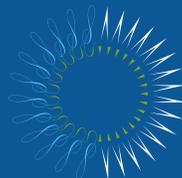


STATE OF THE STATES

STATELINE.ORG

A REPORT ON
STATE POLICY

2009



THE
PEW
CENTER ON THE STATES

State of the States 2009

Executive Editor

Gene Gibbons

Managing Editor

Barbara Rosewicz

Deputy Managing Editor

Diane Fancher

Production Director

Tiffany Shackelford

Research

Amanda DeBard

News Graphics

Danny Dougherty

Layout

Hasten Design Studio

Printing

Peake Delancey

All photos provided by The Associated Press unless otherwise indicated.

Stateline.org is a project of The Pew Center on the States.

Click on **www.stateline.org** every weekday for the nation's most comprehensive reporting on state policy and politics. Sign up for our free e-mail "News Alerts." Choose a weekly summary of our original reports or a daily rundown of the Top 10 state policy and political stories from the 50 states, as ranked by our editors.

About the cover:

Voters in Garfield County, Okla., waited in line to cast their ballots on Oct. 31, 2008, four days before Election Day. Early voting was part of a heavy turnout in last year's election.

State fiscal problems can be traced in part to the mortgage meltdown, which was especially acute in California, Nevada and Florida. This foreclosed house in Sacramento, Calif., was up for sale.

Even before taking office, Barack Obama met with the nation's governors to discuss the economic crisis. To Obama's right at the Dec. 2, 2008, Philadelphia meeting is Gov. Edward Rendell (D) of Pennsylvania, chairman of the National Governors Association. To his left are Vice President Joseph R. Biden Jr. and Gov. Jim Douglas (R) of Vermont, the NGA's vice chairman. (Photo courtesy of National Governors Association)

Plummeting stock market prices took a heavy toll on state tax revenue and investments. This triple-digit decline in the Dow Jones industrial average at the close of trading on Oct. 24 was typical of the wild gyrations seen on Wall Street during the last quarter of 2008.

TABLE OF CONTENTS

2009 State Meetings	2
From the Editor	3
Political Picture	4
Infrastructure	9
Legislative Year In Review	10
Medicaid	15
Immigration	16
Same-Sex Marriage	17
Recessions and the States	18
Energy Policy	20
Education Outlook	24
Corrections	28
Social Safety Net	32
On the Docket	36

2009 STATE MEETINGS

Name of Organization	Date	Location
National Governors Association Winter Meeting	Feb. 21-23	Washington, D.C.
National Lieutenant Governors Association Winter Meeting	March 10-13	Washington, D.C.
National Association of State Budget Officers Spring Meeting	April 2-4	New Orleans
National Conference of State Legislatures Spring Forum	April 22-April 25	Washington, D.C.
Western Governors Association Annual Meeting	June. 14-16	Park City, Utah
American Legislative Exchange Council Annual Meeting	July 15-18	Atlanta
National Conference of State Legislatures Legislative Summit	July 20-July 24	Philadelphia
National Lieutenant Governors Association Annual Meeting	July 28-31	Baltimore
National Association of State Budget Officers Annual Meeting	Aug. 2-5	Norfolk, Virginia
Capitolbeat Annual Conference	Aug. 20-23	Indianapolis
Southern Governors Association Annual Meeting	Aug. 22-24	Williamsburg, Va.
Council of State Governments Annual Meeting	Nov. 12-15	Palm Springs, Calif.
www.stateline.org		





“History teaches that the economic hardship will pass eventually and that it probably will leave behind a positive policy legacy.”



For several weeks last fall, it looked as though the United States might be headed into an economic freefall. Federal intervention on an unprecedented scale appears to have averted a meltdown of the investment and credit markets, but how long and how deep the worst financial crisis in modern memory will be remains to be seen.

It's obvious that the recovery will be complicated and painful. Governors and state legislators will occupy some of the toughest jobs in politics as they try to cope with a cascading set of problems affecting virtually every segment of the population, young and old, rich and poor. In the pages of this publication, *Stateline.org's* 10th annual State of the States report, you'll read about some of the unenviable trade-offs they face. Many promising policy initiatives already have succumbed to budgetary starvation, including a bold California health-care reform plan and a trailblazing Missouri public works program, and more casualties of what many economists regard as a long-overdue reckoning are inevitable in the months ahead. It's hard for states to be the laboratories of democracy that U.S. Supreme Court Justice Louis Brandeis famously envisioned if they don't have enough money to experiment.

History teaches that the economic hardship will pass eventually and that it probably will leave behind a positive policy legacy. After all, such mainstays of the American way of life as Social Security, unemployment insurance and government protection of bank deposits grew out of earlier downturns.

As you will read in these pages, U.S. energy policy and the health-care system are among likely candidates for fundamental restructuring during the current emergency. Despite massive federal deficit spending to stabilize the economy, President Barack Obama remains committed to investing \$150 billion in new energy-saving technologies. In a video teleconference with a bipartisan group of governors a few weeks after the November election, Obama said his plan “will strengthen our security and create millions of jobs in the process.”

Another of Obama's top priorities is an economic stimulus package that would pump money into state treasuries to pay for the reconstruction and repair of roads, bridges and other critical elements of the nation's infrastructure. Although government agencies now collectively spend about \$400 billion annually on the hardware that connects and protects our society, experts estimate that at least \$100 billion more could be spent productively. The nation's social safety net, which is administered state to state in differing ways, also could be subject to a great deal of innovation — certainly it will be tested to an extent that hasn't happened in recent times, with potentially far-reaching political consequences.

State of the States 2009 is *Stateline.org's* best effort to highlight significant state political and policy developments in the past 12 months and chart the likely course of state policy in the year ahead. It reflects the journalism we've been providing on our website (www.stateline.org) every weekday since Jan. 25, 1999. I hope you visit us online regularly; and if you haven't done so, I invite you to sign up for our free daily or weekly e-mail newsletter, which is a good way to stay abreast of what's going on in the 50 state capitols.

Stateline.org is proud to be part of the Pew Center on the States. A division of The Pew Charitable Trusts, PCS examines effective policy approaches to critical issues facing the states. Our integration became effective last July and allows us not only to continue our journalism in the public interest but also to tap into the rigorous nonpartisan research and analysis for which PCS is known. We're grateful to Pew for its continued support of our mission to bring timely, trustworthy news and information about critical issues of public debate to journalists, policymakers and engaged citizens.

Gene Gibbons
Executive Editor
Stateline.org

OMINOUS PROBLEMS FACE OFFICEHOLDERS NEW AND OLD

By Stephen C. Fehr



Barack Obama greets Louisiana Gov. Bobby Jindal (R) at a National Governors Association meeting on the economic crisis Dec. 2, 2008, in Philadelphia. At center is Tennessee Gov. Phil Bredesen (D).

It's almost impossible to exaggerate the political and financial challenges facing state governments in coming months. Economists say the present downturn — which could be the worst since the Depression— is likely to last at least into 2010.

Even before the Wall Street meltdown, most states were reeling from collapsing real estate values and high energy prices, which led to a sharp decline in tax revenue after years of growth.

The stock market plunge and the tightening of credit raised states' borrowing costs, reduced the value of their pension funds, increased unemployment and stopped many consumers from spending, further shrinking tax receipts.

"In a word, the future is *ominous*," said Kentucky Gov. Steve Beshear (D).

Amid the economic turmoil came Barack Obama's election as president. A former state legislator who promises federal aid to the states, the Democrat swept into office Nov. 4 in an election that carried many of his political allies to victory at the state level.

Though Republican John McCain narrowly carried Missouri, Attorney General Jay Nixon, a Democrat, handily won the state's open governor's seat. Obama's party now has 29 of the 50 governors, a gain of one. But the pickup will be cancelled if the U.S. Senate confirms Arizona Gov. Janet Napolitano as Obama's director of homeland security. Her successor would be a Republican.

NEW FACES

★ DELAWARE



Gov. Jack Markell (D)

In a recession, Markell would seem to have the ideal résumé to lead Delaware: three terms as state treasurer and a former executive at Nextel, the telecommunications company. Markell pledged to create 25,000 jobs and launch universal health-care coverage during his campaign to succeed Democratic Gov. Ruth Ann Minner, who was term-limited.

Term Expires: January 2013

Born: Nov. 26, 1960

Family: Married, two children

Religion: Jewish

Education: B.A., Brown University; M.B.A., University of Chicago

Prior Experience: State treasurer, 1999-2009; corporate executive, Nextel Communications; senior manager, Comcast Corp.; consultant, McKinsey and Company; banker, First Chicago Corp.

Military: None

Besides Nixon, new faces are Gov. Jack Markell (D) in Delaware and Gov. Beverly Perdue (D) in North Carolina. Incumbents re-elected were Democrats Christine Gregoire of Washington, Brian Schweitzer of Montana, John Lynch of New Hampshire and Joe Manchin III of West Virginia, and Republicans Mitch Daniels of Indiana, John Hoeven of North Dakota, Jon Huntsman Jr. of Utah and Jim Douglas of Vermont.

Democrats gained control of both houses of state legislatures in New York, Wisconsin, Delaware and Nevada. Republicans scored significant wins in Oklahoma and Tennessee by taking control of the House and Senate in those states. Overall, Democrats control 27 state legislatures, Republicans 14. Eight state legislatures are split between the parties. (Nebraska has a non-partisan, unicameral Legislature).

Obama, the first African-American to ascend to the presidency, wasn't alone in breaking barriers on Nov. 4. In Colorado, where blacks account for only 4 percent of the population, both the state House and Senate are now led by African-Americans. And women are now a majority in the New Hampshire Senate, a first nationally.

States also sent messages on social and tax issues in the election. California, Arizona and Florida voters approved bans on same-sex marriage; 30 states now have such prohibitions. Colorado and South Dakota voters rejected bans on abortion. Washington joined Oregon as the only states to allow doctor-assisted suicide for terminally ill patients. (A Montana court ruling allowing the procedure is under appeal.) Michigan ended its ban on stem-cell research. Nebraska voters banned affirmative action programs.

In Massachusetts, voters rejected a

plan to eliminate the state income tax. North Dakotans turned back a proposal to cut the personal income tax in half and reduce business taxes by 15 percent. Slot machines are now legal in Maryland; lottery tickets will be sold in Arkansas; and casinos will stay open later in Colorado.

Analysts are divided whether Obama's election represented a political realignment of the country. Obama not only carried every blue state — the traditional Democratic strongholds on the East and West coasts — but also defeated McCain in eight red states won by George W. Bush in 2004 (Colorado, Florida, Indiana, Iowa, Nevada, New Mexico, North Carolina and Ohio).

Clues about whether a realignment is indeed at hand could come later this year when Virginia and New Jersey elect governors. Democrat Tim Kaine is leaving office in Virginia; the Old Dominion is the only state to limit its governor to a single four-year term. Kaine's possible successors include Democrats Brian Moran, a state legislator, and

Terry McAuliffe, a leading party activist; and Republican Bob McDonnell, the state's attorney general. In New Jersey, Democratic incumbent Jon Corzine plans to seek re-election. Possible rivals include U.S. Attorney Christopher Christie, a Republican, and Republican/Independent Lou Dobbs, the cable TV commentator.

Next year, 36 states will choose governors; of the seats, Democrats will defend 19, Republicans 17 if Napolitano leaves Arizona for Washington.

Illinois Gov. Rod Blagojevich is one of the Democrats up for re-election next year. But late in 2008, he was accused of seeking bribes for everything from Obama's U.S. Senate seat to state jobs and contracts. The governor has denied the charges. If Blagojevich resigns, or is removed through impeachment, Lt. Gov. Pat Quinn, also a Democrat, would succeed him.

The elections also will affect redistricting — the redrawing of congress-

NEW FACES

★ MISSOURI



Gov. Jay Nixon (D)

Missouri voters elevated Nixon from attorney general to succeed retiring one-term Gov. Matt Blunt (R), the only governorship to switch political parties in the 2008 elections. Less than a month after his victory over Kenny Hulshof, a six-term Republican congressman, Nixon found the state faced a \$340 million budget shortfall that will require difficult spending cuts.

Term Expires: January 2013

Born: Feb. 13, 1956

Family: Married, two children

Religion: United Methodist

Education: B.S. and J.D., University of Missouri-Columbia

Prior Experience: State attorney general, 1993-2009; state senator, 1987-1993; attorney in private practice

Military: None

sional and legislative district lines following the 2010 Census. In most states, a congressional map needs approval from both legislative chambers and the governor, although six states empower a bipartisan commission to do the job.

Targets for Republican gubernatorial pickups include Kansas, Ohio, Pennsylvania and Arizona if Napolitano is confirmed. Democrats want to win back California, Minnesota and Connecticut, among others. A big win for some of the GOP gubernatorial candidates would burnish their credentials for the 2012 presidential campaign. Govs. Sarah Palin of Alaska, the 2008 vice presidential nominee, and Tim Pawlenty of Minnesota are possible national candidates. California Gov. Arnold Schwarzenegger was born in Austria and is prohibited by the Constitution from running for president.

In every state capitol, all eyes currently are on Obama and his fellow Democrats who control Congress because the problems facing states are too expensive for policymakers

to resolve without help from the federal government.

“Certainly there’s a feeling that having someone who served in a state legislature and knows about states

and budgets will be helpful to states,” said Joe Hackney, the Democratic speaker of the House in North Carolina who spent a lot of time with the new president during the fall campaign.

Job one for Obama is reviving the economy, analysts say, first by convincing Congress to approve another stimulus package. Obama’s advisers have talked in broad terms about spending more than \$800 billion on a combination of aid to ailing state and local governments, middle-class tax cuts and infrastructure investments, possibly setting aside a portion for health-care technology and education. The goal of the plan, especially the spending on public works projects, would be to create as many as 3 million jobs.

“It’s going to be very important for us to provide the kinds of assistance to state and local governments to make sure that they don’t compound some of the problems that are already out there by having to initiate major layoffs or tax increases,” Obama said.

Indiana Gov. Mitch Daniels (R) casts his ballot in the Nov. 4, 2008, election, in which he won a second term.



After the financial crisis, Obama has said, his most important domestic initiative will be to generate 5 million jobs by investing in renewable energy while reducing the nation's dependence on foreign oil. He told a bipartisan group of governors after the election that he would implement a strategy that would reduce climate-changing carbon dioxide emissions 80 percent by 2050 and develop an energy policy kinder to the environment and less dependent on imports despite the weak economy.

"My presidency will mark a new chapter in America's leadership on climate change that will strengthen our security and create millions of new jobs," he said.

The new president may not be able to keep all states happy. Inevitably there are issues that pit one region against another. California officials, for example, are confident Obama will keep his pledge to back their plan to require automakers to reduce greenhouse-gas emissions from vehicles 30 percent by 2016. Officials in Michigan, home to the Big Three U.S. automakers, have said they would ask Obama to reject or delay the plan. Obama carried both states in the election.

Analysts say it is critical for Obama to dampen hopes that he can make dramatic changes right away. The recovery is going to take longer, economists say, and no one person can turn it around quickly.

"I do think it's important for the president to lower expectations," said Leon Panetta, former White House chief of staff under Bill Clinton. Another former chief of staff under Ronald Reagan, Kenneth Duberstein, said he believes Americans should give Obama 200 days, instead of the usual 100, before offering initial impressions of his administration because of the enormity of the challenge he faces.



Rashida Tlaib, a Democrat, outside the Michigan Capitol in Lansing. Tlaib, who was elected to the state House, is the first Muslim woman to serve in the Michigan Legislature.

Democratic pollster Stan Greenberg said polls show Americans are likening Obama's challenge to Franklin D. Roosevelt's when he took office in 1933. Americans consider the recession inherited by President Bill Clinton in 1993 and the one facing

Ronald Reagan in 1981 to be minor by contrast.

"People are sensing we are entering a new era, not that we are just changing from one administration to another," Greenberg said. ★

NEW FACES

★ NORTH CAROLINA



Gov. Beverly Perdue (D)

North Carolina's first woman governor faced a tough road to move from lieutenant governor to successor of term-limited Gov. Mike Easley (D). She defeated state Treasurer Richard Moore in a \$16 million primary, then narrowly beat Charlotte Mayor Pat McCrory (R) in the general election. Perdue promised free community-college tuition and government-subsidized health insurance for about 300,000 uninsured children.

Term Expires: January 2013

Born: Jan. 14, 1947

Family: Married, two children

Religion: Episcopalian

Education: B.A., University of Kentucky; M.A. and Ph.D., University of Florida

Prior Experience: Lieutenant governor, 2001-2009; state senator, 1991-2001; state representative, 1987-1991; director of geriatric services, Craven County (N.C.) Hospital; consultant in geriatrics programs; public school teacher

Military: None

Obama Cabinet Picks Pave Way for New Governors

Besides the three new faces elected governor in 2008, two newcomers were in line to inherit their state's top job after Barack Obama tapped the governors of Arizona and New Mexico for key posts in his administration.

If confirmed by the U.S. Senate, Obama's choice of Arizona Gov. Janet Napolitano (D) to be director of homeland security would hand the governor's office to a Republican, Secretary of State Jan Brewer. New Mexico would get its first female governor, Lt. Gov. Diane Denish (D), if Gov. Bill Richardson is confirmed as secretary of commerce.

Arizona does not have a lieutenant governor. So under the state constitution, Brewer, 64, is next in line to complete the last two years of Napolitano's term. Brewer has been Arizona's chief elections officer since 2003. Previously she served on the Maricopa County Board of Supervisors and 14 years in the Arizona Legislature.

Presidents often turn to governors to fill key Cabinet posts, but Obama's nomination of Napolitano carries extra political costs inside the state. Napolitano's departure would mean the GOP controls the governor's office as well as the Arizona Senate and House. And it would negate the national Democrats' gain of one governorship in the 2008 election.

★ ARIZONA



Secretary of State Jan Brewer (R)

Born: Sept. 26, 1944

Family: Married, three children (one deceased)

Religion: Lutheran

Education: Radiological technologist certification

Prior Experience: Secretary

of state, 2003-present; Maricopa County Board of Supervisors, 1996-2002; state senator, 1987-1996; state representative, 1983-1986; small-business owner

Military: None

Brewer and Napolitano could not be more different politically. Napolitano fought for social services, education and abortion rights, often vetoing GOP-led legislation limiting abortions. Brewer, a fiscal conservative who has backing from Arizona's business community, opposes abortion.

★ NEW MEXICO



Lt. Gov. Diane D. Denish (D)

Born: March 7, 1949

Family: Married, three children

Religion: Episcopalian

Education: B.A., University of New Mexico

Prior Experience:

Lieutenant governor, 2003-present; chair, New Mexico Democratic Party, 1999-2002; small-business owner, 1990-2002; regent, New Mexico Institute of Mining and Technology, 1992-1997; chair, New Mexico Commission on the Status of Women, 1983-1985; member, Farmington Planning and Zoning Commission, 1980-1982

Military: None

The change in leadership in New Mexico would be less complicated. Denish, 59, ran on the same ticket as Richardson in 2002 and 2006 and filled in when he has left the state, such as when he campaigned for president the past two years.

Denish has been a strong advocate for state-funded pre-school and, like Richardson, has supported a goal of health-care coverage for all the state's uninsured, though legislators so far haven't gone along.

Before running for office, Denish owned a small business for 12 years, was chairman of the state Democratic Party and served on several state and national boards.

Denish already had planned to run to succeed the term-limited Richardson in 2010. ❖

States, Obama Seeking Big Boost in Infrastructure Spending

To resuscitate the economy and create 3 million jobs, Barack Obama is advocating as one of his first acts as president a massive infrastructure program to rebuild America's roads, rails, airports, schools, hospitals and other buildings as well as to expand access to broadband Internet. In scope, the program would rival the launch of the federal interstate highway system in 1956.

Obama's plan is a key part of an economic stimulus package put before Congress this year to generate jobs in the short term while whittling down a huge backlog of transportation maintenance and building projects.

Congress in 2009 also will face another challenge. The current federal transportation program — the main source of federal highway and transit dollars for states — is due to expire. Congress will set a new course for the next six years, spending as much as \$500 billion. A big part of the debate will be over how to shore up the Highway Trust Fund, the source of federal transportation money now supported by a federal gasoline tax of 18.4 cents per gallon. Congress poured \$8 billion into the depleted fund in September, but the money collected each year will not keep pace with the nation's transportation needs, officials say.

The Problem

By 2050, the U.S. population is projected to rise to 420 million people, a 50 percent increase over 50 years. Meanwhile, at current spending levels, the nation's aging highways, bridges and transit systems will further deteriorate. The result: Traffic congestion and accidents will rise, and America's global economic leadership will be endangered.

Global Competitiveness	Infrastructure
1. United States	1. Germany
2. Switzerland	2. France
3. Denmark	3. Switzerland
4. Sweden	4. Singapore
5. Singapore	5. Hong Kong
6. Finland	6. Canada
7. Germany	7. United States
8. The Netherlands	8. Denmark
9. Japan	9. Finland
10. Canada	10. Austria

Source: World Economic Forum, 2008

What Needs to Be Spent

By 2055, as much as \$338 billion a year could be needed to maintain the nation's transportation system.



Source: National Surface Transportation Policy and Revenue Study Commission

Dwindling Highway Funds

The main source of federal transportation dollars, the Highway Trust Fund, is drying up because spending is exceeding revenue from federal gasoline taxes. Gas receipts will not keep pace with needs over the next 10 years unless taxes are raised or other financing sources are found.



Source: Congressional Budget Office



Economic Crisis Overshadows Policy Goals, Results

By Pamela M. Prah

Only a year ago, state governments were chock full of ideas for making life better for citizens. “I’m confident that the people of California ... will approve the most comprehensive health care reform in the nation,” Republican Gov. Arnold Schwarzenegger told state legislators in his State of the State address in January.

Plans to expand health insurance coverage, overhaul tax systems, rebuild roads and bridges, and address other critical needs were also afoot in dozens of other states, including Illinois, Missouri, New Jersey, New York and Pennsylvania.

That was then. The outlook for 2009 is a dismally different story. Facing financial uncertainty unseen in a generation, states have had to shelve ambitious initiatives. Instead, most are digging in for hard times.

“2009 promises to be grim year. The palatable options to close budget gaps are rapidly dwindling,” said Corina Eckl, fiscal program director for the National Conference of State Legislatures.



While the economic crisis has left more than 40 states with serious budget problems, California faces grave difficulties. Gov. Arnold Schwarzenegger warned in late 2008 that the state was in for “financial Armageddon” unless lawmakers took decisive action.

The easier policy choices have already been made: Florida and Minnesota dipped into reserve funds, as did 18 other states. Georgia and Vermont banned state travel. Delaware and Nevada were among at least nine states to impose hiring freezes. Tourist-dependent Hawaii will no longer pay greeters and hula dancers to welcome visitors at the state’s airports.

Several states were forced to make tougher decisions. Toward the end of 2008, Schwarzenegger was saying California faced a fiscal state of emergency. “Since everyone has to take a haircut here, it’s natural that education gets hit, law enforcement gets hit, prisons are going to get hit, and also health care is going to get hit,” he told reporters.

California’s difficulties forced the layoff of 10,000 part-time and temporary state workers. Ohio shut down two mental health facilities. Rhode Island dismantled a two-year-old program that provided discounted electricity and heating oil to the poor. Without these and other cuts, states collectively would have been swimming in \$40 billion of red ink — triple the \$13 billion shortfall they weathered in 2007.

Legislative Highlights

While the financial bombshells that started rocking the country in mid-September soon overshadowed all else, 2008 state legislative accomplishments were many and varied. These were some of the highlights:

- **California** became the first state to prohibit restaurants from using artificial trans fats, effective in 2010. The impact was widespread: In anticipation of the California law, McDonald's and several other national fast-food restaurants have already changed to different fats for cooking. California also was the first state to require fast-food restaurants to post the calorie and nutritional content of menu items. Both moves were designed to combat a national epidemic of obesity.
- **New Jersey** required every child to have health insurance by July 1, 2009, but imposed no sanctions on parents who fail to comply with the law. The Garden State also followed California and Washington in requiring employers to give workers up to six weeks of paid leave each year to care for family members. However, Washington has delayed implementation.
- **Colorado** launched a "preschool-to-college" program designed to teach students the skills needed to succeed academically from day one in the classroom.
- **Massachusetts** became the second state after **California** to require the development of a low-carbon fuel standard for vehicles that would reduce greenhouse gases by 10 percent. It also is requiring up to a 25 percent reduction of 1990 levels of greenhouse gases by 2020 and an 80 percent reduction by 2050. The Bay State also

established a mechanism to make better use of wind, waves and tidal motion as an energy resource.

- **New York** required out-of-state online retailers to collect state sales taxes on purchases by Empire State residents.
- **Hawaii**, where sun is plentiful and other energy is expensive, agreed to require every home built after next year to have a solar water heater.

- **Illinois, Indiana, Michigan, Minnesota, New York, Ohio, Pennsylvania** and **Wisconsin** joined in a congressionally approved compact to protect Great Lakes waters that border each of these states from unrestricted commercial exploitation. Two Canadian provinces have corresponding agreements with the states.
- **Maine** expanded Dirigo, its groundbreaking health care program for the uninsured. **Iowa**

2008 POLICY TRENDS

- **Record numbers of home foreclosures** prompted 29 states to rewrite their mortgage laws.
- **Pre-kindergarten programs** got more funding in 32 states despite tight budgets.
- **Cigarette taxes** went up in Massachusetts, New Hampshire and New York.
- **Autistic children** won greater coverage under new requirements on private health insurers approved in Arizona, Connecticut, Pennsylvania and Florida.
- **Children's toys and products were made safer** under new laws enacted in Connecticut, Delaware, Maine, Maryland, New York, Vermont and Washington.
- **Health worries over childhood obesity** led at least five states — Arkansas, Florida, Oklahoma, Texas and Virginia — to boost the time school kids must spend either at recess or in gym class.
- **Smoking bans** passed in Iowa, Nebraska and Pennsylvania, making 28 states that prohibit smoking in public places.
- **Great Lakes water** received new protections under a compact approved by Illinois, Indiana, Michigan, Minnesota, New York, Ohio, Pennsylvania and Wisconsin, which want to keep the water for themselves.
- **Illegal immigrants** no longer can get driver's licenses in Maine, Michigan and Oregon, leaving only four states that still issue licenses to illegal immigrants.
- **Drivers can keep guns** in their vehicles in eight states, even on private property where guns are banned. Florida and Georgia added the protections this year.
- **"Castle laws"** that protect homeowners from prosecution if they shoot an intruder are on the lawbooks in 22 states, with Wyoming becoming the latest.
- **More criminals and arrestees** will have their DNA collected in Florida, Georgia, Kentucky, Maryland, South Dakota, Utah and Washington, according to DNAResource.com, which tracks DNA-related legislation.
- **Dog fighting** carries felony penalties for organizers in every state, now that Idaho and Wyoming increased their punishments.



Connecticut is the only state besides Massachusetts to allow same-sex marriage. It did so because of a court case involving Jody Mock, left, and Beth Kerrigan, right (shown here with their two children as they obtained a marriage license). In last year's election, California voters approved Proposition 8, which rescinded that state Supreme Court's sanction of same-sex marriage. It marked the first time marriage rights have been granted and then taken away.

lawmakers approved a proposal by Gov. Chet Culver (D) to expand the state children's health insurance program, with the goal of covering all children by 2010. **Colorado** made 50,000 more children eligible for Medicaid and the state's health program for kids. And **Florida** created a health insurance plan that allows private firms to join the state program "Cover Florida" in offering low-cost, no-frills coverage to uninsured residents ages 19 to 64.

Issues common to state legislatures throughout the country included such election-year hot buttons as gun rights, illegal immigration, criminal justice and home foreclosures. Lawmakers in many states also addressed childhood health and safety issues and moved to discourage smoking by raising cigarette taxes. Analysts were unsurprised by the modest agenda because 5,824 legislators in 44 states had to face the voters on Nov. 4. They expect a single focus in 2009: balancing state government spending and revenue in the midst of a recession that could be long and deep.

Mortgage Crisis Draws New State Regulation

While the federal government tried to jump-start the economy by mailing \$600 rebate checks to individual taxpayers starting in May, Florida, Ohio and Vermont passed their own economic stimulus packages, using pension funds, bond money and tax credits to try to revive businesses. Vermont's package, for example, included bonds for transportation repairs and a sales-tax holiday to draw shoppers from other states and Canada.

Some states also tried to help struggling homeowners, particularly those with subprime adjustable-rate loans that became unaffordable once interest rates jumped. A new Virginia law, for example, requires lenders to give homeowners in danger of default a month's delay before foreclosure; New York granted a three-month reprieve.

In all, 66 new laws were adopted in 29 states relating to mortgage licensing. These often established or tightened licensing standards for mort-

gage brokers, according to the National Conference of State Legislatures.

Four states — Kentucky, Maryland, Utah and Washington — made mortgage fraud a crime. At least seven states and Washington, D.C., enacted laws to curb foreclosure-rescue scams. Maryland adopted the toughest statute, banning all mortgage-rescue transactions that require a homeowner to sign over a deed.

Gay Rights, Abortion Top Among Social Issues

In the year's biggest social policy development, California and Connecticut joined Massachusetts as the only states allowing gay marriage when courts in those two states granted same-sex couples the right to wed. On Election Day, however, California voters overruled the judiciary by adopting a ballot measure that bans gay marriage.

Arizona and Florida also voted Nov. 4 to outlaw gay marriage, bringing to 30 the number of states with prohibitions in their constitutions. But California's vote marked the first time marriage rights have been granted and then rescinded, and it calls into question more than 18,000 California marriage licenses — many to out-of-state gay couples. California Attorney General Jerry Brown has said approval of the ban would not invalidate the licenses, but gay rights activists expect his opinion to be challenged in court.

On the abortion front, two more states added an ultrasound imaging requirement to their abortion laws, bringing the total to 16, according to the Guttmacher Institute, a research organization promoting abortion rights. Oklahoma's provision, which requires doctors to show an ultrasound image to all women seeking

an abortion, is the strictest of its kind in the country.

Nebraska this year became the last state in the nation to pass a so-called safe haven law designed to protect unwanted infants by allowing parents to legally surrender them at a hospital, but in November lawmakers changed the law to allow parents to legally abandon only infants up to 30 days old.

Unlike any other law in the country, Nebraska's had allowed parents to give up a minor of any age. The unintended result was that in the four months after the law took effect, more than 30 teenagers and children from other states were abandoned there.

States also took steps to combat racial hatred. Connecticut, Louisiana and New York made it a crime to display a hangman's noose to try to intimidate or harass. The measures came in response to several high-profile incidents, most notably in Jena, La., where display of a noose in 2007 unleashed racial violence at a high school and escalated into the nation's largest civil rights demonstration in years.

Emotions Run High Over Immigration Proposals

A federal-state dispute over rules to make driver's licenses more secure ended anticlimactically in March when the U.S. Department of Homeland Security gave states — even those that didn't seek it — more time to comply with the federal Real ID law. So it will be up to President Obama and the new Congress to resolve cost and privacy issues raised by the states, which are required to verify the identities of the nation's 245 million drivers and ID holders.

Frustrated with federal inaction on the estimated 12 million undocumented immigrants in this country, states continued to take enforcement into their own hands. Missouri, Mississippi, Utah and South Carolina joined a growing list of states imposing requirements on employers to check the identities of job applicants.

Arizona tightened a year-old law prohibiting businesses from knowingly hiring illegal immigrants. The state also made it a felony to offer vacant properties, called drop houses, to smugglers who keep immigrants there until they are paid for getting them into the country.

Belt-Tightening Moves

Former Federal Reserve Board Chairman Alan Greenspan characterized the financial crisis that struck in September as an economic tsunami. But even before it crested, states were anticipating an economic slowdown and planning accordingly. Utah Gov. Jon Huntsman Jr. (R) ordered a four-day workweek for 17,000 of the state's 23,000 employees. Florida, Indiana, Kentucky,

New York, South Carolina and Washington also switched some employees to shorter workweeks. Connecticut closed state buildings at night and on weekends to save energy costs. Vermont ended its legislative session two weeks early, saving the state \$1 million.

Nevada's budget woes were so bad that the state cut funding for school textbooks and roads, capped enrollment in children's health care programs and cut back on security for the state's first lady.

Some ideas to generate much-needed cash went down in flames. The governors of New Jersey and Pennsylvania pushed privatizing state assets or collecting tolls on state roads, but public opinion ran strongly against it. The governors of Kentucky and Massachusetts wanted to bring casino gambling to their states, but their legislatures balked.

Mother Nature compounded state budget havoc. Summer floods in the Midwest hit Iowa hard, and also affected Illinois, Indiana, Iowa, Minnesota and Missouri. And the aftermath of Hurricane Ike could dent Texas' projected \$10.7 billion



States have adopted cost-saving measures big and small to deal with shrinking budgets. New Hampshire will suspend jury trials for a month this spring. Oregon is considering raising fees for death certificates. Here, some of New York's surplus computer equipment is offered for sale on eBay.

budget surplus over the next two years. Priced out of private insurance, most coastal homeowners turned to cheaper, state-backed insurance. The Texas Windstorm Insurance Association was deluged with claims that could cost as much as \$2 billion — a big bill even in a mineral-rich state that is better off financially than most states.

Before the hurricane, Texas was among a dozen states spared economic pain. States that produce oil, gas or grain benefited from high energy and commodity prices. North Dakota, for example, had a \$740 million surplus largely because of oil and agriculture production. But even states with comfortable cushions were concerned about the economy. Some Montana lawmakers said they didn't expect to have a \$1 billion state budget surplus — the sum projected in 2008 — when they met for business in 2009.

Politics and Scandals Mark 2008

States played a large role in juggling the 2008 presidential primary calendar to give their voters a greater say in choosing the presidential nominees. But delegates in several states paid the price. Michigan and Florida Democrats nearly lost their seats at the party's national convention in Denver in August before winning a last-minute reprieve. The GOP was tougher. Florida, Michigan, New Hampshire, South Carolina and Wyoming were allowed to bring only half of their delegations to the Republican convention in Minneapolis-St. Paul in September.

While a governor didn't win either party's presidential nomination, sitting New Mexico Gov. Bill Richardson (D) and former Arkansas Gov. Mike Huckabee (R) and former Massachusetts Gov. Mitt Romney (R) competed in the primaries. And



Mother Nature added to state budget havoc. Last summer's floods in the Midwest hit Iowa hardest, but also affected Illinois, Indiana, Iowa, Minnesota and, as seen here, Missouri. Only one major hurricane struck the United States in 2008, when Ike ravaged Galveston, Texas. Cleanup costs were expected to eat away much of the state's projected \$10.7 billion budget surplus over the next two years.

Alaska Gov. Sarah Palin was thrust into the national spotlight when Republican John McCain chose her as his vice presidential running mate. Palin's role in the firing of Alaska's public safety commissioner became a campaign issue. A state legislative panel found in October that Palin abused her power but didn't break any laws; a subsequent report by the state Personnel Board concluded that the governor did not violate any ethics rules.

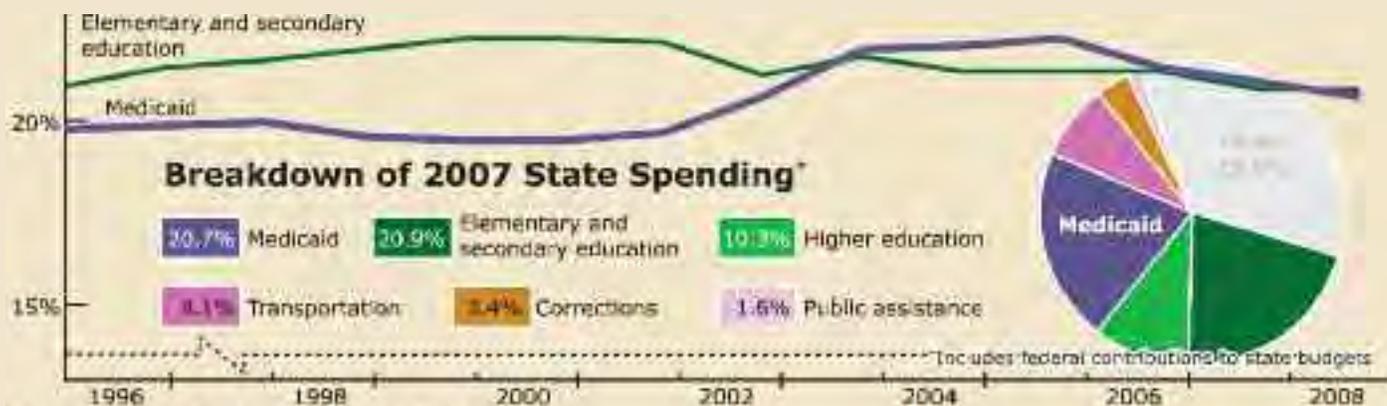
Looking ahead to future presidential elections, Hawaii, Illinois and New Jersey joined Maryland in enacting laws that seek to ensure that the winner of the popular vote receives the state's Electoral College vote. The governors of California, Rhode Island and Vermont vetoed similar measures.

Scandal also shaped the political landscape. New York Gov. Eliot Spitzer and Ohio Attorney General Marc Dann, both Democrats, resigned in disgrace after Spitzer was caught

using the services of a prostitute and Dann became mired in a sexual harassment investigation.

Illinois Gov. Rod Blagojevich (D) was arrested Dec. 9 on federal corruption charges for allegedly trading state jobs and contracts for campaign contributions, and most spectacularly, allegedly seeking to sell an appointment to President Barack Obama's open U.S. Senate seat. The breakup of the marriage of Gov. Jim Gibbons (R) became a public issue in Nevada when his estranged wife refused to move out of the governor's mansion.

A St. Louis-area lawmaker resigned from the Missouri House after pleading not guilty to felony charges of having sex with a 14-year-old girl. And in Pennsylvania, 12 current and former House members and staffers were indicted in July for what a grand jury alleged was "a concerted plan to use taxpayer funds, employees and resources for political campaign purposes." ★



Source: National Association of State Budget Officers.

Recession Leads States to Plead for Medicaid Help

States are bracing for a big budget hit as newly unemployed people lose their private health insurance and seek taxpayer-funded care.

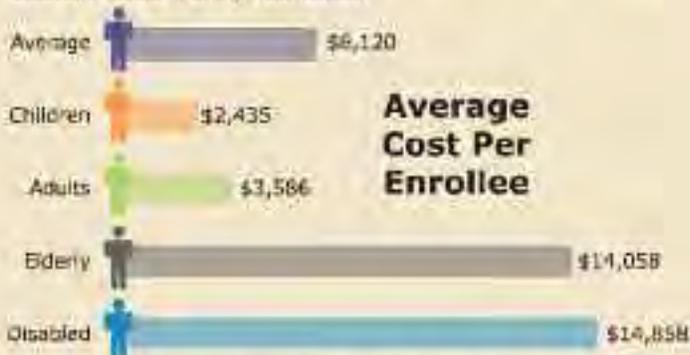
Even before the recession, states struggled to pay their share of \$330 billion in fiscal 2007 for Medicaid coverage for more than 59 million low-income Americans, and \$8.6 billion for 7 million children and parents covered by the State Children's Health Insurance Program. States pay about 43 percent of Medicaid costs and 30 percent of SCHIP costs, and the federal government pays the rest.

With unemployment rising, states are asking Congress and the White House to boost SCHIP funding plus approve billions in extra federal aid over the next two years to cover states' Medicaid bills. During the last recession, Congress gave states \$10 billion extra in 2003 to help cover Medicaid increases.

Absent federal help, the safety-net programs could be forced to roll back coverage or cut people from the rolls.

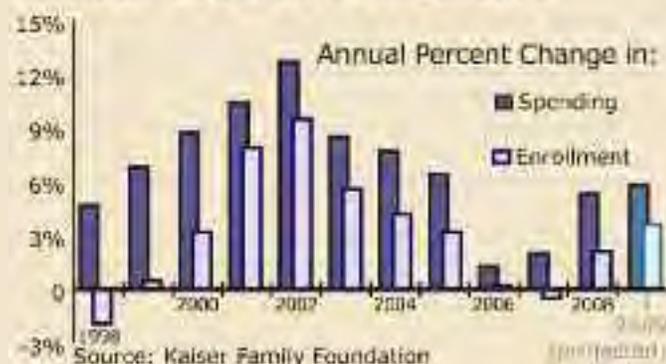


Source: Kaiser Family Foundation

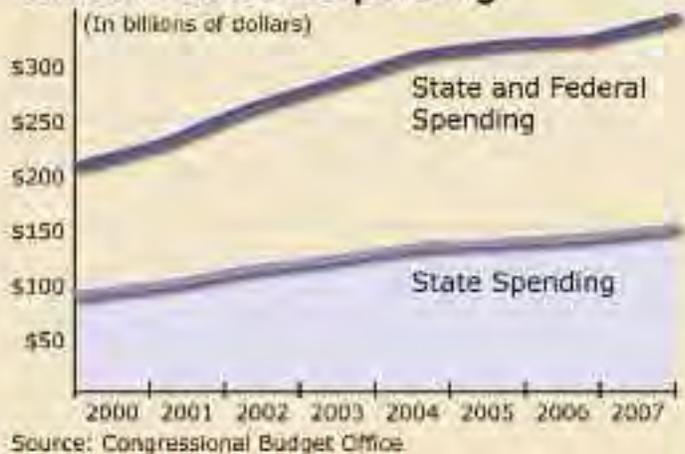


Source: U.S. Department of Health & Human Services, 2007

Annual Growth in Medicaid



Annual Medicaid Spending



State Laws Affecting Immigrants

One of the challenges facing the Obama administration is to update the nation's immigration policy, an issue that has divided both Congress and state lawmakers.

Federal inaction has led states to take their own steps to deal with an estimated 11.9 million illegal immigrants in the country. In 2008, state lawmakers approved 205 immigration-related laws and resolutions, according to the National Conference of State Legislatures.

¹An appeals court ruled in September 2008 that California's in-state tuition law for undocumented students violates federal law; the case is still being litigated.
²Applies to employers receiving state grants as well.
³Effective July 1, 2009.

Source: Stateline.org reporting, as of December 2008

State	Driver's licenses granted to illegal immigrants	In-state tuition offered to illegal immigrants	Employer verification laws	Health insurance benefits for illegal immigrant children	State agencies partnering with ICE to enforce immigration laws
Alabama					Department of Public Safety
Alaska					Prohibited by resolution
Arizona			All employers		Department of Corrections
Arkansas			State contractors		
California	✓ ¹				
Colorado			State contractors		Department of Public Safety
Connecticut					
Delaware					
Florida					Department of Law Enforcement
Georgia			State contractors		Department of Public Safety
Hawaii	✓		State contractors	✓	
Idaho					
Illinois	✓		Prohibited	✓	
Indiana					
Iowa					
Kansas	✓				
Kentucky					
Louisiana					
Maine					
Maryland	✓				
Massachusetts				✓	Department of Corrections
Michigan					
Minnesota			State contractors		
Mississippi			All (by 2011)		
Missouri			State contractors ²		Highway patrol
Montana					Prohibited by resolution
Nebraska	✓				
Nevada					
New Hampshire					
New Jersey					
New Mexico	✓	✓			Prohibited by executive order
New York		✓		✓	
North Carolina					
North Dakota					
Ohio					
Oklahoma	✓		State contractors		
Oregon					Prohibited by statute
Pennsylvania					
Rhode Island			State contractors		
South Carolina			All (by 2010)		
South Dakota					
Tennessee			State contractors		Department of Safety
Texas		✓	State contractors		
Utah	✓	✓	State contractors ³		
Vermont					
Virginia					
Washington	✓	✓		✓	
West Virginia			State contractors		
Wisconsin					
Wyoming					

State Policies on Same-sex Marriage

Two states allow same-sex marriage. Nine states allow either civil unions or domestic partnerships. Forty states have statutes banning gay marriage, and 30 states have constitutional prohibitions.



- Connecticut and Massachusetts allow same-sex marriage, under orders by their highest courts.
- Four states allow same-sex couples to enter civil unions.
- Five states allow same-sex couples to register as domestic partners.



- 30 states have constitutional amendments prohibiting same-sex marriages.
- 40 states have statutes prohibiting same-sex marriages.

Sources: Human Rights Campaign, *Stateline.org* reporting, as of December 2008

	Gay marriage	Civil unions	Domestic partnerships	Law against same-sex marriage	Amendment against same-sex marriage
Alabama				•	•
Alaska				•	•
Arizona				•	•
Arkansas				•	•
California			•		•
Colorado				•	•
Connecticut	•	•			
Delaware				•	
Florida				•	•
Georgia				•	•
Hawaii			•	•	•
Idaho				•	•
Illinois				•	
Indiana				•	
Iowa				•	
Kansas				•	•
Kentucky				•	•
Louisiana				•	•
Maine			•	•	
Maryland				•	
Massachusetts	•				
Michigan				•	•
Minnesota				•	
Mississippi				•	•
Missouri				•	•
Montana				•	•
Nebraska				•	•
Nevada				•	•
New Hampshire		•		•	
New Jersey		•			
New Mexico					
New York					
North Carolina				•	
North Dakota				•	•
Ohio				•	•
Oklahoma				•	•
Oregon			•	•	•
Pennsylvania				•	
Rhode Island					
South Carolina				•	•
South Dakota				•	•
Tennessee				•	•
Texas				•	•
Utah				•	•
Vermont		•		•	
Virginia				•	•
Washington			•	•	
West Virginia				•	
Wisconsin				•	•
Wyoming				•	•
Totals	2	4	5	40	30

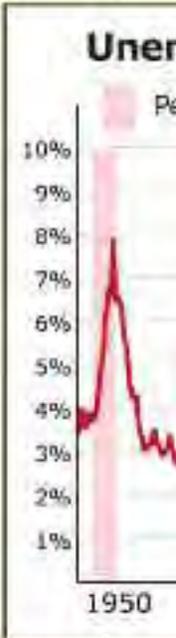
(Recession from 1990 to May 1991)

Recessions and the States

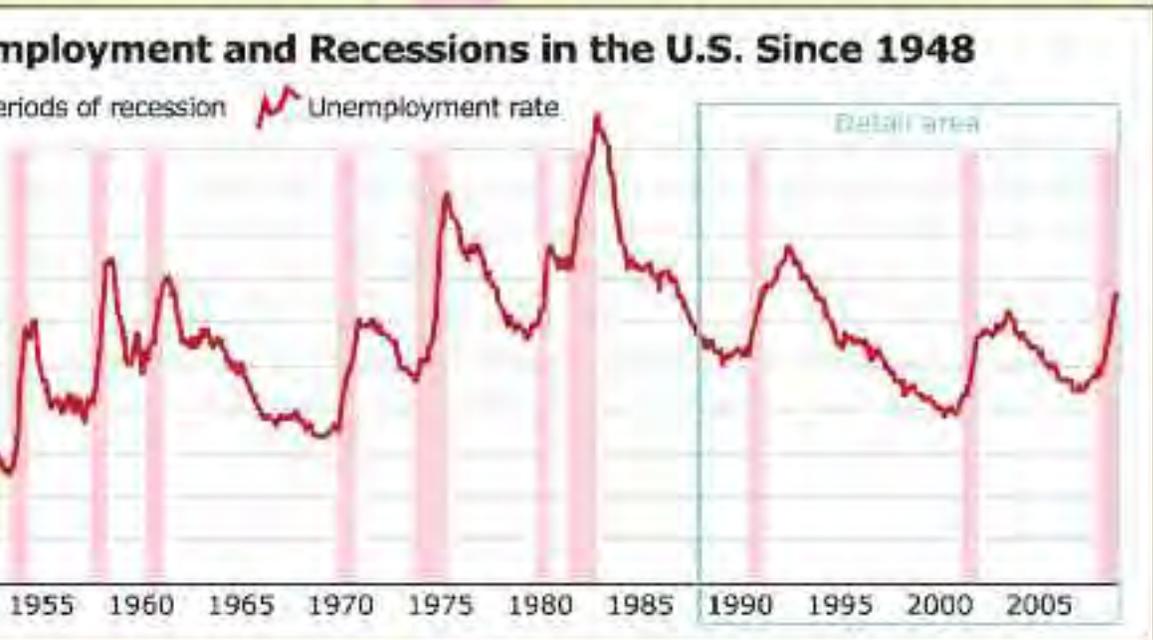
States expect this recession to be far worse than recent downturns and are gearing up for big cuts to balance their budgets. As 2009 began, the recession already was more than a year old. The longest U.S. recessions since World War II both lasted 16 months, in 1973-75 and 1980-81.

States are being hammered on all sides. Housing values are plummeting, and taxpayers are losing their homes to foreclosure. A tight credit market makes it more costly for states to borrow, and consumer confidence is near an all-time low, meaning shoppers aren't buying and therefore states aren't collecting sales or corporate income taxes.

The year after a recession ends is typically when state budgets are hit the hardest. That's because by then, Medicaid rolls have swelled as more individuals become unemployed and lose their health insurance. On top of a loss in tax revenue, states are then forced to make midyear cuts to balance their books for the year.



Sources: National Association of Home Builders, National Bureau of Economic Research, National Conference of State Legislatures, U.S. Census Analysis, U.S. Department of Labor's Bureau of Labor Statistics and *Stateline.org* reporting



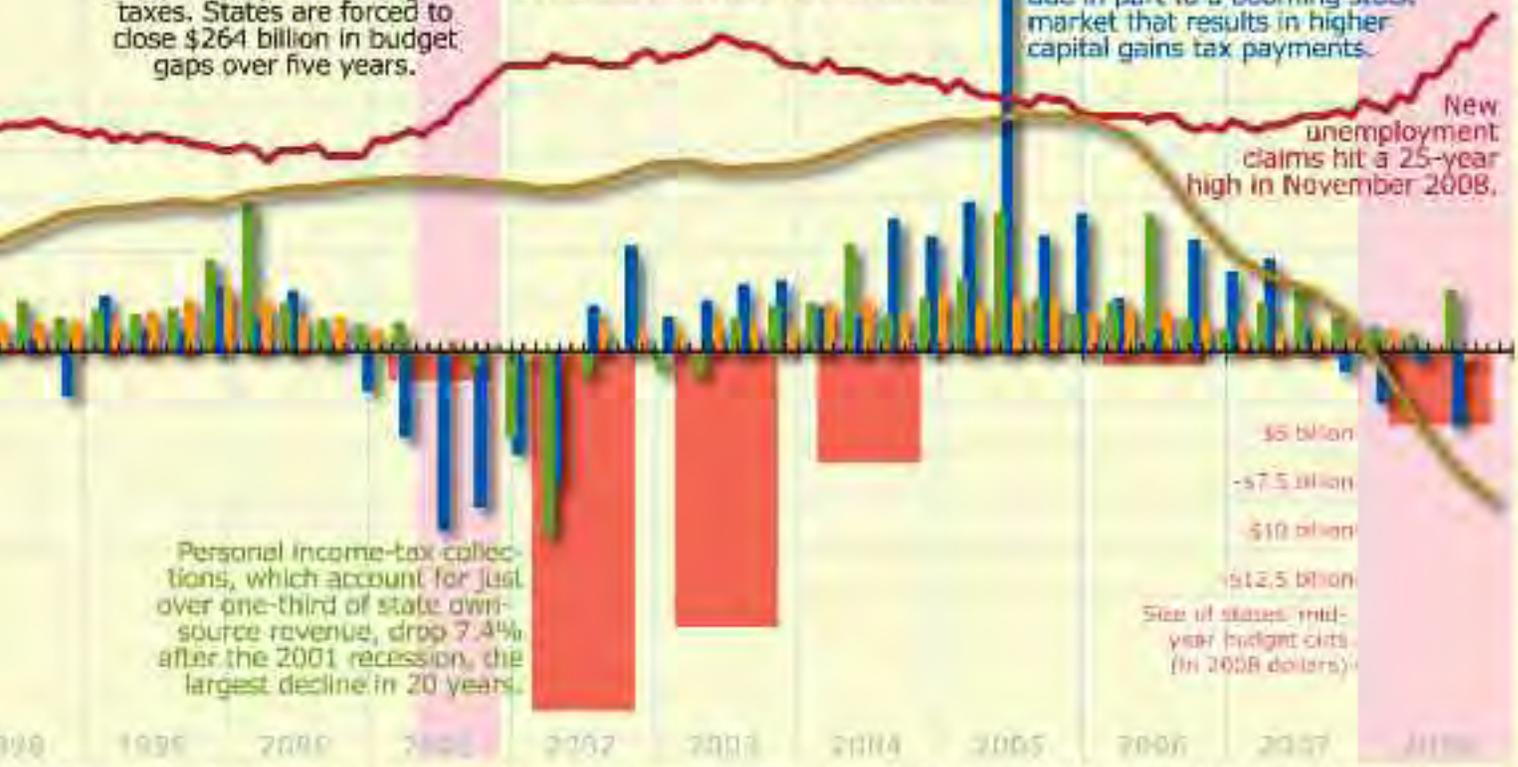
Congress approves a \$700 billion federal bailout of Wall Street in October 2008 after the collapse of the investment bank Lehman Brothers Holdings Inc. and the federal takeover of giant insurer American International Group Inc. Credit is sharply curtailed, including for states looking for short-term borrowing.

The Sept. 11, 2001, terrorist attacks and the burst of the dot-com bubble wreak havoc on state budgets through a dramatic drop in capital gains taxes. States are forced to close \$264 billion in budget gaps over five years.

Housing price increases peak in early 2005 at 9.6%, but foreclosures and tightening credit conditions cause prices to fall 6% in 2007 and 2008, Sun Belt states are hit the hardest.

Corporate taxes, which account for about 7% of state tax collections, shoot up 18.2% in 2005, due in part to a booming stock market that results in higher capital gains tax payments.

New unemployment claims hit a 25-year high in November 2008.



U.S. Census Bureau's Quarterly Summary of State and Local Government Tax Revenue, U.S. Department of Commerce's Bureau of Economic

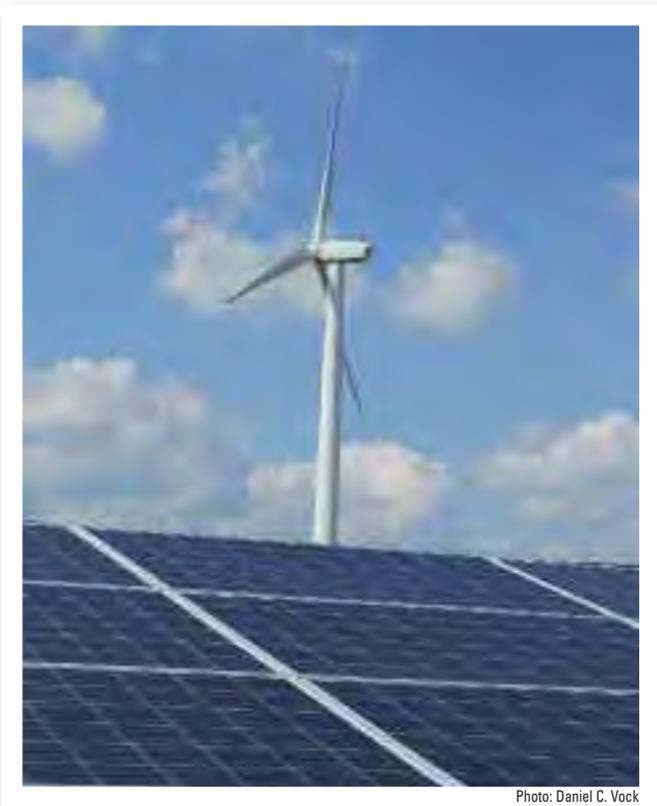


Photo: Daniel C. Vock

States Likely To Defer To Obama On Energy, Environment

By Daniel C. Vock

Aggressive state environmental policies have led to renewable energy projects, such as this wind turbine and set of solar panels in Atlantic City, N.J. The Obama administration's promise to curb greenhouse-gas pollution and reduce the country's dependence on fossil fuels could overshadow state efforts.

After being in the forefront of energy and environmental policymaking for nearly a decade, states may be thrust into a more subordinate role in 2009.

Barack Obama's election is the game-changer. Achieving energy self-sufficiency and combating climate change are among the president's top priorities. Obama wants to end U.S. dependence on foreign oil within a decade; imports currently account for 58 percent of annual U.S. oil consumption. He also is committed to reducing greenhouse gases, which are blamed for global warming, and to developing technology that would allow coal to be burned without damaging the atmosphere.

The coal-burning technology is one that could later be sold to other countries. Obama is counting on green initiatives like that to both improve the environment and help jump-start the nation's economy.

"Barack Obama has a comprehensive domestic energy

plan," said Montana Gov. Brian Schweitzer (D). "I think that is the largest issue facing our country. We don't have money to finance education or health care or infrastructure as long as we are sending a trillion dollars to those dictators" to buy foreign oil.

Obama wants energy conservation to be part of state and local planning efforts as a condition of receiving federal transportation money; current law asks governors to "consider" conservation measures. He also has proposed giving grants to state and local governments for prioritizing energy efficiency in building codes for new structures and providing federal matching funds for states that make energy upgrades in older buildings.

Obama's ambitious plans, particularly on oil independence and greenhouse gases, seem likely to make federal policy the center of action. How much power states retain could pose federalism issues on such matters as offshore drilling, alternative-energy incentives and greenhouse-gas reductions.

One conflict that could arise between state and federal

policy is over how to reduce pollution caused by carbon dioxide. The common pollutant, released by the burning of coal, oil and other fossil fuels, is thought to be one of the major contributors to global warming.

Already, 23 states have joined regional agreements to lower carbon-dioxide pollution. Six states—Connecticut, California, Hawaii, Minnesota, New Jersey and Washington—have imposed caps for carbon dioxide released within their own borders.

The Northeast is the farthest along in taking a regional approach—its first phase, aimed at reducing the amount of carbon dioxide generated by utilities, went into effect on New Year's Day. Ten states are part of the compact, which will penalize polluters for releasing more than their limit of carbon dioxide.

A more aggressive effort, which would cover 23 percent of the U.S. economy and 73 percent of

Canada's, is planned on the West Coast. Anchored by California, the Western Climate Initiative would start limiting emissions from utilities in 2012 and expand to cover other pollution sources, including cars and trucks, three years later.

Meanwhile, Midwestern governors are designing a way to curb greenhouse emissions in the nation's heartland.

All three initiatives use the "cap-and-trade" system Obama touted on the campaign trail. This kind of system sets a limit on the amount of carbon dioxide that can be released into the atmosphere, and the limit is gradually reduced. Polluters buy credits allowing them to spew a given amount of carbon dioxide. They can sell leftover credits to other polluters, creating a monetary incentive to reduce emissions.

If the federal government tries its own cap-and-trade system for carbon dioxide, it could halt the state

initiatives in their tracks. According to experts, that's not necessarily a bad thing.

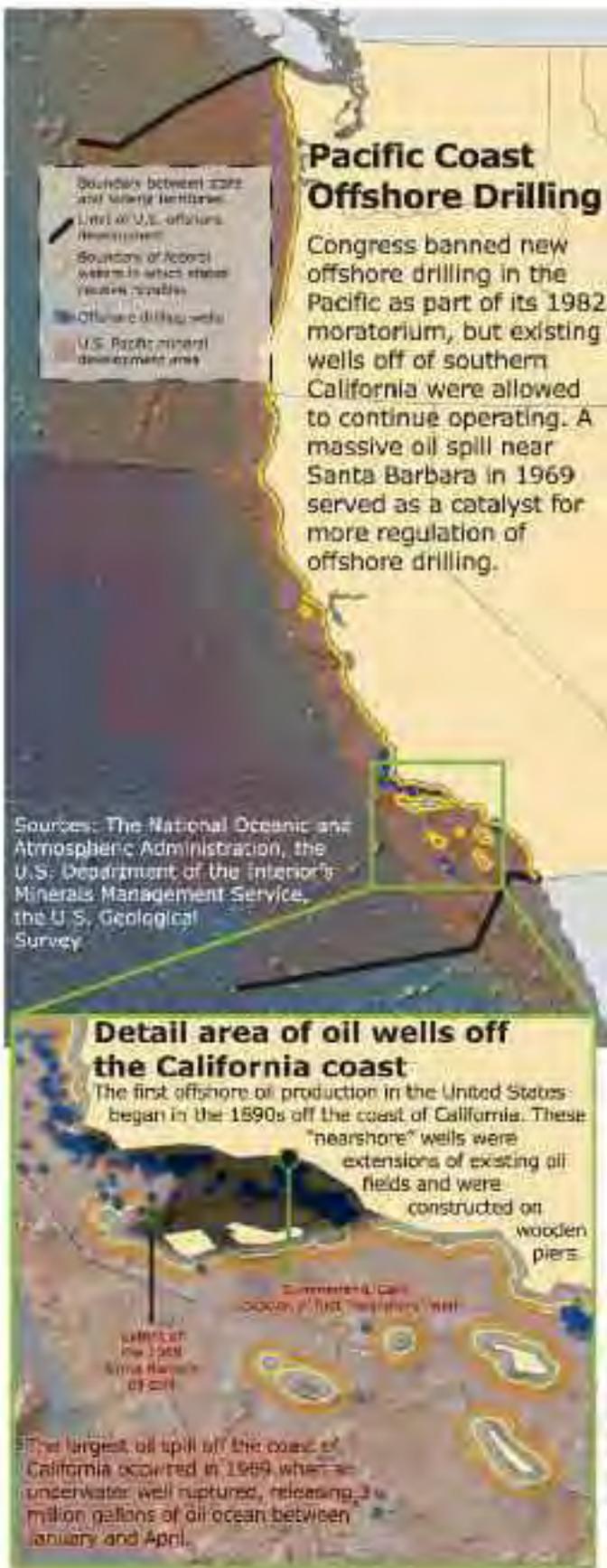
"It's been an absence of leadership that has forced the states and these regional cooperatives to take the first steps. But anyone who looks at them realizes that this is a patchwork that ultimately should be knitted together to make a cohesive policy," said Douglas Holtz-Eakin, a former director of the Congressional Budget Office who was a top policy adviser to Republican John McCain's presidential campaign.

Virginia Gov. Tim Kaine (D) said he and his fellow governors pushed environmental and energy initiatives in an effort to prod the federal government to act. "We feel like the more we do at the state level, the more pressure we put on Congress to come up with a national policy," he said.

Several states are pushing methods other than cap-and-trade to limit carbon-dioxide emissions as well,



Sources: National Oceanic and Atmospheric Administration, U.S. Department of the Interior's Minerals Management Service, U.S. Geological Survey



and the transfer of power in Washington could give these initiatives a boost.

For example, Obama has said he will let California set auto emission rules to curb greenhouse gases, a move blocked by the Bush administration. California is the only state with the power to regulate vehicle pollution, but other states can adopt its rules. Thirteen already have, and Florida could soon join their ranks.

When the U.S. Environmental Protection Agency (EPA) vetoed the California plan, the state and 15 others sued the agency to let the regulations take effect. The case is pending.

A separate state challenge over EPA enforcement of the federal Clean Air Act was decided by the U.S. Supreme Court in 2007. In a 5-4 decision, the court ruled that the EPA must, indeed, regulate carbon dioxide as a pollutant. But the Bush administration concluded it wouldn't have time to write those rules before the president left office.

Offshore Drilling

The prospect of a new national energy policy raises questions for states regarding offshore drilling. States have two major concerns. Some want veto power over new exploration off their shores; others want a bigger share of royalties the federal government collects from offshore oil and gas production.

Congress let a 26-year-old ban on offshore drilling off most of the Atlantic and Pacific coasts expire in October 2008. (The Gulf Coast between Texas and Alabama, as well as certain areas of the California and Alaska coasts, were exempt from the moratorium.)

But U.S. House Speaker Nancy Pelosi (D-Calif.) plans to bring up the matter again this year, a Pelosi spokesman said. Obama has said he's willing to allow some offshore drilling as part of a larger energy policy.

California and New Jersey officials want the authority to stop offshore oil and gas developments. States already have considerable power to slow down exploration under the federal Coastal Zone Management Act. But they might seek even greater authority for a more straightforward veto power. Last year, Pelosi proposed veto power for states, as did McCain during his presidential campaign. Before he left office in January, North Carolina Gov. Mike Easley (D) went one step further, saying states should own the leases themselves.

Meanwhile, states that favor offshore drilling are likely to seek greater revenue.

Currently, states control and tax any activity in their own territorial waters, which usually extend three miles from the shore. They also collect roughly 27 percent of the royalties oil and gas companies pay on wells located in a three-mile strip beyond state territorial waters. Officials in Gulf Coast states believe they are being shortchanged, noting that landlocked states collect 50 percent of the royalties from mining on federal property.

Renewable Alternative Energy

During the campaign, Obama said he would require 10 percent of the nation's electricity to originate from alternative sources by 2012 and increase to 25 percent by 2025. More than half the states have established similar goals, although the target percentages and dates vary widely. For example, Minnesota specifies that a quarter of its energy must come from renewable sources by 2025; neighboring Iowa's goal was set in 1983 and has been met for years.

Understandably, nearly all state efforts promote energy sources available locally. Iowa is touting ethanol and wind farms; Pennsylvania and Wyoming back "clean coal" technology that reduces pollution; Delaware and New Jersey are competing to build the country's first offshore wind farm.

The federal government won't require one technology over another, but it could skew the markets by favoring certain technologies, said Kenneth Medlock, an energy fellow at the James A. Baker Institute for Public Policy at Rice University. For example, he said, Congress could continue to promote corn-based ethanol, even if it turns out that hybrid cars are a more efficient way of reducing auto pollution.

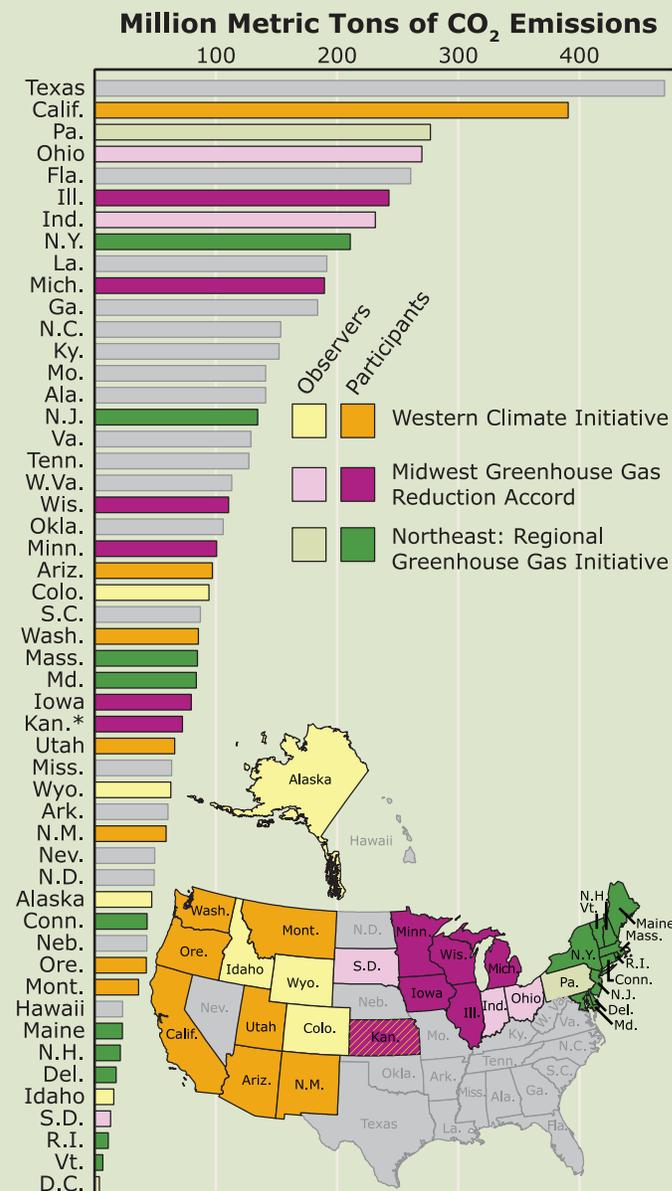
Nearly all of Obama's energy goals require funding. He conceded in a campaign debate with McCain that the financial crisis might force him to proceed more slowly than he originally planned.

The crisis already is having a major impact on the private sector. Tighter credit makes it harder for companies to finance new wind farms and solar power plants. Fluctuating oil prices make it difficult for investors to know whether alternative fuels will be cost-competitive.

In such an environment, Obama, Congress and the states will be under pressure to sort out winners and losers. Medlock of Rice University said the economic slowdown—and limited federal funding resulting from it—could be a blessing in disguise by forcing policymakers to focus on only the most promising new energy sources. ★

Regional Greenhouse Gas Pacts and Carbon Dioxide Production

Twenty-three states have joined regional agreements to lower carbon dioxide pollution, which is thought to be a major contributor to global warming. A pact among 10 Northeastern states started charging power producers for their carbon dioxide emissions in January. A more ambitious plan in the West that starts in 2012 covers power plants and, three years later, other industries as well as cars and trucks.



*Kansas both participates in the Midwest Greenhouse Gas Reduction Accord and is an observer of Western Climate Initiative

Sources: U.S. Environmental Protection Agency's "Energy CO₂ Emissions by State," The Western Climate Initiative, The Regional Greenhouse Gas Initiative and Midwest Greenhouse Gas Reduction Accord



School systems are trying to economize by expanding boundaries for walk-to-school students and by curbing field trips. Some are even considering going to four-day school weeks. Here, Parchment, Mich., students arrive at school for Count Day 2008. The census, which took place on Sept. 24, determined funding levels for Michigan’s public schools.

Economics Sore Subject For Public Schools

By Pauline Vu

Two years ago, California Gov. Arnold Schwarzenegger (R) vowed that 2008 would be the “year of education.” He laid the groundwork by establishing a high-profile commission that urged an overhaul of the state public school system — and \$10.5 billion in additional spending.

But that was before the nation dove headlong into economic crisis, and before California policymakers realized their state would be deep in the red. In late 2008, Schwarzenegger met with educators and dropped this

bombshell: Schools needed to brace for cuts of more than \$2 billion.

“We thought we were going to have a conversation about how to adequately fund education, [but] we’re having a conversation about where else can we cut. It’s the wrong conversation,” said Brian Lewis, executive director of the California Association of School Business Officials.

States traditionally have been reluctant to cut school funding during hard times because education is “politi-

cally sacrosanct,” said Scott Pattison, executive director of the National Association of State Budget Officers. During the economic downturn after the Sept. 11, 2001, terror attacks, half the states still managed to avoid major school aid cuts, he said.

This time, up against the worst economic crisis in decades, schools are not immune. Georgia, Hawaii, Nevada and South Carolina are among states that cut into elementary and secondary education budgets for the current school year. In November, North Carolina schools were forced to return \$58 million to help cover an expected shortfall.

Alabama, California, New York, Utah, Virginia and Washington expect to reduce school funding this year. Alabama schools could face the largest cuts in 48 years. Washington is considering cuts of more than \$1 billion. In California, Republican legislators have proposed cuts of up to \$10 billion.

The story is the same throughout the country. States and school districts have begun pinching pennies wherever they can. Economy measures include changing school bus routes, forcing children to walk farther; buying fewer new library books and assigning librarians to multiple schools; and asking parents to help supply such basics as toilet paper. For the first time in a generation, New York’s Schuylerville Central School District was forced to boost its elementary school lunch price — to \$1.50 from \$1.25.

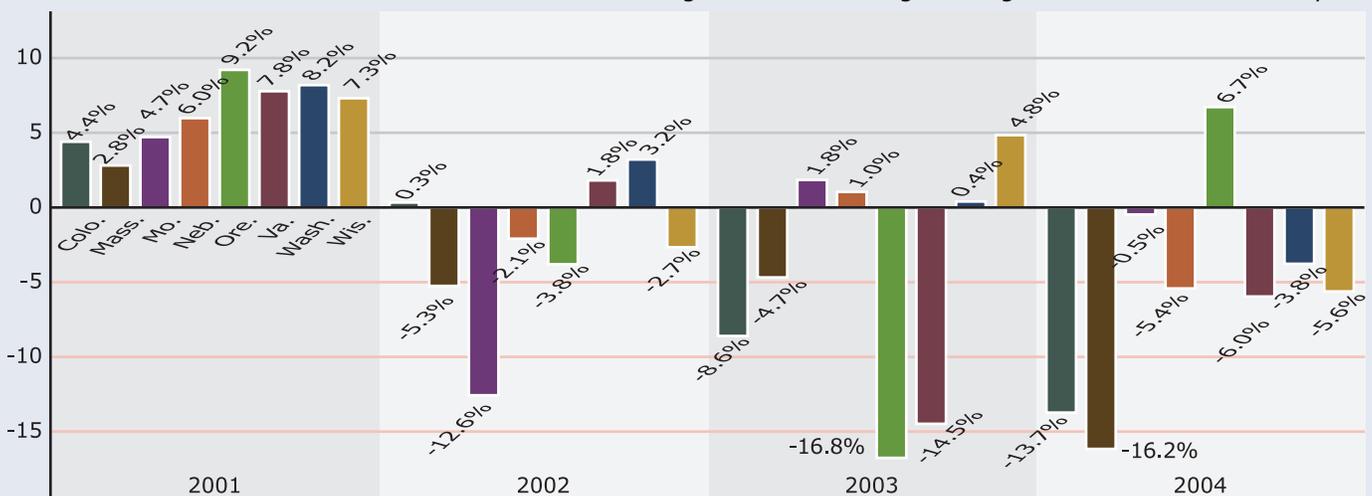
Art, music and other elective classes are getting the ax, and classes are becoming more crowded. Only two years ago, Georgia Gov. Sonny Perdue (R) said he would withhold state funding if school districts didn’t comply with a 2006 state law limiting class size; now the state is waiving the requirement until at least 2010.



Teacher Krissy Powers, left, helps student Justin Vellmure, 15, with geometry at Roosevelt High School in Wyandotte, Mich. Vellmure and other Michigan high school students in the Class of 2011 are required to meet strict new math requirements.

Recession Hits Higher Education

In 2001, most public universities had growing allocations from their states. However, when the economy began to slump, many of those higher education budgets began to decrease. The Western Interstate Commission for Higher Education examined how the downturn affected state allocations for higher education budgets in eight states across the country.



Source: Western Interstate Commission for Higher Education’s “State Fiscal Crises and Cuts in Higher Education,” September 2006



Hundreds of Chicago area public school students like this one boycotted the first day of classes Sept. 2, 2008, to protest unequal school funding.

“We would’ve had to hire about 15 to 16 more teachers. ... If we didn’t have the waiver, the cost would’ve been an additional million dollars,” Ron Collier, chief financial officer of Georgia’s Bibb County School District, told *Stateline.org*.

There aren’t many places for schools to find additional funds. Bibb County is considering selling some vacant school properties costing the district money for upkeep. The Los Angeles School District might sell billboard space on school grounds that face a freeway, a move that could generate up to \$30,000 a month. Nevada’s Clark County School District, which has to find cuts of at least \$120 million in each of the next two school years, has discussed selling ads on school buses.

The shortage of funds comes as schools are struggling to comply with the increasingly tough standards of the federal No Child Left Behind Act, which requires that students show annual improvement on state tests in math and reading.

Schools with inadequate proficiency incur sanctions, such as having to offer tutoring or allowing students to transfer to another school.

The law’s toughest requirement is that every child have grade-level skills in reading and math by 2014, a goal many education experts regard as impossibly ambitious. One of the pressing tasks facing the new Congress is the reauthorization of No Child Left Behind; at this point, it’s more than a year overdue.

President Barack Obama has called for reforming the law. State officials hope the revised version will offer more flexibility, place less emphasis on high-stakes testing and provide more federal money to meet the law’s demands. But with more pressing priorities — the economic crisis and the wars in Iraq and Afghanistan — congressional reauthorization could be delayed until next year or later.

In the meantime, the U.S. public school system will be feeling the pressure. “Schools are facing a double-

whammy, with increasing demands to raise test scores ... and the economic crisis potentially cutting back on their funding,” Jack Jennings, president and CEO of the nonpartisan Center on Education Policy, which analyzes the effects of the No Child law, said in an interview.

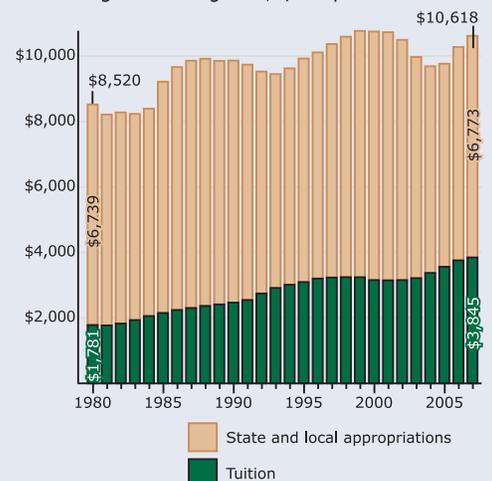
Even if the federal government increases education spending — and prospects are better under Obama than the previous administration because the new president in principle favors such a move — it would not make a huge difference. The federal share of public school funding is only about 9 percent.

Higher Education Also Pinched

While the money situation is worrisome for elementary and secondary schools, it’s a bigger headache for state colleges and universities. When the South Carolina Legislature met in October to plug a \$488 million budget gap, lawmakers cut elementary and secondary

Covering the Cost of College

In 1980, public colleges and universities collected an average of \$1,781 per student in tuition. Since then, tuition has more than doubled and schools now charge an average of \$3,845 per student.



Source: State Higher Education Executive Officers’ “State Higher Education Finance FY2007,” 2007

school funding by 3.6 percent and higher education by 14 percent.

Governors in several states are proposing big cuts in state college and university spending this year. Louisiana's public higher education system is braced for cuts of \$109 million. Some institutions are denying eligible students admission for lack of funds: The 23-school California State University system — the country's largest four-year system — plans to cut enrollment unless the state provides more money. It would be the first time that the system denied seats to students who met admission standards.

With less money, colleges have put construction projects on hold, dropped programs and reduced course offerings. The belt-tightening strikes at the heart of an economic strategy many states have pursued in recent years: making state college more affordable in hopes of having a more-educated workforce, a major factor in attracting business.

“Under these circumstances it will not be surprising if we see significant increases in tuition next year,” said Molly Corbett Broad, who heads the American Council on Education, an association of higher education officials. The economic crisis, she said, “is looking as if it potentially could be a once-in-50-years kind of thing. A lot of folks are comparing this with what happened in the Great Depression.”

State college representatives in Mississippi and Tennessee warn that they might have to impose significant tuition increases in fall 2009. Schools in Rhode Island and Michigan aren't waiting: They've already announced midyear tuition hikes — usually a measure of last resort.

Cuts in the Classroom

When superintendents were asked to identify what actions their districts have **already implemented** as a result of the economic downturn, the top responses were:

-  Altering thermostats (62 percent)
-  Eliminating non-essential travel (57 percent)
-  Reducing staff-level hiring (48 percent)
-  Reducing consumable supplies (48 percent)
-  Increasing class size (36 percent)
-  Deferring maintenance (36 percent)
-  Reducing instructional material (35 percent)

The top actions superintendents have **considered but not yet implemented** as a result of the economic downturn are:

-  Eliminating field trips (35 percent)
-  Freezing outside professional service contacts (30 percent)
-  Laying off personnel (30 percent)
-  Eliminating outside staff development consultants (30 percent)
-  Cutting non-academic programs, such as after-school and Saturday enrichment programs (26 percent)

Source: American Association of School Administrators, November 2008

Outlook Grim

For public schools, an already bad situation could get worse: Much of their funding is from property taxes, and home values have fallen sharply. But property taxes don't yet reflect lowered values. When that happens, schools will get even less money from local communities. But

district budget officers insist they've already economized.

“We can't cut anymore,” said California's Lewis. “The very question, ‘Where else are you going to cut?’ begs the assumption that there's somewhere else to cut. It's a phony question. There's nowhere else to go.” ★

STRAPPED STATES EYE PRISON SAVINGS

By John Gramlich



A wheelchair-bound prisoner passes a checkpoint at a Vacaville, Calif., medical facility. California's severely overcrowded correctional system faces a federal takeover this year amid lawsuits over inadequate health care. Rising prison health-care costs have contributed to a surge in states' corrections spending, which totaled nearly \$50 billion in 2007, the last year for which data are available.

Faced with a surging prison population and a state budget more than \$1 billion in the red, Gov. Steve Beshear and Kentucky lawmakers last year took a dramatic step that they hoped would save \$30 million over two years: granting early release to more than 1,800 inmates, including some felons convicted of murder, rape and other violent crimes.

Kentucky's prisoner release plan, which touched off a political firestorm and prompted a court challenge from

the state's attorney general — like Beshear, a Democrat — is an example of the difficult criminal justice decisions some states could face this year.

From California to Connecticut, states are under mounting pressure to bring corrections spending in line with the reality of gaping budget shortfalls.

Lawmakers in some states are slashing prisoner rehabilitation programs, releasing inmates early or packing them

more tightly into crowded facilities to save money. Others are using technology, such as satellite tracking, to monitor sex offenders, drunken drivers and other criminals instead of keeping them behind bars. To avoid building new prisons, many states ship inmates to private facilities that often are thousands of miles away.

Other states are exploring long-term strategies aimed at preventing recidivism, a leading factor behind overcrowded prisons and jails — and rising costs. At any given time, more than 2.3 million people are locked up in federal, state and local facilities in the United States, and more than half of those released from prison are back behind bars within three years, according to the federal Bureau of Justice Statistics.

“We’re at a crossroads. I think there is an acknowledgment that if we continue the status quo, we’re going to continue to have a prison population that increases to untenable levels,” said Ryan S. King, a policy analyst with The Sentencing Project, which lobbies for changes in sentencing laws as a way to reduce incarceration rates.

For the first time, one in every 100 adults in the United States is behind bars, according to a February 2008 report by the Public Safety Performance Project (which, like *Stateline.org*, is part of the Pew Center on the States). The booming prison population cost states nearly \$50 billion in 2007, but the high incarceration rate has had no discernable effect “either on recidivism or overall crime,” the report said.

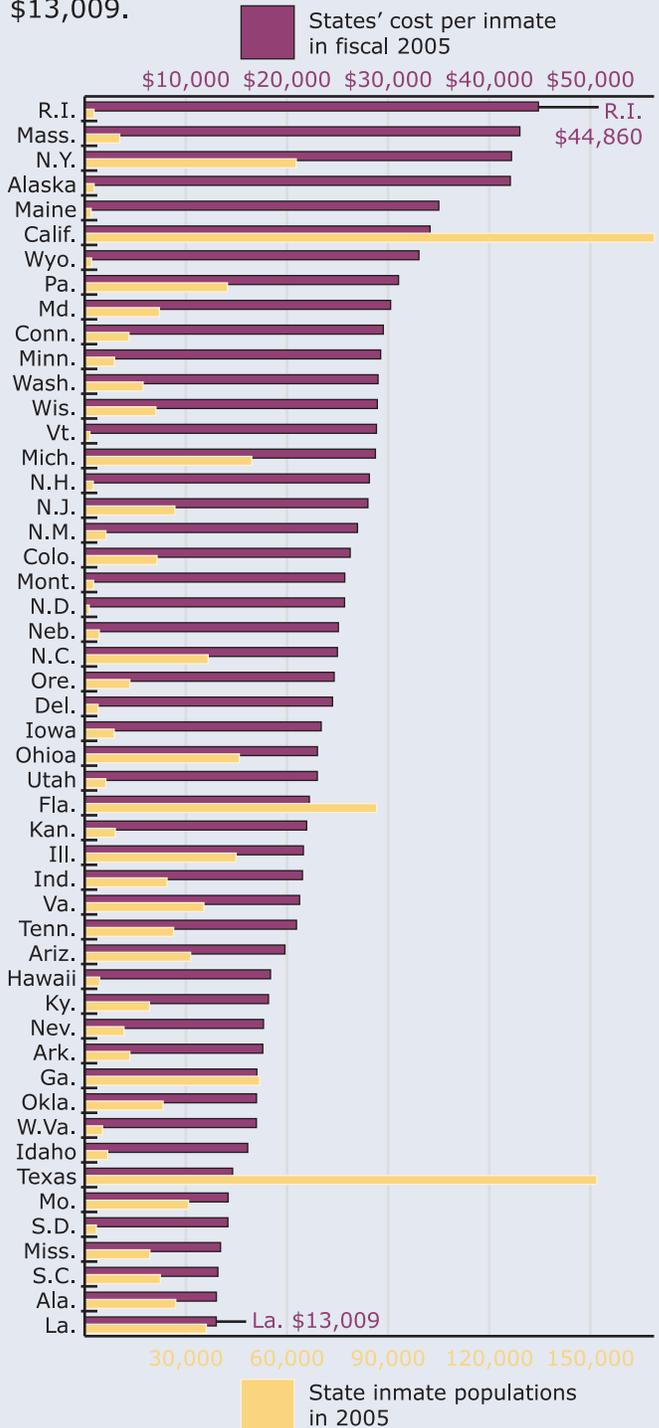
Nationally, corrections trails only health care, education and transportation in consuming state dollars. Prison spending increased 127 percent from 1987 to 2007, and at least five states — Connecticut, Delaware, Michigan, Oregon and Vermont — now spend as much or more on corrections as they do on higher education, according to the National Association of State Budget Officers and the Public Safety Performance Project.

The statistics are alarming state lawmakers in all regions of the country and, increasingly, on both sides of the political aisle. Criminal justice reform — for years a controversial issue for legislators wary of being labeled “soft on crime” — is finding new proponents as public officials seek ways to save money. But a single strategy to tackle incarceration costs has yet to emerge, and some critics say state policymakers are dragging their feet and avoiding comprehensive changes that have become necessary.

King and other advocates of sentencing reform say the

State Spending Per Inmate

Northeastern states spend much more on each prison inmate annually — an average of \$35,584 — than states in other regions of the country. In the South, states spend an average of only \$17,991 per prisoner. Rhode Island leads the nation in costs per inmate, spending \$44,860, while Louisiana spends the least, at \$13,009.



Source: Public Safety Performance Project, Pew Center on the States, 2007

nation's incarceration rate will continue to rise unless criminal penalties are reduced, even for felons serving 20 years or more. They support curtailing or eliminating mandatory-minimum sentences and want to change other policies, such as "truth in sentencing," that restrict parole opportunities for many offenders.

"That's a difficult conversation, but it's one that — if we really want to address the growth of the prison population — we need to have," King said. He singled out California, home to a prison system so strained it faces a federal takeover, as a state where sentencing reforms are urgent. "We're talking about huge, huge issues, and they're all the way back at the starting line, quibbling about the rules of the race," he said.

Releasing prisoners early — which remains a politically explosive way to cut costs in some cases — has emerged as a common strategy, debated or approved in at least eight states last year. Some, such as Alabama and North Carolina, agreed to release elderly or terminally ill inmates who cost taxpayers millions for health care while behind bars; at least 34 other states also allow so-called compassionate releases of prisoners who pose little threat to society.

But Kentucky and other states have considered much more aggressive plans that apply to the general inmate population: Gov. Arnold Schwarzenegger (R), for example, sought to free more than 22,000 offenders, including thieves and drunken drivers, from California's severely crowded prison system. But state lawmakers rebuffed his plan as too risky.

Crimes committed by released prisoners can spark public outrage and re-evaluation of corrections policy.



Pennsylvania and several other states are trying new approaches to reduce recidivism, a leading factor behind the nation's exploding incarceration rate. Here, Ronald Birkmore Jr., an ex-offender, is on the job in Philadelphia.

In Pennsylvania, a man granted parole by the state last August fatally shot a Philadelphia police officer a month later, prompting Gov. Ed Rendell (D) to temporarily halt the parole process to conduct a "top-to-bottom review." In December, the review concluded the prisoner was properly released but recommended a series of improvements to the parole system.

Kentucky's prisoner release program also drew criticism when a newspaper reported that at least 14 percent of those released were accused of committing new crimes within months, even though recidivism rates nationwide typically are much higher.

Other states are trying different approaches to save money. In cash-strapped Massachusetts, where state prisons are operating at nearly 50 percent above capacity, the state corrections chief last year proposed double-bunking inmates at a maximum-security facility and called for legislation to ease mandatory-mini-

mum sentences, which he said were partly to blame for overcrowding.

Elsewhere, budget cuts have targeted rehabilitation programs. A budget crisis in New York forced cuts to substance-abuse programs for ex-offenders in New York City. Nevada scaled back education for inmates at some facilities.

Drug courts — which exist in all 50 states and permit drug users to avoid jail time if they meet rigorous sobriety and other conditions set by a judge — also could be a target for funding reductions, despite evidence that they are successful. More than 70 percent of those who participate in drug courts avoid incarceration, said C. West Huddleston III, executive director of the National Association of Drug Court Professionals.

But Huddleston said he expects less funding because of states' budget problems.

"My experience in the last decade

of working in policy is that, pretty much 100 percent of the time, drug-dependent offenders are at the end of the line when it comes to funding priorities,” he said. “It is my fear that in these lean times ... legislatures [might] see drug court as just an extra expense on the books that they can cut to save money.”

Not all states are relying solely on cutbacks. A politically and geographically diverse group of states, including Arizona, Michigan, Pennsylvania, Rhode Island and Vermont, last year launched new efforts to help offenders during and after their time in the criminal justice system.

In Arizona, the Republican Legislature teamed up with Democratic Gov. Janet Napolitano, a former prosecutor who was tapped for President Barack Obama’s Cabinet, to approve a program that rewards counties whose recidivism rate is significantly reduced. Kansas approved a similar program two years ago. Arizona’s program includes incentives for people on probation; they can reduce their sentences by 20 days for each month they comply with court-ordered conditions of their probation, such as making child-support payments and undergoing therapy.

Barbara Broderick, chief probation officer in Maricopa County, Ariz., said earned time credits for probationers provide a carrot-and-stick approach that previously focused only on sending delinquent offenders to jail or prison.

“What I didn’t have,” she told *Stateline.org*, “is the option to say, ‘Work with me. Lead a law-abiding life. Do the things the court has ordered.’”

In Pennsylvania, Rendell and the politically divided Legislature

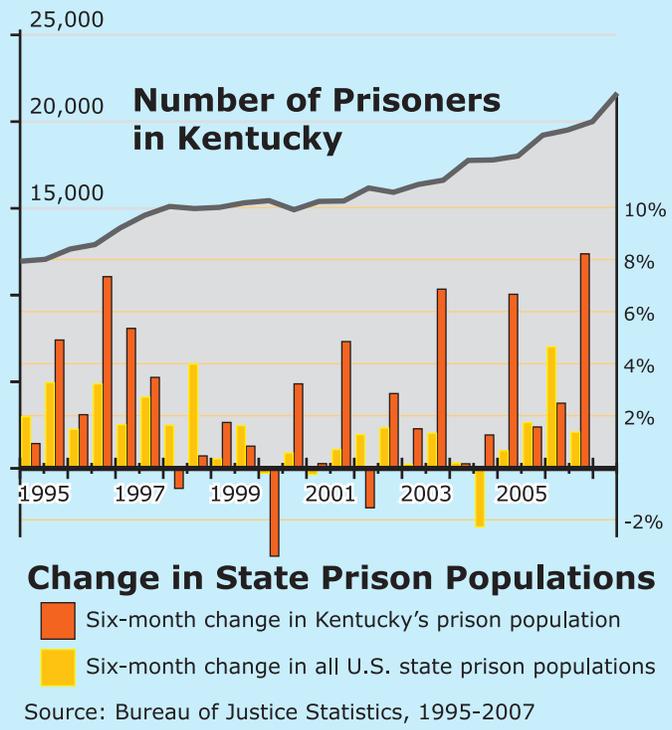
worked together last year to enact a reform package that, among other things, expands rehabilitation opportunities for inmates and offers earned-time credits. It also shifts offenders from crowded local jails to more secure state facilities.

Plans to address recidivism such as those in Arizona and Pennsylvania have enjoyed bipartisan support in part because they do not reduce criminal sentences and can pay off in smaller prison populations. But experts still point out that the recent emphasis on helping ex-prisoners become productive members of society contrasts sharply with the “tough-on-crime” policies that became popular during the 1970s and 1980s, when rampant use of crack cocaine fueled an increase in crime.

Even in the fiercely partisan hallways of Washington, D.C., so-called re-entry programs have attracted support. Congress last year passed the Second Chance Act, which authorizes millions of dollars in grants to state and local governments to help rehabilitate former offenders. President George W.

Kentucky’s Prison Growth

Kentucky’s prison population has increased 81 percent since 1995, more than double the national growth rate of 39 percent. Gov. Steve Beshear (D) and other state leaders last year approved early releases to cope with overcrowded facilities — a step considered in at least seven other states last year.



Bush signed the act into law in April, though it was not immediately funded.

“After 20 years of going down the ‘tough-on-crime’ road and seeing what it has wrought, we now know better,” U.S. Rep. Bobby Scott (D-Va.), a backer of the Second Chance Act, told a group of criminal justice professionals in a speech at George Washington University.

President Obama and Vice President Joe Biden both supported the Second Chance Act as members of the U.S. Senate, and there are strong expectations that the administration will fund the act. ★



First-grader Celic Moralez, 6, right, bites into a sandwich provided by a school meal program at the Bannon Creek Elementary School in Sacramento, Calif. Begun in 1946, the \$11.6 billion federal program provides free and reduced-price school breakfast, lunch and other nutrition services to disadvantaged children.

Policy Challenge: How to Expand Safety Net

By Christine Vestal

Mounting job losses, millions of home foreclosures and rising food, fuel and heating costs have put poverty at the top of state agendas. As the nation undergoes the worst recession in a generation, states are asking the Obama administration and Congress to loosen red tape and infuse billions to shore up aid programs.

The states will probably get much of what they want. But welfare reform instituted in the 1990s has made it nearly impossible for people without a job or prospects of one to receive public assistance.

Welfare, or cash assistance — typically the first thing people think of when they hit hard times — now represents less than 2 percent of the nation's safety net, and the money available does not increase as the poverty rate climbs.

Instead of cash, state welfare workers can offer families in financial trouble a complex array of targeted aid programs such as children's health insurance, nutrition programs for women and infants, work training and job placement services, subsidized child care, housing vouchers, substance abuse and mental health care, and

home energy assistance — but many of these programs require reams of applications that can take weeks or months to process.

One of the first lines of defense is Food Stamps — now known as the Supplemental Nutrition Assistance Program. That's because middle-class people accustomed to paying their bills on time tend to cut back on food and medicine before they default on their mortgage or fail to make a car payment.

The local unemployment office is also a first stop for middle-class workers who lose permanent, full-time jobs. But low-wage workers — the most likely to be laid off — are least likely to qualify for benefits because they often work part time or hold temporary jobs.

In this recession, prospects for low-income working families are better than they were 20 years ago, but the picture is much worse for those without jobs, said Robert Greenstein, executive director of the Center on Budget and Policy Priorities, which advocates for the poor.

By the end of 2008, 2.2 million people had been out of work for more than six months, the largest number in a quarter century, according to the U.S. Bureau of Labor Statistics. Food Stamp applications reached the highest level since the program began in 1964, and food pantries and homeless shelters were struggling to meet demand.

Adding to the problems, governors and mayors were forced to make “breathtaking” cuts in Medicaid and other social services by eliminating programs and tightening eligibility rules, Greenstein said. “We’re still in the early stages of what is going to be a long recession. Poverty rates are going to keep going up.”

Last year, Congress extended unemployment insurance for 20 weeks beyond the maximum 26 weeks allowed in most states and added 13 more weeks for laid-off workers in states with high jobless rates. Congress and the Bush administration also made it easier to apply for Food Stamps and boosted funding to help poor families pay their heating bills.

This year, Congress will consider billions more in aid for low-income Americans, including another boost in nutrition programs, a greater federal share of Medicaid and an expansion of the so-called State Children's Insurance Program.

President Barack Obama also has promised to bail out states facing severe budget deficits and to invest billions in infrastructure and green projects to help create jobs.

'Safety-Net' Programs

Health

Medicaid – Created in 1965: Medical services for low-income families, elderly and the disabled

State Children's Health Insurance Program – 1997: Health insurance for children in low- and moderate-income families

Cash

Unemployment Insurance – 1935: Temporary and partial wage replacement for workers who lose full-time, permanent jobs; state program funded by employer payroll contributions to a trust fund administered and insured by the federal government

Supplemental Security Income – 1972: Cash assistance for low-income elderly, blind and disabled people

Earned Income Tax Credits – 1975: Federal tax refunds for low-income workers; similar programs offered in at least 24 states

Child Support Enforcement – 1975: Collection of overdue child support payments for low-income parents

Temporary Assistance for Needy Families – enacted in 1996 as a reform of 1935 welfare program: Cash assistance for low-income families

Refundable Child Tax Credit – 1997: Refund of up to \$1,000 per child under age 17 for low-income families

Food

Food Stamps – 1939: Debit cards for low-income individuals and families to purchase food; maximum monthly benefit for family of four is \$588

Child Nutrition Programs – 1946: Free and reduced-price school lunch, breakfast and summer nutrition programs

Special Supplemental Nutrition Program for Women, Infants, and Children – 1972: Food packages for low-income pregnant women, breastfeeding mothers, and infants and children

Housing

Public Housing – 1937: Discounted housing developments run by state and local housing authorities

Section 8 Rental Assistance – 1974: Discounted apartments for low-income families set at about 30 percent of income

Social Services

Head Start – 1965: Early childhood education for low-income kids

Foster Care and Adoption Assistance – 1980: Foster parent stipends and adoption services for low-income children the courts decide would get better care outside of their family homes

Community Service Block Grant – 1981: Education, housing, nutrition, job training, income management, health care and emergency services

Homeless Assistance – 1986: Emergency shelter, transitional housing, health care and other services for homeless people

Temporary Assistance for Needy Families – 1996: Counseling and job training to help low-income families become self-sufficient

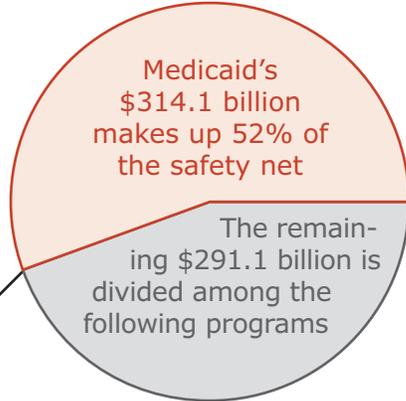
Child Care Development Fund – 1996: Child care services for low-income families

Energy

Low-Income Home Energy Assistance Program – 1982: Subsidies to help pay home energy bills, including electricity, natural gas, heating oil and propane

Source: The Nelson A. Rockefeller Institute of Government

Makeup of 'Safety Net'



2006 Federal and State Spending in Billions of Dollars

Earned Income Tax Credits	\$45.4
Supplemental Security Income	\$38.9
Food Stamps	\$35.6
Unemployment Insurance	\$33.0
Section 8 Rental Assistance	\$18.5
Refundable Child Tax Credit	\$16.4
Foster Care and Adoption Assistance	\$14.4
Temporary Assistance for Needy Families (non-cash)	\$14.1
Child Nutrition Programs	\$11.6
Temporary Assistance for Needy Families (cash)	\$11.3
Child Care Development Fund	\$9.6
Head Start	\$8.5
State Children's Health Insurance Fund	\$7.9
Public Housing	\$7.6
Low-Income Home Energy Assistance Program	\$5.8
Child Support Enforcement	\$5.6
Women, Infants and Children Nutrition Program	\$5.1
Homeless Assistance	\$1.2
Community Services Block Grant	\$0.6

Source: The Nelson A. Rockefeller Institute of Government

Still, social workers — particularly in states where shrinking budgets have resulted in staff cutbacks — will be hard-pressed to meet the growing demand for public assistance.

At least 20 states have launched high-level anti-poverty programs to find better ways to help people maintain financial self-sufficiency. New York City Mayor Michael Bloomberg (I) has joined the chorus, vowing to update the way the city measures poverty so assistance gets to those who need it most.

In addition, nearly every state, county and city responded to rising demand for social services last year by working to eliminate bureaucratic barriers to delivering much-needed services as quickly as possible, said Jerry Friedman, executive director of the American Public Human Services Association, which represents social services administrators.

Among the streamlined measures: Food Stamp administrators stopped requiring in-person visits; people on Medicaid were automatically enrolled in home-heating assistance programs; and more states made applications available online for a variety of programs.

“Now more than ever — with empty state coffers and dwindling federal dollars — it is essential that states and the federal government work together to find better, more efficient ways to use their limited resources to help the



Columbus, Ohio, residents Ken Slone and his wife Ruthie play with their 4-year-old daughter Lindsey. The loss of jobs and the high cost of food in Ohio is hitting families like theirs hard, forcing many to turn to Food Stamps and other assistance to help pay their bills. The Slones, who also have a 7-year-old son, live on an income so low they must rely on food pantries, thrift stores and government-subsidized health care.

most people,” said Richard Nathan, co-director of The Nelson A. Rockefeller Institute of Government, which studies state policies.

Like the nation’s highways and bridges, federally funded anti-poverty programs were created decades ago and are in need of repair. Even the so-called federal poverty level — the standard for allocating billions of federal dollars to states and deciding who qualifies for assistance — is outmoded. The U.S. Census Bureau’s 1960s-era formula fails to account for regional cost differences in housing, transportation, health care and other basic needs.

Jared Bernstein, economic policy adviser to Vice President Joe Biden, said an updated poverty measure is a top priority for the administration. In addition, Obama has pledged to expand earned income tax credits, which provide a federal subsidy to those who don’t earn enough to pay taxes.

Obama also plans to modernize unemployment insurance so that workers who lose part-time and temporary jobs — often the lowest wage earners — are eligible for benefits, Bernstein said.

For more than a decade, states have asked Washington to knit together the separate federal-state assistance programs that have developed piecemeal since the Great Depression. But efforts to eliminate unnecessary paperwork and bureaucratic waste have foundered, and experts agree that in the midst of an economic crisis, the new administration will be able to make only small improvements to the tattered safety net.

Meanwhile, federal and state money spent on low-income assistance programs has grown by nearly 36 percent over the last decade. And Medicaid has ballooned to more than 22 percent of state budgets, according to the Rockefeller Institute.

A tally of spending on existing state and federal safety-net programs — by *Stateline.org* and the Rockefeller Institute — came to \$605 billion in 2006, the most recent year for which data are reported.

Every year, state and federal assistance funds go unused because many families don’t know the benefits exist, don’t realize they qualify or are reluctant to resort to what they consider government handouts. Others give up; studies show that individuals and families often are daunted by the confusing labyrinth of federal, state, nonprofit and faith-based relief programs and the tangle of rules that accompany them. It’s especially cumbersome for families to apply if they have small children or transportation problems or if they’re trying



Californian Mary K. Davis looks through the latest job listings at the Oakland Private Industry Council Inc. Economists said in late 2008 the economy had been in recession for a year. Its impact on states was the worst in modern memory — and it was expected to linger into 2010 or beyond.

to hold on to one or more jobs.

Of the more than 10 million families living in poverty in the United States, only 7 percent receive all four major types of support — tax credits, Medicaid, Food Stamps and child care — for which they qualify, and one in four families living below the poverty line receives no benefits at all, according to SingleStop USA, a nonprofit group that helps poor families navigate the public assistance network.

For state social workers, the job of helping each person or family involves intensive interviews to determine what problems the family is experiencing, followed by numerous applications to programs that have often conflicting eligibility rules. In many cases, people are directed to multiple offices in far-flung corners of the county.

A typical state administrator must be familiar with more than 200 federal, state and county programs, including nonprofit and faith-based projects that states refer families to for services not offered by the state.

“There’s not one door a person can walk through to get assistance,” Friedman said. “Most families have four or five problems they need solved. No single program can help them.” ★

ON THE DOCKET

Here are cases of special interest to the states that the U.S. Supreme Court will decide during its 2008-09 term:

Altria Group v. Good: At issue is whether smokers can sue a cigarette manufacturer under Maine law for alleged deceptive labeling of “light” cigarettes, which contain less nicotine than regular cigarettes. The manufacturer says federal law pre-empts such lawsuits. Maine and 46 other states — as well as the federal government — have filed briefs supporting state jurisdiction. **Decided Dec 15 in a 5-to-4 ruling: Tobacco companies that marketed “light” cigarettes may be sued for fraud.**

Bartlett v. Strickland: A racially charged dispute over legislative redistricting in North Carolina. The justices must decide whether the state constitution or the federal Voting Rights Act prevails in a case arising from the drawing of a new voting district to help African-Americans elect a candidate of their choice. The ruling could affect state redistricting plans nationwide after the 2010 census.

Carciari v. Kempthorne: A showdown between Rhode Island and the federal government testing whether the federally recognized Narragansett Indian tribe can claim 31 acres in Charlestown under two federal statutes. The case could have major implications for states with Native American populations.

Hawaii v. Office of Hawaiian Affairs: A dispute between the State of Hawaii and native residents who claim ancestral rights to 1.2 million acres under a 1993 act of Congress. Native Hawaiians say the act — a resolution apologizing for the U.S. government’s role in the overthrow of the Hawaiian monarchy 100 years earlier — requires the state to reach a political settlement with them before selling or transferring the land.

Kansas v. Ventris: A test of whether a state may use the testimony of an undercover jailhouse informer to contradict sworn statements by the defendant in a criminal trial.

Melendez-Diaz v. Massachusetts: A challenge to the way forensic evidence is presented in criminal trials in Massachusetts and at least 40 other states. The defendant maintains that a written report on forensic evidence presented at his trial violated his Sixth Amendment right to confront his accusers — state forensic experts — in person at his trial.

Montejo v. Louisiana and Vermont v. Brillion: A pair of cases involving the rights of defendants to legal repre-

sentation. The first tests whether a suspect must formally accept an appointed lawyer to avoid being questioned by police without his attorney present. The second seeks to determine whether a suspect’s right to a speedy trial is violated if delays are caused by the suspect’s public defender.

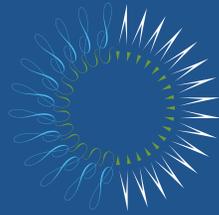
Oregon v. Ice: A lawsuit brought by a convicted child molester in Oregon who says the judge in his trial improperly sentenced him by considering facts not found by the jury and not admitted by the defendant. Oregon and other states want the Supreme Court to uphold the sentence.

Pleasant Grove City v. Sumnum: A church-state clash in Utah. The Supreme Court will decide whether Pleasant Grove City can bar an obscure religious group called the Sumnum from displaying an iconic monument in a public park where a display of the Ten Commandments already exists. Cities and states around the country have filed briefs in support of the city.

Van de Kamp v. Goldstein: A former Los Angeles County district attorney is seeking immunity from a lawsuit arising from a deputy prosecutor’s role in a wrongful murder conviction. While district attorneys can’t be sued for their own trial conduct, a federal appeals court ruled that the immunity does not apply to such out-of-court actions as oversight of their employees. Every state but New Jersey has joined in support of reversal, fearing that state attorneys general could face a flurry of lawsuits if the Supreme Court does not overturn the appellate ruling.

Wyeth v. Levine: The case of a Vermont woman who claims a pharmaceutical firm failed to sufficiently warn of dangers from one of its drugs. The woman — whose forearm had to be amputated after a physician’s assistant injected the drug — won a judgment in state court. Wyeth, the drug’s manufacturer, contends the lawsuit is invalid because the federal government approved the drug’s label. Vermont and 46 other states support the woman; the Bush administration backed Wyeth.

Ysursa v. Pocatello Education Association: A First Amendment case testing whether Idaho can force local governments to limit their employees’ political activities. A federal appeals court held that the limits apply only to state employees. ★



THE
PEW
CENTER ON THE STATES

Pew's Center on the States (PCS) works to advance state policies that serve the public interest. PCS conducts credible research, brings together diverse perspectives, and analyzes states' experiences to determine what works and what does not. We work with a wide variety of partners to identify and advance nonpartisan, pragmatic solutions for pressing problems affecting Americans.

PCS operates major initiatives in corrections and public safety, early education, elections and government performance. PCS also partners with other Pew projects in areas such as climate change, foster care reform and pandemic flu preparedness.

ABOUT THE PEW CHARITABLE TRUSTS

The Pew Charitable Trusts is driven by the power of knowledge to solve today's most challenging problems. Pew applies a rigorous, analytical approach to improve public policy, inform the public and stimulate civic life.

Pew is led by President and CEO Rebecca W. Rimel, who has concentrated the organization's work on results-oriented, strategic investments. During Rimel's tenure, the organization has expanded its national programs, while maintaining a significant presence in its home city of Philadelphia. Pew partners with a diverse range of donors, public and private organizations and concerned citizens who share its commitment to fact-based solutions and goal-driven investments to improve society.

An independent nonprofit, Pew is the sole beneficiary of seven individual charitable funds established between 1948 and 1979 by two sons and two daughters of Sun Oil Company founder Joseph N. Pew and his wife, Mary Anderson Pew. The assets of these trusts totaled \$5.2 billion at the end of June 2008. In fiscal year 2009, Pew will invest about \$280 million in initiatives to serve the public interest.

For further information, please visit Pew's Web site at www.pewtrusts.org.

STATELINE.ORG

901 E Street, NW

Washington, DC 20004

Tel: 202-552-2000

Fax: 202-552-2299

Email: editor@stateline.org

Web: www.stateline.org



*The Pew Charitable Trusts applies the power of knowledge to solve today's most challenging problems.
Our Pew Center on the States identifies and advances effective policy approaches to critical issues facing states.*