



2019 PUBLIC POLICIES FOR A THRIVING GEORGIA



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PUBLIC POLICIES FOR A THRIVING GEORGIA

NON SIBI, SED
ALIIS. “NOT
FOR SELF, BUT
FOR OTHERS.”

JAMES
EDWARD
OGLETHORPE

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ABOUT GEORGIA CENTER FOR OPPORTUNITY

The Georgia Center for Opportunity (GCO) is independent, non-partisan, and solutions-focused. Our team is dedicated to creating opportunities for a quality education, fulfilling work, and a healthy family life for all Georgians. To achieve our mission, we research ways to help remove barriers to opportunity in each of these pathways, promote our solutions to policymakers and the public, and help effective and innovative social enterprises deliver results in their communities. Our ultimate goal is to see every Georgian who is willing to seize the opportunities presented to them living a life that can be characterized as truly flourishing.

GCO's efforts are based on what scholars term "the success sequence." Put together, a good education, stable job, and stable family life empower people to thrive.

Education: A quality education is key. It provides a primary path for breaking cycles of poverty.

Employment: Work is far more than simply a way to earn money. It's a human need that provides a source of structure and meaning in life.

Family Formation: Everyone longs for, and needs, healthy relationships. The family is where it all begins.

Our solutions assume the human longing for relationship, for purpose and meaning, and to enjoy earned success and the fruits of one's labors.

FACTS FACING GEORGIANS IN 2019



1.5 million Georgians are below the poverty line.



20.7% of children in Georgia live in poverty.



12.5% of Georgia's working population is considered underemployed.



20% of Georgia's high school students drop out before graduation.



53,000 Georgians are in prison.



Georgia's crime rate ranks 37th worst in the nation.



1 in 13 adult Georgians are either in jail, in prison, on probation, or on parole, as compared to 1 in 31 adults nationally.



Within 3 years, 2/3 of those released from prison will likely have been rearrested.



More than 1 in 5 young adults in Georgia are not attending school, not working, and have no degree beyond high school.

OVERVIEW OF GEORGIA'S CHALLENGES

We are proud to call ourselves Georgians. Our state is a wonderful place to live, work, and raise a family. But even though our state remains a great place to call home, Georgia (like the rest of the United States) is experiencing a crisis-level opportunity gap. Far too many of our neighbors are in poverty, rely on welfare to survive, lack access to quality educational options, and suffer from broken relationships. We are witnessing a tragic and self-perpetuating loss of human potential, representing shattered dreams, broken families, and wasted lives.

Georgians are suffering in three key areas: **education, work, and family life.**

Education

We know that a quality education is key to breaking cycles of poverty, but Georgia consistently lags behind much of the rest of the country in academic achievement despite spending that rivals or surpasses many other higher achieving states. Today, too many schools are failing to adequately prepare children for the next phase of life, and without high-quality education options the dropout rates will continue to rise and cycles of poverty will never be broken.

Many of Georgia's youth leave high school ill-prepared for college or employment. More than 1 in 5 young adults in Georgia are not attending school, not working, and have no degree beyond high school. Additionally, around 20 percent of students do not graduate from high school on time. Of those who do attend a four-year college, nearly half do not graduate within six years. Failure to graduate or properly prepare for life after high school significantly lowers one's future earnings, and high school dropouts are significantly more likely to use social services, be involved in the criminal justice system, and experience family breakdown.

Work

Work doesn't just provide a paycheck. It also provides dignity, a sense of purpose, and self-sufficiency. A growing and flourishing workforce is key to a better Georgia. But on far too many metrics, the Peach State continues to lag behind the rest of the country. The persistent workforce problem for many of our neighbors—including the homeless, disabled, those addicted to drugs and alcohol, released prisoners, single parents, or high-school dropouts—is real and growing. To put the issue fully in context, more than half-a-million Georgians are unemployed or unable to find full-time employment. Many of these individuals are ready to flourish if given the opportunity.

Among our greatest concerns is long-term unemployment, when individuals simply fall out of the job market—and then stay out—initiating what becomes generational cycles of poverty, lost potential, and hopelessness. A related problem is under-employment, where men and women are in low-wage, part-time jobs, are unable to support themselves or their households without government assistance, and have few prospects for the future. Reasons for under-employment are complex and multifaceted, but key driving factors include lack of training that empowers workers to “upskill” into better jobs and welfare cliffs that punish workers for earning more.

When it comes to our workforce, Georgia's incarceration and prison problem can't be ignored. Our state leads the country in the number of people under correctional supervision. Those leaving incarceration face enormous hurdles in transitioning back into life outside bars.

Family

People from all walks of life are more likely to flourish if they enjoy strong relationships and a healthy family life. But here in Georgia, our state is experiencing troubling trends in a number of areas: marriage rates continue to decline, and child births outside of marriage have become the norm. While these trends cost taxpayers over \$100 billion annually, the costs in terms of human suffering are immeasurable.

Far too often, our culture is built around discouraging long-lasting, healthy relationships. Couples don't know where to turn for help and find themselves increasingly isolated. In many cases, our tax code unfairly penalizes marriage and encourages less stable forms of relationships. Families lack access to the tools they need to build thriving relationships.

OVERVIEW OF SOLUTIONS: CASTING A VISION FOR GEORGIA

Our work isn't done until all of Georgia's children can access the educational options that allow them to achieve the American Dream; every man and woman is able to have meaningful, self-supporting work; and families and marriages thrive. Below, we describe GCO's vision in each focus area of education, work, and family.

Education

Due to the efforts of GCO, upwards of 250,000 Georgia students (and counting) are experiencing real educational choice today. But this is only the starting place. When we're successful, every student in Georgia—regardless

of race, economic background, or geographic location—will have access to the education that best fits their needs. We are helping to advance this outcome through a number of key educational choice measures:

The Tax Credit Scholarship Program

This scholarship is a key step to achieving the dream of educational choice for all. The program cap was recently raised to \$100 million in scholarships for students who desire to switch out of failing public schools and attend the school of their choice. More than 13,000 Georgia students benefit from this program. With tens of thousands more being given access in 2018, our mission is to see the program expand to every family and child who needs access.

The Special Needs Scholarship Program

Students with special needs are among the most vulnerable to being left behind. Frequently, their families lack the financial resources to provide the right therapy and environment that would empower them to excel. Enter Georgia's Special Needs Scholarship Program. This scholarship enables children with special needs who have attended public school for at least one year to transfer to another school—private or public—that better fits their academic and developmental requirements. Over 4,500 students and counting benefit from the program. Our mission is to expand access, eligibility, and the types of services and therapies for which funds may be used.

Education Savings Account

Georgia is poised to become the seventh state to pass these types of accounts, an innovative way for parents to pay for non-public educational options for their children. Education Savings Accounts allow parents to direct the money the state would have spent on their child to things like tuition, tutors, adaptive technology, therapy, and curriculum to truly customize an education that best meets the child's needs. If Georgia is to continue reaching vulnerable, low-income students with the benefits of educational choice, then Education Savings Accounts will play a key role.

Charter Schools

Hundreds of charter schools are now available for Georgia's students. Charter schools are public schools that have the flexibility to practice innovative approaches to improve academic achievement. In 2012, GCO played a crucial role in getting the Georgia Charter School amendment passed to further strengthen and expand charter schools in the state. A charter school is the right fit for many Georgia students, and our goals include expanding the availability of these institutions.

SCHOOL CHOICE IN ACTION: JAN'S STORY

Imagine the challenge of raising two children with special needs. That's the task that Jan—a small business owner in Georgia—faces in bringing up her two girls. Katie has ADHD, dyslexia, and autism spectrum disorder, and Jessica has an auditory processing disorder and ADHD.

Both Katie and Jessica were caught in a local public-school system that wasn't meeting their needs. Desperate for options, Jan turned to Georgia's Special Needs Scholarship Program. Due to funds through the scholarship, Katie started attending a small private school specifically designed for students with reading challenges.

The results have been astounding: She now reads at grade level and is performing several grade levels above in math. Meanwhile, Jessica is excelling as well, taking advanced-level chemistry and performing several grade levels above in other subjects.

"Our experience at the private school is night and day," Jan said. "I remember my daughter saying, 'Mom, I don't think I ever want to leave this school. Everyone here has a disability and it's not a big deal.'"

Work

We envision a future in which everyone—regardless of background—is empowered to obtain meaningful, self-supporting work. This is a future where communities come together to solve the problem of chronic unemployment; our national welfare system encourages work while providing a social safety net for those who truly need it; and former inmates find support, work, and stability after transitioning from behind bars.

Hiring Well, Doing Good

Work is one of the most powerful poverty-fighting tools of our time. Only a fraction of all households that have at least one full-time worker are in poverty today. We believe in creating a Georgia where everyone—including the most vulnerable, disadvantaged populations—connects with long-term, self-supporting work.

GCO's Hiring Well, Doing Good (HWDG) initiative casts the vision for this ultimate reality. HWDG takes a holistic, community-driven approach to the problem of chronic unemployment. We believe that change happens when people, businesses, churches, and nonprofits partner to find local solutions. The HWDG recipe brings together local businesses and service providers to offer workforce training and placements for job seekers—through apprenticeship programs, community resources, social enterprises, and more.

The end result is nothing short of transformational – for individuals, businesses, and communities as a whole. The HWDG model has already been replicated in other states, and our mission is to see this transformational approach applied in communities across the country.

Welfare Reform

In addition to on-the-ground solutions like HWDG, GCO is on the vanguard of policy research at the state and national level designed to encourage work. Our reforms stabilize the safety net for those who truly need it, adopt a “work first” approach for those who are able, and create incentives to form marriages and households. Our reforms would create a future where men, women, and children are no longer crippled by a broken welfare system. Instead, they’re empowered to thrive.

Prison Reform

Recognizing the unique workforce challenges faced by recently released prisoners, GCO also spearheads a Prisoner Reentry Initiative to help people returning from prison obtain employment, connect with their families, and rejoin their communities.

WORK IN ACTION: ADOLPHUS' STORY

At age 58, Adolphus Chandler received a life-changing letter in the mail from the Social Security Administration. Alarming, it showed that he had paid \$0 into the system.

Due to a lifetime of drugs, alcohol, and criminal activity, Adolphus had never experienced the satisfaction of genuine work and a normal life. But that letter was a wake-up call for him. Soon afterward, he discovered Georgia Works!—an Atlanta-based nonprofit that removes barriers to employment for chronically homeless men.

Through their assistance and because of changes GCO helped implement, he found a meaningful job, began paying his bills and taxes, and discovered a renewed life. Eventually, Adolphus joined Georgia Works! as a site supervisor to help other, formerly homeless and incarcerated men succeed as well.

Family

We are driven by the belief that people thrive the most when they are connected to healthy relationships. We envision a future where families and marriages truly flourish.

GCO has helped hundreds of couples and families to prosper in their relationships. We foster these types of relations primarily through our

Healthy Families Initiative (HFI), a cross-sector collaboration of community organizations, nonprofits, businesses, and churches designed to help people build and maintain strong families.

HFI’s premise is powerful: Local churches and nonprofits — not the state or federal governments—holds the answers to the breakdown of the family and relationships. When neighbors help neighbors, real change occurs.

HFI offers free community workshops to strengthen marital relationships and families, free online classes, and a pro-marriage public relations campaign to remove public policy barriers to family formation - like the marriage penalty in the welfare system.

What began in the Norcross and Peachtree corners area has blossomed into Gwinnett County at large—and the sky is truly the limit for future growth. Our goal for the future is to see thousands of similar community-level initiatives established across Georgia and the entire U.S.

FAMILY IN ACTION: JOYCE AND JUNIOUS' STORY

After three years of marriage and a move to Atlanta, Joyce and her husband Junious realized they were experiencing great challenges as a blended family. After discovering GCO online, the couple took a course called Smart Steps designed specifically for blended families and invited other blended families they knew to attend, too. Joyce and Junious not only participated in the course, but they experienced a dramatic turnaround in their family as a result.

They have since become certified trainers to encourage other families on the road to healing and stronger relationships. Seeing a need for training and tools for families like theirs, they made it their life mission to serve blended families. As a couple they have chaired their church’s couples ministry, worked on the board for organizations providing help to blended families, and currently lead courses for families as part of GCO’s Healthy Families Initiative.

Conclusion

To learn more, visit www.georgiaopportunity.com.



SCHOOL CHOICE

Every child is different. That's why every family in Georgia should have a variety of options for educating their children. Educational choice ensures families have those options—including traditional public schools, public charter schools, private schools, online education, homeschooling, and hybrid schools.

SCHOOL CHOICE

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FACTS AT A GLANCE



1,761,472 Georgia students in K-12th grade.



2016-17 graduation rate of 80.6%.



35% of Georgia's public schools are currently rated D or F.

SUMMARY OF THE ISSUE

School choice issues have dominated recent political conversations because students are continuously falling through the cracks of the current public school system. The statistics for Georgia's students are shocking and depressing, but expanding school choice can help these students and families who do not have time to wait for the public school system to be reformed.

Currently in Georgia:



Only 35% of 4th graders are proficient in math and reading.



By 8th grade, only 35% of students are proficient in reading.



Only 31% of 8th graders are proficient in math.



By 2020, more than 60% of job openings in Georgia will require a certificate, associate's degree, or bachelor's degree. Currently, only 42% of young adults in Georgia possess one of those credentials.



Students who successfully complete high school have higher lifetime earnings than their peers, better health, decreased mortality rates, commit fewer crimes, have lower teen pregnancy rates, and are more involved in their communities. **Unfortunately, nearly 20% of Georgia's high schoolers don't graduate.**



According to 2016 data, of the students who graduated high school and attend college, 9% needed remediation in Math and 17.2% needed remediation in Reading.



Of those students attending college, only 30.3% graduated within 5 years.

SUMMARY OF SOLUTIONS

No two children are alike, so we cannot take a one-size-fits-all approach to education. On the contrary, every student should have access to a high-quality education that meets their own unique educational needs—and their parents know these needs the best. Georgia must give parents a diverse portfolio of options and the power to choose the best educational environment that fits their student's specific needs and skills. This should include:



An increase in the number of high-quality public charter schools and equitable funding for students in these schools compared to their peers in traditional public schools.



Removing barriers in the current public school funding formula, giving districts flexibility to focus on each student's unique needs and innovate to provide a world-class education to all students.



Providing more choices to parents through programs like the Georgia Special Needs Scholarship and Tax Credit Scholarship Program as well as innovative new programs such as Education Savings Accounts.

CHARTER SCHOOLS IN GEORGIA

SUMMARY OF THE ISSUE

Charter schools are public schools governed by nonprofit boards that are freed from many state and local regulations, in exchange for increased accountability. If a charter school does not meet the terms of its contract, the school is not eligible to receive a renewal, and it closes. Charters have open enrollment and do not charge tuition, plus they must admit all students who are zoned for the school and would like to attend. If charters receive more applications than they have open seats, state law requires a lottery to determine which students will be admitted.

In Georgia, charter schools can be authorized by:



Local school boards



State Charter Schools Commission (SCSC)

Charter school authorizers approve and renew charters, plus monitor performance, ensure compliance with state and federal law and enforce the terms of the charter.

There are 79 start-up charter schools across the state of Georgia, including 50 locally-approved charters and 29 schools approved by the SCSC. Approximately 50,000 students attend start up charter schools in Georgia.

The greatest barrier to having more high quality public charter schools operating in Georgia is funding--both for students and facilities.

During the 2018 legislative session, the Georgia General Assembly made significant strides toward greater funding equity for public charter schools operating across the state. Even still, charter schools approved by the State Charter Schools Commission (SCSC) are funded by the state based on a calculation that prevents schools from receiving more than the statewide average funding, even if the students they serve come from districts where they earned significantly more money. As a result, the SCSC is often not a viable option for charter schools attempting to serve students from high-cost districts across the state. **In some metro areas, the funding gap for students attending traditional public schools compared with those attending public charter schools is greater than \$5,000 per pupil.**

Furthermore, unlike other public schools, charter schools do not typically have a facility made available to them and must therefore use a large percentage of their per-student funding on facility costs.

SUMMARY OF SOLUTIONS



Equal Funding: Make funding for students in public charter schools no less than what the same student would have received in their zoned traditional public school.



Giving Facility Grants: Provide facility grants to all state- and locally-approved charter schools, allowing them to direct more of their dollars where they matter the most: to students, not buildings.

FUNDING FOR PUBLIC SCHOOL STUDENTS IN GEORGIA

SUMMARY OF THE ISSUE

The QBE formula provides funding to local school districts for:

- Direct instructional costs (salaries and benefits for teachers, para-professionals, Counselors and specialists)
- Direct operations costs (textbooks, etc.)
- Indirect instructional costs (school administration and maintenance and operations)
- 20 additional days of instruction for students requiring remediation and media centers.

The formula includes categorical grants for:



Transportation



Nursing



Capital needs of local districts, including school facilities, technology and buses.

QBE was developed in the mid-1980s, and while education has changed dramatically since then, the formula remains largely the same.

Money is distributed primarily based on buildings, programs and spending categories—often too rigid a methodology to give schools and districts the flexibility they need to keep up with an ever-changing world and prepare their students for the 21st-century workforce.

SUMMARY OF SOLUTIONS



3-prong Funding Model: Shift to a student-based funding model where funding reflects the relative cost of educating students based on needs. The student-based funding formula would consist of three components: Student Base Funding, Weighted Student Characteristics, and Categorical Grants.



Include Funding Weights: Allow for weighted funding for students with disabilities; gifted students; English to Speakers of Other Languages (ESOL); and, for the first time, economically disadvantaged students.










Giving Local Schools the Power: Maximize the flexibility of state dollars by lifting restrictions on state funding and expenditures for districts and schools, giving local schools the ability to determine the best ways to support students' specific needs.

GEORGIA'S TAX CREDIT SCHOLARSHIP PROGRAM: PUBLIC/PRIVATE PARTNERSHIPS HELPING STUDENTS SUCCEED

SUMMARY OF THE ISSUE



For the past 10 years, Georgia's student scholarship tax credit program has allowed businesses and individuals to donate to nonprofit Student Scholarship Organizations (SSOs) who then use those funds to award scholarships to eligible families, which in turn helps their children attend a school that better meets their needs.

Program facts:

-  In order to be eligible for a scholarship, students must have attended public school the previous year, or be entering public pre-kindergarten, kindergarten, or first grade.
-  The program is capped at \$100 million annually.
-  The program currently serves 13,243 students, but will be able to serve approximately 25,000 students in 2019 due to the annual cap increase.
-  Donors receive a dollar-for-dollar credit against their state income tax liability.
-  Individual taxpayers are capped at \$1,000 for a single person and \$2,500 for a married couple filing jointly.
-  Corporate donors are capped at 75% of tax liability for C Corporations and \$10,000 for SCorps, LLCs, and other pass-through entities.
-  Scholarships are capped at \$9,817, although most scholarships are \$5,000 or less (significantly less than what a student would have received in a traditional public school).

In recent years, an arbitrary cap on the total dollar value of donations allowed by the state has resulted in there being more money available for more students on waiting lists than could be served. The legislature raised the cap from \$58 million to \$100 million during the 2018 legislative session (effective for the 2019 tax year).

SUMMARY OF SOLUTIONS

-  **Increase the Cap:** Continue to monitor the cap on the program against donor and student demand. Increase the cap as needed to ensure that an arbitrary cap does not stand between students who need options and donors willing to help.
-  **Allow for natural growth:** A similar program in Florida allows the cap to be automatically increased by 25 percent in any year after 90 percent of the cap is reached. This allows the program to naturally reach a size to accommodate demand without the legislature needing to revisit the issue ever year or every biennial.







EDUCATION SCHOLARSHIP ACCOUNTS: DIVERSE OPTIONS, INCREASED OPPORTUNITY

SUMMARY OF THE ISSUE

An Education Scholarship Account (ESA) is an innovative, flexible way of allocating state resources for education that encourages parental involvement and allows for a more customized education to better meet an individual student's needs.

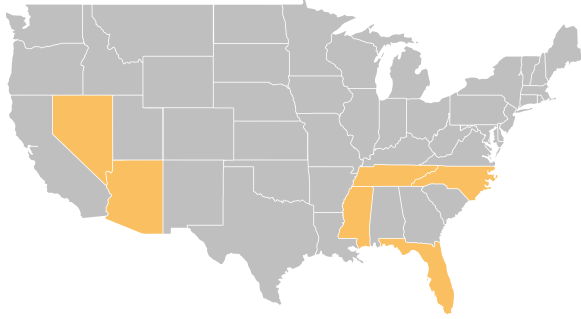
ESAs take money that the state would have spent on a child's K-12 public education and deposits the money into an account that the parent can direct to customize an education that best meets their students' needs, eliminating the outdated one-size-fits-all approach to education.

Under an ESA program, parents can choose from a menu of options to best meet their child's needs. Funds from the account may be used for:

-  tuition or fees at qualified private schools
-  fees for specialized or advanced courses or testing
-  individually contracted courses and programs from a participating public school
-  services and therapies for students with disabilities
-  online learning programs
-  fees for college entrance exams
-  textbooks and curriculum
-  dual enrollment in Georgia colleges and universities
-  tutoring

Parents need a diverse portfolio of options to choose from when deciding the best educational environment for their child. There are a lot of innovative options available, and parents shouldn't be boxed into doing things only one way. By providing access to a range of educational options, ESAs empower families with the ability to create a customized education plan that maximizes a child's natural learning abilities.

Six states have passed Education Scholarship Account legislation:



Nevada
Tennessee
North Carolina
Mississippi
Florida
Arizona

SUMMARY OF SOLUTIONS

Pass Education Scholarship Account legislation: This would allow parents the widest number of choices to address their children's unique needs to help them succeed in K-12 and college, and to compete in the global workplace.

Additional Resources

1. Georgia Department of Education Student Enrollment by Grade Level (PK-12) https://oraapp.doe.k12.ga.us/ows-bin/owa/fte_pack_enrollgrade.entry_form
2. Georgia Department of Education: Graduation Rates (2017) <http://www.gadoe.org/ExternalAffairs-and-Policy/communications/Pages/PressReleaseDetail>
3. Georgia Department of Education Enrollment by Ethnicity/Race & Gender https://oraapp.doe.k12.ga.us/ows-bin/owa/fte_pack_ethnicsex_pub.entry_form
4. Governor's Office of Student Achievement Georgia School Grades Report, School Level Data 2017 <https://schoolgrades.georgia.gov/dataset/school-level-data>
5. U.S. Census Bureau 2015 Public Education Finance Report <https://www.census.gov/content/dam/Census/library/publications/2017/econ/g15-aspef.pdf> 38 2017 U.S.
6. Also, please see figure 10 in this document: [file:///home/chronos/u-c962778ef415b1f27c027d6c464040f3a11cd263/Downloads/CGEG_final_approved%20\(1\)%20\(1\)%20\(2\)%20\(1\).pdf](file:///home/chronos/u-c962778ef415b1f27c027d6c464040f3a11cd263/Downloads/CGEG_final_approved%20(1)%20(1)%20(2)%20(1).pdf)
7. Georgia Department of Education: Graduation Rates (2017) <http://www.gadoe.org/ExternalAffairs-and-Policy/communications/Pages/PressReleaseDetail>





WELFARE REFORM

Instead of helping men and women become self-sufficient and self-supporting, our current welfare system keeps them trapped in cycles of dependence. But there is hope. Reforms proposed by GCO will stabilize the social safety net for those who truly need it, adopt a “work first” approach for those who are able, create incentives to form marriages and households, and reward recipients who earn more income.

WELFARE REFORM

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FACTS AT A GLANCE



Means-tested welfare spending in Georgia: Nearly \$23 billion annually.



Just 2.4% of full-time workers employed year-round are in poverty, compared to 31.8% of non-workers.



More than 20% of Georgians (almost 2 million people) are on some form of public assistance.



If each poor family had just one full-time worker, three quarters of today's poor children would be lifted out of poverty.



In Georgia, nearly 250,000 prime-age men (25-54 years old) have dropped out of the labor force altogether.

SUMMARY OF THE ISSUE

The current U.S. welfare system is clearly broken and must be reformed. In fact, our welfare infrastructure can hardly be called a “system” at all. In truth, it’s a collection of inefficient programs and agencies cobbled together over the past several decades, each with conflicting interests, standards and procedures. Predictably, these programs fall woefully short in helping the neediest among us. Instead, they keep men, women and children caught in generational cycles of dependence. Moreover, these programs are the leading driver of the ballooning U.S. national debt and annual budget deficits.

Our welfare system fosters dependence in several key ways:

Welfare cliffs and marriage penalties: These create disincentives for people lower-income workers to earn more money, climb up the economic chain, or marry. Imagine a single mother with two kids who receives benefits through Temporary Assistance for Needy Families (TANF), the Children’s Health Insurance Program (CHIP), and the Supplemental Nutrition Assistance Program (SNAP). She earns \$12 an hour working, on average, 30 hours per week for 50 weeks out of the year. If she gets a raise, is granted more hours, or marries a working husband, her welfare benefits (which are of substantial monetary value) will eventually begin to phase out before being eliminated altogether, in many cases resulting in her losing more in benefits than she is able to earn by receiving a raise. This “cliff” discourages people from seeking higher wages and keeps them trapped in cycles of dependence.


Complexity: The dozens of programs that now makeup our welfare system were not designed to work together in any meaningful way and are riddled with serious flaws, including:


- Most programs have different eligibility requirements
- Benefit levels are determined differently across programs
- There is no common case management
- Some programs have work requirements and time limits, but many don’t
- Programs focus on individuals without considering the impact to their families
- Individual needs are treated in piecemeal fashion, not holistically


In addition to the duplication of costs represented by so many levels of management, recipients face a web of agencies to navigate when seeking help. That can mean critical time missed from work, an inability to obtain much-needed help, and significant delays in recipients getting back on their feet. Importantly, it also makes it easier to game the system and receive undeserved benefits.


SUMMARY OF SOLUTIONS


There is a better way to handle welfare, both in the U.S. nationally and in Georgia at the state level. Reforms proposed by the Georgia Center for Opportunity (GCO) entail stabilizing the safety net for those who truly need it, adopting a “work first” approach for those who are able, and creating incentives to form marriages and households.

 **Streamline programs:** First and foremost, our reforms focus on streamlining the more than 15 major welfare programs hosted by federal, state and local agencies into five coordinated programs, headed by a single lead agency.

 **Make the system fairer and simpler:** Our proposals create a single intake system and eligibility engine that treats families holistically and uses common eligibility criteria across all modules. We also simplify benefit algorithms to avoid welfare cliffs, gradually taper benefits to avoid drop-offs, eliminate marginal benefit rules that penalize married families, and apply Georgia’s program integrity safeguards to all benefits to weed out fraud. If these reforms were adopted in the broad categories of food and cash assistance alone, we estimate significant tax dollar savings of more than \$3 billion annually.

 **Encourage work:** Our reforms take a “work first” approach by helping those who are able find work to ween their way from dependency. Exceptions to the work requirement include those who are physically or mentally unable to work or taking care of a disabled or extremely sick family member.

 **Emphasize the inherent virtue of work:** While work is primarily about bringing in a paycheck in order to make ends meet, it is about far more—the psychological, spiritual, and social benefits as well. There is no substitute for the fulfillment that meaningful work brings. As scholar Erik Randolph writes in GCO’s research paper [*Systemic Welfare Reform in Georgia*](#), when former welfare recipients join the labor force, “they gain a sense of self-esteem from earning a living that cannot be matched by a welfare check.”

 **Focus on local communities:** We believe that communities (not the state or federal government) should be the principal means of helping our neighbors escape poverty. That’s why any successful welfare reform effort must focus on the local level to expand job training, provide apprenticeships, and enlarge other workforce supports. Although Washington and Atlanta can do much to improve welfare, the best solutions must come locally.

While it appears that Washington may attempt to tackle welfare reform in the near future, Georgia does not have to wait on a sluggish Congress for meaningful change to happen. Individual states have a surprising degree of flexibility to begin welfare overhauls on their own.

As a precursor to shepherding these reforms into law, GCO recommends the creation of a “reform team” in the governor’s office to establish management structures. The following guidelines will aid the ultimate success of reforms:

Key roles within the governor’s welfare reform team

- Executive level management
- A steering committee
- Members skilled in program integrity strategies, intake and case management, and special-needs assessments.
- A dedicated committee focused on creating an “eligibility engine.”

Reform team responsibilities

- The established reform team must be empowered to implement and monitor the rollout of the new modules and systems
- Working in conjunction with state leadership, the reform team will design and implement reform in Georgia which, in some instances, will require new waivers from federal legislation or expanded waivers provided under current law.

While difficult, these reforms are possible to achieve and long overdue. With courageous leadership by a committed governor and legislative body, the “Georgia Model” will create a path for hope-filled and thriving families in our state and beyond.

Additional Resources

1. “Systemic Welfare Reform in Georgia, Part 1: The Case for Reform” https://georgiaopportunity.org/wp-content/uploads/2018/02/WEB-Part-1-Systemic_Welfare_Reform.pdf
2. “Systemic Welfare Reform in Georgia, Part 2: Principles and Framework for Reform” https://georgiaopportunity.org/wp-content/uploads/2018/02/WEB-Part-2-Systemic_Welfare_Reform.pdf
3. “Systemic Welfare Reform in Georgia, Part 1: How the New System Will Work” <https://georgiaopportunity.org/wp-content/uploads/2018/02/WEB-Part-3-Systemic-Welfare-Reform.pdf>
4. “A Real Solution for Health Insurance and Medical Assistance Reform” <https://georgiaopportunity.org/wp-content/uploads/2018/02/WEB-A-Real-Solution-for-Health-Insurance-.pdf>
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APPRENTICESHIPS

Apprenticeships are an essential way for young Georgians to enter well-paying careers. The hands-on learning approach, combined with mentorships, is powerfully effective at creating pathways to employment for young people who might otherwise be left on the economic sidelines.

FACTS AT A GLANCE



It's estimated that 3.5 million jobs in advanced manufacturing will become available during the next decade, but 2 million of these will go unfilled due to a skills gap.



Alarming, a recent analysis from the Brookings Institution of labor market data shows that all of the net new jobs created over the last decade went to those with a college degree, while the number of employed workers with a high school degree or less has declined by nearly 3 million during that same period of time.



A broad study of apprenticeship programs in the U.S. shows large and statistically significant earnings gains from participating in apprenticeships. Here in Georgia, a study by Mathematica Policy Research found increases in earnings associated with undertaking an apprenticeship was nearly \$9,000 per year (2017 dollars) six years after entering the program, and over \$6,000 per year nine years after entering the program.



A recent Department of Commerce study found apprenticeships generally yield high rates of return, even in companies spending over \$40,000 per apprentice. And here in Georgia, employers report high levels of satisfaction with apprentices and the apprenticeship program (Georgia Department of Education 2017). Over 95% say the program has been highly beneficial to the company in terms of meeting skill demands and that they would recommend the program to other companies.



Currently, Georgia spends \$3 million annually on youth apprenticeship programs that train about 7,000 youth.

APPRENTICESHIPS

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SUMMARY OF ISSUE

Despite a booming economy experiencing near full-scale employment, many Georgia companies today face a critical shortage of qualified workers to fill their workforces. This gap is driven in large part by a decades-long trend that accelerated in the aftermath of the Great Recession and has resulted in Georgia's economy now requiring more workers than ever with a specific skill set acquired through completion of a post-secondary credential.

Exacerbating this gap in job supply and demand is Georgia's stagnant labor force participation rate, which remains stalled at around 63.4 percent (January 2018)—meaning that 36.6 percent of the population is not employed. Even more sobering, the Peach State faces an ongoing crisis of non-working males in their prime years (ages 25 to 54) that is both well-known and well-documented by the American Enterprise Institute's Nicholas Eberstadt and other scholars.

All told, an estimated 7 million American men in their peak working years are absent from the labor force today—neither working nor actively searching for work. Tragically, these men tend to fall into certain sub-populations—they are more likely to be minorities (particularly African Americans), under-educated (a high school degree or less), and have a low socioeconomic status (a household median income of \$25,000 or less). Strikingly, the labor force participation rates for prime-age American males in 2015 were worse than during the latter years of the Great Depression.

While these challenges to closing the job supply and demand gap appear to be daunting, apprenticeships offer a practical and cost-effective option to prepare workers to get the job-focused, post-secondary training they need to enter Georgia's booming economy at the very point the state's economic base is recalibrating to compete well into the mid-21st-century and beyond.

It is these so-called “middle-skill” jobs that are critical for Georgia's future success. An estimated 29 million such jobs are expected to come online in the next few years. Specifically, middle-skill occupations require more than a high school degree but less than a four-year bachelor's degree—with skillsets often conferred by two-year associate degree programs, apprenticeships, or other focused training pathways. And best of all, middle-skill jobs, on average, pay well above the median U.S. wage—more than enough to achieve self-sufficiency.

In Georgia, the National Skills Coalition reports that 51 percent of new job openings between 2014 and 2024 will be middle-skill. At the same time, only 43 percent of the state's workforce is training for these middle-skills occupations.

Employers frequently report major shortages in the area of middle-skills jobs, particularly in fields such as healthcare, advanced manufacturing, energy, and similar sectors. Our modern economic reality is that well-paying jobs require some sort of specialized knowledge—but that doesn't necessarily mean that every worker must earn a bachelor's degree.

Expanding apprenticeships is a feasible and highly cost-effective strategy for restoring opportunity and offering at-risk populations in Georgia an unparalleled opportunity to become productive members of society through good-paying jobs that confer dignity—and avoid the pitfalls that entrap individuals in cycles of generational poverty.

SUMMARY OF SOLUTIONS

Georgia's tight job market calls for creative educational solutions. And while some forward-thinking companies are taking matters into their own hands by creating internal apprenticeship programs, there's a strong case for expanding public-private partnerships to ensure that a consistent pipeline of talent flows from Georgia's educational system into the workforce.

Here, Georgia can learn much from countries like Switzerland, Germany, and Austria, which seamlessly integrate academics and vocation and boast youth enrollment in apprenticeships ranging from 55 percent to 70 percent. Strikingly, in Switzerland, over 93 percent of 25-year-olds have attained either a bachelor's-level degree or an occupational certification valued in the labor market.

While Georgia currently has a long way to go to match these results, a phased expansion of apprenticeships would help large numbers of young people attain valuable credentials, with positive effects on employment, earnings, and job satisfaction.

Working with Employers

Specifically, Georgia should aim to cultivate middle-skill apprenticeships in which employees “learn by doing” and have formal agreements with employers to carry out a recognized program of work-based and classroom learning as part of a wage schedule that includes increases over the apprenticeship period—typically two to four years, and generally equivalent to at least one year of community college.

Not only will expanded apprenticeship programs substantially improve the skills and careers of a broad segment of Georgians, they are a proven highly cost-effective strategy for restoring opportunity and delivering a high ROI for workers and companies alike.

One example here in Georgia is Pratt & Whitney, which designs and manufactures aircraft engines. Its 8,000-hour apprenticeship program for new hires translates into approximately four-years of intensive, hands-on training and results in an Associate of Applied Science degree plus invaluable on-the-job experience. The company has also developed a partnership with Columbus Technical College to train employees. The four- to nine-week program includes classroom work in aerospace mechanics and advanced manufacturing technologies alongside practical, hands-on training on the Pratt & Whitney manufacturing floor.

Taken together, Pratt & Whitney's apprenticeship program and local technical college partnership enable the company to develop the workforce it needs to invest more than \$450 million to grow its facility in Columbus and create more than 500 new advanced manufacturing jobs.

HWDG works with local businesses to break generational cycles of poverty by helping people enter and stay in the workforce. As a catalyst connecting employers to local and state chambers of commerce, technical colleges, nonprofits and churches, HWDG plays a key role in making sure job seekers have the tools they need to stay meet the demands of a rapidly changing workforce. And with more than 50 technical colleges in Georgia, opportunities abound for HWDG to replicate its model throughout the state.

Expanding Career and Technical Programs

Beyond Georgia's technical colleges, the existing pipeline for developing apprenticeship partnerships with education is further enhanced by the scale of our Career and Technical Education (CTE) programs in secondary schools. In 2015, there were nearly 120,000 high school students who were CTE concentrators and took at least three courses in a career cluster. Overall, 95 percent of CTE concentrators graduate high school—well above the overall state graduation rate.

Given the strength of this program, a reasonable long-term goal would be to reach about one-third of a cohort—about 35,000 students per age group—with apprenticeship opportunities that prepare students for rewarding careers.

Expand Youth Apprenticeships in Georgia

Clearly, there are many advantages in emphasizing youth apprenticeships in Georgia:

- We already have enough committed employers to offer 7,000 apprenticeships.

- The off-job courses linked to an apprenticeship are already funded by the public sector—lowering how much firms must spend to finance apprenticeships.
- We already have enough trained counselors in public schools to support apprenticeship efforts
- The pool of CTE concentrators is large and already focused on job-based learning in a range of established career clusters.
- Since most youth expect to earn relatively low wages, the employer costs of apprenticeships at ages 19 and younger are relatively low.
- Starting young people on an apprenticeship while they are still in high school can keep many students interested in school and reduce dropout rates.

Building on Georgia's strengths and overcoming its challenges are likely to allow for a large-scale, high-quality youth apprenticeship program. Implementing this strategy is likely to improve the careers of youth by their early-20s and increase lifetime earnings through increased skills and productivity.

Given the current climate of renewed interest in apprenticeships, concerns about college debt and low college completion, skills gaps, and high youth unemployment, now is the time for policymakers to consider supporting initiatives that achieve a scaled-up youth apprenticeship system.

Additional Resources

1. Nicholas Eberstad, *Men Without Work: America's Invisible Crisis*, October 25, 2016, www.aei.org/events/men-without-work-americas-invisible-crisis/
2. Patrick Gillespie, "American Businesses Can't Find Workers," CNN Money, January 17, 2018, <https://money.cnn.com/2018/01/17/news/economy/us-worker-shortage/index.html>
3. Bob Leduc, "Bridging the Gap for Skilled Workers in Modern Manufacturing," *IndustryWeek*, September 27, 2017, <https://www.industryweek.com/manufacturing-day-2017/bridging-gap-skilled-workers-modern-manufacturing>
4. Robert I. Lerman, *Hiring Well, Doing Good in Georgia: Employment and Earnings Patterns and Perspectives on Policy*, January 2018, https://georgiaopportunity.org/wp-content/uploads/2018/02/WEB-HWDG_Georgia-report_form-ril-EC-ril.pdf
5. Debbie Reed, et al, "An Effectiveness Assessment and Cost-Benefit Analysis of Registered Apprenticeship in 10 States," *Mathematica Policy Research*, 2012, <https://clear.dol.gov/study/effectiveness-assessment-and-cost-benefit-analysis-registered-apprenticeship-10-states-reed-et>
6. Swiss-American Chamber of Commerce, "Jobs Now: Vocational Education and Training Swiss-Style, Voices from Companies, Governors and CEOs," *Accenture*, <https://www.accenture.com/us-en/insight-swiss-style-training>
7. National Skill Coalition State Policy Middle-Skill Fact Sheets, <https://www.nationalskillscoalition.org/state-policy/fact-sheets>



OCCUPATIONAL LICENSING

Far from protecting the public, occupational licensing in Georgia constrains the labor force, particularly for young and unskilled workers on the first rungs of the economic ladder. Additionally, occupational licensing restricts the flow of workers from other states. We recommend reforms that would return occupational licensing to common-sense standards and free up the labor market to produce jobs and opportunity.

OCCUPATIONAL LICENSING

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FACTS AT A GLANCE



Georgia licenses 41 of 102 occupations considered low wage.



The Institute for Justice lists Georgia as having the 14th most burdensome licensing laws.



Georgia is one of only two states to license Lactation Consultants and one of only five to license Non-Instructional Teacher's Aides.



Differing licensing standards across states makes it difficult for license holders to move.

SUMMARY OF THE ISSUE

The debate over the benefits and drawback of occupational licensing has intensified in recent years. Experts in both the Obama and Trump administrations have called on states to reform their occupational licensing regimes. Approximately 29 percent of the workforce are required to obtain an occupational license, compared with 5 percent fifty years ago.

While it's in the public's interest to license certain professions, little evidence exists of increased quality or public safety due to licensing. Occupational licensing has been shown to restrict the labor market, presenting significant cost of entry barriers to young and unskilled workers.

A 2017 study by Kleiner and Vorotnikov shows that wages rise in licensed occupations by 13.4 percent while employment is reduced by 11.4 percent across the United States. The study finds Georgia loses 91,376 jobs annually due to occupational licensing.

A 2018 Archbridge Institute study shows that between 1993 and 2012, Georgia added 23 new licenses and certifications. These new licenses had a negative impact of Georgian's upward economic mobility, and increased overall income inequality between the richest and poorest Georgians. In other words, increased occupational licensing harms their ability to move up the economic ladder.

Licensing also restricts a licensee's ability to move to other states seeking a better opportunity. In a state like Georgia, with a growing economy, regulations that harm our ability to attract skilled workers needs to be carefully examined.

In light of the many negative effects of occupational licensing and the lack of data supporting increased quality or safety via licensing, lawmakers should proceed cautiously when proposing new occupational licenses, or increasing regulations on existing licenses.

Policy goals such as protecting the public from harm and fraud can be achieved via less restrictive means than requiring a license. Lawmakers should explore these and other options before requiring a new occupation license. Lawmakers should also reexamine the occupations Georgia currently licenses to determine if the public would be better served through one of these less restrictive options.

SUMMARY OF SOLUTIONS



Use the Georgia Occupational Regulation Review Council to perform comprehensive review of existing occupational licensing requirements and act to remove regulations found to be overly burdensome. Georgia law requires the Georgia Occupational Regulation Review Council to "Review each existing regulatory entity that is currently regulated pursuant to this title to determine the applicability and necessity of such regulatory entity's authority with relation to the current professional and business conditions of this state." After the House passed urging resolution HR744, the Council began performing these periodic reviews. The Legislature should examine the Council's recommendations to see if legislative action is necessary to reduce overly burdensome regulations on licensees.



Work with other states to make it easier for licensees to move to and from Georgia and to allow Georgians in border counties to work across state lines. Regulating occupational licenses is primarily a state responsibility, not a federal one. States should work together to counteract the negative effects of licensing, which include hindering mobility. In a growing state like Georgia, this effect keeps skilled laborers from moving here.

Reciprocity agreements: Georgia should work with neighboring states to reduce the differences in licensing requirements, especially for lower income professions. Doing this will allow licensees to work across states lines which would be especially beneficial for licensees in border counties. In addition to neighboring states, Georgia should seek reciprocity agreements with states like New York, Texas, and California, the source of large numbers of new Georgians.

When considering entering into a reciprocity agreement, avoid adopting the standards of the most stringent state. If more stringent states will not ease their requirements, consider a two-tiered system allowing maximum flexibility among the states.



Adopt a policy of using the least restrictive form of regulation. Not every licensed occupation poses a high risk to the health or welfare of Georgia's citizens. For those occupations, alternatives to licensing should be considered.

Certification would allow anyone to work in a given occupation, but restrict use of a title to those who have earned a certificate by meeting certain minimum requirements. Consumers would be able to choose

whom they wish to do business with and those with a certificate could use this as a competitive advantage. Georgia should consider a mechanism for revoking certification should the certificate holder no longer meet certain quality standards.

Registration would allow the state to contact a registrant in case of a complaint. Minimal requirements could also be placed on registrants such as a character reference, and would typically be less burdensome than a what would be required to obtain a full license.

Additional Resources

1. "License To Work Vol 2" November 2017 Institute For Justice http://ij.org/wp-content/themes/ijorg/images/ltw2/License_to_Work_2nd_Edition.pdf
2. Occupational Licensing: A Framework For Policymakers, July 2015. https://obamawhitehouse.archives.gov/sites/default/files/docs/licensing_report_final_nonembargo.pdf
3. "Occupational Licensing Run Wild" Regulator and Transparency Project. <https://regproject.org/paper/occupational-licensing-run-wild/>

CIVIL ASSET FORFEITURE

Georgia's civil asset forfeiture laws allow law enforcement to seize the assets of people never convicted of a crime. While civil asset forfeiture is important for combating the drug trade (among other types of criminal activity), Georgia's current statutes open the door to injustice. Reforms are needed to ensure that citizens charged with a crime but never convicted do not lose their assets.



CIVIL ASSET FORFEITURE

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FACTS AT A GLANCE



Georgia's per capita state and local spending on law enforcement in 2015 was \$251. This is less than the national average of \$328 and less than the \$292 spent on average across the southeastern U.S.



Georgia receives a grade of D- from both FreedomWorks and the Institute for Justice for its civil asset forfeiture laws.



The state's burden of proof in forfeiting seized property, according to O.C.GA 9-16-17, is a "preponderance of the evidence." In contrast, 22 states require a "clear and convincing" or "beyond a reasonable doubt" evidentiary standard, and states such as North Carolina, New Mexico, and Nebraska now require a criminal conviction before assets used in the drug trade can be forfeited.



From 2013-2017, Georgia deposited over \$250 million into the Federal Asset Forfeiture Fund. The federal Equitable Sharing Program allows local law enforcement agencies to keep up to 80 percent of the funds generated through this fund.

SUMMARY OF THE ISSUE

Since the 1980s, the legal process of seizing assets of suspected criminals (known as civil asset forfeiture) has increased dramatically in the United States. Civil asset forfeiture is seen as an important tool in combating the domestic drug trade by taking away the trafficker's profits and spoils of their illegal business. Many Joint Task Forces are funded in large measure by funds from civil asset forfeiture programs.

However, in recent years, experts have become concerned about the impact on people never charged with a crime, and have pushed for reform. Georgia law—and laws in most states—allow law enforcement to keep seized assets without a criminal conviction, or with much lower evidentiary thresholds than would be required at trial. Consequently, an increased number of assets are forfeited without the suspect being put on trial or even charged with a crime. A Washington Post analysis of data from the Federal Asset Forfeiture Fund between 2008–2013 found, “Of the nearly \$2.5 billion in spending reported in the forms, 81 percent came from cash and property seizures in which no indictment was filed...”

In Georgia, minimal reporting requirements and minimal oversight, combined with ever present budgetary pressures on law enforcement agencies, can create perverse incentives to rely heavily on funds from the forfeiture of seized assets.

Georgia law also requires the owner of the asset to prove they are not involved in illegal activity in order to have their property returned, even if they are never charged with a crime. This “guilty until proven innocent” policy runs counter to the presumption of innocence found throughout Georgia’s criminal code and The State & federal Constitutions.

Another concern with the current application of civil asset forfeiture laws is the disproportionate punishment that is often involved. It is not uncommon for law enforcement to arrest a person for possessing a small quantity of illegal drugs. However, they may be driving a vehicle worth well in excess of the fine they may be required to pay if convicted. Since they were involved in an illegal activity, their vehicle may be forfeited. Does this case violate the Constitution’s “excessive bail” and “cruel and unusual punishment” prohibition? The U.S. Supreme Court agreed to examine this Eighth Amendment issue when it “granted a cert petition from Tyson Timbs, who was forced to forfeit his \$40,000 Land Rover in civil court to the State of Indiana, after he pled guilty to selling less than \$200 worth of drugs.”

No matter the outcome of the Tyson Timbs case, Georgia should consider the impact of civil asset forfeiture on the working poor. Should a person lose his

or her car or other assets, even if convicted of a minor drug offense? Should a person lose his or her car or other assets if never charged with a crime? For many working people, a car could be the most valuable asset they own. Losing their car could lead to the loss of a job, and put them on a downward spiral of poverty and government dependency.

It is important that law enforcement have the necessary tools and funding to combat criminal gangs and drug cartels. It is also important that people be given due process in all aspects of our justice system. And it is important that working families not be at risk of losing their ability to support their families, even if convicted of minor offenses. Georgia should consider reforms to the civil asset forfeiture system that balance these important public policy considerations.

SUMMARY OF SOLUTIONS

Several options exist for reforming Georgia’s civil asset forfeitures laws. As is often the case in public policy, safety and liberty are in competition. Lawmakers must protect the citizens from the harm caused by criminal gangs and the drug cartels, while citizens should not have assets seized without being convicted of a crime. Law enforcement agencies need adequate funding to carry out their mission of protecting the public, while working families don’t need to fear losing their vehicle or other assets for small infractions or no infraction at all.

When considering reform, lawmakers have several avenues to pursue:



Strengthen reporting requirements and provide oversight of the use of funds from seized assets. House Bill 233, signed into law in 2015, streamlined reporting requirements on the disposition and use of seized assets. Annual reports filed by local law enforcement agencies are available at the Carl Vinson Institute website. Many agencies are not filing reports in a timely manner. Perhaps these agencies have no seized assets to report and may not be required to file a report with a zero balance. Without oversight, it is difficult to determine why these agencies have not filed timely reports, whether the funds are spent lawfully, and what the scope of civil asset forfeiture is in Georgia overall.



Immediately return seized property—including cars—to their legal owners when a decision not to prosecute is made, or upon a not guilty verdict being returned. Citizens not prosecuted or found not guilty by a jury of their peers should not have to engage in another legal battle to have their assets returned. Georgia can address this issue by either raising the evidentiary standard from “preponderance of the evidence” to “clear and convincing evidence.” Georgia could also follow the lead of states like North Carolina, New Mexico, and Nebraska and only forfeit assets upon conviction.



Ensure that the “punishment fits the crime.” Georgia could place additional limits on the forfeiture of assets in the case of minor crimes. If a person is guilty of an offense with a fine, do not allow forfeiture of the assets in excess of that fine.



Bring all law enforcement funding into the normal budget process and adequately fund law enforcement. As local governments struggle to adequately fund law enforcement needs, the temptation to rely on civil asset forfeiture to fill the gap increases. However, since the amount of these funds are difficult to predict, planning for their use is almost impossible, and the purchases, while limited in scope by law, are outside the oversight of elected officials and locally approved purchasing procedures. As stated above, oversight of how these funds are spent would increase accountability and trust.

Much of the money acquired via civil asset forfeiture, especially funds obtained from the Federal Equitable Sharing program, are used to fund Joint Task Forces and investigations. These ad-hoc units are important and could be funded out of state and local budgets as opposed to relying on the unpredictable nature of civil asset forfeiture for funds. Reducing the need to rely on civil asset forfeiture for funding of these and other important law enforcement needs reduces the opportunity for the perverse incentive of seizure and build public trust.

Additional Resources

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3. "Evolving Civil Asset Forfeiture Laws" National Council of State Legislatures, February 2018. <http://www.ncsl.org/research/civil-and-criminal-justice/evolving-civil-asset-forfeiture-laws.aspx>

HEALTHCARE

Most people in the U.S. receive health coverage from either their employer or the government. Both of these approaches, however, create severe distortions in the marketplace. We envision a health-insurance system in Georgia that follows the individual and allows for greater freedom and flexibility while maintaining a basic level of care for all Georgians.



HEALTHCARE

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FACTS AT A GLANCE



In 2015, 9% of Americans were uninsured.



In 2016, 10% of Georgia residents (1.3 million individuals) were uninsured.



According to the Kaiser Family Foundation, uncompensated care in 2013 amounted to nearly \$85 billion nationally.

SUMMARY OF THE ISSUE

The American health insurance system is a mixture of private coverage and government programs. It lacks some characteristics of a well-functioning market that begs improvement.

According to the U.S. Census Bureau, two-thirds of all Americans in 2015 had private health insurance coverage and most—56 percent of the population—through their employer. Nine percent had no insurance, and the remaining population was covered by government programs. Medicare covered 16.3 percent of the population, Medicaid covered 19.6 percent, and military health care covered 4.7 percent. The sum of the percentage components exceeds one hundred percent because some individuals have dual coverage, such as the so-called dual eligibles who have both Medicare and Medicaid.

A major market weakness across virtually the entire system is most health insurance is provided by third parties. Employers provide health insurance for four-fifths of private coverage—more than half of the population, and in most cases, employees are offered just one plan to choose from. The government-run programs are single-payer systems where the government is the sole payer. Medicare, Medicaid, and SCHIP are single-payer systems allowing private providers. For veterans and the military, the government is the sole payer and owns the facilities plus employs the providers. Consequently, most Americans have insurance selected for them and largely paid for them by some third party. From a market perspective, third-party payers desensitize consumers to costs and create distortions in pricing behavior.

To attract employees during World War II (employers were prohibited from raising wages) employers began offering health care insurance to overcome a labor shortage. As a result, an insurance industry developed tailoring products to employers instead of individuals, and this practice has continued through today, explaining much about our current system and its many problems.

While employer-provided health insurance has its strengths, especially compared to government-run systems, it also has severe drawbacks beyond the already described problems of creating a third-party payer system. It presupposes a fixed economy dominated by large, stable employers who provide for their employees over their employees' entire careers.

Nationally, large employers with 500 or more employees accounted for only 21.5 percent of total employment in 2015 while small employers with less than 50 employees accounted for more than 40 percent of all employment. Georgia's numbers are nearly identical to the national. Furthermore, economic history teaches that dominant firms change over time as industries emerge and wane.

Because insurers can spread risk across larger groups of people, the most affordable insurance coverage is offered to larger employers. Conversely, smaller employers and the self-employed have more difficulty finding affordable coverage partly because the risk cannot be spread across larger groups. Because employers are the biggest market, insurance products are geared toward employer needs, which do not always meet the specific needs of employees who rely on the coverage.

A significant problem with an employer-based system is what happens when employees lose their jobs. Because their health insurance is linked to their employment, they also lose their coverage. This can be devastating, especially if they have a preexisting condition. Although federal law enables employees who are laid off to purchase their employer's health insurance after termination, they must pay full cost and can only remain on the insurance for a limited time, normally up to 18 months, and often end up scrambling to find employment that also offers health care.



In summary, an employer-based system simply has inequities favoring large employers and has not achieved, nor can it achieve, universal coverage.

SUMMARY OF SOLUTIONS

This proposed vision will focus on the civilian, nonelderly population. Health insurance will be contracted directly with individuals as opposed to employers, eliminating the major problems of an employer-provided system. However, employers may contribute to their employees' plans as part of compensation packages, enabling the employers to take advantage of favorable federal tax treatment as well as offer compensation packages to attract employees.

Although it is desirable and expected that employers will contribute to their employees' plans, there will be no government mandate requiring them to do so. While favorable tax treatment of the federal government is beyond what Georgia can control, it is recommended policy that favorable tax treatment for employers for health care must also be provided to individuals and the self-employed.

Switching to an individually-contracted system solves the problem of portability, which Georgia recognizes as significant. Georgia has adopted this approach for long-term care recipients of Medicaid. The proposal here is to extend this concept to the health insurance industry.



Establishing a minimum plan. By regulation, Georgia will define a basic plan that sets minimum coverage everyone should have. The overriding goal is a basic plan with no frills for persons who cannot afford to purchase insurance and are currently covered by Low-Income Medicaid. However, the basic plan will likely differ from the current benefits package of Low-Income Medicaid because Georgia will be freed from federal requirements.

The new system will not have a mandate that individuals must have coverage nor will it penalize individuals who fail to obtain coverage as the ACA does. Instead, it will rely on a public information campaign, lower rates to entice individuals to obtain coverage, and well-designed insurance products themselves.



Solving the free-rider problem. Individual mandates are intended to solve two principal problems: free riders and high cost. Georgia will rely on a combination of strategies to solve the free-rider problem. Foremost, it is absolutely necessary that the costs of basic plans remain low. The state can help here by being careful in defining what constitutes a basic plan. The more benefits mandated by the plan, the higher the cost will potentially be.

Second, Georgia can impact prices by borrowing from the Swiss system an approach that splits insurance prices into age and gender cells. The Swiss have fifteen age groups for each gender, constituting thirty different cells. Each cell is community rated, meaning it reflects the actuarial cost of all individuals within that cell. Therefore, pricing for younger, healthier individuals are not adversely impacted by older, less healthy age brackets.

Georgia can adopt smart regulations to encourage individuals to obtain and retain insurance. For example, Georgia may require that insurance plans are automatically renewed unless individuals opt out, that the terms of the insurance may be no shorter than to the next enrollment period, and that if individuals cancel without having obtained alternative coverage, they must pay an exit fee. The combination of these requirements encourages individuals to retain coverage.

Finally, there needs to be a public information campaign on the benefits of obtaining coverage. The campaign can appeal to a person's sense of civic duty to have coverage in addition to a person's financial and health-related self-interest.



Expanding choice through supplemental plans. While the basic plans will be regulated, the health insurance industry will be much larger, consisting of many supplemental plans and options that are relatively unregulated. Other than certification for actuarial soundness by the Department of Insurance, insurers will be free to offer supplemental plans that add onto and exceed the benefits package of the basic plans. Based on international experience, most individuals will purchase supplemental plans.

Individuals will be free to switch plans any time during the year, but insurers offering basic plans must accept any applicant during defined semiannual open enrollment periods at the community-rated price. This does not mean that the government sets these prices. It means that the insurer must offer the same price to everyone in each cell. This provision helps stimulate competition among insurers but also solves the exclusion of persons with pre-existing conditions by requiring acceptance of applicants.



Creating a risk equalization fund. To compensate insurers who end up with statistically higher-risk clients for their cells because of the acceptance requirement, Georgia will create a risk equalization fund. It will be designed to measure differences in risks for each cell—perhaps a blend of the Swiss and Dutch systems to start, recognizing that the methodology will be tweaked as Georgia gains experience in managing the fund.

Those insurers with low-risk clients will be assessed a fee to contribute to the fund while insurers with higher risk clients will be compensated by the fund. The fund will be self-sustaining through insurer risk equalization fees; i.e., no general tax revenue will support the fund. The purpose of the fund will be to eliminate the problems of cream skimming and adverse selection. It will further create incentives to innovate, develop, and offer products to higher-risk populations.

Additional Resources

1. A Real Solution for Health Insurance and Medical Assistance in Georgia - <https://georgiaopportunity.org/wp-content/uploads/2018/02/WEB-A-Real-Solution-for-Health-Insurance-.pdf>



TRANSPORTATION

It's no secret that Atlanta has a traffic problem. With recently passed legislation moving into place, transportation changes around the state are coming, and they'll be unique, innovative, and involve new technological advances. Tactical thinking and strategic design by Georgia's lawmakers will be the foundation for great roadway design changes saving millions of dollars, and allowing residents more time to be productive in their careers and as a present member of their families.

TRANSPORTATION

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FACTS AT A GLANCE



According to the 2017 INRIX Global Traffic Scorecard, Atlanta has the 10th worst traffic in the world and 4th worst in the United States.



HB 930, signed into law in 2018, creates unified transit governance, called “The ATL” for 13 counties in Metro Atlanta.



Atlanta residents spend 17% of their time in congestion during peak hours with an average commute of almost two hours a day round trip.



Board members for The ATL must be elected no later than December 1, 2018 and will begin meeting early in 2019.



New technologies such as rentable scooters, car sharing, and driverless vehicle technologies are impacting transportation.

SUMMARY OF THE ISSUE

Meeting Georgia's transportation and infrastructure needs will continue to be a major issue in 2019 and beyond. Legislation addressing funding and transit governance have been passed into law in recent years, but, important issues still need to be dealt with.

A 2017 survey by the Georgia Transportation Alliance showed 90 percent believe transportation is important for job growth and prosperity. For metro-Atlanta, this means dealing with traffic congestion, while in other parts of Georgia transportation brings jobs and economic growth.

Georgia's roads are in good shape. A 2017 review by 24/7 Wall Street judged Georgia's roads to be second best overall - only 1.9 percent of roads were considered to be in poor condition and 4.7 percent of bridges were deficient.

Still, traffic congestion in Georgia's cities is a major headache. This "fact of life" for metro-Atlanta residents likely leads a plurality to support transit as a way to address congestion according to a poll taken by the Atlanta Journal-Constitution. However, expanding rail is extremely expensive and the projects take a long time to complete. This doesn't mean these projects shouldn't be done, but expectations that expanding MARTA will "fix" Atlanta's traffic problems should be tempered.

New technologies could provide solutions to Atlanta's traffic woes. Rideshare companies such as Uber and Lyft have disrupted the cab industry and changed habits among young professionals. Bike and electric scooter sharing companies like Lime and Bird have burst on the scene and help address the "last mile" problem not solved by rail transit. Mobile navigation application Waze is moving into the carpool arena joining rideshare provider Uber. These apps make carpooling easy by connecting people who live and work in close proximity. These types of technologies should be allowed to develop and thrive with as little regulatory interference as possible.

Autonomous vehicles are a hot topic that could dramatically ease traffic congestion in Georgia's cities. Even in vehicles that are not fully autonomous, accident avoidance technology is helping to save lives and reduce accidents which clog roads and make rush hour a nightmare. Currently as many as 47 companies are working on autonomous vehicles. In the short run, cars will continue to get smarter and safer, and in the long run, driverless cars will become more common, potentially changing how traffic in cities flows dramatically.

Outside of metro-Atlanta, roads are needed to handle truck traffic to and from the ports in Savannah and Brunswick. The port of Savannah is the fastest

growing port in America and the 4th busiest. As the port channels are deepened from 42 to 47 feet to accommodate newer, larger ships, the port will continue to see tremendous growth. While this is great news for Georgia's economy, it brings challenges. More ships coming in and out of our ports means more trucks on Georgia's highways. Plans for a north-west Georgia inland port will help take an estimated 200,000 trucks off our highways per year. Other inland ports are also being considered. Georgia should encourage rail shipping when feasible as an alternative to increased truck travel on our roads.

SUMMARY OF SOLUTIONS

Addressing Georgia's diverse transportation and infrastructure needs will continue to be a challenge. It is important for policymakers to avoid one size fits all solutions for our state. It is also important to realize no single solution exists to solve Atlanta's traffic woes. Other factors to consider when considering legislation regarding transportation:



Don't legislate in such a way that cuts off new technological developments. Autonomous vehicles, rentable bicycles and scooters, carpooling apps, and peer-to-peer carsharing apps like Turo are hot topics right now, but what comes next? When considering legislation dealing with these types of companies, proceed with caution. In the early days of commercial air travel, lawmakers worried people would object to planes flying over their homes. However, people were more concerned with noisy airports. Avoid proposing laws to address what problems we think new technologies may cause and wait to see what problems actually do develop.



Encourage the use of creative traffic pattern devices. Several metro-Atlanta bridges have been converted to Diverging Diamond Interchanges with superb results. The Pleasant Hill Rd. bridge across I-85 in Gwinnett county has seen a "43 percent decrease in total delay along Pleasant Hill Rd" saving drivers an estimated \$3.9 million per year in time and gasoline costs.

Roundabouts are becoming more commonplace throughout Georgia. Roundabouts have been shown to dramatically decrease accidents when replacing accident-prone intersections. Accidents impede traffic flow, thus a reduction in accidents makes commutes more pleasant. A February 2018 study by the Georgia Department of Transportation showed up to a 69 percent decrease in accidents at four-pronged roundabouts replacing a traditional four-way stop.

Wherever feasible, Georgia should look to use Diverging Diamond Interchanges and Roundabouts. Georgia should also look for other

creative traffic pattern devices to increase intersection throughput and decrease accidents.



Allow maximum flexibility for local communities to address their own unique transportation and infrastructure needs. Georgia is a large and diverse state. What works for one area of the state will not necessarily work for another. Recognize this and avoid the one size fits all approach whenever possible. Additionally, allow counties and cities to join together across jurisdictional lines to address their shared needs.

Encourage people to live near work, and work from home when feasible. People often live far from work because schools near their workplace are not desirable, or crime is a problem near the office. Likewise, “bedroom communities” are often not welcoming to places of employment. Solving these issues could allow more people to live closer to their workplaces, reducing commute times and traffic congestion.



Work to ensure Georgia’s laws are not standing in the way of new ways people work. The transformational nature of the so-called “gig” economy may have been overstated by some, but, more and more Americans are working for themselves, from their homes. The more people who work this way, the fewer cars on the road sitting in traffic. Allow these types of industries to thrive in Georgia.

Additional Resources

1. Georgia Public Policy Foundation transportation page: <https://www.georgiapolicy.org/issues/transportation/>
2. Reason Foundation transportation page: <https://reason.org/topics/transportation/>
3. 2017 INRIX Global Traffic Scorecard. <http://inrix.com/scorecard/>

