



Best Practices

2006

**Policies Solving Problems
Facing America's Families**

INTRODUCTION

You have in your hands the Center for Innovative Policy's 2006 Best Practices book. This book is a sampling of ideas, innovations, policies, and practices that governors and gubernatorial candidates can consider for their own policy agendas. It is also an illustration of how leading governors across the country have implemented many of these innovative policies in their own states.

This book does not purport to include every good idea and successful program of every governor. Nor does it necessarily recommend any of the policies therein for every state; ultimately, only you have the knowledge and experience to know what will work best in your state. Nevertheless, as a sampling of successful policies of current and former governors, this book will hopefully provide some guidance on innovative policy ideas to solve the most pressing problems facing our states.

This book consists of five chapters:

- Chapter I frames the issues facing governors nationwide;
- Chapters II-V address the four issues the Center for Innovative Policy has identified as the leading issues in 2006:
 - Economic development;
 - Health care;
 - Education; and
 - Homeland security

Within each chapter, you will find a brief summary of the issue, a discussion of the chief factors to consider when making policy decisions regarding the issue, and a selection of successful solutions from leading governors around the country.

No book can provide comprehensive information on every policy innovation; governors are simply implementing so many new and creative ideas. If you have any questions or would like any additional information about the policies discussed in this book, please contact:

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CHAPTER I: EXECUTIVE SUMMARY

Everyday, American families come together at the kitchen table. We talk about the challenges and joys of our lives. We talk through the obstacles that must be overcome. We look for ways to earn a living, raise our children and care for our parents. In America, everyday families are not looking for a clever speech or new television advertisement. American families are looking for leaders who understand our lives. And everyday, governors are pushing through solutions that make a difference, even if they do not make the nightly news. This handbook is a brief description of just a few of these solutions.

Citizens expect governors to deliver real results on the issues of most immediate and lasting concern to them – the economy and jobs; the variety of health care issues from drug prices to insurance costs to skyrocketing long-term care that more than anything else today challenge family budgets; and their children's educations, which Americans increasingly recognize as the sine qua non of their families' economic futures. And, in most cases, governors must produce these results through a process of political compromise.

The result is that governors have proposed, pushed through, and implemented policies that succeed in both the practical and political sense. Very broadly speaking, these result-oriented policies paint a picture of an American Agenda that solves the everyday problems of everyday families:

- **Honoring hard work** through economic programs of tax reductions aimed at working families and middleclass Americans within a framework of a more progressive and fair tax system, comprehensive workforce development initiatives, smart growth policies and business tax incentives that truly serve as incentives for economic growth and job-creation rather than simply giveaways to special interest.
- **Living up to our commitment** to reinvigorate, rather than abandon, American children in public schools by combining a demand for results with needed public investment in schools and their most important ingredient – teachers – while ensuring that our country remains a place where all children can go as far as their abilities, and not just family wealth, can take them.
- **Respecting obligations** to the health of our aging parents and growing children by using government as an intelligent and effective aggregator of consumer clout to lower the costs of prescription drugs, health coverage, and long-term care at little or no cost to taxpayers – and, in fact, along with intelligent investments in the American public's health and well-being, potentially lowering the costs of ensuring adequate health for all Americans.
- **Protecting our homeland** and our citizens from threats to our safety by supporting our police and first-responders.

This document provides a sampling of the most successful, comprehensive – and, hopefully, most nationally relevant – policy ideas that have emerged from the states in recent years in economic development, education, health and homeland security.

Economic Development

Success in this economy requires a complex host of inter-related factors: education (from early childhood to university research), lifelong learning, "smart growth" development planning, entrepreneurial culture, and information technology infrastructure. In short, states can succeed in this economy if and only if they have a coherent strategy for fostering success for a highly mobile citizenry that needs skills, knowledge, information, and control over benefits and wealth-building assets.

States have long followed a traditional approach to economic development that relied heavily on the idea of attracting and retaining businesses essentially by competing on cost – providing tax incentives, reductions in regulatory constraints, and reductions in other government-maintained overhead costs such as unemployment compensation or workers’ compensation. There is, however, an emerging consensus around a new sort of economic development strategy that acknowledges that, like businesses, states can compete not just on cost but also on quality – that rather than just bargain-basements, higher-value (and thus higher-margin) “brands” can be built through investment. The investments states can pursue successfully to attract new and better jobs include: human capital, not just through education but through adult job training and retraining programs; infrastructure, both in transportation and information technology; and quality of life.

States can also help on the cost side, of course. They can reduce needless regulatory costs, and they can cut taxes. These can be done without gutting other important goals, however, like protecting workers, consumers, and the environment, and preserving adequate funding for needed public services – including those necessary to foster economic growth. And here it certainly makes a difference to have governors who have put in place tax cuts that lessen the burden on businesses in ways that are truly tied to job creation and on families who need and deserve relief the most.

Education

Education is one of America’s top concerns, and despite our history of local control there is much that governors can do to improve education at all levels. This starts in early childhood, where several governors have developed signature programs to ensure that every child enters school “ready to learn.” One of the most important issues for K-12 education is attracting and retaining high-quality teachers. Leading governors have devised a variety of programs to raise teacher compensation, improve and reward teacher preparation, and implement innovative incentives for our best minds to enter and remain in the classroom.

High standards must also be defined and set for schools. And the role of parents cannot be overlooked: Governors have created programs that increase parental involvement in children’s education – and that provide parents a range of public school choices. Students need not only high educational content but safe environments in which to learn – and many governors have implemented a number of measures to improve school safety, from background checks to character education. And finally, in today’s economy, more and more Americans will need at least some education beyond high school; governors have led the way in providing financial assistance programs to ensure that every student can go as far as his or her ability will allow.

Health Care

Health care has been a major factor in elections for the last decade. Health policy issues center on the affordability of insurance, the quality of treatment insured families receive, and the special medical needs of children, women and seniors. Some states have foregone the opportunity to expand coverage to low- and moderate-income children and families – but others have expanded access to public programs for families under a wider range of conditions, offered more extensive benefits, and allowed moderate-income families (whose incomes otherwise are too high to qualify) to buy into these programs at low premiums. A number of governors have also instituted special programs to expand health options for women, especially in the area of protections against cancer.

Many governors across the country have successfully pushed for and implemented common-sense measures to control the rising cost of health care. Seniors face fast-growing health care costs. Prescription drugs can be unaffordable to those who need them most, the elderly. Several governors have instituted drug buying cooperatives and funded pharmaceutical assistance programs. Governors have also worked to implement “No Wrong Door” policies to make sure that every citizen can access the services they need – regardless of which government door they knock on first.

Even as states begin to emerge from recent fiscal distress, cost cutting remains particularly important. As in the economic development area, it makes a difference to have governors who understand that cuts can be made intelligently so as to maintain needed health care in a state and improve the efficiency of health services rather than simply to reduce coverage for families and children in need. In fact, intelligent investments in health care and wellness can save states money and promote their citizens' well being.

Public Safety

Since September 11, 2001, foreign policy concerns have met the domestic in an increased concern for homeland security. At the federal level, the challenge has been to merge the agencies with a common mission related to homeland security into a single agency. At the same time, states have focused on restructuring agencies to meet this new responsibility. Emergency management and first responders are expanding their mission to include counter terrorism and prepare for response to incidents involving weapons of mass destruction.

The resource requirements for states to fulfill their role in the National Strategy for Homeland Security has generated new homeland security funding to prepare first responders and secure critical infrastructure such as ports, borders, airports, water and food supply. Governors agree that threat and risk intelligence and analysis must drive needs assessments that are the foundation for funding decisions. Many governors are maximizing these funds by improving coordination and communication between first-responders. These governors are also prioritizing efforts to make sure that every dollar is used efficiently.

Security also extends to family safety. Leading governors are cracking down on sex offenders through tightened tracking and prevention programs. At the same time, they are moving to address the new scourge of methamphetamines.

CHAPTER II: ECONOMIC DEVELOPMENT

A. Governors and the New American Economy

Governors have a strong track record of growing the jobs and businesses that will succeed in the New American Economy. They focus on creating skilled workers, competitive companies, and a healthy economy with broad-based strength. Indeed, in the early 1990s, as information technology emerged as a critical factor in economic growth, a former governor led the way. Under President Bill Clinton, our economy emerged from a recession, created 11 million new jobs; created more high-paying jobs; balanced the federal budget; increased the median family income and lifted millions of American families out of poverty.¹ Under his leadership, the unemployment rate dropped from 7.5% to 4.0%.

Today, the New American Economy needs the innovation that leading governors are demonstrating across the country. The American economy is evolving rapidly into a high productivity, information-based economy. As the needs of American businesses change, so too must the American workforce. As noted by the Progressive Policy Institute, the so-called “New Economy” is more dynamic, faster, and entrepreneurial. But this dynamism also brings constant change and risk. According to the U.S. Census Bureau, up to one-third of all jobs are in flux every year (meaning they have either recently been added to, or will soon be eliminated from, the economy). In addition, more and more employees are working for shorter amounts of time in particular jobs or for particular companies. The median job tenure for males declined from around six years in the mid-1980s to five years in 2000. One result of this job turnover is that companies are investing less in job training because such investments are not paying off like they used to. According to the Progressive Policy Institute, as a share of Gross Domestic Product, business investment in training fell 18 percent between 1988 and 1999.

An increasing percentage of the American workforce is graduating from high school and going to college. However, more and more jobs are requiring higher education levels and training. According to the Progressive Policy Institute, jobs requiring an associate’s degree or more will increase from 21.8% in the late 1990s to 23.3% by 2006. Fortunately, right now, many governors are initiating new plans to cut unfair taxes, grow jobs, train workers and create companies for the economy of tomorrow.

B. Responsible Tax Cuts & Business Incentives for Long-Term Growth

Tax burdens -- and tax fairness -- remain important issues to voters. In 65 years of modern polling, no survey has ever found voters in favor of higher taxes. In 2005, three different national surveys (Gallup, Harris and Opinion Dynamics) all found that slightly more than 50% of voters felt that their income taxes were too high. Anywhere from 5% to 17% of voters responded that taxes are their highest concern. According to an October 2005 American Enterprise Institute survey, voters actually pay more attention to their state and local taxes than they do to their federal taxes. However, fairness remains an important issue. Voters are willing to support tax increases if they believe that they are fair, necessary and will not be used wastefully. For example, in Virginia, former Governor Mark Warner’s approval ratings increased after he took decisive measures to increase state revenues.

Ten years ago, when our President declared that the “era of big government is over,” he meant that he would end “big government” by reforming our tax systems, targeting tax incentives to create new jobs, and making sure that government operates efficiently. Leading governors are now replacing “big government”

¹ www.ppionline.org; Bush v. Clinton: An Economic Performance Index.

with “fair government” – policies that help businesses create jobs without writing a blank check on the state treasury; policies that are based in the reality of everyday working families; and policies that understand that government must get a fair deal on every dollar it spends.

Business Tax Incentives

Three states – Maine, Minnesota and North Carolina – have passed comprehensive business tax incentive disclosure laws and five other states have lesser disclosure requirements. Other states have initiated research studies to evaluate whether their states business incentives have resulted in any net job increases, and several governors are now considering or implementing plans that:

- Require companies to pay back incentives if they fail to meet the objectives of the deal.
- Make incentives contingent on higher wages, so that businesses are encouraged to create high-paying jobs. Kansas and Rhode Island have strong examples in place. (Businesses that apply and receive incentives should at least pay their employees median wage given that incentives should be promoting a higher standard of living).
- Grant tax abatements only after a business documents that it has in fact made the investments in job creation, worker training and R&D that it promised in its application to participate in a tax incentive program. And,
- Conduct comprehensive business tax incentive studies.

Comprehensive Tax Cuts

In Michigan, Governor Jennifer Granholm recently passed a tax cut package which reduces taxes for 77% of Michigan business. Governor Granholm’s Michigan Jobs and Investment Act:

- Cuts the rate for all Single Business Taxpayers - reduced from 1.9% to 1.2% (2 % to 1.2% for small business).
- Creates a manufacturing personal property tax credit - manufacturers would get a credit for 35% of personal property taxes paid on property used for manufacturing or R&D purposes.
- Creates an R&D credit - taxpayers would receive a credit for 1.2% of compensation paid to employees engaged in research and development.

Governor Granholm’s package provides over \$600 million in tax cuts for Michigan businesses. In Virginia, Governor Tim Kaine was elected after supporting a five-point plan to control or reduce taxes by: 1) creating a 20 percent homestead exemption to reduce residential property taxes; 2) exempting additions and rehabilitations to homes from taxation; 3) reducing pressure for local tax levies by fully funding the state’s commitment to public education; 4) vetoing any unfunded mandates on local governments; and 5) creating a small business tax credit for health insurance.

Tax-Reforms to Better Balance Tax Incidence

A 2003 national study by the Multistate Tax Commission estimated that corporate income tax revenues were lower by \$40 million to \$61 million in 2001 as a result of corporate domestic and international tax sheltering activities. The MTC estimated that this represented 35% of all taxes. That figure needs to be reduced. Quite simply, a growing number of corporations are taking advantage of structural weaknesses and loopholes in state corporate tax systems. Governors could direct their State Tax Commissions to identify and recommend

which state corporate tax loopholes can be closed to prevent companies that shift their profits and jobs out of state from paying their fair share of taxes.

Such a proposal would not affect small businesses, as such sheltering typically is undertaken by large corporations. Furthermore, in most states, businesses can classify certain transactions, such as the sale of a property, as “non-business income,” and thus avoid tax liability on the profit in the state where the asset resides by arguing the asset was managed from a no-tax state.

Even when a state has granted a company tax deductions on the depreciation of an asset for years, it can be blocked from taxing the company’s profit from selling that asset. To foil this accounting gimmick, states could expand their legal definitions of “business” and “non-business” income to the maximum extent allowed by applicable U.S. Supreme Court decisions. Currently, only five states – Florida, Iowa, Minnesota, Pennsylvania and Texas – have done so. States could gain additional tax revenue simply by distinguishing between business and non-business income consistent with the Supreme Court’s rulings.

Tightening Rules Against Silent Partners

Pass-through entities such as S-corporations, partnerships, and limited-liability companies are not taxed because their income flows directly to the partners, who are supposed to pay tax on that income. But many out-of-state partners do not report their earnings to the states where the partnerships earned profits. States often do not try to match up these companies with the partners to see if these “silent” partners reported any income to the state. Pass-through entity tax avoidance is widespread, but no good data exist on the states that enforce reporting by partners. Most states’ efforts to check on pass-through reporting are woefully inadequate and contribute to the loss of millions of dollars of tax revenue. Ohio and New Jersey have tightened the rules on pass-through entities in recent years.

Similarly, to improve the fairness of the tax code and assure that corporate tax incentives achieve their intended purpose, states could review all of their corporate tax incentives as part of the annual budget process. The Department of Revenue could prepare a detailed annual tax expenditure budget. Among other things, this budget should identify all tax loopholes or incentives as part of its annual reporting; report on the purpose of each tax credit or incentive; provide data on whether it is meeting that purpose; and recommend to the Legislature whether it should be continued, modified, or repealed. Legislative fiscal committees could review those recommendations annually as budget priorities and weigh the value of tax loopholes against other state programs and the need for fiscal responsibility.

C. More Effective Government, More Efficient Government

Across the country, governors are working to make sure that government operates more efficiently in every possible way – from procurement to basic management. In Pennsylvania, Governor Ed Rendell has implemented a strategic sourcing initiative. It is broad in scope, but simple in concept: make the state live by the rules that families and business have always lived by – buy what you need, not what you want. It also uses the purchasing power of the state to negotiate lower prices. Governors in states like Delaware, Illinois and Virginia have used a similar approach. In Pennsylvania, the Governor had set a goal of saving \$100 million in the first year of operation. In fact, the program actually saved more than \$140 million – far surpassing expectations.

For most states, centralizing invoice processing to efficiently and accurately validate and pay the multitude of telecommunications invoices received will reap significant cost savings. Often, phone companies fail to bill large organizations for telephone services accurately. States can save millions simply by analyzing all of their telecommunications needs, spending, and billing. Based on the experiences of other states, Rhode Island has estimated that it could save between 7-10% of its annual communications costs by regularly auditing

its bills and usage. State governments such as Arkansas, Oklahoma, Louisiana, Indiana, and Illinois have also realized significant savings.

State government spends hundreds of millions of dollars a year are purchasing items from cell phones for employees to plastic forms for state cafeterias. States could allow their agencies to use the innovative “reverse auction” procurement process as a tool to save money by purchasing bulk items at reduced costs. Rather than purchasers bidding up a price of a product, in this case, vendors bid down the price in pursuit of the final sale, using the dynamic of real-time competition and the efficiency of the Internet.

For example, all state agencies that purchase pharmaceuticals can do so in a coordinated way through centralized purchasing that takes advantage of existing multi-state contracting alliances. By increasing their buying power, other states have projected huge savings by coordinating purchases and using preferred drug lists. Tennessee has created a single prescription drug list for TennCare recipients and projected a savings of between \$75 million and \$125 million. Tennessee’s most recent estimate is that it has saved \$93 million each year since the program began. A similar program in Michigan has reportedly saved \$64 million. And Florida expects to save as much as 15% of Medicaid costs – \$214 million a year.

Furthermore, on a regular basis, every state agency can review all existing outside contracts to determine which are dormant with unused balance and which are no longer necessary and eliminate them. Agencies should do a critical review of the work performed by the remaining contracts to determine which can be performed in-house. New Mexico Governor Bill Richardson required a similar review. The New Mexico Transportation Department found almost \$3 million in unused balances on contracts in the first year alone. A wide range of functions, from engineering to sign-making, were identified to bring back in-house or for improvements that would reduce the need for and cost of outside purchases.

Finally, IT projects are among the most expensive in state government, but ineffective project management remains the root cause of cost overruns, schedule delays, and poor product quality. All too often, IT projects are initiated, but then cancelled. Even more disturbing, only about 47% of IT projects meet their promised functionality. States can institute an IT project management office to monitor IT projects, their costs, and how well the IT projects meets it functional objectives. Such an office can be part of the responsibility of a chief information officer, who can enforce compliance with project management policies for all agencies.

There is also an additional, complementary, approach: In New Mexico, Governor Richardson has undertaken a comprehensive look at state management. Richardson released his 2003 “Moving New Mexico Forward” Report and Executive Summary. It was the first of a two-phase performance review and contained 92 recommendations covering a wide range of ideas for saving money, increasing efficiency, collecting delinquent taxes, and improving customer service throughout state government. In 2005, Governor Richardson released the second-phase, “Moving New Mexico Forward: Further Along” with an additional 41 recommendations which found significant savings – more than \$65 million over five years.

West Virginia Governor Joe Manchin is currently undertaking a similar review. Regular statewide performance reviews help improve government efficiency, provide cost savings, and deliver services more effectively by focusing on a number of critical issues, including:

- Consolidating and eliminating programs that have outlived their utility;
- Reforming state procurement efforts;
- Applying information technology more effectively to improve services and eliminating duplication of information technology functions;
- Improving energy and resource efficiency;
- Identifying opportunities to bring additional federal and private revenue through matching and incentive programs; and

- Making Medicare operate more like an insurance program.

As in other states, performance reviews can be undertaken in stages and/or can be established with the goal of producing better results and savings on an ongoing, annual basis.

D. Workforce Development

American businesses are experiencing a serious and persistent gap between the skills they need and the skills of the available workers. According to a 2005 survey by the National Association of Manufacturers, nearly 90% of their members are unable to find enough skilled workers to fill their needs. More than 80% of these manufacturers reported that the lack of skilled workers was impacting their ability to serve customers, to achieve productivity targets and to innovate. Businesses and workers today recognize that they will need ongoing worker-training programs. Retraining is now accepted by nearly everyone as a fact of modern life: there are no more lifetime jobs. In fact, the average worker will have had nine different jobs by the time that he or she turns thirty-five years old.

Governors are also implementing new and innovative policies that include instituting High Tech Skills Accounts. Increasing the level of our workforce on cutting-edge job skills will require an investment by the state, employers, and workers themselves. Governors can establish High-Tech Skills Accounts to train workers for high-tech job opportunities and to help these workers keep up with technological innovations through lifelong learning. States can provide matching grants of \$500 per worker, to be matched by investments of at least equal amounts by the worker and his or her employer, thereby doubling each dollar of state investment. These accounts will give workers flexibility and control in ensuring that workforce training dollars are spent on the skills they need on the job. Funding for the state's match can come from federal WIA dollars that states already receive to enhance their workforce training programs. These grants will be available for workers in high tech industries, as well as for those in more traditional industries if the accounts are utilized for training to keep them up-to-date on the latest technologies.

Other governors have instituted plans that upgrade skills by:

- Increasing Investment in Technology-Based Workforce Development Sites. State workforce development websites can provide information databases, best practices, discussion forums, and webinars – live online seminars with experts or virtual classroom sessions -- on expanding industries, partnership opportunities, and skills.
- Creating a Skilled Workforce Report Card to track the performance of every agency in state government as well as public-private partnerships engaged in workforce development activities and hold them accountable.
- Fostering Regional Small Business Training Alliances to encourage independent collaborations among industry firms and develop and deliver the appropriate training to address needs.
- Providing Procurement Preferences for Worker Training, mandating that 10% of all state contracts go to in-state companies that invest in on-going worker re-training programs.
- Developing a State “Ready to Work” certificate. This certificate can be offered statewide in community college Adult Basic Education and workforce training operations, WIA One Stops, literacy CBOs, public school technical education programs.
- Supplying Skilled Workers for In-Demand Jobs. Dedicate WIA Reed Act funds over 5 years to conduct job profiling – identifying the skill sets needed for occupations – in strategic industry sectors, and deployed additional WIA job training funds to provide targeted occupational training in community colleges.

- Developing a World-Class Technical Education Centers Program. As has been demonstrated in other states such as Pennsylvania, Georgia, Michigan and Kentucky, TECs are efficient and effective suppliers of the technical and professional workforce. States can target additional federal and state funding to ensure that TECs become the standard for delivering professional and technical education in the community colleges and that they are designed to follow a “career pathways” model in which the technical curricula includes “real world” experiences as well college-level coursework.

E. Ideas For Innovation

The skills of the newly-trained workforce will be used in the industries of the future – industries that are being created today with the support of many governors. For example, in Pennsylvania, Governor Rendell is the driving force behind the Ben Franklin Technology Development Authority which invests \$50 million per year in technology to develop Pennsylvania businesses. In New Jersey, Governor Jon S. Corzine is creating an Edison Innovation Fund to increase jobs in growing sectors of the economy. These funds are looking increasingly to support efforts in nano-technology, renewable energy sources; advanced imaging technologies, genomics and research for homeland security and national defense. In Virginia, Governor Tim Kaine is supporting additional funding for the Center for Innovative Technology (CIT) and the Commonwealth Technology Research Fund. Through the Commonwealth Technology Research Fund, CIT has invested in the emerging bioinformatics field, as well as cancer genomics, advanced manufacturing, and information security. Commonwealth Technology Research Fund grants are often made to collaborations between private industry and Virginia public universities, leveraging the best of both the private and public sectors. At the national level, members of Congress under Nancy Pelosi are leading the way with an Innovation Agenda that will expand work-force development efforts in high-tech skills, provide broadband access to every American, and create energy independence in 10 years through the adoption of clean renewable sources of energy. These are all policies that will grow jobs as well as workers for the future.

F. Energy Independence, Energy Conservation, Economic Advantage

In 2005, energy prices increased everywhere from the gas pump to the home furnace. The price of a barrel of oil increased 40.48% last year alone and gasoline prices passed \$3.00 per gallon in some states. Energy prices even impacted state budgets. Increasingly, governors have been asked to address the high cost of energy and to encourage conservation. Here are some of the energy policies advocated by our nation’s governors:

Reduce Overall Energy Consumption

States can use the Western Governors Association goal of a 20 percent reduction in statewide energy consumption not only as a benchmark against which to measure public sector energy efficiency, but to challenge the commercial, industrial, agricultural, and consumer sectors to achieve the same, if not better. Governors are working to ensure that public buildings – including public schools and public universities – are built or modernized to achieve significantly higher levels of energy efficiency, such as by qualifying as Energy Star or Leadership in Energy and Environmental Design (LEED)-certified buildings. Similarly, a July 2005 executive order issued in Colorado encourages state agencies to consider adopting LEED ratings for their buildings and facilities. In other states, governors have issued Executive Orders that require state building construction projects to attain a LEED Silver level of efficiency. Recent economic analyses of energy efficient, sustainable building practices indicate that a minimal upfront investment of about two percent of construction

costs in sustainable building practices and products typically yields life cycle savings of more than ten times the initial investment. In Pennsylvania, Governor Rendell has proposed a 10-point energy plan that includes:

- Authorizing up to \$18 million in state resources, including \$15 million for LIHEAP and \$3 million for HEMAP.
- Seeking additional federal LIHEAP money.
- Asking energy companies to help low-income consumers meet their winter bills.
- Creating a partnership with home supply retailers to help seniors and others winterize.
- Marshaling families and friends to help take care of their homes to help lower winter heating bills.
- Convening a statewide Stay Warm PA summit with volunteers and religious organizations to protect the neediest citizens.
- Enabling the Energy Star sales tax holiday.
- Reducing the commonwealth's energy use.
- Ensuring that poor families have a second chance to make energy payments before utilities are turned off.

Enact a Renewable Energy Portfolio Requirement

A renewable energy portfolio requirement would encourage utility investment in renewable energy sources like wind energy. For example, a requirement that a specified percentage of the electricity for the state be generated from renewable sources such as wind, solar, geothermal, or biomass. Such a standard would drive the development and use of renewable energy sources like wind power. A Renewable Portfolio Standard (RPS) will encourage market-based solutions and help drive the renewable energy market in ways that tax credits in isolation have been unable. By ensuring a long-term market for renewable energy, an RPS will reduce the investment risk associated with building renewable facilities. Lower investment risk promotes cost-effective financing of new projects. Greater availability of financing will increase the deployment of renewable technologies, reducing manufacturing, installation, maintenance, and other costs. At the same time, competition among a variety of renewable sources to meet an RPS also helps drive renewable energy prices down.

Require State-Regulated Utilities to Focus First on Energy Efficiency

California's Public Utilities Commission (PUC) recently authorized \$2 billion in funding for energy efficiency programs for the state's investor-owned utilities in 2006-08. These programs are expected to reduce energy costs for homes and businesses by more than \$5 billion. The California PUC also required investor-owned utilities to put energy efficiency first before all other resource acquisitions. Similarly, the New Mexico legislature considered a similar measure, H.B. 619, which directed the Public Regulation Commission to direct public utilities to "evaluate and implement cost-effective programs that reduce energy demand and consumption" and include such programs in their energy resource portfolios.

Increase State Weatherization Assistance Programs

The New Mexico Mortgage Finance Authority administers the state's Weatherization Assistance Program, which helps low-income New Mexicans improve the energy efficiency of their homes, saving both energy and money. The state generally appropriates about \$1 million to this program, half of which is allocated

to program operations, half of which funds special needs measures in dwellings requiring additional repairs to meet desired energy savings and other energy-related health and safety measures. A System Benefit Fund was included in the State's Electric Restructuring Act. Up to \$500,000 of this fund may be available for weatherization but the Act does not take effect until 2007.

Adopt State Energy Efficient Appliance Standards

Currently, at least 12 states have enacted energy efficiency standards for certain appliances and products, such as refrigerators, dish washers, washing machines, lights, external power supplies, hot tubs, vending machines, and even exit signs. Governors do not have to re-invent the wheel in this regard. For example, states could do as Arizona has done in adopting energy efficiency standards for 12 appliances and supplies, including four that must meet California's stringent standards.

Establish State Emerging Energy Development Authority (SEEDA)

A State Emerging Energy Development Authority (SEEDA) is an independent public financing authority that can finance clean, advanced energy projects including solar energy, wind energy, geothermal, biomass, landfill gas, fuel cells, and demand management measures through grants, loans, loan guarantees, and tax-exempt and taxable bond financing (in partnership with local financing authorities). Such investments can be job creators. An energy development authority in Pennsylvania awarded \$10 million earlier this summer to finance 17 clean energy projects that promote applied energy research, provide financial incentives for the deployment of clean, alternative energy projects, and encourage investment in Pennsylvania's energy sector. These projects alone are expected to create 1,786 permanent and construction jobs, with as many as 327 full-time jobs created by some of the funded research projects.

Implement State Clean Energy Grants Initiative

Investments in energy research both by the federal government and private sector have declined significantly since the 1980's. Some states have adopted Clean Energy Grants Programs. In California, a similar program has been supported through the state's public pension and state investment funds. Following the California model, state investment funds allocate a portion of their investment portfolio to investments in renewable energy, clean energy, and other environmentally responsible strategies. To the extent that these investment funds can support local businesses operating in these areas, all the better. In Washington, Governor Chris Gregoire passed the Energy Policy Act of 2005 which sets aside \$1.3 billion in grants, tax incentives and loan guarantees for producing alternative renewable fuels like ethanol and methane.

Statewide Clean-Coal Power Initiatives

President Bush signed the Energy Policy Act of 2005 into law on August 8, 2005. Title IV is intended to encourage the development of clean coal projects through the use of tax credits, loan guarantees, loans, and direct grants. These incentives are available for existing clean coal and gasification projects as well as those under development or newly-proposed. Title IV establishes a grant program called the "Clean Coal Power Initiative" by authorizing \$200 million for each fiscal year starting in 2006 through 2014. A few other states – notably, Pennsylvania, Montana and West Virginia – have already targeted these funds as an opportunity for economic development and energy leadership. The September 29, 2005 announcement by Waste Management and Processors, Inc. that it will begin construction of a waste-coal-to-diesel power plant in Mahanoy City, Pennsylvania, may be one of the first uses of these new, federal tax incentives to build "Clean Coal" facilities.

State Alternative Fuels and Renewable Power Centers of Excellence

The federal Energy Bill also contains incentives for the production of alternative fuels and renewable energy sources. States can maximize their share of these incentives and create a new, targeted \$100 million New Millennium Power Fund to provide new investment opportunities and new jobs in the areas that will benefit local communities in many ways – industries such as wind power, solar, biomass, clean coal diesel and other “Clean Technologies.” The Fund would leverage 2.5 to 5 times of the state investment in private sector matching funds and will be open for a variety of new, innovative energy industries including biomass, wind, solar, landfill methane, energy efficiency coal to diesel and ethanol projects. An equivalent energy development authority in Pennsylvania awarded \$10 million earlier this summer to finance 17 clean energy projects that promote applied energy research, provide financial incentives for the deployment of clean, alternative energy projects, and encourage investment in Pennsylvania’s energy sector.

Create Hydrogen Superhighway to Link Local Communities to Future of Clean Energy

California already is moving towards a hydrogen future by developing a CA H2 Net – the California Hydrogen Highway Network initiative, which is supporting and catalyzing a rapid transition to a clean, hydrogen transportation economy in California. This public-private partnership has developed a three-phase strategy to create a hydrogen fueling infrastructure in major metropolitan areas. This year’s state budget included co-funding up to three fueling stations, and nearly 40 other fueling stations are being funded through existing public-private partnerships with auto manufacturers, the U.S. Department of Energy, and local air quality management districts. Western Governors can pursue partnerships with California to examine the possibility of extending a “hydrogen highway” throughout the American West. By engaging in public-private partnerships and leveraging its existing energy resources and research infrastructure, western states could play a key role in a growing energy field that may one day provide America with true energy independence.

Work with State’s Universities to Expand Work in Alternative Energy Projects

There is considerable need for research to develop more efficient wind turbines, particularly low wind speed turbines. Research is also needed to help make hybrid systems more effective and efficient – small wind turbines that are combined with solar electric systems, diesel generators, micro gas turbines, and batteries to form powerful hybrid systems that can power ranches or small villages. The state government could also encourage more ethanol-related research and development at the state’s universities. Another area ripe for development is the link between wind power and the development of hydrogen fuel cell technologies.

Develop Innovative Funding Sources for Wind Energy Projects

One possibility would be to offset carbon emissions with wind development. For example, Oregon already requires that builders of new natural gas turbines offset a portion of emissions with investments that reduce greenhouse gases. Because wind is one of the best carbon-cutting investments, this increases the possibility that utilities will make greater investments in wind.

G. Smart Growth Policies

Many governors have found that using incentives to create livable communities, reduce commuting times and preserve farmland has substantial public support. For example, polls in Virginia and Maryland showed that 54% of Virginia voters and 69% of Maryland voters supported smart growth policies. Polls in Colorado and New Jersey have yielded similar results. In Maryland, former Governor Parris Glendening’s

Smart Growth initiative was the first in the U.S. to use public investments as a series of private sector incentives and disincentives.

More recently, governors from New Jersey to New Mexico have implemented Smart Growth policies.

- In Virginia, under former Governor Mark Warner, Smart Growth policies appealed to suburbanites who tired of long commutes and endless traffic jams.
- In Michigan, Governor Jennifer Granholm scored her first major policy victory after taking office by forging a bi-partisan consensus in favor of smart growth. Governor Granholm created a 26-member Michigan Land Use Leadership Commission to analyze and resolve the causes of urban sprawl in Michigan.
- In Pennsylvania, Governor Ed Rendell hired Maryland's top smart growth administrator to run Pennsylvania's similar initiatives.
- In Tennessee, Governor Phil Bredesen deliberately appointed an outsider committed to smart growth in order to reform the Department of Transportation.

The Smart Growth philosophy is based on the idea that the state should not use taxpayer dollars to promote sprawl or to encourage the abandonment of cities. Instead, the state must use taxpayer dollars to revitalize existing communities. "Smart Growth" policies allow the State to direct financial resources for existing housing, transportation, and sewer and water funding toward those areas specifically designated by local jurisdictions for growth. With this Smart Growth funding method, governors invest taxpayer dollars in those areas that: provide efficient and effective use of those funds; support and revitalize existing neighborhoods and rural villages; support areas designated by local governments as priorities for growth; and reduce the pressure for sprawl and unplanned development. In Maryland, their Smart Growth strategy included:

Growth Area Tax Credits. Smart Growth used new job creation tax credits for those businesses that choose to locate or expand in these growth areas. These Priority Funding Areas throughout the state were mapped and available online. This is augmented with the innovative Live Near Your Work Program that provides incentives to encourage employees of Maryland's businesses and institutions to buy homes near their workplace.

- Funding for Conservation Easements. State funds are used to purchase conservation easements for large tracts of land particularly subject to development pressure. Sponsoring applicants, such as local governments or land trusts, compete for funds from this program.
- Cabinet-Level Secretary for Smart Growth. Maryland created a Cabinet-level position secretary for smart growth to highlight or assist with major development projects that integrate housing, transportation and community facilities in a compact, smart-growth way.
- Revitalize Communities through Smart Codes. Model Smart Codes were approved by the legislature to give developers and jurisdictions incentives to invest in existing communities, rather than building in undeveloped areas and leading to sprawl. The Maryland Building Rehabilitation Code streamlines the maze of local building codes and makes it easier to redevelop existing buildings. The Model Zoning Codes encourage developers to build or redevelop in existing communities, and promote the development of "Smart Neighborhoods" in newly developed areas.

State Government Can Set the Example

Several governors are promoting "smart growth" policies in the siting of state buildings and facilities. For example, Iowa Governor Tom Vilsack's economic development package for Iowa included a "smart

growth" land use initiative putting in place a set of land use principles that would be followed by state government agencies when siting or using buildings and facilities.

Former Kentucky Governor Paul Patton issued an executive order to position the state to lead by example, by directing the Finance and Administration Cabinet to establish location criteria and design guidelines for public facilities with state funding. This plan will promote economical rehabilitation of aging buildings through the use of "smart codes," ensure that state government coordinates the locating of state facilities with local communities. It also promotes the concept of smart growth in school location criteria as well. Kentucky's Smart Growth plan also includes a proposal to establish a State Planning Assistance Office to provide support and assistance to local communities in their planning efforts.

Governor Ruth Ann Minner's Livable Delaware initiative offers tax incentives and a streamlined regulatory process to channel development to growth zones that already have been designated by state, county and local governments. This initiative also provides for "graduated impact fees" on development outside designated growth zones to help pay for infrastructure that will become necessary because of the increased development. According to Governor Minner, these fees will help "channel growth away from those areas where the state and counties have planned little or no investment in roads, sewers, schools and other infrastructure." In addition, the law requires counties and municipalities to have comprehensive plans to govern annexations and zoning decisions. Governor Ruth Ann Minner's Livable Delaware is a positive, proactive strategy that seeks to promote quality of life by curbing sprawl and directing growth to areas where the state, counties and local governments are most prepared for it in terms of infrastructure investment and thoughtful planning. The Live Near Your Work program, managed by the Delaware State Housing Authority has engaged local governments and employers to provide up to \$5,000 in down payment and closing-cost assistance to employees who live within designated growth areas.

Under the Livable Delaware agenda, Governor Minner has established a Livable Delaware Advisory Council, required local governments to develop or update their comprehensive plans before they can annex and grow, overseen a careful review of state laws to improve land use planning and growth management, and demonstrated a commitment by state agencies to support conscientious growth goals. The Office of State Planning Coordination has provided financial assistance to local governments throughout the state to develop or update local comprehensive plans and ordinances.

H. Farmland and Open Space Preservation Programs

An effective method of protecting farmland and open space from development is through preservation programs that purchase land and hold it from development, purchase development rights from farmers or other property owners that prohibit the owner from developing the land in future, or that provide tax credits to encourage conservation of land. Several governors have made this a key part of their smart growth, farmland and habitat preservation efforts.

Governors have supported the Transfer of Development Rights (TDRs) to continue land preservation through purchases of development rights. Through TDRs, property owners in areas not suitable for intense development (such as agricultural or conservation areas) can sell their right to development of their land to other property owners in areas better suited to development. TDR programs can save farmland with private dollars and channels growth to urbanized areas, while allowing developers a bonus of increased density.

Governor Ruth Ann Minner's Livable Delaware plan reduces the impetus to spread out and develop rural lands, environmentally sensitive lands, forestlands, and open spaces. As part of Livable Delaware's Green Infrastructure strategy, the Minner Administration worked with the U.S. Forest Service, The Conservation Fund, and The Nature Conservancy to negotiate the purchase and preservation of more than 2,000 acres of prime woodlands from a private owner and has preserved thousands more acres of farmland and open space

throughout the state. In addition, in 2005, a forestland preservation bill was enacted and a permanent funding source for farmland preservation was established through Delaware's real estate transfer tax.

Under former California Governor Gray Davis, a major bond issue allocated \$2.1 billion for the acquisition and protection of natural areas, including state parks, urban parks, farmland, open space and wildlife habitats, and California's coastline. Governor Davis also signed an historic agreement to save 7,500 acres of old-growth coastal redwoods forest with a \$385-million acquisition that the Los Angeles Times called a "landmark purchase." The agreement included tough environmental protections demanded by the Governor for an additional 4,500 acres that serve as a buffer to the Headwaters. He also fought for and won a \$100-million Natural Heritage Tax Credit, the largest of its kind anywhere in America.

I. Investing in Transportation Infrastructure

Governors are also looking at better ways to use funds ear-marked for transportation. For example, Washington Governor Chris Gregoire is implementing landmark legislation that puts into statute transportation efficiencies and reforms recommended by the state's Blue Ribbon Commission on Transportation:

- Reducing engineering/construction cost ratio. WSDOT's preliminary engineering and construction engineering costs have recently been reduced from 26% to 20% of overall ('hard') construction costs.
- Using right-of-way "banking."
- Continuing to assess prevailing wage survey techniques.
- Providing incentives to encourage efficiencies.
- Having predictable revenue sources to fully fund projects, thereby eliminating starts and stops in design and construction, which result in delays and increased project costs.

Governor Bill Richardson of New Mexico has found a way to ensure that infrastructure remains at the top of policy and decision makers' agendas. In a 46-page proposal titled, "Strategic Infrastructure Investment Plan," Richardson lays out his plan for dividing capital outlay money equally between statewide priorities including schools and water and "significant community development projects" at the local level. Under his plan, the state's portion is allocated based on priorities identified by the Governor and the Legislature, and the local portion is doled out for projects that meet a strict set of criteria that will be determined by the Governor's Finance Council. This ensures that infrastructure spending is part of a coherent plan developed for the good of the state and controlled by the Governor, and guards against wasteful spending on projects that aren't a legitimate priority for the state.

CHAPTER III: EDUCATION

A. Early Childhood Education

Governors understand that improving education is one of their most important jobs. High-quality early childhood education and childcare have been shown to affect children's educational attainment positively in at least two respects: short-term preparation for entry into school, and long-term performance within and beyond the education system. Studies have pointed to numerous benefits of high-quality early childhood education and childcare, including:

- High-quality, center-based early childhood education can help close the gap between at-risk and other children, increasing the likelihood of better educational and social outcomes.
- Children who participate in high-quality early childhood education develop better language skills, score higher in school-readiness tests, and have better social skills and fewer behavioral problems once they enter school.
- Children with high-quality early learning experiences are 40% less likely to need special education or be held back a grade.
- Early care and education can be a cost-effective public investment, with benefits that exceed the initial investment of public funds. Studies have found significant returns on investment, in addition to significant social dividends including better school success and higher lifetime earnings for both the children and their mothers. These benefits have been estimated to exceed the costs per child of early care and education by a factor of 2 to 1 and as high as 7 to 1. For example, a March 2005 RAND Corporation study conservatively estimated that for every dollar California invested in a universal preschool program for all four-year-olds (not just those from poor families), the state would reap \$2 to \$4 in economic benefits. An analysis by the Federal Reserve Bank of Minneapolis estimated the rate of return of one well-studied quality preschool program at 16 % (adjusted for inflation), which included more than a 12 % rate of return for society in general.
- But the costs of quality childcare can be quite high. The annual costs of high-quality childcare at an urban center typically exceed the annual costs of tuition at most public colleges. In some cities, childcare costs twice as much as college tuition. And unlike the costs of higher education, which can be spread out over a number of years through low-interest government and/or private loans, the costs of preschool and early childhood education must be borne by parents upfront.

Giving Children a Strong Start

Governor Tom Vilsack's Iowa Strong Start program aims to help children develop the knowledge, skills, motivation and attitudes that will help them succeed in school and in life. Governor Vilsack championed a \$21 million increase for early childhood development in 2005. Iowa Strong Start increases the number of children who have access to high quality preschools, provides greater access to child care for low income parents, established a child care quality rating system, increased parent support and education opportunities, and provided technical assistance and professional development opportunities for communities and providers.

Governors' Efforts to Expand Early Childhood Education

Currently, Georgia and Oklahoma are the only states that offer universal preschool, and New York, West Virginia, and Florida have committed to universal preschool programs, but have not yet fully funded or implemented them. A number of other states have proposed far-reaching early childhood education initiatives, including:

Tennessee Governor Phil Bredesen proposed earmarking \$25 million in lottery proceeds to triple the number of pre-kindergarten classrooms statewide. Tennessee already had nearly 150 pilot pre-K programs serving 3,000 children – mostly four year olds from poor families.

Arizona Governor Janet Napolitano established the Arizona Early Education Fund in 2004 with the goal of raising \$20 million in private funding for early childhood education programs. Modeled after a North Carolina effort that led businesses in that state to contribute more than \$200 million in cash and in-kind donations between 1995 and 2004, Arizona's effort already has collected about \$2 million. Governor Napolitano also has proposed creating a quality rating system for child care programs, expanding funding to double the number of children participating in Arizona's all-day kindergarten program, and building a statewide scholarship program to recruit and retain more qualified early childhood education teachers.

New Mexico Governor Bill Richardson championed a \$5 million voluntary pilot pre-kindergarten program for four-year-olds that was enacted by the state legislature in March 2005.

Governor Mike Easley's "More at Four" Pre-Kindergarten Program is North Carolina's educational pre-kindergarten program to ensure that at-risk four-year-olds start school with the necessary skills for success. The results – participating children showed significant developmental growth over the program year in measures of language and literacy skills, math skills, and general knowledge.

B. Involving Kids, Parents & Grandparents

Governors are also looking at strategies to increase family involvement. There are a number of "best practice" strategies for recruiting parent volunteers that governors could employ, some of which are already in place in isolated cases throughout the states and which would require only a small start-up investment and little to no recurring funding to sustain. For example, ENLACE (Engaging Latino Communities for Education) has introduced "Family Centers" in some public schools; the centers are staffed by parent volunteers, who provide counseling, mentoring, and problem solving for students seeking help. Such a model could be particularly valuable in Native American communities, which revolve around family relationships. States also could invest in an on-line portal that facilitates parental involvement in public education.

Intergenerational initiatives – e.g., programs bringing together pre-school children in child care settings with the elderly in senior centers, or mentoring of youth by retirees – are underway across the country. States can support efforts to develop and expand programs and activities that bring children, youth and older adults together to serve the community and to serve each other. Suggested actions could include:

- **Developing early childcare centers** in or near senior centers, assisted living centers, nursing homes or other group sites to support activities that include young children and older citizens.
- **Programs to bring together children and youth with seniors in adult day care centers and assisted-living facilities**, such as games, arts and crafts and musical activities for seniors and younger children and, for older youth, programs that emphasize common interests of the young people and older adults, e.g., a "Makeover Madness" in which cosmetology students give seniors new hair styles and manicures.
- **Developing after-school programs in or near senior centers or other group sites**, staffed at least partially by senior volunteers to serve as mentors and tutors.

- **Recruiting older adults to care for children** in their homes or the homes of the older adults.
- **Grandreaders literacy programs** in which older adults encourage a love of reading and help increase reading skills for children in grades K - 3.

Governors can also strengthen the network of Grandparenting support. An important intergenerational issue is grandparents raising their grandchildren. According to the AARP, about one in 12 children live in grandparent-headed households in New Mexico alone, more than half without either parent present. New Mexico has taken steps to support grandparents caring for their grandchildren, including its Kinship Guardianship Act and the GRO Project (Grandparents and Relatives Outreach Project) of UNM's Health Sciences Center. The legislature has requested development of an interdepartmental plan to assess the needs of grandchildren and grandparents and ensure that grandparent-headed households have access to the educational, social, medical and mental health services to which they are entitled.

Building on these activities, states can create a Grandparents Raising Grandchildren Program that helps grandparents and other family caregivers who are raising children. The program would be a "one stop" for grandparents, instituting mechanisms to streamline processes to make it easier for grandparents to access services. This could include:

- **A Grandparent Navigator program** for grandparents that educates them on, refer them to, and guide them through the various services that they can access – e.g., legal services, child care services, respite care, training, financial assistance. This could be supplemented with a Tool Kit for grandparent caregivers.
- **A toll-free number** that provides easy access to the information and services that grandparents need from state government.

C. Public-Private Partnerships

In 2005, the fourth year of implementation of the No Child Left Behind (NCLB) Act, many states moved rapidly beyond concerns about the accountability requirements of NCLB and federal funding available to fulfill its mandates, and begun to focus on operational decisions that will improve school performance. The shortfall of federal funding to support the NCLB reforms presents a looming potential crisis for states. In the face of this challenge, states have begun to adopt enterprising solutions that stretch the resources available to assist schools and districts to meet school improvement requirements, and that empower members of their communities – such as students, parents, and corporate partners – to become engaged as responsible and necessary partners in the educational process. States that have facilitated partnerships with parent- and community-driven advocacy groups and with national and regional educational non-profit organizations have gained a wealth of high-quality new information and resources. The following are a few examples of this approach that policymakers may wish to consider:

- **The Partnership to Advance School Success** is a unique public/private partnership that brings together a volunteer corporate CEO, a committed principal and an educational consultant to raise student achievement levels in low-performing schools. The program was established in 1999 by the Council for Education Change with funding from the Annenberg Foundation, and since then has been deployed in more than 30 public elementary schools in Florida and in half a dozen public middle and high schools in Florida. In the PASS model, CEO mentors train principals to infuse business strategies into their school evaluation and improvement operations and develop a professional response to the accountability requirements of NCLB. This approach has helped Florida public schools, especially elementary schools, to report significant gains in student achievement on 2004 FCAT tests: 63% of PASS schools that received a D in student achievement in 1999 were graded an A or B in 2004; only approximately 45% of all Florida schools that received a D

in 1999 ranked an A or B in 2004. 82% of schools that have used the PASS model for three years increased their school ranking at least one letter grade, and 35% of schools using the model have shown an increase of two or more letter grades.

- **CEOs for Cities** is a national, non-partisan alliance of urban leaders, including mayors, business executives, educators, and heads of business leadership groups, foundations, and other non-profit organizations. The alliance seeks to strengthen urban communities through the exchange and application of best practice ideas and through advocacy. The organization works in partnership with the Brookings Institution.
- **How Business and Civic Leaders Can Make a Big Difference in Public Education**² is an example of the public/private partnership projects that the organization supports. This study identifies ways business and philanthropic leaders can help public education institutions formulate reform strategies, organize political and financial support, and create independent organizations and institutions to sustain reform.
- **Just for the Kids** is a non-profit organization that was established in Texas in 1995 to raise academic standards and increase student achievement by providing best-practices information on High-Performing School Systems, on the premise that successful schools are a valuable source of information for other educators' school improvement efforts. The organization also provides data on academic conditions in schools throughout the country. Just for the Kids reports are produced by the National Center for Educational Accountability in cooperation with ECS, the Education Commission for the States, an interstate compact of governors, legislators, and policymakers from 49 states, and the University of Texas at Austin. Thirty-six states participate in Just for the Kids and make the site's comprehensive state-based statistics, national best practice studies, and professional development and training resources available to educators, policymakers, and other education stakeholders.

Leveraging Banking and Lending Institution Support for Childcare Programs under the Community Reinvestment Act (CRA)

Governors should consider using the CRA to help support state childcare programs. The act requires federally insured mortgage-lending institutions to make funds available for community and neighborhood reinvestment at affordable interest rates. If banks identify childcare as a "community need" under the CRA, they can make loans to providers as part of their obligations to assist low- and moderate-income neighborhoods. Affordable capital is chronically short in many such neighborhoods. Banks also can seek out other opportunities to contribute to local or regional efforts. For example, last year PNC Financial Services Corporation pledged \$100 million in early childhood education over the next 10 years.

Achieve, Inc. (achieve.org) is a bipartisan, non-profit organization founded in 1996 by the nation's governors with support from business leaders. It is managed by a board of directors consisting of 5 governors (two Democrats and three Republicans) and 6 CEOs. The organization is dedicated to helping states raise academic standards and better prepare students for higher education and for work. It receives substantial financial support from groups like the Bill and Melinda Gates Foundation, the Bill and Flora Hewlett Foundation, IBM Corporation, Boeing Company and others, and as a result has been able to create an extraordinary resource, including grant funding, to improve educational outcomes. Following is a short list of achieve.org services to states:

² Hill, Paul, "How Business and Civic Leaders Can Make a Big Difference in Public Education," Center on Reinventing Public Education, University of Washington, 2004

- The organization has established benchmarking criteria to evaluate the effectiveness of state standards and assessments, and provides special services to assist states to develop “outstanding” standards and to measure their performance against that of their peers.
- The American Diploma Project was established in partnership with The Education Trust and the Thomas B. Fordham Foundation in 2001. The initiative is seeking to define English and mathematics skills that students will need to succeed in higher education and in the workplace and align those with high school graduation requirements.
- A National Governors Association \$42M education reform initiative provides resources from the Bill & Melinda Gates Foundation, the Michael & Susan Dell Foundation, the Carnegie Corporation of New York, The Wallace Foundation, The Prudential Foundation and the State Farm Foundation makes available \$42M to support state efforts to reform their high schools.

Bringing CEOs into Schools

Governors and candidates can support community involvement in schools by creating programs that formally bring CEOs into Schools. Starting in 1999, Florida business and education leaders confronted academic deficiencies in their public schools. One result was the Partnership to Advance School Success (PASS), in which a corporate CEO works as a mentor with a progressive school principal of an underperforming school. Participating CEOs contribute \$100,000 and make a three-year commitment to participate in the program. The program – with funding from the State of Florida and well as foundation funding – matches the corporate pledge, giving principals \$200,000 during the pilot period. PASS has proved highly effective in Florida: 82% of participating schools have shown measurable improvement. A PASS program would be consistent with a message of relying on private sector incentives, rather than government regulation, to change behavior and improve results. PASS programs are often enthusiastically supported by the business community, which wants to see both higher standards and higher achievement in public education and which has a history of being actively engaged as champions for these reforms. Finally, it would create a “business model” solution for improving education, both because it would rely on private funding and because it would infuse business strategies and principles into schools improvement plans.

D. Secondary-Education

Redesigning the American High School

Governors across the country are looking at ways to re-imagine and redesign the American high school. Although the performance requirements imposed on American schools by No Child Left Behind are daunting, the competitive challenges facing the United States and its students and workers in the 21st century are equally severe. At the same time that American businesses are requiring an increasingly educated labor force, the knowledge and abilities of US citizens are slipping behind those of scores of other nations, particularly in crucial math and science disciplines that will drive industry and intellectual innovation in the coming decades. In February 2001, the Hart/Rudman report identified “the inadequacies of our systems of research and education [as] a greater threat to U.S. national security over the next quarter century than any potential conventional war that we might imagine.”³ According to a March 2005 Manhattan Institute report, nearly one-third of all high school students fail to graduate. Of those who do graduate, almost half will not have the knowledge or skills to

³ “Roadmap for National Security: Imperative for Change,” The United States Commission on National Security/21st Century, February 2001.

succeed in college. Only about half of African-American and Hispanic youth graduate from high school, and fewer than 20% are ready for college-level academics.

The founder of the “Redesigning the American High School” initiative, former Virginia Governor Warner, is making major changes in high school policies in his own state. Governor Warner has been a national leader in high school reform. Governor Warner’s “Senior Year Plus” initiative helps high school students get a jump on preparing for college and careers. Governor Warner’s Senior Year Plus initiative offers two options that will better prepare students for life after high school, while reducing the cost of college tuition for families. These options are called the **Early College Scholars Program and the Path to Industry Certification**.

- Virginia is challenging high school students to earn college credits while still in high school and making it easy for them to do so. The state has expanded access to dual enrollment programs, in which high school juniors and seniors take courses at community colleges for which they earn both high school and college credit, and Advanced Placement programs, in which students study and are tested in college-level coursework. The state has also established a sweeping new articulation agreement among 62 of its public and private institutions that ensures that a common academic core curriculum will be accepted for degree credit throughout the state. The state projects that this measure will save students and their families up to \$5,000 in reduced college-tuition costs. This initiative can also help alleviate the space considerations created by the expected influx of 61,000 additional students seeking admission to Virginia colleges and universities by the year 2010.
- Similarly, “Path to Industry Certification” is targeted at the 11,000 - 12,000 students that graduate every year in Virginia with no technical training and no plans for further education. The Path to Industry Certification requires participating students and their parents to sign a student compact in which a student agrees to stay in school and complete the rigorous requirements for an industry certification, the state pays tuition for up to nine months of post-secondary training at a community college or other approved provider.

In Oregon, Governor Ted Kulongoski is also allowing high school students to get a jump on college: Oregon high school juniors and seniors over the age of 16 will be eligible to enroll in college courses at no cost due to the passage of Senate Bill 300. School districts will foot the bill for high school students who enrolled in college courses, up to the maximum equivalent of seven full-time enrolled students per every thousand students in the high school. Districts develop individual agreements with state universities and community colleges to establish dual enrollment opportunities. Approximately 600 Oregonian students partake in dual credit programs; the number is expected to grow to 2,000 students under the new measure.

In 2004, New Mexico Governor Bill Richardson designated \$10 million to design and build career technical education centers on community college campuses across the state. These technical education centers are remaking traditional high school career and technical education for the 21st century by offering students the opportunity to pursue college-level advanced technical degree programs while still in high school. Community college and high school administrators are working together to create a seamless curriculum in which students take college-level coursework that meets both high school and college competency standards and for which they receive dual high school and college credit.

North Carolina provides school accountability report cards to all parents whose children are in the K-12 grades. The report cards give parents information about the size of their child’s class, the overall performance of the school and the certification background of their child’s teachers.

Governor Brad Henry of Oklahoma recently passed his Achieving Classroom Excellence (ACE) initiative to enhance student math skills, reward teachers and enroll high school students in college courses. ACE will place greater emphasis on improving math skills by increasing course requirements for high school students, establish special math labs, provide more middle school instructors and math trainers, develop meaningful testing methods and provide access to college courses for high school students in their senior year.

Institute a High School Reform Initiative

There is no national strategy to ensure that future generations will inherit the opportunities that this generation has experienced. In response, the National Academy of Sciences recently released a report on the action items for federal policy makers to enhance science and technology skills needed for the 21st century. Governors could offer a bold plan for high school reform by proposing to:

- Raise the graduation requirements for high schools to include 4 years of math, 4 years of English and 3 years of science.
- Require every high school graduate pass Algebra within 5 years.
- Require every teenager between the ages of 16 to 18 to either be in school or have graduated from high school to maintain their driver's license.
- Every high school student must take a college ready course curriculum in order to graduate. Some states like Indiana and South Carolina are taking these steps. The only opt-out is if the parents and school agree to waive the requirement.
- Require high school standards to meet world-class standards within 4 years. Many of today's state standards have been benchmarked to other states but not against the standards needed in a global marketplace.
- Have half of high schools offer international baccalaureate program within six years. More research would need to be done on the potential costs of achieving this goal but many high schools are looking at the IB program.

E. School Governance

Iowa Governor Tom Vilsack led the effort to take the politics out of public education. Education governance in Iowa was divided among several different entities. To bring the education stakeholders together and work on a common vision for Iowa, Governor Vilsack created the Iowa Learns Council. The council set out to accomplish two statewide goals: 90 percent of Iowa children will have a high-quality preschool experience and 90 percent of Iowa high school graduates will complete at least two years of college.

North Carolina Governor Mike Easley recently requested that the state board of education and department of public instruction send "turnaround" teams into 44 low-performing high schools. Teams will be deployed to assist schools in increasing student performance and monitor how money is spent in schools. The turnaround teams will be comprised of members from the Department of Public Instruction specializing in curriculum, finance, and school support; staff from the Governor's New Schools Project; and staff from Learn and Earn, a program that provides students with the option to earn an associates degree and a high school diploma in 5 years. The turnaround team members will work with high schools across the state that have fallen below 60 percent proficiency on the state accountability and standardization system. The teams will:

- Review school progress;
- Analyze student performance and teacher data;
- Examine spending patterns;
- Focus on proven strategies; and
- Identify short-, mid-, and long-term benchmarks to measure improvement.

Virginia Governor Mark Warner established a school efficiency review to ensure that Virginia's education dollars are spent wisely and effectively. This includes individual school system reviews and a statewide education performance review to track how the state is boosting student achievement.

Governor Bill Richardson of New Mexico advanced and succeeded in passing in 2005, the Charter School District Act, which expands and strengthens charter schools by giving organizers the opportunity to apply for charters directly with the Public Education Department, not just local school boards. The Act allows public school districts to become charter school districts and negotiate for the creation of new charter schools directly with the New Mexico Public Education Department. The Governor has succeeded in passing other legislation that makes it easier for charter schools to compete. In 2004 he signed legislation that provided \$4 million to help public schools pay for leased space. The law applies to all public schools, but benefits charter schools the most.

Louisiana Governor Kathleen Blanco signed legislation that gives superintendents of districts "in crisis" the authority to sign contracts to change district policies, and to hire, fire and assign staff responsibilities that formerly resided with local school boards. Superintendents also are required to submit a school improvement plan to the State within 120 days of being classified as "in crisis," and to provide quarterly reports to the local school board on how they plan to carry out the plan.

F. Literacy Programs

The Families First program in Tennessee contracts with several organizations that provide family literacy instruction. For example, the Nashville READ program collaborates with Head Start and senior citizen centers to offer family literacy education and promote intergenerational literacy learning. The state allows participation in family literacy programs to count as adult basic education, an activity satisfying twenty hours of its forty-hour TANF work requirement.

The "100 Book Challenge" program, used in some schools in Philadelphia and elsewhere in Pennsylvania, includes several components: a requirement, with incentives, for each student to read at least 100 books per marking period; one-on-one time between the teacher and each student for evaluation and instruction; general class time on phonics and other reading concepts; independent reading done at home with a parent or other adult; and student choice of books they will read. The 100 Book Challenge mixes both phonics and whole language approaches, consistent with recent studies showing a mix of both methods is most effective. The program has produced concrete improvements in reading skills: the Philadelphia elementary school that had the greatest improvement in reading achievement used the program. Another Philadelphia school increased its students reading at or above basic levels from less than half to almost 70% in just one year.

G. No Child Left Behind: Compliance and Funding Challenges

According to an April 2005 study, student "achievement" has improved under NCLB, but student "growth" has declined slightly. The researchers define student "achievement" by measuring an individual student's assessment score at a given point in time and student growth as indicating the difference in an individual student's assessment scores from one point in time to the next.⁴ If student achievement continues to grow at the rate so far demonstrated, schools will not meet the federal government's requirement that all students in the nation's public schools reach 100% proficiency in reading and math by 2014.⁵

⁴ "Northwest Evaluation Association Announces Scientifically Based Research on Effects of No Child Left Behind," press release, April 15, 2005: Northwest Evaluation Association (NWEA), Portland, OR.

⁵ Ibid.

Other findings:

- Students are making greater gains in mathematics proficiency than in reading.⁶
- There is no dramatic increase in student growth for low-performing students.⁷
- There are over 91,000 public schools in the United States.⁸ Studies have estimated that at the start of the 2004-05 school year, as many as 11,000 had been identified as “in need of improvement” for failing to meet NCLB accountability requirements. This is an increase over the 6,000 schools estimated to be in need of improvement in 2003-04.⁹
- The vast majority of states identify inadequate funding and resources as major threats to the success of NCLB. About 78% of states report that federal funds are not sufficient to provided needed technical assistance to low-performing schools, and 80% of districts surveyed indicate that there are substantial costs associated with NCLB that are not being covered by federal grants, particularly for developing teachers and administrators, monitoring the effectiveness of supplemental service providers, and performing mandatory data collection and analysis.¹⁰ The federal share of expenditures for K-12 education is only about 9.6%.¹¹

A study of the extra costs of NCLB in Ohio examined the “intervention” costs of increasing the percentage of students scoring at proficient levels from 75% (the state’s goal) to 100% (the federal goal), and the administrative costs of meeting the law’s demands for teacher preparation. The study found that the extra costs of implementing NCLB in Ohio were nearly \$1.5 billion annually, more than twice what the state receives under NCLB.¹²

Another study concluded that it would cost Texas \$1.65 billion to increase passing rates on the state test from the current level to the 2005-06 NCLB performance target of 55%, far more than the \$519 million it receives for this purpose from the federal government. To meet the 70% performance target established for future years would require an additional \$4.67 billion, and this target is far short of the NCLB goal of 100%.¹³

Moreover, 45 states report that they do not have enough staff, and 31 states indicate that they did not have sufficient staff expertise, to implement the requirements of NCLB.¹⁴

H. Class Size Reduction

Some research suggests that students attending small classes in the early grades make more rapid educational progress than students in larger classes, and that these achievement gains continue well after students move on to larger classes in later grades. Consequently, states are experimenting with class size reduction programs.

California created a K-3 Class Size Reduction (“CSR”) program in 1996, and provided nearly \$1 billion in incentive funding for school districts voluntarily to reduce K-3 classes to 20 students per class. Funding for this program has grown considerably since that time now and exceeds \$1.7 billion, making it the largest and most expensive CSR in the country. Unlike other state CSR programs, in states like Wisconsin and Tennessee

⁶ Ibid.

⁷ Ibid.

⁸ U.S. Department of Education, “U.S. Network for Education Information,” www.ed.gov.

⁹ “From the Capital to the Classroom: Year 3 of the No Child Left Behind Act,” Center for Educational Progress, March 2005, p. 74.

¹⁰ Year 3 of the No Child Left Behind Act, (2005).

¹¹ Sonnenberg, 2004.

¹² Ibid.

¹³ Ibid.

¹⁴ Ibid.

(widely known for its Student-Teacher Achievement Ratio or STAR program), schools in California began reducing class sizes only a couple months after the legislation was passed and, by the next year, almost all first grade and second grade classes in the state had been reduced to 20 students.

But, studies performed on state Class-Size Reduction programs in Tennessee and California, for example, also found that while student achievement improves initially, there is no direct indication that it continues to improve as students advance in grade level, and what makes the most difference is not reduced class size but teacher quality. As a result, fewer states are funding Class-Size Reduction programs than in the past.

I. Teacher Compensation

In recent years, several states have taken a variety of steps to improve compensation and benefits for teachers. Iowa Governor Tom Vilsack's variable pay proposal was perhaps the most ambitious. Other efforts include:

- Wyoming recently appropriated \$100,000 to fund a teacher policy institute in collaboration with the University of Wyoming during the 2005-06 school year, and appropriated \$400,000 to the Department of Education to initiate a pilot teacher advancement program. In addition, the state provided \$182,000 to supplement funds paid to districts for reimbursement to teachers for actual costs of national certification fees.
- Iowa, Oklahoma, and Arkansas passed laws to increase the minimal salary pay schedules for teachers in their public schools. The law also added additional steps to its updated pay schedules. In 2004, Oklahoma passed a law that requires the State to pay 100% of teacher health benefits.
- Oklahoma Governor Brad Henry also proposed an initiative that would provide middle school math teachers who complete the professional development exam with a \$1,000 stipend.
- Under Governor Mike Easley, North Carolina provides scholarships for early childhood education students at local universities to assist aspiring young people in obtaining early childhood credentials, bachelors, and master's degrees. In return, each participant must complete a certain amount of education, usually in the form of college coursework, during a prescribed contract period. After completing their educational requirement, participants receive increased compensation in the form of a bonus or raise, but must stay in their childcare program or the field for a year. Many states have sought to replicate the North Carolina T.E.A.C.H. program.
- Tennessee Governor Phil Bredesen signed a 2004 law that establishes a method for equalizing public school teacher salaries across the state that takes into account training and experience.
- Virginia allows licensed teachers who are employed full-time in a public school or state educational facilities to purchase personal computers and related devices for personal use outside the classroom on state contract.

Other states reimburse teachers for personal funds spent on classroom supplies or permit retired teachers to work as full-time teachers or improvement specialists in low-performing schools.

J. Improving Classroom Teaching

States are increasingly recognizing the importance of classroom teaching. Wyoming recently appropriated \$100,000 to fund a teacher policy institute in collaboration with the University of Wyoming during the 2005-06 school year, and appropriated \$400,000 to the Department of Education to initiate a pilot teacher advancement program. In addition, the state provided \$182,000 to supplement funds paid to districts for reimbursement to teachers for actual costs of national certification fees.

Under Governor Brad Henry, Oklahoma increased the minimal salary pay schedules for teachers in its public schools and added additional steps to its updated pay schedules. In 2004, Oklahoma passed a law that requires the State to pay 100% of teacher health benefits. Governor Henry also passed an initiative that would provide middle school math teachers who complete the professional development exam with a \$1,000 stipend. Governor Henry's Achieving Classroom Excellence (ACE) program enhances student math skills, rewards teachers and enrolls high school students in college courses. ACE places greater emphasis on improving math skills by increasing course requirements for high school students, establishing special math labs, providing more middle school instructors and math trainers, developing meaningful testing methods and providing access to college courses for high school students in their senior year.

To promote teacher quality, Arizona Governor Janet Napolitano has launched a Master Teacher Initiative. This initiative provides outstanding teachers the opportunity to further develop their skills and mentor other teachers. The Master Teacher initiative identifies master teachers in schools and works to develop future master teachers in others by providing support for national board certification funding. The Master Teacher program plans to create 100 exceptional teachers at the lowest income schools across Arizona during the 2005-2006 school year. The Governor has set the goal of having at least one master teacher in every school.

K. Children's Environmental Health in Grade Schools

Leading governors know that children are not merely empty vessels to be over-stuffed with as many facts as possible. Children learn better when they are healthy. Innovative governors and candidates can also address these issues for keeping students healthy:

Asthma Triggers

Many grade school children are at risk of having an asthma attack. Although life threatening asthma attacks are preventable, grade school teachers and administrators can help reduce those attacks by eliminating known "asthma triggers" by adopting U.S. EPA's "tools for schools" approaches towards cleaning, maintenance and design of school air conditioning and heating systems. Teachers and administrators can also be trained in how to administer life saving medicines in the event of an asthma attack. The "tools for schools" program and training is available for free from US EPA and can be incorporated into local teacher training programs. In addition, the Education Cabinet will offer training and education programs on the "tools for schools" program to all interested local school districts.

Removing Mercury in School Labs and School Equipment

Many older school buildings in America still have aging lab equipment and florescent light ballasts that contain mercury and other toxic chemicals. Some school administrators don't know about the hazards of breakage or leaks that these types of old equipment pose. Other administrators know generally about the risks but also know the costs of disposing a small amount of mercury or other toxic chemicals can be very expensive and is not the type of expense that is included in the normal school budget. Pilot programs have shown substantial cost savings by pooling together a school district's resources to have one environmental management company collect and dispose the small amounts of mercury found in the old thermometers and lab equipment of many schools. Getting toxics out of grade schools makes sense: Previous pilot programs have shown the costs to be minimal but the benefits are high from these mercury collection efforts.

Lead Testing in School Drinking Fountains

Some local school districts have testing programs for the water that kids drink from the water fountains in their schools. All local school districts should be testing their drinking water for lead before schools open each fall. The tests are simple and inexpensive and parents have a right to know that the drinking water in schools is safe.

Safer Routes to School

Recent studies have pointed out that fewer and fewer children nation-wide are walking or biking to school. This is one factor that has contributed to higher childhood obesity, and has resulted in increased traffic congestion, air pollution and energy consumption. Federal funding is available through U.S. EPA for states that are willing to come up with creative designs for smaller local neighborhood schools or new methods to reduce barriers such as distance, traffic, weather and crime that prevent children from biking or walking to school.

A new Department of Transportation initiative will use existing federal funds to award grants to schools and school districts based on a statewide competition. Grant applicants will be required to identify safety hazards, as well as current and potential biking and walking routes. Applicants will be judged on their potential effectiveness in reducing child injuries and fatalities, and also in encouraging more biking and walking.

Soft Drinks and Snack Ban

Part of a good education on the fundamentals needed to succeed beyond grade school is how a healthy diet can lead to a healthy body and lifestyle. Yet most schools allow junk food and sodas to be sold in grade school or high school cafeterias. In fact, in those types of "captive audience" situations (many grade and high school students are not allowed to leave the cafeteria during lunch time), selling junk foods and sodas is close to promoting an unhealthy lifestyle. In New Mexico, Governor Bill Richardson's Healthy Kids initiative will ban the sale of soft drinks in schools. Similarly, in Oklahoma, the elimination of soft drinks and junk food in elementary schools, and their restriction in high schools, is part of Governor Henry's health agenda. These Oklahoma restrictions will begin in 2007.

Volunteer Program for Eye Care/Hearing Checkups in Schools

Several recent studies have indicated that a significant percentage (10 – 18%) of students in public grade schools suffer from hearing and vision problems of which they may not be aware. Young students who cannot see the blackboard or hear the teacher cannot learn, so some states have implemented programs to give school children free vision and hearing check ups in school. Several states have voluntary programs based upon a Gerber Foods Foundation model whereby local optometrists and hearing specialists volunteer their time to do a week long screen of all students at the start of each academic year. Some local school districts in Maryland have also implemented trial programs. These programs have proven to be a cost effective way to get kids the type of preventive care they need. Not only does it help students with vision or hearing problems learn more but the early detection of certain vision and hearing problems can lead to less costly and drastic interventions and care to fix the problem.

L. Preventing Violence and Disorder in Schools

Preventing School Violence

Children cannot learn and teachers cannot teach so long as our schools are not safe havens from violence. States could maintain a zero tolerance policy for guns and violence in its schools. Parents of repeat offenders will be brought in to meet with teachers and school officials to determine if more stringent courses of action beyond in-school suspensions and other forms of punishment must be taken. Governors can work with local police and homeland security experts to develop school safety audits, as well as a model for developing a school violence prevention and safety plan. This will involve:

- Working with the police, prosecutors, and social service agencies to identify and intervene with students who may be at risk of violent or disruptive behavior and training administrators, teachers, students and staff on how to deal with an incident of school violence or other safety crisis, including emergency safety procedures and working with students affected by a violent act.
- Putting probation officers in our toughest schools. This strategy has been used in Maryland, which assigned 70 probation officers to 125 public schools in high-crime neighborhoods across the state. Since the Spotlight in Schools initiative began, none of the schools' students on probation have been arrested for new offenses. Suspensions and dropout rates in the schools have also declined. The experiment's success prompted officials to expand the program statewide. The targeted schools are located primarily in some of the most crime-ridden communities. Experts say constant interaction with students has changes the nature of the role of the parole officer. Officers now can open more "preventive" cases, working closely with students whom teachers are concerned about but who are not yet in trouble with the law. This identifies the needs of kids better and can give them the attention they may need early on to prevent them from going further into the system.

Reducing Truancy

Truancy contributes to fundamental systemic problems, the most obvious of which is that youth who are not in school are not learning and achieving. Truancy clearly has significant costs, both economic costs to society as well as costs to the truants and their families.

According to the RAND Corporation, for every race and gender group, high school dropouts claim more in government-funded social services expenditures than high school graduates. For men in particular, dropouts incur more in criminal justice costs. The average dropout costs more than \$800,000 over the course of his or her lifetime. Discounted for the current value of the money, the cost is over \$200,000.

Data from the 2000 census show that high school dropouts had only a 52% employment rate in 1999, compared to 71% for high school graduates, and 83% for college graduates. Of those who worked full-time year-round in 1999, high school dropouts earned only 65% of the median earnings.

Also, there is correlation between high truancy rates and certain kinds of crimes, predominantly property crimes. Cities that have reduced truancy rates also have realized reductions in certain daytime crimes. For example:

- Ten types of property crimes often linked to minors dropped 27 percent during school hours one year after a strict truancy law went into effect in 1997, according to a Los Angeles Police Department study. Decreases in instances of crimes during these hours ranged from 19.3 percent in petty theft to 45.2 percent in automobile burglaries. Similarly, arrests of juveniles declined by 26 percent for a variety of property crimes during school hours.
- After the police opened a truancy center in North Miami Beach and began picking up school aged youth on the street during school hours, crime diminished substantially in the targeted neighborhoods. Vehicle burglaries decreased by 22%, and residential burglaries and criminal mischief both decreased by 19%.

America already has strong truancy laws designed to prevent and, if necessary, punish truants and/or their parents. But governors can do more. Truancy often is a youth's first interaction with the courts system. To the extent that the school system, law enforcement, courts system, community organizations, and parents can work together to intervene at this early stage, future problems may be prevented. A study of the costs and benefits of three Colorado truancy reduction programs and three truancy courts, for example, found that the truancy programs, each of which cost about \$50,000 a year, can each operate for four years for the same cost to society as one high school dropout.

Governors can work with law enforcement, public schools, community organizations, parents, and the courts to develop more effective truancy reduction and truancy court programs, based in part on the following model programs:

- Atlanta's Truancy Intervention Project uses volunteers and private attorneys who volunteer their services to represent truants in a special truancy court. They also work together to assess underlying problems in the youth's life and develop appropriate interventions and responses. Governors can work with the county juvenile court system, the local bar association, and community groups to see whether a similar comprehensive approach is feasible in a particular state.
- Through the Rhode Island Truancy Court program, one magistrate and one court aide hold court sessions at school. Juveniles and their parents appear for court, where they are arraigned and given the opportunity to stay in the truancy court or to have their case sent to the formal court for trial. Juveniles who successfully complete the truancy court requirements by the end of the school year -- including attend school every day on time and do all class work and homework and behave -- have their cases dismissed. Many children choose to participate in the truancy court program to avoid a juvenile record. During each court session, the truancy court team, which often includes guidance counselors, teachers, mental health treatment providers, the parents, and the truant officer, reviews the juvenile's attendance and compliance with court mandates. If the child does well, he or she receives positive reinforcement. If the juvenile does not do well, he or she faces consequences ranging from detention to removal from the home. Approximately 60 to 80 percent of the youth who appear in the court improve their attendance; the majority improve their grades.

Requiring Character Education to be Taught in All Schools

Schools can integrate character education into the school curriculum, with the goal of reducing disciplinary problems and instilling personal character among our youth. As part of this initiative, governors would develop discipline standards for students and hold them accountable for their conduct. In particular, states can encourage the development of character education courses that:

- Are developed under the direction of a character education committee comprised of people who represent America: parents, educators, businesses, and community organizations.
- Involve parents with educators in all phases of the design, implementation, and evaluation of the curriculum.
- Recognize that character education is part of the core curriculum and develop integrated activities that weave character education and academics together.

Reducing Bullying

School bullying finally has come under public and media scrutiny after it became known that bullying may have been a contributing factor in shootings at Columbine High School in Littleton, Colorado and Santana High School in Santee, California, as well as in other acts of juvenile violence including suicide. Bullying can

affect the school environment, creating fear, inhibiting the ability of some students to learn, and leading to other antisocial behavior. Until recently, school bullying was taken as a fact of student life, and little was known about its prevalence or impact. The first nationwide survey, undertaken by the National Institute of Child Health and Human Development, found that 17 percent of sixth through tenth grade students had been bullied “sometimes” or “weekly,” 19 percent had bullied others sometimes or weekly, and 6 percent had both bullied others and been bullied. The researchers estimated that 1.6 million children in grades 6 through 10 in the United States are bullied at least once a week and 1.7 million children bully others as frequently. In a study of 6,500 middle school students in rural South Carolina, 23 percent said they had been bullied regularly during the previous 3 months and 20 percent admitted bullying another child regularly during that time.

This need not be the case in American public schools. A number of bullying prevention programs have demonstrated success, and CPS can implement some of the lessons learned. For example, one model bullying prevention program helped reduce bullying by 50 percent or more over a two-year period in elementary, middle, and junior high schools by involving school staff, students, and parents in efforts to raise awareness about bullying, improve peer relations, intervene to stop intimidation, develop clear rules against bullying behavior, and support and protect victims. In addition, the program improved the school climate, and the rate of antisocial behavior, such as theft, vandalism, and truancy, declined.

Governors can work with school officials, teachers, and parent organizations to design and implement an anti-bullying program that will intervene on three levels:

- **School:** Faculty and staff would survey students anonymously to determine the nature and prevalence of the school’s bullying problem, increase supervision of students during breaks, and conduct school-wide assemblies to discuss the issue.
- **Classroom:** Teachers and other school personnel would introduce and enforce classroom rules against bullying, hold regular classroom meetings with students to discuss bullying, and meet with parents to encourage their participation.
- **Individual:** Staff will intervene with bullies, victims, and their parents to ensure that the bullying stops.

Empower Teachers to Discipline Unruly Students

Governors need to give teachers and schools every tool possible to help keep control in their classrooms. Although teachers should not have to serve as police officers and security guards, they can be empowered to take necessary steps to maintain order in the classroom and deal with unruly students. Governors can work with the teachers’ unions and school administrators to identify any additional tools and strategies that teachers can use to maintain order. These might include but would not be limited to ensuring that classrooms are equipped with emergency communications systems to link teachers to school officials or security guards and seeking immunity from lawsuits for reasonable good faith actions to discipline students and protect themselves or other students.

Impose Tougher Penalties and Discipline

Governors must send the strongest possible message to youth that violence will not be tolerated, especially at school. To do this, they can propose state legislation that gives prosecutors greater latitude to prosecute minors as adults for any violent crime committed on school grounds, or against a fellow student, teacher or school employee. Governors and candidates can also advocate suspending the driver’s licenses of students who bring a weapon or drugs to school, commit acts of violence on school grounds, or vandalize school property. In some states, the law permits the suspension or revocation of any driver’s permit or license if the holder is involved in certain traffic, drug, or alcohol-related offenses. This law has helped prevent

numerous accidents and deaths, in part because young people cherish the privilege of driving. Governors and candidates should use this leverage to encourage other non-criminal behavior in our schools.

In addition, underage youth who prove to be repeated violators can be prohibited from obtaining their driver's license or learner's permit until they graduate. And that also can apply to habitual truants, or those who drop out of school completely. Governors can encourage state legislators to revoke their driver's licenses, as Indiana does, until they complete high school or earn their GED.

M. Reaching Out to Families of At-Risk Children

For too many youth, intervention by the police, courts, or juvenile justice system is the first time in which they received services to address underlying causes of their bad behavior. For example, when researchers examined persistent property and persistent violent offenders, they found that about half (48 percent) did not receive any help inside or outside of school, and only 15.4 percent of the persistent property offenders and persistent violent offenders received help from mental health professionals in addition to help in school. Similarly, comparisons of court-involved boys with those who had not had court contact showed that the former group received more intensive help; court intervention may well have brought the necessity for help to their parents' attention. Only 17 percent of the boys' parents sought help before the year in which their boys were referred to the juvenile court.

The implications of these sorts of findings are clear: Having programs available for youth may not be enough. Outreach to delinquent youth and their family also is critical. Parents, in particular, often do not know what sorts of services might be available to respond to their children's disruptive or delinquent behavior in a way that may prevent future problems. State agencies must develop outreach strategies, as well as ways to link parents and youth to appropriate services, including family counseling, anger management programs, mental health services, and alcohol and other drug treatment programs.

N. Fighting Gangs

It is no surprise that gang members account for a disproportionate share of all delinquency, in part because gangs typically attract antisocial adolescents who are more likely to get into trouble, as well as because the group dynamics of gangs often facilitate involvement in delinquent behavior. But research from other cities also indicates that gang membership can be a brief experience for many youth. In some studies, half of male gang members, and two-thirds of female gang members, reported being in a gang for one year or less, and only seven percent of male gang members reported being in a gang for four years.

If these studies are correct, gang members should have higher rates of delinquency while they are in gangs, but not before or after they are gang members. This points to two strategies that states ought to pursue: first, keeping youth from joining gangs, and second, helping gang members to leave gangs that they have joined. States can deploy local law enforcement, social service, and educational agencies to accomplish both of those aims, as well as intense law enforcement to apprehend and punish those gang members who continue to cause trouble and commit crimes. Governors can:

- **Support the Local Police Department's Efforts to Track Gang-Related Data.** The better information we have on gang activities, gang membership, and the location of gangs and gang activities, the better the police will be able to protect neighborhoods by apprehending and punishing the worst offenders. Governors can support software and information technology to develop the best intelligence available on gang membership in America in an effort to produce better strategies for preventing crime and punishing juvenile offenders.

- **Pursue Gang Outreach and Intervention Programs, Using a Carrot and Stick Approach.** Boston’s Operation Ceasefire has produced dramatic violence reduction and gang reduction results. Operation Ceasefire combined the powers of federal, state, and local police, prosecutors, and corrections officials with the services and outreach of prevention “street workers,” clergy and church groups, community organizations, and jobs and training programs. Among other things, this broad-based Boston working group used intensive gun tracing, data collection, and direct outreach to let gang members know that violent behavior would trigger an immediate, intense response. For those who wished to get out of their gang and engage in more productive activities, the community organizations and street workers linked them to jobs and other support services. Those who did not get the message and continued to commit crimes felt the full force of federal, state, and local law enforcement and prosecution, with a number of gang members getting sent to federal, not state or local, prison.

O. Strengthening the Juvenile Justice System

Developing School- and Community-Based Justice Programs

Governors and candidates must devise strategies to engage community organizations and volunteers in the lives of young people. They can work with experts on community and restorative justice to evaluate the community courts that have begun operating in America and develop and strengthen programs that enable community members to take an active role in meting out appropriate community sanctions and helping the youth of America to take responsibility for their actions. Our efforts will seek to create needed social structures in their lives, impart a sense of responsibility to their families and their neighborhoods, provide productive skills to prepare them for gainful employment, and prevent re-occurrences of criminal behavior.

These programs might include neighborhood youth courts, mentoring, and other innovative strategies to channel teen offenders into productive lives. At the very least, they would contain elements that appear to be key to producing successful outcomes: a clear and firm structure of discipline, incorporating positive and negative sanctions; high expectations; strong peer relations and positive peer pressure; demanding but supportive staff; and a well-managed community ‘re-entry’ component.

Using Community Service as Corrective Punishment

More can be done to enable juveniles to understand the damage done by their anti-social behavior and connect them with their communities, rather than simply punishing them and not seeking personal change. Governors can seek out ways to include community service as a juvenile sentencing option to establish those ties to the communities around them, as well as seek to develop programs similar to the California Youth Authority’s victim impact panels. This nationally recognized approach allows the victims of juvenile offenders to describe the full physical, emotional, and financial impact of the crime to juveniles in a way that helps them develop a sense of personal responsibility. It also requires the offenders to pay restitution or provide services that are of benefit to the victims or the community.

P. Tying it All Together: A Children's Report Card & Investment Strategy

Cities like Philadelphia have pioneered efforts to track and aggregate all spending in the city on children across program lines and government levels, as well as identify objectives for the city across a wide range of child welfare measures. Philadelphia annually "grades" the city on the attainment of those objectives and assesses how well the spending initiatives relate to the outcomes. Governors can establish a similar performance measurement to better enable states to serve their children and families.

Q. Improving Higher Education

Governors know the importance of a college education, and across the country, leading governors are finding innovative means to support higher education. For example, through the efforts of Governor Jennifer Granholm, every Michigan student will take a college entrance exam as part of the state's high school assessment. By making this exam available to all high school students at no cost to the student, the state will ensure that every student has the needed entrance exam completed in order to qualify for admission into a college or university. And to encourage more students in Michigan to stay in college and graduate, Governor Granholm announced a new MERIT scholarship that guarantees students a minimum of \$4,000 in scholarships and grants if they complete two years of postsecondary education, including coursework at four-year college or university, community college or certification program. Michigan will be the first state to reward students for completing two years of college.

Maine Governor John E. Baldacci recently announced the creation of a similar program called the Early College for Maine program. Maine's program is designed to help non-traditional students get into and succeed in community college. One million dollars in private scholarship funds from the Osher Foundation will be matched with state funds. A related scholarship program, NextGen Access will provide \$1,000 grants to 2,500 of Maine's neediest students to attend college. In fact, Governor Baldacci has led the effort in his state to increase the number of students going on to college. Governor Baldacci brought together various groups to create the The Maine Compact for Higher Education initiative. This initiative focuses on three areas: preparation for college, affordability, and retention. An example of how this collaboration is making a difference is the College Goal Sunday program. College Goal Sunday is an annual event where students and their families receive free assistance to apply for federal financial aid. The goal of the program is to enable families to leave the program ready to mail their free application for federal student assistance (FAFSA). The program is held at 14 locations throughout the state.

Former New Jersey Governor Richard Codey introduced legislation to forgive student loans for social service workers who are employed at county, state or state-contracted nonprofit developmental disability or mental health facilities. After working for a year as a staff member at a qualifying institution, college graduates could have up to \$20,000 worth of their loans forgiven by the state over a four-year period.

Other states have increased access to college by awarding credits in high school. Michigan has attempted to increase high school students' access to college courses through the creation of a statewide virtual high school that offers all public high school students core and electives courses like foreign language, and twelve advanced placement courses on-line and by way of other distance learning devices. Kentucky offers a program whereby students can receive dual credit – high school and college credit – not just traditional "advanced placement," while in high school. Students pay only \$100 per college course. Indiana is starting something similar, but which goes even further; high school students will have the option of undertaking a "career track" that will enable them to take enough dual credit courses that, when they graduate from high school, they could receive two sheepskins – a high school diploma and an Associate's Degree. This could be especially advantageous in at least one area of growing critical employment shortage – nursing programs.

In Virginia, the Early College Scholars Program enables high school seniors to earn college credit. Virginia has also initiated a “virtual advanced placement” program which allows students to prepare for advance placement tests by using internet-based learning. In Oregon, high school students can take college courses at Oregon State University over the Internet. In Pennsylvania, Governor Ed Rendell has expanded the Dual Enrollment program which encourages high school seniors to attend college while still finishing their final year of high school.

Provide Faster Access to College Credits in College

Public colleges and universities can be required to provide year-round courses and add an additional semester or quarter. The University of Delaware, for example, offers a winter session with as many weeks of instruction as its summer session, but squeezed in over winter break. The University of Pittsburgh offers two full semesters over the summer. All schools could offer two summer sessions, if they don’t already. Such a schedule might require Montana schools to start school a week earlier and perhaps end a week later to get in all the required credit hours. But this would serve two purposes: It would require universities and colleges to make better use of their facilities and resources, and it would allow students to complete all their college credit hours in three or three and a half years instead of the standard four years – allowing them to get out in the workforce and start earning sooner, which is often what forces many students out of school before degree completion.

Eliminate All Tuition at Institutions of Higher Education

Students pay for their educations after the fact, when they are working, not when they are struggling poor or middle-class students. Of course, to set this apart from run-of-the-mill student loan and scholarship programs, states could incorporate a twist that was discussed nationally nearly a decade ago, and discarded: One option is to have students pay for their college tuitions as a percentage of their incomes over a period of years.

Impose Performance Audits in Return for State Funding

Governors can condition increased investments in higher education on privately-administered performance reviews, which could include:

- Increasing faculty productivity,
- Improving financial management and accountability, better defining each college’s mission,
- Increasing cost-sharing among institutions (something already becoming prevalent with joint course offerings, health care, security services, libraries, and laboratories);
- Tying funding to such measures as graduation rates and minority admissions – amount to only 2% of the state’s higher education budget.
- Providing fiscal incentives to all higher education institutions to share facilities and/or offer joint programs, in order to economize in meeting the coming increase in demand from an expected college-going population surge. Funds can be made available on a statewide basis for institutions that can demonstrate that their use of facilities at another institution save publicly-supported capital outlays.
- Increasing revenue from patents and royalties on university-derived technological advances, by encouraging company formation by faculties and employees of state educational and research institutions, ensuring state equity ownership (which will require us to change the state

constitutional prohibition on ownership of stock by publicly-supported institutions), and simplifying the laws governing transfer rights.

Institute a Higher Education Master Plan

Many states still lack a vision or master plan for their systems of higher education. Modeled perhaps on the master plan that guided the early development of the California system in the 1960s, but updated for the 21st century, a master plan can be the organizing rationale for community colleges and the state university system, certificate programs, private and postsecondary institutions. It would be driven by understanding of the demographics of the state, the future needs of the new economy, and the gaps between existing programs and institutions and what is needed to create a world-class workforce that is accessible to all citizens of the state. This initiative would then serve as the policy roadmap for the new agency, as well as the articulation of the structure and content of the higher education system, its relationship with the K-12 system, with the workforce and economic development systems, and business.

CHAPTER IV: HEALTH CARE

A. Healthy Citizens, Healthy State Budgets

One sure way to reduce health care expenditures and costs – both to the State and to its citizens – is to prevent major health issues from arising in the first place. A state could use its bully pulpit to help prevent, detect, and treat health issues like heart disease, diabetes, breast, cervical, and colon cancers, in their early stages by encouraging regular check-ups, better eating habits, and exercise.

According to the National Governors Association, chronic diseases, such as diabetes, cancer, heart disease, and obesity, account for 80 percent of health care costs, but often can be prevented or reduced through behavior modification. Thus, the health and economic benefits of good health behaviors such as smoking cessation, good nutrition, physical activity, and weight loss are extraordinary. According to the Centers for Disease Control and Prevention:

- Each year, over \$33 billion in medical costs and \$9 billion in lost productivity due to heart disease, cancer, stroke, and diabetes are attributed to diet.
- In 2000, health care costs associated with physical inactivity were more than \$76 billion.
- If 10% of adults began a regular walking program, \$5.6 billion in heart disease costs could be saved.
- A 10% weight loss will reduce an overweight person's lifetime medical costs by \$2,200–\$5,300.
- The lifetime medical costs of five diseases and conditions (hypertension, diabetes, heart disease, stroke, and high cholesterol) among moderately obese people are \$10,000 higher than among people at a healthy weight.
- Smoking costs the nation over \$150 billion annually, including \$81.9 billion in lost productivity and \$75.5 billion in excess medical expenditures.

These costs are only getting higher. In 2003, health care spending reached \$1.7 trillion – an amount that is 4.3 times the amount spent on national defense. This represents 15.3 percent of total gross domestic product. By 2013, Americans are projected to spend 18.7% of GDP on health care costs. In comparison, this amount far exceeds the percentage of GDP spent by: Switzerland (10.9%), Germany (10.7%), Canada (9.7%) or France (9.5%). Although we spend much more than any other country, nearly 45 million Americans are uninsured.

Governors need to find a way to care for citizens while containing costs and improving quality. Because cost, quality, and access to health insurance are intricately linked, it will not be possible to achieve maximum effectiveness in one area without addressing the others. By standing up to this challenge, they can produce real results for the citizens of their states.

B. Improving Health Insurance Coverage

Our health care system will never run at maximum efficiency as long as millions of citizens are uninsured. Health insurance allows patients to obtain appropriate preventive care and treatment at the right time – before illnesses begin or worsen. When citizens lack health insurance, they tend to use hospital emergency rooms for routine care and require more expensive treatment, which is both inefficient and costly. Despite the U.S. government spending \$35 billion a year on uncompensated care for the uninsured, an

estimated 18,000 Americans die every year due to the consequences of lacking health insurance.¹⁵ Uninsured families and the U.S. economy would be better served if the state spent its scarce health care dollars on health insurance instead of on emergency care – and so would taxpayers, who pay an estimated \$922 per year on top of their family health insurance policies to subsidize care for the uninsured.¹⁶

Children's Health Insurance

Research shows that children who do not have health insurance lose access to adequate medical care. For example, the Kaiser Family Foundation found that uninsured children are 70% less likely than children with insurance to receive medical care for conditions like ear infections, and 30% less likely to receive medical attention when they are injured. Similarly, a National Health Interview Survey found that 59% of uninsured children did not see a doctor for a check-up in the past year and 38% of children have no regular place to go for medical care. These factors put uninsured children at a higher risk for hospitalization, missed diagnoses of serious conditions, or missed opportunities to manage illnesses before they become serious.

Evidence also shows that in addition to lacking adequate medical care, children without health insurance are at a disadvantage in the classroom. For example:

- According to a Florida Healthy Kids Annual Report in 1997, children who do not have health coverage are 25% more likely to miss school.
- A California Health Status Assessment Project on children's health published in 2002 found that children who recently enrolled in health care saw their attendance and performance improve by 68%.

Most interestingly, a 2002 study in Vermont entitled Building Bridges to Healthy Kids and Better Students conducted by the Council of Chief State School Officers showed that children who started out without health insurance saw their reading scores more than double after getting health care.

In Illinois, Governor Rod Blagojevich has implemented a plan to make his state the only state in the nation to offer comprehensive health coverage to every child. Under Illinois' All Kids plan, participants will pay monthly premiums and co-payments for doctors' visits and prescriptions, but unlike private insurance that is too expensive for so many families, the rates for All Kids coverage will be based on a family's income. Illinois is able to offer All Kids insurance coverage at much lower than market rates for middle-income families by leveraging the significant negotiating and buying power it already has through Medicaid.

For example, a family with two children that earns between \$40,000 and \$59,000 a year will pay a \$40 monthly premium per child, and a \$10 co-pay per physician visit. A family with two children earning between \$60,000 and \$79,000 will pay a \$70 monthly premium per child, and a \$15 co-pay per physician visit. However, there will be no co-pays for preventive care visits, such as annual immunizations and regular check ups and screenings for vision, hearing, appropriate development or preventive dental. These premiums for middle-income families are significantly more affordable than typical private insurance premiums of \$100 to \$200 a month, or \$2,400 per child annually.

Illinois will pay the difference between the amount that parents contribute in monthly premiums and the actual cost of providing health care for each child, expected to be \$45 million in the first year, with savings generated by implementing a primary care case management model (PCCM) for participants in Illinois' FamilyCare and All Kids health care programs. Participants will choose a single primary physician who will manage their care by ensuring they get immunizations and other preventive health care services and avoid

¹⁵ Institute of Medicine, <http://www.iom.edu/?id=17632&redirect=0>

¹⁶ Families USA, Paying a Premium: The Increased Cost of Care for the Uninsured, <http://www.familiesusa.org/resources/publications/reports/paying-a-premium.html>

unnecessary emergency room visits and hospitalizations. Patients with chronic conditions like asthma or diabetes will have a single care manager to make sure they are getting the treatments and ongoing care they need to avoid acute care. Primary care physicians will make referrals to specialists for additional care or tests as needed.

By ensuring patients get adequate preventive care on the front end, fewer people will need expensive specialized care or emergency care for critical conditions. In children, preventive care is especially important. For example, infants with stomach flu (gastroenteritis) who receive appropriate primary care can avoid being hospitalized for dehydration. Providing a timely exam and appropriate antibiotic treatment for children with ear infections can prevent chronic ear problems, loss of hearing and the need for surgically placed tubes to relieve fluid build up. Treating children with bronchitis or minor lung infections in a primary care setting can help to avoid more expensive hospitalization treatment of pneumonia, including intravenous antibiotics and respiratory treatments. And early identification and appropriate treatment of children who have chronic illnesses, such as asthma, will result in fewer expensive emergency room and inpatient care visits.

Twenty-nine states, including North Carolina, New York, Texas, Pennsylvania and Louisiana, have realized significant savings by using a similar program design for their Medicaid implementation. Based on independent analyses, the Illinois Department of Healthcare and Family Services estimates the state will actually save \$56 million in the first year by implementing the PCCM model in all state health programs but those that serve seniors and the blind.

Research also provides strong economic reasons for insuring all children. Families USA, a non-partisan national health care policy organization, released a 2005 report finding that Governor Blagojevich's All Kids program could generate \$87 million in new business activity and nearly \$31 million in new wages statewide in its first year of implementation – using a U.S. Department of Commerce input-output model. According to the study, Illinois' All Kids program will capture approximately \$37 million from the federal government in matching funds for covering more children eligible for Medicaid and SCHIP and for speeding up the payment cycle for all doctors who treat children in the state's children's health insurance programs. The \$37 million in federal funds from All Kids will have a direct impact on the Illinois' economy, as these funds are used to pay doctors, hospitals, clinics and other health-related businesses. Providers then use the payments they receive to buy goods and pay salaries that, in turn, add more money to the economy that can be spent on other goods and services. As the Families USA report demonstrates, investing in health coverage provides benefits beyond the individual lives that are helped. Health care is the second-fastest growing industry in Illinois, and one of the fastest in the nation. Over the past five years, the health care industry has created nearly 40,000 new jobs in Illinois.

Covering More Families

Expanding Access to Medicaid and SCHIP

Lean budget times led all 50 states to implement Medicaid cost control strategies, such as reducing eligibility, benefits, or provider payments, in Fiscal Years 2004 and 2005.¹⁷ However, states implemented fewer cost containment actions than they had planned in FY2005, and a number of states (20 in FY2005 and 22 in FY2006) also implemented or planned Medicaid and SCHIP eligibility expansions, application simplifications, or premium reductions for children's coverage. Overall, in FY2005, 20 states took positive steps to increase eligibility or enrollment in Medicaid and SCHIP, while 14 states took steps to reduce eligibility or enrollment. When states did expand their Medicaid and SCHIP eligibility, it was often to include more children, pregnant women, or parents of currently eligible children.

¹⁷ Kaiser Commission on Medicaid and the Uninsured, "Medicaid Budgets, Spending and Policy Initiatives in State Fiscal Years 2005 and 2006", Pub#7392, www.kff.org

Expanding Medicaid and SCHIP to low-income parents is more effective than other types of programs such as premium-assistance programs and tax credits for covering low-income parents, and if implemented nationwide, could extend coverage to approximately 70% of uninsured parents.¹⁸ Furthermore, expanding Medicaid and SCHIP to parents has been shown to increase children's insurance coverage in those programs, as well as increasing the use of preventive health services like Pap smears for women and dental checkups for children.¹⁹ These expansions also allow states to obtain Federal matching dollars, which would be unavailable if a state created a separate program for low-income adults.

Low-Cost Insurance Plans

State policymakers have renewed their interest in creating low-cost insurance products, otherwise known as limited-benefit or "bare bones" plans, in an effort to provide affordable insurance to more of their citizens. For example, Pennsylvania created its adult Basic plan in 2002, in collaboration with the state's Blues plans. The program offers basic health insurance coverage to adults aged 19-64 with incomes below 200 percent FPL, for a monthly premium of \$30 and modest co-pays. The plan is subsidized by the state's tobacco settlement funds. As of May 2004, the plan's average monthly enrollment was 40,000, with a waiting list of 90,000; however, it is important for states to take note that not all such low-cost plans are as successful at obtaining high enrollment numbers.²⁰

More recently, West Virginia's Governor Joe Manchin called for the creation of a basic, affordable insurance product as part of his Affordable Insurance Initiative. The West Virginia Affordable Insurance Workgroup developed several options for non-employment based individual health insurance plans that provide primary and preventive care, and are designed to meet most, but not all, medical needs of the policyholders. The West Virginia Legislature is currently considering legislation that would offer uninsured residents the option of purchasing a basic "Appalachian Health Plan" beginning July 1, 2007. Coverage would be offered through insurance companies and would involve co-pays and deductibles paid on a sliding scale based on income.²¹

Dirigo Health: A Systematic Approach to Covering the Uninsured

The State of Maine has taken a systematic approach to fixing a health care system in which rising costs are shifted from one payer to another, quality is not a guarantee, and access to care remains elusive for millions. The Dirigo Health Reform Act, signed by Governor John Baldacci in June 2003, is a system-wide health reform law that includes three inter-related components: a new health care plan, Dirigo Choice, designed to provide access to coverage to every Maine resident by 2009; cost containment efforts; and quality improvement initiatives.²²

Dirigo Choice is an affordable, comprehensive health plan offered to small businesses with less than 50 employees, the self-employed, and individuals, with financial assistance on a sliding-scale basis to enrollees with incomes below 300% Federal Poverty Level. The plans are offered through private insurers and include disease management, health promotion and prevention components.

Dirigo Health has successfully contained costs through efforts such as voluntary one-year limits on cost growth by insurers and providers and stronger review of proposals submitted under the Certificate of Need program for costly investments in health care facilities, technologies and new services. The cost of insurance

¹⁸ Health Affairs, April/May 2004, <http://www.healthaffairs.org/press/marapr0401.htm>

¹⁹ Center on Budget and Policy Priorities, <http://www.cbpp.org/9-5-00health.htm>

²⁰ Academy Health State Coverage Initiative Issue Brief, <http://www.statecoverage.net/pdf/issuebrief704.pdf>

²¹ Charleston Gazette, <http://www.wvgazette.com/section/APNews/News/ap0052r>

²² Dirigo Health website, <http://www.dirigohealth.maine.gov/dhlp01.html>

premiums has also been contained via reductions in bad debt and charity care, resulting in less cost-shifting to premium payers, as well as strengthened review of premium rate increases. Maine residents are also being encouraged to become more informed health care consumers through 1) A requirement that hospitals and doctors maintain a list of their charges for commonly performed procedures, to be provided to patients upon request, and 2) a Maine Quality Forum website to help residents make informed health care decisions.

Quality improvement efforts under Dirigo Health are managed by the Maine Quality Forum, which serves as a clearinghouse of best practices and information to improve health and acts as an informational resource for health care providers and consumers. In addition to sharing best medical practices with providers and consumers and launching wellness, health promotion and disease prevention initiatives, the Maine Quality Forum will create quality standards and assess needs for new medical technologies throughout the state.

In 2005 alone, Dirigo Health estimated to have saved Maine's health care system \$44 million.²³

Universal Health Insurance

In 2005, at least 18 states considered legislation that would provide health insurance to every citizen in their states.²⁴ The majority of these bills involved a single-payer financing mechanism; others proposed building on existing financing and administrative structures to accomplish universal coverage.

In Vermont, the Universal Access to Health Care in Vermont bill passed both houses of the legislature, but was vetoed by Governor Jim Douglas. This bill would have established the goal of universal access to health care services in Vermont by 2009, through a publicly financed, integrated, regional health care delivery system.

Massachusetts Governor Mitt Romney, a Republican, has proposed something very different: a non-single payer approach to universal health care that includes a mandate that all individuals who can afford to do so purchase health insurance, much like car owners are required to obtain insurance for their vehicles. Insurance could be purchased through employers, a state-run program, or in the individual market, and private insurance companies would be encouraged to provide lower-cost plans. The state would increase its efforts to enroll the approximately 160,000 uninsured residents who are eligible for Medicaid but not enrolled. The proposal would eliminate employers' contribution to the free care pool, the state-operated fund that partially covers medical care of the uninsured. Instead, employers with more than 10 employees who did not offer insurance to their workers would have to pay an assessment to a similar fund.

"Pay or Play" Initiatives

In 2005, at least 17 states considered "Pay or Play" legislation related to employer health benefits. Some of these required employers to provide health benefits to their employees or pay into a state fund to provide health care; others required employers to reimburse the state for the costs of health care provided to their employees by state health care programs.²⁵ One such plan, the "Fair Share Health Care Bill," recently passed the Maryland legislature over the veto of Republican Governor Robert Ehrlich. This bill requires employers with over 10,000 employees to spend 8% of their payroll on workers' health care benefits or contribute an equal amount to the state Medicaid program. In Maryland, only one employer, Wal-Mart, met this criterion. While advocates of the bill contended that Wal-Mart should be forced to pay its fair share of the state's insurance costs, because its failure to pay for health insurance for many of its employees led them to rely on Medicaid, critics of the bill contend that it will not reach a high percentage of the uninsured in the state and will have a negative

²³ http://www.maine.gov/governor/baldacci/healthpolicy/news/11_3_05.htm

²⁴ National Council on State Legislatures, <http://www.ncsl.org/programs/health/universalhealth.htm>

²⁵ National Council on State Legislatures, <http://www.ncsl.org/programs/health/payorplay2005.htm>

impact on wages and job creation. The bill is likely to be challenged in court due to claims that it violates the ERISA statute; however, a number of states are watching the outcome and considering similar legislation.

Helping Employers to Provide Coverage

U.S. businesses, facing ever-increasing health care costs, have become less able to offer insurance coverage to their employees. From 2000 to 2005, the percentage of firms offering health insurance dropped from 69% to 60%.²⁶ Small businesses are less likely than large ones to offer health insurance to their employees for a number of reasons, including the difficulty of obtaining affordable insurance coverage for a small group. In 2005, 59% of small firms (3-199 workers) offered health insurance to their employees.²⁷ States have taken a variety of approaches to assisting small businesses with offering insurance coverage, including reinsurance pools, statewide purchasing pools, public/private cost sharing arrangements, and allowing employers to buy into the state employee health plan.

Reinsurance Pools

At least 21 states have implemented reinsurance pools to help protect small businesses from premium increases due to catastrophic health care costs. Reinsurance is insurance for insurers, helping to protect them from the financial risk incurred by covering the small number of insured individuals who account for most health plan costs. The purpose of reinsurance is to help control or reduce premiums charged by insurers to targeted groups, such as small businesses or sole proprietors. Reinsurance programs can be unsubsidized or can provide a subsidy for high-cost claims. For example, the reinsurance programs in Arizona and New York subsidize the reimbursement of high-cost medical claims submitted by insurers.²⁸ States that are considering a reinsurance pool to stabilize or reduce small business health insurance premiums should note that existing programs have had varying levels of success with enrollment. States designing new programs or evaluating existing ones should keep in mind important considerations such as their state's current insurance regulations, whether or not to subsidize the program, the level and targeting of subsidies, and requirements for participation to prevent problems such as adverse selection, where only the highest-risk cases become enrolled.²⁹ In addition, states should ensure that their reinsurance programs are structured to provide incentives for insurers to implement disease management programs.³⁰ With well-designed reinsurance programs, governors can help control insurance premiums for small employers and others in their states.

Purchasing Pools

At least nine states have created purchasing pools allowing small businesses to band together to negotiate and purchase affordable health insurance for their employees.³¹ For example, in May 2005, Montana's Governor Brian Schweitzer signed the Small Business Healthcare Affordability Act, creating a purchasing pool for Montana's small businesses that will provide premium assistance to participating employees and employers.³² In addition, the program, funded by and subject to tobacco tax revenues, will provide tax credits to businesses that are currently providing health insurance to their employees, but may be in danger of dropping coverage due to the high cost of insurance.

²⁶ Kaiser Family Foundation 2005 Employer Health Benefits Survey, <http://kff.org/insurance/7315/sections/upload/7316.pdf>

²⁷ Kaiser Family Foundation 2005 Employer Health Benefits Survey, <http://kff.org/insurance/7315/sections/upload/7316.pdf>

²⁸ Academy Health State Coverage Initiatives, <http://www.statecoverage.net/pdf/issuebrief1004.pdf>

²⁹ Academy Health State Coverage Initiatives, <http://www.statecoverage.net/pdf/issuebrief1004.pdf> and <http://www.statecoverage.net/pdf/infocus0605.pdf>

³⁰ Academy Health State Coverage Initiatives, <http://www.statecoverage.net/pdf/infocus0605.pdf>

³¹ Academy Health State Coverage Initiatives, <http://www.statecoverage.net/matrix/group purchasing.htm>

³² <http://governor.mt.gov/hottopics/health.asp>

In Wisconsin, Governor Jim Doyle signed legislation allowing the Wisconsin Federation of Cooperatives to form five regional health care purchasing alliances known as Co-op Care, which will allow farmers to pool their buying power to purchase group health insurance rather than being limited to often unaffordable individual or small group coverage. In 2005, Governor Doyle signed new legislation that removes limits on the number of cooperatives that can be developed in the state. This legislation not only provides the opportunity for more uninsured individuals to access health insurance, but also increases the chance that competition will increase among carriers, thereby creating more coverage options. Wisconsin hopes to expand the program statewide within three years, eventually opening the purchasing arrangements to other co-ops, small businesses, and municipalities.³³

Policy makers should be cautioned that although there is significant interest in the promise of purchasing pools, they have not yet been shown to substantially reduce the number of uninsured.³⁴ Governors can take the lead not only in identifying ways to design purchasing pools that successfully expand coverage, but also in working to ensure that their efforts are evaluated and continually improved upon.

Public-Private Cost Sharing Arrangements

Several states have implemented public-private cost sharing arrangements known as “3-Share” plans in which counties, employers, and employees share the financing of health insurance for small business employees and their dependents. For example, Illinois implemented “3-share” coverage in four counties in July 2005, building on a pilot program begun in 2003. To keep premiums affordable and guard against crowd-out, the benefit package is less comprehensive than that offered by most large employers. Financing in St. Clair County will be partially derived from federal Medicaid matching funds obtained through a change in the Medicaid State Plan.³⁵

Buy-ins to State Employee Health Plans

At least two states have opened their state employee health plans to small businesses and others. In 2003, Connecticut passed legislation allowing small employers and all nonprofit corporations to purchase coverage under the state employee health plan and exempt that coverage from the state insurance premium tax.³⁶

In 2004, West Virginia Governor Joe Manchin created a public-private partnership between the West Virginia Public Employees Insurance Agency (PEIA) and insurance companies. Under the legislation, insurers who offer the Small Business Plan can access the lower reimbursement rates paid to providers by PEIA, translating to premiums that are an estimated 20-25% below market rate.³⁷ Although enrollment to date has been low, the state is working to increase awareness among small businesses about the opportunity to purchase the plan.

³³ The Commonwealth Fund, States in Action newsletter, May 2005, http://www.cmwf.org/statesinaction/statesinaction_list.htm?issue_id=1723 and Academy Health State Coverage Initiatives, <http://www.statecoverage.net/matrix/grouppurchasing.htm>

³⁴ Academy Health State Coverage Initiatives, <http://www.statecoverage.net/matrix/grouppurchasing.htm> and Long, S. H. and M. S. Marquis. "Have Small-Group Health Insurance Purchasing Alliances Increased Coverage?" Health Affairs, January/February 2001.

³⁵ The Commonwealth Fund, States in Action newsletter, May 2005, http://www.cmwf.org/statesinaction/statesinaction_list.htm?issue_id=1723

³⁶ National Council on State Legislatures, <http://ncsl.org/programs/health/stateemploy.htm>

³⁷ West Virginia Small Business Plan website, <http://www.wvsbp.org/history.html> and National Council on State Legislatures, <http://ncsl.org/programs/health/stateemploy.htm>

Reducing Health Insurance Costs

Cost containment in health care is a necessity for every state. However, many proposals to reduce the cost of care are generally nothing but veiled attempts to simply shift costs to consumers and dismantle an insurance system in which risk is pooled, replacing it with quasi-insurance that increasingly segregates the healthy from the sick, burdening those who do experience illness with overwhelming medical expenses. Governors can implement common-sense solutions that are based not on wishful thinking derived from ideology, but based on facts derived from careful study of what we already know will reduce health care costs.

Prevention

Only 5% of our national health care budget is spent on prevention. Given that vast amounts of money are not only spent on treatment of preventable disease and injury, but also forfeited due to lost productivity, preventable diseases and injuries are as much an economic problem as a health problem. States can work to improve the overall health of their citizens and avoid wasting money on preventable illnesses in a number of ways, including:

- Directing state health care agencies to prioritize efforts to encourage good health behaviors among residents through education, awareness, and outreach campaigns;
- Implementing strong tobacco control policies that have been proven to reduce smoking rates and exposure to secondhand smoke;
- Ensuring that the state has an evidence-based Cancer Control Plan and providing the support needed for the successful implementation of that plan.³⁸
- Implementing chronic disease management efforts through Medicaid, SCHIP, and other state health programs to ensure that chronic diseases such as asthma and diabetes do not become crisis situations. For example, the state of Washington's Medicaid Disease Management Initiative, launched in April of 2002 and targeting asthma, diabetes, congestive heart failure and renal disease, saved an estimated \$2 million in its first year of operation.³⁹
- Implementing prevention programs through School Based Health Centers and Community Health Centers. School Based Health Centers reduce Medicaid expenditures on emergency and inpatient care for school-aged Medicaid enrollees; in addition, they help provide a regular source of care and disease management for millions of students who would otherwise have no other health care resources. SBHC's also reduce absenteeism and school disciplinary referrals.⁴⁰ Governors and candidates can take the lead in making use of this cost-saving tool by taking steps such as recognizing SBHC's as a provider or service type and requiring Medicaid managed care organizations to cover services delivered in SBHC's.⁴¹

In addition to spending billions on treating preventable chronic diseases, states also spend billions on preventable injury. For example:

- Unintentional childhood injuries cost an estimated \$14 billion in lifetime medical spending, \$1 billion in other resource costs, and \$66 billion in present and future work losses. Medicaid and

³⁸ Cancer Control PLANET, <http://cancercontrolplanet.cancer.gov/>, is a tool funded by several Federal partners and available to state cancer control planners wishing to implement evidence-based cancer control measures.

³⁹ <http://www.dnnow.org/states/WA.asp> and California Health Care Foundation, <http://www.chcf.org/documents/policy/DiseaseManagementInMedicaid2004.pdf>

⁴⁰ National Council on State Legislatures, <http://www.ncsl.org/programs/health/schlitthandout.htm>

⁴¹ National Assembly on School-Based Health Care, Medicaid and School-Based Health Centers, <http://www.nasbhc.org/APP/Medicaid%20and%20SBHCs%20fact%20sheet.pdf>

other government sources pay for 39% of the days children spent in hospitals due to unintentional injuries. Several proven child safety interventions such as child safety seats, bicycle helmets, poison control centers, and smoke detectors cost less than the injuries that can result without these measures.⁴²

- Unintentional shootings of children under 14 cost \$1.2 billion a year.⁴³ Most childhood unintentional shooting deaths involve guns that have been kept loaded and accessible to children. In one recent study of parents of children ages 4 to 12, over 50% of gun-owning parents reported storing a firearm loaded or unlocked in their home. States can prevent unintentional firearm deaths and injuries by requiring safe storage of firearms and the use of safety devices such as gun locks and load indicators.
- Auto accidents are one of the five main causes of unintentional injury accounting for almost 80% of total lifetime costs among children ages 0 to 19.⁴⁴ Graduated Licensing laws with Midnight Driving Curfews have been shown to reduce crashes involving novice drivers and save money.⁴⁵

Purchasing Quality

States are beginning to use their tremendous health care purchasing power to ensure that their scarce health care dollars are being spent on evidence-based, quality health care services. For example, the state of Minnesota has formed a “Smart Buy Alliance” with private businesses and labor groups; together, these entities purchase health insurance on behalf of approximately 70% of Minnesota residents.⁴⁶ The Alliance members, while continuing to purchase health care individually, have agreed to set uniform performance standards, cost/quality reporting requirements, and technology demands on health plans and providers, and to favor those certified for the highest quality. The collaborative hopes to reduce their direct health care outlays by an estimated 30% by stimulating reductions in inappropriate and poor quality care; in addition, they hope to save 10% of health care outlays by investing in better health information technologies.

Reducing Medical Errors

According to the Institute of Medicine, medical errors cost the nation an estimated \$17 to \$29 billion and result in 44,000 to 98,000 unnecessary deaths every year.⁴⁷ At least 18 states now have mandatory error reporting requirements. However, despite recent attention to the problem, much work remains to be done in this area. Fewer than 3% of hospitals have implemented computerized drug ordering systems, which may reduce medication errors by 86%; and as recently as 2002, only 5% of physicians identified medical errors as a top health care concern.⁴⁸ States can work to reduce medical errors through measures such as mandatory error reporting systems, supporting public-private partnerships, placing quality requirements on providers and health care facilities in their states, and ensuring that hospitals are properly staffed with nurses.

Governors can provide support for public-private partnerships to reduce medical errors. One such partnership is the Pittsburgh Regional Healthcare Initiative, a consortium of public and private partners in

⁴² Brookings Institution, The Cost of Childhood Unintentional Injuries and the Value of Prevention, http://www.futureofchildren.org/information2826/information_show.htm?doc_id=69762

⁴³ National SAFE KIDS Campaign (NSKC). Unintentional Firearm Injury Fact Sheet. Washington (DC): NSKC, 2004. http://www.preventinjury.org/PDFs/UNINTENTIONAL_FIREARM_INJURY.pdf

⁴⁴ Brookings Institution, The Cost of Childhood Unintentional Injuries and the Value of Prevention, http://www.futureofchildren.org/information2827/information_show.htm?doc_id=69764

⁴⁵ Brookings Institution, The Cost of Childhood Unintentional Injuries and the Value of Prevention, http://www.futureofchildren.org/information2827/information_show.htm?doc_id=69766

⁴⁶ The Commonwealth Fund, States in Action newsletter, May/June 2005

⁴⁷ Institute of Medicine, “To Err is Human: Building a Safer Health System” (2000)

⁴⁸ Kaiser Family Foundation, http://www.kaiseredu.org/topics_im.asp?id=137&parentID=70&imID=1

Southwestern Pennsylvania, has achieved a 63% region-wide reduction over four years in bloodstream infections associated with use of intravenous catheters, which cost more than \$30,000 each to treat; an 85% reduction in hospital-acquired, antibiotic-resistant infections in a post-surgical unit at the Veterans Administration Pittsburgh Healthcare System (VAPHS), which are often fatal and cost between \$30,000-90,000 to treat; and has decreased regional mortality and readmissions following coronary artery bypass graft (CABG) surgery, resulting in a 4.7% decline in readmissions over 3 years at an estimated \$1.7 million in savings.⁴⁹ Governors can take leadership roles in their states by encouraging and supporting the formation of more alliances such as PRHI.

Governors can also improve quality and reduce medical errors by addressing the nursing shortage in their states. The shortage in nurse staffing has been associated with increased medical errors, and the number of states with a nursing shortage is expected to increase from 30 states in 2000 to 44 states in 2020.⁵⁰ States will need to address both recruitment and retention of nurses in order to begin solving the shortage problem. Measures for addressing recruitment and retention include funding loan forgiveness programs for nursing students, taking steps to improve nursing salaries, and improving the work environment for nurses by passing legislation requiring minimum staffing ratios and prohibiting mandatory overtime. As many as 20 states have introduced legislation mandating specific patient-to-nurse ratios for their hospitals, and at least 29 have introduced or passed laws banning mandatory overtime.

One recent study determined that there is an “unequivocal business case” for improving nurse staffing by increasing the proportion of hours of care provided by Registered Nurses in hospitals.⁵¹ States can take advantage of this new research by taking steps to increase the proportion of care provided by RN’s as opposed to LPN’s or other nursing care providers; for example, by offering scholarships to LPN’s to become licensed RN’s or by passing legislation requiring the appropriate proportion of nursing care and helping hospitals to raise wages and make the appropriate staffing changes.

C. Making Prescription Drugs More Affordable

Responding to Medicare Part D

Governors, and the senior citizens in their states, are finding that the new Medicare prescription drug benefit is not a “benefit” at all. Maine’s Governor John Baldacci recently stated frankly that the “new Bush Medicare D program is complex, confusing and does more to help drug companies than it does to help many Maine seniors. In fact, under Medicare D over 85,000 seniors would lose benefits. It’s wrong for seniors to lose coverage which they thought was guaranteed.” Governor Baldacci also criticized Medicare D for initiating a new program before it had even entered the old data of the affected seniors in the existing Medicare database.

Medicare D puts the responsibility for prescription drug coverage on senior citizens and confronts them with a bewildering array of choices. Since November 15th, 2005, seniors with Medicare have been forced to choose prescription drug plan offered by a private company in order to continue to receive prescription drug benefits. Unfortunately, there are numerous companies offering numerous different plans – all with different exclusions. The wrong choice means that seniors will pay more for their coverage, or not be covered at all.

In Maine, the Governor is providing assistance with co-pays, premiums, deductibles and gaps in coverage. Maine has also requested permission from the federal government to review the plans that seniors

⁴⁹ Pittsburgh Regional Healthcare Initiative, www.prhi.org

⁵⁰ Kaiser Family Foundation, http://www.kaiseredu.org/topics_im.asp?id=138&parentID=70&imID=1

⁵¹ Jack Needleman, “Nurse Staffing in Hospitals: Is there a business case for quality?” Health Affairs, January/February 2006, <http://content.healthaffairs.org/cgi/content/abstract/25/1/204?siteid=healthaff&ijkey=MpoU4l5kBNc2&keytype=ref>

and the disabled are enrolled in to make sure that they are getting the best coverage for their needs. In Virginia, former Governor Warner assigned individuals in every office to help seniors fill out their applications. One staff person and an alternate have been assigned to accept applications in every office. Other states are helping seniors complete the eligibility determinations manually.

In New Hampshire, Governor John Lynch signed emergency legislation to fund the state's efforts to make sure that the state's seniors can still get their prescription drugs, despite problems with the implementation of the new federal prescription drug program. By executive order, Governor Lynch directed the state health department to pay claims for prescription drugs just as it would have under the Medicaid system in place until December 31, in cases where the Medicare D program is not working. The state will subsequently seek reimbursements from the federal government or the independent drug plans.

States are also conducting aggressive public information and outreach campaigns. West Virginia, considered to be a model state by the federal Department of Health and Human Services, is working through its Medicare Prescription Drug Workgroup to develop maps to identify areas of the state where Medicare and low income seniors live. West Virginia has identified local partners within the state to assist with outreach events. Other states are launching direct-mail and television advertising campaigns to educate seniors.

Other governors are planning to provide coverage for medicines that have been excluded from the federal program. For example, New Jersey's Governor Corzine will provide excluded drugs and will cover co-payments for full-benefit dual eligibles (i.e. seniors who are eligible for both Medicare and Medicaid). New Jersey will cover non-formulary drugs after prior authorization.

Many states also offer State Pharmaceutical Assistance Programs (SPAPs). Delaware, Illinois, New Jersey and other states will require their citizens who are eligible for Medicare D to enroll in a Medicare Advantage plan with a prescription drug benefit as a condition of remaining a member of the state program. These states are able to use Medicare D to reduce the costs for their own SPAP. The federal government considers New Jersey's program to be a model in helping low-income seniors apply for federal benefits. The New Jersey program uses software to evaluate the senior's needs and eligibility while generating an on-line application on behalf of the individuals.

Importing Savings, Importing Health

States are actively seeking to save their consumers money while protecting their health and safety through re-importation. At least six states – Illinois, Wisconsin, New Hampshire, North Dakota, Minnesota, and Rhode Island – have established Canadian drug purchasing websites or programs, as has San Francisco. Other cities, like Boston and Springfield, Massachusetts; Burlington, Vermont; and Montgomery, Alabama, have established programs that enable their city employees and pensioners to purchase Canadian drugs. In addition, as of March 2004, legislators in 22 states had filed 47 bills or resolutions containing drug import provisions, according to Frank Palumbo of the University of Maryland's Center on Drugs and Public Policy.

Leveraging the Power of Bulk Purchasing

Most states have explored a variety of prescription drug bulk purchasing arrangements. Many states have entered into multi-state drug purchasing pools to increase their buying clout and reduce state prescription drug costs. For example:

- **Minnesota Multistate Contracting Alliance for Pharmacy (MMCAP).** MMCAP is a voluntary group purchasing organization operated by Minnesota serving government-based healthcare facilities. The goal of MMCAP is to provide member organizations the combined purchasing power to receive the best prices available for pharmaceuticals, hospital supplies, and related products. MMCAP contracts with over 150 pharmaceutical manufacturers, and also has contracts for

distributors (to support the pharmaceutical contracts), hospital supplies, drug testing, returned goods processing, influenza vaccine, and vials and containers. MMCAP provides, through volume contracting and careful contract management, savings in pharmaceuticals and related products to its members - eligible governmental health care facilities.

- **The Pharmacy Working Group:** Louisiana, Maryland, Mississippi, Missouri, New Mexico, South Carolina and West Virginia have formed a coalition to combine purchasing power to win cheaper prices from companies that provide drugs to people covered by government insurance plans. In 2003, the Group took its first official action when it issued a request for proposals for a pharmacy benefits manager for a multi-state drug purchasing effort. More than 1.4 million people in the seven states could be included in the program. The total amount of annual pharmacy claims in dollars in all seven states is nearly \$853 million. Seven states participated in the RFP and have dubbed themselves RXIS (Rx Issuing States). In West Virginia, the state will save \$25 million over the next three years by being a part of RXIS.
- **National Medicaid Buying Pool:** Michigan, Vermont, Nevada, Alaska, New Hampshire have pooled together to buy prescription drugs for their state Medicaid programs more cheaply. Hawaii, Minnesota, and Montana reportedly are in the process of filing state plan amendments with the federal government to join as well. Michigan has estimated that its Medicaid program will save \$8 million as a result of this pooling arrangement in 2004 alone, Nevada estimates savings of \$1.9 million, and Vermont and Alaska have projected savings of \$1 million.
- **The Northeast Legislative Association on Prescription Drug Prices:** The Association is a partnership of the six New England states as well as New York, Pennsylvania, Hawaii, and the District of Columbia. The group has been meeting since late 1999, and just recently agreed to try to advance language in their state legislatures that could lead to the creation of a regional pharmaceutical buying pool. Each state would introduce model legislation, which would lay the groundwork for a bulk purchasing arrangement. The Association asserts that bulk purchasing could cut costs by 40 percent.
- **The Northern New England Tri-State Coalition:** This coalition is an executive-branch initiative involving Maine, New Hampshire, and Vermont. They are seeking to organize a regional purchasing cooperative that can secure lower-price pharmaceuticals for an estimated 330,000 Medicaid clients and reduce the program's administrative costs. The coalition hopes to trim the states' cumulative \$387 million Medicaid prescription drug spending tab by 10 to 15 percent at year.

Improving State Prescription Drug Benefits

States have initiated their own prescription drug programs. Maine established Maine Rx, a program that enables all residents without prescription drug coverage with incomes above 300 percent of the federal poverty level (FPL) to purchase pharmaceuticals from participating pharmacies at a discounted price. According to the National Governors Association, although participation in the Maine Rx program is voluntary for retail pharmacies, it is mandatory for pharmaceutical manufacturers that provide drugs for Maine's Medicaid beneficiaries. The pharmaceutical industry sued Maine over a provision of the program that would have required drug manufacturers to cut drug prices by 25 percent, but Maine argued and won the case before the Supreme Court.

Other states have negotiated reduced prices for prescription drugs through a unified program or state-managed formulary. Under a different approach, some states have joined evidence-based research efforts, which base prescription drug purchasing decisions on unbiased scientific evidence regarding the safety and effectiveness of comparable drugs. At least 10 states have joined Oregon's evidence-based Drug Effectiveness

Review Project, which among other things has studied classes of drugs to determine whether newer, more expensive drugs are more effective than older drugs.

D. Health & Education: Prevention Promoting Healthy Lifestyles

Health and education go together. Many governors' health care plans include school or education policies that have multiple purposes. Keeping soft drinks and fast food out of elementary schools is both educational and healthy. Similarly, educating citizens about tobacco, encouraging them to lead healthy lives, and targeting specific risk behaviors can all become part of a statewide health initiative.

States are actively pursuing solutions to the nation's obesity problem for both children and adults.⁵² In 2005, at least 21 states passed bills or resolutions to consider or strengthen physical activity requirements in schools. Several of the bills included requirements that physical activity programs meet certain criteria, such as duration or intensity of physical activity, incorporation of physical activity guidelines, or collection of Body Mass Index (BMI) data to measure progress. Other state policies were considered or enacted in the areas of school nutrition, diabetes screening, Body Mass Index testing, and overall school wellness policies.

One example of how leading governors are supporting school-based efforts to prevent and reduce obesity is New Mexico's after-school initiative. The Richardson Administration is already planning to develop an action plan to address nutrition and physical activity in schools. Tackling obesity requires changing lifestyle decisions not just in school but also after school and at home. The after school hours are critical hours of opportunity or increased risk for obesity among children and youth. Research tells us that reducing and preventing obesity requires three major components – making healthy choices about what we eat, increasing physical activity, and decreasing sedentary activities (such as TV/video games and computer time). After-school programs offer the opportunity for reaching large numbers of young people during a critical part of their day – often when they are least supervised, and throughout much of the year (summer camps and programs). School facilities can provide safe indoor and outdoor venues for a variety of physical activities that meet the varying range and starting points for students of all ages, weight and capacity. Expanding the use of school facilities during afternoons, evenings, weekends, and vacation periods is particularly important in communities that do not have publicly supported community recreation centers. States could take at least two steps to support healthy after school opportunities for children and youth:

- **Physical activity and nutrition as funding criteria.** In rating programs for funding, provide higher ratings for after school programs that incorporate effective physical activity and nutrition education activities into their programming and coordinate with physical activity and nutrition activities during the school day.
- **21st Century Health Living Grants.** Provide state incentive grants for developing and infusing healthy nutrition and fitness activities into after-school programs and curricula. Awards would be granted for innovative program models and modules that use service learning, the arts, and communication projects to increase student, family and community awareness about the importance of healthy eating and physical activity.

In addition to taking action on childhood obesity, states have also worked to prevent and reduce obesity in adults. For example, in 2005, nine states passed or considered legislation to strengthen private insurance coverage of obesity prevention or treatment. Governors can take the lead in ensuring that physicians, allied health professionals, and health insurance companies are included in statewide efforts to address obesity.

⁵² National Council on State Legislatures, <http://www.ncsl.org/programs/health/ChildhoodObesity-2005.htm>.

Other measures for improving weight control among both adults and children include promoting worksite wellness programs,⁵³ use of public transportation,⁵⁴ and access to safe parks.⁵⁵

Given the importance of the obesity problem and the reality of sometimes-scarce resources to address the problem, it is critical that available resources are spent on proven programs and methods. Governors can take the lead in ensuring that public health dollars are spent wisely by requiring that new state-funded obesity reduction efforts integrate proven methods or include an evaluation component, and by streamlining grant application information sources to encourage the infusion of outside research funding into these efforts.

⁵³ Centers for Disease Control and Prevention, Guide to Community Preventive Services, <http://www.thecommunityguide.org/obese/obese-int-worksite.pdf>

⁵⁴ Active Living by Design, www.activeliving.org and http://www.activeliving.org/downloads/ajpm_transit_besser.pdf

⁵⁵ UCLA Center for Health Policy Research, <http://www.healthpolicy.ucla.edu/pubs/publication.asp?pubID=159>

CHAPTER V: PUBLIC SAFETY

States continue to work to meet the homeland security mandates of the federal government while taking additional steps to ensure that their emergency management, first responder, and public health agencies are prepared to address the wide range of potential threats to state security. In addition to integrating federal homeland security funding and requirements within state strategic plans, states are grappling with the need to address homeland security threats that have not garnered sufficient federal attention or funding.

Recent natural disasters, such as Hurricanes Katrina and Rita, have pointed to weaknesses in federal, state, and local emergency response protocols and execution. States are having to incorporate lessons learned from those responses to existing homeland security plans and undertake the kinds of strategic planning, training, and funding needed to ensure that they are prepared for whatever disasters – manmade or natural – that might come next.

A. Homeland Security Ideas & Policies

Border states are acting independently to protect our borders. In August 2005, Governor Bill Richardson issued an Executive Order declaring a state of emergency along the New Mexico-Mexico border, specifically in Doña Ana, Luna, Grant, and Hidalgo counties. Governor Richardson's declaration made \$750,000 in state emergency funding immediately available to the affected counties. The Governor pledged an additional \$1 million in assistance for the area. The funds were used to support state and local law enforcement efforts, create and fund a field office for the New Mexico Office of Homeland Security to coordinate assistance to the area, and help build a fence to protect a livestock yard near Columbus, along a favorite path for illegal immigration where a number of livestock were stolen and killed.

As a result of the State of Emergency and subsequent negotiations with the U.S. Department of Homeland Security, DHS agreed to significantly and permanently increase the number of border patrol agents in New Mexico.

Noting that the federal government had failed to secure Arizona's border, jeopardizing the health and safety of all Arizonans, Arizona Governor Janet Napolitano declared a State of Emergency in four Arizona counties in August 2005. The governor awarded \$1.5 million in state emergency funds to help local government agencies deal with the increased threat to public health and safety along the Arizona-Mexico border. Governor Napolitano made the declaration on August 15 as a result of heightened criminal activity stemming from illegal immigration. Projects funded included overtime pay for increased law enforcement presence, detection equipment, equipment leasing and purchases for county medical examiner demands, emergency medical treatment and transport, and the Department of Public Safety southern vehicle theft detail. Governor Napolitano also worked closely with Sonora, Mexico Governor Eduardo Bours to share resources and high-level intelligence information to fight crime along the border.

Command and Control: Adopting National Incident Management System Implemented Through New State Emergency Operations Centers

Numerous governors, including those in Arizona, Kansas, and Tennessee have issued Executive Orders adopting the National Incident Management System (NIMS) as the state standard for management of critical incidents. NIMS is a standardized set of procedures to manage personnel, communications, facilities, and resources. All states that wish to receive federal homeland security funds are required to adopt NIMS by 2006 or risk funding eligibility.

This management system can be combined with enhanced operations centers. In October 2005, Illinois opened its new State Emergency Operations Center (SEOC), a state-of-the-art facility that will help the state better protect Illinois residents by bringing key terrorism prevention and emergency response assets together in one location. The center will enable decision makers from several state agencies to receive timely, disaster-related information that will help them make better decisions to respond to emergencies and to help protect the public in the event of an act of terrorism or a natural disaster. The new 50,000 square foot SEOC will house the State of Illinois Response Center (SIRC), the Illinois Emergency Management Agency (IEMA) 24-hour communications center, the Statewide Terrorism Intelligence Center (STIC) and the Radiological Emergency Assessment Center (REAC), which until now operated in separate locations.

In Virginia, Governor Warner pledged to construct a modern, improved EOC in the days following the terrorist attacks of September 11, 2001. The new EOC, under the direction of the Virginia Department of Emergency Management (VDEM), opened for operations at the end of 2005. The new EOC includes the Virginia Fusion Center, a joint operation between the Virginia State Police and VDEM, is the first of its kind in the Commonwealth. Its primary mission is to “fuse” together resources from local, state and federal agencies and private industries to facilitate information collection, analysis and sharing, in order to prevent or respond to terrorist attacks. Built to federal Department of Homeland Security standards, the secure intelligence center is staffed 24 hours a day, seven days a week by VDEM and state police personnel. The Virginia National Guard, Virginia Department of Fire Programs and the Federal Bureau of Investigation provide a permanent presence. Tennessee has also remodeled its Emergency Operations Center to establish a state-of-the-art central hub for dealing with emergencies.

Mandatory Review of Disaster Preparedness and Continuity of Operations Plans

It is not enough to have a plan, if that plan is not kept up-to-date. Governors and candidates can support the mandatory periodic review and reform of statewide preparedness plans. Kansas Governor Kathleen Sebelius ordered a review of Kansas’ emergency preparedness plans in the wake of the difficult response to Hurricane Katrina. Iowa Governor Tom Vilsack issued an Executive Order directing all of Iowa’s executive branch agencies, in conjunction with the state Department of Public Defense to prepare a Continuity of Operations and Continuity of Government plan to ensure the delivery of essential services under any circumstances, including act of terrorism, mass violence, or natural disaster.

Similarly, despite considerable investment of time and resources into the state’s disaster protocols and training, Wisconsin Governor Jim Doyle directed Wisconsin Emergency Management to assess the state’s readiness to respond to a disaster on the magnitude of Hurricane Katrina. While this review turned up considerable evidence regarding the positive state of Wisconsin’s readiness, state emergency management officials are working to address particular lessons learned from the response to Hurricane Katrina. For example, Wisconsin Emergency Management is working with the 11 counties with the largest population centers to ensure that their plans could accommodate a mass evacuation. They will examine a wide range of issues, including how to best evacuate vulnerable populations and whether adequate shelters are available. Another lesson being examined is how to better coordinate communications systems between all levels of government and across various jurisdictions. Wisconsin will study its current communications systems and evaluate what needs to be done to ensure that all levels of government in all parts of the state can effectively communicate. Finally, the state also has asked the public to help. Together with the Red Cross, the state set a goal to recruit and train 1,000 more citizen volunteers statewide by the end of the year. These will be Red Cross certified volunteers – ready and able to deploy anywhere in Wisconsin or the rest of the nation on short notice. These new and measurable standards and action steps will enable Wisconsin to continue to improve its readiness.

By Executive Order, former Virginia Governor Mark Warner established the Secure Virginia Panel, whose main imperative is to improve the safety and security of the citizens of the Commonwealth. The panel’s

main focus is improving the Commonwealth's preparedness and response and recovery capability for natural disasters and emergencies of all kinds, including terrorist attacks. Among the Panel's responsibilities:

- Convene a statewide forum of local and state emergency management officials, fire, emergency medical, and law enforcement officials and private and public sector financial services, health care, technology, transportation, and utility leaders to evaluate and improve emergency preparedness and response.
- Review all current disaster, emergency management, and terrorism management plans.
- Prepare quarterly reports for the Governor to keep him apprised of the state's emergency preparedness, response, and recovery efforts.
- Establish an up-to-date, comprehensive statewide emergency preparedness, response, and recovery plan.

Regional Preparedness

Governors and other candidates can advocate a regional response to emergencies. For example, Kansas Governor Kathleen Sebelius asked Missouri Governor Matt Blunt to join in an effort to improve both states' emergency response capabilities. Governor Sebelius proposed a joint review of emergency response plans for both state governments, and for communities along the Kansas and Missouri border. The review would also include the Mid-America Regional Council, which has extensive experience in coordinating cross-border initiatives in the Kansas City area.

Governor Sebelius called for the review to place particular emphasis on alerting and responding to the needs of those individuals who will require additional or special assistance during an evacuation, including the elderly, individuals without transportation, and individuals in adult care facilities, schools, and hospitals. Similarly, New Hampshire Governor John Lynch has sought to improve better regional disaster preparedness and planning between New Hampshire and Vermont. Governor Lynch hopes to begin more planning with Massachusetts and Maine as well.

Enhancing Security at Municipal Utilities

In August 2005, Illinois Governor Rod Blagojevich signed legislation to increase security for all municipal utilities in Illinois. The new law outlines specific safeguards that will be adopted by municipal utility facilities, including electric public utilities, restricting access to critical infrastructure. Utilities are among our state's most critical infrastructure components, providing drinking water, energy and electricity to millions of households and businesses. Protecting utilities from vandalism or terrorist attacks is important to the state's overall security.

The law requires the Illinois State Police to release certain information to utility administrators for the purpose of evaluating whether a person should be granted access to municipal utility facilities. Those administrators can also deny access based on criminal conviction information obtained under the Criminal Identification Act.

Also, under this new law, the Illinois Commerce Commission (ICC) will require all electric public utilities to establish a security policy that includes on-site safeguards to restrict physical or electronic access to the facility or data systems. The ICC will also require a record of every power supplier along with an annual affidavit, verifying the utility is following the most current security guidelines set forth by the North American Electric Reliability Council.

Enhancing Agricultural Security

Illinois is developing new, cutting edge technology to help emergency officials respond more quickly and effectively in the event of an agroterrorist attack. After securing a Federal Homeland Security grant through the Illinois Terrorism Task Force Homeland Security program, the Illinois is taking initial steps to develop a computer-tracking program that features GIS (geographic information systems) technology to collect and share information on all livestock and other agriculture resources. The GIS project is being developed in two phases. Phase one will collect information and develop a GIS strategic plan for the Illinois Department of Agriculture (IDOA) that will focus on animal health. Phase two will develop the software technology to track animals and other agricultural assets to better prepare, prevent or respond to an agricultural emergency.

The development and implementation of this technology is one in a series of efforts by Governor Blagojevich to ensure the state is equipped to respond rapidly to an agro-terrorist attack or natural emergency that could effect our food supply including:

- **The hiring of additional inspectors and staff veterinarians** in the Department's Bureau of Meat and Poultry Inspection to maintain public confidence in Illinois' food supply.
- **Increasing inspections of feed mills and sampling of feed products** to ensure that cattle feed does not contain prohibited byproducts that can transmit Bovine Spongiform Encephalopathy, or "mad cow" disease.
- **Providing specialized training in the diagnosis of emerging foreign animal diseases** to local veterinarians, who frequently are the first to respond to an animal disease outbreak.
- **Requiring a permit for all livestock imported into the state** for production or exhibition. The requirement gives state agriculture officials advance notice of farm animals entering Illinois and the means to stop the shipment of a diseased animal before it arrives in the state.
- **Organizing meetings with neighboring states** to develop regional communications plans and guidelines for tracing and controlling the movement of livestock in an emergency. The State Patrol, focusing on the key elements of the Washington State Homeland Security Strategic Plan, has been providing enhanced security for the ferries, ensuring that the U.S. Coast Guard marine transportation security measures are being met and exceeded.

Improving Interoperable Communications & Information Sharing Between Security Personnel

By Executive Order, Michigan Governor Jennifer Granholm established a Michigan Public Safety Communications System Advisory Board. This Board has been charged with identifying:

- Best practices for implementing interoperability of wireless public safety communications, including data, in Michigan on a local, regional, and statewide basis.
- Future trends in public and private sectors relating to public safety wireless communication, interoperability standards, and technology in support of providing public safety wireless services in the most effective and efficient manner.
- Opportunities for effectively using the Michigan Public Safety Communications System as part of local, regional and statewide mutual-aid agreements, 911 dispatch operations, and incident command systems.
- Best practices for using interoperability training on a local, regional and statewide basis.
- Development and implementation of Michigan's interoperable communications plan.

Governor Ruth Ann Minner of Delaware established the “800 MHz Next Generation Committee” to assess the capabilities of the State’s 800 MHz Interoperable Communications System, obtain user requirements, and provide recommendations for enhancements. Based on her leadership, Delaware is implementing the recommendations by appropriating \$52 million over four years. The enhancements will provide first responders and other partners with the capability to communicate while inside buildings throughout the State, improve redundancy within and between the State’s 911 Centers, expand the number of dispatch consoles used by State and non-State agencies, upgrade the system to extend its lifecycle, enhance intra-operability with the City of Wilmington’s system, enhance interoperability with systems in surrounding States, and increase the capacity of the State’s microwave network to enable other voice and data systems to utilize this statewide network.

Tennessee also is developing an 800 mega-hertz interoperable communication system that will help first responders from all agencies exchange important information with greater ease. Tennessee is a pilot state chosen by the federal government to implement the new Homeland Security Information Network, which gives law enforcement and emergency management a way to pass on secure information. Ultimately, the Department of Homeland Defense intends to spread this Internet-based counterterrorism communications network to all 50 states, five territories, Washington, D.C., and 50 major urban areas to strengthen the real-time, collaborative flow of threat information to state and local communities.

Michigan’s homeland security website on Michigan.gov includes extensive lists of Frequently Asked Questions regarding a broad range of homeland security, school safety, and terrorism concerns. Their answers provide not only excellent factual information but also seek to replace public fears with actionable information and knowledge.

In an effort to make more Pennsylvanians aware of steps they can take to better prepare for any emergency, natural or man-made, Pennsylvania Governor Ed Rendell hosted a public safety fair and called on families to take steps to prepare themselves and their communities for any emergency. The “National Preparedness Month Public Safety Fair” included numerous special displays and preparedness information distributed by the PA Emergency Management Agency, Office of the State Fire Commissioner, PA Department of Health, PA Department of Environmental Protection, Pennsylvania State Police, PA Department of Labor & Industry, PA Department of Insurance, PA Department of Agriculture, Public Utility Commission the American Red Cross, the Hospital Association of Pennsylvania and the PA American Water Works Association.

Improving Education of the Public

Military Deployment Education: The Pennsylvania Department of Education (PDE), in collaboration with the Pennsylvania National Guard and the Center for Schools and Communities, today launched a new initiative, entitled “Mission Homefront.” The goal of this initiative is to educate Pennsylvania’s school personnel and students on military deployment and its impact on children, families and communities. To begin the initiative, a copy of the book, *Ned and the General: A Lesson about Deployment*, and a resource guide will be sent to all of Pennsylvania’s 501 school districts. *Ned and the General*, written by Dr. Ron Madison, is a book of stories that is written in rhyme and based on real children who have been affected by deployment. The resource guide includes a list of Web sites and publications for school personnel, families and children.

Vote with a Vet Outreach and Education Program: Pennsylvania Governor Rendell urged high school students across the commonwealth to exercise their right to vote through the 2005 “Vote With a Vet” program. The “Vote With a Vet” program, sponsored by the departments of State, Military and Veteran Affairs and Education, began in 1999 to encourage eligible high school students to register and to vote in honor of a living or deceased Pennsylvania veteran. In 2005, 34 high schools throughout the state are participating in the program. More than 3,200 eligible high-school students received biographies of individual veterans highlighting their military experiences.

Wisconsin's Homeland Security Council issues an annual report describing the many activities that have been undertaken during the past year to increase Wisconsin's preparedness for acts of terrorism or other large-scale disasters. These comprehensive annual reports show how the state has allocated more than \$100 million in homeland security funding, as well as describing some of the programs that have been undertaken in such areas as training, regional task forces, the State Operations Center, bioterrorism preparedness, protecting the state's water supplies, agriculture, and transportation infrastructure, interoperable communications, continuity of operations, citizen training, and public education.

Improving School Security

New Jersey has undertaken school safety audits of nearly every school in the state. A first of its kind in the nation, the School Security Checklist audit is the result of an unprecedented level of cooperation and unity among state, county and local agencies, police officers and school administrators. Each audit quantifies the security measures in place at schools and identifies areas that could be improved. The results of the surveys have been compiled into a massive database that provides a complete picture of school security. The audits also underscored the need for a statewide, uniform standard. Policy inconsistencies were found throughout the state. Governor Richard Codey required state agencies to ensure that they work closely with schools, have a comprehensive security plan, pre-designate communications liaisons and have adequate training.

Expanding Homeland Security Training

Oregon recently conducted a statewide public health emergency exercise to test the capability of the state and local health departments to quickly respond and distribute medical care to Oregonians potentially exposed to a deadly disease. The Oregon Department of Human Services (DHS) developed the exercise based on the state's plan for responding to a major disease outbreak in Oregon and is part of a national public health emergency preparedness effort. The exercise was designed to test the state's ability to respond to a public health emergency, evaluate how well the current state response plan works and give staff the opportunity to practice working under an incident command system structure. The exercise focuses on the detection of an outbreak, process for requesting federal medical resources and how state and local authorities would receive and deploy antibiotics and other medical supplies from the Strategic National Stockpile (SNS) throughout Oregon.

The exercise tested specific elements of an SNS operation, including the ability to:

- Implement SNS request procedures
- Activate and operate state and local emergency operations centers
- Manage and distribute SNS vaccine and other medical assets
- Effectively coordinate public information
- Allocate resources

Tennessee is in the midst of developing a comprehensive Education Program for all levels of law enforcement in our state, beginning with training in the recruitment academies, continuing on to in-service professional development for mid-level officers, and extending to the executive level that includes chiefs of police, sheriffs, mayors, and the like. As part of the Education Program, the Tennessee Office of Homeland Security has put together a comprehensive "Be On the Lookout For" (BOLO) resource book that is available to every law enforcement officer in Tennessee. This book gives tips concerning terrorism prevention, including instruction on what to look for when dealing with suspicious activity at places like motels and self-storage facilities and the airline industry.

Virginia has created a state-of-the-art center – the first such cutting-edge center in the nation – devoted to the command and operations management side of homeland security training. The Emergency Management Training, Analysis & Simulation Center (EMTASC) capitalizes on the state’s and Hampton Roads’ positioning as the premier location for defense and security modeling and simulation activities in the country. While there are more than a dozen existing emergency management-related training centers in the nation, they focus more on training the individual responders, and EMTASC is the first and only center to target command and management at the operational level, according to research conducted by Old Dominion University’s Virginia Modeling, Analysis and Simulation Center. EMTASC will employ world-class expertise and high-tech modeling and simulation tools to conduct training, exercises, analysis and operational support to its clients. According to officials, the Center is open to help clients with needs assessments and design training exercises. The Center will be ready to conduct its first training by January, with initial emphasis placed on Virginia localities and emerging to a national client base. Clients will be able to design simulated exercises focusing on their own specific needs. This type of training challenges participants to respond to dynamic scenarios and actions in real-time, as well as explore the second and third order effects of their decisions. This is not available during typical training. Modeling and simulation tools give a real-time perspective enabling those at the command and management level to have lessons-learned that can lead to real-world application. Because these tools offer extensive detail and are responsive and flexible, modeling and simulation offer critical support to rehearsal capabilities.

Encouraging and Training Community Emergency Response Teams (CERTs)

In order to augment state and local homeland security capacity and resources, states could focus on recruiting members of Community Emergency Response Teams. For example, due to outreach and education efforts, New Jersey has the largest CERT program in the nation with more than 6,000 volunteers and 220 teams throughout the state.

The CERT concept was developed in 1985 when the Los Angeles Fire Department realized that local emergency responders would be overwhelmed in the early stages of a disaster. Basic training in disaster and rescue skills would improve a community’s ability to survive until responders arrived. CERT volunteers receive about 20 hours of basic-level training in the following areas:

- Basic first aid
- Family disaster preparedness
- Disaster fire suppression
- Medical operations
- CERT operations
- Disaster mental health
- Basic emergency management
- Disaster simulation

CERT volunteers may be called to search for lost or kidnapped children, staff emergency operations centers, direct volunteers during major events and assist the Red Cross and other relief organizations with mass care. CERT volunteers must be 18 years old and possess a valid driver’s license.

Expanding Benefits and Services for Members of the Military and National Guard

As part of her continuing commitment to Kansans in uniform, Kansas Governor Kathleen Sebelius signed into law the Military Bill of Rights. It is designed to provide financial assistance to military personnel and their families during this time of increased overseas deployments for active duty, reserve and National Guard units. Among other things, the Bill of Rights:

- Grants tuition waivers to dependents of those who die in military service or are declared POW/MIA. These waivers can be used at any public university, community college, or vo-tech school in Kansas.
- Has the state make up the difference in salary for any state employee who is called up to active duty at a lower salary.
- Authorizes an activation payment of \$1,000 for state employees activated by the Guard or Reserves. These steps are designed to reward military service and to encourage Kansas businesses to follow suit.
- Provides a refund or credit for tuition when a member of the armed forces who is a student in a Kansas Regents institution is activated and must leave school.
- Grants a \$125,000 benefit to the family of a Kansan who was killed in the line of duty while serving in the National Guard, as well as state income tax exemptions for members of the armed forces for bonuses received for recruitment and student loan repayments.
- Enables Kansas Guard Members to receive hunting and fishing licenses without charge in State Fiscal Year 2006.

To protect military families and those returning from deployment, Maine Governor John Baldacci proposed to:

- Make permanent the waiver of continuing education requirements for professional licensing those serving overseas.
- Relieve businesses of unemployment charges when a soldier returns from their deployment.
- Creating a special license plate, the funds raised from the sale of which will go towards the Family Support Group that helps the families of soldiers with medical, financial, scholarship, and emergency assistance.

New Hampshire Governor John Lynch issued an Executive Order extending the state's guarantee that state employees activated to full-time National Guard duty, by either the federal government or the state, will continue to receive their health and retirement benefits and the difference in pay between their state salaries and military salaries. In addition, Governor Lynch's Executive Order also clarifies that the pay and benefit guarantee for state employees also applies to those activated for state duty, either by the Governor of New Hampshire, or by another Governor who participates in the Emergency Management Assistance Compact. Any state employee who was mobilized for the response to Hurricane Katrina will receive differential pay and benefits. New Hampshire children between the ages of 16 and 25 will also be eligible for free tuition at New Hampshire's public colleges and universities if their parent was a New Hampshire resident killed during active duty in the military. Eligible children will also receive a scholarship of up to \$2,500 to cover board, books and other expenses.

North Carolina Governor Mike Easley signed the 2005 North Carolina National Guard Tuition Assistance Program changes into law, along with a 2005 Military Support Act. Among other things, these laws:

- Increased the academic year tuition cap from \$2,000 to the highest charged tuition at a state university or community college, which is currently estimated at \$4,500. All guardsmen are eligible

for this \$4,500 in assistance and can apply for remaining funds to cover the cost of required course books and materials;

- Included eight wide-ranging provisions to support servicemen and women and their families. They allowed retired armed services personnel and their dependents to receive in-state tuition at state universities and community colleges. In addition, they directed the State Board of Education to review and revise policies to ensure that military family students receive high school credit for comparable courses taken out of state.
- Made it easier for military spouses to acquire professional licenses in the state. Furthermore, the law allowed members of the armed forces to terminate rental agreements early before being deployed for 90 days or more.

New Mexico Governor Bill Richardson has enacted legislation that the state pay for \$400,000 worth of life insurance for every active member of the New Mexico National Guard. The initiative is called the "Taking Care of Our Own" plan. New Mexico was the first state in the nation to offer this benefit. The program will insure all 4,027 active duty New Mexico National Guard members for \$400,000.00 through the Service Members Group Life Insurance Premiums Paid.. In addition, the Governor pushed for:

- A tax exemption for 50 percent of military retirement pay for New Mexicans embarking on second careers.
- A Military Family Relief Fund that would provide financial assistance to families of soldiers suffering financial hardships as a result of active duty or a line-of-duty related injury or illness. The Military Family Relief Fund would provide grants to qualifying New Mexico military families to help pay for clothing, housing, medical, services, utilities, or any other related necessities of daily living. The need would have to occur while a family member is on active duty, or be the result of a line-of-duty related injury or illness. The Military Family Relief Fund would be funded by a New Mexico income tax checkoff that will allow New Mexicans to voluntarily contribute part or all of their state income tax refund to military families.

Similarly, Oklahoma Governor Brad Henry pushed Operation Homefront, an assistance program for National Guard members and their families. As part of Operation Homefront, Oklahoma:

- Funds a \$250,000 life insurance policy for each Guard member.
- Authorizes a 50 percent tax exemption on veterans' military pensions.
- Creates an income tax check-off program to raise funds to assist Guard families.

In October 2005, Oregon Governor Ted Kulongoski signed a series of legislation that will expand educational opportunities and provide targeted financial assistance for Oregon Veterans, Oregonians on active deployment overseas, and their families here at home. The laws:

- Created the Oregon Veterans' Emergency Financial Assistance Fund within the Department of Veterans' Affairs to provide emergency financial assistance to veterans and their immediate families to cover temporary housing, food, transportation or medical costs; Expanded the education benefit program in the Department of Veterans Affairs from \$35/month to \$150/month to supplement coursework or professional skills training at an accredited state school for the duration equivalent to active service up to 36 months; Established the Oregon Troops to Teachers program to pay tuition for those veterans who attend college and commit to teach in Oregon; and required the Oregon Military Department to reimburse active members of the armed forces for the cost of hunting and fishing licenses.
- Required school districts to issue high school diplomas to veterans who did not complete high school because of wartime military service since the Korean War and who request the diploma

(veteran, must have a GED certificate, a post-secondary degree, or a minimum score as determined by the Oregon Military Department on the Armed Forces Vocational Aptitude Battery); Made future combat veterans eligible also for the benefit.

- Supported homeownership for Oregon Veterans by expanding a home loan and assistance program within the Oregon Department of Veterans' Affairs that helps connect below-market interest rate loans to qualified, eligible veterans for home acquisition and home improvement loans. The loan program is increased from 97 percent to 100 percent of the net appraised value on homes that are real property; 85 percent of the net appraised value on homes that are not real property; and 90 percent of the net appraised value on farms that are real property.
- Expanded the reach of the Oregon Military Emergency Financial Assistance Fund for the Oregon Military Department to provide hardship grants and loans to members and immediate family of Oregon National Guard members on active duty; Provides tax refund check-off for Oregonians to contribute to the Fund; Establishes program in the Department of Veterans' Affairs to enhance and expand services to be provided by county veterans' service office; and allows students attending post-secondary schools who have been called to active duty options to complete their course work or withdraw from courses without penalty.

B. Reducing Crime

Although the nation's overall crime rate reached record lows in many categories, public safety continues to be a hot-button political issue. If and when state or local crime rates creep up in any category, there will be a tendency to point fingers at the incumbent executive. Further, criminal justice data point to other areas, such as methamphetamine abuse, production, and trafficking, where increased attention is warranted.

Reducing Recidivism among Drug-Involved Offenders

In 2004, Illinois launched the Sheridan National Model Drug Prison & Reentry Program. This is the largest dedicated state drug prison and reentry program in the nation with a population of 1,300. The program offers intensive drug treatment to all inmates at the facility, and an extensive case management and job preparedness program. The job preparedness program offers a sectoral-based job training program with connections to actual employers, the development of a new bridge education program for lower-skilled inmates, a job preparedness training program for all inmates, and community-based job placement services to all parolees.

The Sheridan program targets offenders, with the exception of sex offenders and murderers, designated by clinicians as having a substance abuse problem that impacts their criminal behavior. Every inmate involved in the program is immersed into a therapeutic community environment that involves intensive drug treatment, cognitive skills development, counseling and mental health services. The goal of these services is to make the offender accountable for addressing both his drug addiction as well as to change the fundamental values and attitudes that have driven past criminal behavior. The prison-based drug treatment is provided by the Gateway Foundation, which has been recognized for successfully reducing crime and recidivism among drug-involved offenders in their programs nationwide.

Sheridan prepares all inmates for their crime-free and drug-free reentry from the moment they arrive at the facility through their completion of parole and beyond. Different from other programs that often begin addressing these issues within days of release, the Sheridan project establishes community-based connections on an ongoing basis – service contractors and agency staff work with offenders both in the prison and the community. For example, the SAFER Foundation provides job preparedness services that begin in the prison and carry through to actual job placement in the community. Treatment Alternatives for Safe Communities

(TASC) begins working with offenders in prison to develop their clinical reentry plan for drug treatment, housing, mental health and anger management services, and then continues to work with them and manage the plan throughout their entire parole term.

The Sheridan project took on the goal of supporting community-capacity building as part of its mission. To address this challenge, pilot “Community Support & Advisory Councils” (CSAC) have been launched in two of the highest-impact regions of the state: the south side of Chicago and the west side of Chicago. Members of these volunteer councils have begun meeting with inmates from their communities while they are still at Sheridan to help them establish community and faith-based connections for their return. They continue working with offenders upon release and provide ongoing feedback and recommendations to IDOC on improving their communities’ ability to sustain successful reentry.

Initial first year evaluation reports compared re-arrest and re-incarceration rates of the first round of 150 inmates released from Sheridan with a group of other parolees with similar histories. The research shows that 12 percent of Sheridan parolees were rearrested compared to 27 percent of the other group (a reduction of about 55 percent); and that 2 percent of Sheridan parolees were re-incarcerated compared with over 10 percent of the other group (a reduction of about 66 percent). In addition, Sheridan participants have been more likely to secure honest work than the average parolee, and that they have been securing jobs more quickly. About 46 percent of all eligible Sheridan parolees were working compared to 30 percent found in another study. In addition, 44 percent of Sheridan parolees found employment within 30 days of release compared with 31 percent in another study.

Curbing Violent Video Games

Illinois enacted the Safe Games Illinois Act, which prohibits minors from buying or renting violent or sexually explicit video games. Illinois was the first state in the country to limit minors’ access to such graphic games. In September 2005, Michigan Governor Jennifer M. Granholm signed the final two pieces of the bill package that will make the sale or rental of mature or adult-rated video games illegal to children 17 years or younger illegal. Granholm first called for this type of legislation in her 2005 State of the State Address. In May, a series of independent investigations conducted at the request of the Granholm Administration found that children as young as age nine were able to purchase adult-rated video games (rated M for Mature or NC-17) nearly half of the time. The investigations were conducted in Cass, Genesee, Ingham, Lenawee, Monroe, and Wayne counties and found that nearly half (26) of 58 stores in the six participating counties sold to minors. However, the courts have not looked favorably on this popular legislation. According to the Entertainment Software Association, courts have struck down similar legislation on six separate occasions since 2001.

Fighting Methamphetamine Abuse

Oklahoma enacted a landmark anti-methamphetamine law that has been replicated in across the nation. It restricted pseudoephedrine purchases, created a statewide, online database to link pharmacies and pseudoephedrine sale information. The improvement will make it more difficult for meth producers to jump from pharmacy to pharmacy to buy larger quantities of the meth ingredient.

Illinois Governor Rod Blagojevich signed a host of legislation designed to curb methamphetamine production, distribution, and use in Illinois. The law:

- Creates a new offense targeting those who buy or attempt to buy, transport or assemble meth-making materials other than pseudoephedrine, ephedrine or anhydrous ammonia.
- Creates a new offense targeting those who work as lookouts for meth manufacturers.
-

- Makes it a crime to dispose of meth manufacturing waste.
- Requires that those who manufacture meth in places like hotels, motels, apartment buildings or condominiums face mandatory prison time.
- Makes it a Class 1 Felony to possess, sell, or transport anhydrous ammonia for the purpose of making meth.

Governor Blagojevich also signed the following measures addressing methamphetamine trafficking and abuse:

- **Creation of a treatment pilot program:** Illinois established a Methamphetamine Abusers Pilot Program at the Franklin County Juvenile Detention Center and Franklin County Jail. People convicted of unlawful possession of meth and who are determined to have an abuse or addiction problem with the drug may be ordered to participate in the pilot program. Once enrolled, the individual will receive needed medical and psychiatric treatment for methamphetamine abuse or addiction for 90-180 days.
- **Educational seminars for judges:** The Administrative Office of the Illinois Courts will conduct education seminars for judges throughout the state on how to operate drug court programs with a specific emphasis on cases involving the illegal possession of methamphetamine.
- **Reimbursement for costs of fighting meth:** Because combating methamphetamine is costly for local law enforcement agencies, Illinois created a Methamphetamine Law Enforcement Fund, which will provide money to local law enforcement for costs associated with fighting meth. The legislation directs the \$100 fine currently collected from meth offenders into the new Fund. The money in the Fund will be allocated to local law enforcement agencies to reimburse the costs of securing and cleaning meth manufacturing sites, defray the costs of employing officers, and defray the costs of medical or dental expenses resulting from the incarceration of meth addicts.
- **Methamphetamine restitution:** A new Illinois law clarifies that the restitution required of methamphetamine offenders whose manufacture of the drug required an emergency response will include the cost of reasonable regular and overtime costs incurred by local law enforcement as well as money paid by public agencies to private contractors to secure the site. It also requires that the restitution payments be disbursed equitably first to local agencies, then to state agencies, and finally to federal agencies involved in the emergency response.
- **Protection of children found in a meth environment:** A new Illinois law directs the Department of Child and Family Services (DCFS), State Police (ISP), and State Board of Education to develop a protocol to deal with the growing problem of children who are exposed to meth manufacturing or use. The protocol will ensure that DCFS, law enforcement, and educators are involved with finding the best way to help these children. The agencies will determine an appropriate person for an affected child to stay with for proper care and supervision, including food, housing, and medicine, as well as making sure the child continues to attend school. State agencies have already begun to develop this official process and it will be posted on each agency's website after it is finalized.
- **Removal of clandestine laboratory ingredients and apparatus:** A new law requires the Illinois State Police to develop a protocol to be followed for the removal of any and all identifiable clandestine laboratory ingredients and apparatus. The protocol must be posted on the ISP's web site.

In April 2005, Kansas Governor Kathleen Sebelius signed the Sheriff Matt Samuels Chemical Control Act, making it harder to obtain precursor drugs used to produce meth. The Kansas Bureau of Investigation figures point to a 64 percent decline in the number of seized meth labs, from June through August 2005, compared to the same period in 2004.

Oregon has pursued a comprehensive strategy to address the manufacturing, trafficking, and abuse of methamphetamine. Oregon has treated 50 percent more meth addicts than the next-highest state, Hawaii. In 2003, 20,482 people were admitted for meth treatment. State figures show that half of child-welfare cases in Oregon are related to meth. Soon after taking office, Governor Kulongoski appointed a Meth Task Force to look at the meth epidemic and recommend ways to combat meth production and use. The task force is made up of law enforcement, treatment providers, prevention and education experts, private business, the military and others.

In June 2005, the second full month after Tennessee Governor Bredesen's "Meth-Free Tennessee Act of 2005" passed in the General Assembly, meth lab seizures in the state had dropped by 59 percent. In addition to limiting the sale of products with meth ingredients and establishing tougher penalties for making the drug, the law also requires health professionals to report meth lab-related burns and injuries to law enforcement and online registries listing meth-contaminated properties and meth cooks. In addition to moving cold and sinus products behind the pharmacy counter, the Meth-Free Tennessee law makes several other changes including:

- Closing the so-called "personal-use loophole" in criminal law, which allows meth cooks to secure lighter penalties by claiming they manufactured the drug only for personal use.
- Requiring health professionals to report meth lab-related burns and injuries to local law enforcement, similar to the existing requirement to report gunshot and knife wounds.
- Creating an online registry within the Department of Environment and Conservation listing properties quarantined by law enforcement due to methamphetamine lab contamination. A separate registry will be created within the Tennessee Bureau of Investigation listing the names and offenses of convicted methamphetamine cooks.

Governor Bredesen also included \$7 million in his FY 2005-2006 budget to fund a statewide public awareness campaign about meth abuse, to launch a pilot drug court treatment program for meth offenders and to increase meth-lab response training for law enforcement personnel. The Governor also established a new state website designed to serve as a clearinghouse for information on the methamphetamine epidemic in Tennessee. The site, www.methfreetn.org, contains links to treatment programs, information on upcoming conferences and meth-related news from across the state and nation. Law-enforcement officials, healthcare professionals, journalists, educators and others can sign up to receive news alerts and legislative updates via email.

Disarming Habitual Criminals

In August 2005, Illinois Governor Rod Blagojevich signed into law a bill that creates stiff new penalties for habitual criminals – identified as individuals who have been convicted of two or more violent crimes – who are caught with guns. The law creates a new offense, "Armed Habitual Criminal." A person with two or more past convictions for any of a list of specific violent crimes, including first degree murder, sexual assault of a child, arson, robbery, home invasion, and gunrunning, violates this new law if he receives, possesses, sells, or transfers a firearm.

Nationally, according to the U.S. Bureau of Justice Statistics, 18 percent of state prisoners and 15 percent of federal prisoners were armed when they committed the offense for which they were imprisoned. Among those who carried a firearm during the offense, about 8 percent of state and federal prisoners carried military-style, semiautomatic weapons. Among inmates in prison for more serious offenses such as murder, rape, sexual attack, robbery, and assault, 30 percent of state offenders and 35 percent of federal offenders carried a firearm while committing the crime.

Protecting Children from Gun Accidents

Approximately 40 percent of American households with children have a gun, affecting 22 million children in 11 million homes across the United States. Of gun-owning households with children, one quarter only "occasionally" lock and store the bullets in a separate place from the gun. This level of access to firearms led to more than 1,530 children killed from firearm accidents between 1996 and 2001. Gun safety locks may have prevented some of these deaths.

In an effort to promote handgun safety, Illinois Governor Rod R. Blagojevich signed legislation requiring that all handguns that are sold by federally licensed firearms dealers in Illinois include a safety lock. The new law requires that any handgun sold or traded in the state of Illinois by a federally licensed firearms dealer must include a safety lock of some kind. This can be either an external device that attaches to the handgun with a key or combination lock or an integrated mechanical safety, disabling, or locking device that is built into the handgun. Either method is designed to prevent the handgun from being discharged without first deactivating the lock.

Kansas has engaged in a partnership with Project ChildSafe, the largest firearm safety education program in the country, to promote gun safety in by trying to distribute 155,000 free cable gun locks to Kansans. Noting that many Kansans already have smoke detectors, burglar alarms, and other safety devices in their homes, Governor Kathleen Sebelius indicated that free cable gun locks will provide an additional step in ensuring Kansas homes are safer for families. Since this program began, more than 218,500 locks have been dispersed in Kansas. Project ChildSafe has established a nationwide campaign to promote safe and responsible gun ownership and storage. The program reminds gun owners to take steps to prevent a loaded gun from falling into the hands of a child, thereby preventing tragic accidents. The current campaign, Phase Two, will distribute over 12 million free firearm safety kits and follows the successful Phase One distribution of 20 million firearm safety kits over the past year to all 50 states. Each firearm safety kit includes a cable-style gun lock and a firearm safety brochure.

Monitoring Sex Offenders

The Illinois Department of Corrections will implement a GPS, or Global Positioning System, to use satellite technology to track movement of parolees. The department is in the process of identifying 200 high-risk sex offenders to be outfitted with an ankle bracelet and a transmitter. The device will send a continuous signal to a parole agent's computer, allowing the officer to track a sex offender's movements. The GPS program, when joined with the Sex Offender Treatment and Monitoring Unit established last year, will provide for more parole agents throughout the state who will specifically monitor sex offenders.

New Jersey also uses Global Positioning System technology its most serious sexual offenders, a move that will help protect children from potential predators. The state plans to outfit all so-called "tier-three" sex offenders with permanent electronic ankle bracelets and small remote tracking devices that they must carry with them at all times. This will enable round-the-clock monitoring of the movements of sex offenders. Currently in a pilot study phase, the program is scheduled to include all of New Jersey's "tier-three" sex offenders, as well as expand program eligibility to other types of criminals. The program will generate electronic data that records daily movements of sex offenders and transmits the data to the State Parole Board. Specially trained personnel at the Board will examine the movement data for any "variations from the norm" or indications that an offender is spending an inordinate amount of time in any one particular location. Any such patterns will be reported to the Board's Sex Offender Management Unit for follow-up investigation and response. The system will also provide a tool for criminal investigators seeking to either place an offender at or near the scene of a crime or to rule out an offender as a possible suspect.

Oklahoma now requires Global Positioning system, or GPS, electronic monitoring of habitual and aggravated sex offenders for the rest of their lives once they are released from prison. A new Oklahoma law

also requires convicted sex offenders to wear a GPS monitoring device for the duration of his or her sentence. The mandatory registration period for a sex offender is 10 years for those not classified as habitual or aggravated offenders. New Mexico has made it easier for law enforcement to track sex offenders using a new tracking system with lifetime registration every 90 days for the worst offenders; includes new crimes on the registration list; increases penalties to put real teeth in the enforcement; and adds notification of employers. In the fall of 2003, during a Special Session of the state legislature dedicated to sex offense issues, New Mexico Governor Bill Richardson created the Sexual Predator Act and the Sex Offender Management Board, an entity composed of diverse experts in this field to address issues such as strengthening the state's Sex Offender Act.

Wisconsin Governor Jim Doyle's Sex Offender Apprehension and Felony Enforcement (SAFE) Initiative is a comprehensive effort to protect Wisconsin kids and keep communities safe from sex offenders. Governor Doyle's SAFE Initiative involves state, local, and federal law enforcement partners in a series of innovative strategies, from task forces to tip lines, which focused on keeping kids safe by holding sex offenders accountable for their actions, preventing them from becoming anonymous in our communities, and apprehending and prosecuting those sex offenders who fail to notify authorities of their whereabouts, as required by law.

Beginning in April 2005, Governor Doyle ordered the Department of Corrections to launch a crackdown on sex offenders who have not complied with the sex offender registry. Since that time:

- Through a combination of federal, state, and local efforts, 94 arrests of non-compliant sex offenders have been made;
- More than 1,300 sex offenders have been referred to district attorneys for prosecution for evading the sex offender registry – an increase of nearly 70 percent in the rate of referrals;
- Non-compliance with the registry has been reduced from 18 percent to 14 percent – compared to a national average of 24 percent; and
- Investigations of those who evade the registry have been dramatically sped up. Previously, most investigations took more than 60 days to complete. Now, almost 95 percent are complete in less than 60 days – and if a violation is found, local prosecutors are asked to go after them.

As a result of one of Wisconsin Governor Jim Doyle's 2005-07 biennial budget initiatives, registered sex offenders are now required to pay an annual \$50 Sex Offender Management Fee to help offset the cost of supervision and management of the sex offender registry that are incurred by the Department of Corrections.

National Sex Offender Registry

Forty-one states and the District of Columbia have agreed to participate in the United States Department of Justice National Sex Offender Public Registry (NSOPR) to give state residents a new tool to help protect their children. The registry will use the Department of Justice's computer technology to link state and territory public sex offender registries, allowing citizens a one-stop shop to access information beyond their own state boundaries. The U.S. Department of Justice reports that as sex offenders travel across state lines, providing access to offender information beyond one's own state increases the likelihood of identifying sex offenders in the area. The new NSOPR will allow concerned parents, grandparents, neighbors and friends to conduct a single search to identify sex offenders nationwide. To receive the same information now, a user would have to access each state's registry.

The NSOPR typically does not require states to develop any new technology and will be available to citizens at no cost. The Department of Justice's goal is to have 20 states participating at the time of the site's launch with additional states linked in the coming months. States participating in the NSOPR include Delaware, the District of Columbia, Illinois, Iowa, Kansas, Louisiana, Michigan, New Jersey, Oklahoma, Pennsylvania, Tennessee, Virginia, West Virginia, Wisconsin, and Wyoming.

Protecting Children from Predators

Kansas Governor Kathleen Sebelius signed into a law a bill that toughens the penalty for indecent solicitation of a child. It also sets the minimum statute of limitations at five years, instead of the current two, for most crimes. The bill, SB 147, raises the penalty for indecent solicitation of a child from a severity Level 7 person felony to a severity Level 6 person felony. In many cases, this would make prison, not probation, the presumptive penalty. It also clarifies the definition of child pornography so that prosecutors can seek additional charges against offenders for each piece of pornography, not just each type of storage medium.

In addition to the measures protecting children, the bill also extends the statute of limitations for most felonies and misdemeanors, more than doubling the amount of time available to file charges. Currently, Kansas has no statute of limitations for the crime of murder. Rape and various other crimes already have a five-year statute of limitations. This bill extends the statute of limitations all other crimes from two years to five.

On July 1, 2005, Michigan became the first state in the nation to launch a child protection registry that will enable parents to guard children from unwanted electronic messages. Michigan's child protection registry, called the Protect MI Child Registry, will allow individuals and schools to register email addresses to which minors have access. In the near future, instant message IDs, mobile phone numbers, fax numbers, pager numbers, and other contact points can also be registered. There is no cost to register.

Michigan's Children's Protection Registry Act prohibits persons from sending to registered addresses messages about products or services that are legally prohibited for children. Examples include pornography, tobacco, gambling, alcohol, illegal or prescription drugs, firearms, and fireworks. Senders of material are required to remove registered email addresses from their mailing lists within 30 days. If a registered contact receives a prohibited message, a complaint may be filed with the Michigan Attorney General's office. A first violation is a misdemeanor; subsequent violations are felonies. Civil penalties also may be sought.

Curbing Drunk Driving

New Mexico Governor Bill Richardson has made the reduction of drunk driving one of his top priorities, implementing some of the toughest laws against drunk driving in the country. The state has worked with the National Highway Traffic Safety Administration to combat drinking and driving where it was deadliest. In each of the three legislative sessions since Richardson took office, New Mexico strengthened DWI laws, enacting stiffer prison sentences, longer mandatory jail time, higher felony levels, and better treatment programs. The state created a Mobile Strike Unit to target bars and restaurants serving minors and people who are intoxicated. The state established a toll-free "Drunkbusters" hotline to report drunk drivers. New Mexico became the first state in the nation to require DWI offenders—even first-timers—to have an ignition interlock device in their vehicles. As a result, during the last two years, New Mexico:

- Increased the number of arrests for alcohol-related crashes.
- Overall alcohol-related crashes have decreased by nearly 5 percent.
- Alcohol-related injury crashes have decreased by nearly 8 percent.
- Alcohol-related fatal crashes have decreased by nearly 13 percent—improving the state's ranking for fatalities by six places.

Cracking down on repeat DUI offenders, Kansas Governor Kathleen Sebelius signed into law a measure that will allow more of a violator's past offenses be taken into account by judges. The new law allows the consideration of DUI diversion agreements, test refusals, test failures, or alcohol or drug-related convictions for purposes of revoking an offender's driver's license regardless of the when they occurred. Previously the law limited consideration of those factors to only those that happened during the preceding five years.

Illinois enacted a number of new provisions to reduce driving while under the influence of alcohol and other drugs, including:

- **Harsher sentencing for causing death while DUI:** Under this new law, a person who is convicted of aggravated DUI that results in the death of one or more persons, will be sentenced to a term of between 3-14 years in prison, unless a court determines extraordinary circumstances exist.
- **Chemical testing required for those who hit-and-run:** Under this new law, anyone arrested for leaving the scene of a crash involving death or personal injury must submit to chemical testing within 12 hours of the accident or their driver's license may be suspended.
- **Interrogations and confessions of aggravated DUI suspects must be recorded:** Police in Illinois are now required to record interrogations and confessions in cases where a person is charged with DUI that resulted in a death.
- **More severe punishment for DUI while transporting a child:** Illinois increased the penalties for drivers over the age of 21 who transport a child under the age of 16 while under the influence of alcohol, drugs, or intoxicating compounds.

Apprehending Fugitives

Michigan Governor Jennifer M. Granholm has championed Project S.A.F.E. Street (Statewide Apprehension of Fugitives Effort), an enforcement initiative designed to protect children and families. As part of this initiative, the Michigan State Police (MSP) and the Michigan Department of Corrections (DOC) have partnered with 14 county sheriff departments, 44 local police departments, and two federal agencies enforcement to arrest fugitives known to be in violation of their parole and who pose a threat to public safety.

Jail and Prison Overcrowding

In June 2004, Governor Jennifer M. Granholm created the Michigan Task Force on Jail and Prison Overcrowding to engage key criminal justice system stakeholders in a collaborative dialogue regarding the relationships between jail and prison population and overcrowding. The Task Force was charged with compiling a report for the Governor that would articulate strategies for utilizing jail and prison resources in a more effective and efficient manner without compromising public safety.

Although statistics indicate that crime and arrest figures are decreasing in Michigan, the prison population fluctuates between 49,500 and 50,000 annually, costing taxpayers roughly \$1.4 billion. In addition, most jails operate at or near their rated capacity, causing sheriffs to, in some instances, ask county officials to allocate funds for expansion.

In these difficult economic times, Michigan cannot afford to bear the social or financial costs associated with the unchecked growth of this population. As part of her response to this dilemma, the Governor encouraged the Michigan Department of Corrections to develop a Five-Year Plan to Control Prison Growth. This plan includes the Michigan Prisoner Re-Entry Initiative and other measures geared toward reducing the prison population.

As part of her proposed FY 2006, the Governor recommended to the Legislature funds that provide a balance between efforts to control both jail and prison crowding. One component of this critical balance is the allocation of \$4 million to fund several of the approaches that the Task Force suggested to positively impact jail crowding. By expanding programs that address pretrial release, residential treatment, pretrial release of mentally ill offenders, and jail renovation/expansion, Michigan hopes to assist local units of government with their jail crowding efforts.

Crime Victim Privacy

Oklahoma Governor Brad Henry signed into law a measure protecting the personal information of victims of violent crime in Oklahoma by ensuring that information is not posted on the Internet for public access. The Victims of Violent Crimes Privacy Act prohibits court clerks from posting documents relating to some sex crimes, crimes against children, assault and battery, or abuse by a caretaker. Oregon enacted legislation to support and protect victims of sexual assault. One new law allows some adolescent and all adult victims of sexual assault to have a “personal representative” with them during legal and medical proceedings. That representative can be an advocate, a family member or a friend. The new law will help encourage reports of sexual assault, as victims are assured that a family member, friend or rape crisis advocate will be alongside them as they undergo the many exams and interviews that make up the investigation and prosecution of sexual assault cases.

Some studies estimate that as many as 85 percent of rape victims and other victims of sexual assault never file a report with law enforcement agencies. The availability of a personal representative has led to increased reporting in several other states that have already adopted the victim-centered policy.

Oregon Governor Ted Kulongoski also signed a law intended to help protect victims' privacy by preventing the public dissemination of sexually explicit photographs or materials by the issuance of a court protective order. Under current Oregon law, there are instances in which certain sexually explicit materials may not be protected from public release. In criminal proceedings, sexually explicit materials are often items important to the successful prosecution of sexual assault offenders. Unfortunately, the public nature of the criminal trial can lead to the unwanted and unfortunate disclosure of those materials. The legislation permits a judge issue a protective order, insuring that neither the defense nor the prosecution can disseminate the materials.

The new law will help keep sexually explicit photographs or videotapes of children, adolescents and adults from escaping the courtroom and moving into the public arena, including the Internet. Records of criminal proceedings will continue to be accessible by the public and the media.

Enhancing Drug Enforcement

Michigan, Wisconsin, and Pennsylvania received Drug Interdiction Assistance Program awards from the U.S. Department of Transportation's Federal Motor Carrier Safety Administration. Pennsylvania's award commends the Pennsylvania State Police for its training of personnel and its enforcement activities aimed at prohibiting drug trafficking. Last November, the State Police initiated Operation SHIELD, a training program designed to help troopers identify and prohibit fugitives, weapons, contraband and terrorist movements on state highways.

Troopers trained through Operation SHIELD have made more than 500 criminal arrests; apprehended 100 fugitives and 200 undocumented aliens; and seized 50 weapons, 35 vehicles, \$3 million worth of counterfeit goods, \$2 million cash, two thousand pounds of marijuana and several kilos of cocaine, heroin and other controlled substances.

Kids Come First Action Agenda

Washington Governor Chris Gregoire has championed a Kids Come First Action Agenda to improve investigations of child abuse and services for child abuse victims. Elements of the Agenda include:

- **Seeing children sooner when there is a high-risk report of child abuse or neglect.** Washington is accelerating a requirement that state child protection workers conduct a face-to-face visit within 24 hours of a high-risk report of child abuse or neglect. The prior policy was 10 days for the first visit. State workers will be required to have face to face contact with lower risk children within 72 hours. Workers will be required to make follow-up visits within 30 days for children receiving in-home services.
- **Deploying headquarters staff to the field:** Twenty-five people in Children's Administration headquarters are now available for redeployment to field positions to support services to children and families.
- **Clarity and consistency in carrying out criminal background checks.** The state conducts criminal background checks on applicants for jobs with licensed, contracted or certified providers of services to vulnerable people. The intent is to maintain a safe environment for vulnerable people receiving state-supported social services.

At the request of Governor Gregoire, child abuse programs received an additional \$10.2 million to support her goal of ensuring that child abuse investigations be launched within 24 hours in more urgent cases.

Corrections Reform

Wisconsin Governor Jim Doyle, a former prosecutor and state attorney general, has made corrections reform a priority during his administration. Since the vast majority of those in prison will eventually be released, public safety depends on rehabilitation, drug treatment, and even job placement for offenders. Secondly, corrections reform is important to taxpayers. During the 1990s, spending on corrections skyrocketed. Wisconsin focused on building prisons and housing ever-increasing numbers of inmates. But tougher laws and more prisons can only do so much. And because so much was spent on prisons, it became harder and harder to meet our commitments to priorities such as education and health care for working families.

Arguing that it is not enough to just be tough on crime but that Wisconsin also must be smart on crime, Governor Doyle believes that when a non-violent offender is ready to make a change in his or her life, we must have tools available to help that offender succeed.

One needed investment is the expansion of our capacity to provide drug and alcohol treatment in both our prisons and the community. The Department of Corrections estimates 70 percent of offenders entering the prison system need alcohol or drug treatment. Many of these offenders are non-violent, and most eventually will return to our communities. But without treatment, they are more likely to commit new crimes. The Doyle administration has significantly expanded the state's commitment to alcohol and drug treatment, including:

- Creating the Chippewa Valley Correctional Treatment Facility, the state's first prison dedicated to alcohol and drug treatment.
- Creating the earned release program, allowing judges to sentence non-violent offenders with alcohol and drug addiction to shorter terms if they successfully complete treatment. Governor Doyle's 2005-07 budget expands this program with 200 beds at correctional centers in southern Wisconsin.
- Proposing new alcohol and drug treatment units at the Taycheedah Correctional Institution for women and the Racine Correctional Institution for men.
- Proposing a budget that more than doubles Wisconsin's financial commitment to alcohol and drug treatment for offenders on supervision in the community.

The Governor also has proposed reforming Wisconsin's overburdened probation and parole system. Right now, Wisconsin spends a lot of time supervising the least dangerous offenders – time that would be better

spent supervising more dangerous offenders. Governor Doyle's 2005-07 budget provides 11 new probation and parole agents to better supervise inmates released from maximum-security prisons. The budget reduces probation time for many misdemeanors, so agents can devote more time to the most serious offenders.

Parole Reform

Illinois Governor Rod Blagojevich launched the "Operation Spotlight" Parole Reform Initiative, a four-year plan to double the number of parole agents, strengthen supervision for high-risk offenders, and employ new case management and graduated sanctions practices designed to reduce long-term re-offending behavior.

In addition to developing best practices programming for the Juvenile Division, IDOC recently launched a fully dedicated therapeutic community that incorporates aspects of the nationally recognized Missouri Model for juvenile girls at IYC-Pere Marquette. In this program, young girls are enrolled in full-time drug treatment and cognitive skills development programs; go through a personal growth, awareness and development process with individual goal setting; and are given expanded educational and vocational opportunities, before being transitioned into a reentry program once they return home.

The Governor's Operation Spotlight Parole Reform Program also is addressing public safety through the expansion of IDOC's parole program. The program enhances parole supervision on the streets through increased monitoring and graduated sanctions. The plan is to increase parole agent staffing over a four-year period. All 35,000 parolees receive direct supervision in the community. The plan addresses short-term crime prevention by enabling agents to more quickly determine which ex-offenders pose a risk to public safety and should be re-incarcerated. It also addresses long-term crime prevention by enabling agents to identify which ex-offenders require greater case management, such as drug treatment, mental health and job preparedness services to prevent re-offending. Operation Spotlight has resulted in putting nearly 100 more parole agents to work in communities, dramatically increased their contacts with parolees and resulted in new case management training programs and specialized parole surveillance units all designed to help reduce crime and recidivism.

CONCLUSION

This policy book provides a small sampling of the creative and effective policies being implemented by leading governors across America. More than ever, the states are the laboratories of democracy. In these laboratories, governors are creating policies, and more importantly, solutions. Hopefully, the innovations discussed in this book have given you new ideas on how to address the most pressing issues facing Americans today.

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