

New England Updates

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Across the Region

Regional Greenhouse Gas Initiative

In January, **Massachusetts** Governor Deval Patrick signed the Regional Greenhouse Gas Initiative (RGGI), committing the Commonwealth to the market-based “cap-and-trade” system for reducing carbon dioxide (CO₂) emissions from power plants. Later that month, **Rhode Island** Governor Donald Carcieri committed his state to RGGI during his “State of the State” speech. Both Massachusetts and Rhode Island had been involved in the development of RGGI but declined to sign the Memorandum of Understanding to participate in the initiative when seven other states signed on in December 2005. The other states are **Connecticut**, Delaware, **Maine**, **New Hampshire**, New Jersey, New York, and **Vermont**.

Beginning in 2009, under RGGI, emissions of CO₂ from power plants in the nine states will be capped at 2009 levels, and the cap will remain in place until 2015. The states will then begin reducing emissions incrementally over a four-year period to achieve a 10 percent reduction by 2019. Power producers will be able to purchase allowances through a market-based auction system to offset the amount of their carbon emissions over the cap. RGGI is the nation’s first multistate effort to reduce CO₂ emissions.

Money Follows the Person Demonstration Grant

In January, the Department of Health and Human Services announced that **Connecticut** and **New Hampshire** are among the 17 states that will receive a \$23 million federal demonstration grant to pioneer new ways of helping people move from nursing facilities and other institutions to living at home. The program is known as Money Follows the Person and will serve individuals of all ages with physical disabilities, mental illness, and mental retardation. Under the initiative, the federal government will provide increased Medicaid funding, reimbursing the state for 75 percent of costs for the individual’s first year back in the community, instead of the customary 50 percent. In addition, several new expenses will be covered by Medicaid, the most notable of which is 24-hour, live-in assistance for certain disabled individuals.

Report Cites Growing Income Disparity

In March, the Carsey Institute at the University of New Hampshire released an issue brief that says that between 1989 and 2004 income inequality in New England rose at the highest rate in the nation. It cites two main factors: income growth among top earners and the hollowing out of the middle class caused by the shift from traditional commodity-based manufacturing to technology and knowledge-based businesses.

The brief reports on several trends, including the following:

- Three states in the region—**Connecticut**, **Massachusetts**, and **New Hampshire**—ranked among the top five nationally in the increase in income disparity.

- Six of the 20 metropolitan areas with the highest income disparity in the nation are in New England: Nashua (New Hampshire); New Bedford (Massachusetts); and Stamford-Norwalk, Bridgeport, Waterbury, and Danbury (Connecticut).

The brief offers several suggestions for the region's policymakers, including upgrading workforce retraining and improving the quality of and access to lower-cost education. The brief also suggests that because New England does not suffer from wide-ranging poverty and poor educational achievement as do some other regions, it is in a stronger position to combat the trend. The complete brief can be downloaded at www.carseyinstitute.unh.edu.

State Highlights

CT Connecticut

Two new workforce housing bills are being proposed in Connecticut. Under the first plan unveiled by Republican leaders in January, employees would be able to contribute a portion of their income tax payment to the First Time Homebuyer Fund, which they can later withdraw for the purpose of purchasing a house in the state. In February, the Fairfield County Business Council announced that it will be proposing a bill that would create incentives for municipalities to add affordable housing. Under their plan, municipalities could receive such incentives as a one-time payment for every unit of housing created and annual payments from the state for any additional net costs the public school system might incur for children who move into the district.

ME Maine

In February, Governor John Baldacci signed an executive order creating the Governor's Task Force Regarding the Management of Public Lands and Publicly Held Easements. The task force will develop an inventory of all conservation lands and their uses and then identify solutions to conflicts between competing uses ranging from motorized vehicles to backcountry camping. Governor Baldacci has been working with the Sportsman's Alliance of Maine on the executive order, as well as with Senate President Beth Edmonds, who had been developing legislation to create a task force. That legislation was one of several proposed bills dealing with land access and uses in the wake of last year's battle over the addition of Katahdin Lake to Baxter State Park.

MA Massachusetts

In February, MassINC and the Brookings Institution jointly released their study *Reconnecting Massachusetts Gateway Cities: Lessons Learned and an Agenda for Renewal*. The study concludes that

the state's 11 historic mill towns, called gateway cities because of their large immigrant populations, have not been able to make the successful transformation from manufacturing to technology that Boston has—and that this has the potential to be a drag on the future prosperity of the state. The report recommends that city and state officials reform and improve urban schools, boost the education and language skills of the adult workforce, ensure a consistent flow of local aid dollars from the state, and improve the transportation and high-tech connections of the gateway cities.

NH New Hampshire

In February, the U.S. Department of Labor approved a new \$30 million federally funded Job Corps Center in Manchester. The center will concentrate on Homeland Security-related, high-demand occupations in health care, high technology, and inspection/protection services. The student body will be composed of disadvantaged men and women between the ages of 16 and 24. Job Corps is a voluntary program, which involves a rigorous application process. With a rolling enrollment, it is expected that up to 500 students a year could attend in New Hampshire. On average, three-fourths of students entering Job Corps Centers are high school dropouts with little or no work experience.

In March, Governor John Lynch wrote the House Science, Technology, and Energy Committee urging them to support the creation of a Renewable Portfolio Standard (RPS) as a way to meet his goal of having 25 percent of New Hampshire's energy come from renewable sources by 2025. "Steady demand for wood chips will help to support our logging communities. And greater fuel diversity will strengthen our energy independence," Governor Lynch wrote. He added, "A New Hampshire RPS will encourage investment in energy production in New Hampshire that will deliver economic and environmental benefits to the state and the region."

RI Rhode Island

Rhode Island's Home Loan Protection Act, which is designed to protect borrowers from predatory practices by setting restrictions on how lenders collect fees and points on high-cost loans, became effective January 1, 2007. After the law took effect, several out-of-state lenders stopped making loans in Rhode Island, explaining that the time frame for compliance was too short and that there was confusion about some of the law's requirements. Subsequently, the state Department of Business Regulation (DBR) extended the deadline for complying with certain regulatory requirements until March 1, and some lenders resumed business in the state. The DBR is also holding public hearings ahead of issuing final regulations pertaining to the law.

VT Vermont

In January, Governor Jim Douglas announced two sets of community development grants. The first set includes close to \$2.4 million in funding to support housing projects that will leverage over \$5.3 million in other resources. The Vermont Community Development Program grants will help create new affordable housing, rehabilitate existing units, preserve a mobile home park, and furnish space to provide seniors with daytime and health services. The second set of grants includes \$2.8 million from the Vermont Agency of Transportation for transportation enhancement projects. In keeping with a mandate of the Vermont Legislature, priority is given to pedestrian and bicycle projects. Fifteen of the 17 awards and about \$2.4 million in funding went to pedestrian/bicycle facilities.

In February, Governor Douglas signed into law a bill to offer financial assistance for dairy farmers facing hardship. The \$3 million legislation included an interim dairy assistance plan which gave dairy producers a single payment at the end of March 2007 based on January and February milk production. Vermont dairy farmers are currently facing difficulties including unfavorable weather, the high cost of production and fuel, and low prices for milk. Vermont's dairy industry is a major source of income for the state. Gross sales of cheese, ice cream, yogurt, and milk equal \$1.2 billion a year. Dairy product manufacturing in Vermont employs over 1,700 people and pays more than \$70 million in gross wages to state residents.