The Council of State Governments has released its annual listing of the top five issues legislators will face this session in nine key policy areas, including education, workforce development, energy and the environment, federal affairs, fiscal and economic development, health, interstate compacts, transportation, and international affairs.
State policymakers will be dealing with a range of issues in various policy areas this year, ranging from health care and fiscal issues to energy and the environment. The most pressing questions facing policymakers likely will center on finding revenue to fund basic government programs, such as Medicaid and education, and looking to create jobs for state residents. The Council of State Governments this week released its annual listing of top 5 issues legislators will face this year in education, energy and the environment, federal affairs, fiscal and economic development, health, international affairs, interstate compacts, transportation and workforce development.

“Balancing a healthy recovery with long-term investment and fiscal planning is like walking a tightrope,” said Jennifer Burnett, CSG’s program manager for fiscal and economic policy. “How do you restore funding in critical areas like education and infrastructure that will shore up economic growth today while making sure you have the resources to weather the next storm that comes along?”

States may find a solution in the federal government in the area of health care.

“The pressures on the states that have not already expanded Medicaid are growing,” said Debra Miller, CSG’s director of health policy. “Providers, especially hospitals, worry about their revenues. Many in the dollars-and-cents crowd worry about the economic loss of leaving federal money on the table. Consumer advocates tout the advantages of health insurance coverage not just for those newly covered, but for employers and the overall economy.”

The federal government will reimburse states 100 percent of the cost of expansion for calendar years 2014 through 2016, and at a reduced rate thereafter.

Miller listed Medicaid expansion as the top health care-related issue facing state policymakers in 2015.

While education funding will be an issue as always, Pam Goins, CSG’s director of education policy, said state leaders will be looking at how to make sure all of a state’s youngest students enter school ready to learn.

“In 2015, state policymakers will look to target practices that ensure students enter school ready to learn and are engaged in an environment with high expectations for success for all students,” said Goins. “Flexibility in instructional strategies, continuous assessment and accountability are vital to achievement and preparation for college and careers. State policy must set the foundation for these innovations to occur.”
Goins said innovation also will be important in workforce development programs. States will be looking at how to bring more people to the table this year to create new and effective ways of getting people into jobs and make sure employers have the right people with the right skills to keep their businesses growing, she said.

“The disconnect between education and industry continues to exist and the skills gap remains ever present,” Goins said. “States will turn to experiential learning, job-driven training and place-based strategies to develop the skills and competencies needed for workers to sustain a job, provide for their family and assist American businesses in growing the economy.”

That will help guide policymakers in job creation, according to Burnett.

“The recovery has really reached a turning point, and state leaders are starting to think about the future, instead of just digging out of a hole,” Burnett said. “They are going to be looking for ways to not just create one more job and bring the unemployment rate down one more point, but how to create high-paying jobs—jobs that have a future.”

States may look to the international arena for economic growth. Catherine Bray, director of CSG Global, said the states’ role in global trade will grow in 2015.

“Trade is big on the national agenda in 2015 and states will become a central focus as the European Union has placed high priority on greater engagement in state procurement markets in their free trade deal negotiations with the U.S.,” she said.

While state leaders will need to consider the hurdles these free trade deals present, such as different regulatory standards between the U.S. and other countries, Bray believes states cannot overlook the potential benefits they offer.

“The increased opportunity for exports is an area states should really focus on—making sure their international trade programs are robust and prepared to help businesses take advantage of enhanced market access,” she said.

New energy and environmental regulations will have major implications for states this year. In June 2014, the EPA proposed the 111(d) Rule to reduce carbon emissions by 30 percent by 2030. Each state has a different target, with some required to reduce carbon emissions by more than 30 percent. States also will keep busy analyzing EPA’s new proposal to lower the National Ambient Air Quality Standards for ozone from the current level of 75 parts per billion to a range of 65-70 parts per billion.

“Proposed EPA rules will continue to dominate conversation in both the environment and energy sector for state policymakers in the coming year,” said Rebekah Fitzgerald, CSG’s program manager for energy and environmental policy. “From multiple air quality regulations to water quality, the proposed rules are ushering in landscape-scale changes, particularly for the energy industry.”

Federal regulations such as these, as well as unfunded mandates, cost states, cities and the general public between $44 billion and $62 billion each year, according to the White House Office of Management and Budget.

“Unfunded mandates and regulations from the federal government will continue to be a key issue to monitor,” said Andy Karellas, director of federal affairs at The Council of State Governments’ Washington, D.C., office. “In understanding the importance and potential economic impact, it is important to have strong intergovernmental relations and continuous conversations between federal regulatory agencies and state leaders.”
States face complications from uncertainty surrounding federal investment in the Highway Trust Fund; it will once again have an impact on state governments planning for transportation projects across the country in 2015.

“States have had to deal with a prolonged period of uncertainty when it comes to the federal Highway Trust Fund and that appears likely continue this year,” said Sean Slone, CSG’s program manager for transportation policy. “The latest patch/extension is scheduled to run out in May and Congress must again act to shore up the fund to maintain the fund’s solvency and ensure that construction on transportation projects can continue around the country.”

State legislatures in the coming months will be able to consider several projects facilitated by The Council of State Governments’ National Center for Interstate Compacts. Among those projects—a medical licensing compact to create a process for expedited licensing for doctors who want to practice in multiple states and an EMS licensing compact under which states would agree to honor EMS licenses from other states in non-declared states of emergency. Two other compacts—licensing compacts for physical therapy and telepsychology professionals—are in development.

“I’ve been at CSG for nearly a decade and involved with compact work for much of that time,” said Crady deGolian, director of CSG’s National Center for Interstate Compacts. “I cannot recall a time where there was so much overlap between our ongoing projects. That is a testament to the strength of the compact mechanism, but it also creates a need for education and awareness on the part of legislators, legislative staff and policymakers.”