

June 2018

# STATE LEGISLATURES

 NATIONAL CONFERENCE *of* STATE LEGISLATURES

## NEW APPROACHES, CHANGING LIVES

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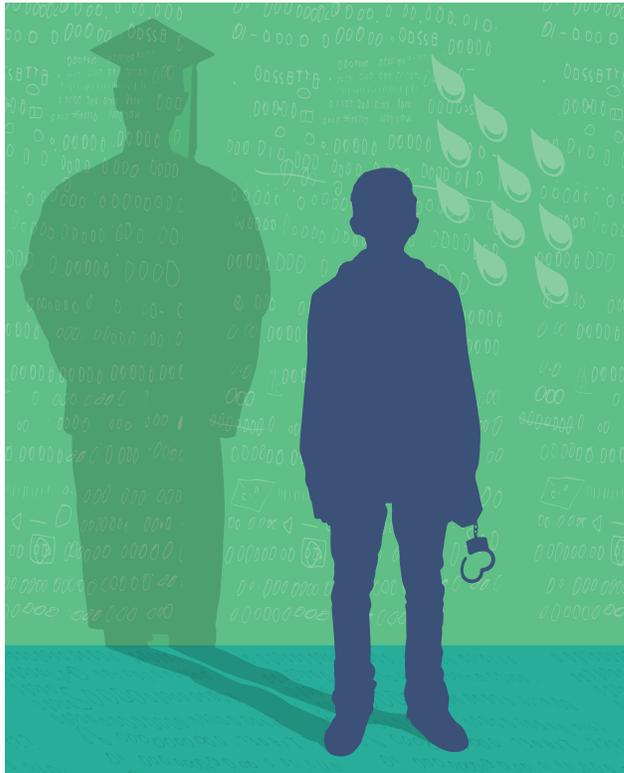
The magazine of state policy and politics from the National Conference of State Legislatures, the bipartisan organization that serves all lawmakers and staff.

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To gauge their resiliency, public pensions are being put through their paces.

### SL Online

Find more information and links to resources on topics covered in these pages at SL Online.

➔ Go to [ncsl.org/magazine](http://ncsl.org/magazine)

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Meet Maine House Speaker SARA GIDEON

*"What I strive for is for the legislature to be a place where it feels like something anybody can do."*





**INNOVATIONS**  
STRENGTHENING THE LEGISLATIVE INSTITUTION



*Assemblywoman Jacqui Irwin, center left, meeting in her Capitol office with high school students in the Young Legislators Program.*

**Grooming a New Generation**

A California program teaches kids about the Legislature and public service.

BY JEANNETTE SANCHEZ-PALACIOS

Getting involved in politics for many people means grabbing their phone or computer and sharing their anger and resentment toward politicians and a system they feel doesn't listen to them. It might be satisfying to lash out at what's happening in the world, but there is so much more that can be done.

That was California Assemblywoman Jacqui Irwin's thinking when she launched her Young Legislators Program two years ago. The program gives high school students the opportunity to learn about the legislative process and integrate themselves in their local communities through public service.

At its core the program lets students

participate in the system that creates the laws affecting their communities. First, they learn how bills become laws—from discussing ideas for possible legislation to drafting, submitting and ultimately winning approval for their ideas.

After that, the young legislators get hands-on experience working in their communities by attending local events hosted by Irwin's district office.

The 44th Assembly District is almost evenly divided between affluent areas and those with limited resources. Students from throughout the district complete an application process that includes an interview. Once accepted, the students spend six Saturdays taking part in panel discussions on civic engagement; learning to navigate a pathway to higher education; and investigating different career opportunities.

"Our Young Legislators Program takes high school students beyond the classroom," Irwin said. "They learn not only about how local and state government decisions impact their communities, but more importantly, they learn how they can be part of the process and have a voice

within the process."

But let's face it, you can't talk about policymaking and changing the world without experiencing the white dome. So, in addition to the Saturdays in the district, students travel to the state Capitol in Sacramento. They get to observe a full day's session at the Assembly, sit in on committee hearings and meet legislators from across the state. They hang out with capitol staff and participate in a mock committee hearing, role-playing positions for or against a current bill in the legislature.

The key here is participation—finding ways to get kids involved, ways that perhaps they never considered. Upon completing the free program, participants will have gained a better understanding of legislative politics and will be on their way to becoming tomorrow's leaders.

"Joining the Young Legislators Program has improved my knowledge of local and state government," said Amina Pasha Ghorob, a Thousand Oaks High School sophomore. "Watching what may be seen on television has made me question government and how people are individualized, but being a part of this program made me re-evaluate my point of view on government. It is a team effort for even the slightest change; it is a movement of passion, and it is the creation for a better tomorrow."

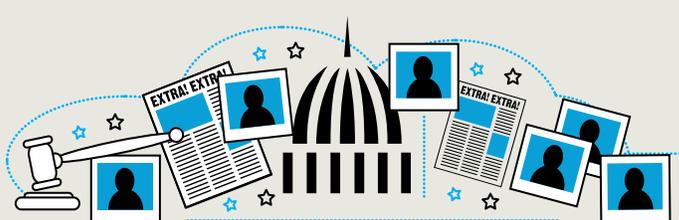
It's that very experience Irwin hoped the program could provide. As part of the first generation in her family to go to college, she wanted to give students in the 44th District a chance at the opportunities she's enjoyed in her life. Her goal at first was to concentrate on students in the district who don't typically have the means to participate in programs like this one. But the program was so popular that she opened it to sophomores and juniors from all the district's high schools, regardless of their career interests.

The Young Legislators Program proves there are indeed many ways to make a difference.



Assemblywoman Jacqui Irwin California

Jeannette Sanchez-Palacios is district director for California Assemblywoman Jacqui Irwin.



# SHORT TAKES

## NEWS FROM NCSL

## NCSL EXPERTISE



**“That’s how we as people experience education.”**

Joan Wodiska on blending the lines between K-12, college and training to meet the needs of the future workforce, in *Diverse Education*.



**“In a lot of states, you can’t fundraise during session.”**

Tim Storey on one of the obstacles faced by legislative leaders who wish to run for governor, in *Stateline*.



**“It has been much less common for women to run and serve with infants and toddlers... Few state legislatures**

**and capitol buildings have fully figured out how they will accommodate nursing mothers.”**

Katie Ziegler on how mothers have historically waited to run for state legislative office until later in life, on *NPR*.



**“There’s a perception among some people that this is giving special rights to bicyclists and legalizing an unsafe behavior.”**

Douglas Shinkle on proposals to allow bicyclists to roll through stop signs, in *Stateline*.



**“Quality is paramount. All research points to that.”**

Matt Weyer on a Montana proposal to expand the Head Start preschool program, in the *Billings Gazette*.

## IDEAS

### Health Trends Initiation

Forty legislators from 20 states attended NCSL’s Health Seminar for Newer Legislators in La Jolla, Calif., this spring. Attendees got a dose of the complexities and trends in health care insurance, prescription drugs, public health, behavioral health and more. NCSL’s health department organizes nearly 40 seminars and meetings each year, helping to connect state legislators and legislative staff, and keep them up to date on emerging topics and innovative policies.



Left, legislators and legislative staff tour the Digital Manufacturing and Design Innovation Institute, a public-private partnership designed to advance manufacturing in the digital age, during the NCSL Midwest States Fiscal Leaders Meeting in Chicago.



Hawaii Senator Stanley Chang

### Fiscal Leaders Look Forward

Because state budgets transcend every action taken by state legislatures, NCSL operates a robust Fiscal Affairs Program. Its eight staff members track state budget and tax trends, publish a monthly newsletter, “The Fiscal Link,” and issue three major annual reports—“State Budget Actions,” “State Tax Actions” and “State Budget Update.” Currently, they are busy tracking how states are responding to the recent reforms to federal tax law. Fiscal staff also conduct meetings for state fiscal leaders and work with the National Association of Legislative Fiscal Offices, one of nine NCSL professional staff associations.

## SUPPORT

### GRANT NEWS

#### Negotiation Skills You Can Use

You will learn how to negotiate like a pro through the training and development NCSL will be able to offer state legislatures under a new three-year grant from Hewlett. Using materials from the Harvard Negotiation Project, NCSL will customize products and programs for legislators and staff that meet Hewlett’s and NCSL’s mutual goals of strengthening the legislative institution, addressing partisanship and providing lawmakers with effective tools to craft solid policy solutions.



#### The Latest on Prescription Drug Costs

Under a grant from the Laura and John Arnold Foundation, NCSL has debuted its Pharmaceutical Costs and Policy Resource Center, which features legislative action on prescription drugs, along with the latest research and news on cost and pricing, benefits and coverage, specialty drugs, brands and generics, biologics and biosimilars, patient access and use, and safety and efficacy. The center also houses a comprehensive, searchable Prescription Drug Legislative Database. And, as part of the project, NCSL will establish a first-of-its-kind listserv of policymakers and key stakeholders interested in prescription drug pricing policy.

# Gas Taxes Down, EV Fees Up



Inflation, fuel-efficient vehicles, changing driving habits are all cited as reasons for states' declining gas tax revenues. Now lawmakers can add another factor to the list: rising sales of electric vehicles. Although they currently represent only about 1 percent of all light-duty cars sold in the U.S., sales continue to climb. Nearly 200,000 plug-in electric vehicles were sold last year.

To make up for lost gas tax revenue, which typically pays for the upkeep of roadways and other infrastructure, legislatures are increasingly levying fees on this growing segment of the market.

Nine states enacted new fees last year—although the Oklahoma Supreme Court struck down that state's measure as unconstitutional—and one state has done so this year (as of May 1), bringing the total number of states with fees to 19.

Many fee increases were included in larger transportation funding packages, alongside hikes in gas taxes, vehicle registration fees or other transportation-related revenues.

Oregon and South Carolina have taken slightly different approaches. Oregon's fee doesn't take effect until 2020, but the state was the first to adopt a road usage pilot program. Called OReGo, it charges vehicles a small fee for every mile driven instead of assessing a flat rate. It's open to traditional and electric vehicles, with a reduced fee available for electric cars.

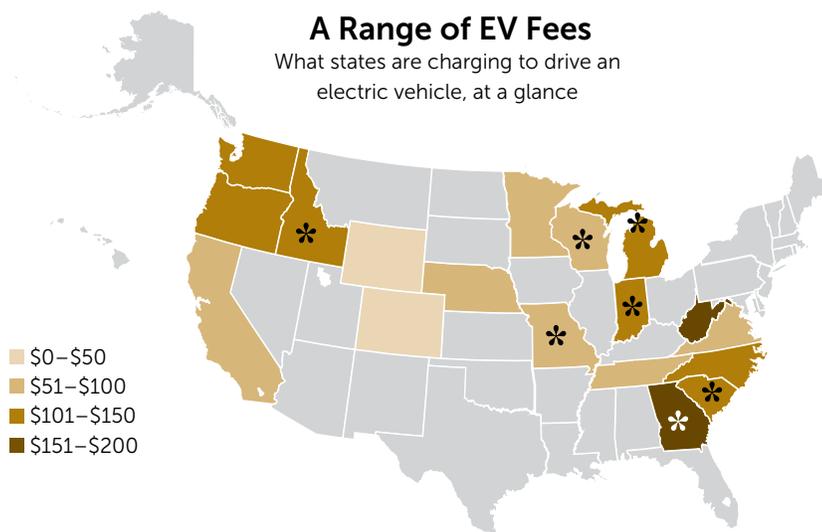
South Carolina requires drivers to make biennial (rather than annual) payments—\$120 for all-electric cars and \$60 for plug-in hybrid vehicles.

States have yet to realize significant revenue gains from these special fees since the market share for hybrid and electric vehicles is still small. But all that could change if, as forecasters predict, sales of the vehicles continue to rev up.

—Kristy Hartman

## A Range of EV Fees

What states are charging to drive an electric vehicle, at a glance



# Changes Coming to Foster Care

**A** new federal law, the Family First Prevention Services Act, has the potential to radically change child welfare systems across the country. It was tucked inside the massive federal spending bill, and is the most extensive overhaul of foster care in nearly four decades.

The foster care population increased by more than 10 percent between 2012 and 2016, according to the U.S. Department of Health and Human Services. The agency linked the increase in child welfare caseloads to the nation's opioid epidemic. To help reverse the trend, the new law allows states, territories and tribes to spend some of their annual foster care funding on certain preventive programs. It prioritizes keeping families together and encourages at-home parenting classes, mental health counseling and substance abuse treatment. States will

be reimbursed for evidence-based prevention services for up to 12 months.

Under the new law, children must be formally assessed, within 30 days of placement, to determine whether their needs can be met by family members, in a family foster home or in another approved setting, and limits the number of children allowed in a foster home to six, with some exceptions.

The act also makes major changes to states' use of congregate or group care for children. States will not be reimbursed beyond two weeks for children placed in group care or congregate settings with a few exceptions. Previously, there were no limits.

Most child welfare advocates have hailed the changes, but there is concern in states that rely heavily on group homes. Others worry about how the law will affect extended family members who are raising



grandchildren, nieces and nephews

Health and Human Services expects to release compliance guidelines before Oct. 1, 2018. State officials will need to review their procedures in the coming months and develop state plans that are in line with the latest federal guidelines.

—Jerard Brown

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## Keeping Up With Technology

**C**ongress has hundreds of special caucuses, from a Cannabis Caucus to a Motorcycle Caucus. Tech interests are represented by, among others, the Cybersecurity Caucus, Blockchain Caucus, Internet Caucus, and the Caucus on Virtual, Augmented and Mixed Reality Technologies, formed just last year. These mostly bipartisan caucuses support innovation and address the challenges new technologies face. The same is happening on the state level.

Likeminded lawmakers in at least seven states have formed caucuses to deal with the rapidly developing and changing tech industry and to promote competitiveness and job creation.

California's bipartisan Legislative Technology and Innovation Caucus, for example, includes both chambers and identifies specific technology-related bills to support each year. Bills on the group's recent priority list addressed ransomware, autonomous vehicles and electronic signatures.

The Colorado Legislative Tech Caucus—which focuses on tech talent, emerging technology and modernizing tech policy—studied blockchain technology this year, since two bills related to this new way of tracking digital transactions were making their way through the Statehouse. The caucus, in cooperation with the Colorado Technology Association, held an informational meeting on what the technology is, how it works, its potential benefits and challenges. The members heard about other states' experiences and discussed

what effect regulations might have on the industry in Colorado.

The Texas House Innovation and Technology Caucus has its own website and serves as a policy shop and industry partner. Its focus is on educating members on ways to encourage tech innovation, growth and competitiveness in the state, and on strengthening the impact of the sector on the state's economy. The caucus sponsored a forum last year with legislators, staffers, state agency CIOs and managers, and industry representatives to address concerns with the state's IT contracting and procurement process. Following the forum, the group produced a report describing the issues and identifying policy recommendations.

The real pioneers in this area, however, are Massachusetts Senator Karen Spilka (D) and Representative Ann-Margaret Ferrante (D). They created the Massachusetts Tech Caucus in 2013 to connect policymakers and the tech community and to keep lawmakers informed of the latest industry trends, priorities and concerns. In 2017, the group granted awards recognizing firms or organizations that are innovating in the tech field.

There's one tech-related caucus we hope we never see in state legislatures, however. The Luddite Caucus was created, facetiously, to expose technologically illiterate members of Congress who are offline and out of touch with all the new-fangled technology.

—Pam Greenberg



## Satellite Broadband: A competitive alternative

Today's satellites can provide high speed internet anywhere in the country - no matter how remote. In fact, satellite broadband is currently enjoyed by over 1.7 million customers throughout the US. With no new infrastructure requirements, subscribers can enjoy fast, secure and reliable high speed internet access at an extremely competitive price.

### Service and subscribers are growing quickly

New satellites launched in 2017 have significantly increased speeds, performance and reliability for consumers throughout the continental U.S. with a focus on rural and suburban communities that are underserved by other providers. Future satellite launches and technology improvements will continue to bring affordable high speed broadband to homes and businesses throughout the country.

### The benefits of satellite broadband...

Whether it's for news, entertainment or communication, satellite broadband offers all of the benefits of high speed internet.

- Available across the continental US, even remote areas of the country
- Fast 25+Mbps speed
- Sold & installed by local businesses
- Award winning customer service
- Working to bridge the digital divide

#### BENEFITS FOR EDUCATION

- Access to limitless reference materials online
- Take classes online when and where your schedule permits
- Collaborate with teachers or other students through video chat

#### BENEFITS FOR CONSUMERS

- Browse or shop online with secure access to the internet
- Download and enjoy your favorite music quickly
- Learn new skills or find entertainment fast with online videos
- Reliable access to email and other online communication tools

#### BENEFITS FOR SMALL BUSINESS

- Faster internet speed can save time and boost efficiencies
- Benefit from the accessibility & reliability of cloud computing
- Savings with technology like Voice over Internet Protocol (VoIP)
- Improved security and network monitoring

### Additional Markets

In addition to residential use, satellite broadband is being increasingly used to provide redundancy for internet outage protection at locations where a connection to the internet is critical for operation.

- Military bases
- Hotels
- Retail
- Transportation
- Education
- Airlines
- Restaurants
- Stadiums
- Hospitals
- Utilities
- Oil and Gas
- Marine

### Learn More

To learn more about satellite broadband and the benefits that it can bring to communities across the US, please visit us online at [www.StrongerWithSatellite.com](http://www.StrongerWithSatellite.com)

# Roping the Power of Big Data

If you search “big data” on the web, you’ll see site after site offering explanations and definitions of what it is, how to use it and why it’s so popular.

That’s because big data is both a buzzword and a way to inform decisions, in both the private and the public sectors. All 50 states and the District of Columbia use administrative data to inform some fiscal decision-making, while 23 states and the District of Columbia have at least one agency with a formal data strategy. And, since 2010, 18 states have hired chief data officers to oversee their data operations.

Administrative data—birth records, vehicle registrations and other information agencies collect during routine, day-to-day operations—have been a boon, with states harnessing the facts, figures and statistics at their fingertips to address issues ranging from infant mortality to the high cost of treating Medicaid “super-utilizers”—the 5 percent of hospital patients who account for more than half of total health care costs. The many potential uses and challenges of big data are highlighted in the new report “How States Use Data to Inform Decisions,” from The Pew Charitable Trusts.

In response to an increase in opioid-related deaths, for example, the Massachusetts legislature directed five agencies to collect data on inmate incarceration and medical claims dates. They found, among other things, that people recently released from prison were 56 times more likely to die of an overdose than the public. They have since passed the STEP Act (short for An Act Relative to Substance Use, Treatment, Education and Prevention), a sweeping law that, among other things, created tools to track opioid prescriptions and required that substance abuse evaluations be offered to anyone treated for an opioid overdose.

New Mexico’s Department of Workforce Solutions sought to reduce overpayments on unemployment insurance. Working with Deloitte Consulting LLP, the department added pop-up messages to its online application system to encourage honesty. Called behavioral “nudges,” the messages let applicants know when, for example, their responses differed from those of other county residents. The system helped avoid millions of dollars in improper payments.

Challenges remain. Pew’s research revealed that leaders in 42 states and the District of Columbia mistrust the integrity of at least some of the data they collect. Those surveyed also cited data accessibility and sharing as potential hurdles, but most (43 percent) said their greatest obstacle was finding workers with the expertise to analyze data. Forty-six states and the District of Columbia have sought partnerships with academic institutions and other entities outside government to increase their analytical capacity, and roughly half the states offer trainings to employees to help boost internal capacity.

As technology advances, states across the nation are finding ways to harness the data they already collect. There is no one-size-fits-all approach, but it’s clear that big data’s potential is, well, big.

—Allison Hiltz

## Conducting the Data Orchestra

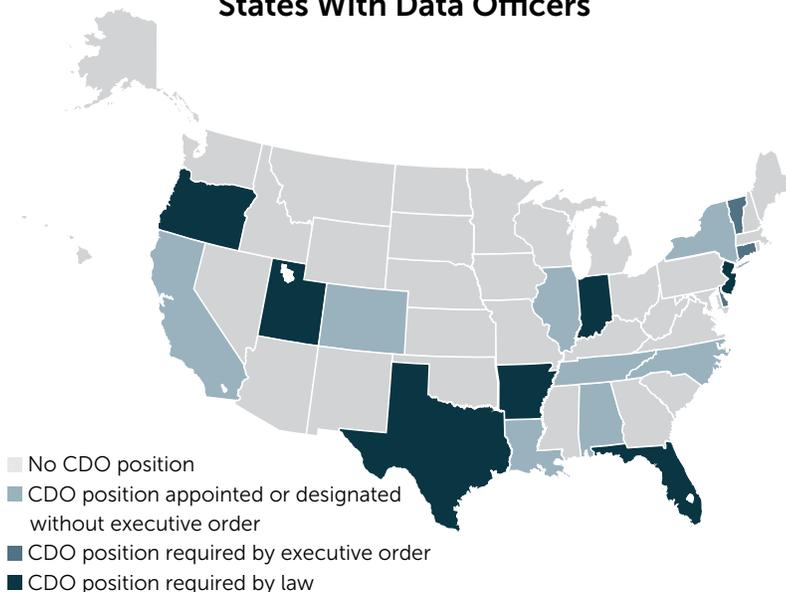
Collecting data and harnessing its power is a massive undertaking. That’s in part why 18 states and the District of Columbia have hired chief data officers since 2010.

CDOs oversee all things data-related. Responsibilities vary by state, but these officers generally decide how data are collected, organized, accessed and analyzed. They’re a little like the orchestra conductors of the data world—highly skilled technically yet creative enough to see how separate parts can be blended to create a whole. CDOs often:

- Manage open-data initiatives, setting rules on which data go public and ensuring that data are of high quality.
- Set standards for data collection and sharing among agencies, striking interagency agreements and creating templates and other tools to guide agency staff.
- Monitor progress toward goals, helping agencies measure performance against stated goals.
- Create visualizations and map geographical data, helping agency staff see how government services are deployed across regions and populations.
- Apply advanced analytics, providing meaningful information to lawmakers and agency decision-makers.

Source: “What Do State Chief Data Officers Do?” The Pew Charitable Trusts

## States With Data Officers



# NEW APPROACHES, CHANGING LIVES

Juvenile justice reform is improving the odds that at-risk youth become productive adults.

BY ANNE TEIGEN

Anne Teigen is NCSL's expert on juvenile justice.

In one of Xavier McElrath-Bey's first memories, he is 6 years old, piling into the back of a police car with his brothers and sisters. He is being taken to foster care, away from the home he shared with his mother and abusive, alcoholic stepfather, after it was determined that he and his siblings were in danger.

Growing up on Chicago's South Side, he was familiar with poverty, drugs and crime. Violence was inescapable: He endured beatings from his father, two stepfathers, a foster mother and police officers. His family often went without food and other necessities, constantly faced eviction and often lived without electricity. He and his siblings helplessly watched their mother and brother battle with mental illness.

At age 11, feeling safer in the streets than in his own home, McElrath-Bey ran away and joined a gang. Looking back, he says, the gang fulfilled his fundamental needs of love, safety and belonging that he did not always get at home. But shortly after joining the gang, he and his best friend were playing with a gun that was given to them by another gang member. Suddenly, blood was rushing from his mouth, nose and ear. His friend had accidentally shot him in the face. A week after being treated and released from the hospital, McElrath-Bey was arrested for obstruction of justice. Protecting his friend, he had refused to reveal who shot him. "I was locked up for my own shooting," he says. Still suffering from his gunshot injuries, he spent a week and a half in juvenile detention before eventually being sentenced to probation,



Xavier McElrath-Bey

with no follow-up medical services or care.

Then in 1989, McElrath-Bey's life crashed. Having not even finished the eighth grade, with a juvenile criminal record consisting of 19 arrests and seven convictions, McElrath-Bey, then 13, was convicted and sentenced to adult prison for 25 years for his involvement in the gang-related murder of a 14-year-old boy.

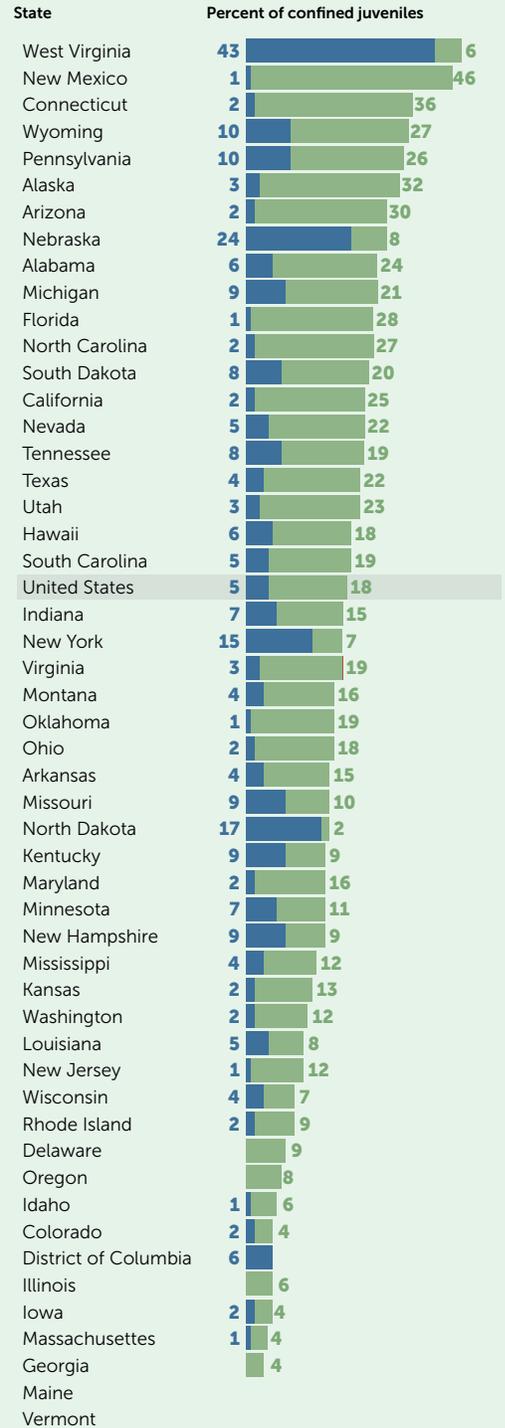
"The fact is, [the victim] was a child, you know? I mean, I was too, but still that doesn't take away any guilt from me," he says. "It was a very horrific, very heinous incident that took place. And that's what I have to live with."

Fast forward to the present. McElrath-Bey holds a bachelor's degree in social science from Roosevelt University and is a senior adviser to the Campaign for the Fair Sentencing of Youth and a co-founder of the Incarcerated Children's Advocacy Network. He has a remorseful heart and a deep-rooted mission to advocate for at-risk youth. Last year, he stood calmly at a podium and shared his story with

### Confinement Varies

The portion of juveniles confined for status offenses (for example, truancy, running away from home, violating curfew) or technical violations (violating a court order) varies by state.

**Percentage in for status offenses**    **Percentage in for technical violations**



Source: The Pew Charitable Trusts with data from the Office of Juvenile Justice and Delinquency Prevention, Statistical Briefing Book, December 2017



### Lawmaker Leads Change in South Dakota

Using the abundance of juvenile justice research that has emerged in recent years, lawmakers are finding ways to achieve better outcomes for youth, communities and public safety.

One of the leading champions of change was South Dakota Representative Craig Tieszen (R), a founding member of the NCSL Juvenile Justice Principles Work Group. Before his death in a kayaking accident in November last year, Tieszen, who had met Xavier McElrath-Bey, sponsored a bill that banned the practice of sentencing children to life in prison without the possibility of parole.

“I believe that children, even children who commit terrible crimes, can and do change,” Tieszen said when the measure was enacted in March 2016. “And I believe they deserve a chance to demonstrate that change and become productive citizens.”

McElrath-Bey said Tieszen “believed wholeheartedly in ending the sentence, the bill passed, and now we can say that life without parole for juveniles no longer exists in his state.”

*Source: The Pew Charitable Trusts*



a group of state legislators from across the country at the first meeting of the NCSL Juvenile Justice Principles Work Group.

### Brain Research Changes Minds

When youth violence started to climb in the 1980s and reached a peak in 1994, the country lost confidence in its ability to rehabilitate serious juvenile offenders like McElrath-Bey. Legislatures in all 50 states passed laws moving away from rehabilitation for juveniles toward tougher responses. These included greater use of out-of-home placement and sending young offenders into the adult criminal justice system.

Policymakers now have better information on the causes of juvenile crime, what can be done to prevent it and how brain development shapes teens’ behavior. Research shows that adolescents are by nature immature, emotional and impulsive, and more susceptible to committing delin-

quent acts. Adolescents, whose brains do not fully develop until age 25, differ from adults in how they recognize and respond to risks, in their susceptibility to the influence of peers, and in their capacity for change.

The bipartisan NCSL Juvenile Justice Principles Work Group, comprising 15 state legislative leaders in juvenile justice policy from across the country, was formed in 2017 to help states identify and invest in proven methods to put justice-involved youth back on the right track, while also keeping communities safe.

In addition to hearing McElrath-Bey’s powerful presentation, the work group examined the fundamentals of data-driven research and policymaking, reviewed the latest adolescent brain development research, and learned about current judicial and agency perspectives on juvenile justice reform. Seeking solutions that were both fiscally responsible and effective, the group

developed 12 principles to help states construct juvenile justice policy, and incorporated examples from the states, including successes, challenges and lessons learned.

“The group focused on a variety of interventions that each state could tailor to their own needs,” says North Dakota Senator Diane Larson (R), who was a youth worker with the Bismarck Police Department. Members agreed that the principles had to encourage fiscal responsibility, protect and enhance public safety, hold youth accountable, nurture successful life skills, preserve and strengthen families, and promote fairness. The group determined that juvenile justice policies and funding decisions should be based on data and research, should eliminate unfair racial and ethnic disparities, and should provide restorative responses



Senator  
Diane Larson  
North Dakota

**Ideas of Note**

- Here are a few research conclusions discussed by the NCSL work group.
- Sentencing a young person to a lengthy out-of-home placement in secure detention does not reduce recidivism. An Ohio study found that, after controlling for juveniles' demographics and risk levels, those placed in state facilities for longer periods had higher rates of reincarceration than did those held for shorter periods.
  - Risk levels of juveniles, the characteristics of programs, and the quality of their implementation, are key determinants in reducing recidivism, regardless of whether treatment is delivered in institutions or in the community.
  - Community-based programs and diversion can reduce recidivism. In a study of low-risk juvenile offenders, the Florida Department of Juvenile Justice reported that diversion programs demonstrated lower recidivism rates compared with more restrictive options and that out-of-home placement was associated with the highest recidivism rates.

*Source: The Pew Charitable Trusts*



to crime that can address the needs of the victim, community and the young person.

**The Importance of Data**

“Data drives everything,” South Carolina Senator Gerald Malloy (D) says. In fact, the 12 principles are rooted in data analysis. Information from the National Center on Mental Health and Juvenile Justice, for example, showed that in 2016 at least 75 percent of youth involved in the juvenile justice system had experienced traumatic victimization. Another study, in 2013, of youth in detention found that more than 90 percent of them had experienced at least one traumatic event, 84 percent had experienced more than one and more than half reported experiencing six or more traumas.



Senator  
Gerald Malloy  
South Carolina

“If the vast majority of juvenile offenders are victims exposed to trauma, don’t we

need to track our victim resources to intervention with some of these young offenders?” Illinois Senator Kwame Raoul (D) asks. Recognizing the magnitude of the problem revealed by the data, the work group drafted Principle No. 11: State laws should structure resources so that justice-involved youth who have experienced trauma and victimization can access services and funds for victims.

Some states, including Massachusetts, Ohio and Texas, have taken advantage of new guidelines for using federal dollars to serve more youth who have been exposed to violence. States are also making strides in aiding juvenile sex-trafficking victims, many of whom end up in the juvenile system. More than half the states have enacted laws in recent years protecting and providing resources to these young



Senator  
Kwame Raoul  
Illinois

trafficking victims, treating them not as offenders, but as victims.

The data also show that cases as serious as McElrath-Bey’s are outliers and represent only a fraction of those in the juvenile justice system. New research from The Pew Charitable Trusts reveals that many juveniles in out-of-home placements are being confined for misdemeanors or noncriminal offenses, rather than for serious or violent crimes. In 2015, 23 percent of youth in residential facilities nationwide were there for status offenses—truancy, running away, underage drinking and other behaviors that do not violate the law if committed by an adult—or technical violations of supervision, such as skipping meetings with a probation officer.

**The Kansas Lesson**

A 2015 analysis of the Sunflower State’s juvenile justice system found that youth who had committed minor offenses



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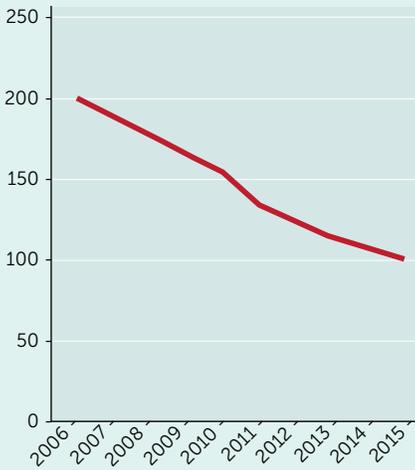
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## Residential Confinement Down

National commitment rate per 100,000 juveniles, 2006-15



Source: The Pew Charitable Trusts with data from the Office of Juvenile Justice and Delinquency Prevention, Statistical Briefing Book, December 2017

accounted for a large share of both residential beds and probation services, even though secure beds cost about \$39,000 more annually than the \$50,000 beds in group homes. More than two-thirds of the Kansas Department of Corrections’ budget (\$53 million-plus) was spent on out-of-home placements, even though probation is significantly less costly and evidence suggests it is more effective at reducing recidivism.

“A huge change in mindset needed to go on,” Kansas Representative Blaine Finch (R) says. “Children with mental health issues who were a danger to themselves were being sent to detention and not receiving other interventions. Detention was being used as a one-size-fits-all solution for every kid.”



Representative Blaine Finch  
Kansas

Kansas lawmakers enacted a comprehensive bill in 2016 that limited eligibility for out-of-home placement by requiring the court to satisfy specific criteria. The law also contains provisions requiring the savings from the reductions in out-of-home placements to be invested in evidence-based programs that address the risks and needs most associated with each youth’s offend-

ing behavior, including cognitive behavioral and functional family therapy.

Involvement in the juvenile justice system can have unintended adverse consequences for young people, including exposing them to others more experienced with criminal behavior, and reducing the likelihood that they will graduate from high school.

“What is important,” Colorado Representative Pete Lee (D) says, “is to keep the kids out of the system altogether with early diversion.”



Representative Pete Lee  
Colorado

Diversion programs typically allow a young person to complete certain requirements in lieu of being formally charged with an offense, or in exchange for the original charges being dismissed or reduced. Diversion can correct problem behaviors without involving the justice system, and research has shown that it can be more effective in reducing recidivism than conventional judicial interventions.

### West Virginia’s Version of Diversion

The West Virginia Legislature increased opportunities for diversion in 2015 by authorizing school-based probation officers and social workers to work with schools, youth and families to address problem behavior before a juvenile’s actions result in a court appearance.

The law also allows prosecutors and courts to handle low-level, nonviolent offenders by diverting them to victim-offender mediation, or by requiring them to pay restitution or perform community service, in lieu of being formally charged with an offense. Diversion is not always an appropriate response, of course, and young people do become formally involved in the justice system. For these cases, the NCSL work group looked to the example set by recent legislative enactments in Georgia and Utah that strived to keep youth in their communities when at all possible and to minimize the amount of time juveniles spend in out-of-home placement.

“Although national momentum grows behind the importance of data-driven policies we still have to confront an old-school mentality that prefers harsher penalties,

treating juveniles the same way we’ve long treated adults,” says Kentucky Senator Whitney H. Westerfield (R). “This ‘tough on crime’ approach makes for good campaign speeches, but fails the child. ... I vividly remember school administrators acknowledging they ultimately wanted what they called ‘the hammer,’ the ability to detain a child, getting them out of the classroom, without regard to whether that approach actually improves behavior. Such shortsighted beliefs are still widely held and pose a significant challenge for states considering reforms.”



Senator Whitney H. Westerfield  
Kentucky

While many states have reformed aspects of their juvenile justice systems, preventing and addressing juvenile crime and delinquency remain perennial issues in legislatures across the country. This year alone, legislators in 45 states have considered more than 500 juvenile justice bills.

### Meaningful Outcomes

Now in his 40s, McElrath-Bey continues to work at the Campaign for the Fair Sentencing of Youth. His focus is on ending extreme sentencing for children. He travels the country educating policymakers on *Miller v. Alabama*, the 2012 U.S. Supreme Court case that found mandatory life sentences without the possibility of parole for juveniles to be unconstitutional. The court ruled that sentences of life without parole were still permissible, but that they could be imposed only after judicial consideration of individual circumstances and that the court must consider the offender’s maturity level. Some states have amended their laws to designate how many years a juvenile must serve before being eligible for parole review. But, since the *Miller* case, 25 states and the District of Columbia have chosen to ban or no longer use life without parole, thanks in part to McElrath-Bey’s work.

Lawmakers need to know “that their decisions can provide meaningful outcomes for kids, even kids that have at times made horrible mistakes,” he says. “Sadly, age-appropriate treatment and fair treatment of kids was not the norm when I went through the justice system as a child.”



# It's time to rethink state assessment



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## YOUTH VOTE GETS YOUNGER

They can drive, join a trade union, work full time (and pay taxes) and apply for a passport. But should 16-year-olds be allowed to cast ballots? A District of Columbia councilman introduced legislation that would allow 16- and 17-year-olds to vote in the 2020 presidential election, saying he was motivated by the sight of students marching to protest gun violence. Currently, only Maryland allows its local jurisdictions to decide whether 16- and 17-year-olds can vote in local elections. So far, two have. In addition, 15 states have passed legislation (and in others, administrative rules) to allow 17-year-olds to vote in primaries, if they will turn 18 by the time the general election rolls around.



## LETTING AN INDUSTRY FLOWER

Let the florists flourish, says Louisiana Representative Julie Emerson (R). She has introduced a bill that would end her state's reign as the only one requiring florists to be licensed. The bill would repeal the licensing mandate and a requirement that the Horticulture Commission be partially stocked with incumbent florists. Supporters say the measure, which is now pending in the Senate, would help new workers entering the field and boost small businesses. The official who oversees floristry licensing, however, warned that without licensing, "you're going to set up a situation where anybody can open a floral shop and there's no method to regulate the industry and protect the public."



## STUDENTS REPORT THE NEWS

No more teachers' dirty looks for Washington state's student journalists. After more than a decade of discussion, lawmakers have enacted legislation preventing school administrators from censoring the work of public-school scribes, the Seattle Times reports. Now, the students will decide what's fit to print or post, with a few exceptions for libel or otherwise illegal content. Senator Joe Fain (R), the bill's sponsor, said, "Students deserve a chance to investigate and write stories that are relevant to them without wondering if their work will be censored." At least six other states have enacted student free-expression laws, and some local school districts have policies that limit school officials' ability to censor student media.



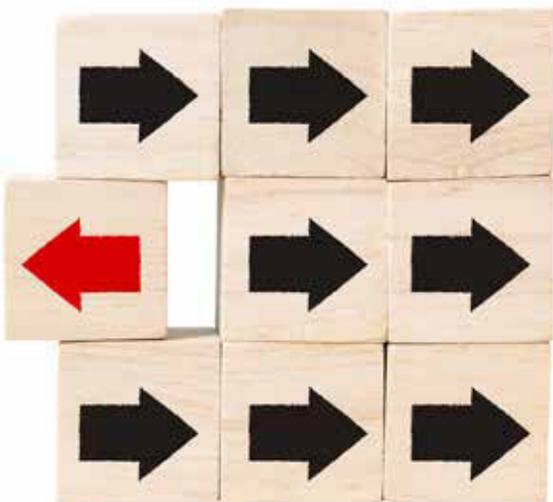
## BARRELS OF PROPERTY

Tennessee's legislature passed a proposal introduced by Representative David Alexander (R) in April to exempt distillers from property tax on whiskey barrels. A recent audit had deemed Jack Daniel's barrels taxable, according to The Associated Press, and the state attorney general agreed the state constitution doesn't exempt whiskey barrels from property taxes. The distillers disagree and say they haven't had to pay the tax at least since the end of Prohibition in 1933. A legislative analysis estimates the tax would cost Jack Daniel's \$2.8 million this year. The governor is expected to sign the bill.



### NO TAN LINES HERE

With summer right around the corner, Rhode Island lawmakers are throwing shade on teen tanning. A bill pending in the General Assembly would make the state the 17th one to prohibit anyone under age 18 from using a tanning bed, even if a parent consents. The motivation for Senate Majority Whip Maryellen Goodwin (D) and Representative Mia Ackerman (D), the bill's co-sponsors, is health. "All tanning is skin damage, and even one single tanning session drastically increases a young person's risk for skin cancer," Goodwin said. The laws prohibit anyone under 18 from using tanning booths except those who are prescribed ultraviolet rays as medical treatment, according to NCSL research.



### AN AVERSION TO CONVERSION

A bill passed by the California Assembly would classify selling or advertising gay conversion therapy as a fraudulent business practice. Conversion therapy is the practice of trying to change a person's sexual orientation. The American Medical Association and other health organizations oppose the therapy because studies have shown it to be ineffective and that it can cause psychological harm. The bill, written by Assemblyman Evan Low (D), who is gay, applies only to commercial practices and financial transactions. Opponents are concerned the bill, which is now in the Senate, would infringe on freedom of speech or religion, but Low says people will still be able to preach, sell books and talk about changing sexual orientation.

### IT'S ABOUT JOBS

Indiana joins 10 other states—California, Florida, Illinois, Minnesota, Nebraska, Nevada, South Dakota, Utah, West Virginia and Wyoming—that award immigrants in the country without authorization professional licenses if they meet the requirements. Most are directed at DACA recipients, students without authorization who have permission from the federal government to stay in the country and work. The legislation in Indiana addressed a change last fall in the application forms used by the state Professional Licensing Agency, which effectively prevented DACA recipients from receiving licenses. California and Nebraska allow a broad set of immigrants without authorization to receive licenses, but most states focus on specific occupations. Florida and Illinois allow DACA recipients to receive a license to practice law. Nevada grants licenses to foreign teachers. Minnesota grants licenses to foreign doctors, South Dakota to immigrant dentists, and Utah focuses on occupational therapists. Retaining trained workers makes good economic sense for rural states, like Nebraska. Between 2011 and 2015, nearly 12,000 college-educated Nebraskans over age 25 moved out of the state each year, while the percentage of older Nebraskans is expected to increase by 75 percent between 2010 and 2030, according to the AARP.



### DELIVERY MIGHT TAKE A WHILE

Nine states and the District of Columbia have legalized small amounts of marijuana for adult recreational use. Three of the states—California, Nevada and Oregon—have gone a step further to allow home delivery of buds, edibles and other pot products. But it's unlikely that other states will follow their lead anytime soon. Even in Washington and Colorado, which helped lead the way in legalizing the drug, debate burns on over delivery. Supporters say delivery makes it easier for medical marijuana patients to get their supply, helps licensed businesses compete with the black market and could reduce drugged driving. Opponents warn that pot products could be more easily diverted to minors and that delivery drivers could be targets for thieves.



# NEWSMAKERS

*"This was how the system worked. In the past, we gave people choice. We said, 'We trust you with your health care decisions.'"*

Iowa Senator Mark Chelgren (R) on a bill allowing association health plans, which he says would help return health care to the way it was provided before the Affordable Care Act, in the Des Moines Register.

**WASHINGTON SENATE MAJORITY LEADER SHARON NELSON (D) WON'T SEEK RE-ELECTION.**

Nelson was elected to the Senate in 2010 after serving for three years in the House. Her Democratic colleagues elected her leader in 2013.



NELSON



CHELGREN

**WYOMING SENATE PRESIDENT ELI BEBOUT SAYS HE HAS NO PLANS TO SEEK RE-ELECTION IN 2020**

when his current term expires. Bebout was first elected to the House in 1987 and has served in the Senate since 2007.



BEBOUT

**FORMER ARIZONA SENATOR DEBBIE LESKO (R) WON A SPECIAL ELECTION TO REPRESENT THE STATE IN CONGRESS.**

Lesko resigned from the senate, where she served for three years, to run for Congress. She previously served for six years in the House.



LESKO

**THE ARIZONA LEGISLATURE FORMED A FUTURE CAUCUS FOR LAWMAKERS YOUNGER THAN 40**

who share an interest in restoring civility in politics and regulating digital currencies, Airbnb and Uber, among other issues. Arizona's is the nation's 25th millennial caucus.

*"Law-abiding gun owners have nothing to fear with this legislation."*

Colorado Representative Cole Wist (R) on a gun bill he sponsored that would have allowed removal of firearms from people deemed a threat to themselves or others. It passed the House but failed on a 3-2 party line vote in a Senate committee.



WIST



OLIVA

**INCOMING FLORIDA HOUSE SPEAKER JOSÉ OLIVA (R) IS TAKING ON A NATIONAL LEADERSHIP ROLE**

with the Republican State Leadership Committee. Oliva is one of 22 officials from 18 states who will serve on the RSLC's executive committee.

**ILLINOIS HOUSE SPEAKER MICHAEL MADIGAN (D) WAS RE-ELECTED CHAIRMAN OF THE DEMOCRATIC PARTY OF ILLINOIS**, a position the speaker has held since 1998. This makes him not only the longest-serving legislative leader in American history, but also the longest-serving head of a major political party in Illinois history. No other legislative leader concurrently holds similar positions.



**"They're committing crimes over these electronic devices and we can't prosecute. We can't even bring a cop to a door to say enough is enough."**



Michigan Representative Peter Lucido (R) on his bill to make online bullying a misdemeanor, in the Detroit Free Press.

**THE MASSACHUSETTS SENATE IS SET FOR A TRANSITION OF POWER IN JULY**, when Senator Karen Spilka takes over as the chamber's president from current leader Senator Harriette Chandler, according to a joint statement from the two Democrats. Spilka said she has asked Chandler to "continue on as a valued member of my leadership team," and Chandler said she is "pleased to be handing the Senate over to a strong leader who will continue to lead us into the future."



**"It's not a silver bullet, but I think it could be an important part of a larger effort to raise the quality of education where it is needed most."**



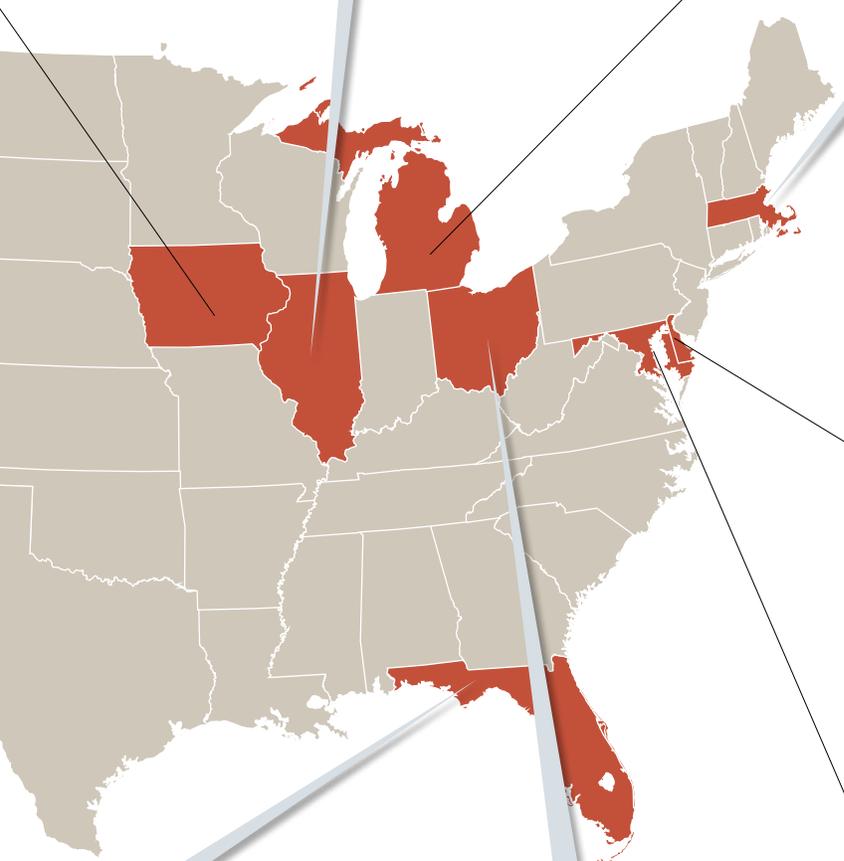
Delaware Representative David Bentz (D) on helping teachers repay student loans if they remain at high-need schools or teach difficult-to-staff subjects, from delawareonline.com.

**"Women are moving into leadership in greater numbers, they're running for office in greater numbers, and this year our male colleagues finally heard us."**



Maryland Senator Cheryl Kagan (D) on a package of women's rights bills the General Assembly passed, in The Washington Post.

**DAVID A. JOHNSTON, FORMER DIRECTOR OF OHIO'S LEGISLATIVE SERVICES COMMISSION, DIED ON FEB. 17**, with his wife of 63 years, Jewel, at his side. He was 88. During his long career with the commission, Johnston was active in NCSL, serving as a staff vice chair from 1978 to '79. After retiring in 1986, he worked as a government consultant.



# Teacher Pay Is a Problem

Lawmakers face pressure to raise salaries, fully support pensions and restore education funding to pre-recession levels.



BY MICHELLE EXSTROM

**T**eachers are unhappy. And they are letting their legislators know it.

In a handful of states—Arizona, Colorado, Oklahoma and West Virginia—teachers have walked out of their classrooms to proclaim their impatience with low wages and a lack of classroom resources. Legislatures are the target of teachers' frustration because lawmakers provide funding for education and some determine statewide teacher salaries.

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Michelle Exstrom directs NCSL's Education Department.

Teachers have received raises, but most of the increases since 2001 have been allocated to benefits to meet the rising cost of health care. One study found that in 30 states, a teacher with 10 years of experience who supported a family of four would qualify for several forms of government assistance. Researchers also found that teachers with a graduate degree and 10 years of experience, for example, make less than a trucker in Colorado or a flight attendant in Georgia. In fact, in no state are teachers paid more than other college graduates.

Responding to recent teacher protests, West Virginia lawmakers eventually agreed to increase salaries by 5 percent. Oklahoma lawmakers increased teachers' annual pay by \$6,100, though the teachers had hoped for a significant increase in total education spending. And, in May, Arizona lawmakers gave striking teachers a 20 percent pay increase over three years, ending a six-day walkout.

The U.S. experiences a roughly 8 percent teacher turnover rate annually, according to the Learning Policy Institute.

## TEACHER PAY By the Numbers

**20%**

Average portion of states' budgets spent on education

**2%**

Average one-year change in public school teacher salaries from 2015–16 to 2016–17

**-0.1%**

The largest one-year decrease in teacher salaries, in West Virginia from 2015–16 to 2016–17

**11.8%**

The largest one-year increase in teacher salaries, in South Dakota from 2015–16 to 2016–17

**-4%**

Decrease in the average classroom teacher's salary between 2008–09 and 2017–18, when factoring for inflation

**77 cents**

Amount public school teachers earn for every \$1 other college graduates receive

**1 in 4**

Public school teachers in Maine who hold second jobs, the highest of any state.

Sources: NCSL's College and Career Readiness State Legislation website; NCSL's Education Enactment Database; Rankings of the States 2017 & Estimates of School Statistics 2018.

That's about twice the rate of other high-performing education systems worldwide. Nearly 90 percent of those vacating their positions say they plan to leave the field for good. Another 8 percent of the workforce leaves for other positions, making the overall turnover rate closer to 16 percent. Although most leave because of difficult working conditions and lack of administrative support, about 20 percent leave because of low pay.

South Dakota once had the nation's lowest teacher pay (ranked 51st), but in 2016, lawmakers passed House Bill 1182 to increase the sales tax by a half cent, with the funds dedicated to raising teacher salaries and improving working conditions. This came as a recommendation from the Blue Ribbon Commission on School Funding. The state has since raised teacher pay by 11.8 percent over last year, and is now ranked 48th in the country.

Other states are considering measures to attract and retain teachers, as nearly every state is facing teacher shortages in math and special education, and in rural and inner-city schools. These policies include forgiving student loans, increasing pay in hard-to-staff schools, creating so-called "grow your own" programs to recruit and train teachers from communities with shortages, and developing tiered licensure and career ladders. The Illinois Grow Your Own Teacher program has successfully increased the number and diversity of those teaching in hard-to-staff schools. Georgia's tiered licensure system has created new career pathways for teachers and provided opportunities to achieve advanced licenses.

Other states, including Colorado, Indiana, Maryland, Nevada and New Mexico, are studying more robust, systemic approaches like those seen in Finland, Singapore and Shanghai. These world-class education systems have created rigorous teacher preparation programs to which only the best and brightest are accepted. They provide extensive mentoring and ongoing professional learning, and they compensate teachers on par with other professionals. The teachers are expected to be the best in the world, and they are rewarded for their success.

As state legislators contemplate their policy options, new results from the National Education Association's annual survey of teacher salaries and benefits can provide some insight. The average public school salary for 2016-17 was \$59,660, slightly higher than the previous year. Average salaries ranged from \$81,902 in New York to \$45,555 in West Virginia.

Despite the bright spots, one statistic is inescapable: Factoring for inflation, the average teacher salary is down 4 percent from 2008-09. 

## Teacher Pay: Dismal or Decent?

State	Average Starting Salary	Portion of Teachers With Second Jobs
Alabama	\$38,477	16.5%
Alaska	\$46,785	16.6
Arkansas	\$33,973	12.3
Arizona	\$34,068	15.9
California*	\$44,782	12.0
Colorado	\$32,980	21.5
Connecticut	\$45,280	16.5
District of Columbia*	\$51,359	-
Delaware	\$41,415	18.5
Florida	\$37,405	-
Georgia	\$34,872	12.9
Hawaii	\$45,963	-
Iowa	\$35,766	16.4
Idaho	\$33,743	20.4
Illinois	\$38,820	13.9
Indiana	\$35,241	17.7
Kansas	\$34,883	23.4
Kentucky	\$36,494	14.1
Louisiana	\$40,128	12.0
Massachusetts	\$44,726	20.6
Maryland	\$44,675	-
Maine	\$33,876	25.9
Michigan	\$36,234	19.0
Minnesota	\$37,644	19.8
Missouri	\$31,842	16.7
Mississippi	\$34,780	12.7
Montana	\$30,036	23.1
North Carolina	\$37,514	24.0
North Dakota	\$38,032	21.4
Nebraska	\$33,854	21.0
New Hampshire	\$36,845	18.4
New Jersey	\$51,179	18.7
New Mexico	\$34,544	11.7
Nevada	\$37,973	17.8
New York	\$44,935	16.6
Ohio	\$35,249	15.2
Oklahoma	\$31,919	17.7
Oregon	\$35,534	11.2
Pennsylvania	\$44,144	17.4
Rhode Island	\$41,481	-
South Carolina	\$33,057	12.6
South Dakota	\$37,419	24.4
Tennessee	\$36,402	15.0
Texas	\$40,725	12.9
Utah	\$35,722	16.9
Virginia	\$39,398	17.1
Vermont	\$38,483	20.1
Washington	\$40,426	13.8
Wisconsin	\$36,983	18.8
West Virginia	\$33,684	14.0
Wyoming	\$45,207	14.5

\*Based on 2016-17 data

Source: National Center for Education Statistics, Schools and Staffing Survey, 2011, and NEA Collective Bargaining/Member Advocacy's Teacher Salary Database, based on affiliate reporting as of December 2017.

# \$TRESSED

To gauge their resiliency, public pensions are being put through their paces.

BY ANNA PETRINI

**A**mid market volatility and fiscal uncertainties, the number of states requiring their public retirement systems to undergo standard financial stress tests is on the rise. The tests help officials and plan members assess how their plans would fare under different economic and investment-return scenarios.

Stress testing aims to refine, enhance and formalize the work states are already doing to evaluate their pensions' exposure to risk. Making the results public, and more transparent to policymakers and plan members, supporters say, will provide important context for discussions about how the plans are designed and funded.

There are several simulation techniques that can help measure the soundness of pension plans. Sensitivity analysis looks at the liability side of the equation, quantifying risk by asking how much liabilities would rise if plans assume, for example, a return of 6 percent rather than 7 percent. Stress testing evaluates the health of plans against several economic factors, like market vola-

Anna Petrini is one of NCSL's experts on retirement and pension plans.

tility, contribution policies and state revenue forecasts. Scenario testing looks at how economic shocks like recessions can affect a plan's financial condition.

A conversation about the mechanics of stress testing gets very technical, very fast. But essentially, these measures all tell a story about risk, because risks to the market create risks for pension funds. What happens if things don't go as expected? How much risk is a pension plan taking on, and who bears it?

## The Great Recession's Legacy

The Dodd-Frank Wall Street Reform and Consumer Protection Act, passed in response to the financial crisis of 2008, requires large financial institutions to conduct annual stress tests and report the results to the Federal Reserve. Recent jolts to the market have led some financial experts to encourage more widespread use of these tests, and the enthusiasm has spilled over to public retirement systems. Legislation to require these tests has really gained traction in the last couple years.

The Pew Charitable Trusts reports that state and local governments are facing \$1.7

trillion in unfunded pension liabilities as of fiscal year 2017. "When you talk about billions of dollars of unfunded liabilities, it can be overwhelming," said Susan Banta, director of research for Pew's Public Sector Retirement Project. She told lawmakers and legislative staff at an NCSL meeting in Chicago this spring that, to help manage these liabilities, state pension plans increasingly have relied on riskier, more complex investments that track market volatility. They are more vulnerable to economic downturns as a result.

Recent all-time market highs only intensify concerns about what could go wrong. "It's time to start figuring out on a case-by-case basis what kind of risk we are actually exposed to," she said. "The measures we've been using in the past are not really adequate. Stress testing is a much more comprehensive tool and provides a lot of answers."

## States Measure Stress

California, Colorado, Connecticut, Hawaii, Kentucky, New Jersey, Vermont, Virginia and Washington perform regular stress tests on their large public retirement systems and report the results. Lawmakers

in Connecticut, Hawaii and Virginia passed those requirements in 2017. This year, New Jersey passed legislation, and Minnesota has a bill pending.

Studying the possible impact of different economic and capital market scenarios has been a regular risk-management practice at the \$306.6 billion California Public Employees' Retirement System for years. CalPERS, as it's known, relies on complex stochastic analysis (more on that later). Rather than making sweeping policy changes all at once, this tool led policymakers to take a measured approach to mitigating risk. CalPERS waits until pension fund investments yield better-than-expected returns, then uses some of the surplus to reduce the riskiness of its portfolio or to lower investment-return assumptions.

In Washington, the Office of the State Actuary has, for several years, examined pension plan funding data and reported on how investment and other types of risks could play out. It tests a range of assumptions about new workers, revenue growth and potential policy changes—kicking the tires, so to speak, on various assumptions—to see how much each might affect the long-term health of its public employee plans.

Michigan's work began with a task force convened by the governor and made up of local government, labor, health care and retirement experts. The group addressed local revenue challenges, health care costs that consistently outpace inflation and shifting workforce demographics. Senator Jim Stamas (R), the architect of the state's bill, said the task force concluded that "one of the largest problems in Michigan was that everything was being reported differently."



Senator Jim Stamas Michigan

New, comprehensive risk-reporting standards have changed that. Based on the task force's recommendations, lawmakers passed legislation in 2017 requiring localities to routinely stress test their pension and retiree health benefit plans and report uniform data to the state treasury. The goal is to identify when funding levels drop too low or employer contributions exceed a certain percentage of the locality's revenue.

### States That Have Adopted or Are Considering Standard Stress-Test Reporting



Source: Pew Charitable Trusts

A special board within the treasury may then impose a plan to correct problems.

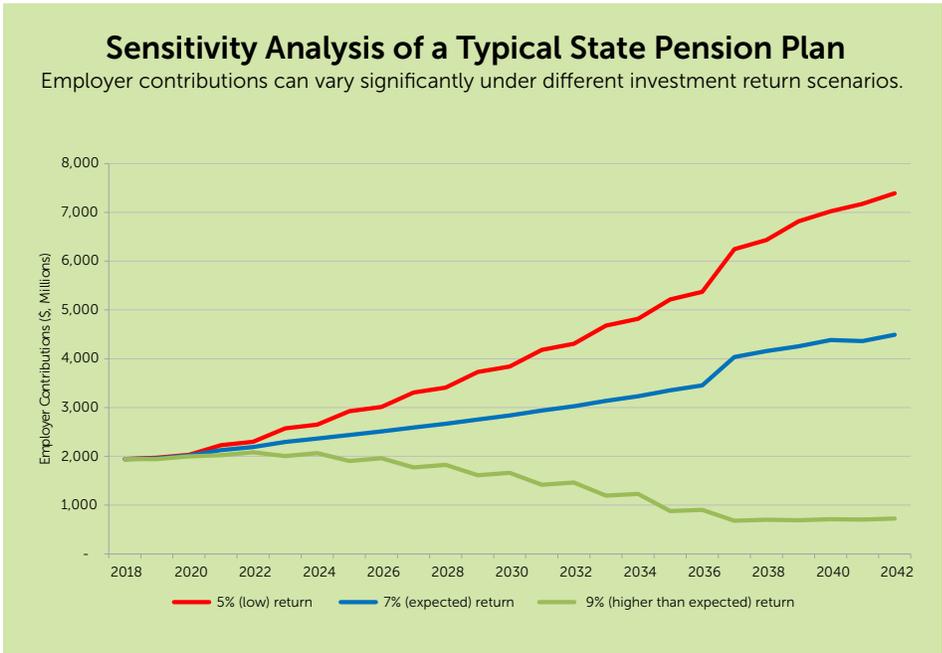
New Jersey and Virginia codified many existing data analytics and reporting practices in their stress testing legislation, which also requires the monitoring and public reporting of fees charged by external money managers. In New Jersey, the legislation will affect five of the seven pension

systems in the perennially underfunded New Jersey Pension Fund. It passed with broad bipartisan support.

"There are many obvious reasons why we should be performing routine health checks on our pension systems," said the bill's sponsor, then-Assemblyman Troy Singleton (D), who now serves in the Senate. "The record number of credit downgrades

### Sensitivity Analysis of a Typical State Pension Plan

Employer contributions can vary significantly under different investment return scenarios.



# Occupational Licensing Is Essential to the Beauty Profession

By Myra Reddy, title, Professional Beauty Association

**T**here are over 1 million licensed beauty professionals in the \$53 billion salon industry, which continues to expand throughout the United States. Job demand is high and there is a need for new talent in the industry. According to the Bureau of Labor Statistics, employment of beauty professionals is expected to increase 13 percent by 2026. The professional beauty industry—dominated by strong women business owners and minorities—has relatively low entry requirements, consisting of a mandatory education.

Many salon owners are challenged with health care costs, increasing minimum wages, paid sick leave, service industry taxes, salon insurance, and FICA taxes on gratuities. The employer does not profit from employee gratuities; however, the employer is required to pay FICA taxes on tips. To compare, employers in the restaurant industry receive a dollar-for-dollar credit on the employer share of FICA taxes paid on tipped income.

Salon owners accept the responsibility of continued training and mentorship of their employees, as they view it as an investment. To maintain a successful business, and provide sustainable long-term employment for individuals, business owners rely on educated and trained individuals. Employers stress the occupational license itself is not a hindrance or barrier. An occupational license does not cause the price of a haircut to increase or prevent an already diverse strong workforce from accepting and employing more individuals.

Most occupations require specific training and education prior to practicing in the profession, this concept is not new. Mandatory education and training allows for an entry point into an industry. Business owners want stability, growth and employees who have a basic understanding of health and safety.

There is an appropriate use and need for occupational licensing. The education and training one receives as they enter the industry represents the foundation for the future of one's career. The license establishes accountability, a consumer compliant process, and upholds basic health and safety standards in a field where individuals are utilizing professional grade chemicals and tools to provide a variety of services for the consumer. Consideration should also be given to the injuries and spread of diseases that are prevented because mandatory requirements for education and training exist.

Consumers have the basic right to expect that standards and rules be followed, and they have the expectation to receive safe services in a salon environment. In an independent poll of consumers, the public overwhelmingly supports licensing of beauty professionals.



Removing or greatly altering the requirements of an occupational license, which equates to no longer requiring the education needed to obtain the license, will hurt businesses and hinder growth. If an employer cannot begin with an employee who is insurable and has the basic training needed to even start practicing in a salon, then the employment-based establishment will continue to decline. It is the employment-based establishment that is referred to as the American dream when starting a business—the type of employee-based small business that offers opportunities to everyone.

The current unemployment rate in the U.S. is 4.1 percent (according to the BLS), of this 4.1 percent, how many individuals are seeking employment in a field that requires an occupational license?

One blanket response to occupational licensing will not work across the board for all career fields. The professional beauty industry agrees there is an opportunity for reform that will help individuals who make a choice to work in the field. Far too many business owners are considering closing their doors because of costly local, state and federal regulations. Occupational licensing, however, is not one of them.

For more information visit, <https://probeauty.org/yoursafetyfirst>

we've received over the last eight years was due in no small part to the insolvency of our pension systems. Fees paid to outside investment managers also skyrocketed in that time. A stress-test analysis, particularly one that is forward-looking, is a wise move and will prove enormously beneficial in detecting potential crises on the horizon that we may need to address."

### Mother of All Actuarial Assumptions

Defined benefit pension plans have lots of moving parts that can ultimately affect funding levels. Plan sponsors might not contribute the required amount or the required amount might not be enough. Then there are variables like shifting demographics, mortality and retirement rates. Long-term salary changes for employees or unexpected changes in inflation can also affect benefit levels. And, finally, there's always the difference between the assumed and actual rates of investment return on a fund's assets.

According to the Federal Reserve, state and local government retirement systems held assets of \$4.16 trillion as of Sept. 30, 2017. The enormous scale of these assets means that even tiny changes in assumptions about investment returns can have huge consequences. Serious problems for plan financing and funding levels arise when actual experience differs from expectations.

If long-term earnings lag behind assumptions, the difference has to be made up somehow—either through higher contributions or reduced benefits. If the assumed rate is too low, then pension liabilities appear larger than they really are, and current taxpayers pay the price. If the assumed rate of return is set too high, it understates liabilities, leaving future taxpayers on the hook.

So what's wrong with expecting the same return every year? Since pensions invest for the long haul, doesn't it all even out? Not exactly. Plans see a range of returns over time. If a significant market drop comes early in a cycle, even if it's followed by years of returns that exceed the assumed rate,

required contributions can spike and remain quite high to make up the shortfall.

### New Tools: What, How and Why?

New rules issued in 2012 by the Government Accounting Standards Board require public pension plans to estimate liabilities based on projected returns one percentage point above and below their assumed rates of return.

In 2014, an independent panel commissioned by the Society of Actuaries recommended additional risk measures, analyses and disclosures for pension plans. They include rigorous stress testing with 30-year financial projections based on returns at a standardized baseline and at three percentage points above and below the baseline. The report also called for simulations when funding entities are making only 80 percent of their recommended contributions.

A stress-testing model developed by Pew likewise looks at economic scenarios and contribution behaviors, and has helped shape the legislative debate in states from Hawaii to Minnesota. The model generates a range of likely outcomes and includes budget impact measures based on a state's specific revenue forecast. It tests a range of lower-than-expected investment return scenarios along with behavioral assumptions about how policymakers might respond.

It also allows for stochastic analysis that looks at thousands of potential outcomes and their likelihood of occurring. A similar method was employed in Colorado to gauge the effectiveness of pension reforms adopted in 2010. Results showed that, despite increases in employer and employee contributions and reductions in post-retirement cost-of-living increases, the state-sponsored plan faced a 23 percent chance of insolvency over the next 20 to 30 years. Equipped with this knowledge, policymakers are now debating further reforms to prevent such an outcome.

An actuarial experience study is another tool for disclosing stress-testing numbers, but it is performed at three- to five-year intervals. Many believe annual reporting is better because it reveals problems sooner, leaving more time to address them.

### More Results Coming

Pew researchers will soon release the results of their stress-test simulation analyses on 10 of the largest state government pension plans, in which they used state-specific actuarial projections, revenue forecasts and a common set of capital market assumptions. Results were calculated with attention to possible economic downturns and various potential decisions and actions by policymakers. Under the scenarios of lower returns, researchers found that, without significant policy intervention, poorly funded plans face the risk of unfunded liabilities and high costs beyond the 30-year forecast period, and in some cases, insolvency within 20 years.

Conversely, they found that states with well-funded pension systems have achieved this result through a combination of fiscal discipline and policies designed to manage the impact of market volatility.

Their conclusion? Stress testing should be a standard reporting practice for all public retirement systems.

### Costs, Benefits and Caveats

So what are the benefits of performing stress testing and making the results public? How can stakeholders the public make sense of and use the information? And what are some important caveats?

Some policymakers worry that stress-testing requirements create additional administrative burdens. They contend that current practices are sufficient. Experts at Pew counter that because public pension stress-testing models build on existing reporting practices, the analysis remains affordable for tight government budgets, while accounting for each state's economic idiosyncrasies under a range of possible scenarios.

State legislators have a vital role in the oversight of retirement systems. Stress-testing legislation often wins bipartisan support and can help pension plan administrators and policymakers prepare for the next economic downturn. It can also be a useful tool when scoring—or estimating formal costs for—proposed plan reforms. A fuller understanding of how market fluctuations and human behaviors can shape pension fortunes can lead to better funding policies and, possibly, lower plan costs. ■



Senator  
Troy Singleton  
New Jersey

# 3 Things Fiscal Staff Want You to Know



## NALFO Is Here to Help

The National Association of Legislative Fiscal Offices is one of NCSL's nine professional staff associations. NALFO helps legislative fiscal staff improve the quality and effectiveness of the services they provide to state legislatures. NALFO welcomes all fiscal staff. Learn more at [ncsl.org](http://ncsl.org).

BY ERICA MACKELLAR

**W**hile legislators work on all sorts of issues and policy topics each session, there is only one thing they are required to accomplish: enact a state budget.

But passing a state budget is no easy task—and it would be a lot harder without the efforts of legislative fiscal staff working behind the scenes. Fiscal staff often work closely with legislators to help fit new bills and policy priorities into the state's budget, helping them understand what legislation might cost and determining whether the state's revenues can fund it. Fiscal staff roles and responsibilities vary by state, but regardless of their specific job descriptions, these trusted analysts assist legislators in some of the most important aspects of their work.

Here are three things you should know about fiscal staff.

## ⇒1⇐

### **They follow the money.**

Fiscal staff ensure that state agencies and entities receive the funds they need to achieve their goals, and that state money is being spent wisely. After the governor proposes a budget, fiscal staff get to work reviewing agency spending plans. They often meet with agency officials and

members of the governor's budget office to review proposals. Fiscal staff can help set performance goals, and can ask the tough questions about program funding. Even in the smallest state, the legislature is entrusted with a budget of more than \$1 billion to use in bettering the lives of residents. Fiscal staff take the responsibility of analyzing and tracking these budgets very seriously. They perform integral research to provide the best information possible to appropriations committees and other lawmakers, allowing legislators to make informed decisions about how to allocate the state's limited resources.

## ⇒2⇐

### **They're good at the "guessing game."**

They aren't fortune tellers exactly, but fiscal staff frequently estimate state revenues. Revenue estimators look at historical information and economic indicators to predict how much revenue the state will have to spend in each fiscal year. They must account for any changes lawmakers have made that could affect tax collections. If lawmakers increase a state lodging tax by 1 percent, for example, how much additional revenue will the state collect? How much might be lost if some tourists choose a different destination to avoid the higher tax rate?

Estimating can be further complicated by external factors, such as changes in federal policies or the national economy.

Fiscal staff track revenue performance figures throughout the year and compare them with estimates. If actual collections are higher than expected, fiscal staff can help lawmakers weigh the costs and benefits of spending the additional funds or depositing them in the state's rainy-day fund. When collections are lower than anticipated, staff use their deep knowledge of the budget to help lawmakers decide where to trim spending.

## ⇒3⇐

### **They know when the price is right.**

Fiscal staff are often asked to put a price tag on new legislation. When a bill that's expected to affect the state budget is introduced, staff prepare a fiscal note, which is an analysis of what it will cost or save the state over the next year or two. Fiscal notes can include information on how legislation will affect different agencies and programs, and may point out a bill's unintended consequences. Sometimes fiscal notes are prepared by the executive branch, but legislative fiscal offices often review them to provide the best advice to the legislature. Fiscal staff often discuss their evaluations with lawmakers, who in turn use staff as a sounding board when crafting legislation to minimize the price tag.

Erica MacKellar, a senior policy specialist, tracks state budgets for NCSL.

# Drug Abuse and Child Welfare

The effects of the opioid epidemic on the criminal justice and health systems have been well documented, while the relationship between substance use and child welfare caseloads has been largely anecdotal, until now. The U.S. Department of Health and Human Service released two reports this spring detailing research that shows a positive correlation between drug overdose deaths and drug hospitalizations and foster care caseloads.

Caseloads have been steadily increasing since 2011, including the number of babies entering the system who are less than a year old. In 2015, when the Adoption and Foster Care Analysis and Reporting System began reporting “drug abuse of a parent” separately from “alcohol abuse of a parent,” the impact of parental drug abuse on foster care caseloads became clearer.

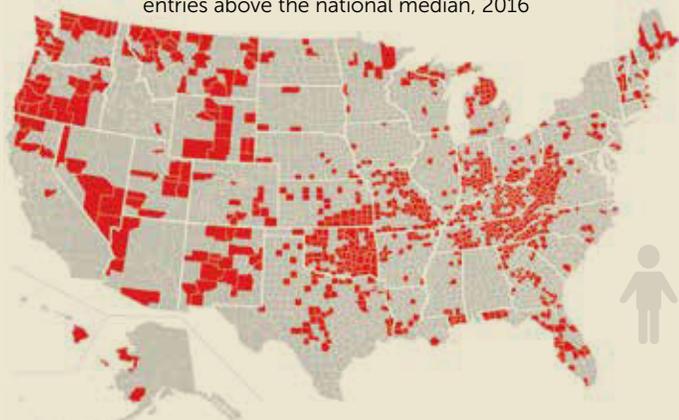
In FY 2016, drug abuse by a parent was the second leading reason for removal of a child. Also in the top 10 reasons for removal were neglect, caretaker inability to cope, parental alcohol abuse and parental death. It is important to note that the way data are collected across states, and even within each state, varies significantly, and may lead to an underreporting of these numbers.

The potential effect of drug hospitalizations and drug deaths on foster care caseloads was striking: A 10 percent increase in the overdose death rate corresponds with a 4.5 percent increase in foster care placement rates, and a 10 percent increase in the drug hospitalization rate corresponds with a 3.3 percent increase in foster care placement rates. For more information go to [ncsl.org/magazine](http://ncsl.org/magazine).

—Meghan McCann

## Where the Impact Is Greatest

Counties with rates of drug overdose deaths and foster care entries above the national median, 2016



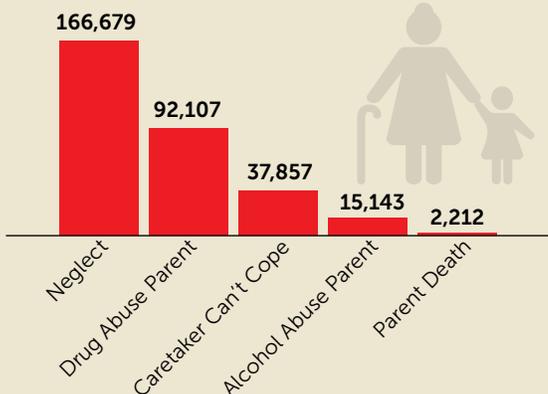
## Substance Use Drives Foster Care Entries

Percent of removals tied to drug abuse by parents, national averages from 2000 to 2016



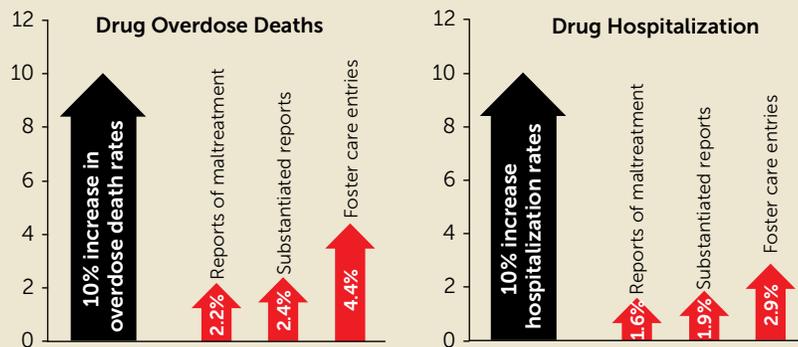
## Reasons for Removing Children

At least five reasons for putting children in foster care relate to parental drug abuse.



## Positive Correlations

The relationships between overdose deaths, drug hospitalizations and child welfare caseloads.



Sources: The Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services; The Adoption and Foster Care Analysis and Reporting System (AFCARS), Office of the Administration for Children & Families, U.S. Department of Health and Human Services; CDC, NCHS, National Vital Statistics System, Mortality, accessed 2018.



# Sara Gideon

Speaker, Maine House

**S**ara Gideon is serving her first term as speaker and third term in Maine's House of Representatives. A native of Rhode Island, Gideon earned her bachelor's degree in international affairs from George Washington University in Washington, D.C., then worked in New York City as an advertising account executive at USA Today. She and her husband, Ben, moved to Ben's native Maine in 2004. Gideon served as vice chair of the Freeport Town Council before running for her legislative seat.

**What are the top traits of a good leader?** I would point to two personality traits which are probably most instrumental in becoming a successful leader—empathy and patience. As a leader, you have to be willing to listen to every single person and know the reason why they have come to do their job. And you have to do it in a way that is true and genuine, so you can help everyone continue to come together.

**What is your top legislative priority?** It is aimed at lifting families out of poverty first, and secondly, lifting all families into whatever their personal prosperity can be. I have been systematically working on that one piece at a time.

**You've had your disagreements with the governor. What advice do you have for colleagues who experience similar conflicts?** The most important thing for navigating conflict with anyone—whether they hold a higher office or they're your peer—is communication. That communication has to continue even when you're disagreeing. One of the most important things I have learned and put into practice as a leader is that you have to have the ability to empathize with where somebody else is coming from, even when you disagree or vehemently disagree. If you're able to do that, you can ultimately land—even if it's through a painful process—on a solution.

**What do you hope your legacy will be?** What I strive for is for the legislature to be a place where it feels like something anybody can do. There tends to be a feeling in legislatures that if you are not retired or a very young person before you have a family, it's really difficult or impossible to do. One of my goals has been to make this a place where people feel like they can come and work and also have a life outside of work, be the parent they want to be, and do the really, really

important work which should be done by people who are like everyone else.

**What led you to run for office?** When my children were born, I stayed home with them. During those years, I couldn't figure out a way to go back to work and make it work for my family. My compromise to myself was to run for a town council seat. As soon as I became involved in local politics, it was like I had come right back to what I had always believed growing up: that identifying the problems or challenges or just simply the things we can do better, and bringing people around the table to agree on how to do them, was the most fascinating and fulfilling work I could imagine. And I found I was decently good at it. That was what launched me into this world of the legislature.

**What do you do when you're not running the House of Representatives?** I just like to fold back into my family and my community. I am the person who empties the dishwasher, takes out the garbage and moves the kids from place to place. We do a lot of skiing, canoeing, kayaking and swimming, and I horseback ride with my daughter. I also spend a lot of time on the sidelines just watching the kids play. And that is the realistic life of a 40-something mother of three and speaker of the House. It's the best I can do.

**Who is your role model?** Honestly, the person who has inspired me most is my own mother. Growing up, she was one of the only mothers who had a job, and she loved it. She taught my sisters and me that doing that while being a mom was one of the best models you could create for your child. Both of my parents modeled for me everything I am or ever hope to be. At the end of the day, they are the reason why I am who I am.

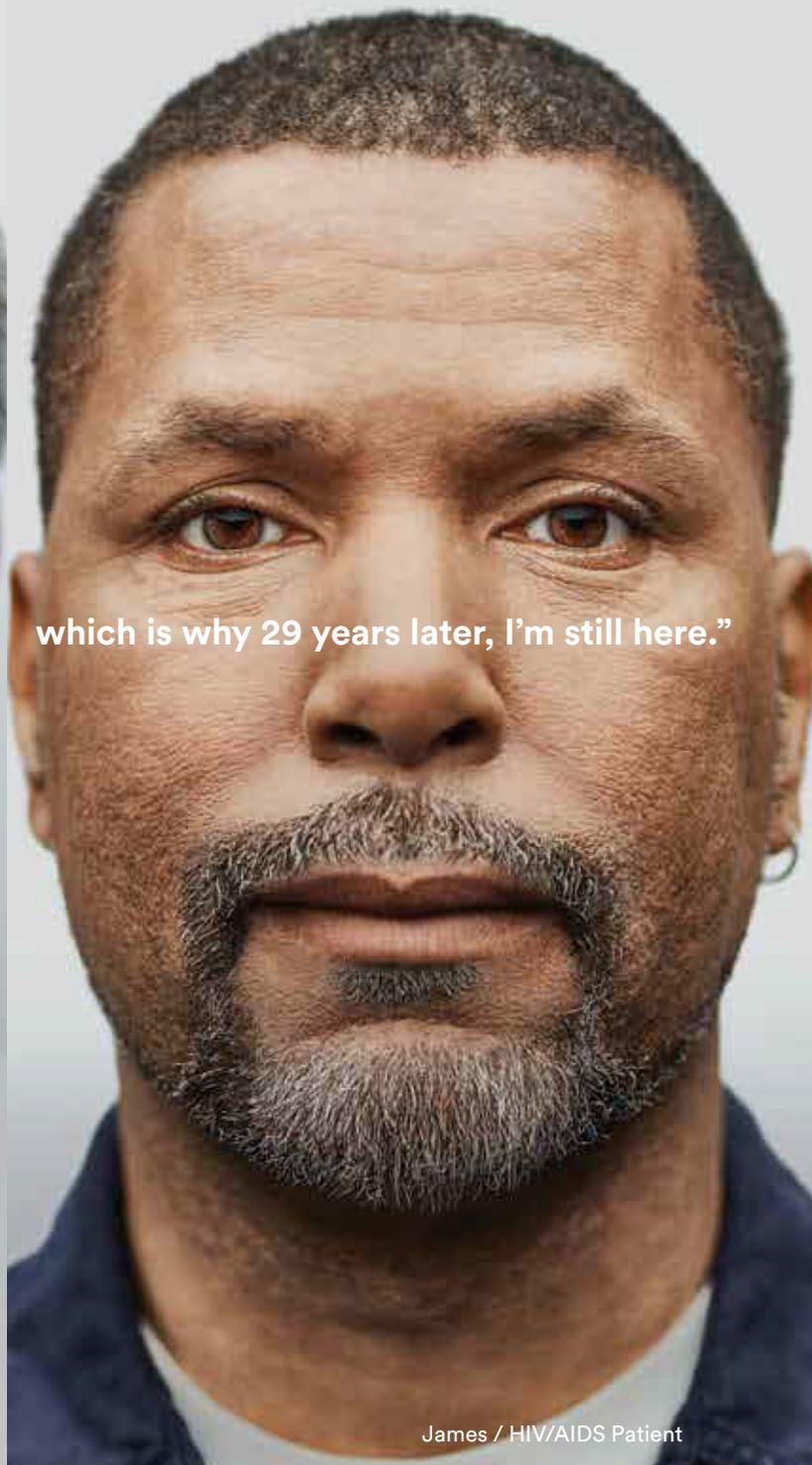
**What final words would you like to share?** No matter where we are in this country, we're all facing very similar challenges in this modern world because of the way we live—the interconnectivity and social media—and because of the real challenges of economics and the political environment. We all need to remember and model what it means to not give up on each other, to remember that all of us are focused on the same goals and objectives, and that if we keep our eyes on that prize and our hearts in the right place, there are no boundaries to what we can do together. That is state by state, Republican, Democrat or independent, young staff to senior non-term-limited legislative members.

Jane Carroll Andrade, a contributing editor to the magazine, conducted this interview, which has been edited for length.





*"I keep pursuing new HIV/AIDS treatments*



*which is why 29 years later, I'm still here."*

Brian / HIV/AIDS Researcher

James / HIV/AIDS Patient

In the unrelenting push to defeat HIV/AIDS, scientists' groundbreaking research with brave patients in trials has produced powerful combination antiretroviral treatments, reducing the death rate by 87% since they were introduced. **Welcome to the future of medicine. For all of us.**

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