Policy Making in a Federal System: The U.S. Experience in Education and Health Care

John Portz
Distinguished Fulbright Scholar – PUC
Department of Political Science
Northeastern University
Boston, Massachusetts
j.portz@neu.edu
Defining the Terrain

Public Policy

- Choices and actions (and inactions) by government to achieve particular outcomes
- Problem definition ... policy formulation ... policy enactment ... implementation ... evaluation

Federalism

- Division of authority and responsibility among levels of government
- Conflict and cooperation in intergovernmental relations: national, state and local governments
American Federalism – A Constitutional Perspective

U.S. Constitution (1788) – A Framework Approach

National Government
- “Enumerated Powers”
- “Promote the General Welfare”
- “Necessary and Proper Clause”
- “Commerce Clause”
- “Supremacy Clause”
- “Due Process” and “Equal Treatment” in the 14th Amendment

State Governments
- “Powers Not Delegated” are Reserved to the States and the People
- Local/Municipal Governments Left to States
## Financial and Policy Perspective

<table>
<thead>
<tr>
<th>Policy</th>
<th>Total Direct Expenditures (in $ Billion; 2008)</th>
<th>National</th>
<th>States</th>
<th>Local</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Security and Pensions</td>
<td>$840</td>
<td>79%</td>
<td>17%</td>
<td>4%</td>
</tr>
<tr>
<td>Health Care</td>
<td>$906</td>
<td>44%</td>
<td>43%</td>
<td>13%</td>
</tr>
<tr>
<td>Education</td>
<td>$859</td>
<td>2%</td>
<td>27%</td>
<td>70%</td>
</tr>
<tr>
<td>Welfare</td>
<td>$498</td>
<td>57%</td>
<td>26%</td>
<td>17%</td>
</tr>
<tr>
<td>Defense</td>
<td>$731</td>
<td>99%</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>Additional Intergovernmental</td>
<td></td>
<td>16% of Total Expenditures</td>
<td>25% of Total Expenditures</td>
<td></td>
</tr>
</tbody>
</table>
Policymaking in a Federal System

• Interdependence – Picket Fence Federalism
• Cooperation and Conflict
• Grantsmanship
• Formula Games
• Horizontal Dimension – Cooperation and Competition
• Frequent Tension
I've had it with your paternalistic attitude...

You're oppressive...

I can't be me anymore...

You never let me do what I want to do...

...you're a control freak.

...and pick up the dinner tab.
Public Education – K-12

Policy Challenge

• Improve learning outcomes so all students are prepared for careers, college and citizenship
• Provide adequate resources for all school districts
• Hold students and adults accountable for performance
Education – Constitutional Dimension

Education is Not in the U.S. Constitution

State Responsibility – In State Constitutions

- Massachusetts: “to cherish the interests of literature and the sciences”
- Illinois: “to provide for an efficient system of high quality public educational institutions and services”
- Create School Districts, Municipalities and other Local Government Units

Limited National Authority

- Promoting General Welfare and Providing Equal Treatment
- Limits of the National Role: U.S. Supreme Court in San Antonio School District v. Rodriguez (1973)
Constitutional Perspective

National Government

States

School Districts and Municipalities
Education – Financial Dimension

Nationwide, $600 Billion spent on Elementary and Secondary Education

$10,000/student

Direct Expenditures By...

- National – <1%
- State – 2%
- School District/Municipality – 98%

Intergovernmental Transfers By...

- National
  - 1%
  - 8%
- State
  - 45%
- School District/Municipality
State Government Role

• State Constitutional Responsibility
• Financial Support
  – Many State Court Cases on Equity and Adequacy of Funding
• Teacher Preparation and Licensure
• Learning Standards and Curriculum
• Assessment and Accountability
• Equal Treatment Under State Constitutions
School District Role

• Overall Delivery of Educational Services to Students Through School Districts
• Curriculum Refinement and Implementation
• Teacher Professional Development
• Assessment and Accountability
National Government Role

• Protect Right of All Citizens to “Equal Protection of the Laws” and “Due Process of Law”
  – By Race: Desegregation
  – By Income: Title 1 for Low-Income Children
  – By Special Needs: Special Education Law
  – By Gender

• “Promote the General Welfare” Through Improved Student and District Performance
  – Require State Assessment and Accountability in Exchange for Financial Aid
Current Debates
Performance and Accountability as Key Themes

Renewal of National Elementary and Secondary Education Act
• Passed as “No Child Left Behind” under President Bush in 2002
• What Happens to NCLB Requirements?
  – All Students Proficient by 2014
  – Penalties for Not Making “Adequate Yearly Progress”
Current Debates (continued)

Obama Administration Framework

• Standards and Assessments to Prepare Students for College and Career
• Data Systems to Measure Student Growth and Inform Instructional Practice
• Recruit and Reward Effective Teachers and Principals
• Turn-Around Lowest Achieving Schools
• Framework Developed in ``Race to the Top`` Competition in 2010
• NCLB Waivers if States follow the Framework

More Innovation

• Charter Schools, School Choice, Performance Pay for Teachers, School Turn-Around Strategies, etc.
4 - 2 = WHAT?

Obama's approval rating among 7 to 18 yr. olds after calling for a longer school year.
Health Care

Policy Challenge

• Expand access to cover all citizens
• Improve quality of health care
• Control health care costs
Health Care – Constitutional Dimension

No Specific Language in the U.S. Constitution
Possible Rationale for National Government Action
• “Promote the General Welfare”
• “Regulate Commerce among the States”
• “Equal Protection” under the laws

States are Experimenting with Different Systems
• MA passed comprehensive legislation in 2006
• VT is instituting a single-payer system
Health Care – Financial Dimension

Nationwide, $906 Billion Spent on Health Care

Direct Expenditures By...
- National – 44%
- State – 43%
- Local Gov’ts – 13%

Intergovernmental Transfers By...
- National
  - 30%
- State
  - 10%*
- Local Governments

* Estimate
Current Federal Role

Medicare

• Created in 1965 for people 65 and older; now includes people with permanent disabilities
• Covers various hospital services, physician payments, prescription drugs, and other services for 47 million people
• Accounts for 23% of total national health care spending
• Funded by national government general revenues, payroll taxes and beneficiary premiums
Federal – State Partnership

Medicaid

• Created in 1965 to provide health care services for low-income individuals and families
• Covers 60 million low-income people and accounts for 16% of national health care spending
• National government establishes a ‘floor’ of required services; states can go above this
• Funded by national and state governments with national share between 50% and 76% of costs
Next Step: National Health Care

Patient Protection and Affordable Care Act (March 2010)

– Expand Medicaid to cover more low-income people; funded primarily by national government
– Require all citizens to have qualifying health care; subject to financial penalty
  • Provide subsidized care to qualifying individuals
– Require employers to offer health care coverage or face financial penalty
– Create state-based insurance exchanges for employers and individuals to find insurance
– Establish an essential benefits package for health plans
– Restructure key parts of Medicare
– Implementation in phases through 2014
Current Debate

• Court Actions Against the New Law
  – 26 states filed a lawsuit against the national government
    • Primary claim is that the law, particularly the individual mandate, exceeds the authority of Congress
    • All parties have asked for Supreme Court review

• 17 States Have Passed Legislation Opposing Some Parts of the Law

• 16 States Are Seeking an Interstate Freedom Compact

• At Least 10 States Have Made Nullification Claims

• Supreme Court Decision and 2012 Election Will Be Critical
THIS NEW PLAN WILL MAKE HEALTH CARE MORE AFFORDABLE.
Lessons Learned: Federalism and Public Policy

• Strengths
  – Innovation and the “Laboratories of Democracy” continue
  – Enhanced opportunities for participation

• Weaknesses
  – Equity concerns remain
  – Difficult to move forward with a national purpose

• Moving Forward: Leadership and Relationships Across Levels of Government