); Senate: 2 terms (8 years)
Tennessee	2 consecutive terms allowed	None
Texas	None	None
Utah	If gov. serves 12 consecutive years, he or she cannot seek re-election	None
Vermont	None	None
Virginia	Limited to one term, then eligible again after 4-year break	None
Washington	None	None
West Virginia	2 consecutive terms allowed	None
Wisconsin	None	None
Wyoming	Limited to 2 terms in a 16-year period	House: 6 terms (12 years); Senate: 3 terms (12 years)

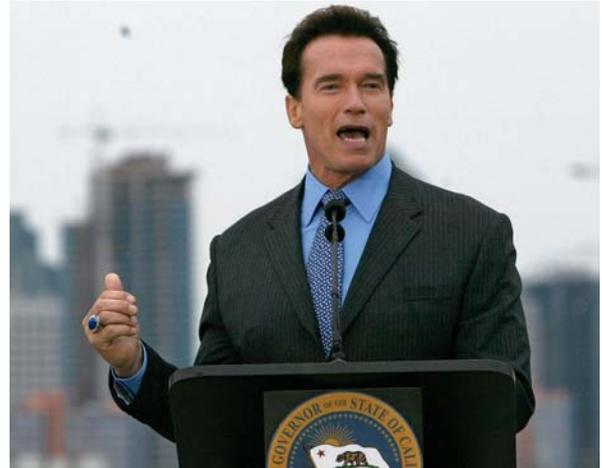
Note: All governor terms are four years except New Hampshire and Vermont (two years).

It's even more significant that several of this year's gubernatorial races are in states that loom as battlegrounds in the 2008 presidential elections. "There are some who suggest that having a governor makes a 2 percent difference in voter turnout. And if that's true, in a tight presidential election, Ohio, Florida, Arkansas or Nevada may become very, very important," Vilsack said.

Initial skirmishing for the 2008 Republican and Democratic presidential nominations will be under way even before this year's election takes place, and Bush, Pataki, Huckabee and Vilsack are all regarded as potential contenders. So are Democrat Mark Warner of Virginia, who was term-limited out of the governor's office in 2005; Democratic Gov. Bill Richardson of New Mexico, who is running for re-election; and Republican Gov. Mitt Romney of Massachusetts, who in December decided to pass up a re-election bid.

Chances that the next president could be a former governor are good. Four of the last five chief executives — George W. Bush, Bill Clinton, Ronald Reagan and Jimmy Carter — came to the White House after apprenticing as state leaders. By the end of this Bush administration, members of the governors' fraternity will have occupied the White House for 28 of 32 years. Before that, it was more common for chief executives to emerge from the ranks of Congress, as Harry Truman, John Kennedy, Lyndon Johnson, Richard Nixon and George H.W. Bush all did (although Nixon tried without success to become governor of California, four years before Reagan snared that post).

Setting aside the presidential handicapping for 2008, the November election promises to be intriguing. California voters will get a chance to reconsider their romance with Gov. Arnold Schwarzenegger (R), who swept into office after the October 2003 recall of Gray Davis (D). Schwarzenegger's stunning victory even led to proposals to amend the U.S. Constitution to allow the Austrian-born movie star to run for president. But the "Terminator" has not been able to vanquish California budget woes, and he could be back working in Hollywood earlier than planned. Voters smacked down four ballot initiatives that Schwarzenegger promoted in a 2005 special election, including measures to limit state spending, prohibit state employees unions from automatically collecting dues for political purposes and forcing public school teachers to wait longer for tenure.



Voters rejected all four ballot initiatives promoted by California Gov. Arnold Schwarzenegger (R).

"California has enormous difficulties and is an enormously difficult state to govern," said Republican pollster Whit Ayres, a one-time aide to the late South Carolina Gov. Carroll Campbell (R). "The only surprise is that [Schwarzenegger] was as popular as he was for as long as he was." As 2005 ended, polls showed Schwarzenegger trailing both State Treasurer Phil Angelides and State Controller Steve Westly, who were expected to compete for the Democratic gubernatorial nomination in a June 6 primary.

Republican Govs. Bob Riley in Alabama, Frank Murkowski in Alaska and Dave Heineman in Nebraska all face serious primary opposition and uncertain re-election prospects. As 2006 started, Oregon Gov. Ted Kulongoski was the first Democratic incumbent to face a primary challenge, but scandal dogged first-term Gov. Rod Blagojevich (D) in Illinois and high unemployment in Michigan could be a drag on the re-election hopes of first-term Gov. Jennifer Granholm (D).

Riley is being challenged by fellow Republican Roy Moore, the former state Supreme Court chief justice ousted from office in 2003 for defying a federal court order to remove a Ten Commandments monument from the lobby of a judicial building in the state capital of Montgomery. Patrick Cotter, a political scientist at the University of Alabama in Tuscaloosa, said Riley antagonized some in his Republican base with his unsuccessful 2003 push to reform the state's tax structure. Cotter said Alabama's primary, also on June 6, shapes up as "an interesting fight between the religious and business wings of the state's Republican Party." Former Gov. Don Siegelman, under federal indictment on charges

arising from a bid-rigging scandal, filed papers to challenge Lt. Gov. Lucy Baxley in the Democratic primary.

Murkowski could face three credible challengers from within his party if he decides to seek a second term, University of Alaska political scientist Carl Shepro told *Stateline.org*. Murkowski's ratings sank after he appointed daughter Lisa to the U.S. Senate seat that he vacated after winning the governorship in 2002. Shepro said likely challengers included state Sen. Ralph Seekins; Sarah Palin, former chair of the State of Alaska Oil and Gas Conservation Commission, and businessman Andrew Halcro.

Heineman, who ascended to Nebraska's helm in 2004 after then-Gov. Mike Johanns (R) was named U.S. Secretary of Agriculture, will battle U.S. Rep. Tom Osborne in a May 9 GOP primary. Osborne is an immensely popular former University of Nebraska football coach whose Cornhuskers averaged 10 wins a season during his 25-year tenure.

Oregon's Kulongoski was considered one of the most vulnerable Democratic governors up for re-election. He faced opposition from state Sen. Vicki Walker, former state Sen. Pete Sorenson and possibly former two-term Gov. John Kitzhaber in a May 16 primary. For the Republicans, state GOP chairman Kevin Mannix and attorney Ron Saxton scheduled a rematch of their 2002 primary battle. Kulongoski, a former state attorney general, narrowly bested Mannix in the general election.



Arkansas Gov. Mike Huckabee (R), during a 5K run in Little Rock. A diabetic, he has made personal health and fitness a priority after shedding 110 pounds.

2006 Governor's Races — Incumbents Running or Not?

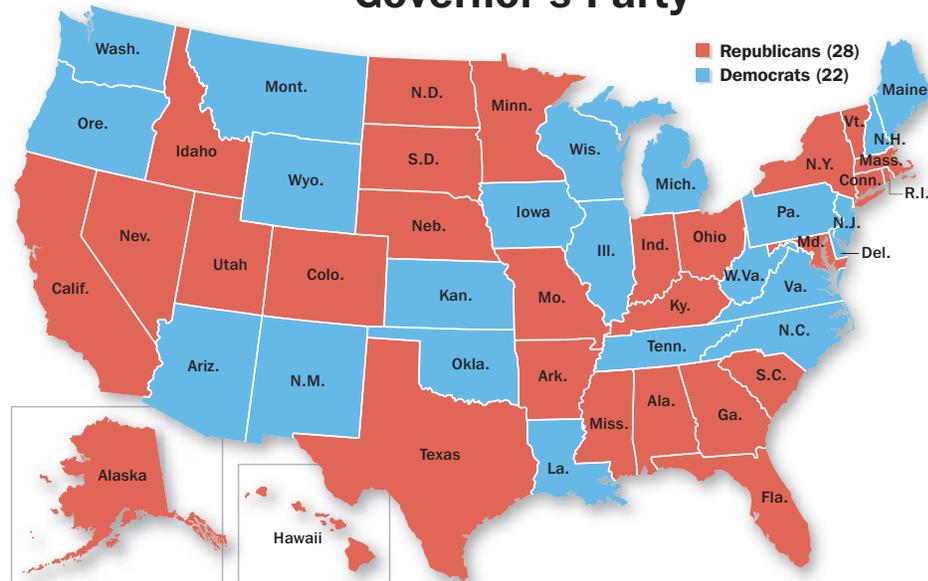
States	Governor	Running?
Republicans		
Alabama	Bob Riley	Y
Alaska	Frank Murkowski	U
Arkansas	Mike Huckabee	N#
California	Arnold Schwarzenegger	Y
Colorado	Bill Owens	N#
Connecticut	M. Jodi Rell	Y
Florida	Jeb Bush	N#
Georgia	Sonny Perdue	Y
Hawaii	Linda Lingle	Y
Idaho	Dirk Kempthorne	N
Maryland	Robert Ehrlich	Y
Massachusetts	Mitt Romney	N
Minnesota	Tim Pawlenty	Y
Nebraska	Dave Heineman	Y
Nevada	Kenny Guinn	N#
New York	George Pataki	N
Ohio	Bob Taft	N#
Rhode Island	Don Carcieri	Y
South Carolina	Mark Sanford	Y
South Dakota	Mike Rounds	Y
Texas	Rick Perry	Y
Vermont	Jim Douglas	Y*
Democrats		
Arizona	Janet Napolitano	Y
Illinois	Rod Blagojevich	Y
Iowa	Tom Vilsack	N
Kansas	Kathleen Sebelius	Y
Maine	John Baldacci	Y
Michigan	Jennifer Granholm	Y
New Hampshire	John Lynch	Y*
New Mexico	Bill Richardson	Y
Oklahoma	Brad Henry	Y
Oregon	Ted Kulongoski	Y
Pennsylvania	Ed Rendell	Y
Tennessee	Phil Bredesen	Y
Wisconsin	Jim Doyle	Y
Wyoming	Dave Freudenthal	Y

- term-limited

* - 2-year term

U - undecided

Governor's Party



Fred Thompson, professor of public management and policy at Willamette University in Salem, Ore., said that by governing to the middle, “Kulongoski has offended his base — Portland liberals. If he were popular, that wouldn’t matter. Unfortunately, he’s not. So his problems reflect his standing both in the party and with voters generally.”

Republicans also hoped to topple Illinois’ Blagojevich, who has been linked to a state pension fund scandal. Chris Mooney, editor of *State Politics and Policy Quarterly* at the University of Illinois in Springfield, Ill., said Blagojevich’s high-powered fund raising would make it difficult for whoever emerged from the Republican field of challengers to mount a successful campaign. But the governor’s low poll ratings and the scandal could give the GOP “excellent traction,” Mooney said.

Michigan’s Granholm, another Republican target, finds herself lagging in the polls primarily because of the state’s sagging economy, said Jim Penning, a political scientist at Calvin College in Grand Rapids, Mich. The Canadian-born Granholm will likely face wealthy businessman Dick DeVos Jr., son of the Amway founder and husband of Betsy DeVos, the former Michigan GOP chairwoman. “With nearly unlimited financial resources and time, DeVos is already crisscrossing the state, challenging the governor’s record. It remains to be seen whether DeVos’ [money] will translate into broad, grassroots support on Election Day,” Penning said.

None of the 14 Democrats up for re-election this year was term-limited, but Iowa’s Vilsack decided to leave office voluntarily, fulfilling a promise to serve only two terms. It also leaves Vilsack free to consider a presidential bid.

Florida’s Jeb Bush is among five Republican governors reaching the limit of their terms in 2006 — the others are Mike Huckabee of Arkansas, Bill Owens of Colorado, Dirk Kempthorne of Idaho, Kenny Guinn in Nevada and Bob Taft of Ohio. Taft, whose state could be pivotal in the presidential race, leaves office under a cloud. He pleaded no contest last year to charges that he failed to report golf outings and other gifts from business and political associates, and his approval rating subsequently fell into single digits — thought to be an all-time low for a U.S. politician.

Huckabee, current chairman of the National Governors Association, is openly exploring a White House bid. And he has come up with a novel way to promote himself and his favorite cause — championing healthy lifestyles. Huckabee, who lost 110 pounds in 18 months after being diagnosed with Type 2 diabetes, has penned a self-improvement book called *Quit Digging Your Grave With a Knife and Fork*.

Jeb Bush has shown little interest in the scramble for the presidency, but his political lineage keeps him from being counted out. When his father was in the White House from 1989 to 1993, pundits speculated that Jeb someday might

follow in his footsteps. But he lost his first race for governor to incumbent Lawton Chiles in 1994. That same year older brother George ousted Ann Richards in Texas and six years after that George captured the White House — perhaps stifling Jeb's ambitions.

Pataki, another potential Republican presidential contender, was regarded as a political giant slayer when he ended Democrat Mario Cuomo's career in Albany 12 years ago and is now the nation's longest serving governor. But his popularity ratings slid after he won a third term in 2002, and he decided last fall to forgo a bid for a fourth term. The late Nelson Rockefeller (R) was the only New York governor to pull off that feat.

Massachusetts' Romney, a financier who ran the 2002 Salt Lake City Winter Olympics, is also mulling a White House bid. Romney, whose late father George was a Michigan automaker, governor and unsuccessful GOP presidential hopeful in 1968, has already decided to pass up a second term. After 15 years of Republican leadership in the bluest of the blue states, Democrats will be gunning to reclaim that governor's office.

New Mexico's Richardson, a former congressman and ambassador to the United Nations, is seeking re-election this year. But he, too, may be after the White House. Virginia's Warner, barred from seeking re-election last year despite sky-high popularity in a normally Republican-

leaning state, also is testing the waters. Virginia is the only state that does not allow its governor to run for a second consecutive term.

Warner's presidential prospects got a boost when Lt. Gov. Tim Kaine (D) was elected to succeed him. Kaine's victory jolted the GOP, since Virginia gave President Bush an eight-point margin of victory two autumns ago. The Democrats also won 2005's only other gubernatorial race when Jon Corzine defeated Republican Douglas Forrester for New Jersey's top elective office. Garden State voters also approved a change in the state constitution that paves the way for the state's first election of a lieutenant governor in 2009.

Twice in the last decade, New Jersey governors resigned before their terms ended — Republican Christine Todd Whitman left to head the U.S. Environmental Protection Agency in 2001 and Democrat James McGreevey quit in 2004 after admitting to a homosexual affair. Richard Codey (D) did double duty, serving as acting governor for the final 14 months of McGreevey's term while remaining president of the New Jersey Senate. ❏

Right, Left Both Seek Edge From Ballot Initiatives

By Eric Kelderman

If the gubernatorial and congressional races don't capture voters' attention in 2006, activists on the right and left are hoping ballot initiatives will bring their supporters out in large numbers to decide issues that spark passionate debate such as illegal immigration, tax and spending limits, the minimum wage and gay marriage.

Both parties have concluded that ballot initiatives are a good tool to lure voters to the booth, Mike Pieper, former executive director of the Republican Governors Association, said.

Conservatives, emboldened by success in getting voters to adopt anti-gay marriage measures in 13 states in 2004, are looking to use wedge issues in the same way in 2006, said Kristina Wilfore, executive director of the Ballot Initiative Strategy Center, a liberal-leaning advocacy organization.

This year, Alabama voters get their say on the issue in a June referendum, and voters in South Carolina, South Dakota and Tennessee decide the issue in November.

As many as 11 states could consider measures to cut off state benefits to undocumented aliens, according to Wilfore's group. The proposals would emulate Arizona's Proposition 200, which denies social services to undocumented workers and requires public workers to report any illegal alien seeking aid.

The issue of illegal immigration is a double-edged sword for both parties, warned Republican pollster Whit Ayres. "It tends to pit blue-collar and union members of the Democratic coalition against more liberal and activist members. In the Republican coalition, it pits grassroots voters against the business community," he said.

Two Democratic governors of border states, Janet Napolitano of Arizona and Bill Richardson of New Mexico, declared states of emergency in August 2005, contending that crime and drug smuggling were out of control because of the federal government's failure to stop illegal border crossings.

Those declarations may not have had much practical impact, but they could help both Napolitano and Richardson win re-election, Arizona State University political scientist Rodolfo Espino said.

Susan Tully, a Midwest field director for the Federation for American Immigration Reform (FAIR), which wants to stop illegal immigration and reduce the number of immigrants moving to the United States legally, called the Napolitano and Richardson declarations purely political moves to out-flank Republicans. FAIR is already working with activists in Mississippi, Nebraska, Oklahoma and Texas to get initiatives similar to Arizona's Proposition 200 on the ballot.

Immigration policy and gay marriage won't be the only issues to draw voters to the booth on Nov. 7. State tax and spending caps, similar to the Colorado Taxpayer's Bill of Rights, may be on the ballot in Arizona, Maine, Nevada and Ohio, according to anti-tax activist Grover Norquist, who has led efforts across the nation for such measures.

Advocates of spending caps suffered a major setback when Colorado voters decided in 2005 to put their system of automatic spending limits and tax rebates on hold for five years to give the state some breathing room to meet a growing demand for services.

Mary Adams, a grassroots activist leading an effort for a spending cap in Maine similar to Colorado's, said that if the proposal is on the ballot, "we'll make it a campaign issue for every candidate that runs in Maine. If they sign it, they're the good guys. If they don't, they're the bad guys"

Wilfore, of the Ballot Initiative Strategy Center, which says it is committed to "progressive politics" and helping blunt "the right-wing's damaging initiative strategy," said that in addition to spending caps, conservatives are pushing referenda that would require 65 percent of public school money to be spent in the classroom. Nationally, 61.5 percent of education dollars reach the classroom, according to the National Center for Educational Statistics. Ballot measures to cut overhead and administrative costs and boost classroom spending may appear on ballots in Arizona, Colorado, Missouri, Ohio and Washington.

Liberals will push initiatives to raise the minimum wage in as many as eight states, Wilfore added. The national minimum wage is \$5.15 an hour. Congress last raised it in 1997. Thirteen states now require salaries above the national minimum, according to the Economic Policy Institute.

Staff Writers Kathleen Hunter, Mark K. Matthews and Kavan Peterson contributed to this report.

Katrina Alters Political Landscape for Barbour, Blanco

By Daniel C. Vock



Mississippi Gov. Haley Barbour (R) greets President Bush in Pascagoula two weeks after Hurricane Katrina.

Kathleen Babineaux Blanco and Haley Barbour took their oaths of office as governors of Louisiana and Mississippi two days apart in January 2004. Twenty months later, Hurricane Katrina ripped through the Gulf states, tearing apart lives and landscapes and severely testing their leadership.

Barbour, former Republican National Committee chairman, conveyed a take-charge demeanor in leading Mississippi's relief effort. He quickly convened a special legislative session and appointed a high-octane recovery commission headed by former Netscape chief executive Jim Barksdale.

Barbour convinced the Legislature to allow the shipwrecked Gulf riverboat casinos to move 800 feet inland and secured a \$25 million package of interest-free \$25,000 loans for small businesses.

The Mississippi governor also asked Washington for \$34 billion to help Mississippi rebuild. It was a far cry from the \$250 billion that Louisiana's U.S. senators demanded.

Blanco, who spent two decades as a state legislator, public service commissioner and lieutenant governor, appeared hesitant in the first days of the disaster. She vented about federal incompetence, but had trouble marshaling state resources to rescue the thousands stranded in attics, on rooftops and at the Superdome and Convention Center.

Nonetheless, after a rocky start, Blanco emerged with what *The Times-Picayune* called "a string of victories" from a 17-day special session of the Legislature, including tougher building codes, business tax breaks, a partial takeover of New Orleans' shaky school system, and \$600 million in spending cuts.

With nonstop news coverage, the nation glimpsed how these two politicians coped with an epic disaster.

In December, seeking to vindicate her record and Louisiana's reputation, Blanco released 100,000 pages of documents, including e-mails and internal memos that she said demonstrated how state employees "worked tirelessly and effectively ... to save many thousands of lives."

Blanco's task, all concede, was far tougher. More than 1,000 of the 1,300 fatalities were in Louisiana. Rebuilding New Orleans, a city of 450,000 and one of America's great cultural and culinary treasures, poses enormous challenges.

The mettle of both governors will be put to many further tests before their terms expire in January 2008. As Blanco put it, "This recovery is not a sprint. It's a marathon." John Maginnis, a Louisiana pundit, said, "Anyone in that situation would have been overwhelmed."

But pollster Bernie Pinsonat, a partner in Southern Media and Opinion Research in Baton Rouge, said, "Perception in politics is everything. And the perception is that (Blanco) wasn't up for the job and it overwhelmed her."

Blanco faced unusual political challenges. Many around the country and even within Louisiana were wary of pouring money into New Orleans, a city with a reputation for high life, high crime, poor schools and corruption. Its testy mayor, C. Ray Nagin, a Democrat who endorsed Blanco's Republican opponent in 2003, often acted independently of the governor.

Finally, the forced exodus from New Orleans after the levees broke may have altered the state's political balance in favor of the GOP. Blanco won by only 4 points in 2003, while President Bush carried Louisiana easily in 2000 and 2004.



Gov. Kathleen Blanco (D) comforts a New Orleans resident forced to evacuate a second time as Hurricane Hurricane Rita bore down on Lake Charles, La.

Barbour had his own problems to confront in Mississippi, one of the poorest states. The state temporarily lost the nearly \$170 million-a-year revenue stream from a dozen casinos in Biloxi, Gulfport and Bay St. Louis.

Still, Barbour seemed to strike the right notes as he rallied the state's 2.8 million citizens to the recovery.

"Frankly, in 20 years, we'll be glad Haley Barbour was governor when he was," said Marty Wiseman, director of the Stennis Institute of Government at Mississippi State University. Wiseman, a Democrat, said Barbour artfully balanced working with the White House and his friends in Washington, D.C., and giving voice to the frustrations of ordinary Mississippians.

Wayne Dowdy, chairman of the Mississippi Democratic Party and a former congressman, observed, "We have no choice but to do everything we can do to support the governor. He is our best bet."

IN KATRINA'S WAKE, A RUSH TO SHORE UP DISASTER PLANS

By Mark K. Matthews



A New Orleans street reflected in the floodwaters after Katrina.

A thousand miles from the Gulf Coast, the winds of Hurricane Katrina shook Wisconsin's plans to evacuate Milwaukee and other cities if disaster strikes.

No hurricane has ever hit the lakefront city famed for its beer, but Wisconsin Gov. Jim Doyle (D) was horrified and chastened as he watched Louisiana's nightmare unfold. "We saw people waiting for help, officials arguing about who was in charge, resources being misdirected, confusion on the ground and a lack of communication," Doyle said.

The governor ordered an urgent review of disaster preparedness plans. The conclusion: Wisconsin was better prepared for the worst than were Louisiana and Mississippi, but still hadn't figured out how to evacuate the sick, poor and elderly or keep the lines of communication open in a disaster.

And that was before fear of Hurricane Rita tied Texas traffic in knots, and Hurricane Wilma's ferocious gusts knocked Florida's well-practiced hurricane relief machinery out of kilter.

Now-familiar scenes — of families marooned on rooftops and in attics by the flood waters in New Orleans; of a bus bearing elderly evacuees engulfed in flames on a Texas highway; of impatient Miami residents queued around the Orange Bowl for water and ice — shattered Americans' confidence in the capacity of government at any level to protect them from catastrophe.

So states are moving to shore up their defenses, planning for disasters they now recognize can be far worse than previously imagined. Emergency planners are redrawing plans for what to do if a nuclear power plant suffers a meltdown in Wisconsin, or a seven-story tsunami flattens coastal Oregon, or a 7.6 earthquake rocks central Missouri.

Experts warn that simply reviewing doomsday plans won't be enough. Louisiana knew of its vulnerability to powerful hurricanes long before Katrina churned up the Gulf waters. And Wilma's strength caught Florida officials off guard despite the state's experience in weathering seven previous hurricanes in 14 months.

Because authorities get caught up reacting to the latest disaster — be it a hurricane or an act of terrorism — some question whether state agencies and executives have the insight, money and willpower to prepare for the next catastrophe.

“The major obstacle is that there must be sustained public interest and political pressure on emergency preparedness,” said David Webber, a University of Missouri political scientist. “It’s hard to see where (that) pressure is going to come from.”

Many states made stopgap improvements to their emergency plans after the latest spate of hurricanes and natural disasters. Evacuation remains the biggest concern; there are no sure-fire strategies for moving masses of people out of harm’s way in a crisis.

“We fail at evacuation twice a day: morning rush hour and afternoon rush hour,” said Mark Penn, emergency management coordinator for Alexandria, Va., across the Potomac River from the nation’s capital.

In Louisiana, authorities were criticized for not evacuating early enough, and for not securing enough buses and drivers to transport the infirm and those without cars to safety.

When Texas officials ordered the evacuation of Galveston and low-lying sections of Houston, many more Texans hit the roads than anticipated. More than 2 million people packed into cars that became gridlocked or ran out of fuel. Some spent 18 hours in a traffic snarl that stretched for 100 miles.

Judge Robert Eckels, the top elected official in Harris County, Texas, told NBC that “being stuck on a highway

up in Dallas (is) better than being under 20 feet of water in Galveston.” But Eckels, who directs the county’s office of emergency management, acknowledged, “we have learned (things) that we need to do differently next time.”

Other states took immediate heed of the problems bared by the Gulf State hurricanes.

- ★ After decades of costly earthquakes — including the devastating 1994 Northridge temblor — California officials say Katrina’s swath of destruction has prompted them to re-examine the state’s already strict building codes.
- ★ California officials also were giving consideration to reviving a plan to reroute water supplies around the Sacramento-San Joaquin Delta, which channels much of the state’s water. They are worried that their levees would fare no better than New Orleans’ did.
- ★ Two Missouri lawmakers called for a national training exercise to prepare for an earthquake along the New Madrid fault near St. Louis.
- ★ Hawaii officials sought funds to bolster shelters in case of tsunamis. There were jitters, too, in the Pacific Northwest about the damage a tsunami could inflict on coastal communities.
- ★ Oregon’s legislature established a joint committee on emergency preparedness to consider a range of threats, from tsunamis and earthquakes to avian flu and terrorism.
- ★ States recognized the importance of providing transportation for the infirm and disabled, who cannot flee on their own. In Wisconsin, state officials were compiling a list of residents with special needs. Connecticut authorities were cataloging all the buses, trains and vans available to move the sick, poor and elderly.
- ★ The disarray in New Orleans also brought home one lesson in dramatic fashion: Attention must be paid to evacuating the families of police and emergency personnel so rescuers can stay behind to do their jobs.
- ★ Other states took moves to backstop and protect critical public records after seeing Louisiana’s court system in shambles.
- ★ Connecticut Gov. M. Jodi Rell (R) called a hurricane drill less than two weeks after Hurricane Katrina and ordered new evacuation plans. In neighboring Rhode Island, authorities were drafting the state’s first evacuation plan.



Rescuers urge holdouts to leave their flooded New Orleans homes a week after the levees broke.

- ★ New Hampshire lawmakers convened an emergency session to review disaster plans. A key concern: how New Hampshire would cope with refugees if a major disaster struck Boston or New York.
- ★ Maine authorities want a plan to take care of pets so evacuees won't hesitate to flee to shelters that don't accept cats and dogs — a problem in New Orleans.

With the conspicuous failure of the Federal Emergency Management Agency in Louisiana, some leaders questioned whether the U.S. Department of Homeland Security put too much emphasis after 9/11 on thwarting terrorist attacks and let the country's guard slip against natural disasters.

Eleanor Holmes Norton (D), the District of Columbia's delegate to Congress, complained that the bulk of \$3 billion-plus in homeland security grants to state and local governments has been spent gearing up for terrorist threats.

"Hurricanes, floods, tornadoes and other natural disasters come on cue every year, but three out of every four local preparedness and first responder grants have gone for terrorism-related activities," she said.

In Florida and the other Gulf states, emergency planners fell down on the very basics of disaster relief. Food and water were in short supply, and shortages of gasoline interfered with both the evacuations and the relief efforts after the hurricanes struck.

None of the lessons learned from Katrina was entirely new.

Billy Williams, a civil engineering professor at North Carolina State University, said Hurricane Floyd exposed the inadequacy of state evacuation plans when it side-swiped the East Coast in 1999.

"We were evacuating people from Florida to Maryland's Eastern Shore. I-95 was a parking lot. Everything broke down," Williams said.

After Floyd, coastal states overhauled their evacuation plans and figured out how to reverse lanes on interstates and other highways.

Williams believes evacuations should be mandatory for Category 4 and 5 hurricanes. "If those monsters hit, you can't leave it up to people to make that decision," he said.

Reversing the traffic flow can only do so much. After hundreds of motorists ran out of gas during the Rita evacuation, some Texas officials said families should have been limited to taking out one car instead of every vehicle they owned.



Motorists head home past a statue of Sam Houston outside Huntsville, days after monumental traffic jams during the pre-Rita evacuation of Houston and Galveston.

While four states in Katrina's direct path were declared disaster areas, 41 other states declared emergencies because of repercussions from the storm.

Some lessons from Katrina were not about life and death or even logistics, but how to make people feel at home after their lives and property have been torn asunder.

When Gulf Coast evacuees landed in Montana, the state's disaster and emergency services division quickly realized that Louisiana families were accustomed to more seafood in their diet than is commonly served in Big Sky country. And the personal hygiene kits they had available lacked products suitable for African-American hair, a simple but important lesson for the future, said Monique Lay, a spokeswoman for the Montana emergency agency.

"We were concerned that they would come here and feel totally misplaced," said Lay. "We asked: How do we treat them as people and make them feel at home?"

Still-larger problems loom. Despite major funding increases since 2001, communication problems still bedevil police, fire and other emergency responders. In New York — where hundreds of firefighters failed to hear commanders' orders to evacuate the north World Trade Center tower after the south tower collapsed — officials have yet to break through the communications babel. They now hope to solve the problem by 2010.

Equally frustrating for state officials has been federal use of the National Guard, which provides military support to civil authorities dealing with disaster and disorder. The Pentagon has leaned heavily on state Guard units to buttress the regular Army in Iraq and Afghanistan. Many state officials warn that a breaking point is coming.

“The federal government needs to rethink its reliance on the National Guard for international activity, or states need to come up with another idea for emergency responders. We need another source of disaster response personnel,” said Massachusetts state Sen. Richard Moore (D), an associate director of the Federal Emergency Management Agency in the Clinton administration.

Several governors have complained about Guard units’ leaving heavy equipment behind for replacements when they return from the war zone. The Guard needs such gear to help communities back home dig out from earthquakes, floods or blizzards, they said.

Beyond customary threats, there is the specter of a medical catastrophe on the horizon, possibly triggered by an emerging, virulent strain of bird flu. Even without a pandemic, health officials worry about vaccine shortages. Influenza already kills thousands each winter, and experts predict a monumental death toll if an outbreak develops like the one in 1918-1919.

C. Mack Sewell, New Mexico’s state epidemiologist, said states must be prepared to fend for themselves.

“We should not assume that the federal plan is comprehensive,” Sewell said. “If there’s a pandemic, states are going to be standing in line for the federal stockpile. What’s going to happen to a state like New Mexico?” ✪

MAJOR U.S. HURRICANES BY STATE

Area	Categories 3-5
U.S. (Texas to Maine)	96*
Texas	20
Louisiana	20
Mississippi	8
Alabama	7
Florida	37
Georgia	3
South Carolina	6
North Carolina	12
Virginia	1
New York	5
Connecticut	3
Rhode Island	4
Massachusetts	3

*State totals will not necessarily equal U.S. totals because a single hurricane often impacts multiple states.

SOURCE: National Hurricane Center

TOP 10 MOST COSTLY U.S. CATASTROPHES, by insured loss:

Date	Peril	Direct deaths in U.S.	Insured loss when occurred ¹	In 2004 dollars
Aug. 2005	Hurricane Katrina	1,306*	\$34.4 billion	\$34.4 billion
Aug. 1992	Hurricane Andrew	23	\$15.5 billion	\$20.9 billion
Sept. 2001	World Trade Center, Pentagon attacks	2,976	\$18.8 billion	\$20 billion
Jan. 1994	Northridge, Calif., earthquake	61	\$12.5 billion	\$16 billion
Aug. 2004	Hurricane Charley	10	\$7.5 billion	\$7.5 billion
Sept. 2004	Hurricane Ivan	25	\$7.1 billion	\$7.1 billion
Sept. 1989	Hurricane Hugo	49	\$4.2 billion	\$6.4 billion
Oct. 2005	Hurricane Wilma	22*	\$6.1 billion	\$6.1 billion
Sept. 2005	Hurricane Rita	6*	\$4.7 billion	\$4.7 billion
Sept. 2004	Hurricane Frances	6	\$4.6 billion	\$4.6 billion

*Preliminary

¹ Combines personal property losses under homeowners, auto and business insurance policies.
SOURCES: Insurance Services Office, Insurance Information Institute, National Hurricane Center

Missions from Baghdad to Kabul Stretch the Guard

By Mark K. Matthews

In the aftermath of Hurricane Katrina, the National Guard demonstrated once again its importance and reliability in times of trouble.

“Guard forces were in the water and on the streets of New Orleans rescuing people within four hours of Katrina’s passing,” Lt. Gen. H. Steven Blum, chief of the National Guard Bureau, told Congress.

Within days, more than 50,000 Guard forces from 48 states were deployed to the region, rescuing people from rooftops, dispensing food and restoring order.

Their performance came at a time when the National Guard has been stressed as never before. Some 280,000 Army National Guard members – 80 percent of the entire force – have been sent to Iraq, Afghanistan and elsewhere overseas since the Sept. 11, 2001, terrorist attacks. Not since World War II has the Guard had so many missions abroad.

These foreign deployments, along with a succession of natural disasters, are straining the Guard, especially in the areas of recruitment and equipment.

Despite all this, Blum assured the House Committee on Government Reform in October, “We are not broken.”

The Gulf hurricanes revealed major fault lines in how governors and the Pentagon share the Guard.

At the congressional hearing where Blum testified, lawmakers heard complaints from Idaho Gov. Dirk Kempthorne (R) and Pennsylvania Gov. Ed Rendell (D). They said Guard units returning from Iraq were under Pentagon orders to leave behind trucks, helicopters, generators, satellite phones and other equipment for replacement units.

Kempthorne said all the vehicles and rolling stock left behind by Idaho’s 116th Brigade Combat Team “would fill a train with 212 railroad cars.”

Rendell said a fully equipped Guard was needed “to provide security to address terrorist threats at nuclear power plants or to provide airport security or to respond to floods or blizzard.”

David Segal, director of the Center for Research on Military Organization at the University of Maryland, said, “I’m wor-

NATIONAL GUARD FATALITIES

Since the terrorism attacks of Sept. 11, 2001, the National Guard has lost 373 members, with most (338) killed in Iraq. Nearly every state has suffered at least one fatality, but 11 states have lost more than 10 guardsmen.

1. Georgia (26)	5. California (20)	9. Oregon (14)
2. Pennsylvania (25)	6. Mississippi (20)	10. Tennessee (14)
3. Louisiana (24)	7. Arkansas (16)	11. Iowa (11)
4. New York (23)	8. Illinois (15)	

SOURCE: National Guard Bureau, as of Dec. 14, 2005.

ried about the future of the National Guard. If any force is going to be broken by these (foreign) engagements, it is the National Guard.”

In July 2005, more than 35,000 Army National Guard members were in Iraq, 10 percent of the Guard’s overall strength. More than 330 Guard members have been killed there.

Critics claim casualties and extended overseas tours have hurt enlistment. Spokesman Jack Harrison said the Guard was in no immediate danger, despite having missed its recruiting goals for the past two years. It sought to sign up 63,000 soldiers in fiscal 2005 and ended up with just over 50,000.

To reverse this decline in recruitment, Rendell said the Pentagon must be a better partner in sharing the Guard. And that starts with giving some control back to the states, he said.

“I reject the notion that because the federal government provides the great bulk of the funding for the National Guard, it can ignore the role of the states in command and control of the Guard’s forces,” Rendell told the lawmakers.

The Government Accountability Office (GAO) reported that the National Guard had left more than 101,000 pieces of equipment overseas, “exhausting its inventory of some critical items, such as radios and generators.”

New Jersey officials told the GAO that they lacked chemical protective suits and nerve agent antidotes to deal with a terrorist attack. In Louisiana, National Guard officials said that when Katrina struck, much of their disaster-response equipment was in Iraq.

A History of Recent U.S. Disasters

By Joseph Popiolkowski



Janny Vancedarfield on the doorstep of his former Florida City, Fla., home, one of the many reduced to splinters by Hurricane Andrew in 1992.

The plagues that befell Egypt in the Book of Exodus included swarms of frogs and locusts, as well as a more conventional hailstorm. In modern times, the natural disasters Americans fear most are hurricanes, earthquakes and floods.

Here is a look back at three of the worst calamities of the 1990s – Hurricane Andrew in Florida in 1992, the Northridge earthquake in California in 1994, and the Red River floods in North Dakota in 1997 – and the lessons emergency planners learned from each.

HURRICANE ANDREW

The costliest act of nature – pre-Katrina – was Category 5 Hurricane Andrew, which cut a 20-mile-wide swath of destruction across south Florida in August 1992, killing 15 and leaving 180,000 homeless. It leveled the city of Homestead and parts of Miami and inflicted damage exceeding \$25 billion.

The hurricane struck 10 weeks before the presidential election of 1992, and President George H.W. Bush and the Federal Emergency Management Agency were heavily criticized by state and local officials for a slow response to the disaster. Miami-Dade County emergency management director Kate Hale famously exclaimed before the television cameras, “Where in the hell is the cavalry on this one?”

Local officials quickly got Miami back on its feet. City Manager Cesar Odio upped the police presence to deter looting, instituted a 6 p.m. curfew and expedited debris

removal to open the streets to emergency responders and utility workers.

“We did not wait for FEMA,” he said. “A city should not wait to serve its citizens.”

Betty Hearn Morrow, a retired Florida International University sociologist, remembers, “As you went south for over 25 miles, it was nothing but devastation. Not just people’s roofs were gone, but their whole houses in many cases.”

Andrew turned thousands of homes into splinters and triggered an outcry about shoddy construction. That caused Florida to adopt what is regarded as the toughest statewide building code in the country, including a requirement for hurricane-resistant glass or shutters in coastal communities. The code added to the cost of building new homes, but also is credited with reducing the damage from Florida’s recent spate of hurricanes.

Many big insurance companies refused to offer wind insurance after Andrew, so the state now imposes a fee on all homeowners’ policies that goes into a wind destruction fund. Surprisingly, property assessments in south Florida reached pre-Andrew levels only two years after the storm.

South Florida found itself mired in sociological and economic shifts in Andrew’s wake. The poor were targeted by fraudulent contractors, divorce and domestic abuse rates went up and longtime citizens left in droves, Morrow said.

HOMELAND SECURITY

The town of Homestead, where 5,000 homes were leveled, initially lost 40 percent of its 27,000 residents, but now has 37,000. Homestead Air Force Base never recovered. Judged “97 percent dysfunctional” by the Air Force, it was closed except for a reserve wing.

Recovery from Andrew was a long, hard process, and for some it still isn’t over. In a 10-year follow-up of a community called South Miami Heights, Morrow found some residents still living in damaged homes.

Odio said he wishes New Orleans had taken a page from Miami’s book on hurricane preparedness. The homeless living in Miami’s Bicentennial Park balked at warnings to vacate the waterfront so Odio turned to the city attorney, who authorized their forced transfer to shelters.

“I’m proud of what we did during Andrew,” he said.

THE NORTHRIDGE EARTHQUAKE

Earthquakes are a fact of life in California, and southern California, with its precarious perch along volatile fault lines, was ripe in 1994 for a major temblor. A tectonic plate shift early on the morning of Jan. 14, 1994, known as the Northridge earthquake, killed 61, injured 18,480 and damaged 55,000 structures in greater Los Angeles.

The 4:30 a.m. quake, measured at 6.7 on the Richter scale, destroyed overpasses on Interstate 10 and other major freeways and toppled a 2,500-car parking structure at California State University, Northridge. It was the worst earthquake to strike a U.S. urban area since the Long Beach, Calif., earthquake of 1933, according to the U.S. Geological Survey. However, with most residents at home in their beds when it struck, the death toll was considered remarkably low.

Then-California Gov. Pete Wilson (R) and Dick Andrews, director of the state’s Office of Emergency Services, deployed full-scale rescue and recovery teams within hours to the stricken areas.

“We were in Los Angeles by late in the morning, and I was down there for pretty much the next five to six months,” Andrews said.

In addition to damage visible to the naked eye, building inspectors were surprised to find the earthquake bent steel frames and foundations that had been thought to be earthquake-resistant.

Wilson was told it could take up to two years to get the traffic flowing again on I-10, one of the busiest freeways in the world. State and federal highway authorities offered contractors bonuses of \$200,000 a day for finishing work ahead of schedule, and penalties of \$200,000 a day if they were late. Crews worked around the clock and I-10 reopened in 66 days.

“The state did a number of extraordinary things with the feds to get the freeways back up and running,” Andrews said. “For the first few months, the cooperation was really exemplary, but it didn’t stay that way.”

After pouring \$13 billion into the recovery, the federal government balked at repair estimates for schools, hospitals, local government buildings and other large projects, he said. “There was sticker shock. The relationships became very strained at that point,” he said.

Besides the contractor incentive program, which has been adopted in Katrina-hit Gulf states, Northridge also resulted in changes to fire and seismic codes to limit water damage from sprinklers, Andrews said.

In an enigmatic twist, more businesses closed in the year before Northridge than the year after. Andrews said a construction boom, the infusion of federal funds and low-interest Small Business Administration loans helped California’s economy rebound.

High costs led the legislature to delay until 2030 the deadline for making all hospitals earthquake-proof. That work will cost nearly \$42 billion, according to a RAND Corp. study.



No parking: The 1994 Northridge earthquake toppled this campus garage.

THE RED RIVER FLOOD

The 50,000 residents of rustic Grand Forks, N.D., knew the floodwaters were coming weeks before the Red River swamped the city in April 1997. They piled sandbags atop levees to a height of 52 feet, three feet above the crest predicted by the National Weather Service. But the flood of the century rolled in at 54 feet.

The Red River, which forms the North Dakota-Minnesota state line as it flows north into Canada's Lake Winnipeg, breached the levees, barreled past the strategically placed sandbags and filled buildings up to their second stories. A spectacular fire destroyed a stretch of downtown buildings.

The winter's prodigious snowfall coupled with drenching spring rains was the perfect recipe for a major flood, said Mike Jacobs, publisher and editor of the *Grand Forks Herald*.

The *Herald's* staff went about its business until water lapped at the door, then closed shop and retreated to higher ground. Printing on borrowed presses, the paper never missed a day and was the first business to reopen downtown. It won a Pulitzer Prize for coverage of the disaster.



The Red River inundated Grand Forks.

FEMA, still smarting over criticism of its performance in Hurricane Andrew, was determined not to falter in North Dakota. Then-FEMA director James Lee Witt summoned Jacobs as waters approached. "He said, 'Here's how this is going to play out. Here's what the stages of disaster and recovery are. Here's the grieving process the community will go through,'" Jacobs recalled.

The National Guard evacuated residents to a military base 14 miles west of the river. There were no casualties in the city, but the flood inflicted more than \$1 billion in damages. Eighty percent of the buildings in Grand Forks and every building in East Grand Forks, its Minnesota sister city, were damaged, Jacobs said.

But Grand Forks recovered with a huge influx of private and government funds after the flooding. A sports arena brought traffic to the city. However, downtown businesses are still saddled with huge debt and low occupancy rates, Jacobs said. The completion of a new system of levees and floodwalls has been pushed back to 2010 because of engineering and funding issues.

The National Weather Service revised its flood prediction models, largely because of what happened in Grand Forks.

"They used to say very specific things like, 'The crest will reach 49 feet at this time.' Now they give a wider range," Jacobs said.

Hurricane Katrina provoked "a powerful sense of déjà vu," Jacobs said. But he offered this optimistic note.

"It is possible to come out of a disaster and be bigger and better," he said. "Grand Forks has proven that."

GRAYING STATES SET PACE FOR RETIREMENT BOOM

By Christine Vestal

There was a time when Patricia Branson and her husband envisioned escaping the Kodiak, Alaska, winters in retirement and spending at least half the year in warmer latitudes. But now, with age 65 on the horizon, they plan to stay put and continue working.



Patricia Branson and husband Gordon Gould.

This is our home. We plan to be here,” said Branson, 58, executive director of Senior Citizens of Kodiak, a community-service provider. “Age is being redefined. I just don’t think retiring automatically at 65 is going to happen at all in the future.”

The Bransons and other baby boomers are approaching their golden years with a different mindset than their parents’ generation. They want to stay active. Some are contemplating new careers and, if they do retire, either staying where they live now or migrating to nontraditional locations.

The vanguard of the boomers turns 60 in 2006. Millions become eligible for Social Security early-retirement benefits in 2008 — and they will start signing onto Medicare en masse in 2011. By 2030, one in four Americans will be 60 or older, compared with one in six today.

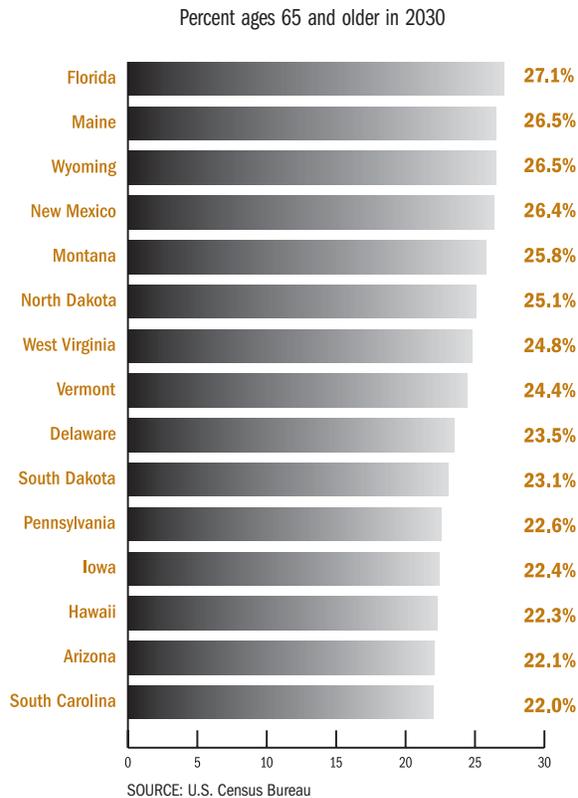
Despite dire predictions, many experts believe states are well equipped to meet the expanding needs of the 77 million-strong boomer generation, just as they have responded to the growing and varied needs of aging populations over the past half century.

“It’s not going to take a revolution,” says Gregory Spencer, chief of the U.S. Census Bureau’s population projection branch. “We have a society where you can react and make changes. Legislators do react and take care of their constituents.”

Pennsylvania is a case in point. Its population began to age rapidly in the 1970s as many working-age adults abandoned the state when steel and other heavy industries faltered. They left behind a larger-than-average population of seniors, many of whom lacked the means to retire to sunnier states.

The Pennsylvania Legislature, facing a proportion of elders that most states wouldn’t see for decades, established a lottery in 1971 that remains the only one in the country in which all proceeds benefit seniors. The Pennsylvania lottery has generated nearly \$15 billion since then for elder programs, including low-cost prescription drugs, specialized transportation, and rent and property-tax assistance.

GRAYEST STATES IN 2030



Pennsylvania's response is not unique. Well before the federal government began to provide for the elderly, states took the initiative. In 1915, Alaska passed the first old-age pension. By 1933, two years before the Social Security Act, 25 states had enacted pensions for unemployed older workers.

By the 1940s, states began establishing special agencies to care for senior citizens. During World War II, Maryland created a foster care program for the elderly, and Connecticut established a commission on services for seniors. Indiana set up a geriatrics division in its state Health Department in 1946, and New York and Massachusetts created joint legislative committees on aging in 1947.

Today, with renewed vigor, states are gearing up to meet the short- and long-term challenges of the impending baby boomer retirements. Among the issues:

- ★ **Increased long-term care costs.** Finding the money to pay for nursing homes and other long-term care for the elderly looms as states' biggest challenge. As people retire in unprecedented numbers, state income tax revenues may decline, particularly in states that offer special tax breaks for senior citizens. States already are

strapped by rising Medicaid costs, which include the tab for more than 40 percent of long-term care.

- ★ **Worker shortages.** Forty-four percent of state workers are ages 45 and older, and many plan to retire as early as age 55, according to the National Governors Association. As a result, state administrators soon could be coping with shortages of skilled workers and a significant loss of institutional memory.
- ★ **Underfunded pensions.** State pension plan administrators soon will begin tapping their funds' reserves to cover a growing number of benefit checks. The Council of State Governments has cautioned that the majority of state employee retirement plans are underfunded.
- ★ **Transportation needs.** With more elderly drivers on the road, accident rates are likely to climb, and states will be pressured to tighten requirements for renewing licenses. At the same time, these new seniors will demand more and better public transportation.
- ★ **Protective services.** With age comes frailty and often increased vulnerability to crimes such as fraud and burglary. Officials are looking for innovative ways to protect their senior citizens without busting budgets.

While states have dealt with all of these issues in the past, the accelerated aging of the population over the next quarter century will intensify the challenge.

Some states have gotten a head start on mobilizing to meet the needs of their soon-to-be seniors.

The New York State Office for the Aging began issuing reports in the late 1990s on the graying of the Empire State's population. It forecast that the number of New Yorkers 60 and older would grow by nearly 1 million between 2010 and 2025.

FLORIDA IN 2030

Florida is projected to maintain its top spot in a ranking of the percentage of state populations age 65 and over.

2000 percentage = 17.6%

2030 percentage = 27.1%

2000 population = 2.8 million

2030 population = 7.8 million

SOURCE: U.S. Census Bureau

To prepare for the demographic shift, New York Gov. George Pataki (R) charged 36 state agencies — including agriculture, transportation, consumer protection, emergency management, energy, education and health — with determining the impact on demands for their services. The agencies shared their forecasts at an October 2002 symposium, and New York’s “Project 2015” has been held up by the National Governors Association as a model for state planners.

Alaska is convening community-based “Common Cause” meetings that include current seniors and their caregivers — most often boomers who will themselves be the next generation of seniors — as well as all agencies that serve older Alaskans.

Arizona Gov. Janet Napolitano (D) has launched a cross-departmental planning initiative dubbed “Arizona 2020” in anticipation of an upswing in the elder population from in-migration and boomers retiring in place.

Despite projected challenges, many states consider their burgeoning populations of elders a blessing.

Arizona’s Department of Commerce has been luring retirees for years, says AARP state director David Mitchell. “When retirees move to Arizona, they bring their assets with them,” he said. “When they become frail, many elders go back home where friends and family are, so the state doesn’t end up paying the medical bills.”

In 2000, mature Floridians brought in more revenue than they cost the state in services, according to the Florida Department of Elder Affairs. Their per-capita income was 25 percent higher than that of adults 18 to 49. In the same year, older Floridians spent \$135 billion — \$12.5 billion more than younger adults.

PENNSYLVANIA IN 2030

The Keystone State is projected to drop to 11th from its runner-up position in 2000 in a ranking of the percentage of state populations age 65 and over.

2000 percentage = 15.6%

2030 percentage = 22.6%

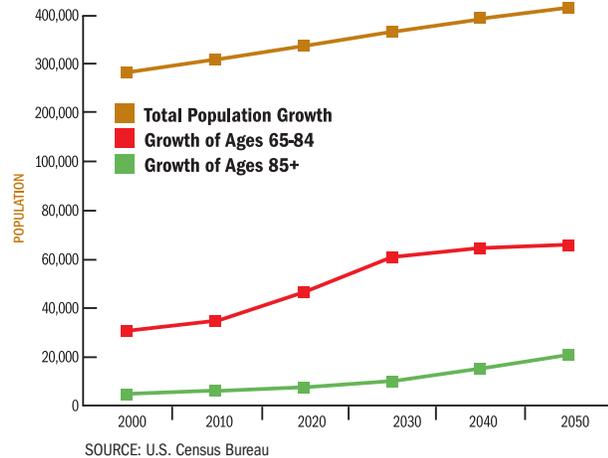
2000 population = 1.9 million

2030 population = 2.9 million

SOURCE: U.S. Census Bureau

PROJECTED U.S. POPULATION

Year 2000 to 2050 (in thousands)



Even in Pennsylvania — with a senior population older, less healthy and less affluent than Florida’s — seniors make a positive contribution. “The state would have a much smaller economy if its older people had left at the same rate as younger people,” says University of Pittsburgh economist Chris Briem. Elders who spend Social Security checks, retirement savings and Medicare and Medicaid dollars in Pennsylvania have “had a huge impact on jobs, particularly in the health care sector,” he explained.

States will experience the senior boom in different ways.

Prematurely gray states such as Pennsylvania, West Virginia and Iowa won’t see a retirement spike. Instead, with few boomers and little anticipated in-migration of retirees, these states expect only a gradual aging of their already older populations. West Virginia already has the oldest population; its median age in the 2000 Census was almost 39, about a month older than Florida’s.

Nevada, Alaska and Arizona will see their elder populations surge more than 250 percent by 2030, two and a half times the national rate, according to Census projections. Each of these rapidly aging states has a distinct demographic profile.

Alaska, because of its harsh climate, limited medical infrastructure and high cost of living, has one of the younger populations in the country. In the past, hardy young pioneers came to the state to seek their fortunes and left when they grew old. But now boomers such as Patricia Branson intend to stick around. Even so, Alaska’s percentage of seniors is projected to remain well below the national average over the next 25 years.

The outlook in Nevada and Arizona is different. With warm climates, low costs of living and robust job markets, both states are anticipating big growth in their populations, including seniors, over the next two decades.

Florida is a special case. With the highest percentage of residents over 60 in the country — 23 percent compared with 17 percent nationally — its already large senior population is expected to grow much faster than the national average. But most experts believe the state will weather the transition as it has in the past.

For almost 20 years, Florida has dealt with a concentration of seniors nearly as high as the projected national average for 2030, “and no cataclysmic changes have occurred,” says Bentley Lipscomb, AARP’s Florida director.

In fact, the state’s large senior population has helped improve the quality of life for all residents by pressuring businesses to keep prices down and demanding better, more affordable health care, Bentley says.

Will other states be able to manage the increased fiscal pressures of their rapidly aging populations without raising taxes or limiting social services?

Not all experts envision a happy ending for the boomers. Laurence J. Kotlikoff and Scott Burns, in their best-seller, *The Coming Generational Storm*, predict economic doom and radically altered lifestyles for everyone.

Only one in 10 elders today lives in poverty — the lowest rate of any age group. But Kotlikoff and Burns foresee a nation in 2030 “with large numbers of impoverished elderly citizens languishing in understaffed, overcrowded, substandard nursing homes” and a “government in desperate trouble ... raising taxes sky high (and) drastically cutting retirement and health benefits.”

But like meteorologists who track brewing storms as they make their way toward land, demographers and statisti-

cians have given state officials ample warning, and many states are taking heed.

In *Demography Is Not Destiny, Revisited*, a recent update to a 1999 Commonwealth Fund study, a group of scholars argues that “the critical challenge of an aging society is not so much how to accommodate the older population, but how to ensure the productivity of future workers, regardless of age.”

Because many boomers are expected to work and volunteer well past traditional retirement age, employers will look to aging boomers to fill skilled positions well into the future. To harness this potential, businesses already are adopting flexible policies to accommodate older workers.

But critics complain that state and federal governments have failed to make similar workplace accommodations.

Arguing that “the baby boom retirements’ impact on the states will be largely positive,” AARP Policy Director John Rother suggests that if states adopted more flexible civil service rules, they could gain a highly talented workforce of older people seeking a second career. Right now, Rother says, “most states don’t know what to say to a retired executive who says, ‘I want to help.’”

While states can help seniors remain productive, much of the long-range fiscal responsibility lies with the federal government, and many state policy-makers worry that Washington will cut back on essential entitlement programs just as the boomers start to retire.

Despite frustration over federal funding, states are expected to remain vigilant and adjust elder-care programs as their populations either coast or catapult toward old age. They also understand that they are dealing with a moving target. Elders’ needs will change substantially as intervening federal and state policy, lifestyle and market adjustments are made over the next 25 years.

FASTEST AND SLOWEST AGING STATES, 2000 TO 2030

FASTEST GROWTH, AGES 65+

Nevada	264.1%
Alaska	256.3%
Arizona	255.1%
Florida	176.7%
New Mexico	161.6%

SLOWEST GROWTH, AGES 65+

Pennsylvania	50.6%
Iowa	52.0%
West Virginia	54.0%
Ohio	56.3%
New York	60.0%

SOURCE: U.S. Census Bureau

ALASKA IN 2030

Alaska is projected to inch up a notch to 49th in a ranking of the percentage of state populations age 65 and over.

2000 percentage = 5.7%

2030 percentage = 14.7%

2000 population = 36,000

2030 population = 127,000

SOURCE: U.S. Census Bureau

For example, over the last three decades, life expectancies rose and older Americans became healthier and more productive. Businesses are offering an expanding array of products and services to help seniors stay independent longer.

As a group, baby boomers married later in life, had fewer children and divorced more. As a result, they will have fewer family members to look after them in old age. That leads some experts to predict boomers will place a heavy demand on long-term care.

But Richard Schulz, a social psychologist who studies boomers' attitudes and behaviors, believes that as they get closer to retirement, boomers will find ways to bolster family ties and build new ones. "It will become a motive for maintaining good relationships with people close to them — not just spouses, but friends, nieces, nephews and their own kids," says Schulz, director of the University of Pittsburgh's Center for Urban and Social Research.

As for the ability of state economies to support the growing elderly population, recent history offers solace. Since 1960, the U.S. population over 65 has doubled and the nation's economy has nearly quadrupled. ★

THE MEDICAID BLUES: ASKING THE NEEDY TO PAY MORE

By Daniel C. Vock

Serena Johnson knows how vital Medicaid coverage can be. As the mother of two asthmatic sons, Johnson relies on the health insurance program for low-income Americans to pay for their inhalers, nebulizers, medicine and doctor visits.

Medicaid picked up the bill when her younger son, now 5, caught pneumonia as a toddler and spent more than two weeks in the hospital.

"If we didn't have insurance, it would've been two or three days in the hospital, and the rest would've been home treatment," said Johnson, a part-time hospital worker and a nursing student from Alexandria, Va.

Virginia provides Medicaid for children in families of three with incomes up to \$21,400. Most adults pay \$1 to \$3 to see a physician, go to a clinic or fill a prescription, but those fees are waived for children.

Johnson, 34, said she could afford small charges — maybe as much as \$40 or \$50 a month — for her children's doctor visits and prescription drugs, and could probably live with somewhat higher copayments. "I'm pretty sure I'll find a way to afford it because asthma's life-and-death," she said.

But looking over the waiting room at a social service agency, where children in bright-colored clothes jumped on mats and weary women watched from plastic chairs, Johnson was not sure how other Medicaid recipients with fewer means could afford the extra costs. "Where are you going to get the money if you're already here looking for assistance?" she asked.



Dr. Chris Taylor peers into the ear of Medi-Cal patient Richardo Alvarez, 5, at the Las Palmas Health Clinic in Sacramento, Calif. Medicaid families face higher copayments.

In statehouses and on Capitol Hill, lawmakers are discussing proposals that would require Medicaid recipients to pay stiffer copays — perhaps as much as \$5 or \$10 — to help cover the mounting costs of the enormous insurance program for 53 million Americans.

The costs of Medicaid, a federal-state partnership that began in 1965 as almost an afterthought to Medicare, the federal health program for those ages 65 and older, have grown inexorably. They are expected to top \$338 billion in 2006, with states paying \$145 billion and Washington the rest.

Almost half of those covered are children under 19, who tend to be healthy and incur modest medical bills. About a quarter are pregnant women and parents of those children; they, too, are relatively inexpensive to cover. The other quarter of recipients are elderly, blind or disabled, and their long-term care, drugs, hospitalizations and other health needs account for 70 percent of Medicaid's soaring costs.

Governors and the Bush administration are looking for ways to squeeze Medicaid wherever they can, including making low-income families pay more to go to a clinic or get a prescription filled. They also want to make it harder for the elderly to shed assets so they qualify for Medicaid. The average daily rate for a semi-private room in a nursing home is now \$176, or \$64,240 a year, according to the



Madeleine Mirante, 3, shown with mother Renee at home in Plainfield, Conn., was on a state waiting list last spring for a Medicaid waiver. The child takes 48 medicines daily for multiple ailments.

insurer MetLife. Medicaid pays much less — \$22,000 for each Medicaid patient in a nursing home in 2001.

For those in charge of Medicaid at both the federal and state levels, few of the cost-cutting options are palatable. Congress balked at President Bush's proposal to cut \$40 billion from Medicaid over a decade, then struggled for months to try instead to find \$10 billion in savings over five years. The federal government will spend more than \$1 trillion on Medicaid over those five years while states will expend 24 percent to 50 percent on top of that.

Last spring, Arkansas Gov. Mike Huckabee (R), the current chairman of the National Governors Association, decried "the Medicaid monster" that he said was triggering "a crisis in every state capitol." Kansas Gov. Kathleen Sebelius (D) declared at an NGA meeting in July that governors are committed to reforming Medicaid "to both deliver these essential medical services to our citizens but at the same time not bankrupt state budgets."

The sheer size of Medicaid means any change can have an enormous impact on millions of families. Medicaid pays to deliver one in three babies and chips in one-sixth of all the money spent on personal health care, according to the Kaiser Family Foundation's Commission on Medicaid and the Uninsured.

A commission appointed by Bush proposed saving \$2 billion by making changes such as lifting the \$3 ceiling on copayments for prescriptions and allowing states to impose fees on more patients. That would allow Medicaid to become more like private insurance plans that require higher copays for brand-name drugs when generics are available.

HIGHER COPAYS

13 states imposed copayments or higher copayments for Medicaid recipients for fiscal 2006.

Connecticut	Mississippi	Ohio
Georgia	Missouri	Pennsylvania
Kentucky	New Mexico	West Virginia
Maryland	New York	
Michigan	North Carolina	

SOURCE: Kaiser Family Foundation/Statehealthfacts.org

But it would also mean that parents already living on thin margins might have to scrape more dollars together every time they filled a prescription for a sick child.

Governors in both parties and Republicans in Congress argue that changes are needed to keep Medicaid viable.

The NGA has embraced the idea of making some Medicaid beneficiaries pay higher premiums and copays. It also favors making it harder for elderly people to transfer assets to heirs in order to qualify for Medicaid-financed nursing home care. Governors also want to be able to pick and choose what benefits to offer Medicaid recipients in lieu of the expansive federally mandated package.

Health care experts and patient advocates warn that shifting costs to Medicaid recipients could backfire. Poor people might skip getting necessary care and eventually wind up in worse shape in hospital emergency rooms, they say.

Low-income families usually pay for food, rent and other essentials before spending even modest amounts for health care, said Dr. Robert Zavoski, medical director for Community Health Services Inc., in Hartford, Conn.



Waheedah Shabazz-El protests a plan to limit free Medicaid prescriptions in Pennsylvania.



Bevie Jean Mitchell cleans 9-year-old Miranda Martin's teeth in Topeka, Kan. Medicaid covers Miranda's dental care.

"The problem is you're dealing with poor people, and poor people don't have any money," said Zavoski, whose clinic treats 17,000 low-income patients a year.

One proposal afoot would allow states to charge some Medicaid recipients monthly premiums to keep their coverage.

Governors argue they can use fees to steer recipients away from unnecessary treatments, toward cheaper medicines and toward more responsible behavior, such as visiting a doctor instead of going to an emergency room.

Federal law currently prohibits states from charging core Medicaid recipients — generally, those with incomes below the federal poverty level — more than \$3 for services. And it bans fees for pregnant moms, children or women seeking birth control.

The law is more flexible, however, when it comes to additional low-income people whom states aren't required but choose to cover.

STATES WITH THE LARGEST 2004 MEDICAID POPULATION (BY PERCENTAGE)

1. Maine	20.8%
2. Mississippi	20.5%
3. New Mexico	20.2%
4. Alaska	19.9%
5. Vermont	19.3%
6. Tennessee	18.2%
7. Arkansas	17.8%
8. New York	17.2%
9. California	16.7%
10. Rhode Island	16.5%

SOURCE: Kaiser Family Foundation / Statehealthfacts.org

When Oregon in 2003 began charging patients enrolled in its supplemental program a monthly fee of \$6 to \$20 plus copayments, enrollment dropped by half — 50,000 people — in nine months. A study found three-quarters became uninsured, and the state's emergency rooms got busier.

Virginia decided in 2001 to impose premiums on families earning at least 150 percent of the federal poverty level, but then Gov. James Gilmore (R) shelved the plan after learning that 3,000 children stood to lose coverage.

Victoria Wachino, health policy director at the Center on Budget and Policy Priorities, a research group focused on the poor, cited those examples as evidence that charging low-income patients for medical services would jeopardize their health.

"If you roll back more of the federal standards, the results will be even more alarming," she predicted.

Another plan before Congress could force seniors to pay more nursing home expenses themselves before qualifying for taxpayers' help.

Mike Leavitt, in his first speech as U.S. secretary of health and human services, said too many older Americans were taking advantage of loopholes to qualify for Medicaid. "Medicaid must not become an inheritance protection plan," he said.

It is Medicaid — not Medicare — that pays for nursing home care for many elderly as well as for those with severe handicaps or chronic, disabling medical conditions.

Medicaid has become the default insurance for almost half the nation's 1.4 million nursing home patients, whose bills are paid by the government once they run out of savings. To qualify for Medicaid, seniors must have less than \$2,000 in assets, not counting their house or car.

Even patients who start off with substantial savings can quickly deplete them with nursing home care costing \$64,000 a year. Those who wind up in nursing homes need on average 2.4 years of care.

But nursing home bills also are sapping state and federal resources. Bush's Medicaid Commission estimated it could save nearly \$1.5 billion over five years if the government forced seniors who gave their savings to heirs or charity to wait longer for Medicaid. The Congressional Budget Office reported that a similar plan floated in the House would save as much as \$2.5 billion.

Medicaid already penalizes patients who give away money and property before they apply for the program. The

penalty is that seniors can't receive Medicaid benefits for a length of time after giving away assets. The length of the penalty is largely determined by the size of the gifts.

Under the latest proposals, the clock on the penalty period no longer would start running on the day a senior made the gift, but on the day he or she applies for Medicaid. That would delay how soon the person qualifies for government help.

A related change would allow regulators to look back five years – instead of three – for gifts, saving taxpayers \$100 million, according to the Medicaid Commission.

Opponents of the change, including congressional Democrats, question how seniors barred from Medicaid after giving away their savings would receive care.

Karen Hays Weber, a Kansas City-area attorney who focuses on elder law, said more seniors would become dependent on their families. The \$2,000 they are allowed to keep often isn't enough to cover expenses such as hair-cuts and telephone lines or out-of-pocket medical costs for dental work, eyeglasses and hearing aids, she said.

Huckabee, the NGA chairman, said painful changes in how Medicaid operates are inevitable.

MEDICAID ENROLLMENT INCREASES 2003-2004

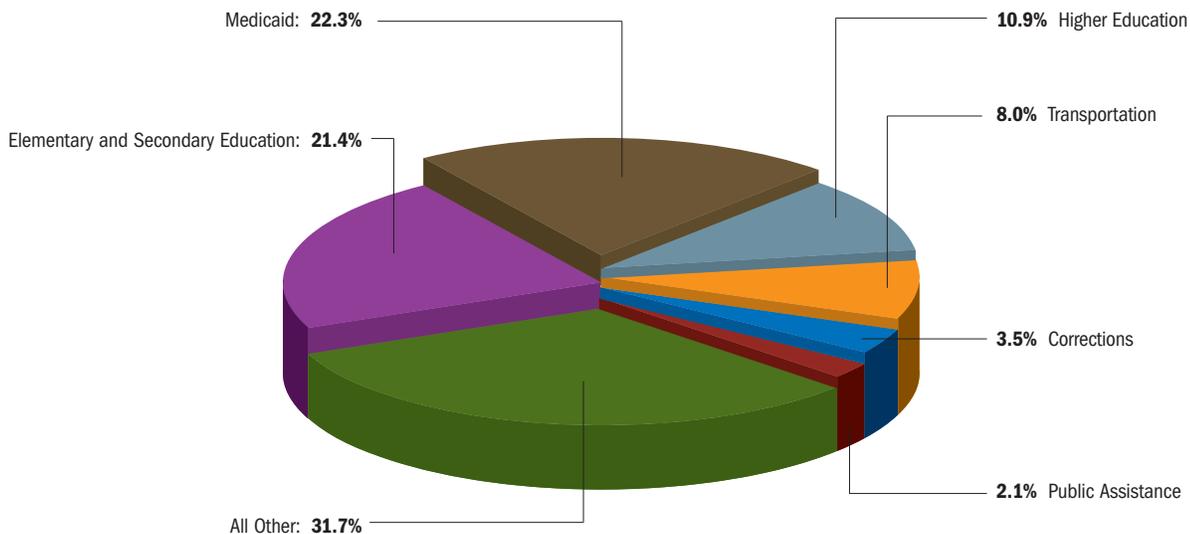
Even as costs escalate, many states are adding to their Medicaid rolls.

1. Colorado	12.6%
2. Virginia	11.4%
3. Illinois	9.5%
4. Kansas	9.0%
5. Connecticut	8.4%
6. Utah	8.1%
7. Arkansas	7.8%
8. New York	7.3%
9. Louisiana	7.1%
10. Maine/Pennsylvania (tie)	6.9%

SOURCE: Kaiser Family Foundation / Statehealthfacts.org

“We have to continue to work with Congress to improve the lives of millions of Americans who have nowhere else to turn for medical coverage, but we also have to come to grips with the harsh fiscal reality that this unchecked growth can't continue,” he told Medicaid administrators in November. ★

TOTAL STATE EXPENDITURES BY FUNCTION FY2004



SOURCE: National Association of State Budget Officers

States' Canada Rx Programs Find Few Takers

By Daniel C. Vock

O Canada! Home of ice hockey, Molson beer and the answer to some U.S. politicians' prayers for a cheap, reliable source of brand-name prescription drugs.

As it turns out, the reality is a bit more complicated: Florida's Tampa Bay Lightning are the reigning NHL champs, Molson has merged with Coors and U.S. customers aren't flocking to sites selling Canadian drugs — at least not the ones set up by politicians.

In the first 12 months after Illinois Gov. Rod Blagojevich (D) and the governors of Wisconsin, Kansas, Vermont and Missouri launched I-Save Rx, the much-touted program filled only 14,000 prescriptions through arrangements with pharmacies in Canada, Ireland, Australia, New Zealand and the United Kingdom. In the first 19 months since Minnesota Gov. Tim Pawlenty (R) launched Minnesota RxConnect, the Web site has helped residents fill 19,000 prescriptions.

Thousands of Americans are still purchasing brand-name drugs in significant quantities over the Internet from Canada, where many drugs are available for less because Canada, like most countries, strictly regulates how much private drug manufacturers can charge. Some senior citizens make bus trips north of the border to refill their medicine cabinets.

These other importation routes — unauthorized and frowned upon by U.S. authorities, but not strictly policed — add up. A task force on importation headed by the U.S. surgeon general estimated that nearly 5 million shipments comprising 12 million prescription drug orders worth \$700 million entered the United States from Canada in 2003, arriving via Internet sales and travel to Canada by consumers.

But the state-sponsored drug import pipelines opened by Blagojevich and others are bringing in a trickle, and efforts in Congress to legitimize imports of lower-priced drugs from Canada and elsewhere also have lagged. With the launch of Medicare's new prescription drug coverage, fewer elderly Americans may feel the need to look northward for their medicines.

The pharmaceutical industry, which has fought drug imports at every turn, claims it blunted the consumer movement with charity programs that make medicines available free or at low cost to those who cannot afford to pay for them. Its Partnership for Prescription Assistance (www.pparx.org) says it has helped supply nearly 1 million patients with free or nearly free drugs.

Drug industry critics dispute such claims. Robert M. Hayes, president and general counsel of the Medicare Rights Center, was quoted by *The New York Times* as saying the industry charity programs were rife with red tape and amounted to "10 percent help and 90 percent hype."

Officials in Illinois and Minnesota contend pressure from programs such as I-Save Rx spurred the industry to step up its drug-assistance efforts. "We wish they would have done it sooner or lowered drug prices," said Abby Ottenhoff, a Blagojevich spokeswoman.

Wanda Moebius, spokeswoman for Pharmaceutical Research and Manufacturers of America, rejoined that some of the drug manufacturers' patient-assistance programs are more than 50 years old.

But the industry did make it easier for people to apply and began heavily advertising the availability of the assistance plans. One application now covers more than 100 programs, Moebius said.

It was "feedback from patients and physicians," not criticisms from politicians, that sparked those changes, she said.

In Washington, D.C., meanwhile, industry critics made no headway in efforts to lift the ban on importing Canadian drugs. A proposal to bar the Food and Drug Administration from using any funds to crack down on drugs imported from Canada has languished.

But Kevin Goodno, commissioner of Minnesota's Department of Human Services, said the FDA has become less aggressive in combating state importation efforts.

When Minnesota first unveiled its Web site, "the reactions from the FDA were over the top," he said. But when Pawlenty announced last spring that the state had found suppliers in the United Kingdom as well, there was no reaction from the federal agency, Goodno recalled.

Still, federal authorities last March seized shipments to 50 customers who used the Illinois program. And Canada's health minister, Ujjal Dosanjh, warned he would restrict exports if necessary to ensure "that the supply of affordable prescription medications remains stable and sufficient to meet the needs of Canadians."

Other states' efforts to import medicine from Canada have sputtered, too.

Lawmakers in Maine, Nevada, Texas and Washington passed measures that would pave the way for imports. But all were on hold awaiting federal approval that even proponents of importation concede was unlikely.

Government officials have also adopted other approaches to take the pain out of buying medicine. Ohio and Maine both offer discount drug programs to uninsured residents, while others have expanded Medicaid eligibility.

ANTITAX ACTIVISTS PRESS BALLOT FIGHTS OVER SPENDING CAPS

By Kathleen Hunter



Washington Gov. Christine Gregoire (D) claps hands with Seattle Mayor Greg Nickels (D) at his victory party.

Despite setbacks in Colorado, California and Washington state in the 2005 elections, conservative political strategists and grassroots anti-tax crusaders hope to persuade voters in nearly half the states to use the ballot box this year to clamp constitutional limits on government spending.

When the Washington state Legislature voted last April to raise gasoline taxes by 9.5 cents a gallon to finance highways, bridges and tunnels, it took anti-tax activists just 32 days to gather 400,996 signatures for a referendum to kill the hike. Proposition 912 seemed like a sure winner — until one rockslide on Interstate 90 near Snoqualmie Pass killed three women in a Volvo in September and an even bigger slide shut the highway 48 hours before Election Day.

Proposition 912 skidded to defeat, and the gas tax stayed. Anti-tax activists suffered even bigger rebuffs in Colorado, where voters decided strict limits on state spending had gotten too tight for comfort, and in

California, where the electorate dismissed an attempt by Gov. Arnold Schwarzenegger (R) to force Sacramento to “live within its means.”

Now conservative political strategists and grassroots anti-tax crusaders have their work cut out as they seek to regroup and push spending cap measures onto ballots in a dozen and possibly as many as two dozen states this election year.

In Washington state, a group called No New Gas Tax posted a thank-you to supporters on its Web site that blamed the loss on “Big Government, Big Media, Big Labor, Big Law Firms and Big Special Interests.”

CAP POSSIBILITIES FOR 2006

Twenty-three states may consider proposals modeled after Colorado's Taxpayer's Bill of Rights (TABOR) this year:

Alaska*	Minnesota	Oregon*
Arizona*	Missouri*	Pennsylvania***
Georgia**	Nevada*	South Carolina
Idaho*	New Hampshire	Tennessee
Kansas	New Mexico	Texas
Maine*	North Carolina	Virginia
Maryland	Ohio*	Wisconsin
Michigan*	Oklahoma*	

* States that allow citizens to enact laws through initiative.

** Georgia is the only state on the list where such a proposal was not also considered in 2005.

***Governor to veto bill passed in 2005, legislature override.

Others suggested it was not just the rockslides that killed Proposition 912, but Hurricane Katrina and the devastation in distant New Orleans. Gov. Christine Gregoire (D) repeatedly invoked the specter of the flooding in New Orleans in the weeks before the vote, warning of danger ahead if Washington's highway bridges and Seattle's Alaskan Way Viaduct were not better protected against earthquakes. "These are our levees, and the earthquake is our hurricane," she said in mid-September.

Washington state residents will pay \$5.5 billion in higher gasoline taxes over 16 years under the Legislature's transportation improvement blueprint, plus \$3 billion in higher vehicle registration and driver's license fees.

In voting to relax for five years their strictest-in-the-nation state spending cap, Coloradans forfeited \$3.7 billion in tax refunds that they would have pocketed over those 60 months. But they heeded arguments from Gov. Bill Owens (R) and others that the so-called Taxpayer's Bill of Rights (TABOR) was biting too hard into essential programs, including funding for highways and public colleges and universities.

Unfazed by voters' refusal to tighten state purse strings, proponents of caps on state spending marched on. Ohio voters are slated to consider a ballot measure that copies the restraints of Colorado's rigid spending cap, and supporters in Maine have collected enough signatures to seek a similar vote. Other states where major efforts are under way to get the issue on ballots or through the legislature include Arizona, Kansas, Oklahoma, Oregon, Nevada and Wisconsin.

Experts say the spending cap movement — orchestrated by national anti-tax groups such as Grover Norquist's Americans for Tax Reform — has the dual goals of pro-

moting smaller government and luring conservative voters to the polls in November 2006 when 36 governors' seats and an array of state and federal legislative posts are up for grabs.

"They see this as a magic bullet to tweak the electorate favorably. ... It will bring out the base at a time when the base is not excited about the party, about the economy or about the direction of country," said Daniel Smith, a University of Florida political science professor who studies the politics of initiative campaigns.

Colorado's spending cap was enacted in 1992 through a grassroots effort led by Douglas Bruce, a Colorado Springs anti-tax zealot and real estate investor. Only after the 2001 nationwide economic downturn — when it became apparent that Colorado's strict spending limits actually shrank state government relative to the economy — did the measure catch the eye of national anti-tax groups such as Americans for Tax Reform, Smith said.

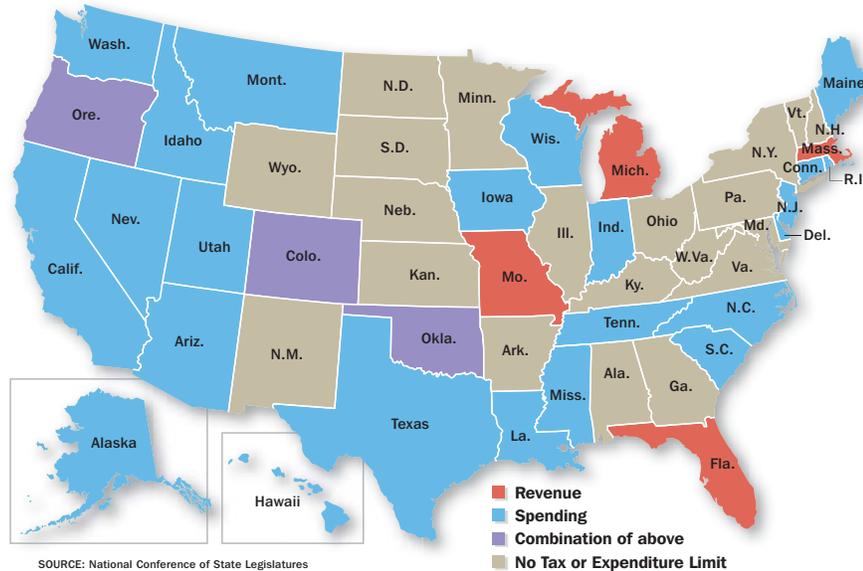
Norquist famously told National Public Radio in 2001 that his goal was to shrink government to a size where he could "drag it into the bathroom and drown it in the bathtub." He recently told *National Journal* that state ballot initiatives to limit spending serve to unify Republicans behind fiscally conservative ideals.

Although grassroots activists insist that a simmering taxpayer revolt at the local level is driving the sudden wave of strict spending cap proposals, anti-tax measures often are coordinated by special interests.



Colorado's Douglas Bruce on Election Night 2005, when the state's voters suspended for five years the state's strict spending cap. Bruce authored the 1992 spending limit.

State Tax and Expenditure Limits



SOURCE: National Conference of State Legislatures

“Once the populist rhetoric of the tax crusaders is peeled away, these ballot measures are far less grassroots-driven than is generally assumed. While the anti-tax proponents and their supporters frequently draw on populist tropes, a fair number of tax limitation measures are underwritten, both financially and organizationally, by vested special interests,” Smith wrote in a 2004 academic article titled “Peeling Away the Populist Rhetoric.”

The momentum of anti-tax efforts across the country was not enough to keep Colorado’s Taxpayer’s Bill of Rights intact. With the support of Owens — branded a traitor by some anti-tax activists — the electorate lifted the state’s spending cap for five years, depriving residents of an estimated \$3.7 billion in tax rebates.

The popular Owens, re-elected in 2002 by a huge margin, is finishing his second and final term.

But Coloradans did not give state agencies a blank check. They voted down a companion measure authorizing the state to borrow up to \$2.1 billion to fund government services, primarily roads and other infrastructure.

Colorado’s cap allowed the state to raise revenue no faster than the rate of inflation, plus an adjustment for population growth. Excess revenue — about \$3 billion to date — has been refunded to taxpayers. The spending limit, written into the state Constitution, requires voter approval for all tax increases and imposes a 6 percent ceiling on annual increases in the state operating budget. Although intended to allow services to grow in step with the economy, in the severe recession of recent years, the

Colorado cap had the unintended consequence of actually shrinking state government in the third fastest-growing state.

Supporters of strict limits on state tax collections claim high taxes have a chilling effect on economic development. But Colorado’s business community lined up behind the effort to ease the state’s spending limit, which the CEOs felt was crimping state services to the point that it hurt the business environment.

Ferrel Guillory, director of the Program on Southern Politics, Media and Public Life at the University of North

WHAT IS COLORADO’S TABOR?

Since 1992, Colorado’s so-called Taxpayer’s Bill of Rights (TABOR) has:

- ★ Allowed the state to raise revenue no faster than the rate of inflation, plus an adjustment for population growth.
- ★ Refunded excess revenue — about \$3.7 billion to date — to taxpayers.
- ★ Imposed a 6 percent ceiling on annual increases in the state operating budget.
- ★ Required voter approval for all tax increases

On Nov. 1, 2005, Coloradans:

- ★ Rescinded for five years the constitutional mandate to return extra revenue to taxpayers.
- ★ Rejected a companion measure to let the state borrow up to \$2.1 billion for roads and other services.



Colorado Gov. Bill Owens (R) campaigns to suspend the state's spending cap for five years. Denver Mayor John Hickenlooper (D) (center) and Colorado House Speaker Andrew Romanoff (D) (right) stood with Owens on the issue.

Carolina at Chapel Hill, said there is growing evidence voters are willing to accept targeted tax increases when faced with the prospect of deteriorating schools, roads or other services.

Voters still may be “in an anti-tax mode in general, (but) they’re also in an anti-degradation mode,” said Guillory. “There are certain basics they want from government.”

Energized by the Colorado, California and Washington votes, opponents of strict tax and spending limits argue the caps hamstring important government services and

are especially dubious at a time that states are just pulling out of a long downturn and trying to bolster security, rebuild aging infrastructure and improve schools.

“They don’t tell people that it’s going to take away the services they really want,” said Iris Lav, deputy director of the Center on Budget and Policy Priorities, a Washington, D.C., group that advocates for the poor.

Supporters of strict spending limits argue that this is the right time to rein in spending, with states refilling their coffers after the downturn and lawmakers tempted to reopen the spending spigots.

Peter Sepp, a spokesman for the National Taxpayers Union, which promotes state spending caps, said, “It often takes an economic downturn to convey to citizens that governments always seem unwilling to economize sufficiently before asking for more from taxpayers.”

Norquist disputed the notion that voters’ anti-tax sentiment is waning. He pointed out that Oklahoma voters last September overwhelmingly defeated a proposal to raise the state’s fuel tax by 5 cents a gallon.

The spending cap that was rejected in California, Proposition 76, would have amended the state Constitution to limit spending to the previous year’s level plus an adjustment for the average growth in revenues.

Californians are no strangers to the debate over state spending. The state’s passage of Proposition 13 in 1978 — Howard Jarvis’s initiative to cut property taxes and sharply limit their growth — helped trigger a national taxpayer revolt.

TABOR TIMELINE

1988	1990	1992	1997	2000	2001	2002	Spring 2005	Nov. 1, 2005
Colorado anti-tax zealot Douglas Bruce’s first attempt to pass a so-called Taxpayer’s Bill of Rights is unsuccessful.	Voters reject TABOR for a second time.	On third attempt, Bruce persuades voters to adopt the nation’s strictest spending limit.	Colorado taxpayers get first rebates.	Colorado voters adopt Amendment 23, which constitutionally mandates annual spending increases for public schools.	Recession hits Colorado.	State officials begin budget cuts that will total \$1 billion over four years.	Legislature — with Governor Owens’ backing — puts a measure temporarily suspending tax refunds on the November ballot.	Colorado voters pass Referendum C, forfeiting \$3.7 billion in tax refunds over five years.

According to the Center on Budget and Policy Priorities, lawmakers in 23 states considered proposals to restrict state spending in 2005. In many places, spending cap forces borrowed not only the idea but the rhetoric of the original Colorado initiative, branding their proposal as The (fill-in-the-state's-name) Taxpayer's Bill of Rights.

Although the lion's share of proposals died in committee, nearly all were expected to re-emerge this year. If an amendment makes it out of the legislature, it is still up to citizens to decide by ballot whether to change their constitution.

Ten of the states where Colorado-style caps might be considered allow citizens to enact law through initiatives, bypassing the legislature: Alaska, Arizona, Idaho, Maine, Michigan, Missouri, Nevada, Ohio, Oklahoma and Oregon. Anti-tax activists in several of those states were optimistic about their chances to bring spending cap proposals to a direct vote this year.

In Ohio, Oklahoma and Maine, supporters of a Colorado-style spending limit already have submitted signatures to qualify the measure for the 2006 statewide ballot.

Ohio Secretary of State Ken Blackwell, a 2006 Republican gubernatorial aspirant, plans to push limits on state spending as part of his campaign. The Ohio measure qualified for the 2005 ballot, but supporters pulled it, deciding instead to press the issue this year.

Maine anti-tax crusader Mary Adams, who first caught the public eye when she led a successful rebellion against a statewide property tax in 1977, pledged to make the spending cap "a campaign issue for every candidate that runs in Maine. If they sign it, they're the good guys. If they don't, they're the bad guys."

In addition to a constitutional mandate to balance the budget that exists in every state but Vermont, 30 states place some sort of ceiling on revenue or spending, according to the National Conference of State Legislatures, a Denver-based bipartisan organization of state lawmakers.

The wave of spending and revenue cap proposals comes as most states have pulled out of the red. After four years mired in a downturn, 23 states ended fiscal 2005 with



Ohio Secretary of State J. Kenneth Blackwell (R) is championing a state spending cap in his campaign for governor.

growing surpluses, according to NCSL. After closing a \$264 billion-dollar budget gap since 2001, state budget officers were expecting to finish 2005 in the black by nearly \$36 billion.

To help other states sidestep the economic fluctuations that unhinged Colorado's cap, Barry Poulson, an economics professor at the University of Colorado, has come up with a refined version of the automatic cuts and tax rebates that he is promoting in a dozen states.

Under his proposal, the proposed constitutional spending limits would come with a "budget stabilization fund." Instead of refunding all surplus revenue to taxpayers, 20 percent would be diverted into a reserve that the state could tap during a downturn.

"The idea is you can both constrain the growth of government and at the same time stabilize the budget over the business cycle," Poulson said.

Critics say the stabilization fund would be of little help in maintaining services during tough times. Had such a proposal been in place in Kansas since 1993, more than \$8 billion still would have been cut from state services, according to the Center on Budget and Policy Priorities. ★

EDUCATORS AND LEGISLATORS GET BEHIND PRESCHOOL FOR ALL

By Kavan Peterson



New Mexico Lt. Gov. Diane Denish (D) listens to Zachary Carpenter while Jack Brooks watches at the Child's Garden Preschool in Albuquerque, N.M. Many states are expanding preschool programs.

From Head Start and Sesame Street to the current explosion of state programs offering preschool education for 4-year-olds, politicians and educators have recognized the importance of helping young children start their education on the right foot.

For years, the emphasis has been on subsidizing preschool for the poorest children, who are widely seen as most in need of the push that a well-run early education program can give. Recently, armed with new evidence on the positive effects of preschool, advocates have been trying to make it universally available.

Across party lines, many governors, policy-makers and business leaders are calling for major expansions of preschool programs.

They're heeding the cries of advocates and researchers who say students who attend high-quality preschool do better in kindergarten and throughout school, and after graduation are less likely to commit crimes and more likely to attend college, get jobs and pay taxes.

They also are responding to a sophisticated advocacy campaign that has marshaled the latest research, employed focus groups and used such grassroots lobbying tactics as "robocalls" to convince lawmakers that preschool education is an investment the country cannot afford not to make.

"America's education system expects more today from its teachers and students than at any time in history," said Libby Doggett, the executive director of Pre-K Now, a

national advocacy group that supports universal access to preschool. "States are investing in pre-K because they want children to do better later on in school." (Pre-K Now is funded mainly by The Pew Charitable Trusts, which also funds *Stateline.org*.)

Most 3- and 4-year-olds already are enrolled in some type of preschool, from church nurseries to Head Start centers to public classrooms staffed by certified teachers. But much of this is done on the cheap and falls far short of the intensive programs that have yielded high payoffs.

Advocates for high-quality preschool say that children develop crucial skills from age 3 to 5 that contribute to success throughout life. It's at this age that children develop basic reading and math skills — not by sitting at a desk, but by playing with toys and socializing with other children in a nurturing, learning environment. The latest scientific evidence indicates 80 percent to 90 percent of a child's brain is developed by age 5.

"We know now what we've suspected for 100 years, that it's a scientific fact that a child's brain is burning twice the energy up to age 5 and is wired to learn at a prodigious rate," said Steve Manchester, public policy director of the Michigan Association for the Education of Young Children.

The High/Scope Perry Preschool study, which tracked 58 preschooled African-American children who grew up in poverty in Ypsilanti, Mich., in the 1960s and 65 others who got no preschool, found that at age 40, the preschoolers were still significantly better off than their peers.

They were 30 percent more likely to have graduated from high school, their incomes were \$5,000 higher on average, and fewer of them had had run-ins with the law. Fewer of the preschoolers received welfare, and they were more likely to have a college degree, a job and to own their own home.

The financial returns from investing in preschool are overwhelming, advocates say. The Perry study estimated the economic return to be \$7 for every \$1 spent. However, the two years of preschool in the Perry experiment cost more than \$15,000 per student in today's dollars, or twice what states now spend per pupil on K-12 education.

Besides reducing criminal activity, advocates say attending high-quality preschool can reduce special education needs, behavioral problems and failing grades — all of which require costly interventions and are early indicators a child will drop out of school.

“Lawmakers usually think kids’ dropping out of high school needs to be addressed by high school reforms,” said Jay Smink, director of the National Dropout Prevention Center/Network at Clemson University. “But all the evidence says that if you really want to do something about dropout prevention, you need to start investing in early education.”

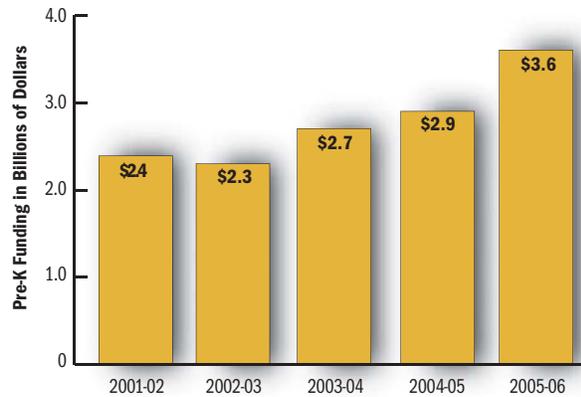
As states struggle to meet federal No Child Left Behind (NCLB) mandates, which require all students to test proficient in math and reading by 2014, they need to start by closing the achievement gaps between children before they start kindergarten, said Steve Barnett, director of the National Institute for Early Education Research at Rutgers University.

“NCLB has upped the stakes on schools, and the pressure is pushing down the line to kindergarten,” Barnett said. “If you can get children more even at the starting gate, you’ve got a better shot of getting them up to speed by the time they take their first standardized test.”

State investment in pre-K education has increased dramatically, from less than \$200 million in 1998 to more than \$3.5 billion in 2005. Thirty states increased spending on preschool by more than \$600 million in 2005 alone, according to Pre-K Now.

Also, several major foundations, including The Pew Charitable Trusts, have invested millions of dollars to

STATE PRE-K SPENDING



SOURCE: Pre-K Now

promote universal preschool. The trusts launched a \$42 million early childhood initiative in 2001. In addition to underwriting Pre-K Now, it is the principal funder of the National Institute for Early Education Research.

Such governors as Jeb Bush (R) in Florida, Rod Blagojevich (D) in Illinois, Bill Richardson (D) in New Mexico, Phil Bredesen (D) in Tennessee and Christine Gregoire (D) in Washington, have made the push for preschool a cornerstone of their education policies.



Tennessee Gov. Phil Bredesen (D) at a pre-K class at Fall-Hamilton Elementary School in Nashville.



A preschooler paints at Smith Elementary School in Burlington City, N.J. Children in New Jersey's 31 poorest districts can attend all-day preschool.

"Our children deserve the chance for an early start on success, and this is proven to be the best investment we can make to give them limitless opportunity," Richardson said in his 2005 State of the State address. Despite legislative bickering, Richardson got \$5 million to launch New Mexico's first preschool program, which now serves 1,500 children.

Blagojevich fulfilled campaign promises to expand preschool access despite a budget shortfall of more than \$2 billion. Illinois increased state spending on pre-K \$30 million for each of the past three years, providing 8,000 more spaces for children.

"We know that children who have opportunities to start their education early in life have much better chances of succeeding later in life," Blagojevich said.

Preschool was not on the agenda for governors in Arkansas and Nebraska, but lawmakers in both states significantly boosted pre-K funds in 2005. Nebraska increased preschool funding by 76 percent. Arkansas lawmakers boosted pre-K funding by \$20 million and saved an additional \$13 million by extending a 3 percent tax on beer.

"It was a hard sell for some of our legislators for a while, but we looked at the very compelling research on young children's brain development and convinced them that this is the direction we need to go," said Arkansas state Rep. LeRoy Dangeau (D).

Currently, about two-thirds of American children attend one year of preschool before entering kindergarten. But the quality of programs varies widely, and fewer than 1 in

10 children ages 3 and 4 are enrolled in state-funded and supervised preschools, according to Pre-K Now.

Most children attend private or federally funded preschool. The federal government has funded early childhood education and services for low-income families through Head Start since 1965. State-funded pre-kindergarten programs for low-income families exist in 39 states. Nine states — Idaho, Indiana, Mississippi, Montana, New Hampshire, North Dakota, South Dakota, Utah and Wyoming — provide no funding for pre-kindergarten programs.

Georgia and Oklahoma were the only states providing universal preschool until last fall when Florida began its program for all 4-year-olds. The Florida effort began three years after residents voted overwhelmingly to fund preschool.

Georgia became the bellwether state after then-Gov. Zell Miller (D) created the Georgia Voluntary Prekindergarten (Pre-K) Program a decade ago and funded it with some of the proceeds from a new state lottery.

In Oklahoma's highly regarded program, preschool teachers are paid the same as other public school teachers. Nationally however, preschool teachers — including Head Start instructors — make only half what public school teachers make.

West Virginia plans to implement universal preschool over several years. Massachusetts lawmakers created a new state agency to lay the groundwork for expanding preschool statewide.

Democrats in Michigan are pushing a proposal to provide universal preschool by 2010. The state currently serves 26,000 of its neediest 4-year-olds. With Michigan's economy in the doldrums, funding for the state's "School Readiness" program has been frozen for six years. The Democrats proposed an \$84 million increase to double the current enrollment and eventually serve all 170,000 4-year-olds by 2010.

Michigan state Rep. Andy Meisner (D) called it a sound investment in preventing "antisocial behaviors like drug abuse, teen pregnancy, suicide and dropping out."

A universal preschool initiative will be on the ballot in California in June. Advocates including producer Rob Reiner are asking voters to add a 1.7 percent tax on incomes over \$400,000 for individuals and \$800,000 for couples to fund the proposal.

Advocates for universal pre-K say that all children can benefit from early education, not just low-income children. Federal studies found nearly 40 percent of children entering kindergarten cannot count to 10, and half of kindergartners who don't know the alphabet come from middle- and upper-income families, according to Pre-K Now.

Doggett said that because the bulk of federal and state programs subsidize early education for low-income children only, middle-class families have the least access to preschool.

Some advocates worry about the stigma if a program is restricted to the poor. They note that Medicaid and Head Start fail to reach millions of eligible children.

Researchers at the University of California Berkeley and Stanford recently reported that attending preschool boosted academic performance by middle- and upper-class children. However, they cautioned that providing preschool to all may hinder efforts to close the achievement gap between rich and poor children.

“[E]xtending free pre-school to all children — certainly a well intentioned goal — threatens to simply reinforce disparities in early learning,” the study said. It recommended that resources be “more carefully targeted on low-income communities.”

The report also found evidence that children who spent 15 hours or more a week in preschool were more inclined to misbehave. Kids from better-off families were most likely to exhibit social and emotional development problems, said UC Berkeley education professor Bruce Fuller.

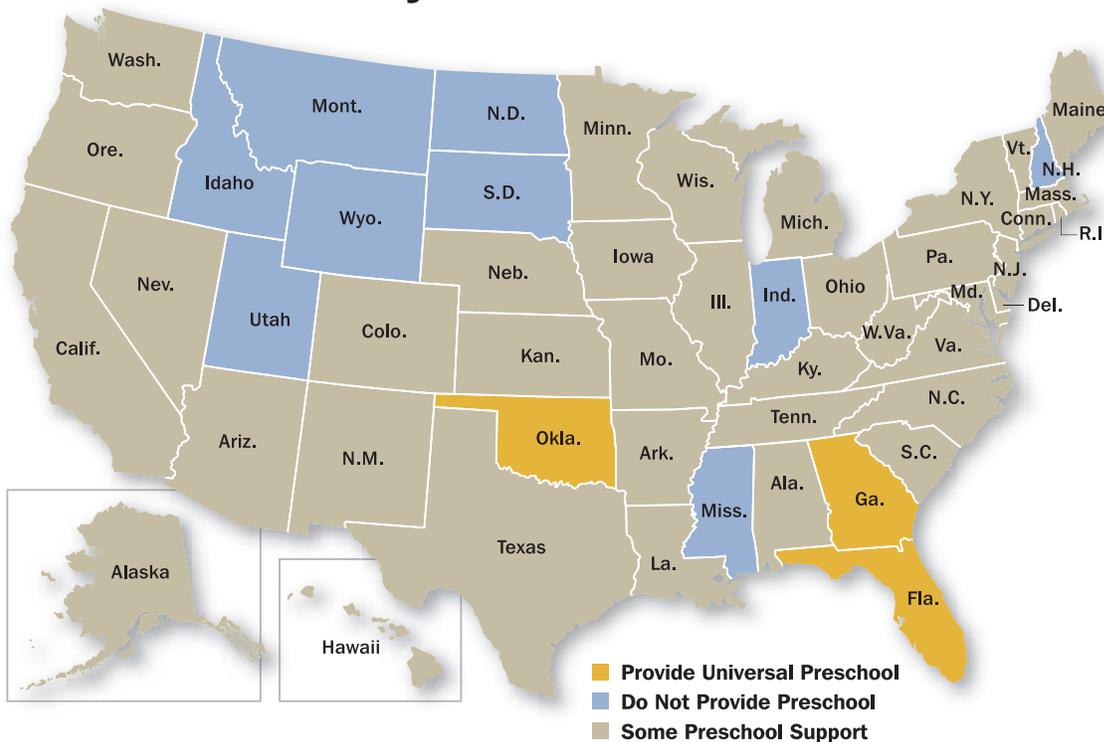
That should be “a bit sobering for governors and mayors — including those in California, Florida, Georgia, New York, North Carolina and Oklahoma — who are getting behind universal preschool,” Fuller said.

Advocates for universal preschool countered that the report failed to take into account the quality of preschool programs.

Doggett said the Berkeley findings were interesting, but the study also made clear that no one — neither academics nor parents — fully understands what high-quality preschool programs should look like.

“Quality pre-K can no longer be considered a luxury for wealthy families or a targeted program for low-income families; America should provide it for all children,” she said. ✦

Availability of Preschool Education



EDUCATION POLICY QUANDARY: CURBING DROPOUTS

By Kavan Peterson

When Leon Pumphrey became a father at age 16, he thought dropping out of high school in Baltimore to support his child was the responsible thing to do.

But with only a ninth-grade education, Pumphrey spent much of his adult life jobless and on welfare, became addicted to drugs and alcohol and eventually served 10 years in prison for armed robbery.

"I made a choice to quit school, yeah, but I didn't know it was going to be like this," said the 46-year-old Pumphrey, now seven months sober and taking classes towards his GED, or high school equivalency certificate, which he hopes will turn his life around.

Whether teens drop out of school because of unplanned pregnancy, boredom or academic failure, the likelihood they'll end up on a path similar to Pumphrey's increases dramatically without a high school diploma.

Educators and elected officials alike now are facing up to the fact that the failure to complete high school imposes a heavy cost not only on the dropouts themselves, but on everyone.

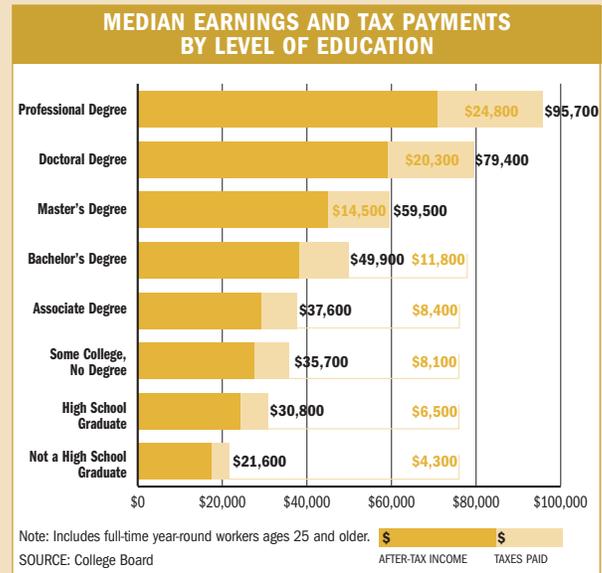
Consider these statistics gathered by Henry Levin, professor of economics and education at Teachers College, Columbia University:

- ★ Adults without a high school diploma are twice as likely to be unemployed.
- ★ They will earn \$260,000 less over a lifetime than a high school graduate.
- ★ Dropouts make up nearly 70 percent of inmates crowding state prisons and at least half those on welfare.
- ★ Their life expectancy is 9.2 years lower than that of high school graduates.
- ★ The average 45-year-old dropout is in worse health than the average 65-year-old high school graduate.

"Frankly, there's been this attitude that dropouts hurt themselves most. But this is a hurt that goes through society, leading to huge public costs in terms of crime, welfare assistance, health care and lost taxes," Levin said.

The past year has seen unprecedented attention paid to the shortcomings of America's high schools, prompting national leaders to pledge to transform high school and toughen graduation standards. But that means little to the nearly one-third of high school students who fail to meet current standards and don't graduate on time.

Responding to a National Governors Association (NGA) initiative, many states have adopted more rigorous course requirements for graduation. Nearly half of the states now



require seniors to pass high-stakes exams before receiving diplomas.

Politicians hope this will boost student achievement and restore the value of a diploma. But some advocates fear raising the bar will force kids at the bottom — mostly low-income and minority students — to drop out at even higher rates.

Graduation rates already are significantly worse for boys than girls, and nearly half of Hispanic, African-American and Native American students never receive a high school diploma. The odds of graduating are less than 50-50 for students in high schools in major cities across the United States, including Baltimore.

There's scant evidence yet to determine how high school reforms will affect graduation rates, but most education experts agree the nation's dropout problem cannot be improved until states address one major issue: their failure to accurately track how many students who start high school actually graduate.

There are no national standards for measuring graduation rates and no federal oversight to make sure states report accurate graduation data, said Chester E. Finn Jr., president of the Thomas B. Fordham Foundation.

As a result, many states ignore students who drop out before the senior year when they calculate high school completion rates, resulting in inflated graduation rates. States have reported an average graduation rate exceeding 80 percent in recent years, far higher than independent measures, which estimate that the graduation rate is barely 70 percent.

"In effect, (states) report whatever numbers they like, however they want to report them, and there's nobody outside

checking to see if these are true or accurate,” said Finn, whose foundation promotes charter schools and vouchers.

Sometimes the rates are inflated by counting GEDs and other alternative diplomas. However, using the number-of-freshman and number-of-seniors method, the National Center for Education Statistics calculates that 74 percent of public school students graduated on time in 2002-2003. The rates ranged from a low of 58 percent in South Carolina to a high of 86 percent in New Jersey.

The Education Trust charges that many states fudge dropout data. The organization, which supports stiffer standards for all students, said only Alaska and Washington state reported realistic dropout rates in 2003. Alaska reported that only 67 percent of the ninth-grade class that started four years earlier were among its graduating seniors, and Washington state counted 66 percent.

Washington state Superintendent of Schools Terry Bergeson said parents and school officials were shocked to learn the severity of the state’s dropout problem when the method was first used in 2004. “We’re taking some heat for our honesty, but it’s a wake-up call,” Bergeson said.

States strongly resisted attempts in the 1980s to adopt national graduation rates, but last summer the National Governors Association announced that 49 governors had signed a pledge to adopt uniform graduation standards. The only holdout was Maryland Gov. Robert Ehrlich (R), who does not participate in any NGA initiatives.

The other governors agreed to immediately begin calculating graduation rates by dividing the number of graduating

seniors by the number of ninth-graders four years earlier. The NGA will monitor and report on states’ progress in implementing the goals.

“If we’re going to focus on fixing our high schools, we’ve got to have a common definition for accurately measuring graduation rates,” said former Virginia Gov. Mark Warner (D), who championed high school reform as NGA chairman in 2004.

Skeptics point out that it is up to the state education department, not the governor, to set standards for collecting education data. The Council of Chief State School Officers, which represents the heads of state education departments, has conspicuously refused to endorse or comment on the governors’ plans.

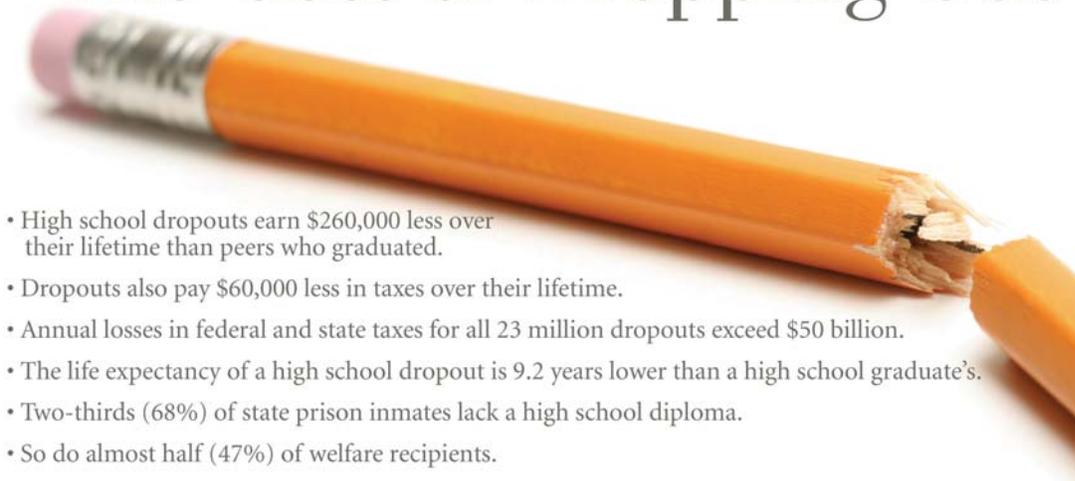
Building more accurate data-collection systems will be costly, and reporting accurate dropout rates will be politically painful, said Jay Smink, director of the National Dropout Prevention Center/Network at Clemson University.

Smink said he was “not very optimistic” that the governors can produce numbers accurate enough for the federal government to use as a tool to enforce No Child Left Behind standards. Even if they do, there will still be a lot of pressure on districts or principals to intentionally fudge the data, he said.

Back in 1990, when President George H.W. Bush sat down with the 50 governors in Charlottesville, Va., to fashion the first national education goals, one of the lofty targets they set was a 90 percent high school graduation rate by the year 2000.

By anybody’s measure, states came nowhere close.

The Cost of Dropping Out



- High school dropouts earn \$260,000 less over their lifetime than peers who graduated.
- Dropouts also pay \$60,000 less in taxes over their lifetime.
- Annual losses in federal and state taxes for all 23 million dropouts exceed \$50 billion.
- The life expectancy of a high school dropout is 9.2 years lower than a high school graduate’s.
- Two-thirds (68%) of state prison inmates lack a high school diploma.
- So do almost half (47%) of welfare recipients.

SOURCES: Campaign for Educational Equity, Teachers College, Columbia University; U.S. Dept. of Justice, Bureau of Labor Statistics; GAO report to Congress, 1996.

SPIKE IN OIL PRICES PROPELS PUSH FOR CONSERVATION AND NEW FUELS

By Eric Kelderman



The Trans-Alaska Pipeline stretches 800 miles across the tundra and feeds 900,000 barrels of oil a day to the lower 48 states.

From the frozen Alaska wilderness to the warm waters that bathe Florida's coast, lawmakers are taking a hard look at potential sources of oil and gas in the aftermath of disruptions that gave Americans the jitters about energy supplies.

At the same time, several governors swapped gas-guzzling sport utility vehicles for hybrids, and others ordered state agencies to curb their use of energy.

Not since President Jimmy Carter donned a sweater in the White House and asked citizens to turn down their thermostats in the late 1970s has the public been so worried about the cost and availability of energy.

After Hurricane Katrina tore through Gulf oil rigs and refineries on its destructive path to Louisiana and Mississippi, motorists were forced to pay more than \$3 a gallon at the pump. When prices settled below \$2.40 before Thanksgiving, it seemed like a bargain, although they were still 20 percent higher than a year earlier.

In the snow belt, there were fears that record natural gas prices would send home heating bills through the roof and lead some to resort to kerosene heaters and wood stoves, both of which raise the risk of carbon-monoxide poisoning.

Five governors took the largely symbolic step of trading in their SUVs for more fuel-frugal vehicles. The governors of Iowa, Florida, Minnesota and New Mexico switched to hybrid or ethanol-fueled vehicles, while Maine's governor parked his SUV for a slightly more efficient sedan. New

Mexico Gov. Bill Richardson (D) said his switch from a Lincoln Navigator to a Ford Escape hybrid "shows that I am willing to practice what I preach."

Perhaps of greater moment for needy New Mexicans, the state Legislature went into a special session to pass a \$253 million package of tax breaks and heating assistance for residents. Richardson said it would mean up to \$700 in relief for some families.

Ohio Gov. Bob Taft (R) added \$75 million to the state's low-income heating assistance fund and expanded eligibility for that program.

Georgia Gov. Sonny Perdue (R) declared two snow days from school after the hurricane to save gasoline and stretch schools' transportation budgets. Kentucky Gov. Ernie Fletcher (R) directed his Cabinet members to limit business travel to "essential or urgent" matters and give up their state-owned vehicles.

After the spike in gasoline prices, Georgia temporarily suspended state gasoline taxes to make fill-ups somewhat less costly for its motorists. In the same vein, West Virginia Gov. Joe Manchin III (D) postponed a scheduled annual increase in his state's gas tax. West Virginia's

Department of Agriculture allowed civil servants to work four 10-hour days to save a day's commuting costs. Energy was on the mind of New Hampshire Gov. John Lynch (D) even before Katrina. He ordered state agencies in July to cut energy use by 10 percent.

The governors of Montana, Pennsylvania, West Virginia and Wyoming were pushing for increased efforts to produce synthetic fuels from coal. Some Florida politicians want to allow new oil and gas exploration off their coast, and some in the Midwest and Northeast were pressing for renewed drilling in their regions. In Congress, Republicans were hoping that the energy crunch finally would persuade lawmakers to open the Arctic National Wildlife Refuge in Alaska to drilling.

The twin Gulf Coast storms temporarily shut down oil rigs and refineries that provide nearly half of the nation's gasoline and 19 percent of natural gas supplies. Winter natural gas prices were projected to increase as much as 70 percent in some regions, according to the federal Energy Information Administration (EIA). Natural gas powers a growing amount of electric generation, so the cost of that energy also will rise.

"This year in Michigan, we're going to be paying \$2.4 billion more for gasoline alone than we did a year ago," said energy analyst Jeffrey Pillon of the Michigan Public Service Commission. "When you take (that much) out of people's pockets ... what they typically do is stop buying big ticket items like cars, like appliances, like office furniture for businesses."

Recalling that Carter was mocked for his "sweater" speech, Chris Mooney, editor of *State Politics and Policy Quarterly* at the University of Illinois Springfield, expressed skepticism that calls for conservation will reverse the country's growing appetite for energy. "The long-term forces that lead people to use energy as they do are so powerful that any government action is weak, at least in the short run," he said.

With 5 percent of the world's population, the United States consumes 24 percent of the world's energy, according to the EIA.

Recognizing that conservation will fulfill only part of the nation's growing energy needs, some states are pressing for more domestic oil and gas drilling, while others are pushing oil alternatives to reduce the nation's petroleum dependence.

KEY MEASURES TO ENCOURAGE ENERGY EFFICIENCY

State	Appliance Standards*	Renewable Portfolio Standard**	Public Benefits Fund***	State	Appliance Standards*	Renewable Portfolio Standard**	Public Benefits Fund***
Alabama				Montana		★	★
Alaska				Nevada		★	★
Arizona	★	★	★	New Hampshire			★
California	★	★	★	New Jersey	★	★	★
Colorado		★		New Mexico		★	★
Connecticut	★	★	★	New York	★	★	★
Delaware			★	North Carolina			★
Hawaii		★		Ohio			★
Illinois		★	★	Oregon	★		★
Iowa		★		Pennsylvania		★	★
Louisiana			★	Rhode Island	★	★	★
Maine		★	★	Texas		★	★
Maryland	★	★	★	Vermont	★		★
Massachusetts	★	★	★	Washington	★		
Michigan			★	Wisconsin		★	★
Minnesota	★	★	★				

* Require from five to 13 home appliances to meet specific efficiency standards.

** Renewable portfolio standards set goals for a percentage of all power consumed in the state to come from renewable energy sources such as wind, solar or hydropower.

*** Public benefits funds require energy utilities to set aside money for programs that pay for or encourage efficiency.

ENERGY BYTES

According to the Energy Information Administration, in two decades U.S. energy consumption will increase by almost 40 percent – an amount equivalent to the energy used today in California, Texas, New York, Ohio, Pennsylvania and Illinois.

– **Alliance to Save Energy**

The United States imports more than 56 percent of its oil, and imports are expected to increase to 70 percent over two decades.

– **U.S. Department of Energy.**

The United States consumes almost 9 million barrels of gasoline daily – 43 percent of total global consumption.

– **Alliance to Save Energy.**

If everyone chose one of the four most efficient sedans, sub-compacts, SUVs and light trucks, fuel economy would be 12 percent higher and Americans would save 13.1 billion gallons of gasoline annually.

– **Environmental Protection Agency**

American households typically spend more than \$200 annually on air conditioning. Households in some regions of the South can easily spend twice that much.

– **Alliance to Save Energy.**

Over an air conditioner's lifetime, only one-fourth of the total cost is for the purchase of the unit. Three-fourths of the cost is for the energy to run the air conditioner.

– **Alliance to Save Energy.**

Between 80 percent and 85 percent of the energy used to wash clothes comes from heating the water.

– **U.S. Department of Energy**



Gas prices in Portland, Ore., were on the upswing months before the Gulf hurricanes.

In Florida, Gov. Jeb Bush (R) modified his opposition to drilling in the Gulf of Mexico and was working with congressional Republicans on a compromise measure that would put rigs 125 miles from shore.

The Interstate Oil and Gas Compact Commission, which represents the petroleum interests of 37 governors, is pushing for more oil and gas drilling in 10 states from Illinois to New York. And the numbers of oil and gas drilling permits being issued in the Rocky Mountain West continues at a record pace.

While Midwestern states long have advocated using corn to make ethanol and converting soybeans into diesel fuel, several states are looking into using liquified coal to power cars and trucks and create cleaner electricity. Pennsylvania Gov. Ed Rendell (D) is spearheading a partnership to build the nation's first plant that converts waste coal into diesel fuel.

Fellow Democratic Govs. Brian Schweitzer of Montana, Manchin of West Virginia and David Freudenthal of Wyoming supported similar proposals in their states. ✪

IMMIGRATION SKIRMISHES MOVE BEYOND BORDER STATES

By Mark K. Matthews

Govs. Janet Napolitano (D) of Arizona and Bill Richardson (D) of New Mexico declared states of emergency in 2005 over mounting problems caused by illegal immigrants sneaking over the border from Mexico. A self-



New Mexico Gov. Bill Richardson (D) listens as Gov. José Reyes Baeza of the Mexican state of Chihuahua fields questions in Las Cruces, N.M., about plans to bulldoze abandoned buildings in a border town.

appointed posse called the Minutemen initiated its own unarmed but heavily publicized patrols to embarrass the federal government into action. And the issue of dealing with millions of undocumented workers created political ripples from Virginia to California.

Border state lawmakers appealed to Congress for help with the costs they say the illegal immigrants impose on their courts, prisons and hospitals. Some legislatures argued over in-state tuition rates at public colleges for children of illegal immigrants. Illegal immigration was an issue in the 2005 Virginia governor's race and could play a role in a significant number of this year's three dozen gubernatorial races.

Napolitano and Richardson, both running for re-election this year, declared states of emergency to confront drug, crime and other problems they say are caused by illegal immigrants who pour across their sparsely policed border. Their declarations freed up state money for law enforcement and raised some heat on the White House and Congress.

Richardson, a former ambassador to the United Nations and possible presidential aspirant, declared last August: "I'm taking these serious steps because of the urgency of the situation and, unfortunately, because of the total inaction and lack of resources from the federal government and Congress." Napolitano followed suit three days later, saying, "The federal government has failed to secure our border, and the health and safety of all Arizonans is threatened daily by violent gangs, coyotes and other dangerous criminals."

By year's end, the Border Patrol had announced it would hire 1,700 new agents to help stop illegal crossings in Arizona, California, New Mexico and Texas. But with as many as 12 million illegal immigrants in the United States — and more than half a million arrested trying to cross into Arizona alone last year — immigration was far from

IN-STATE TUITION FOR UNDOCUMENTED STUDENTS

State that allow illegal immigrants raised in the state to attend college at in-state tuition rates.

California	Oklahoma
Illinois	Texas
Kansas	Utah
New Mexico	Washington
New York	

States that also offer aid to illegal immigrant students.

New Mexico
Oklahoma
Texas

evaporating as a lightning-rod issue. President Bush pushed for granting guest-worker permits to immigrants.

Although not all state action was geared toward clamping down on illegal immigrants, signs pointed to a growing backlash against undocumented workers — not just along the southern border — but in states and towns as far as half a continent from Mexico.

A political furor erupted in wealthy Fairfax County, Va., when the town of Herndon decided to build a day-laborer center so that Hispanic men would have a permanent place to find work instead of lingering in the parking lot of a local convenience store.

Virginia Attorney General Jerry Kilgore (R) injected the issue into his unsuccessful race for governor against Democratic Lt. Gov. Tim Kaine, castigating Herndon's decision and criticizing his opponent for refusing to bar in-state college tuition to illegal aliens. In a campaign debate, Kaine called Kilgore's stance a "mean-spirited effort to go after people who are trying to make a living, and to go after local officials who are trying to deal with a tough problem."

In Connecticut, the state House of Representatives turned back a proposal to deny in-state college tuition rates to children of illegal immigrants unless they had spent at least three years in Connecticut high schools. "In every sense, these students are Connecticut residents," Rep. Roberta Willis (D), chairman of the higher education committee, argued on the House floor.

A pair of police chiefs in two small towns in New Hampshire caused an uproar by arresting illegal immigrants on trespassing charges in spring 2005. The cases eventually were thrown out, but some state lawmakers applauded the creative approach to immigration control and vowed to seek new powers for police to detain illegal immigrants.

In California, Gov. Arnold Schwarzenegger (R) successfully lobbied the federal government to finish a 14-mile border fence near San Diego.

In the aftermath of Hurricanes Katrina and Rita, Gulf Coast workers complained that undocumented workers were pouring into the devastated region seeking cleanup and construction work — taking jobs from U.S. citizens.

One source of rising tensions may be that 17 states, including Arizona, North Carolina, Georgia and Tennessee, are dealing for the first time with sizable concentrations of illegal immigrants. Since the mid-1990s, more migrants are choosing to live in states that previously had seen relatively small numbers of foreign-born residents, legal or illegal, according to the Pew Hispanic Center, which like *Stateline.org* is funded by The Pew Charitable Trusts.

While immigration is primarily a federal responsibility, state political leaders increasingly are taking a larger role in defining how America copes with the influx of illegal aliens. Much of the heat in state capitals is over these main issues: Should undocumented immigrants be allowed any access to taxpayer-funded social programs? Should they



Arizona Gov. Janet Napolitano (D) with Richard Saunders, Chief of the Tohono O'odham Police Department at the San Miguel Gate near Sells, Ariz.

attend state colleges at in-state tuition rates? Should they be licensed to drive?

The most hotly debated issue may be the fight over social programs — in part because federal law already makes illegal immigrants ineligible to receive most benefits. Yet the issue has a way of galvanizing voters, and it has triggered a host of changes in Arizona.

In 2004, Arizona became the first state to bar illegal immigrants from access to social programs when voters approved a controversial ballot initiative called Proposition 200. (The courts blocked a similar proposition in California in 1994.) Since then, the Arizona Legislature has adopted the nation's toughest laws against those living there illegally, including denying public funding to migrant work centers. This year, Arizona voters will consider changing the state Constitution to deny bail to illegal immigrants arrested for serious crimes.

The passage of Arizona's Proposition 200 has encouraged similar campaigns. Kristina Wilfore, executive director of the Ballot Initiative Strategy Center, a liberal activist group in Washington, D.C., said the issue could be on 2006 ballots in Alabama, Arkansas, California, Colorado, Georgia, Massachusetts, Nebraska, Nevada, Virginia, Tennessee and Washington state.

Susan Tully, Midwest field director for the Federation for American Immigration Reform (FAIR), which advocates tougher border enforcement, a crackdown on those here illegally and lower quotas for legal immigration, said, "I truly believe the tide is turning. You are going to see more legislation that is going to cut funding to illegal aliens."

Driver's licenses for illegal aliens remain a hot state topic, although the debate has been reframed by the "Real ID" act signed by President Bush in May 2005. The new federal law, set to take effect in 2008, forbids illegal immigrants from receiving a full-fledged driver's license. While nine states currently license illegal immigrant drivers, states instead now will have the option of following Tennessee and Utah in issuing "driver's certificates," which can't be used for identification purposes.

An emerging issue is an interest by states in giving local police the power to arrest illegal immigrants, a job usually reserved for federal agents. Arkansas last year became the third state to train selected state troopers to arrest people for immigration violations. The measure made it through the Arkansas House and Senate by one-vote margins. Florida and Alabama have a similar policy.

On the other side of the debate, in-state tuition has become the banner issue for those advocating on behalf of illegal immigrants. In 2005, New Mexico became the ninth state to allow illegal immigrants to pay the same college tuition as state citizens.

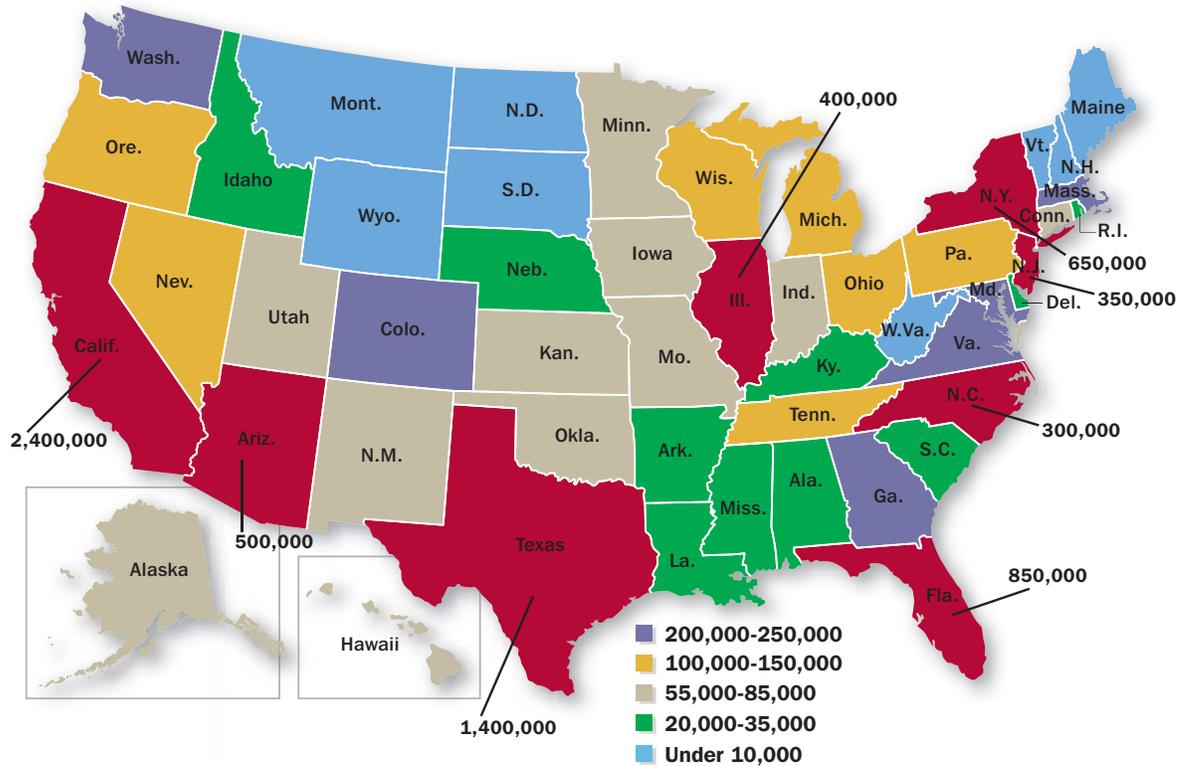
Other states that allow children of illegal immigrants who grew up in the state to pay in-state tuition rates are: California, Illinois, Kansas, New York, Oklahoma, Texas, Utah and Washington. In New Mexico, Oklahoma and Texas, these students even are eligible for state-funded scholarships on the same basis as other state residents.

In Illinois, Gov. Rod Blagojevich (D) last year signed a bill to provide greater protection of day laborers, many of whom are illegal immigrants. The law imposes stiff penalties on employers who cheat day laborers, such as by illegally deducting meals or transportation from their paychecks, and creates new guidelines for hiring and paying these workers.

And in Washington state, lawmakers reversed course and revived a law in 2005 that provides health care to illegal immigrant children.

With this decision, Washington joined a handful of states — including California, Massachusetts and New York — that provide non-emergency medical care to children, regardless of immigration status. ★

Estimates of Undocumented Migrant Population



2,400,000	200,000-250,000	100,000-150,000	55,000-85,000	20,000-35,000	Under 10,000
California 2,400,000	Georgia	Nevada	Connecticut	South Carolina	New Hampshire
Texas 1,400,000	Colorado	Oregon	Utah	Rhode Island	Alaska
Florida 850,000	Maryland	Pennsylvania	Minnesota	Idaho	Wyoming
New York 650,000	Massachusetts	Michigan	Kansas	Arkansas	Maine
Arizona 500,000	Virginia	Ohio	New Mexico	Alabama	West Virginia
Illinois 400,000	Washington	Wisconsin	Indiana	Kentucky	South Dakota
New Jersey 350,000		Tennessee	Iowa	Nebraska	Vermont
North Carolina 300,000			Oklahoma	Louisiana	North Dakota
			Missouri	Hawaii	Montana
				District of Columbia	
				Mississippi	
				Delaware	

SOURCE: Pew Hispanic Center estimates based on March 2002, 2003, and 2004 Current Population Surveys

ROBERTS COURT TO WEIGH STATES' RIGHTS

A reconstituted U.S. Supreme Court won't have to wait for opportunities to weigh in on the federalism debate at the center of court decisions over the last decade.

The justices will decide whether a state can sanction physician-assisted suicide, what types of tax incentives states may offer big employers and what kinds of facilities they must provide for disabled prisoners.

State officials will closely watch the court's rulings to determine how its new members view federalism.

The two justices being replaced – the late Chief Justice William Rehnquist and retiring Justice Sandra Day O'Connor – were deeply involved in the court's moves to curb federal authority over the states, Stephen Wermeil, a professor of law at American University, said.

Chief Justice John Roberts succeeded Rehnquist, who died of cancer last September. Rehnquist had led the court's tilt in returning power to the states.

O'Connor, a former majority leader in the Arizona Senate and a crucial swing vote on the court, was to step down when her successor was confirmed by the U.S. Senate. President George W. Bush nominated Samuel Alito, a 3rd U.S. Circuit Court of Appeals judge from New Jersey, to succeed her.

The Roberts court decided in December to take up the thorny case of whether the Texas redistricting plan that Republicans pushed through their Legislature violated the Voting Rights Act.

Another case with potentially far-reaching ramifications for states is a dispute over Ohio tax incentives designed to persuade DaimlerChrysler to replace — rather than close — an aging Jeep assembly plant in Toledo.

Ohio asked the justices to overturn a federal appeals court decision throwing out the tax breaks on grounds that they breached the federal government's exclusive authority to regulate interstate commerce.

The state argued that setting tax policy and encouraging economic development are two essential functions of state governments. The National Governors Association backed Ohio's appeal.



New Supreme Court Chief Justice John Roberts.

Federalism is also central to a case brought by a paraplegic Georgia inmate that could determine once and for all whether the Americans with Disabilities Act (ADA) applies to state facilities.

The prisoner, Tony Goodman, was paralyzed in a 1992 car accident. He was convicted three years later of assaulting a girlfriend, illegal gun possession and drug-dealing. He contested his incarceration in a 12-by-3-foot prison cell where, according to his lawyers, he cannot turn his wheelchair around or use the toilet. Prison officials claim Goodman is in the prison's maximum security wing "both because of his continuous disruptive conduct and the special requirements associated with his being wheelchair-bound."

Goodman filed suit under the ADA, which prohibits discrimination against those with disabilities and requires "reasonable accommodations" in schools, the workplace, employment, transportation and government services.

But it's uncertain whether Congress had the authority to impose those limits on states, which — with a few exceptions — are protected from suits by the 11th Amendment.

The Oregon assisted-suicide case hinges on whether the federal government can use its powers under the Controlled Substances Act to yank the prescription-writing privileges of physicians who assist in suicides. Traditionally, states regulate the practice of medicine in the United States.

The outcome could have far-reaching social implications. "The ruling could be narrow, but the court will most likely have some things to say about federalism," Wermeil said.

Oregon enacted its Death With Dignity Act by referendum in 1994. It took effect four years later, after Oregon voters soundly rejected an attempt to repeal it.

The Clinton administration allowed the program to proceed, but the Bush administration and then-Attorney General John Ashcroft moved to block it soon after taking office in 2001. The program has operated without interruption while the federal-state battle worked its way through the courts. Through 2004, physicians had prescribed lethal doses to 326 terminally ill patients, and 208 actually used the drugs to end their lives.

While the Rehnquist court often sided with states in disputes over the balance of power, in June 2005 it ruled that federal drug enforcers could arrest medical marijuana users despite a California law allowing doctors to prescribe the illicit drug to patients for pain relief. Rehnquist, O'Connor and Justice Clarence Thomas dissented in that 6-3 ruling. ★

EMINENT DOMAIN

Shocked by a June 2005 U.S. Supreme Court decision, state lawmakers want to stop governments from taking people's houses and land to help businesses boost local economies.

By the end of the year, legislators in four states had passed new laws in reaction to the court's ruling in *Kelo v. City of New London*.

In that opinion, the justices cleared the way for governments to use their eminent domain powers for economic development — expanding powers usually used to force owners to sell land for public projects such as roads, military bases or power lines.

The new laws in Alabama, Delaware, Ohio and Texas limit the scope of the decision. Lawmakers in eight other states proposed similar restrictions, and that's likely only the start. Even more probably will take up the issue when most state legislatures reconvene in 2006, said Larry Morandi, a land use expert at the National Conference of State Legislatures. ★

GAY RIGHTS

Constitutional bans on same-sex marriage may be in place in more than half the states before long, but gay rights advocates were hopeful that Massachusetts for the first time could have company in sanctioning gay nuptials.

Washington State's Supreme Court was poised to become the first to tackle same-sex marriage since Massachusetts' highest court legalized the practice in 2003. The Washington case was argued in March 2005. California's highest court was expected to take up the same question in 2006, and similar legal challenges were pending in Connecticut, Maryland, New Jersey and New York.

Kansas and Texas in 2005 became the 18th and 19th states to adopt constitutional amendments banning same-sex marriage. Voters supported the change by overwhelming numbers. Thirteen states instituted bans in 2004, and four states had bans that predated the Massachusetts decision.

Four states scheduled votes on same-sex marriage bans in 2006: Alabama in June and South Carolina, South Dakota and Tennessee in November. Lawmakers in Virginia and Wisconsin gave preliminary approval to such amendments and likely will put them to a statewide vote this year. Opponents of gay marriages expect to get same-sex marriage bans on the ballot in Arizona, California and Florida this year as well.

None of these states allow gay couples to marry, but conservatives believe enshrining the bans in the state constitution is the best way to head off court orders legalizing same-sex marriage.

The gay marriage battle has spilled into the arena of state employee benefits, with state supreme courts in Alaska and Montana ordering that civil servants' gay partners be accorded the same benefits as spouses. Alaska Gov. Frank Murkowski (R) said he will push for a constitutional amendment to repeal the court order. A similar case is pending in Wisconsin. ★

ISSUES TO WATCH

STATE POLICIES ON SAME-SEX MARRIAGE

STATE	PERMITS GAY MARRIAGE	PERMITS CIVIL UNIONS	STATE OFFERS REGISTRY OF DOMESTIC PARTNERSHIPS	STATE LAW PROHIBITS SAME-SEX MARRIAGE	STATE CONSTITUTIONAL AMENDMENT PROHIBITS SAME-SEX MARRIAGE	NO STATE LAW OR POLICY
Alabama				★		
Alaska				★	★	
Arizona				★		
Arkansas				★	★★	
California			★	★		
Colorado				★		
Connecticut		★				
Delaware				★		
Florida				★		
Georgia				★	★★	
Hawaii			★	★	★ ¹	
Idaho				★		
Illinois				★		
Indiana				★		
Iowa				★		
Kansas				★	★★	
Kentucky				★	★★	
Louisiana				★	★★	
Maine			★	★		
Maryland				★ ²		
Massachusetts	★					★
Michigan				★	★★	
Minnesota				★		
Mississippi				★	★	
Missouri				★	★	
Montana				★	★	
Nebraska					★★	
Nevada					★	
New Hampshire				★		
New Jersey			★			★
New Mexico						★
New York						★
North Carolina				★		
North Dakota				★	★★	
Ohio				★★	★★	
Oklahoma				★	★★ ³	
Oregon					★	
Pennsylvania				★		
Rhode Island						★
South Carolina				★		
South Dakota				★		
Tennessee				★		
Texas				★	★★	
Utah				★	★★	
Vermont		★		★		
Virginia				★★		
Washington				★		
West Virginia				★		
Wisconsin				★ ⁴		
Wyoming				★ ⁵		

★★ Signifies law also prohibits civil unions or other domestic partnership status for same-sex couples.
 1 Amendment does not ban same-sex marriage, but stipulates that only the legislature, not the courts, can define marriage.
 2 The first state law defining marriage as a union between a man and woman was adopted by Maryland in 1973.

3 Includes a provision making it a misdemeanor crime to knowingly issue a marriage license to same-sex couples.
 4 1971 state supreme court ruling held that only heterosexual marriages are legal.
 5 State law predating the federal Defense of Marriage Act prohibits same-sex marriage.

DEATH PENALTY

On Dec. 2, 2005, Kenneth Boyd of North Carolina became the 1,000th person executed in the U.S. since the death penalty was reinstated in 1976.

The federal government reported that only 125 condemned prisoners entered death rows in 2004, the lowest number since 1973. In 2004, the number of executions fell to a nine-year low of 59. Sixty prisoners were executed in 2005.

The number of death row inmates at the end of 2004 also dipped for the fourth year in a row. On Dec. 31, 2004, some 3,315 prisoners were awaiting execution.

But 2004 saw an upswing in the number of women on death row. Their numbers increased by five to 52. ★

STEM CELL

With the Bush administration still limiting federal support for embryonic stem cell research, more states are stepping into the breach. Conservatives and religious groups that object on moral grounds to the use of human embryos squared off against governors and lawmakers who support the potentially life-saving science and covet the high-tech research jobs.

Lawmakers in a handful of states pushed for laws either banning or promoting the research, while activists in Florida and Missouri gathered signatures for ballot measures to fund stem cell research.

While California still leads in investing in stem cell research, Illinois was bidding to make its presence felt in the emerging field. Illinois Gov. Rod Blagojevich (D) bypassed the Legislature and reprogrammed existing funds in 2005 to free money for stem cell research facilities. And Connecticut lawmakers made the first installment on what they envision as a 10-year, \$10 million-a-year commitment to the science.

Nowhere were battle lines more starkly drawn than in Missouri, where Republican Gov. Matt Blunt — worried the state would lose lucrative biomedical business if the legislature outlawed use of human embryonic cells in labs — derailed a measure that would have made involvement in the science a felony. But Blunt's troubles didn't stop there. His neighbor, Blagojevich, mounted efforts to lure Missouri's top scientists to relocate across the Mississippi River. ★

EXECUTIONS 1976–2005

State	Total Executions
Texas	355
Virginia	94
Oklahoma	79
Missouri	66
Florida	60
Georgia	39
North Carolina	39
South Carolina	35
Alabama	34
Arkansas	27
Louisiana	27
Arizona	22
Ohio	19
Indiana	16
Delaware	14
California	12
Illinois	12
Nevada	11
Mississippi	7
Utah	6
Maryland	5
Washington	4
Nebraska	3
Pennsylvania	3
Kentucky	2
Montana	2
Oregon	2
Colorado	1
Connecticut	1
Idaho	1
New Mexico	1
Tennessee	1
Wyoming	1
Federal government	3
U.S. Total	1004

SOURCE: Death Penalty Information Center

ABORTION

State lawmakers considered more than 500 anti-abortion bills last year, with legislatures in Arizona, Arkansas, Georgia, Idaho, Indiana, Kansas, Mississippi, North Dakota, Ohio, South Dakota and Texas passing laws that chipped away at *Roe v. Wade*, the U.S. Supreme Court's landmark decision giving women the right to terminate a pregnancy. Among them were first-of-a-kind requirements that doctors tell women seeking abortions about fetal pain or offer anesthesia to help eliminate pain to the fetus.

In California, a ballot measure that would require physicians to obtain parental consent before performing an abortion on an unmarried minor failed to pass in last November's statewide elections.

Meanwhile, New Hampshire joined six other states that have passed laws allowing the "morning-after pill" to be purchased without a prescription. Massachusetts Gov. Mitt Romney (R) and New York Gov. George Pataki (R) vetoed similar measures in their states.

Lawmakers in several states debated whether to require pharmacies to sell the drug or to protect pharmacists who refuse to dispense it for reasons of personal morality. ★

SCANDALS

Once again corruption scandals could add spice to the political mix in upcoming elections in several states. Some highlights — or lowlights:

Ohio: Gov. Bob Taft (R) pleaded guilty in August 2005 to misdemeanor charges of accepting dinners and free golf outings from lobbyists without reporting them. His troubles grew out of an unfolding scandal dubbed "Coingate" involving mismanagement of Ohio Bureau of Workers' Compensation funds. The agency fired all its money managers after losing \$215 million in investments, including \$13 million from a rare coin fund controlled by a GOP powerbroker, Tom Noe, who was indicted in August on criminal charges.

Kentucky: Gov. Ernie Fletcher (R) issued a pre-emptive general pardon in August for nine current or former members of his administration. They were indicted by a state grand jury for violating a state law prohibiting political hiring for the vast majority of civil service positions.

Tennessee: Capping a two-year FBI undercover operation called "Tennessee Waltz," five state lawmakers — four Democrats and a Republican — were indicted in May on extortion charges. The five, plus two associates, allegedly agreed to take bribes from a front company the FBI created.

Illinois: Several criminal investigations into his administration were causing headaches for Gov. Rod Blagojevich (D). In fall 2005, federal prosecutors obtained two guilty pleas in a kickback and extortion scheme over investments in the teachers' pension fund. Meanwhile, former Gov. George Ryan (R) stood trial for 22 counts of corruption-related charges.

Alabama: Former Gov. Don Siegelman (D) and several allies were indicted in October 2005 after he threw his hat into the ring to win back the seat he lost in 2002. A federal grand jury alleged that Siegelman steered state business to contractors in exchange for hundreds of thousands of dollars in bribes.

Rhode Island: Former state Sen. John Celona (D) pleaded guilty last August to mail fraud for accepting more than \$300,000 from health care companies to use his influence on their behalf. Celona and William V. Irons, then Senate president, resigned after the allegations surfaced in December 2003.

Idaho: Sen. Jack Noble (R) resigned last March, shortly before the state Senate was to vote on his removal from office for conflict of interest. Noble had proposed a bill that would have increased the value of a convenience store he was trying to sell.

Wisconsin: Former Senate Majority Leader Chuck Chvala (D) pleaded guilty in October 2005 to felony charges for using a state employee to run a political campaign and for making an illegal campaign contribution to another Democrat. Chvala is a former Democratic candidate for governor. Three Republican lawmakers were due to stand trial on charges of using their staff for political purposes. ★

SEX OFFENDERS

More states now are employing satellite tracking systems to keep a closer watch on convicted sex offenders. Thirteen states — California, Florida, Indiana, Iowa, Louisiana, Massachusetts, Missouri, Montana, New Jersey, Ohio, Oklahoma, South Carolina and Tennessee — passed laws in 2005 permitting use of Global Positioning System devices to track high-risk sexual predators, according to the National Conference of State

Legislatures. At least 21 states are experimenting with GPS tracking of child molesters, rapists and other sexual predators — shown by studies to be likely repeat offenders.

Two Republican governors, George Pataki of New York and Donald Carcieri of Rhode Island, ordered sex offenders locked up in mental hospitals after their prison terms expired — a get-tough move that drew fire from civil libertarians and sparked court battles in both states. Florida, Iowa, Ohio and Michigan passed laws barring sex offenders from living or working near a school or day care center. And several states added DNA information to their public registries of those convicted of sex crimes. ★

NO CHILD LEFT BEHIND

When U.S. Education Secretary Margaret Spellings was sworn into office in January 2005, she promised to mend frayed relations with states by showing more flexibility in the strict goals of the No Child Left Behind law (NCLB).

The olive branch didn't come soon enough, however.

Long-simmering frustrations over NCLB erupted into open conflict with several states launching legislative and legal attacks or openly defying provisions of the law, which calls for annual student testing in grades three to eight and high school. The law penalizes schools that fail to improve test scores in all racial and demographic groups.

Utah wound up at odds with federal officials and passed a law allowing local schools to ignore NCLB mandates that conflict with the state's testing regimen. President George W. Bush's home state of Texas paid a hefty fine rather than obey federal requirements for testing students with disabilities.

In court, NCLB survived its first legal challenge in November when a federal judge in Michigan rejected complaints by several school districts and a teachers' union over the costs the 2002 law imposes on states. Connecticut filed its own suit challenging the law. A federal attempt to quash that lawsuit drew a fiery response from Connecticut Attorney General Richard Blumenthal, who accused the Bush administration of launching "a scorched-earth assault on states' rights."

Spellings did grant some concessions sought by states, such as easing testing for students with disabilities and giving states an extra year to meet "high quality" teacher requirements. But critics contend NCLB's goal of having

all children reading and doing math at grade level by 2014 is impossible to meet. They're pushing Congress to overhaul the law when it is due for renewal in 2007. ★

STATE COLLEGE TUITION UP 40% SINCE 2000

Academic Year	Tuition and Fees	Annual % Change
1999-00	\$3,362	4%
2000-01	\$3,508	4%
2001-02	\$3,766	7%
2002-03	\$4,098	9%
2003-04	\$4,645	13%
2004-05	\$5,126	10%
2005-06	\$5,491	7%

SOURCE: College Board

65-CENT SOLUTION

Conservative education activists want to require schools nationwide to boost classroom spending not by raising taxes, but by cutting administrative costs for such things as busing, counseling, school lunch programs and principals' salaries.

The goal of a group called First Class Education is to get state legislators to pass laws requiring schools to spend at least 65 percent of their budgets on classroom expenses, including teachers' salaries, computers and after-school activities.

Nationally, schools spend 61.5 percent of their budget in the classroom.

So far the proposal has succeeded in Texas, where Gov. Rick Perry (R) ordered schools to meet the 65 percent threshold. Lawmakers in Louisiana and Kansas endorsed the idea, although it is not mandatory there. Missouri Gov. Matt Blunt Jr. (R) is pushing the proposal in his state, and efforts are under way to put the issue on the 2006 ballot in up to 10 other states, including Arizona, Colorado, Ohio and Washington.

Critics of the proposal, including school administrators and teachers' unions, say it could hurt education by diverting money from needed services, such as heating classrooms and feeding children, or hiring nurses and librarians. ★



PENSIONS

State pension systems, faced with some of the same shortfalls that have shaken the private pension industry, are beginning to experiment with some of the same solutions, which eventually could make the traditional pension a thing of the past.

One approach is to mimic the private sector by moving state employees from the so-called defined contribution pension plans — with guaranteed payouts — to 401(k)-style programs, where the state contributes a set amount each month to an employee's investment fund. When employees retire, the money in the fund is theirs. But they are not entitled to a fixed pension for life, as under the old system.

In 2005, Alaska became the first state to adopt such a program, starting with those hired after July 1, 2006. Four Republican governors — Arnold Schwarzenegger of California, Mitt Romney of Massachusetts, Donald Carcieri of Rhode Island and Mark Sanford of South Carolina — unsuccessfully championed similar proposals. The proposals could resurface this year.

States also are likely to consider trimming benefits and selling bonds as a way to cover employees' retirement costs, Sujit CanagaRetna, a Council of State Governments analyst, told *Stateline.org*.

Although CanagaRetna has described public pensions as a "fiscal tsunami waiting to happen," state retirement directors insist state and local retirement systems are sound and will be able to pay retirees the money they have been promised.

Nonetheless, the National Association of State Retirement Administrators said state pension funds are short \$292.4 billion of the money needed to pay promised benefits. ✖



MEDICAID CLAWBACK

With the launch of the new Medicare drug program for seniors, states now are being forced to pick up part of the bill, and some are crying foul.

Even before the new coverage started, Kentucky Attorney General Greg Stumbo (D) directed his attorneys to prepare a lawsuit challenging a requirement that Kentucky

pay \$7.5 million per month to help cover the cost of prescription drugs for low-income seniors who qualify for both Medicaid and Medicare.

New Hampshire and Texas, President Bush's home state, are withholding 2006 and 2007 payments to the federal government to cover the cost of the drug program.

Until this year, Medicare, the federal health care program for people 65 and older, did not cover prescription drugs outside of hospitals. Medicaid, the state-federal program that provides health care for the poor and disabled, footed the bill for low-income seniors.

On Jan. 1, 2006, Medicare for the first time started picking up prescription costs for seniors, including 6.4 million poor elderly whose drugs previously had been covered by state Medicaid programs. Congress didn't want states to reap a financial windfall when they stopped paying the drug bills of their poor elderly, so it required states to give back some of the savings by reimbursing the federal government for 90 percent of their projected costs in 2006, declining to 75 percent by 2015.

Congress' idea was to "claw back" the savings it expected states to enjoy because they were no longer spending Medicaid dollars on seniors' prescriptions. But rather than a windfall, a recent survey indicated that more than half of states actually anticipated facing higher costs in 2006.

Twenty-six states expected their payments to the federal government in 2006 to exceed what they would have spent on drugs for low-income seniors through Medicaid, according to a survey by the Kaiser Commission on Medicaid and the Uninsured. Nine states expected to save money, and 15 projected they would break even, according to the nonprofit organization's survey of state Medicaid directors. ✖

★ NEW JERSEY

**Jon Corzine (D)****Term Expires:** January 2010**Born:** 1/1/1947 in Illinois**Family:** Divorced. Three grown children: Jennifer, Joshua and Jeffrey**Religion:** Non-denominational**Education:** B.A., University of Illinois; M.B.A., University of Chicago**Occupation:** Investment banker, co-chairman and CEO of Goldman Sachs (1994-1999)**Political Experience:** Political Experience: U.S. Senator – New Jersey (2000-2005)**Military:** U.S. Marine Corps (1969-1975)

Five years after spending more than \$60 million from his Wall Street fortune to capture a seat in the U.S. Senate, Jon Corzine won the governorship of New Jersey with a campaign that put a \$43 million dent in his bank account. The liberal Democrat and former chief executive of the Goldman Sachs investment firm triumphed by nine points over Republican businessman Doug Forrester, who in the final days of the campaign ran ads quoting Corzine's ex-wife as saying he "let his family down, and he'll probably let New Jersey down, too."

Corzine had to dodge links to former Gov. Jim McGreevey, a Democrat who stepped down in 2004 following a gay sex and ethics scandal. Forrester tried to tap into voter anger over New Jersey's highest-in-the-nation property taxes. The GOP candidate said in defeat he was hurt by President Bush's diminished popularity. New Jersey has been a blue state (Democrat) in the last four presidential elections. Corzine succeeded Acting Gov. Richard Codey (D), the state Senate president who took the reins from McGreevey in November 2004. The McGreevey affair and New Jersey's history of political corruption hung a heavy cloud over the race, and voters expressed disillusionment with mud slung by both sides.

Corzine vows to stir up New Jersey's politics as usual, including putting a stop to what he calls "the corruption tax" — the entrenched practice of making state contractors "pay to play" for contracts. He promised to make property tax reform a priority, to fill top posts by merit and to hold all appointees to tough, ethical standards. Corzine will be a bargain for taxpayers in one respect: He plans to accept only \$1 a year in salary.

As governor-elect, Corzine chose his own successor to serve the last year of his U.S. Senate term: U.S. Rep. Robert Menendez (D-N.J.). ★

★ VIRGINIA



Tim Kaine (D)

Term Expires: January 2010 (not eligible for re-election)

Born: 2/26/1958 in Minnesota

Family: Wife, Anne Holton. Three children: Nat, Woody and Annella

Religion: Roman Catholic

Education: B.A., University of Missouri; J.D., Harvard University

Occupation: Lawyer, career public servant

Political Experience: Richmond City Councilman (1994-1998); Mayor of Richmond (1998-2001); Lieutenant Governor (2001-2005)

Tim Kaine kept the governorship of the red state of Virginia in Democratic hands after slogging through a hard-hitting race against Republican former Attorney General Jerry Kilgore. Kaine, the lieutenant governor and former mayor of Richmond, was helped immensely by the popularity of outgoing Democratic Gov. Mark Warner and also had two other former Virginia governors in his corner: Democrat Doug Wilder and Republican Linwood Holton, Kaine's father-in-law.

Kaine pledged to tackle transportation problems that have made commuting a nightmare in fast-growing, prosperous northern Virginia and to help "stop out-of-control development." He also proposed spending \$300 million to make preschool available for all 4-year-olds. Kaine closely allied himself with Warner, whose popularity was not damaged when he pushed a \$1.4 billion tax increase through the Republican-dominated Legislature in 2004 to remedy inherited deficits. That action helped restore Virginia's reputation as one of the best-managed states.

Kilgore did himself little good attacking Kaine on the Democrat's personal opposition to capital punishment. Kaine deflected the criticism by promising to carry out death sentences handed down by Virginia courts. He also placed his devout Catholicism at the center of his campaign, often referring to his life-changing experience as a missionary in Honduras during a year off from law school. ★

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