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.
The Council of State Governments this week released its annual listing of Top 5 Issues state 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.

For the last few years, states on the whole have seen a slow and steady increase in revenues and in the coming year, many state leaders will have a little bit more breathing room when making fiscal decisions. However, the most pressing questions facing policymakers likely will center on allocating their still limited resources to fund programs such as Medicaid and education, in the midst of the fiscal uncertainty that accompanies a big election year and the unpredictable federal appropriations process.

One way for states to invest in their economies is to focus on job growth.

"States will be looking for innovative strategies to improve their economic development programs and tie those strategies to workforce development goals, including worker re-training programs," said Jennifer Burnett, CSG director of fiscal and economic development policy. "That means identifying ways for the public, private and academic sectors to work together more efficiently to create and sustain high-paying jobs and foster an environment conducive to entrepreneurial investment."

States will submit plans to the U.S. secretary of labor for how they intend to implement the Workforce Innovation and Opportunity Act, or WIOA, which took effect July 1, 2015. WIOA aims to improve employment outcomes by facilitating access to education, training and support services for job seekers, and to match skilled workers with business needs.

"A high school diploma is not enough on its own to secure a job that will financially provide for a family," said Elizabeth Whitehouse, CSG director of education and workforce development. "There is not a cookie cutter solution to the workforce challenges that all states are facing. We do know that strong partnerships between the business community and state education and workforce policymakers are a necessity to meeting the workforce needs of today."

Finding a way to fund Medicaid expansion in 2017 will be a top issue for many states this year, particularly those that have expanded Medicaid eligibility to 138 percent of the federal poverty level as allowed by the Affordable Care Act and will be required to contribute matching funds beginning Jan. 1, 2017. The federal funding will decrease from covering 100 percent of the newly eligible enrollees' health costs to 95 percent in calendar year 2017.

"When I ask legislators who serve on health committees what keeps them up at night, their answer almost always is Medicaid funding," said Debra Miller, CSG director of health policy. "Some states that expanded Medicaid will be hard pressed to find even their 5 percent match given competing policy priorities."
Interstate compact issues also will center largely on health care. Eleven states passed the Interstate Medical Licensure Compact, or IMLC, legislation in 2015 creating the Interstate Medical Licensure Commission. The compact, created in part to expand patient access to care, creates a process for expedited licensing for doctors who qualify to practice in multiple states.

"CSG works collaboratively with state and industry leaders to develop state-by-state solutions to meet the growing health care needs of the American people," said Colmon Elridge III, director of the CSG National Center for Interstate Compacts. "As the medical licensure compact transitions into commission status and other industries such as nursing, physical therapy, speech audiology and emergency management personnel continue to utilize the compact mechanism to improve patient access to care, the NCIC continues to be a partner in developing common sense solutions that will in part define the future of the practice of health care as well as continue to advocate for greater consumer access."

In the education sector, the Every Student Succeeds Act gives states more flexibility in how they measure school success, so policymakers will be turning their attention to education accountability systems.

"In December, Congress took an essential step forward in reshaping education policy by returning more authority over education decision-making to the states and school districts through passage of the Every Student Succeeds Act, which replaced the No Child Left Behind law," said Jeff Stockdale, senior policy advisor at CSG. "This important legislation will go a long way toward ensuring children are better prepared for college and the workplace."

In the environment and energy sphere, states will focus on complying with the Clean Power Plan, which was finalized on Aug. 3, 2015, by the U.S. Environmental Protection Agency. The plan is expected to cut carbon pollution from existing power plants by 32 percent below 2005 levels by 2030. The rule sets target emissions reductions for states, which are then responsible for designing their own plans to meet these emissions reduction targets. Emissions reduction targets vary by state and range from 7 to 47 percent.

"Energy issues will continue to receive significant attention in 2016," said Liz Edmondson, director of energy and environmental policy at CSG. "Market forces, governmental regulations and increasing technology are changing the way we generate, transmit and use energy. In light of these issues, state policymakers and regulators will need to work together to comply with new federal regulations such as the Clean Power Plan, and to ensure that consumers continue to enjoy reliable and affordable access to electricity."

States will have a little more certainty in budgeting for their transportation needs, thanks to the passage of the Fixing America’s Surface Transportation Act, or the FAST Act, in December 2015. They’ll focus on fixing aging infrastructure from years of underfunding, while exploring transportation revenue options through raising gas taxes, or vehicle and license fees.

"State officials received something of an early Christmas present in 2015 in the form of a federal transportation bill that for the first time in several years will provide some level of certainty about the federal investment in transportation," said Sean Slone, CSG director of transportation and infrastructure policy. "Despite that, in 2016 I think you’ll continue to see states explore ways to enhance their own funding for transportation, whether it be through gas tax increases or working with the private sector to enable projects. There are still plenty of other challenges coming down the pike for state officials, including how to plan for the technological and demographic changes that could radically alter the transportation landscape in the years ahead and how to deploy and enhance the transportation options that will make our communities into the kinds of livable, sustainable, economically vital places we want them to be."

When state policymakers turn their attention to the federal government, their focus will be on the presidential election and what President Obama will do with his last year in office to solidify his legacy, said Andy Karellas, CSG director of federal affairs.

"Many policy experts are not betting on Congress to act on major policy initiatives, but expect the president to fully use his executive authority to push his priorities," said Karellas. "This could be in the form of new executive orders or federal regulations."

International trade continues to be an important issue for state leaders, including promoting their exports and attracting foreign investment. States will be watching Congress to see if they act on President Obama’s top priority
on his trade agenda—the Trans-Pacific Partnership, or TPP, agreement. The TPP agreement between 11 nations would be one of the largest agreements in history, covering more than 800 million consumers and 40 percent of the world's gross domestic product.

"It is important that state leaders review and understand the proposed agreement and voice their thoughts with Congress and federal agencies," said Karellas.