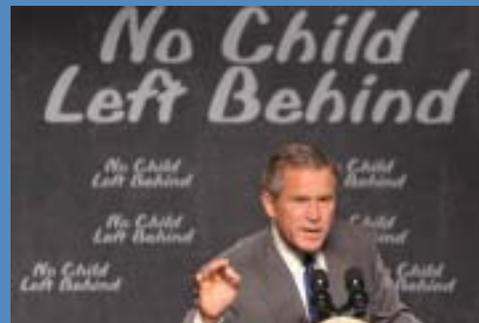


STATE OF THE STATES

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



Politics

Homeland Security

Taxes & Budget

Health Care

Education

Social Policy

2005

A Report on
State Policy Developments
and Trends



Cover photos, clockwise from left: Susan Shaw views her Perdido Key, Fla home, destroyed by Hurricane Ivan. (AP Photo/Eric Gay); President Bush speaks about his No Child Left Behind education program at a Nashville, Tenn. elementary school (AP Photo/Mark Humphrey); Term-limited California State Sen. President Pro Tem John Burton gets a hug from Gov. Arnold Schwarzenegger during last day of the Legislative session (AP Photo/Rich Pedroncelli); Miami voter Gus Puyans stands in line during the first day of early voting in Florida (AP Photo/J.Pat Carter); Keith OByrne of Boston makes his pro gay marriage case to Mikael Duval of Plymouth, Mass., who is against such unions, outside the Massachusetts Statehouse. (AP Photo/Lisa Poole)

STATE OF THE STATES 2005

A STATELINE.ORG REPORT

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★ P R E F A C E ★



Although the national government in Washington, D.C., gets more attention from the news media, much of the innovative public policy in this country is found at the state level, as you'll see in the pages of this report. What we at *Stateline.org* have tried to do in this series of articles is to identify the most significant

developments on issues such as education, health care, social matters, fiscal management and homeland security in the last twelve months, and let you know what to expect in 2005 and years ahead.

This is our fifth annual *State of the States* report, and I believe you'll deem it the most informative and useful one yet. In the opening chapter, *Stateline.org* staff writer Kathleen Murphy examines how the results of the November election will affect the states through the prism of term limits. Kathleen Hunter, who covers homeland security issues, writes about the impact of National Guard and Reserve deployments as America wages war in Iraq and Afghanistan. Pamela M. Prah, our expert on tax and budget policy, reports on how states are hooked on gambling as a revenue source. *Stateline.org's* Erin Madigan looks at the elephant in the budget pantry – soaring state Medicaid costs. Public school spending is the other big line item in every state budget. Eric Kelderman, our education writer, focuses on two aspects of that story – how states are trying to keep college affordable and also cope with the unfunded costs of President George W. Bush's "No Child Left Behind" program. And Kavan Peterson reports on the same-sex marriage controversy, which figured prominently in the 2004 election and has yet to run its course.

You'll also find an overview by *Stateline.org* Managing Editor Barbara Rosewicz, a former Wall Street Journal reporter who started her distinguished career in journalism covering the Statehouse in Topeka, Kan. This *State of the States* report is also full of policy tidbits and ready reference material, including thumbnail bios of the seven new governors taking office in January 2005 plus three others elevated to their state's top office in 2004 when the incumbent resigned. Staff assistants Alison McConnell and Alex Sundby deserve credit for extra research work. I hope you'll keep this publication close at hand and find occasion to refer to it often throughout the year. Let us know how we can improve it – we welcome your comments and suggestions.

State of the States showcases the kind of comprehensive and unbiased reporting on important state policy developments and trends you'll find online each weekday at our free Internet news site, *Stateline.org*, a project of the Pew Research Center, which is funded by The Pew Charitable Trusts as part of its mission to provide information in the public interest. The distribution of this report coincides with the launch of our new, improved Web site, one that preserves all the best features of the old site while adding the latest technology to make *Stateline.org* even more accessible and user-friendly. If you haven't already, bookmark *Stateline.org* and check us out daily. Be sure to also sign up for free daily or weekly e-mail newsletters, an easy, convenient way to stay on top of what's happening in the 50 state capitals.

Gene Gibbons

Executive Editor

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Designed by Hasten Design Studio, Inc.

Printed by Midatlantic Printers

All photos courtesy of Associated Press Wide World Photos

STATES OUT OF THE RED, NOT YET OUT OF THE WOODS

By Barbara Rosewicz, Managing Editor



After the worst fiscal crisis in six decades, states have made it to the recovery room – relieved to have survived and forced to focus on modest goals akin to a patient simply aiming to get out of bed.

California's Republican Gov. Arnold Schwarzenegger and State Controller Steve Westly campaigned for a \$15 billion bond issue that passed.

The revenue slide that landed states on the critical list for four years has ended, and 2005 marks the start of a post-crisis period, but one that barely lets states breathe a sigh of relief before their keenest survival instincts are again put to the test.

“The severity of the crisis will continue to haunt state finances for many years,” said Sujit CanagaRetna, senior fiscal analyst with the Council of State Governments. Out of necessity, states will be forced to innovate to stretch dollars, validating Supreme Court Justice Louis Brandeis’ description of states as the laboratories of democracy.

State tax revenues are inching up again, but a money crunch still will dominate the story of the states in 2005. The culprit likely will no longer be falling revenues but crushing demands for spending.

The biggest components of state budgets, consuming 50 cents of every \$1 in state revenue, are health care and K-12 education. Raymond Scheppach, executive director of the National Governors Association, predicts a clash between

states’ responsibility to educate children and the demand to pay Medicaid bills for the poor, disabled and elderly, including half of nursing home patients. “The fact that major tax increases are not on the table highlights the real choice facing policymakers today – more spending on health care or education, but not both,” Scheppach wrote in a column for *Stateline.org*.

Medicaid is the “900-pound gorilla” that will dictate what states have left to spend on everything else, said James Fossett, a senior fellow at the Nelson A. Rockefeller Institute of Government. States’ share of Medicaid is projected to grow 12 percent in fiscal 2005, more than twice as fast as revenues, forcing lawmakers and governors to choose whether to dedicate more dollars, cut benefits or limit enrollees to the state-federal health program for more than 52 million needy.

Any money left after health and education are covered will quickly disappear, thanks to pent-up demands for improvements to roads, buildings, parks, prisons and state employee salaries that were put off in the budget-slashing



Maryland Gov. Robert Ehrlich (R), flanked by Senate President Mike Miller and Speaker of the House Michael Busch, signs the “flush tax” aboard the *Pride of Baltimore II* in Annapolis harbor on May 26, 2004.

days. Higher education, hit the hardest during the multi-year crisis with cutbacks in at least 30 states, tops some lawmakers’ lists of where to spend extra tax revenues. Parents and students were forced to plug the gap with higher tuition and fees, which jumped 10.5 percent in 2004 after a 14 percent spike in 2003.

Two factors guarantee that statehouses and governors’ offices will be the places to watch for creative government solutions to problems. The first is the unrelenting pressure on budgets, forcing states to try fresh, cheaper innovations to balance their books. The second is rooted in Washington, D.C., where a \$413 billion federal deficit fueled by the costs of a nation at war means no largess to relieve states. Congress also could easily gridlock in the wake of 2004 elections that slightly padded slender Republican majorities but left a bitter partisan aftertaste, placing the onus on states to act.

If there is a silver lining to the states’ fiscal crisis, ignited in 2001 by the bust in the technology sector and terrorism-fueled recession, it is that states in their abhorrence of sales- and income-tax increases found ways to experiment with trimming expenses.

Republican and Democratic governors in Illinois, Minnesota, Missouri, New Hampshire, North Dakota and

Wisconsin defied the federal government in 2004 and offered Web sites to help citizens buy cut-rate prescription drugs from Canada or Europe, pushing Congress and pharmaceutical companies to address why Americans pay the highest drug prices in the world. Another novel arrangement features at least eight states in a bulk-buying pool to bargain with drug makers for lower prices for Medicaid patients.

In a cutting-edge effort to cover those without health insurance, who now number a record 45 million nationally, Maine launched its Dirigo program (Latin for “I lead”) as an experiment in universal health care, with a first step this year of helping small businesses purchase coverage for employees.

Pressed for money, states have hiked “sin taxes” on cigarettes and transformed gambling from sin to godsend.

Gambling in some guise is sanctioned now in all but two states – Hawaii and Utah. The proceeds from lotteries, slot machines and casinos help pay for basic state services, such as education and health care. Native American-owned casinos no longer hold a monopoly. Pennsylvania, for example, just jumped on the slots bandwagon, bringing in 61,000 slot machines that promise a \$1 billion payout for Harrisburg – a cut that would have gone to its neighbors

with their own gambling halls. Still, the electorate showed some discomfort with the nation's voracious appetite for gambling, rejecting several ballot measures to extend gaming's reach.

Also inspired by budget constraints, Colorado became the first in the nation to revamp its financing of higher education to give vouchers directly to students to spend on college courses – in lieu of increased appropriations to public universities and colleges. Elsewhere, proposals to move toward privatizing public universities by cutting traditional ties between higher education and state governments were broached but rejected for now.

Where the federal government fails to tread, states step in. Contrary to President Bush's moral objections to destroying human embryos to harvest stem cells for medical research, California voters approved a \$3 billion 10-year project to make the Golden State the world center of embryonic stem-cell research. On a smaller scale, New Jersey also is investing state funds in stem-cell research.

On the environment, states are doing more to curb global warming than the federal government after President George W. Bush pulled the plug on U.S. participation in the international Kyoto agreement on climate change. Trend-setting California is poised to impose the nation's first cutbacks on car emissions of carbon dioxide, an unavoidable byproduct of gasoline combustion blamed for changing the earth's climate. Seven East Coast states are expected to follow in a policy change that, if it survives a legal challenge from the auto industry, would force new cars to be even more energy-efficient.

In the same vein, Washington state for the first time is requiring new power plants to cut carbon-dioxide emissions, and states are taking the lead in promoting environmentally friendly renewable energy even as Congress fails to pass a new energy plan.

States also are filling voids in federal oversight. The landmark tobacco settlement in 1998 with state attorneys general is still paying dividends that helped states through their fiscal crisis. Tackling new foes, New York Attorney General Eliot Spitzer stomped on the toes of impotent federal regulators and used state law to challenge dubious

practices in the mutual fund and insurance industries that put consumers at a disadvantage. California, Connecticut and Massachusetts also are probing insurance practices.

Outside of pocketbook issues, gay marriage and the war on terrorism are intruding on states in historical ways.

Massachusetts is breaking new ground as the only state in the country where same-sex couples legally can marry. The 2003 Boston court finding that same-sex couples have a right to wed under the state's constitution was a victory for gay-rights groups but triggered a backlash to ban gay marriage at the state and federal level.



Eric Heins, right, and boyfriend David Glenn rally in support of gay marriage in San Francisco on Thursday, Aug. 12, 2004.

Already, 17 states – 13 in 2004 alone -- have rewritten their state constitutions to ban gay marriage and prevent Massachusetts-type rulings, and as many as half the states may have amendments in place by 2006. President Bush is calling for an amendment to the U.S. Constitution to limit marriage to male and female partners. The uproar over gay marriage is far from over and is certain to stalk courts, state ballots and state legislatures, including in Massachusetts, where attempts will be made to reverse history.

The war on terrorism also is haunting states, placing unprecedented demands since the September 2001 attacks to secure the home front. Moreover, in 2004, deployment of state-based National Guard soldiers reached levels not seen

since World War II. The Pentagon's heavy reliance on National Guard units to fight in Iraq and Afghanistan raises concerns for governors who rely on those troops to help out in domestic disasters. For the first time in a decade, Army National Guard officials failed to meet recruiting goals as fallout from the soldiers' lengthy deployments hits home.

While the election was a broad win for Republicans, who kept the White House and widened control in Congress, Democrats chipped away at the GOP's hold in state legislatures – the Democrats' only bright spot in the election. Republicans claimed control of both chambers in 20 states (down from 21), and Democrats took majorities in both chambers in 19 states (up from 17), with control of 10 legislatures divided. Eleven gubernatorial races ushered in seven new faces, but the split stayed the same: 28 Republican governors to 22 Democrats.



Members of the Army National Guard's 367th Maintenance Company board a charter flight to the Middle East on Sept. 5, 2003, at Thompson Field in Jackson, Mississippi.

On the political horizon, campaigning will be sparse in 2005, with only Virginia and New Jersey choosing new governors in elections not considered bellwethers of national leanings. But potential candidates already are beginning to position themselves for the 2006 elections, in which 36 governors' seats – 22 Republican and 14 Democratic – are up for grabs.

Two cross-cutting forces led to a near-even split of political party control of statehouses as the new year dawned. On the one hand, the crusade for legislative term limits that began in 1990 turned out 261 veteran lawmakers in 2004. Term limits, now on the books in 15 states, hit for the first time in Oklahoma, where more than a quarter of lawmakers were retired and control of the state House switched from Democrat to Republican for the first time since 1922.

On the other hand, redistricting ploys have secured safe seats for so many incumbents that there were no serious competitors in more than a third of the 5,804 state house and senate races in 2004.

In the recovery room where they now find themselves, states may have to practice patience because it could be some time before they return to the halcyon days of the 1980s and 1990s when revenues climbed 6.5 percent annually on average and there was enough money to finance pet projects. Forces outside states' control, such as rising oil prices and a slow national recovery, remain drags on state economies. Revenues are heading in the right direction, but are still below pre-crisis levels.

In just six years, the first of 78 million baby boomers will hit the retirement age of 65, straining not just health care but changing demands for services such as transportation. If today's policies continue, the aging of Americans will amplify problems in Medicaid, which pays half of all nursing home care. It will have repercussions in states' pension plans, already suffering a shortfall that recently led California, Illinois, Kansas, Oregon and Wisconsin to borrow to cover liabilities in their public retirement funds.

States' tax structures are aging, too. Forty-five states get a quarter of their revenues from a shrinking sales tax base designed for a 1950s manufacturing-based economy instead of today's service-oriented economy. Meanwhile, the share of state taxes paid by corporations is going down, and billions of dollars in Internet and catalog purchases escape state sales taxes.

States are hurtling toward two choices, both monumental: overhauling tax codes to replenish lost revenues, or scaling back government to provide only the bare level of service for which people are willing to pay. ❖

Feb. 10

Six govs make surreptitious visit to Iraq, leaving statehouse reporters in the dark



In February, six governors made a top secret, two-day visit to Iraq with selected reporters, angering statehouse journalists left behind. The six were: Democrats Kathleen Blanco of Louisiana and Ted Kulongoski of Oregon and Republicans Dirk Kempthorne of Idaho, Tim Pawlenty of Minnesota, Linda Lingle of Hawaii (shown on left) and George Pataki of New York

Midwest govs defy federal Food and Drug Administration's ban on importing prescription drugs from Canada

Feb. 24

With Minnesota's Republican Gov. Tim Pawlenty leading the way, Midwest state leaders in February launched a revolt against soaring prescription drug prices. Ignoring federal threats of legal action, Pawlenty and other Midwest governors used the Internet to tell people how to import cheaper drugs from Canada.



May 17

Massachusetts becomes first state to legalize same-sex marriage



Complying with a ruling by the state's highest court, Massachusetts became the first state to legalize same-sex marriage. The action caused a political stampede in other states to ban the recognition of any form of marital bond other than that between a man and a woman.

Kentucky gov's plane causes Washington, D.C., terrorism scare**June 9**

Kentucky Gov. Ernie Fletcher (R) had a brush with disaster when the state plane carrying him to Ronald Reagan's funeral failed to transmit an electronic identification code as it flew into restricted airspace surrounding terrorism-conscious Washington, DC. Panicky officials ordered the U.S. Capitol and Supreme Court evacuated, and two Air Force F-15 fighters were scrambled to intercept the intruding aircraft. The incident was blamed on a faulty transponder aboard the 33-year-old Kentucky State Police plane.

**July 1****Connecticut Gov. John Rowland (R) resigns, short-circuiting possible impeachment on corruption charges**

Connecticut Gov. John Rowland (R) resigned from office rather than face possible impeachment on charges arising from a federal corruption probe. Rowland, a onetime rising star in Republican politics, was succeeded by Lt. Gov. M. Jodi Rell.

New Jersey Gov. James McGreevey (D) discloses gay extramarital affair, announces he'll resign**Aug. 12**

New Jersey Gov. James McGreevey (D), married with one child, told a hastily arranged news conference on August 12 he'd had an extramarital affair with a male aide and would resign. McGreevey stepped down Nov. 15 and was succeeded by Senate President Richard Codey (D). Codey will serve as acting governor until McGreevey's term ends next January. New Jersey has no lieutenant governor.



Oct. 5

Survey shows spending on Medicaid health care program for 52 million poor, disabled and elderly Americans growing four times faster than any other state program



The cost of caring for 52 million poor and disabled Americans adults and children who rely on Medicaid for health care is projected to jump 11.7 percent for states in fiscal 2005, four times faster than all other state expenditures, according to an Oct 5 report by the Kaiser Commission on Medicaid and the Uninsured.

**Seven new govs elected, four returned to office
Three others elevated to top office**

Nov. 2

Democrat Christine Gregoire claimed a 130- vote victory in the Washington State governor's race after a hand recount of the votes in one of the closest elections in the nation's history. But when this publication went to press, Republicans appeared certain to challenge the results on behalf of GOP candidate Dino Rossi, who had led the race when the votes were initially tabulated, and who remained in front after a machine recount.



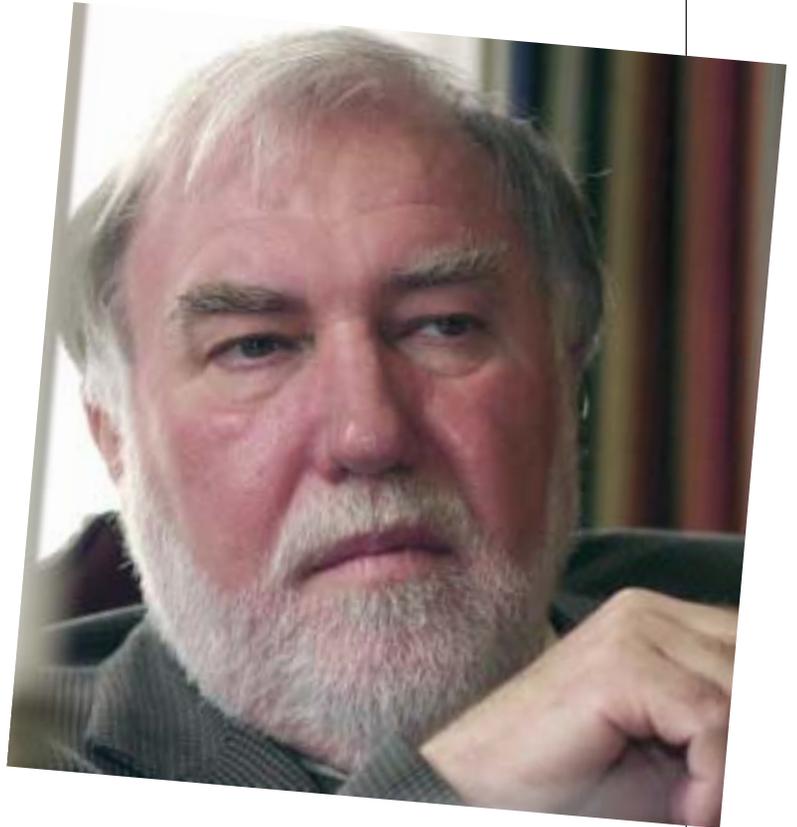
Major 2005 State Meeting Dates

NAME	METETING	DATES	LOCATION
The Council of State Governments (CSG)	Eastern Regional Conference Annual Meeting	7/24/05-7/27/05	Uncasville, Conn.
The Council of State Governments (CSG)	Midwestern Regional Conference Annual Meeting	7/31/05-8/3/05	Regina, Sask., Canada
The Council of State Governments (CSG)	Southern Legislative Conference Annual Meeting	7/30/05-8/3/05	Mobile, Ala.
National Governors Association (NGA)	Winter Meeting	2/26/05-3/01/05	Washington, D.C.
National Governors Association (NGA)	Annual Meeting	7/16/05-7/19/05	Des Moines, Iowa
National Conference of State Legislatures (NCSL)	Annual Meeting	8/14/05-8/21/05	Seattle, Wash.
National Conference of State Legislatures (NCSL)	Executive Committee	9/24/05-9/25/05	Anchorage, Alaska
American Legislative Exchange Council (ALEC)	Annual Meeting	8/3/05-8/6/05	Grapevine, Texas
Association of Capitol Reporters and Editors (ACRE)	Annual Conference	8/19/05-8/21/05	Seattle, Wash.
Midwestern Governors Association (MGA)	Annual Meeting	TBA	TBA
Southern Governors Association (SGA)	Annual Meeting	8/28/05-8/30/05	Greensboro, Ga.
Eastern Governors Association (NEGA)	Annual Meeting	Meets w/in NGA Feb.	Washington, D.C.
Western Governors Association (WGA)	Annual Meeting	6/12/05	Colorado
New England Governors Association (NEGA)	Annual Meeting	8/28/05-8/30/05	Newfoundland, Canada

TERM LIMITS MEAN RAPID RISES, FAST DEMISES FOR POLITICIANS

By Kathleen Murphy, Staff Writer

The curtain fell swiftly on Arkansas House Speaker Herschel Cleveland's career in Little Rock. Term limits meant that after the 2004 elections, it was time to "go back home like the Constitution requires," said the 58-year-old Democrat, who returned to Paris, Ark., (population 3,700) and a full-time law practice.



Term limits sent Herschel Cleveland home to Paris, Ark., after just three terms in Little Rock.

It was just six years ago that the curtain rose on Cleveland's career as a legislator. He went from freshman backbencher to speaker of the house in 48 months, inheriting the gavel from a 28-year-old predecessor who had completed the maximum three two-year terms.

Nowhere in America do term limits churn the legislative ranks more surely or swiftly than in Arkansas, where 36 percent of the faces were new when lawmakers convened in Little Rock to take the oath of office on the second Monday in January.

Mostly through citizen initiatives, 21 states beginning in 1990 adopted limits on how long politicians could serve in the state capitol. Courts struck down Wyoming's term lim-

its in 2004, and five other states have had restrictions repealed or thrown out by judges -- Idaho, Massachusetts, Oregon, Utah and Washington. But the limits are in force in 15 states: Arizona, Arkansas, California, Colorado, Florida, Louisiana, Maine, Michigan, Missouri, Montana, Nebraska, Nevada, Ohio, Oklahoma and South Dakota.

Term limits are changing political careers and legislatures. In a triumph of new blood over experience, turnover has spiraled in the states with term limits, benching 261 lawmakers in 2004 after the forced retirement of 702 total in 2000 and 2002, according to the National Conference of State Legislatures (NCSL), a bipartisan organization based in Denver that provides research and policy assistance for

state legislators and their staffs. There are 7,382 state legislators nationwide.

The Michigan House lost 34 percent of its veterans. Almost three in 10 incumbents were barred from seeking re-election to the Missouri Senate and the Oklahoma House and Senate. It was the first time that term limits came into force in the Sooner State.

Arkansas' Cleveland was resigned to his fate but didn't like it. "Term limits eliminate the authority and power of the state legislature. ... Term limits make your governor more powerful and the court system more powerful," he said.

Arkansas legislators can serve only six years in the House and eight in the Senate; Cleveland's predecessor as speaker, Shane Broadway, is now a state senator.

But Razorback voters like the rapid turnover. They voted overwhelmingly in 1992 to impose term limits, and this past November roundly rejected a proposal to allow Arkansas politicians to serve up to 12 years in each chamber. Efforts to extend the maximum number of terms also failed in Montana and never made it to the ballot in Oregon and Michigan.

Twenty-nine legislative leaders and 122 chairmen of standing committees nationwide were termed out. They included the larger-than-life president pro tem of the California Senate, John Burton, for decades one of the Golden State's most powerful lawmakers and reportedly the inspiration for the politician in the movie "Bulworth," a satire about a jaded liberal who resorts to telling it like it is.

California Journal, a nonpartisan magazine about state government and politics, said Sacramento was losing "the Senate's most vehement partisan for social services for the poor, (its) angriest voice against tax breaks for businesses and the wealthy, its loudest voice for protection of workers, its fiercest pro-labor advocate and its disciplinarian."

"I always thought term limits were stupid. People can vote you out whenever they want," Burton, 71, a member of a renowned San Francisco political family, said in an interview. The Democrat plans to use his new free time to create a foundation for homeless children.

STATES WITH TERM LIMITS

Arizona	Louisiana	Nebraska
Arkansas	Maine	Nevada
California	Michigan	Ohio
Colorado	Missouri	Oklahoma
Florida	Montana	South Dakota

Source: National Conference of State Legislatures

STATES WITH NO TERM LIMITS

Alabama	Kentucky	Pennsylvania
Alaska	Maryland	Rhode Island
Connecticut	Minnesota	South Carolina
Delaware	Mississippi	Tennessee
Georgia	New Hampshire	Texas
Hawaii	New Jersey	Vermont
Illinois	New Mexico	Virginia
Indiana	New York	West Virginia
Iowa	North Carolina	Wisconsin
Kansas	North Dakota	

Source: National Conference of State Legislatures

STATES THAT TURNED TERM LIMITS BACK (YEAR)

Idaho (2002)	Utah (2003)
Massachusetts (1997)	Washington (1998)
Oregon (2002)	Wyoming (2004)

Other veteran leaders termed out in 2004 included Colorado House Speaker Lola Spradley (R), Maine Senate President Beverly Daggett (D) and Ohio House Speaker Larry Householder (R).

Political scientists agree with Cleveland that term limits have shifted power from the legislative to the executive branch. Gary Moncrief of Boise State University said that term limits also shift power to the senate, away from the house, because limits often are longer in the senate.

A 2003 study by Moncrief, John Carey of Dartmouth University, and Richard Niemi and Lynda Powell of the University of Rochester concluded that term limits have shifted the balance of power but had "virtually no effect on the types of people elected to office -- whether measured by ... demographic characteristics, or by ideological predisposition."

Governors' Terms

STATES	GOVERNORS	POLITICAL AFFILIATION	TERM DATES
Alaska	Frank Murkowski	★ Republican	1/03-12/06
Alabama	Bob Riley	★ Republican	1/03-1/07
Arkansas	Mike Huckabee	★ Republican	1/03-1/07
Arizona	Janet Napolitano	★ Democratic	1/03-1/07
California	Arnold Schwarzenegger	★ Republican	11/03-1/07
Colorado	Bill Owens	★ Republican	1/03-1/07
Connecticut	M. Jodi Rell	★ Republican	7/04-1/07
Delaware	Ruth Ann Minner	★ Democratic	1/01-1/09
Florida	Jeb Bush	★ Republican	1/03-1/07
Georgia	Sonny Perdue	★ Republican	1/03-1/07
Hawaii	Linda Lingle	★ Republican	12/02-12/06
Iowa	Tom Vilsack	★ Democratic	1/03-1/07
Idaho	Dick Kempthorne	★ Republican	1/03-1/07
Illinois	Rod Blagojevich	★ Democratic	1/03-1/07
Indiana	Mitch Daniels	★ Republican	1/05-1/09
Kansas	Kathleen Sebelius	★ Democratic	1/03-1/07
Kentucky	Ernie Fletcher	★ Republican	12/03-12/07
Louisiana	Kathleen Babineaux Blanco	★ Democratic	1/04-1/08
Maine	John Baldacci	★ Democratic	1/03-1/07
Maryland	Robert Ehrlich	★ Republican	1/03-1/07
Massachusetts	Mitt Romney	★ Republican	1/03-1/07
Michigan	Jennifer Granholm	★ Democratic	1/03-1/07
Minnesota	Tim Pawlenty	★ Republican	1/03-1/07
Mississippi	Haley Barbour	★ Republican	1/04-1/08
Missouri	Matt Blunt	★ Republican	1/05-1/09
Montana	Brian Schweitzer	★ Democratic	1/05-1/09
Nebraska	David Heineman	★ Republican	1/05-1/07
New Hampshire	John Lynch	★ Democratic	1/05-1/07
New Jersey	Richard Codey	★ Democratic	11/04-1/06
New Mexico	Bill Richardson	★ Democratic	1/03-1/07
Nevada	Kenny Guinn	★ Republican	1/03-1/07
New York	George Pataki	★ Republican	1/03-1/07
North Carolina	Mike Easley	★ Democratic	1/01-1/09
North Dakota	John Hoeven	★ Republican	1/01-1/09
Ohio	Bob Taft	★ Republican	1/03-1/07
Oklahoma	Brad Henry	★ Democratic	1/03-1/07
Oregon	Ted Kulongoski	★ Democratic	1/03-1/07
Pennsylvania	Edward Rendell	★ Democratic	1/03-1/07
Rhode Island	Don Carcieri	★ Republican	1/03-1/07
South Carolina	Mark Sanford	★ Republican	1/03-1/07
South Dakota	Michael Rounds	★ Republican	1/03-1/07
Tennessee	Phil Bredesen	★ Democratic	1/03-1/07
Texas	Rick Perry	★ Republican	1/03-1/07
Utah	John Huntsman	★ Republican	1/05-1/09
Virginia	Mark Warner	★ Democratic	1/02-1/06
Vermont	Jim Douglas	★ Republican	1/03-1/07
Washington	Christine Gregoire	★ Democratic	1/05-1/09
West Virginia	Joe Manchin	★ Democratic	1/05-1/09
Wisconsin	Jim Doyle	★ Democratic	1/03-1/07
Wyoming	David Freudenthal	★ Democratic	1/03-1/07

Source: National Governors Association

★ 28 Republican Governors

★ 22 Democratic Governors

They found the same types of political activists running for these offices -- people such as Cleveland, who was a municipal judge, juvenile judge, deputy prosecuting attorney, city attorney and past president of the Paris Chamber of Commerce and the Paris Rotary Club.

The political scientists, who surveyed legislators in all 50 states, found that term-limited lawmakers were "less inclined to pay attention to the specific interests or demands" of citizens and were more likely to rely on personal instincts and take "a broader focus on state interests."

Notwithstanding the resounding "no" in Arkansas, Moncrief predicted that more states will consider stretching out term limits. The issue is expected to come up this year in Michigan. But outright repeal of term limits is unlikely in most states. "It's in the constitution in some states now," he noted.

Turnover often climbs 10 percent to 12 percent higher in term-limited states, researchers said. Turnover could accelerate even more as term limits come into force in Louisiana, Nebraska and Nevada by 2010.

Art English, political science professor at the University of Arkansas at Little Rock, said that conservatives drawn to the polls in 2004 to vote for a ban on same-sex marriage may have helped sink Arkansas' proposal to allow longer legislative terms. It went down, 70 percent to 30 percent. About 60 percent of Arkansans had mandated the limits in 1992.

"Term-limits supporters are some of the most powerful groups in the state, like the Farm Bureau and the Chamber of Commerce," English said.

Term limits will force Virginia Gov. Mark Warner (D) to find other work at the end of 2005. Thirty-six states impose term limits on governors, but Virginia is the only one that imposes a single four-year limit. Virginia has limited governors to one term since its constitution was ratified in 1851. They can run again after a break, but only Patrick Henry (in the 1700s) and Mills Godwin (in the 1970s) have done so.

New Jersey will elect a governor in 2005 as a replacement

NEW JERSEY AND VIRGINIA PRIMARY DATES

New Jersey	6/7/05
Virginia	6/14/05

for Acting Gov. Richard J. Codey, the Democratic state Senate president who took the office after Gov. James McGreevey (D) resigned, saying he was gay and acknowledging an affair with an aide he appointed to a high office. Connecticut Gov. John Rowland (R), under investigation in connection with an FBI corruption probe, resigned in June 2004 with the threat of impeachment looming. His replacement, Republican Gov. M. Jodi Rell, will serve until January 2007. In Nebraska, Lt. Gov. David Heineman inherited the mantle after fellow Republican Gov. Mike Johanns was appointed U.S. Secretary of Agriculture in December 2004.



New Jersey Gov. James E. McGreevey (D) and wife Dina Matos McGreevey exit the Statehouse hand-in-hand after his resignation news conference on Aug. 12, 2004.

Eleven governors races in 2004 — in Delaware, Indiana, Missouri, Montana, New Hampshire, North Carolina, North Dakota, Utah, Vermont, Washington and West Virginia — led to seven new governors taking chief executive oaths in January 2005.

Before November, Republican governors outnumbered Democratic chief executives, 28 to 22. The balance stayed that way. The GOP picked up governors' mansions in Indiana and Missouri but lost the ones in Montana and



The League of Women Voters' Barbara Sanders tries out an electronic voting machine in Columbia, Md., three weeks before Election Day.

New Hampshire. The sole Republican incumbent defeated on Nov. 2 was New Hampshire Gov. Craig Benson, and the only Democratic incumbent to lose in the general election was Indiana Gov. Joe Kernan.

The Washington governor's race was not decided for weeks as Republican Dino Rossi and Democrat Christine Gregoire finished in a near dead heat. Rossi was declared the winner after the first count showed him ahead by 261 votes out of 2.8 million cast. His lead narrowed to 42 votes in a second mechanical count completed at the end of November. Gregoire refused to quit and was declared the winner in a hand recount on Dec. 22. Outgoing Democratic Gov. Gary Locke decided not to seek re-election. The narrow Gregoire victory kept the party split in governors at 28 Republican and 22 Democrat.

Democrats and Republicans achieved near-parity in state legislatures in the 2004 elections, maintaining a razor-thin margin between the parties. Citizens elected legislators in every state except Alabama, Louisiana, Maryland, Mississippi, New Jersey and Virginia.

Republicans now control 50 chambers and Democrats 47. At least one chamber is tied; Democrats drew even with Republicans in the Iowa Senate. A recount of a close race in Montana had potential to swing control of the state House from Republican to a tie.

The Democratic Party's only gains nationwide were at the state legislative level. Democrats won back 76 seats on Election Day to take a 12-seat advantage among the 7,382 state legislators. Previously, Republicans held 64 seats more than Democrats. But a flurry of post-election party switching in the Georgia House whittled down the Democrats' edge to a mere two seats, with the chance that more political maneuvering could leave the parties dead even in the tally of legislative seats.

Before the election, 21 legislatures were under GOP control, Democrats controlled 17 legislatures, and 11 states were split. (Nebraska has a unicameral, nonpartisan Legislature.) After the election, Republicans kept a slim margin of 20-to-19 over Democrats with 10 state legislatures under split control. The Democrats picked up control of the North Carolina House and Oregon Senate, both of which had been tied. ❏

A Record 120 Million Voted In 2004 Election

By Kathleen Murphy

After the disputed 2000 presidential election, Congress and the states retooled the nation's election machinery and frantically hoped it would work by the time Americans got to the polls on Nov. 2, 2004.

For the most part it did.

Despite a flood of newly registered voters, a nationwide shortage of poll workers, stricter voter ID rules and new electronic voting machines that could have mystified citizens, few reports of difficulty or fraud surfaced in Election 2004.

Voters endured long lines in Ohio, New York City and other places, due largely to the record turnout, unofficially estimated at 120 million voters, 15 million more than in 2000.

Pending certification of the final results by state election officials, the nonpartisan Committee for the Study of the American Electorate projected that nearly 60 percent of eligible voters turned out, the highest since 1968, when almost 62 percent turned out to elect President Richard M. Nixon.

More than 105 million Americans, or 55 percent, voted four years ago, when the contested results in Florida kept the nation and the world on tenterhooks for weeks.

That race ended only after a divided U.S. Supreme Court on Dec. 12, 2000, called a halt to a partial recount in Florida and let the state award its pivotal 25 electoral votes to George Bush. That made a loser of Democrat Al Gore, who became the fourth candidate in U.S. history to win the popular vote but lose in the Electoral College. Gore trailed Bush in Florida by 547 votes when the recount was halted.

The 2002 Help America Vote Act helped states avoid a repeat of that debacle. It required states to meet federal requirements for provisional ballots, statewide computerized voter lists and disability access. States redesigned their voting equipment and ballots and retrained poll workers. Some took a closer look at the way they purged voter registration lists.

Although President Bush wound up winning 51 percent of the vote, the 2004 election was not without drama, especially in Ohio, where he and Democratic challenger John F. Kerry

remained neck-and-neck late into the night. Bush finally won Ohio and its 20 electoral votes by well over 100,000 votes, locking up the White House for another term.

Electronic voting machines are likely to remain a hot topic in 2005. Some voting rights activists and computer scientist Dan Wallach of Rice University questioned the reliability of machines that leave no paper trail.

Six Democratic congressmen asked the Government Accountability Office to investigate reports of mistakes and malfunctions in California, Florida, North Carolina and Ohio. Many reported irregularities and difficulties involved touch-screen machines.

In one North Carolina county, 4,438 votes disappeared without a trace. Embarrassed officials said the electronic voting machine ran out of memory. The State Board of Elections ordered a special election in January open not only to the Carteret County residents whose votes disappeared, but nearly 20,000 others who were registered but neglected to vote on Nov. 2. The reason for the do-over? The votes from Carteret County could decide the race for North Carolina commissioner of agriculture. Incumbent, Democrat Britt Cobb was trailing Republican Steve Troxler by 2,287 after the 3.3 million other votes from Nov. 2 were counted.

While punch-card ballots were a thing of the past in the Sunshine State, antiquated systems survived in other places, including Ohio, where more than 70 percent of voters had to punch out their selections. Some states, including Florida, encouraged early voting, and millions voted that way. But the rusty mechanisms for collecting the votes of Americans stationed or living abroad remained virtually unchanged.

While some have criticized the Electoral College system for making it possible for popular-vote winners to lose and for encouraging presidential candidates to ignore all but the most evenly divided states, Colorado voters rejected a proposal to award its electoral votes proportionally instead of winner-take-all.

Third-party candidate Ralph Nader, who got almost 3 million votes in 2000 including 97,000 in Florida, wasn't a factor this time. Nader pulled in barely a half-million votes in 2004.



National Guard soldiers stand as Maj. Gen. Martha Rainville, at podium, speaks at a news conference in Colchester, Vt.

WITH GUARD AWAY, WHO MINDS THE HOME FRONT?

By Kathleen Hunter, Staff Writer

Mayor Paul Bunn wasn't on hand to lead the annual Independence Day festivities in the tiny town of Bradford, Ark., last Fourth of July. Instead, many of the 800 townspeople gathered somberly to pray for Bunn's safe return from military duty in Iraq.

Both Bunn and Bradford's police chief are part of an Arkansas National Guard unit that spent almost all of 2004 in Iraq. In Bunn's absence, the town's long-time recorder-treasurer, Greba Edens, picked up the slack at City Hall.

"We're doing just as well as we can, and hopefully, they'll be home soon to stay," the 79-year-old former fourth-grade teacher told *Stateline.org* last fall.

In 2004, deployment of National Guard soldiers reached levels not seen since World War II. Many states coped with their first active-duty Guard deaths since the Korean War. About 145 of the first 1,300 U.S. military casualties in Iraq came from the National Guard's ranks.

Heavy reliance on the Guard for ongoing military missions in Iraq and Afghanistan is creating delicate choices for governors about how to manage stateside crises with so many part-time citizen-soldiers overseas. The Guard serves at governors' command when not on federal active duty.

Despite promises from National Guard officials to even out the burden of troop deployments on states by keeping 50 percent of each state's Guard at home at all times, nine states had more than half their troops deployed or awaiting deployment midway through 2004.

National Guard strength stands around 450,000, ranging from 21,000 troops in California to fewer than 2,500 in Wyoming.

Citizens who enlist in the National Guard include many who protect their communities as police officers, firefighters and prison guards. The massive call-up of the National Guard inevitably has meant a thinning of the ranks of first responders at a time when states and localities face mounting demands to secure ports, financial districts and centers of government and business. States are struggling to meet pressing security needs, to decipher legitimate uses for new federal homeland security money and to shore up long neglected public health infrastructures.

The unexpected flu vaccine shortage last fall underscored the vulnerability of the public health system, built largely around understaffed state and local health departments and overcrowded municipal hospitals and clinics.

Democratic Govs. Thomas Vilsack of Iowa, Ted Kulongoski of Oregon and Mark Warner of Virginia, plus then-Gov. Gary Locke of Washington, voiced concerns about the long-term impact that heavy reliance on the National Guard for overseas missions would have on the Guard's ability to recruit and retain citizen-soldiers. Army Guard and Reserve soldiers made up nearly 40 percent of the 141,000 U.S. troops stationed in Iraq.

The Army National Guard finished fiscal 2004 7,000 recruits short of its goal of signing up 56,000 new members. It was the first time in a decade that the Guard had been unable to fill its ranks. Both the active-duty Army and the Army Reserve exceeded their recruiting goals.

In Iowa, new Guard recruits dropped 14 percent in 2004. More than 70 percent of Iowa's 9,600 National Guard members have been called to active duty since Sept. 11, 2001. The Guard "was not ready for this challenge," Vilsack told the National Governors Association last July.

The National Guard Bureau, the federal agency that oversees Guard activities, pledged to redouble recruiting efforts. It added 200 recruiters last year -- bringing the nationwide total to 2,900 -- and planned to assign 200 more to the task this year.

Notwithstanding some governors' fears of being left short-handed in the event of natural disasters such as wildfires or hurricanes, the head of the National Guard Bureau, Army Lt. Gen. H. Steven Blum, said the Guard is fully capable of playing this expanded role in the war on terror.

Defense of the homeland "is always Job One," Blum said, but today's Guard has become a ready and reliable force for

both governors and for the president and secretary of defense when needed overseas.

"We still have a mandate to the governors to provide them the right force capabilities ... in the right mix and the right size and the right place so that they can handle Hurricane Ivan or they can handle al Qaeda should they visit a neighborhood in the United States," the general said at the Foreign Press Center in Washington last October.

So far no state has been caught short in time of emergency. Florida weathered four hurricanes in six weeks while one-fifth of its National Guard was away on active duty. Nine

other states sent specialized troops and equipment to Florida under an emergency management compact, but a Florida Guard official said that would have happened regardless of the overseas deployments.

Several states bolstered support and benefits for military families. Florida extended in-state tuition to children of deployed soldiers and provided unemployment benefits and relocation programs for spouses. New York lawmakers

provided tax breaks for deployed military members, preserved their spaces in colleges and universities and automatically renewed their drivers' licenses. Statehouse watchers predicted more such bills would wind their way through legislatures in 2005.

State and National Guard officials contend the increased dependence on the Guard in the global war on terror warrants giving them the same health and retirement benefits as the full-time military. Congress last October approved a measure that allows guardsmen and reservists who are called to active duty to purchase health coverage for themselves and their families through Tricare, the military health system.

Bill Goss, spokesman for the National Guard Association of the United States, said it was unlikely that strains on the Guard would be alleviated soon, despite pressure to boost



National Guard Sgt. Patrick Kelly guards a bridge to Hutchison Island, a Florida resort that was closed during Hurricane Francis in early September 2004.

the ranks of the full-time military. Based on events unfolding in Iraq and Afghanistan, he said, "we see this as something that's going to continue for some time."

In addition to receiving billions of dollars from Washington since the 9/11 attacks, states have had to spend more resources of their own to beef up local capacity to respond to terrorist threats.

Leaders of the most densely populated states want Congress to alter the way federal anti-terrorism funds are allocated, so that more money flows to high-risk areas.

Last June, a task force commissioned by the U.S. Department of Homeland Security found that states and local governments were unprepared, understaffed and lacked the know-how to make efficient use of federal dollars.

As a result, only \$850 million of more than \$6 billion allocated by the fledgling Cabinet agency to state and local governments had reached the front lines, the task force found. State and local governments had signed contracts with vendors to spend \$2.5 billion, leaving \$3 billion unspent.

States mostly have used the money to buy equipment to respond to an attack. New York, for example, purchased a "WMD (Weapons of Mass Destruction) trailer" for each of its 62 counties, providing mobile access to a range of resources a community might need after a terrorist attack.

New York state Sen. Michael Balboni (R) said that the top priority now should be making sure that first responders are trained to operate the sophisticated equipment they possess.

Also, federal, state and local governments need to improve their communication and coordination. "It's getting the right information to the right people that matters," Balboni said. "The lesson of 9/11 is that good communication saves lives."

At the center of training and information-sharing concerns is the issue of inter-operability, the ability of different emergency-response teams to work together seamlessly in a crisis. The Department of Homeland Security demanded that states adopt standardized response plans by the end of



Members of the Army National Guard's 367th Maintenance Company board a charter flight to the Middle East on Sept. 5, 2003, at Thompson Field in Jackson, Mississippi.

2005 or risk losing their share of funds. By the close of 2004, only 18 states had gotten their plans in order.

Other homeland security issues facing states in 2005 include:

- The Department of Defense's plans to close or realign 24 percent of the nation's military bases, the first such effort in a decade. States, fearing the financial blow of a closure, are mounting high-stakes lobbying and public relations campaigns and spending millions on upgrades to keep their bases off DOD's target list, which is due out in May.
- Debate in Congress over renewing the USA Patriot Act and whether to bar states from issuing drivers' licenses to illegal immigrants.
- Congress late last year directed federal agencies to set standards for drivers' licenses and birth certificates as the 9-11 commission recommended.
- State officials' calls for more-localized terror alerts, so security isn't elevated nationwide each time the color-coded threat level is raised. The Department of Homeland Security introduced a limited terror alert in the weeks before the election.

Meanwhile, life goes on in Bradford, Ark., a town *The Washington Post* described as a “one-blinking-stoplight hamlet of cow pastures, low-slung houses, rickety shacks and modest churches set among the rice and soybean fields an hour’s drive northeast of Little Rock.”

Bunn, a former Special Forces soldier who fought in Panama and the first Gulf War, spent 20 days home last October, but then went back to Iraq with the 39th Infantry Brigade of the Arkansas National Guard, fighting alongside the Army’s 1st Cavalry Division.

“We haven’t had any serious problems at all” during the absence of the mayor and Police Chief Josh Chambliss, Greba Edens said.

Colleagues in City Hall got an e-mail from the mayor reporting he was “back and alive” in the war zone and heavily involved in fighting with Iraqi insurgents.

“All I can say is ‘War is hell,’” Bunn wrote. The 36-year-old citizen-soldier, who has a wife and four children back in Bradford, added, “I’m happy to report God still watches over me.” ✦

Every States Wants — and Gets — A Slice of the Homeland Security Pie

By Kathleen Hunter

For the first time, every police officer, emergency medical technician and coroner in the state of Wyoming has a terrorist-attack response kit, complete with a chemical suit. Each of the state’s fire trucks also is equipped with the kits, thanks to a flood of federal homeland security money that poured into the state in the wake of the 9/11 terrorist attacks on New York and Washington, D.C.

Wyoming received more than \$100 per person in anti-terrorism money from the U.S. Department of Homeland Security from 2002 to 2004 – an influx that has enabled officials in the mostly rural state to make extensive upgrades to security.

By contrast, the state of New York, where nearly 3,000 people died in the Sept. 11, 2001, attacks on the World Trade Center, received only about \$35 per person.

That sort of funding discrepancy has sparked a debate over whether federal homeland security dollars are being distributed prudently and whether they really are making the nation safer.

Wyoming has fewer residents than any other state, while only California and Texas have more people than New York. In addition, the Empire State is home to national landmarks and a concentration of media that security experts say make it an inviting target for terrorists.

The Statue of Liberty in New York Harbor was closed to visitors for nearly three years after the attacks, and even now security concerns preclude tourists from climbing to the top of Lady

Liberty to gaze at the Manhattan skyline through the windows of her crown.

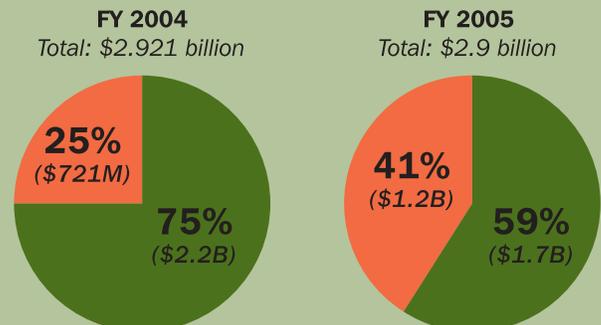
Other populous states, including Florida, New Jersey, Pennsylvania and Texas, receive even less per capita than New York.



Shuffling Security Dollars

For FY 2005, Congress decreased the amount of money it appropriates via formula grants to states and instead increased funding for the Urban Area Security Initiative, which targets money to high-risk urban areas. UASI funding includes money to boost rail, port, trucking and bus security. The funding shift comes in response to criticism that money was not going to bolster the areas most likely to face a terrorist attack.

- Formula Grants to States
- Urban Area Security Initiative



SOURCE: U.S. DEPARTMENT OF HOMELAND SECURITY

Homeland Security

Grant funding per capita FY 2002-2004

State	Per capita funding	State	Per capita funding
1. Wyoming	\$100.63	26. Utah	\$32.47
2. Alaska	\$98.14	27. Connecticut	\$32.16
3. Vermont	\$87.68	28. Kentucky	\$31.41
4. North Dakota	\$83.63	29. South Carolina	\$31.38
5. South Dakota	\$79.84	30. Minnesota	\$30.85
6. Montana	\$75.66	31. Maryland	\$30.63
7. Delaware	\$69.30	32. Massachusetts	\$30.33
8. Hawaii	\$61.42	33. Alabama	\$28.97
9. New Hampshire	\$59.57	34. Oklahoma	\$28.85
10. Maine	\$57.87	35. Colorado	\$28.82
11. Rhode Island	\$56.84	36. New Jersey	\$28.22
12. Idaho	\$48.95	37. Tennessee	\$27.10
13. West Virginia	\$45.09	38. Pennsylvania	\$27.00
14. Louisiana	\$43.39	39. Illinois	\$26.84
15. Nebraska	\$41.65	40. Virginia	\$26.48
16. Nevada	\$41.06	41. Arizona	\$26.39
17. Arkansas	\$38.39	42. Wisconsin	\$25.85
18. Washington	\$38.37	43. Indiana	\$25.15
19. New Mexico	\$37.22	44. California	\$23.71
20. Mississippi	\$36.63	45. Ohio	\$23.38
21. Iowa	\$36.32	46. Texas	\$22.97
22. New York	\$35.00	47. North Carolina	\$22.83
23. Oregon	\$33.30	48. Florida	\$22.70
24. Missouri	\$33.05	49. Michigan	\$21.57
25. Kansas	\$32.80	50. Georgia	\$21.47

Per capita spending was calculated by dividing total state HS appropriations by 2000 state populations from 2004 U.S. Census.

SOURCE: U.S. DEPARTMENT OF HOMELAND SECURITY

Members of Congress and security officials from these states argue that federal formulas should be altered to steer funds to areas with dense populations and infrastructure or landmarks that could be attractive targets.

But leaders of even the most sparsely populated states say that they have security concerns as well and that they need help to achieve a basic level of preparedness. Several rural areas of the country have been warned of specific terrorist

threats. Even sleepy Tappahannock, Va., was put on alert after intelligence suggested terrorists might have their eyes on it.

The 9/11 Commission as well as a report by the U.S. House Select Committee on Homeland Security last year were critical of the way homeland security dollars were distributed with little consideration of risk or need.

The money should be concentrated on areas that face the greatest threat of an attack, said Mike Wermuth, a senior policy analyst for RAND Corp., a think tank. "The city of New York is a bigger target – by virtue of history if nothing else - than Schenectady, N.Y.," he said.

The current formula guarantees even states with meager populations a hefty chunk of the federal dollars because the 2001 Patriot Act mandates that each state receive 0.75 percent of the total state grants for homeland security.

For fiscal 2005, Congress decreased by \$700 million the amount it appropriates via formula grants to states and increased by \$479 million the funding for the Urban Area Security Initiative, which targets high-risk urban areas. UASI funding includes money to boost rail, port, trucking and bus security.

A White House request to shift even more money to high-risk urban areas faltered on Capitol Hill. Still, "it was a move in the right direction," said Valerie Smith, a spokeswoman for the Department of Homeland Security.

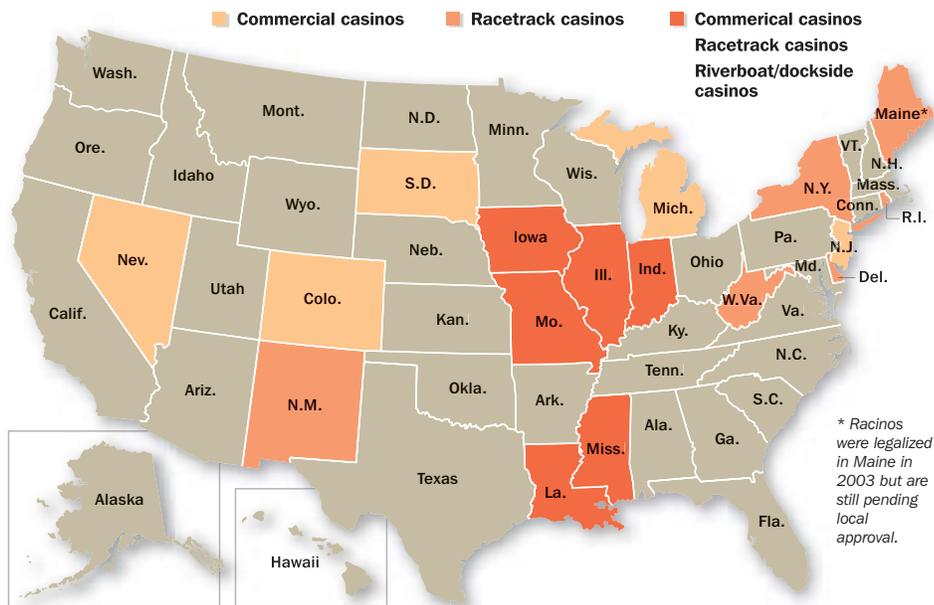
New York state Sen. Michael Balboni (R) said Washington needs to give state and local governments better guidance on how to spend the funds. "There is no way for the locals to take this money and use it effectively," Balboni said.

In Alaska, which has received more money per capita than any state other than Wyoming, officials are struggling to find acceptable uses for the security dollars. In one remote area near the Arctic Circle, \$233,000 in homeland security money reportedly has purchased emergency radio equipment, decontamination tents, headlamps, night-vision goggles, bullhorns and rubber boots. Federal officials did reject the state's proposal to purchase a jet with homeland security money.

STATES CASH IN ON AMERICANS' LOVE AFFAIR WITH GAMBLING

By Pamela M. Prah, Staff Writer

Gambling States



SOURCE: AMERICAN GAMING ASSOCIATION

GRAPHIC BY WM PITZER – INFOARTZ.COM

High rollers once had to venture to the desert in Nevada or the beach in Atlantic City, N.J., to find legalized roulette, slot machines or blackjack. Now gamblers can try their luck in more than 440 high-stakes casinos that stretch from the bayous of Louisiana to the evergreens of the Pacific Northwest.

Even wholesome, conservative Middle America is a mecca for slots and poker fanatics. Forty riverboat and dockside casinos lure gamblers to gangplanks in Illinois, Iowa, Indiana and Missouri. Nearly 400 Native American-run gaming facilities operate in 29 states, from Connecticut to California. And lotteries, once an oddity found in just seven states, are now the norm in 41 states, with Oklahoma the latest to catch Lotto fever. States made \$14 billion in profits on the \$45 billion in lottery tickets they sold in fiscal 2003, according to the North American Association of State & Provincial Lotteries, a trade group that represents state lotteries.

Cash-strapped states are pulling in billions of dollars in revenue from all the gambling and state-sponsored lotteries. Non-Indian casinos paid more than \$4.3 billion in taxes in 2003 to the 11 states and localities that allow them to operate.

These days, the hottest craze is to bring slot or video-poker machines to dog and horse racetracks. The country's 23 "racinos" already draw crowds in seven states and more are on the drawing board for Maine and Pennsylvania. Racinos forked over \$776 million in taxes in a half-dozen states.

Wary of raising taxes on voters, states increasingly are turning to games of chance for big payouts. All but two states - Hawaii and Utah -- rely on gambling to help pay for

schools, health care and other basic services, and states show no signs of kicking the habit anytime soon.

States are addicted to gambling because it seems a painless way to boost revenue without drawing taxpayers' ire. In fact, some voters like the idea that their lottery tickets help pay for schools or that proceeds from slot machines keep down property taxes. Fifty-three million Americans — 1 in 4 adults — ventured into casinos in 2003. That's almost

Quirky Tax Makeovers Sweeten State Coffers

By Pamela M. Prah

Thinking about a tummy tuck or hair transplants? Well if you live in New Jersey, better figure on an extra 6 percent cut for the taxman. If you want a nose ring or tattoo in Arkansas, be prepared to be slapped with a levy.

In today's tax-averse times, there's no end to states' ingenuity in discovering quirky ways to separate residents from their money.

Take the "jock tax" in 20 states, for example, that targets millionaire athletes and entertainers. Why shouldn't San Francisco left-fielder Barry Bonds, rocker Bruce "The Boss" Springsteen or rapper 50 Cent give the state a fair share when they venture into town? Superstars' entourages have to pay up too.

The state will get its share if you:

- Dock a boat or have the dog groomed in Arkansas
- Use a health club or buy a newspaper in Connecticut
- Bar hop into the wee hours in Minnesota (tavern owner must pay an extra fee to stay open late)
- Get cable or satellite TV in Utah
- Ice skate in Massachusetts
- Get clothes dry-cleaned or a stranded vehicle towed in Ohio
- Hire a detective or a handyman in Nebraska

Even the bathroom is not off-limits. To help with the cleanup of the Chesapeake Bay, Maryland residents now must pay a "flush tax" that adds \$2.50 to septic and sewer bills.

From the states' perspective, this is no laughing matter. Their tax collectors are busily thinking up these offbeat new levies because today's service-oriented U.S. economy has moved many transactions beyond the reach of traditional taxes.

The country has shifted from producing cars, appliances and other goods that most states have taxed since the 1930s to pro-



Maryland Gov. Robert Ehrlich (R), flanked by Senate President Mike Miller and Speaker of the House Michael Busch, signs the "flush tax" aboard the *Pride of Baltimore II* in Annapolis harbor on May 26, 2004.

ducing services, which most states don't tax. So states are cozying up to the idea of slapping sales taxes on some services.

The Federation of Tax Administrators helpfully has drawn up a list of 160-plus services that are potential new targets for sales taxes. Only three states – Hawaii, New Mexico and South Dakota – tax more than half the services on that list, which ranges from tuxedo rentals to photocopying. Most states tax less than one-third of the services listed.

Taxing the odd service here or there also is seen as less onerous than trying to raise income taxes.

By some estimates, states lose \$57 billion a year from not taxing services that households buy, whether it's adding a porch to the house or the cost of labor for car repairs. That's a lot of untapped revenue. So don't look now, but the state soon may be knocking on your door to collect in ways you never expected.

three times the number of visits to professional baseball games, according to the gambling industry.

So it's no wonder that nearly 30 states considered gaming proposals in 2004 that ranged from putting slot machines in bowling alleys and on ferries to forcing racetrack owners to hand over unclaimed winnings to the state.

“Whether it's video lotteries, casinos, horse racing or lotteries ... every aspect of gambling has been expanded. States really need this extra revenue,” said Sujit M. CanagaRetna, a tax and budget expert at the Council of State Governments, a nonpartisan, nonprofit organization that tracks issues affecting the state legislative, judicial and executive branches.

Only eight states -- Alabama, Arkansas, Louisiana, Maine, New Jersey, New York, Rhode Island and Virginia -- resorted to raising taxes in 2004, with most relying instead on gambling, higher fees and creative bookkeeping to balance their ledgers. Voters in four other states — California, Colorado, Montana and Oklahoma — approved ballot measures in November that hiked taxes to pay for health care programs.

Here's a sampling of how states tapped into America's gambling fervor in 2004:

- Pennsylvania is counting on adding \$1 billion to its coffers by bringing 61,000 slot machines to the Keystone State, a development that set off alarm bells for neighbors that likewise vie for gamblers' dollars.
- California Gov. Arnold Schwarzenegger (R) struck a deal with five California Indian tribes to pay the state \$1 billion in exchange for allowing the tribes to maintain their monopoly on slots.

STATES WITHOUT LOTTERIES

Alabama	North Carolina
Alaska	Nevada
Arkansas	Oklahoma*
Hawaii	Utah
Mississippi	Wyoming

*Oklahoma approved a lottery initiative on Nov. 2, 2004, but it is not yet implemented.
Source: North American Association of State and Provincial Lotteries



Tennessee Gov. Phil Bredesen (D) scratched off a lottery ticket at a convenience store in Murfreesboro, Tenn., on Jan. 20, 2004, on the morning the state first allowed sale of lottery tickets.

- Kansas kicked off what it calls the “world's first interactive Internet lottery game.” The new online “e-Scratch” lottery game is expected to garner more than \$500,000 in revenue the first year.
- Iowans gave the green light to blackjack and other card games at race tracks and gave the state authority to issue an unlimited number of casino licenses.
- Tennessee began a lottery and, along with North Dakota and Maine, joined Powerball, the twice-a-week game that now has spread across 27 states, the District of Columbia and the U.S. Virgin Islands. Despite the astronomical odds against hitting the jackpot – 120 million-to-1 – Americans snapped up \$2.2 billion in tickets in fiscal 2004 and Powerball returned \$660 million to state coffers.

By far, the most common gaming proposal in 2004 involved racinos. Forty-one states already sanction pari-mutuel betting at horse and dog tracks or jai alai frontons. Putting one-armed bandits and video games in such venues is an easier sell than trying to convince a state or local community to allow in legalized gambling for the first time. It's also faster and more economical for the gaming companies, and the sooner the new action starts, the sooner the state gets its cut.

For the occasional, recreational Texas Hold-em player, this may be just an amusement, but racinos are serious business for states. Delaware, for example, collected \$565 million in 2001 from three racinos, about 8 percent of the state's budget.

TOP 5 STATES WITH CASINO REVENUE

STATE	FY 2003 REVENUE*
Nevada	\$9.625 Billion
New Jersey	\$4.49 Billion
Mississippi	\$2.7 Billion
Indiana	\$2.29 Billion
Louisiana	\$2.017 Billion

Source: American Gaming Association

*Revenue is CASINO revenue

Republican Maryland Gov. Robert L. Ehrlich Jr. has been feverishly trying to bring slots to the Free State since he was elected in 2002. After the Pennsylvania Legislature approved slots last June, Ehrlich lamented, “For too long, Marylanders have paid for teachers and textbooks in West Virginia, New Jersey and Delaware at the expense of Maryland’s school children. Now Pennsylvanians will benefit. . . . The question is not whether Marylanders will play slots. The question is where they will play and who will benefit.”

But gambling is not without controversy. The North Carolina Republican platform, for example, opposed state-sanctioned gambling, saying that, “A state lottery turns government into a bookie.” North Carolina is one of only nine states without a lottery. And in Idaho, a charter school turned down nearly \$10,000 from the Idaho State Lottery, saying it couldn’t in “good conscience” spend the money.



Michigan Gov. Jennifer Granholm (D) with State Budget Director Mary Lannoye at a news conference. Michigan voters in November gave themselves veto power over any new gaming.

In Pittsburgh, the Pirates, the Steelers and the mayor all weighed in against putting a slots casino near downtown, kicking off a skirmish over where to put the new, state-approved slot parlors in Pennsylvania.

Gambling proponents also took it on the chin in the November elections. Voters in California, Nebraska and Washington rejected ballot measures to expand gambling while Michigan voters decided to give themselves veto power over any new gaming.

REVENUE OUTLOOK BRIGHTENS

Statehouses’ gambling fever will continue unabated in 2005 despite what appears to be a rebounding U.S. economy. States finally emerged in 2004 from what the National Governors Association called the worst fiscal crisis since the Great Depression. The 2001 recession that cost people jobs and the high-tech crash that brought sharp declines in stock market values meant states collected less in taxes. In response, states slashed higher education, corrections, health care and other essential programs.

“No one expected a marathon, which this [downturn] turned into, year after year of more-of-the-same budget cuts,” said Arturo Perez of the National Conference of State Legislatures. States now believe the four-year marathon of budget cuts is over, but they remain anxious. “Is it a finish line followed by another race? It’s still to be seen,” said Perez.

States raked in more tax dollars in the first quarter of 2004 than at any point in nearly four years, netting 5.5 percent more than at the start of 2003, according to the Nelson A. Rockefeller Institute of Government, the public-policy research arm of the State University of New York.

Yet even with revenues on the upswing, the financial situation remains precarious for some states. In addition to cutting programs and depleting reserves, some states borrowed heavily to ride out their budget crises. After the political earthquake that unseated former Gov. Gray Davis (D) in 2003, California’s leaders resorted to bonds to plug its projected \$15 billion deficit for 2004-2005. Florida, Michigan, New Jersey and New York relied on bond issues and other temporary fixes.

STATES THAT RAISED TAXES

Alabama	New Jersey
Arkansas	New York
California*	Oklahoma*
Colorado*	Rhode Island
Louisiana	Virginia
Maine	
Montana*	

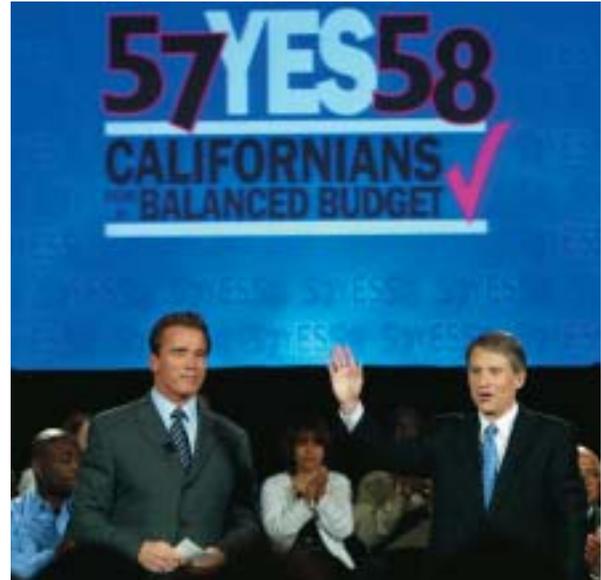
*Voters approved ballot initiatives that increased taxes

Scott Pattison, executive director of the National Association of State Budget Officers, likened states' plight to a married couple celebrating a new job after three years of being laid off. They may be able to afford the celebratory meal, but they have nothing in their savings, pension or children's college funds. "States are in the same boat," he said.

Governors and state budget experts cited three reasons that states will face a tough time balancing budgets in 2005:

- Spiraling health costs, especially for programs for the poor. States know the federal government isn't likely to repeat the \$10 billion bailout that expired in 2004 that helped states cover the costs of Medicaid. For the first time, states spent more on Medicaid in 2004 than on K-12 education even though Washington D.C., pays more than half the costs of this health program for more than 52 million needy.
- Obsolete state tax systems that make it hard for states to generate revenue sufficient to their needs. Most states' tax systems were created for a manufacturing-based economy, not today's high-tech, global economy that churns out services, not products. States generally tax few services. States desperately want to slap a sales tax on online purchases.
- Years of belt tightening mean states now face a pent-up demand for repairs and projects, from capital improvements to building and road maintenance, plus demands for more services, particularly in education and health care.

Gamblers aren't the only ones in states' crosshairs for extra revenue. Alabama, Alaska, Michigan, New Jersey and



California's Republican Gov. Arnold Schwarzenegger, left, and Democratic State Controller Steve Westly mount a bipartisan campaign for voter approval of a \$15 billion borrowing plan to cover the state's deficit and refinance its debt. The measure was approved March 2.

Virginia all singled out smokers for stiffer taxes in 2004. Voters in Colorado, Oklahoma and Montana also agreed to increase tobacco taxes and use the money to expand health care. The cheapest cigarettes sell for \$6 a pack in New York City, thanks to \$3 in state and local levies – five times the national average.

States that raided their tobacco settlement money to balance their books got a new cash infusion when discount cigarette manufacturer Vibo Corp. of Miami, also known as General Tobacco, agreed to pay \$1.7 billion over 10 years to join the 46-state tobacco lawsuit settlement.

Two major question marks for state budgets in 2005 are energy prices and the stock market. Record oil prices, while a boon for oil-producing states, mean that states will pay dearly to fuel their own fleets and that higher transportation costs could hurt local businesses. Another major dip in the stock market like four years ago could wreak havoc on state budgets -- a drop in personal income means less income tax for states.

State leaders will need "to pull the rabbit out of the hat" to balance their books in 2005, said the Council of State Governments' CanagaRetna. ✪

HEALTH CARE FOR THE POOR EXACTS HEAVY PRICE ON STATES

By Erin Madigan, Staff Writer



Tracy Alsop, 36, outside her apartment building in Jackson, Miss., on May 7, 2004. Partially paralyzed in a 2001 car accident, Alsop fears being forced into a nursing home if she loses her Medicaid coverage.

Medicaid and the State Children's Health Insurance Programs (S-CHIP) — both jointly financed by states and the federal government — are credited with cushioning the fall during the recent economic downturn when thousands lost their jobs or employer-sponsored health benefits. Health experts worry that the programs can't keep picking up the slack.

Indeed, Tennessee threatened to pull the plug or shrink TennCare, its costly 10-year-old attempt to fold working families without insurance into an expansion of traditional Medicaid.

Medicaid "is the health safety net, and when people start falling, there is nowhere to fall except crashing to the ground if Medicaid isn't there," said Diane Rowland, executive director of the Kaiser Commission on Medicaid and the Uninsured, a nonpartisan health research group.

An October 2004 survey by the Kaiser Commission found

Health costs are rising at a pitiless clip, forcing states to exhaust record sums on medical services for the poor, elderly and disabled and limiting what's left for schools, colleges, roads, prisons and other services. Yet heavy spending on health didn't prevent the number of uninsured Americans from climbing to 45 million.

none of the 50 state Medicaid directors expects the relentless strain on state health budgets to ease soon. "As we look into the future, the states face tremendous challenges in financing and administering (Medicaid)," said Vernon Smith, a former Medicaid director in Michigan who conducted the survey.

State Medicaid spending is expected to jump almost 12 percent in fiscal 2005, dwarfing the 4.8 percent increase during fiscal 2004 when states staved off deep program cuts thanks to a one-time \$10 billion bailout from President Bush's 2003 tax-cut package. That windfall ended last June, and despite a recent upward tick in state revenues, states are left carrying a heavy load.

One of the most drastic rollbacks loomed in Tennessee, where Gov. Phil Bredesen (D) threatened in November to begin dismantling the state's ambitious but perennially over-budget TennCare program. TennCare was launched in 1994 as a landmark experiment to expand Medicaid to

working families who could not afford private insurance. The idea was that by aggressively managing their care, TennCare could cover far more people for the same dollars spent on Medicaid.

But it didn't work out that way. The program encountered large overruns from the start and grew to consume a third of the state's budget. Bredesen's move, which he called a last resort, would leave about 430,000 of the state's 1.3 million TennCare beneficiaries without coverage.

Another dramatic cutback loomed in Mississippi, where Gov. Haley Barbour (R) signed off on a plan to help plug the state's \$709 million budget deficit by eliminating coverage for 65,000 elderly and disabled residents. However, in October the federal government granted Mississippi a waiver to cover those beneficiaries and stave off benefit reductions temporarily. Elsewhere:

- Colorado lawmakers voted to remove legal immigrants from full Medicaid coverage, affecting 3,500 people.
- Georgia tightened the income eligibility limit for 7,500 pregnant women and their infants. The income cutoff was lowered from 235 percent of the poverty line to 200

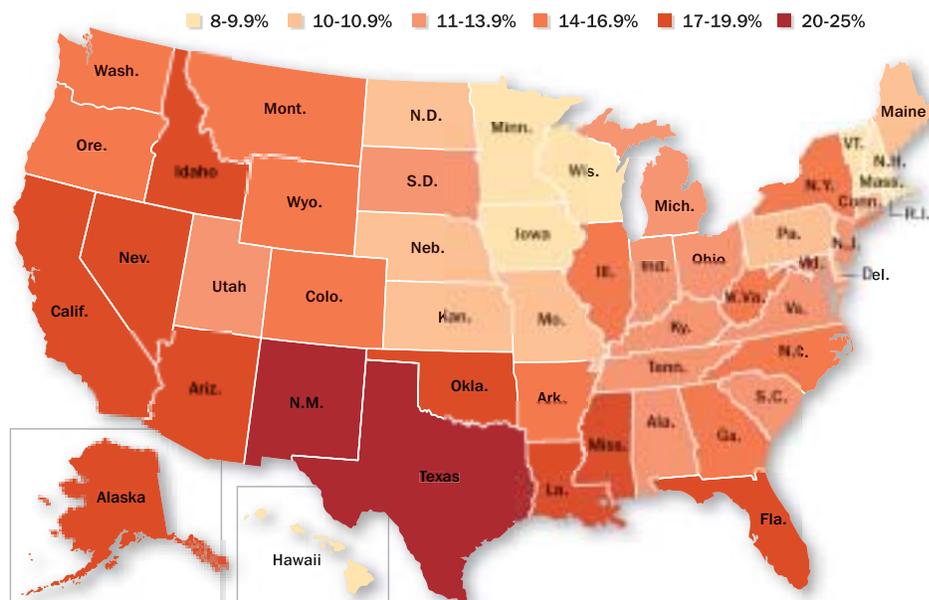
percent. The Peach State also halted coverage for 1,700 medically needy nursing home patients.

- Oregon closed enrollment in its Health Plan Standard program, which covers adults who do not qualify for traditional Medicaid but have incomes at or below the federal poverty level. The state expected rolls to drop by half, from 54,000 patients to between 25,000 and 30,000.
- Michigan Gov. Jennifer Granholm (D) skirted payment cuts to health care providers that serve Medicaid patients by raising cigarette taxes to \$2 a pack and netting about \$310 million over 12 months.

James Fossett, a senior fellow at the Nelson A. Rockefeller Institute of Government in Albany, N.Y., likened Medicaid to "a 900-pound gorilla" on states' backs. Still, he said, states are in some ways better prepared now to deal with Medicaid shortfalls than in years past.

The Kaiser Commission forecast that state legislatures were less likely to do away with Medicaid benefits and more likely to expand or restore previous cutbacks in fiscal 2005. For example, in fiscal 2004, 19 states cut benefits such as dental or vision care for adults, but in fiscal 2005, only nine

Percent of Population Without Health Insurance



SOURCE: U.S. CENSUS BUREAU

GRAPHIC BY WM PITZER - INFOARTZ.COM

states planned to reduce those benefits. A few states, including Illinois, Maine, Missouri and New York, were even planning modest Medicaid expansions. To get federal matching funds, all states must provide essential benefits, including hospital care, for their Medicaid patients, but they have flexibility to decide what benefits to offer beyond the core package.

Financial woes also are afflicting the popular State Children’s Health Insurance Program (S-CHIP), created in 1997 to benefit kids whose parents earn too much to qualify for Medicaid but cannot afford private insurance. Almost 6 million children and teens were enrolled in S-CHIP in fiscal 2003.

Seven states — Alabama, Colorado, Florida, Idaho, Maryland, Montana and Utah — froze S-CHIP enrollment between April 2003 and July 2004, according to a study by the Kaiser Commission and the Center on Budget and Policy Priorities. Four of those states later lifted their freezes, but poor children in Florida, Idaho and Utah were allowed to sign up only during limited open-enrollment periods.

Donna Cohen Ross, the study’s lead author, said 23 states made it harder for low-income children and families to obtain and retain coverage. The most common action, taken by 16 states, was to increase or impose new premiums on families whose incomes hover near the poverty line.

PERCENT OF MEDICAID SPENDING ON LONG-TERM CARE 2002				
>50%	49-31%			<30%
CT	AK	ME	OH	AZ
IA	AL	MD	OK	CA
MN	AR	MA	OR	GA
ND	CO	MI	PA	KY
KS	DE	MO	RI	MS
WI	FL	MT	SD	NM
WY	HI	NE	TX	NV
	ID	NH	VT	SC
	IL	NJ	VA	TN
	IN	NY	WA	UT
	LA	NC	WV	
7 States	33 States			10 States
National Average: 38%				

Source: Kaiser Commission on Medicaid and the Uninsured report May 2004



Mississippi Medicaid Director Dr. Warren Jones listens as Gov. Haley Barbour discusses Medicaid cost-saving measures.

While states struggle to enroll and cover more kids in government health care, a more costly burden is long-term care.

People more than 65 years old make up just 25 percent of Medicaid beneficiaries, but the elderly account for 70 percent of the program’s costs. A huge chunk is nursing home care, which consumes 17 percent of Medicaid dollars and typically costs \$50,000 a patient per year. Medicaid pays almost half of nursing home costs in the country.

States have used various tactics to save money, from scaling back payments to nursing homes to more aggressively pursuing recovery from estates of patients who stayed in nursing homes on the state’s tab. In addition, half the states offer tax incentives or deductions for purchasing long-term-care insurance and many have tried to shift elderly patients out of institutions and into community-based care, which typically is less expensive.

“States have struggled with this for a long time, and they haven’t really found a silver bullet,” said Robert Friedland, director of Georgetown University’s Center on an Aging Society. “States don’t want people in nursing homes because they are expensive. People don’t want to be in nursing homes, but there’s no easy solution.”

States will continue to focus on health care for the elderly in 2005 and beyond, especially as they ready for the new Medicare prescription drug benefit, the centerpiece of the Medicare Modernization Act that Congress passed in 2003.

The law failed to deliver on a key provision that states asked for: having the federal government pick up the drug premium tab for more than 6 million poor senior citizens eligible for both Medicare and Medicaid. States are wary that they'll end up bearing a hefty portion of those costs.

The first phase of the prescription drug benefit got under way in June 2004 when the federal government rolled out temporary prescription-drug discount cards. The cards are a stop-gap measure to help low-income seniors with drug bills until January 2006, when the more-comprehensive drug benefit begins.

But states struggled to get elderly residents to understand the difference between state and federal drug benefits or sign up for the cards. Connecticut, Maine, Massachusetts, Michigan, New Jersey, New York and Pennsylvania automatically enrolled low-income seniors in a state-endorsed card.

Several states also began considering ways to modify their existing drug assistance programs or to fill in coverage gaps that might be left by the federal program. Sixty-two bills were debated in 24 states in 2004 that related to the Medicare drug benefit, according to Richard Cauchi, an analyst at the National Conference of State Legislatures. Alaska, Arizona, Ohio and West Virginia passed laws to help individuals left out of the federal plan.

Several experts cautioned that the Medicare law may cause even greater administrative and financial quandaries down the road and may prompt states to hold special legislative sessions to make adjustments. "The new Medicare prescription drug benefit will bring enormous changes at the state level," said Trudi Matthews, associate director of health policy at the Council of State Governments in Lexington, Ky. She likened it to an asteroid on a collision course with Earth. "State leaders know when it is going to hit, but not exactly where nor what the impact will be," Matthews said.

On top of tension over Medicare, there were several dustups over Medicaid financing between the Bush administration and states in 2004.

Fighting for lower-cost prescription drugs for Medicaid patients, state workers and residents long has been a

province of state legislators, and 2004 was no exception. West Virginia hopes to become the first state to bargain for the same drug prices granted some federal government agencies. A law passed during a special session in November authorizes a new Cabinet-level pharmaceutical director to negotiate for price discounts with drug makers for both the state government and private-sector buyers.

States took tacks ranging from forming multi-state bulk-purchasing pools to regulating pharmacy benefit managers to urging the federal government to lift its ban on importing less expensive medicine from Canada and Europe.

"One reason state are doing these things, even when they're told they can't, is to push the federal government to be more responsive to the tremendous needs that we see. So many of our citizens are unable to afford prescription drugs," said Sharon Treat, a former Maine state senator who heads the National Legislative Association on Prescription Drug Prices.

Making health insurance more affordable for state residents, and particularly small-business owners, also will be on states' radars in the coming months. States may follow the lead of Colorado, Connecticut, Florida, Louisiana and Maryland, which signed laws in 2004 to make way for Health Savings Accounts. The accounts – already sanctioned under federal law – provide tax breaks for people younger than 65 who purchase a high-deductible or catastrophic-only health insurance policy. States are considering ways to make the personal accounts, a largely overshadowed



Maine Gov. John Baldacci (D) says the Dirigo ("I Lead") Health program will put health insurance within reach of all Mainers by 2009.

owed part of the Medicare bill, free from state taxes and mesh them with new insurance policies.

In 2005, eyes also will be on Maine as it moves forward with Democratic Gov. John Baldacci's Dirigo Health Reform Act, which was signed into law in 2003. Dirigo – named after the state motto, the Latin word for “I lead” – is a voluntary, market-based approach to universal health care that is starting in 2005 with insurance assistance for small-business owners and self-employed individuals. The goal is to provide access to health care for all Maine residents by 2009. Currently, one in eight of its non-elderly lacks health insurance.

“Our goal is quality care for everyone at a price we can afford,” Baldacci said. That is a goal universally shared in Washington, D.C., and all 50 state capitals, but one that is becoming increasingly difficult, with health care consuming almost 15 percent of the gross domestic product.

Alan Weil, executive director of the National Academy of State Health Policy in Portland, Maine, said: “The biggest health challenge for states in 2005 will be meeting the needs of the uninsured as employers face continued cost increases and Medicaid puts an increasing strain on state budgets.” ★

Support for Rx Imports Swells

By Erin Madigan

With Medicare drug coverage still a year away, a throng of governors is flouting the federal ban on importing less-expensive prescription drugs from Canada and Europe and calling on Congress to legalize the practice for senior citizens, civil servants and others who can't afford U.S. prices.

The White House and the U.S. Food and Drug Administration maintain that imported medicines are illegal, unregulated and pose serious risks to patients. But proponents of imports say the safety concerns are exaggerated. They argue that drug companies' prices are unfair and that the United States shoulders too great a share of the cost of innovative drug research, while consumers worldwide benefit and pay less.

“Regardless of what (the federal government) is saying, ... the states are just grabbing this by the horns,” said Sharon Treat, a former Maine state senator who chairs a national group of legislators pushing for lower drug prices.

The governors of Minnesota and Illinois were in the vanguard of the crusade for affordable prescription drugs.

Minnesota Gov. Tim Pawlenty, a Republican, launched the first statewide Web site to help residents purchase drugs from Canada, where prices are controlled and typically are 30 percent to 60 percent lower. The first-term governor waived \$15 co-payments for state employees who choose to buy their prescriptions from state-certified Canadian mail-



Illinois Gov. Rod Blagojevich (D) led a four-state initiative to allow citizens to import drugs from Canada and western Europe.

order pharmacies. North Dakota, New Hampshire, Rhode Island and Wisconsin set up similar drug-import Web sites.

“Americans can reasonably be expected to pay a premium for innovation, but there's a difference between paying a premium and being a chump, and we're on the chump side of the ledger in that equation,” Pawlenty said.

In August Illinois Gov. Rod Blagojevich (D) launched I-SaveRx to make brand-name drugs available to Illinois residents from

state-inspected pharmacies and wholesalers in Canada, Ireland and the United Kingdom. Gov. Jim Doyle (D) of Wisconsin, lame-duck Gov. Bob Holden (D) of Missouri and Gov. Kathleen Sebelius (D) of Kansas quickly signed up their states for I-SaveRx, too.

They said the program would allow Americans to purchase 100 commonly prescribed medicines for chronic health conditions at prices 25 percent to 50 percent below U.S. retail prices. Doyle scoffed at the federal government's dire warnings and accused the Bush administration of "reading straight from the script of the big drug company lobby."

But a senior FDA official told Congress that drug counterfeiting is a serious and growing problem, compounded by "rogue" foreign Internet sites willing to dispense medications without a prescription.

"Although counterfeiting was once a rare event, we are increasingly seeing large supplies of counterfeit versions of finished drugs being manufactured and distributed by well-funded and elaborately organized networks," Associate FDA Commissioner John M. Taylor III told a U.S. House Government Affairs subcommittee last July.

Taylor said FDA investigators purchased what one site described "as generic Viagra, generic Lipitor, and generic Ambien. None of these products, however, has a generic version approved in the U.S. or Canada."

The importation issue made waves on Capitol Hill and surfaced during the 2004 presidential campaign with President George W. Bush saying he'd consider allowing imports if the FDA decides they are safe. His Democratic opponent, U.S. Sen. John Kerry of Massachusetts, noted that Bush had taken that same position in 2000.

Bush defended his caution, saying during their Oct. 8 debate, "When a drug comes in from Canada, I want to make sure it cures you and doesn't kill you."

Lawmakers in 26 states wrestled with the issue of drug imports in 2004, according to the National Conference of State Legislatures. Connecticut, Mississippi, Vermont and West Virginia passed laws to develop importation programs, and Rhode Island lawmakers authorized state licensing of Canadian pharmacies.

In addition, 20 attorneys general and several governors or other senior officials in Indiana, Iowa, Kentucky, Maine,



The name of this Springfield, Missouri, store reflected the growing U.S. consumer interest in obtaining less expensive brand-name drugs.

Oregon, Vermont and West Virginia also came out in support of drug imports.

Despite the momentum, importation wasn't unanimously embraced in the states. At least 14 states rejected or tabled importation legislation. Also, several state boards of pharmacy, including those in California, Minnesota and Oregon, were working against drug imports, and some officials advocated other avenues to curb drug costs. California Gov. Arnold Schwarzenegger (R) vetoed several bills to allow drug imports.

Jim Frogue of the American Legislative Exchange Council, an association of conservative lawmakers that has echoed the administration's safety concerns, said importation "promises more than it delivers."

But the issue showed no signs of going away. When the flu vaccine shortage hit in October, some Americans headed to Canada for flu shots. Illinois, New Mexico and New York City looked to Europe for additional doses of vaccine, but their efforts hinged on a go-ahead from the FDA.

The drug import issue could subside in 2006, when Medicare starts picking up 75 percent of the costs of drugs up to \$2,250 a year for its elderly or disabled beneficiaries after they pay a \$250 deductible. Then Americans younger than 65 may be the ones clamoring the loudest for safe, cheap drugs from Canada and beyond.

RISING DEMAND, REDUCED SUPPORT SPELL TROUBLE FOR PUBLIC COLLEGES

By Eric Kelderman, Staff Writer

No one would mistake the two office-park-like buildings that house the Universities at Shady Grove in Rockville, Md., for the stately, 1,250-acre flagship campus of the University of Maryland 20 miles down the road in College Park. But John Arcilla, a 20-year-old accounting major, is confident that the diploma he earns on the satellite campus will carry the same weight.

Leaders of Maryland's public universities say that confidence is not misplaced, for the undergraduate and graduate courses offered at the satellite are taught by the same professors who teach at seven other Maryland universities.

Tuition is \$1,200 lower than the \$7,410 a year charged on the College Park campus, and Arcilla, whose family emigrated five years ago from the Philippines, has both a scholarship and a paid internship at MedImmune Inc., a nearby biotechnology firm.

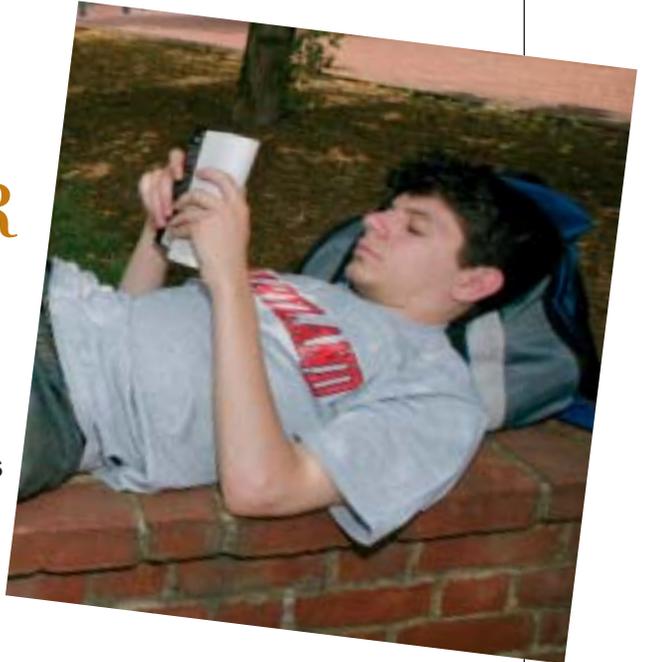
Arcilla is the beneficiary of a decision Maryland made in 1992 to expand opportunity with the satellite campus. What started as a small number of evening classes now has grown to more than 30 degree programs with day and evening classes in fields from education to computers to nursing to bioscience. College Park's Robert H. Smith School of Business offers both bachelor's and MBA degrees there.

A majority of the students at Shady Grove are Asian, African-American or Hispanic and two-thirds are women. Most are pursuing degrees while holding full-time jobs, and most, like Arcilla, took their first two years of credits at Montgomery College, one of the nation's premiere community colleges.

They are fortunate to have these alternative pathways, for the University of Maryland system, like many public colleges and universities, is facing increased demand in an era of constricted resources.

Competition for seats in public university classrooms, skyrocketing tuition and shrinking state support threaten to shut out hundreds of thousands of students nationally at a time when the demand for advanced education is increasing.

Many public universities, frustrated at trying to do more with less, are pushing for greater fiscal autonomy, includ-



ing the ability to raise tuition and set their own budget priorities. Some even are willing to settle for less state support.

Politicians and policy-makers, however, are wary of striking that bargain, fearing that privatizing public universities will create a two-tiered educational system.

The National Center for Public Policy and Higher Education, a nonprofit group that receives money from The Pew Charitable Trusts, recently reported that “for most American families college is less affordable now than it was a decade ago.” Despite improvements in secondary education, “these gains have not translated into higher rates of enrollment in higher education,” it said. The center estimated that 250,000 prospective students were shut out of colleges in 2003 because of rising tuition or cutbacks in admissions and course offerings.

Demand for higher education is increasing well beyond what states are willing or able to pay for, said Aims C. McGuinness, a researcher at the nonprofit National Center for Higher Education Management Systems.

This comes at a time of sharply escalating public tuitions. Nationally, in-state tuition at public four-year colleges rose 10.5 percent to an average of \$5,132 for 2004-2005, after a 14 percent increase in 2003-2004 and a 9 percent jump in 2002-2003, according to the College Board, the nonprofit

association that administers the SAT exam and Advanced Placement high school tests. With room and board, the average cost of a year at a public four-year college now is \$11,354. This was the third year in a row that private college tuition rose at a lower rate. However, private colleges still charge almost four times as much: \$20,082 for tuition alone, and \$27,516 with room and board.

State appropriations for higher education rose only 2.5 percent in 2004, after a 4.5 percent cut in 2003 and a 1 percent cut in 2002. While college aid is growing, the bulk of financial help for students is now in loans, rather than grants. And with shrinking state resources and a finite number of classroom seats, colleges are becoming more selective about whom they accept.

Applications to the University System of Maryland, which has sustained state budget cuts of more than 11 percent over two years, increased more than 10,000 over the past decade, but acceptances went up by only half that number, according to the Maryland Higher Education Commission. And the average SAT score of entering freshmen at University of Maryland, College Park, has shot up from 1,081 — slightly above average — to a lofty 1,263.

The elite University of California campuses raised their enrollment standards, reducing the number of eligible high school students by more than 6,000 starting in fall 2005.

TOP TEN TUITION HIKES

UNIVERSITY	STATE	2003-2004	2004-2005	CHANGE	PERCENT
Texas A & M University	Texas	\$5,051	\$5,964	\$913	18.1
University of Texas at Arlington	Texas	\$4,423	\$5,300	\$877	19.8
North Dakota State University	North Dakota	\$3,965	\$4,733	\$768	19.4
University of Houston	Texas	\$3,972	\$4,978	\$1,006	25.3
Northern Kentucky University	Kentucky	\$3,744	\$4,368	\$624	16.7
University of North Dakota	North Dakota	\$4,156	\$4,828	\$672	16.2
University of Kansas	Kansas	\$4,101	\$4,737	\$636	15.5
Kansas State University	Kansas	\$4,060	\$4,665	\$605	14.9
Southern Illinois University	Illinois	\$5,521	\$6,340	\$819	14.8
Virginia Polytechnic Institute	Virginia	\$5,095	\$5,838	\$743	14.6
Oklahoma State University	Oklahoma	\$3,748	\$4,296	\$548	14.6

Source: National Association of State Universities and Land-Grant Colleges

And to limit the state's costs, California Gov. Arnold Schwarzenegger proposed to redirect 4,200 incoming freshman from the California State University system to community colleges for two years. Schwarzenegger eventually withdrew his proposal, and instead forged a compact with both the UC and CSU systems for increased state funding in return for regular tuition increases and limited enrollments.

But a growing number of students are making their own decisions to start, and sometimes end, their higher education in community colleges, said Steve Simon, a spokesman for Montgomery College in Rockville, Md.

The profile of the typical community college student has changed from the mid-career adult who wants to change fields and takes classes part-time, to the full-time student straight from high school who is aiming for a bachelor's degree, Simon said. Community colleges have suffered the same budget cuts as four-year institutions and also are struggling to keep up with demand for more classes.

Some states and their public colleges and universities are responding to the challenges with radical proposals to cut traditional ties, essentially privatizing the institutions and allowing them to raise tuitions at will.

"Traditional colleges and universities are competing with each other and with a host of new providers of post-secondary education, such as for-profit, online and corporate institutions, in a battle for tuition, public and private revenues, and prestige," said Lara K. Couturier, associate director of the Futures Project at Brown University. This competition is pushing public higher education "away from its commitment to serving public needs."

In 2004, Colorado made the biggest change to its higher education system by enacting a voucher program that gives state money directly to students instead of the universities. In return, Colorado's public universities, which receive less

than 10 percent of their funding from the state, were granted more power to raise tuition.

Colorado's situation was unique because of a cap in that state's Constitution that had limited both state funds for higher education and tuition hikes, Couturier said. "The concern now is that other states will adopt this legislation without having the necessary public debate about the effect of vouchers in public higher education," she said.

Virginia's three leading universities, the University of Virginia, Virginia Tech and the College of William and Mary, launched a campaign seeking "charter status" from

the state, under which they would trade less state money for control of their tuition and budgets. They made little headway in Richmond, and the Legislature is unlikely to act on the proposal in 2005, said James W. Dyke Jr., an education advisor to Gov. Mark Warner (D). The University of Virginia gets just 8 percent of its \$1.6 billion operating budget from the state, down from 28 percent in the 1980s.

Freeing those universities from state oversight, and the resulting tuition increases, might be good for those three universities but also could shut the doors to most low-income students, warned David Breneman, dean of the Curry School of Education at the University of Virginia.

An offer by Gov. Mark Sanford (R) to allow South Carolina's 33 state-supported colleges and universities to sever ties with the state and its money was brushed off by those institutions.

Proposals also were raised and dropped in Oregon, Washington and Wisconsin last year to give public colleges and universities more control over tuition in return for less state money and regulation.

Widespread privatization of public colleges and universities probably is not going to occur, said McGuinness of the National Center for Higher Education Management Systems.



Virginia Gov. Mark Warner (D) chats with Virginia Union University students Candance Moore and Raymond Hawkes, Jr. Warner is pushing colleges and universities in the Commonwealth to be more accepting of outside credits.

But in the long run, the growing demand for higher education could redefine the traditional college experience as many know it: a four- or five-year journey through a liberal arts curriculum, emphasizing loyalty to the institution and a vaunted bachelor's degree.

One possibility is that more students will take college-level courses in high school, reducing a student's time on campus and costs for a degree, said Hilary Pennington, who runs Jobs for the Future, a research and advocacy group.

In Virginia, for example, Gov. Warner has convinced 62 of the state's public and private colleges to accept up to 13 hours of college credit for advanced classes taken in high school. Warner is also pushing the idea in his role as chairman of the National Governors Association.

What also could emerge is a sprawling, decentralized education system that caters to the market's demand for better-trained employees and emphasizes career skills over the traditional liberal arts, Pennington said.

That is the direction taken by the Universities at Shady Grove in Maryland. The average age of its students is 28,

and most are juggling classes with a full-time job.

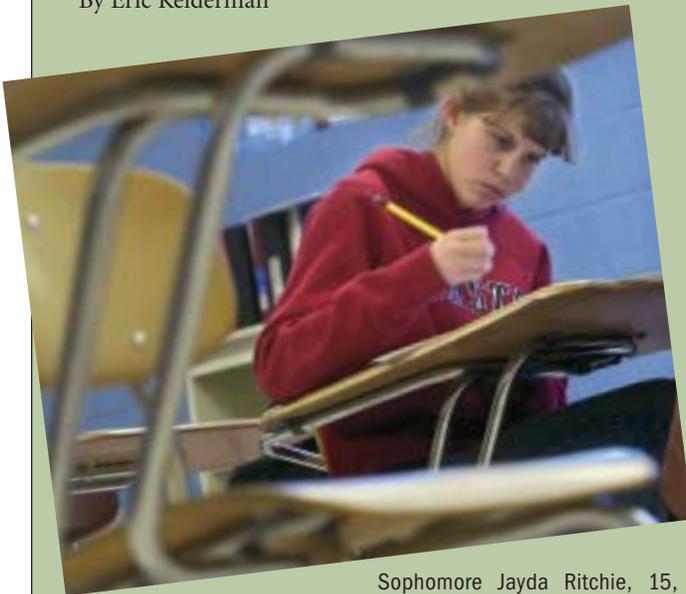
William E. Kirwan, chancellor of the University System of Maryland, which has 120,000 students enrolled at its 11 degree-granting institutions, has called Shady Grove a model for the future and "a cost-efficient, high-quality way to extend the reach of the institution." Maryland already has established a second satellite campus and has extensive articulation arrangements between its universities and community colleges. It also offers online courses through the University of Maryland University College.

Kirwan told leaders of the College Board last winter that with these alternatives, "we anticipate that we can accommodate approximately two-thirds of the projected enrollment growth ... at a small fraction of the cost it would take to educate these students at a traditional campus."

Kirwan exhorted higher education leaders and policy-makers to find ways to contain rising costs and to renew the national commitment to need-based financial aid. The alternative, he warned, is to imagine "an America where the ladder of opportunity ... is not available to thousands of qualified young people from the lower end of the economic spectrum." ❏

No Child Left Behind Act Still A Sore Subject

By Eric Kelderman



Sophomore Jayda Ritchie, 15, taking a math test at Dongola High School in rural Dongola, Ill., on Jan. 30, 2004. She and 15 classmates unsuccessfully sought transfers under the No Child Left Behind Act from the low-performing school to a larger and higher-performing high school.

The No Child Left Behind Act is still roiling the education waters and bringing states into conflict with Washington over stricter standards and what constitutes a failing school.

Three years after President George W. Bush signed the testing and accountability measure into law, the mandates are hindered by spotty compliance from the states. The act faces changes in 2005, with the U.S. Department of Education expected to give states more latitude in complying with standards that get tougher each year. Still, test scores are up in many states.

President Bush invoked the school reform measure often in his successful re-election drive. He said No Child Left Behind (NCLB) "is making a difference around our country. ... The national objective is to challenge the soft bigotry of low expectations and to raise the standards for every single child."

Some educators and state lawmakers contend the law's emphasis on math and reading tests is narrowing and distorting curricula, squeezing out the arts and placing impossible demands on schools struggling to teach large numbers of children with special needs.

Decrying NCLB's requirement that all schools demonstrate "adequate yearly progress," National Education Association President Reg Weaver said, "It is illogical and impractical to expect every child to have the same skill and ability or be expected to learn and achieve at the same rate. There is no one-size-fits-all prescription for student achievement."

The law was passed with broad, bipartisan support, and the backlash has come from both sides of the political aisle, with some lawmakers saying they'd rather lose federal school funds than meet all the requirements.

Former Secretary of Education Rod Paige insisted that, "No Child Left Behind is making schools better."

"Today, test scores are rising dramatically. Parents are more informed than ever, and our classrooms are more inclusive," Paige told educators at the University of Virginia in November 2004. "Of course, there's a lot more to do."

The next big hurdle for states is to fill their classrooms with "highly qualified" teachers by the end of the 2005-2006 school year. All 3 million public school teachers by then must be fully certified and pass a state test to demonstrate mastery of the subjects they teach.

But no state was on track to meet that deadline, according to a July 2004 report by the Education Commission of the States (ECS), a nonprofit group that tracks trends in state education policy. Only 23 states had defined "highly qualified," and only 11 states had developed a required test to measure reading, mathematics and science knowledge for teachers, according to the ECS survey.

It remains unclear how many teachers already meet the standard. The Education Department estimated in June 2003 that only 54 percent of secondary teachers were highly qualified during the 1999-2000 school year. The federal agency has said it understands the need to give teachers in rural schools and those who teach multiple subjects, especially science instructors, more time to meet the standards.

Further problems were found in a September 2004 study by the Government Accountability Office, which said that the

STATES WITH PENDING K-12 FUNDING LITIGATION

Alaska	Louisiana	New Mexico
Arizona	Maryland	North Carolina
Connecticut	Massachusetts	North Dakota
Georgia	Missouri	South Carolina
Idaho	Montana	Tennessee
Iowa	Nebraska	Texas
Kansas	New Hampshire	Wyoming
Kentucky	New Jersey	

Source: Campaign for Fiscal Equity, Inc.

Education Department had yet to fully approve how 23 states and the District of Columbia plan to meet all of the law's requirements.

State legislatures were awash in bills to protest the costs, penalties and unprecedented federal oversight of school policy under the 2002 act. Twenty-seven states considered 54 bills to rein in or blunt the impact of NCLB.

In the end, only the Democratic governor of Maine and the Republican governors of Utah and Vermont signed bills critical of the act. When the National Education Association, the 2.7-million-member teachers' union, tried to enlist states to join a lawsuit challenging the law, no state answered its call.

But the firestorm sent Secretary Paige and his deputies across the country to smooth over differences with state legislators and educators. And the Education Department made significant modifications to its testing rules. Bush administration officials also stressed that federal education funding has risen more than 32 percent since 2001.

The biggest unanswered question is whether the law really will help close the achievement gap between underperforming poor and minority students and their wealthier and white peers. The law requires that all students be proficient by 2014. Schools that miss testing targets for two or more years face sanctions that include the possibility of firing the principal and teachers.

Many states are making progress, according to a recent analysis by the Education Trust, a nonprofit organization concerned about disadvantaged students. Mathematics scores rose in 23 of the 24 states with complete information available, and reading scores were up in 15 of those states. Math performance declined in one state, and reading scores dropped in five states.

A December report by *Education Week* found that the number of schools meeting the law's standards increased in at least 32 states. But the number of failing schools facing penalties under the federal law jumped to 11,008 from 5,869. Those

schools face sanctions that include allowing children to transfer to higher-performing schools, providing free tutoring and getting rid of the school's administration and staff.

NO CHLD LEFT BEHIND PASS-FAIL

STATE	% PASSING	% FAILING	STATE	% PASSING	% FAILING
Alabama	23	77	Montana	NA	NA
Alaska	59	41	Nebraska	NA	NA
Arizona	82	18	Nevada	63	37
Arkansas	71	29	New Hampshire	73	27
California	64	36	New Jersey	54	46
Colorado	79	21	New Mexico	68	32
Connecticut	81	19	New York	68	23
Delaware	75	25	North Carolina	71	29
Florida	23	77	North Dakota	84	9
Georgia	79	21	Ohio	83	17
Hawaii	52	48	Oklahoma	NA	NA
Idaho	82	18	Oregon	70	25
Illinois	NA	NA	Pennsylvania	81	19
Indiana	76	24	Rhode Island	NA	NA
Iowa	92	8	South Carolina	56	44
Kansas	93	7	South Dakota	78	22
Kentucky	76	24	Tennessee	86	14
Louisiana	92	8	Texas	NA	NA
Maine	73	19	Utah	82	18
Maryland	79	21	Vermont	87	13
Massachusetts	73	27	Virginia	73	25
Michigan	73	23	Washington	82	18
Minnesota	66	24	West Virginia	70	28
Mississippi	76	24	Wisconsin	94	4
Missouri	77	23	Wyoming	92	8

Percentage of public schools that met state testing targets in 2004.

NA indicates that data were not available

Percentages may not add to 100 because of rounding, because the status of some schools is pending or because schools were exempted from the standards.

Source: Education Week Research Center



Two sides of the gay marriage issue: Keith O'Byrne of Boston (pro) speaks with Mikael Duval of Plymouth, Mass., outside the Statehouse in Boston on March 29, 2004.

A social tsunami triggered by a November 2003 Massachusetts Supreme Judicial Court decision seemed for a time to be sweeping the nation, as a handful of sympathetic officials in California, New York and Oregon began issuing licenses on their own accord to jubilant gay and lesbian couples.

Then, almost as rapidly as the wedding celebrations began, they came to a halt as courts, elected officials and finally electorates rejected this change in social and legal mores. Only in Massachusetts does the path to same-sex marriage remain open, and even there it is under attack.

Voters drew an emphatic line against same-sex nuptials, overwhelmingly approving amendments in 13 states that codify marriage as an exclusively heterosexual institution. Missouri voters were the first to react by revising their Constitution last August, a month before Louisiana did the same. Eleven states – Arkansas, Georgia, Kentucky, Michigan, Mississippi, Montana, North Dakota, Oklahoma, Ohio, Oregon and Utah – followed suit on Nov. 2.

President George W. Bush's re-election and Republican gains in Congress added to the perception that the issue

THE WAR OVER GAY MARRIAGE

By Kavan Peterson, Staff Writer

Gay and lesbian couples, emboldened by a historic Massachusetts ruling to legalize gay marriage, enter 2005 on the defensive after voters in 11 states overwhelmingly said no on Election Day to state-sanctioned weddings for same-sex partners.

hurt Democrats, even though the party's presidential candidate, Sen. John F. Kerry of Massachusetts, endorsed not marriage rights but civil unions for gays and lesbians.

Bush has signaled that he will push Congress to pass an amendment to the U.S. Constitution to define marriage as a union between a man and a woman. While 17 states now ban gay marriage in their state constitutions, that number likely will top half the states by 2006.

"Gay rights leaders would be wise to change their strategy," said the Rev. Peter Sprigg, director of marriage and family studies for the Family Research Council, a conservative lobbying group based in Washington, D.C. "It's clear that the American public is not ready for same-sex marriage and is willing to take strong steps to stop it from becoming a reality."

This was the case in Oregon, perhaps the most liberal state to vote for a constitutional ban. Only a few months earlier gay couples got licenses to marry in Oregon.

Portland, Ore., officials were among a handful around the nation that followed San Francisco Mayor Gavin Newsom's lead when he decided in February 2004 to issue marriage

STATE POLICIES ON SAME-SEX MARRIAGE

STATES	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				★	★★ ²	
Maine			★	★		
Maryland				★ ³		
Massachusetts	★					★
Michigan				★	★★	
Minnesota				★		
Mississippi				★	★	
Missouri				★	★	
Montana				★	★	
Nebraska					★★	
Nevada					★	
New Hampshire				★		
New Jersey			★			★
New Mexico						★
New York						★
North Carolina				★		
North Dakota				★	★★	
Ohio				★★	★★	
Oklahoma				★	★★ ⁴	
Oregon					★	
Pennsylvania				★		
Rhode Island						★
South Carolina				★		
South Dakota				★		
Tennessee				★		
Texas				★		
Utah				★	★★	
Vermont		★		★		
Virginia				★★		
Washington				★		
West Virginia				★		
Wisconsin				★ ⁵		
Wyoming				★ ⁶		

★★ 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 Amendment was tossed out by a state court two weeks after it was adopted Sept. 18, 2004, but that ruling is under appeal.

3 The first state law defining marriage as a union between a man and woman was adopted by Maryland in 1973.

4 Includes a provision making it a misdemeanor crime to knowingly issue a marriage license to same-sex couples.

5 1971 state supreme court ruling held that only heterosexual marriages are legal.

6 State law predating the federal DOMA prohibits same-sex marriage.

licenses to same-sex couples in violation of state law. Six months later, California's highest court nullified the 3,955 San Francisco marriages and ordered the city to refund the \$82 license fees.

Oregon's courts called a halt to the Portland weddings but took time to mull what to do about the 2,900 marriages that took place. Kelly Burke and Dolores Doyle of Portland were among those in limbo.

"I feel afraid and very uncertain about ... how we're going to be able to protect and provide for each other," said Burke, the stay-at-home mother of the couple's 3-year-old son, Avery. Doyle, an industrial electrician, installs wiring in bridges. Both spouses worry about what would happen to Doyle's pension and benefits if she were hurt or killed on the job.

Already, conservative lawmakers in at least 10 states -- Alabama, Arizona, Idaho, Indiana, Kansas, Maryland, South Carolina, Texas, Virginia and Washington -- have pledged to introduce bills early in 2005 to amend their constitutions to ban same-sex marriage.

In three other states -- Massachusetts, Tennessee and Wisconsin -- lawmakers must approve bans a second time before putting the issue before voters. If that happens, bans on gay marriage could be on the ballot in Wisconsin as early as April 2005 and in Massachusetts and Tennessee in 2006.

The gay rights community was hoping to protect same-sex couples' right to marry in Massachusetts -- the only state where gays and lesbians still can legally wed. Supporters of same-sex marriage gained a few allies in the Massachusetts Legislature in November's election.

In California, lawmakers will consider legislation to legalize same-sex marriage, and Connecticut lawmakers will consider civil unions.

Gay rights activists hope to block attempts to ban gay marriage in the last six states that have not adopted so-called "Defense of Marriage" statutes: Connecticut, Massachusetts, New Jersey, New Mexico, New York and Rhode Island.



Children and adults held up signs, posters and a Bible at an anti-gay marriage demonstration in downtown Los Angeles on May 18, 2004.

Lambda Legal, a gay rights group, and the American Civil Liberties Union said they would not back off legal attempts to win marriage equality in some of these states. They said lawsuits in California, Connecticut, Maryland, New Jersey, New York and Washington could reach those states' highest courts in 2005 or 2006.

Two lower courts already have struck down Washington state's Defense of Marriage Act as unconstitutional, and the state Supreme Court agreed to hear arguments in March 2005. Some legal experts say there's a good chance that Washington's high court will follow Massachusetts' example and legalize same-sex marriage.

On the federal level, however, gay rights leaders say they're reluctant to take same-sex marriage before the U.S. Supreme Court for fear of fueling the backlash against gay marriage.

"It's no secret that we believe the federal Constitution guarantees gay and lesbian couples the same rights and protections as heterosexual couples," said Jon Davidson, senior counsel for Lambda Legal. "But we recognize that the courts are understandably cautious about getting too far ahead of the general public. We are not pursuing any federal efforts to secure marriage (for same-sex couples) right now."

Some of the state constitutional amendments not only ban same-sex marriage but also prohibit civil unions or any legal status that approximates marriage. Such broader lan-

guage was included in measures adopted by nine states in 2004 - Arkansas, Georgia, Kentucky, Louisiana, Michigan, North Dakota, Ohio, Oklahoma and Utah – and Nebraska in 2000.

A Louisiana judge quickly struck down that state's ban on the grounds that it improperly dealt with more than one issue -- marriage and civil unions. Similar challenges are pending in Kentucky and Georgia's courts, and federal lawsuits have been filed in Oklahoma and Nebraska.

Conservatives don't want gay marriage legalized by courts, as the right to abortion was in the 1973 U.S. Supreme Court decision, *Roe v. Wade*. That decision overturned every state law prohibiting abortion.

The shock over the Massachusetts gay-marriage decision "is wearing off for most of the country," said Kristin Smith, the Family Research Council's legislative affairs director.

"But our base supporters know that we let *Roe v. Wade* slip by us; we weren't prepared for that decision. But we are mobilized to stop that happening with gay marriage."

Polls consistently indicate that Americans oppose legalizing gay marriage by a 2-to-1 margin. However, exit polls on Election Day showed that 62 percent of voters favored either civil unions or same-sex marriage; only 35 percent wanted no legal recognition for same-sex couples.

Just five years ago, civil unions were considered a radical export from liberal Vermont, the only state to confer the marriage-like status on gay couples. But even President Bush has offered qualified support for civil unions. A week before the election, he told ABC's "Good Morning America": "I don't think we should deny people rights to a civil union, a legal arrangement, if that's what a state chooses to do so." He took issue with the Republican Party platform's stance against civil unions.

Embryonic Stem Cell Research



Late actor Christopher Reeve and wife Dana at the Kessler Institute for Rehabilitation in West Orange, N.J., for the Jan. 4, 2004, signing of a stem cell research initiative.

Embryonic stem cell research, which some scientists predict will lead to treatments for devastating diseases, became a compelling issue in the 2004 election that Democrats sought to capitalize on. It was an issue that cut across party lines, with Arizona Sen. John McCain (R) and California Gov. Arnold Schwarzenegger (R) both supporting increased government funding, in opposition to President Bush's moral objections to destroying human embryos to harvest stem cells for medical research.

Whether human embryos should be protected from the moment of creation through the eighth week of growth is still the focus of a divisive national debate.

With vigorous support from Schwarzenegger, California voters

approved an ambitious ballot initiative to spend \$3 billion over a decade on a state-funded research program on embryonic stem cells that dwarfs federal investment in stem cell research.

Wisconsin Gov. Jim Doyle (D) unveiled plans for a \$750 million publicly and privately funded stem-cell research push, including establishment of an institute at the University of Wisconsin-Madison, the state's flagship campus and a leader in biomedical research. Doyle predicted a synergy between the efforts in California and Wisconsin.

New Jersey in 2004 funded a \$6.5 million research institute to pursue a stem cell breakthrough.

State-level research efforts stood in sharp contrast to the limited stem cell work that the Bush administration has permitted and funded.

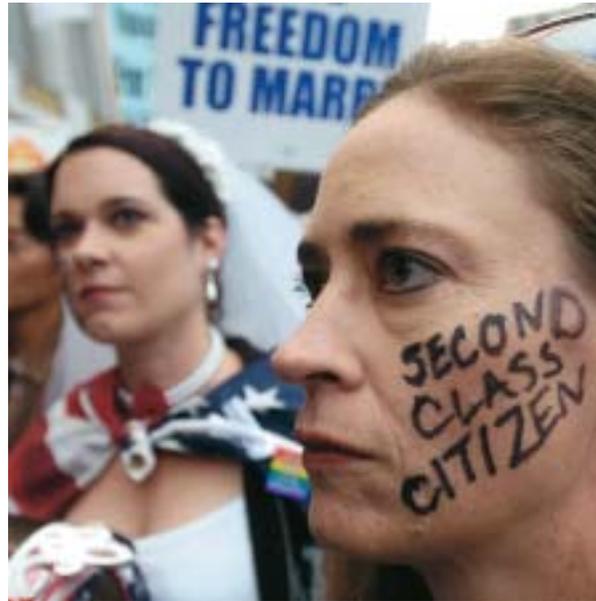
"There's a compelling moral argument that you can't ignore the suffering and the inevitable death of persons diagnosed with these diseases that we're attempting to cure," said California state Sen. Deborah Ortiz (D). She authored a 2002 measure that made California the first state to expressly allow embryonic stem cell research.

Thirty states considered 78 bills relating to stem cells in 2004, according to the National Conference of State Legislatures.

“I strongly believe that marriage ought to be defined as between a union between a man and a woman. Now, having said that, states ought to be able to have the right to pass laws that enable people to be able to have rights like others,” Bush said.

A timeline of major developments in the battle over same-sex marriage:

- Nov. 18, 2003: Massachusetts Supreme Judicial Court rules 4-3 that the state Constitution prohibits banning gay and lesbian couples from marrying. The Legislature is given 180 days to make changes to state law.
- Feb. 12, 2004: San Francisco Mayor Gavin Newsom orders city officials to issue marriage licenses to same-sex couples. Almost 4,000 gay and lesbian couples marry before the state puts a stop to the weddings in March. California’s Supreme Court later invalidates the marriages.
- March 3, 2004: Inspired by San Francisco and a handful of cities in New York and New Mexico that briefly issued marriage licenses to same-sex couples, county commissioners in Multnomah County, Ore., which includes Portland, order marriage licenses issued to same-sex couples. About 2,900 couples marry before a judge halts the practice in April.
- May 17, 2004: As ordered by the Massachusetts high court, gay and lesbian couples legally start marrying in the Bay State. A 1913 state law prohibits same-sex couples from other states from marrying in Massachusetts. As of November 2004, 4,266 same-sex couples had applied for marriage licenses.
- Aug. 3, 2004: Missouri voters approve a constitutional amendment banning same-sex marriage with 71 percent support.
- Sept. 18, 2004: Louisiana voters approve a constitutional amendment banning same-sex marriage with 78 percent support. A state judge tossed out the amendment two weeks later; that decision was appealed to the state Supreme Court.



Unwed by the California Supreme Court: Renee Mangrum (r.) and Mara McWilliams at a rally in San Francisco on Aug. 12, 2004, protesting decision that voided nearly 4,000 marriages performed earlier in the year in San Francisco – including the vows exchanged by Mangrum and McWilliams.

- Nov. 2, 2004: State constitutional amendments banning same-sex marriage were approved by voters in 11 states: Arkansas, Georgia, Kentucky, Michigan, Mississippi, Montana, North Dakota, Oklahoma, Ohio, Oregon and Utah. ❖

Welfare Reform

States once again were thrown a temporary lifeline on the main welfare program that provides cash to 4.8 million individuals and 2 million American families.

The Bush administration has pushed for stricter work requirements for welfare beneficiaries, but debate over the issue caused a logjam in Congress. States wanted additional funding for childcare to assist parents who have left the welfare rolls.

After months of political wrangling, federal lawmakers once again postponed re-authorizing the 1996 Temporary Assistance for Needy Families law, which expired in October 2002 and is credited with sharply reducing the nation’s welfare rolls. Congress agreed to maintain the status quo through March 2005.

CALIFORNIA TAKES AIM AT AUTO EMISSIONS

By Kavan Peterson, Staff Writer



The traffic was thick and the smog heavy as traffic wound toward downtown Los Angeles on Friday, Aug. 6, 2004. After years of regulating car emissions to clean the air, California regulators are turning to a bold plan to curb greenhouse emissions over the next 10 years.

In the absence of a federal policy to combat global warming, California jump-started a national debate by promulgating strict new rules to limit auto emissions of carbon dioxide and other greenhouse gases.

While the California Legislature will have a year to mull over the tailpipe-emission regulations before they take effect in January 2006, the rules are expected to have repercussions nationwide. They also will invite a legal challenge by the auto industry.

Seven East Coast states – Connecticut, Maine, Massachusetts, New Jersey, New York, Rhode Island and Vermont – automatically will copy the tougher exhaust rules. Those states have opted to follow California vehicle-emissions standards, which are stricter than those set by the federal government.

Under the federal Clean Air Act, states are allowed to follow either the Environmental Protection Agency's vehicle-

emissions rules or California's more stringent standards, but they are not allowed to set their own.

California has 26 million cars on the road and the nation's smoggiest air. It comprises 10 percent of the U.S. auto market by itself, and more than a quarter of the market with those seven other states.

Some critics expressed skepticism that California's rules, which would require cleaner autos starting with model year 2009, will make a dent in reducing greenhouse gases, which are blamed for global warming.

But Louise Bedsworth, a senior analyst with the Union of Concerned Scientists in Berkeley, Calif., said that clean air

officials in other states look to California “to set the bar and put the nation in the direction of achieving real greenhouse gas reductions.”

The auto industry says the only way manufacturers can meet the 30 percent carbon-dioxide reductions required by 2016 is to greatly increase the fuel efficiency of cars. It sued on grounds that the California standards are a back-door attempt to impose vehicle fuel-economy standards stronger than those set by Congress.

Other states took these actions in 2004 to curb greenhouse gas emissions:

- Washington adopted the nation’s toughest carbon-dioxide reductions for new power plants. To offset 20 percent of the carbon dioxide produced, Washington will require new plants to fund projects such as planting trees or converting transit buses from diesel to clean-burning natural gas.
- Connecticut adopted targets to reduce greenhouse gas emissions statewide by 75 percent to 85 percent by 2010. Connecticut also became the 39th state to begin a statewide registry to catalogue greenhouse gas emissions.

HURRICANES 2004		
HURRICANE	U.S. DEATHS	DATE
Charley	10	August 9 – 14
Frances	23	August 26 – September 9
Ivan	90	September 5 – 24
Jeanne	4	September 13 – 28

Concern about climate change is driving more states to insist on greater use of energy from clean and renewable sources. Five states in 2004 - Colorado, Hawaii, Maryland, New Mexico and Rhode Island – joined 12 others that mandate targets and timetables for renewable energy.

Colorado voters approved an initiative to require 10 percent of the state's electricity to be generated from renewable sources by 2015. New York raised its target to 27 percent renewable energy by 2013. California has promised to have 20 percent of the state's electricity generated from renewable sources by 2010, and Connecticut adopted a plan that commits all state facilities to buy half their energy from renewable sources by 2020 and 100 percent by 2050. ❖

High Court To Decide Teen Executions, Wine Imports

By Kathleen Hunter

The U.S. Constitution reserves to states or to the people all "powers not delegated to the United States by the Constitution, nor prohibited by it to the states." The job of deciding where to draw the line usually falls to the U.S. Supreme Court.

This will be the case again in 2005 when the high court decides whether to allow states to execute juveniles or permit the federal government to prosecute certain ill people who smoke marijuana. It also will decide whether states can bar residents from getting wine shipped in from out-of-state.

The Supreme Court also is considering two cases that could dramatically affect state sentencing guidelines. In *U.S. v. Booker* and *U.S. v. Fanfan*, the court will rule on whether the federal sentencing guidelines are unconstitutional because they ask judges to extend criminals' sentences based on facts found by a judge, not a jury.

The court is expected to clarify its *Blakely v. Washington* ruling last



Three bottles from the Domaine Drouhin vineyard in Dundee, Ore., await shipment in February. Many vineyards in the Willamette Valley and across the United States were hoping the Supreme Court would strike down restrictions that 24 states have on out-of-state shipments direct to consumers.

June that invalidated Washington's state sentencing guidelines because they relied on judicial fact-finding. Other states that employ similar sentencing guidelines await further guidance.

The death penalty case, *Roper v. Simmons*, involves Christopher Simmons, a Missouri resident sentenced to death for committing a murder at age 17. Seventy-two juvenile offenders await

EXECUTIONS THROUGH DEC. 14, 2004

STATES	TOTAL EXECUTIONS
Texas	23
Ohio	7
Oklahoma	6
Virginia	5
North Carolina	4
South Carolina	4
Alabama	2
Florida	2
Georgia	2
Nevada	2
Arkansas	1
Maryland	1

Source: Death Penalty Information Center

STATES THAT EXECUTE JUVENILES

Alabama	Nevada
Arizona	New Hampshire
Arkansas	North Carolina
Delaware	Oklahoma
Florida	Pennsylvania
Georgia	South Carolina
Idaho	Texas
Kentucky	Utah
Louisiana	Virginia
Mississippi	

EXONERATIONS THROUGH DEC. 14, 2004

Illinois (1)	North Carolina (1)
Louisiana (2)	Texas (1)

execution on death rows, with more than half in Texas and Alabama. Twenty-two juveniles have been executed since the death penalty was reinstated in 1976. The case marks the first time the court has considered a death penalty issue since 2002, when it outlawed the execution of the severely retarded.

In *Ashcroft v. Raich*, the justices are considering whether federal drug bans can be enforced in nine states that permit medical marijuana use by cancer patients and others suffering with severe illness. The court will rule on a voter-approved California statute that former Attorney General John Ashcroft said violates federal drug laws.

In *Granholm v. Heald*, the court will decide whether to let Michigan, New York and 22 other states continue to ban out of state wine shipments to consumers. Wine sellers want to quash the restrictions on grounds that they violate the Constitution's protection of free-flowing commerce.

Susan Frederick, who tracks Supreme Court issues for the National Conference of State Legislatures, described the current term as "sluggish" in the number of cases with direct state relevance. Other cases on the radar screens of state legal experts include:

- *Van Orden v. Perry*, on whether displays of the Ten Commandments at public buildings violate the First Amendment. The case deals with a monument outside the Texas State Capitol.
- *Clingman v. Beaver*, on the constitutionality of Oklahoma's primary system, which allows unaffiliated voters to register with a party and vote on the same day as the primary.
- *Kelo v. City of New London*, on how far localities can go in exercising eminent domain, which allows private land to be seized for public uses.
- *Smith v. City of Jackson*, on whether the federal Age Discrimination in Employment Act precludes state and local governments' adopting pay scales that favor younger workers.
- *Lingle v. Chevron*, on whether Hawaii – in an effort to combat skyrocketing gasoline prices – can impose caps on how much rent property owners can charge gas stations.
- *Muehler v. Mena*, a Fourth Amendment case that deals with police authority to execute search warrants.

The Supreme Court is slated to rule on these cases before its 2004-05 term ends in July.

NEW GOVERNORS IN 2005

Ten new faces are to be found in the ranks of the governors in 2005. They include a farmer, a graduate of the Naval Academy, a graduate of West Point, a corporate executive and a mortician. Five won open seats, and two (Daniels of Indiana and Lynch of New Hampshire) unseated incumbent governors. Two others profiled here (Rell of Connecticut and Codey of New Jersey) were elevated to their state's top office when predecessors resigned amid scandal. A third (Heineman of Nebraska) took over as governor when the incumbent was named to President George W. Bush's second-term Cabinet. Voters in 11 states chose leaders in the 2004 election, and in four states — Delaware (Minner-D), North Carolina (Easley-D), North Dakota (Hoeven-R) and Vermont (Douglas-R) — the voters chose to preserve the status quo.

The GOP added to its six-seat advantage in states' top executive spots in spite of an upset in New Hampshire and a

loss in Montana by wresting Indiana, Missouri and Washington from Democrats.

Democrats, with 22 governors going into the Nov. 2 election, came out with the same number after Democrat Attorney General Christine Gregoire edged Republican state Sen. Dino Rossi in a seesaw battle for governor of Washington State. Rossi lead by 42 votes out of 2.8 million cast at one point, but fell behind after a manual recount. At the time this publication went to press, Republicans appeared certain to contest the reversal.

Two governors' races (New Jersey and Virginia) are on tap in 2005 and 34 races in 2006. Such mega-states as California, Texas, Florida, New York, Ohio, Illinois, Michigan and Pennsylvania are among those in play next year.

★ CONNECTICUT

Gov. M. Jodi Rell (R)



Term Expires: 2007

Born: 6/16/1946

Family: Husband, Lou; two grown children: Meredith and Michael

Religion: Protestant

Education: Attended Old Dominion University and Western Connecticut State University, received honorary doctor of law degrees from the University of Hartford and the University of New Haven.

Occupation: Rell was a homemaker who volunteered with the Brookfield, Conn., Republican Women's Club before she sought political office.

Political Experience: Lieutenant governor (1995-2004); Served in the Connecticut Legislature (1984-1994)

Rell was sworn in as governor on July 1, 2004, after Gov. John Rowland resigned amid preparations for an impeachment inquiry and a federal corruption investigation into his personal relationships with state contractors. At the time, Rell, a Norfolk, Va. native, was midway through her third term as Connecticut's first female lieutenant governor. Prior to her election to the state's second-highest elected office, Rell served in the state House of Representatives for 10 years and held several leadership positions, including assistant minority leader and deputy minority leader.

★ INDIANA



Gov. Mitch Daniels (R)

Term Expires: 2009

Born: 4/7/1949

Family: Wife, Cheri; four children: Meagan, Melissa, Meredith and Maggie

Religion: Presbyterian

Education: BA in public and international affairs from Princeton University, 1971; Georgetown University law degree, 1979

Occupation: Executive of pharmaceutical company (Eli Lilly & Co.) and think tank (Hudson Institute) after serving as aide to Indiana Sen. Richard Lugar (R) and senior adviser to President Ronald Reagan.

Political Experience: Director of the Office of Management and Budget under President George W. Bush. Senior political aide in White House and on Capitol Hill.

Daniels, a multi-millionaire and tireless campaigner who crisscrossed Indiana in a motor home dubbed “RV One,” defeated incumbent Democratic Gov. Joseph Kernan in the costliest political race in Indiana history. Kernan, a former Vietnam POW and mayor of South Bend, became governor when Democrat Frank O’Bannon died suddenly in 2003. Prescription drug costs and Indiana’s struggling economy and \$1 billion state deficit were heavily debated over the course of the campaign. Once dubbed “Blade” by President Bush and reviled as “Little Caesar” by Sen. Robert Byrd (D-W.Va.) for his zeal as a budget cutter, Daniels borrowed another nickname that he got from President Bush – “My Man Mitch” – for a campaign theme. It was emblazoned on bright green T-shirts that became a familiar sight throughout Indiana as Daniels coasted to an easy victory.

★ MONTANA



Gov. Brian Schweitzer (D)

Term Expires: 2009

Born: 9/4/1955

Family: Wife, Nancy; three children: Ben, Khai and Katrina

Religion: Roman Catholic

Education: BS in international agronomy from Colorado State University, 1978; MS in soil science from Montana State University, 1980.

Occupation: Farmer, rancher. Spent seven years in the Middle East developing agronomy projects in Saudi Arabia and Libya.

Political Experience: None

Schweitzer, who first gained statewide recognition in an unsuccessful 2000 race for the U.S. Senate, is the first Democrat elected Montana governor since 1984. He succeeds unpopular Republican Gov. Judy Martz, who did not seek re-election. Schweitzer defied conventional politics by running on a unity ticket; he chose Republican state Sen. John Bohlinger as his lieutenant governor. Economic and environmental issues were key to Schweitzer’s win. He accused his opponent, Republican Secretary of State Bob Brown, of creating a hostile business climate in Montana and opposed a Brown-backed initiative to lift a state ban on using cyanide leaching to mine gold.

★ MISSOURI



Gov. Matt Blunt (R)

Term Expires: 2009

Born: 11/20/1970

Family: Wife; Melanie
(expecting first child)

Religion: Baptist

Education: BS, U.S. Naval Academy

Occupation: Served five years' active duty as a Naval officer, remains a lieutenant commander in the Naval Reserves. Called to active duty for six months after the 9/11 attacks.

Political Experience: State House (1996-2000); Missouri Secretary of State (2000-2004)

Blunt was the beneficiary of a bitter Democratic primary fight that saw state Auditor Claire McCaskill defeat incumbent Gov. Bob Holden. The scion of a Show Me State political family (his father Ray is a prominent GOP congressman and his grandfather Leroy served in the state House), Blunt championed election reform as secretary of state. After the 9/11 terrorist attacks, he was recalled to active duty in the Navy and served in Great Britain for six months helping support U.S. operations in Afghanistan.

★ NEBRASKA



Gov. David Heineman (R)

Term Expires: 2007

Born: 5/12/1948

Family: Wife, Sally Ganem;
one child: Sam

Religion: Protestant

Education: U.S. Military Academy

Occupation: Former Army officer, congressional staff member

Political Experience: State Treasurer (1994-2001); Lieutenant Governor (2001-2004)

Heineman was elevated to Nebraska's top elective office after last year's election when President George W. Bush tapped Gov. Mike Johanns to replace Ann Veneman as U.S. agriculture secretary. A graduate of West Point, Heineman served in the U.S. Army for five years and rose to the rank of captain before entering politics as an aide to former congressman Hal Daub and U.S. Rep. Doug Bereuter, (both R-Neb.). As lieutenant governor, Heineman also performed the duties of Nebraska homeland security director and served on the national Homeland Security Advisory Panel.

★ NEW HAMPSHIRE

Gov. John Lynch (D)



Term Expires: 2007

Political Experience: None

Born: 11/25/1952

Family: Wife, Susan; three children; Jacqueline, Julia and Hayden

Religion: Roman Catholic

The only Democrat to oust an incumbent Republican governor in 2004, Lynch portrayed himself as a tough but empathetic manager who engineered a dramatic turnaround at a Pennsylvania-based furniture manufacturing firm. When Lynch took over, Knoll Inc. was losing \$1 million a week and faced closing. A year later under his direction, it turned a \$64 million profit. Lynch's campaign ads featured Knoll workers praising him for saving their jobs. He also won praise for starting scholarship and retirement programs and rewarding employees with bonuses. "I believe my record shows ... that I can keep the eye on the bottom line and still look out for people," he said repeatedly. "That's what I did at Knoll and that's what I plan to do as governor."

Education: Undergraduate degree from the University of New Hampshire, MBA from the Harvard Business School and law degree from Georgetown University.

Occupation: Chief executive of a national furniture manufacturer, business consultant and bank director

★ NEW JERSEY

Acting Gov. Richard Codey (D)



Term Expires: 2006

Political Experience: State Senate (1982-present), General Assembly (1974-1981)

Born: 11/27/1946

Family: Wife, Mary Jo; two children: Kevin and Chris

Religion: Roman Catholic

Under New Jersey's unusual succession system (the Garden State is among eight states with no lieutenant governor), Codey assumed on Nov. 15 the duties of Democratic Gov. James McGreevey, who resigned after disclosing that he had an extramarital affair with a male aide. Codey was first elected to the Legislature at age 26, becoming the youngest legislator in state history. Codey has been Senate president since 2002 and, because of a clause in the state Constitution that senators insisted on at a 1947 constitutional convention, he will continue to control the Senate's agenda and vote in the upper house while serving as acting governor for 14 months.

Education: BA, Fairleigh Dickinson University

Occupation: Licensed mortician and insurance broker

★ UTAH



Gov. Jon Huntsman (R)

Term Expires: 2009

Born: 3/26/1960

Family: Wife, Mary Kay; six children: Mary Anne, Abby, Liddy, Jon III, Will and Gracie Mei

Religion: Mormon

Education: BA, University of Pennsylvania

Occupation: Businessman, diplomat (U.S. ambassador to Singapore under President George H.W. Bush).

Political Experience: White House aide to President Ronald Reagan; deputy trade ambassador under President George W. Bush

Eldest son of a billionaire industrialist who invented clamshell packaging for McDonald's hamburgers, Huntsman defeated Democrat Scott Matheson, the son of Utah's last Democratic governor, to succeed incumbent Gov. Olene Walker, who lost a Republican primary fight. Huntsman enters his first elected office in opposition to President Bush's No Child Left Behind education program. He has said he wants to dump the requirements it imposes even if that means foregoing federal education aid. Huntsman also differed from Bush administration policy by backing importation of prescription drugs from Canada.

★ WASHINGTON



Gov. Christine Gregoire (D)

Term Expires: 2009

Born: 3/24/1947

Family: Husband, Mike; two children: Michelle and Courtney

Religion: Roman Catholic

Education: BA, University of Washington, Gonzaga University Law School

Occupation: Lawyer

Political Experience: Elected Washington's first female attorney general in 1992, served in that post for 12 years.

Gregoire's victory over Republican Dino Rossi in a cliffhanger election made Washington the first state in the nation in which the three top elected officials – the governor and the two U.S. senators – are women. A breast cancer survivor, Gregoire made a political name for herself as Washington attorney general. In 1998, she was lead negotiator for the states a \$206 billion settlement of a lawsuit designed to recover the public health costs of smoking from the tobacco industry. brought by 46 states against the tobacco industry. She also worked on children's issues and led a statewide program that resulted in a comprehensive reform of Washington's juvenile system.

★ WEST VIRGINIA



Gov. Joe Manchin (D)

Term Expires: 2009

Born: 8/24/1947

Family: Wife, Gayle; three children: Heather, Joseph IV and Brooke

Religion: Roman Catholic

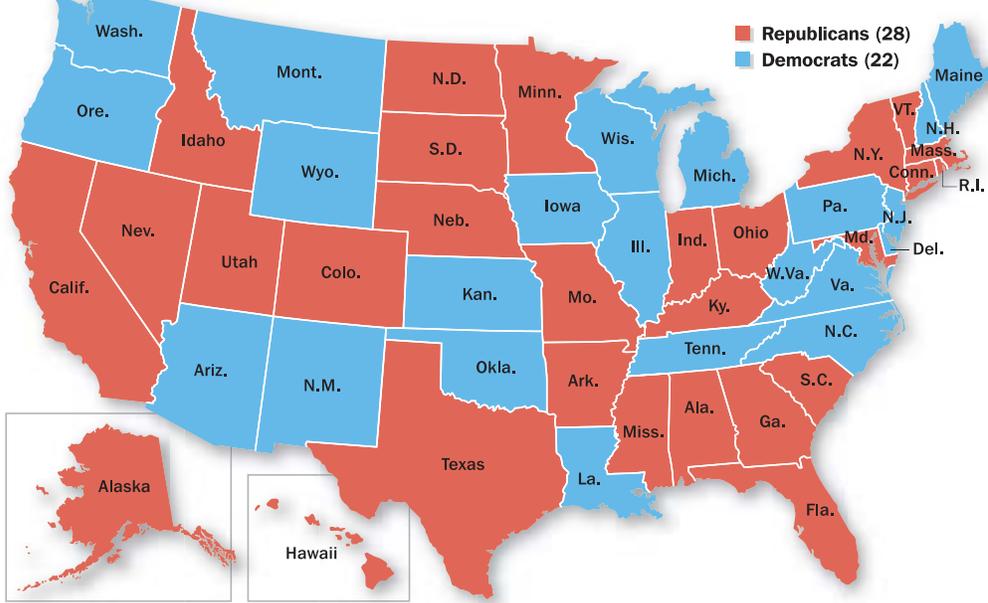
Education: BS, West Virginia University

Occupation: Businessman

Political Experience: State House (1982-1984); state Senate (1986-1996); West Virginia secretary of state (2001-2004)

Manchin defeated seven opponents in West Virginia's Democratic primary and bested Republican Marty Warner in the general election to succeed incumbent Democrat Bob Wise, who decided to forego a primary fight after disclosing an extramarital affair. Manchin vowed to create more jobs in West Virginia by improving education and making economic development a top priority. Fixing the state workers' compensation system was also a major item on his agenda. Manchin ran a chain of retail stores owned by his family and later became president of Enersystems, Inc., a coal brokerage and natural resources company.

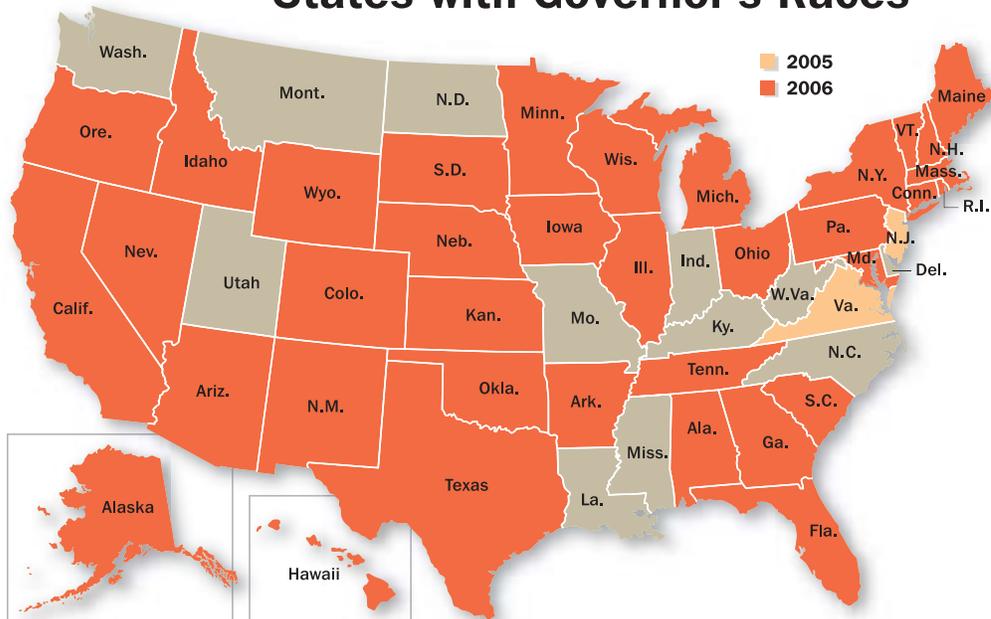
Governor's Party



SOURCE: NATIONAL GOVERNORS ASSOCIATION

GRAPHIC BY WM PITZER – INFOARTZ.COM

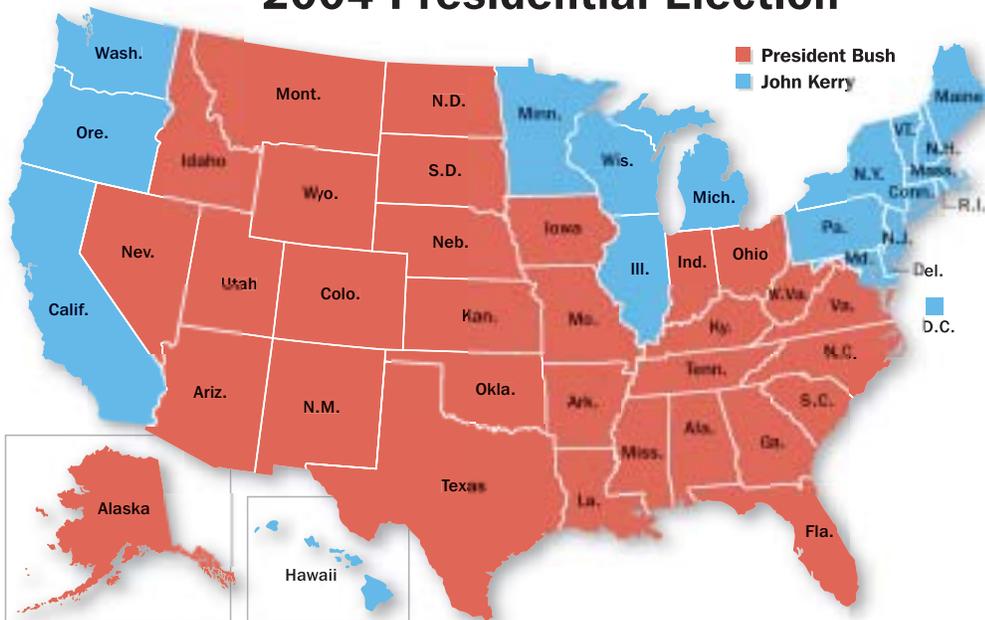
States with Governor's Races



SOURCE: NATIONAL GOVERNORS ASSOCIATION

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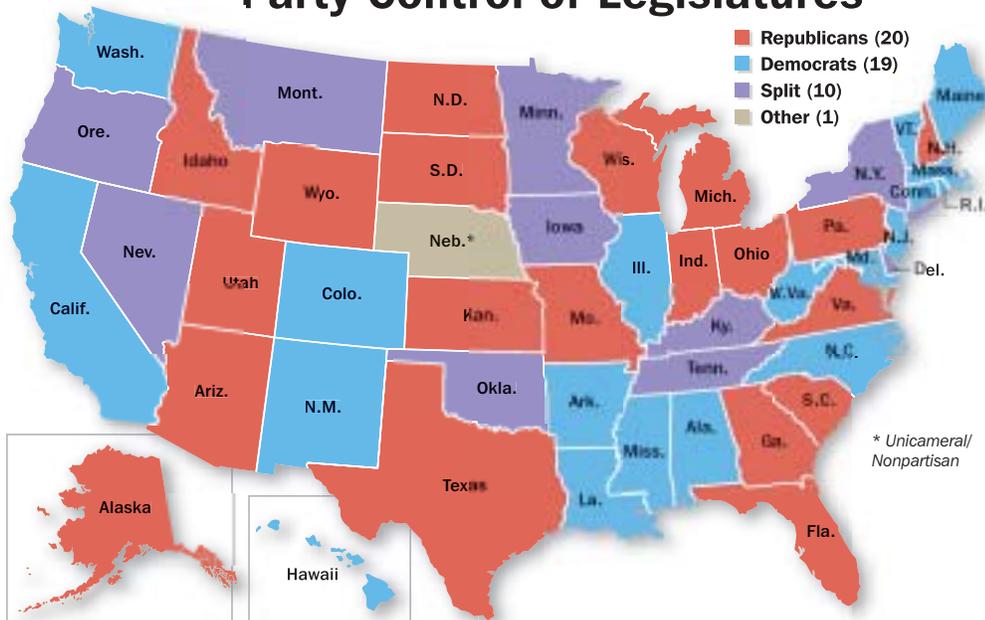
2004 Presidential Election



SOURCE: USA TODAY

GRAPHIC BY WM PITZER - INFOARTZ.COM

Party Control of Legislatures



SOURCE: NATIONAL CONFERENCE OF STATE LEGISLATURES

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