TOP 5 2015 ISSUES
FISCAL & ECONOMIC DEVELOPMENT

THE COUNCIL OF STATE GOVERNMENTS

» Paving the Way for Jobs Creation: More Than a Numbers Game

The post-recession economic recovery has been slow and painful, but states are finally starting to see some real progress as the national unemployment rate falls below 6 percent for the first time in six years. Now that the worst of the economic crisis has abated, state leaders in 2015 will be looking for ways to encourage job creation that is more than just moving the statistical needle. They will be looking for innovative ways to bring the public and private sectors together to create an environment conducive to entrepreneurial investment—and the 21st century industries and good-paying jobs that come with them. Another key ingredient to success will be a focus on international business—both bringing international investment to states and equipping domestic companies with the skills needed to export their goods and services.

» Balancing the Recovery: Preparing for the Next Crisis

States have emerged from the recent fiscal crisis, but with recovery comes a set of new questions about fiscal direction: Should we shore up our savings or restore spending? As the fiscal crisis made clear, state rainy day funds were largely inadequate to overcome budgetary shortfalls, leading to cuts in essential programs like education and layoffs in the public workforce. State leaders in 2015 will be re-evaluating investment in rainy day funds, strategies to reduce budgetary instability in the future from volatile revenue streams, long-term costs related to public pensions and public retiree health care costs, and strengthening tax schemes. Along with conversations about strategies for future stability, state leaders will be looking at restoring some of the areas that saw budget cuts in the past, including renewed investment in infrastructure and education, both of which are essential ingredients to successful workforce development strategies.

» Federal Instability: Shifting Costs

The 2014 midterm elections ushered in a Republican majority in both houses of Congress, which sets the stage for a more fiscally conservative approach in the federal government and increases the likelihood for the kind of political showdowns that led to the government shutdown in 2013. States will be faced with tightened federal purse strings and political instability; that could shift costs for some programs to states and localities. Taxation issues of significant concern to states' bottom lines—like the Marketplace Fairness Act—now are more unlikely to pass, which could mean states will need to raise taxes to offset those losses. State leaders also may be less likely to take advantage of federal funds for programs that are matched with state dollars if they believe those funds will be withdrawn in the future, leaving them holding the bag.

» Health Care: State Innovation Leads the Way

Medicaid spending is now the largest single component of state spending, accounting for nearly a quarter of total state expenditures. Because health care will continue to be such a substantial part of spending, states will invest more resources in 2015 for testing innovative models designed to efficiently deliver health care services to residents while keeping costs low by placing a bigger emphasis on evidence-based strategies. Increased health care spending has an impact on the workforce development landscape as well. In the six post-recession years, health care added 2.1 million jobs to the economy, more than the next three industries—leisure and hospitality, professional services and education—combined.

» Public Pensions and Retiree Health Care

As overall economic conditions have improved and states have taken on tough reforms, the solvency of public pensions has improved. But public pension solvency remains a key concern for state leaders and will continue to be a major topic for 2015. State leaders will continue to focus on the funding levels and stability of public pensions, including reconsidering investment return assumptions, which came under scrutiny in recent years. Further reforms to programs will continue to be discussed, particularly the amount current and future employees must contribute, how those pensions are structured and cost-of-living adjustments for current retirees.

For more information on these topics and for additional resources on fiscal and economic policy, see » *www.csg.org/top5in2015.*

contact Jennifer Burnett | (859) 244-8114 | jburnett@csg.org or visit www.csg.org/fiscal or www.statesperform.org

YOUR CSG FISCAL & ECONOMIC DEVELOPMENT RESOURCE »
JENNIFER BURNETT

THE COUNCIL OF STATE GOVERNMENTS

Jennifer Burnett joined CSG in 2006. She is the program manager for fiscal and economic development policy, serves as research fellow to the State International Development Organizations and coordinates CSG's national research efforts, including the collection, analysis and presentation of data, particularly public access to interactive online databases and infographics. Her areas of expertise are fiscal, economic and government operational policy, including labor, state budget and tax policy and performance management.

Burnett also created and manages States Perform, a website that provides users with access to interactive, customizable and up-to-date comparative performance measurement data for states in six key areas.

Prior to joining CSG, Burnett was a research associate at the University of Kentucky Center for Business and Economic Research and a legislative aide for a member of the Canadian Parliament. She holds bachelor's degrees in economics and finance from the University of Kentucky, a master's degree from the Patterson School of Diplomacy and International Commerce at the University of Kentucky, and a Juris Doctor from the Salmon P. Chase College of Law at Northern Kentucky University.

GET INVOLVED »

CSG provides state leaders a variety of regional and national opportunities to actively engage on issues of importance to their jurisdictions and constituents. CSG's regional and national committees and task forces are designed to encourage multi-state problem solving, the sharing of best practices, and networking among state officials and between the public and private sectors.

CSG's Fiscal and Economic Development Public Policy Committee is chaired by Rep. Helene Keeley of Delaware and Sen. Bo Watson of Tennessee. The committee was formed and met for the first time in 2013 and has so far largely focused on the effectiveness of state economic development initiatives, particularly tax and financial incentives. The committee will focus on workforce development policy in 2015 as part of the CSG Leaders' Initiative, State Pathways to Prosperity.

CSG's interactive databases—including The Book of the States Online, States Perform, infographics and more—help policymakers access comparative information across states that is both reliable and easy to use. Visit www.csg.org/datacenter to see the innovative resources that CSG has to offer.

CSG RESOURCES»

FISCAL & ECONOMIC DEVELOPMENT
Jennifer Burnett (859) 244-8114 | jburnett@csg.org
www.csg.org/fiscal | www.statesperform.org

HEALTH
Debra Miller (859) 244-8241 | dmiller@csg.org
www.csg.org/health

INTERNATIONAL AFFAIRS
Catherine Bray (202) 624-5460 | cbray@csg.org
www.csg.org/internationalaffairs

EDUCATION
Pam Goins (859) 244-8142 | pgoins@csg.org
www.csg.org/education

INTERSTATE COMPACTS
Crady deGolian (859) 244-8068 | cdegolian@csg.org
www.csg.org/ncic

KNOWLEDGE CENTER
Jennifer Horne (859) 244-8198 | jhorne@csg.org
www.csg.org/knowledgecenter

ENERGY & ENVIRONMENT
Rebekah Fitzgerald (859) 244-8030 | rfitzgerald@csg.org
www.csg.org/energy | www.csg.org/environment

FEDERAL AFFAIRS
Andy Karellas (202) 624-5460 | akarellas@csg.org
www.csgdc.org

WORKFORCE DEVELOPMENT
Pam Goins (859) 244-8142 | pgoins@csg.org
www.csg.org/statepathwaystoprosperity

TRANSPORTATION
Sean Slone (859) 244-8234 | sslone@csg.org
www.csg.org/transportation

Regional Contacts »

CSG East» Wendell Hannaford, Director | (212) 482-2320 | whannaford@csg.org
CSG South» Colleen Cousineau, Director | (404) 633-1866 | ccousineau@csg.org
CSG Midwest» Mike McCabe, Director | (630) 925-1922 | mmccabe@csg.org
CSG West» Edgar Ruiz, Director | (916) 553-4423 | eruiz@csg.org