

Federalism in the 21st Century

Pete Ricketts - Governor of Nebraska

Federalism Acknowledges State Differences

- The way we've structured our government in the United States has been one of the keys to our success. The federal system acknowledges that we're a very diverse country with 50 different states.
 - Here in Nebraska, we're not like New England. We actually have 20% more land area than all of the New England states combined. Yet, we don't have New England's population density, with many people living in high rises and taking public transportation.
 - Unlike Texas with its oil industry or Nevada and Hawaii which depend on tourism, Nebraska is an agricultural and manufacturing state.
- This diversity among states leads to different decisions about how we choose to run our governments.
- Here in Nebraska, we are used to doing things differently, which is the freedom federalism allows.
 - Nebraska is the least indebted state in the country. That's because our state constitution does not allow us to take on a lot of debt. This structure has helped us avoid some of the financial problems other states have run into.
 - We have a unicameral, which is unique among the states.
- The pandemic response is another example of federalism. The 50 states have 50 different responses in line with what state leaders think is best. In turn, these state leaders will be accountable to voters for their handling of the pandemic.

Federalism Empowers States to Take Responsibility for Their Needs

- The main idea of federalism is to push responsibility out of Washington, DC to the states and closer to the people so that you don't have a one-size-fits-all approach.
- President Trump and his staff believe in pushing power out of Washington, DC.
 - For example, we've signed a letter of understanding with the Federal Highway Administration to take over some of the National Environmental Policy Act (NEPA) reviews.
 - We, at the State of Nebraska, are taking on responsibility for the environmental reviews under federal oversight and in compliance with federal rules and regulations. Nebraskans are naturally the most concerned about the quality of air and water in our state, so who better to do the reviews?
 - Conducting NEPA reviews at the state level allows us to steward our natural resources, while being more efficient and effective. It allows us to deliver road projects more quickly, while still complying with federal rules.
- Having a great working relationship with the federal government gives us the ability to advocate effectively for Nebraska's state rights and to influence the way federal regulations are applied locally.
 - As another example, we continue to work with the EPA to influence the way it issues exemptions to small oil refineries regarding their renewable fuel obligations.

- We've effectively encouraged the EPA to work within the spirit of the Renewable Fuel Standard instead of trying to go around it with the exemptions.
- We've also worked with the EPA to relax regulations on ethanol, such as successfully advocating the year-round sale of E15 fuel.

The Pandemic Response Illustrates the Virtues of Federalism

- The pandemic response is another example of federalism.
 - If we had to deal with a one-size-fits-all answer, I have no doubt that our pandemic response would have suffered.
 - Under federalism, we were able to go out on our own, as Nebraska, and secure the resources we needed.
 - We put together a 6-pillar plan:
 - Testing
 - Contacting tracing
 - Purchasing and distributing personal protective equipment (PPE)
 - Setting aside space for people to quarantine
 - Putting together plans for at-risk populations.
 - Issuing Directed Health Measures
 - Test Nebraska allowed us to double our testing capacity in the state.
 - At the time we started Test Nebraska, the federal government did not have the resources we needed to expand testing.
 - The reagents needed for the tests were all passing through the CDC, which was limiting their availability.
 - As a state, we exercised our sovereignty to secure our own contracts and resources to do tests.
 - We also used federal assistance to buy PPE. A small state like Nebraska would have been at a disadvantage if we had been at the mercy of the federal government to provide PPE to us.
 - Working with great companies like Werner Enterprises in Nebraska, we were able to secure PPE on our own. We actually have had more success purchasing what we needed than states like California.
 - Throughout our response, we've leveraged our nimbleness to compete and succeed.
- The Trump Administration has taken the approach of the pandemic response being locally implemented, state managed, federally supported. This has been exactly the right approach given the difference between states like Nebraska and New York.
 - In total, about \$10 billion in federal aid has come to Nebraska.
 - \$3.4 billion of this total came through the Paycheck Protection Program (PPP) administered by the Small Business Administration
 - Our community banks leveraged the relationships they have with our small businesses to help our state be one of the most successful, per capita, in accessing PPP funds.
- We've tailored the \$1+ billion in federal aid at our discretion to the needs we have identified as being most important.

- We've been able to adjust on the fly—something the federal government would not have been able to do—to increase aid to nonprofits, childcare centers, small businesses, and local governments.
- Because of our system of federalism, we've been able to take a tailored approach to our pandemic recovery, such as giving small business aid to livestock producers to support agriculture—our largest industry.
- Our tailored approach has allowed us to have the lowest unemployment rate in the country. Our unemployment rate of 3.5% for September 2020 is only a half a percent (0.5%) higher than it was a year ago.
- We still have a long way to go in managing the pandemic. We've seen hospitalizations rise, which is the primary benchmark we're using to assess the situation.
 - We're adjusting our response, based on what we're seeing in the state. For instance, we're using \$40 million of CARES Act funding to help support our hospital capacity.
 - We've been more flexible than would have been possible under a centralized, top-down approach. The federal government is a big bureaucracy, and it's been an advantage for us to be able to tailor our response as we best see fit.

Federalism Encourages Competition and Accountability

- Ultimately, state officials will be held accountable for their leadership during the pandemic. That's appropriate. Power should be close to the people so that they can hold leaders accountable.
- As we get through the pandemic sometime next year, you'll see companies and individuals relocate to states like Nebraska that have been nimble and successful in how they've managed their response.
- With federalism, our fate is in our own hands. We need to jealously guard our state sovereignty from the overreach of federal government.