Laboratories of Efficiency: State Leadership in Energy Efficiency Policy

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ABSTRACT

In this paper we summarize an ACEEE study of state leadership and innovation in energy efficiency policy. We document state initiatives in such policy areas as building codes, appliance standards, combined heat and power, state-owned facilities, tax incentives, transportation, and utility efficiency programs. In conclusion, we find that implementation of cost-effective initiatives in these seven areas could enable a typical state to reduce its energy use by up to 20%.

Neither the findings nor the conclusions contained herein necessarily represent the views of either the U.S. Environmental Protection Agency or the U.S. government.

Objectives

States have long been leaders on energy efficiency policy, and the current federal energy policy gridlock highlights the need for states to take more leadership on this important issue. This paper provides resources for a variety of stakeholders interested in learning about energy efficiency policy and program initiatives. The report upon which this paper is based describes the major categories of energy efficiency initiatives, summarizes the actions taken in leading states, and provides guidance for further action. The report does not attempt to be an exhaustive list of state initiatives; instead it focuses on exemplary efforts where reasonable documentation and results are available. This paper, because of space limits, provides brief capsule summaries of leading state initiatives in each policy category and does not address the special appendix in the report on state climate change activities.

Exemplary State Initiatives

Appliance and Equipment Standards

These standards are regulations mandating minimum efficiencies for a range of residential and commercial products. Federal law sets standards for several defined products and equipment types; states are free to set standards for products not covered by federal law. For an average-size state, standards could reduce electricity use by 2 billion kilowatt-hours (kWh) (enough to power approximately 200,000 typical homes for a year), decrease peak electricity demand by 490 megawatts (MW) (equivalent to a large new power plant), and reduce carbon emissions by about 250,000 metric tons (MT) (equivalent to taking about 50,000 cars off the road) (Kubo, Sachs, and Nadel 2001). Several states have been active in setting efficiency standards; in some cases they have paved the way for national standards. Leading states include:

- **California.** The first state standards legislation in the United States was passed by the California Legislature in 1974 and signed by then Governor Reagan. California has gradually added to its list of standards and now regulates more than two dozen products, including 13 products for which standards were adopted in 2002.
- In the 1980s, several other states (**Connecticut, Massachusetts, New York, Rhode Island, Vermont, and Washington)** adopted standards, which encouraged manufacturers to support federal efficiency standards for a variety of products, leading to passage of federal standards in 1987, 1988, and 1993.
- **Maryland** passed an efficiency standards bill in 2003, and the legislature overrode a veto of the bill in 2004. It covers nine products, including commercial reach-in refrigerators and freezers, refrigerated vending machines, refrigerated beverage merchandisers, commercial coin-operated clothes washers, torchiere lighting fixtures, unit heaters, exit signs, and traffic signals. Other states, including Florida and Connecticut, have debated similar bills; Connecticut's bill passed the legislature as of May 2004.

Building Energy Codes

Energy codes set minimum-efficiency standards for new buildings, typically covering heating, cooling, and lighting efficiency. The estimated energy savings potential from residential building energy codes is 7 trillion Btu annually, or 3.25 quadrillion Btu cumulatively over 30 years (Jones et al 1998). Currently, more than half of the states have modern energy codes for new homes and commercial buildings that require minimum energy efficiency standards to be met. Leading states include:

- **California'**s Title 24 standards are generally accepted as the most stringent and best-enforced energy code in the United States. Over the last 25 years, the standards have been a key element of California's success in becoming one of the most energy-efficient states. The California Energy Commission attributes about 25% of the state's electricity savings to the Title 24 program. The Title 24 standards are notable not only for their stringency, but because they are achieving documented improvements in field performance, offer flexibility to designers and builders via performance-based compliance, and have substantial technical support from the state.
- **Florida.** Over the last two decades, Florida's energy code has developed along similar lines to California's Title 24 standards. Florida's code is relatively stringent compared to other states; includes new, innovative compliance options; is performance-based; and is well-supported with research, software, training, and certified field personnel. Unlike California, which approves a number of privately developed software packages for code compliance, Florida uses a single software package, developed under state support, for performance compliance calculations. Home energy raters are regularly certified to use this software, and builders typically use their services in determining whether their homes comply with the code. The Florida energy code has been effective in improving typical energy efficiency in new homes. A 1995 study showed that average compliance was rated 9% better than minimum requirements (Quantum Consulting 1995).
- **Minnesota.** Minnesota has long had one of the most stringent energy codes in the Midwest; its first energy code was adopted in 1976 and updated periodically through the 1980s. In 1994, a two-tier set of code requirements was adopted; the higher tier, based on

the Canadian R-2000 program, was voluntary. Political opposition stalled the move to adopt R-2000 standards, but resulted in a new two-tier set of criteria, both of which are relatively stringent. Minnesota was also one of the first states to seriously address the indoor air quality/mechanical ventilation issue in its energy code. The code now offers a choice of two code compliance paths, with different approaches to mechanical ventilation. A 2002 field evaluation study found that homes built to the standards adopted in 2000 are saving 25% of the heating energy used by comparable homes built in 1994 (ShelterSource, Inc. 2002). These savings were achieved cost-effectively (MN DOA 2002).

A success story on building codes that also illustrates the link between codes and voluntary programs centers around the Northwest Power Planning Council's Model Conservation Standards (MCS). Developed in the early 1980s to help control demand growth in new housing in the Pacific Northwest, the MCS became part of the Super Good Cents program, a voluntary new homes efficiency program coordinated by Bonneville Power. After several years of conditioning homebuilders to higher standards via Super Good Cents, the MCS became the basis for mandatory energy codes in Oregon and Washington.

Combined Heat and Power (CHP)

CHP technologies put otherwise-wasted heat from power generation to productive use in power plants, manufacturing plants, and commercial buildings. ACEEE analysis indicates that U.S. national CHP potential by 2020 is 152,000 MW, which is equivalent to almost half the forecast need for new power plants (Elliot and Spurr 1999). Leading state examples of policies that encourage CHP include:

- **Utility Policies.** ***Interconnection Procedures:*** California (CEC 2003a), New York (NY PSC 2000), and Texas (PUCT 1999) have implemented exemplary procedures. ***Exit Fee Exemptions:*** Texas exempts systems less than 10 MW, while California, Massachusetts, New Jersey, and Illinois exempt CHP from these charges to encourage system installation. In Massachusetts and New Jersey, the exemptions are capped at 10 and 7.5% of total system capacity that can exit without fees (Ferrey 2000). ***Standby and Supplemental Rates:*** California (CEC 2003b), and New York (NY PSC 2001a) have instituted exemplary policies.
- **Environmental Policies.** ***Output-Based Permitting*****:** Texas (TNRCC 2001) and California (CARB 2002) instituted straight output-based policies, with Connecticut, Massachusetts, New Hampshire, New Jersey, and New York taking a NOx budget approach (Freedman and Watson 2003). The Ozone Transport Commission released a report that offers a model for output-based standards that encourage energy efficiency and clean CHP (Keith and Biewald 2002). ***Permit-by-Rule Systems:*** Texas uses a standard permit rule for small engines and turbines (TNRCC 2001). This rule served as the basis for the model rule developed by the Regulatory Assistance Project (RAP 2002) that includes output-based emissions levels and full credit for thermal output (Elliott, Shipley, and Brown 2003).
- **Financial Incentives.** ***Grants and Loans:*** NYSERDA's Power Systems Program spends eighty percent of its funding on CHP demonstration programs (Elliott, Shipley, and

Brown 2003). In California, the CPUC Self-Generation Incentive Program offers incentives for clean DG up to 1 MW. These incentives are equal to $1.00/watt up to 30% of the project cost in the case of CHP (Gallaway 2001). ***Investment Tax Credits:*** Oregon and California state tax credits complement federal credits and can be applied to CHP technologies (Elliott 2001). ***Exemption from State and Local Taxes or Special Utility Rates:*** New Jersey offers tax credits for the purchase of cogeneration equipment and an exemption on gas tax for fuel used in cogeneration (NJ Tax 2002). Recently the New York State Public Service Commission ordered local gas distribution companies to offer a special tariff for CHP systems (NY PSC 2001b).

Facility Management

States own and pay energy bills for a lot of real estate. On a national-average basis, state-owned buildings account for about 28% of publicly owned building floorspace and 5% of total non-residential floorspace. From universities to office buildings and prisons, states have innovated in reducing energy use in these facilities. Leading state efforts include:

- **Texas.** The Texas LoanSTAR (Saving Taxes and Resources) Program is a revolving loan program for energy efficiency retrofits in state and local government facilities. It was created in 1993 using federal Petroleum Violation Escrow (PVE) funds. Administered by the state energy conservation office (SECO), the program funds a wide range of building efficiency measures in state agencies, colleges and universities, school districts, and small businesses. The program's revolving loan mechanism allows borrowers to repay loans through the stream of cost savings generated by the funded projects. To date, $123 million has been loaned under the program; 110 loans to public institutions have generated more than $63 million in documented energy cost savings. Energy savings exceed 18 million Btu, equal to the annual electricity use of 440,000 homes. Total energy cost savings top $125 million, and projected energy savings are expected to surpass $500 million over the next 20 years.
- **Iowa.** Legislation passed in the 1980s enabled a range of financing and related services for state and local facilities. The two main options used today are the Iowa Energy Bank and the State Facilities Program.
    - ***Iowa Energy Bank****:* This energy management program uses energy cost savings to repay financing for energy management improvements, and targets public and nonprofit facilities (public schools, hospitals, private colleges, private schools, and local governments). A 6-month, interest-free loan pays the upfront expense of the energy audit and engineering analysis. Municipal lease-purchase agreements or capital loan notes from private lending institutions finance the project at interest rates negotiated for the client by the Iowa Department of Natural Resources (IA DNR).
    - ***State Facilities Program:*** the State of Iowa Facilities Improvement Corporation (SIFIC) was incorporated in 1986. Energy conservation revenue bonds amounting to $12,245,000 were sold to acquire energy improvements for buildings managed by several facility-owning agencies. These public facilities programs have helped bring about $140 million worth of investment in energy management improvements. These costs are offset by program participation fees and by more

than $23 million per year that the state's taxpayers save on participating agencies' energy bills.

- **New York.** The NYSERDA EnVest Program provides a no-cost mechanism to promote energy efficiency in state-owned buildings. The program is a joint partnership between state government and private-sector energy-performance contractors, which act under contract to NYSERDA to install energy-efficient equipment and secure other energy-related capital improvements. EnVest is capitalized with a $65 million off-budget tax-exempt municipal lease. Financing for energy-efficient capital improvements is arranged so that annual costs are less than the energy savings realized from the project, resulting in a positive cash flow for the state. According to NYSERDA, EnVest participants typically reduce energy consumption in state facilities by up to 20%. A state-sponsored analysis indicated that more than $8.5 million in savings is realized annually from nine select projects (Barone 2003).

Tax Incentives

Several states offer income tax credits or deductions, sales tax exemptions, and other tax-related incentives for energy-efficient products and practices. Leading state examples include:

- **Green Buildings Tax Credits.** Since 1999, three states (New York, Maryland, and Oregon) have adopted a tax credit that encourages resource efficiency in buildings, including energy efficiency. A similar credit is pending in Massachusetts. The New York State Income Tax Credit for Green Buildings began implementation in January 2002. Builders who meet energy goals and use environmentally preferable materials can claim against their state tax bill up to $3.75 per square foot for interior work and $7.50 per square foot for exterior work. According to NYSERDA, green building projects in the program total over 9.2 million square feet of floor area and, on average, exceed the energy code by 31% at an incremental cost of only 1%. Not surprisingly, the $25 million tax credit initially allocated by the legislature has been fully subscribed (DeCotis 2003). Maryland passed a modified version of New York's green buildings legislation in 2001. In addition to requiring that new buildings must be 35% more efficient than current efficiency levels indicated in the ASHRAE 90.1 1999 energy standard, Maryland requires that builders meet criteria published by MEA. The 2001 Oregon Legislature created a sustainable building tax credit that requires eligible buildings to meet and exceed the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) program's "silver" rating.
- **Efficient Technology or Practice Tax Credits.** Indiana offers a state income tax deduction for home insulation, at full cost of labor and materials up to $1,000. The deduction covers all forms of building shell insulation materials, plus caulking and weatherstripping, hot water pipe and water heater insulation, storm doors and windows, and thermal pane replacement windows. Maryland enacted legislation in 2000 that waives the sales tax for purchases of energy-efficient appliances, heating and cooling systems, and passenger vehicles. Eligible products include ENERGY STAR® appliances, air conditioners, and heat pumps; hybrid cars; and high-efficiency water heaters and fuel cells. Minnesota enacted a sales tax exemption for energy-efficient products in 2001.

Products include compact fluorescent light bulbs and highly efficient electric heat pump water heaters (HPWHs), natural gas water heaters, and natural gas furnaces.

Oregon has operated residential and business tax credit programs since 1979. The Oregon Residential Tax Credit program includes appliances and heating equipment. Oregon's Business Energy Tax Credit (BETC) program's focus is comparable to the residential program. Current estimates indicate that the incentives cost the state about $20 million annually. Based on state evaluation efforts, the business credit resulted in 3,655 projects from 1981–2001, saving 512 million kWh in 2001 plus 548 billion Btu of natural gas, oil, and other fuels. The residential credit has been claimed for more than 65,000 products from 1998–2001, saving 17 million kWh and 33 billion Btu of natural gas (Stephens 2002). Hawaii offers tax credits that provide an income tax credit of up to 20% of the price of an installed HPWH unit. Since 1979, over 25,000 units have been installed in single-family residences and over 35,000 have been installed in multi-family residences.

Transportation

The transportation sector is critical to energy policy because it accounts for over two-thirds of U.S. oil consumption, 28% of our total energy use, and one-third of greenhouse gas emissions. While federal law governs fuel economy, states can reduce transportation energy use and emissions through a wide range of policies, from encouraging efficient vehicle purchases to reducing transport demand through growth policy. Leading examples include:

- **Tax Incentives.** California has established an Efficient Vehicles Incentives Program that provides financial incentives for the purchase of high fuel economy vehicles. The Maryland Clean Energy Incentive Act, which offers a series of tax incentives for energy efficiency to residents and businesses, includes an excise tax exemption of up to $1,500 for qualifying hybrid vehicles. Oregon offers a $1,500 state income tax credit for hybrid electric vehicles through the state's residential energy tax credit program. Colorado, New Jersey, New York, and Pennsylvania have opened their alternative fuel vehicle tax credit programs to hybrid vehicles.
- **State Fleet Efficiency.** Several states have established programs to improve the environmental performance of their fleets and reduce fuel costs by purchasing the most efficient, cleanest vehicles possible. Maine requires that new cars have highway fuel economy of at least 30 miles per gallon (mpg), and hybrids are to be purchased whenever cost-effective. Washington and Minnesota have defined special categories of "High MPG" vehicles in state bid specifications to promote purchase of efficient vehicles that might not ordinarily appear in state vehicle contracts. In California, fleet vehicles must be "ultra-low emission vehicles," and the legislature is investigating the feasibility of reducing fleet energy consumption by 10%. Since 1999, Missouri has required that, with few exceptions, vehicles purchased by state agencies must meet or exceed the federal standards for average fuel economy under EPA's corporate average fuel efficiency (CAFE) standards of 27.5 mpg for passenger cars and 20.7 mpg for light duty trucks.
- **Vehicle Labeling.** In 1999, the state of Maine launched a voluntary labeling program in which dealers place "Clean Cars for Maine" stickers on vehicles that achieve at least 30

mpg and meet the California Low Emissions Vehicle standard. New Hampshire has since adopted a similar program.

- **Feebates.** Various states have attempted to institute feebates or "gas guzzler" taxes, without success to date for a variety of reasons. In the case of Maryland, the federal government expressed its opposition to the state's plan for implementing feebates, saying the program would effectively preempt federal fuel economy standards. There is renewed interest in the concept, however, which is under consideration in some form in Arizona, California, Iowa, Maine, Massachusetts, Maryland, Oregon, Rhode Island, and South Dakota (RI GHGSP 2002).
- **Smart Growth and VMT Management.** Strategies adopted to manage growth in VMT include rationalizing the pricing of transportation facilities and services, investment in alternative transportation modes, and better land use management. Pilot projects are underway to determine the efficacy of pricing strategies such as time-of-day pricing and "cash-out" parking (in which employees are offered the cash value of their paid parking spaces to find another means of getting to work). Other measures aim to transfer the fixed costs of driving to variable costs to provide an incentive to drive less. Examples include Pay-As-You Drive Insurance, which has been authorized by the legislature in Texas, and is under consideration in Georgia, Massachusetts, Oregon, Pennsylvania, and Washington. Pay-As-You-Drive Insurance programs have the potential to reduce vehicle travel by more than 10% in addition to reducing traffic congestion, road and parking facility costs, accident risk, pollution, consumer costs, and sprawl (Litman 2001). Several states have adopted "smart growth" policies that explicitly address transportation:
    - ***Delaware:*** Executive Order 14 sets out a "Livable Delaware" strategy to address sprawl, congestion, and related growth issues. It directs new growth to areas where state and local governments have planned for it. For example, the Delaware Department of Transportation now lists among its responsibilities the need to prioritize funding to existing communities and designated growth areas through its Capital Improvement Program and Corridor Capacity Preservation process.
    - ***Maryland:*** Maryland statute establishes Priority Funding Areas that are targeted for economic development and new growth. Since 1998, the state has largely prohibited funding for infrastructure projects outside of such areas, including industrial development; state leasing for office and other uses; roads, bridges and transit; and water supply projects. To support development in older towns and cities, the Neighborhood Conservation Program has steered $150 million into downtown "streetscaping" projects. The program has built more than 50 miles of sidewalks in older communities and helped nearly 300 private-sector employees buy homes closer to their work (NGA 2002).
    - ***Oregon:*** The Transportation Planning Rule (TPR) requires local governments to demonstrate reductions in vehicle mile traveled (VMT) per capita of 10% below 1995 levels by 2015 and 20% by 2025. The Oregon Department of Transportation is currently working on 20-year plans for public transportation, including improvements for those traveling by rail and bicycle and on foot. Planning for narrow local streets and pedestrian facilities are two key elements local governments must undertake when completing a Transportation System Plan in compliance with the Oregon rule. In addition, the plan also calls for minimum requirements that ensure compatibility of intermodal facilities and systems.

Utility Programs

Since the electric and gas utility sectors account for the majority of energy consumed in the United States, they require priority focus in any energy policy. Almost half the states tap utility revenue systems in various ways to pay for efficiency programs. These efforts currently top $1 billion annually. Leading states in this category include:

- **System Benefit Charge Policies.** ***California:*** California was among the first states to pass comprehensive restructuring legislation and one of the first to create a specific non-bypassable wires charge to support energy efficiency. It specified a funding level for energy efficiency that is nominally the largest in the nation, with an average annual funding of approximately $218 million per year. California began its Public Goods Charge (PGC) energy efficiency programs in 1998 and has implemented a wide variety of energy efficiency approaches. The California Board for Energy Efficiency (CBEE 2000) reported that total electric energy efficiency PGC spending for 1999 was $200 million, with estimated annualized savings of 825 million kWh and 156 MW of peak demand, producing net benefits (benefits in excess of program and customer costs) of about $140 million. In 2001 (partially in response to the widespread electric system reliability problems experienced in the state), California enacted legislation to extend its public goods charge for an additional 10 years.
    - ***Massachusetts:*** In Massachusetts the Public Benefits Fund (PBF), which began operating in 1998, is administered by distribution utilities in accordance with plans filed with and approved by state agencies. Energy efficiency programs include a mixture of traditional DSM programs operated by individual utilities and regional market transformation programs. In the first year of PBF operation, according to an analysis by the Massachusetts Division of Energy Resources, energy efficiency programs reduced participating customer energy use by 6–13% (varying by customer class), saving customers $19 million annually in electricity costs (MA DOER 2000). Over the lifetime of these measures, benefits are projected to be $265 million, exceeding the cost to achieve these savings by about $140 million resulting in a benefit-cost ratio of over 2:1.
    - ***New York****:* New York started its PBF in July 1998. The program is largely administered by NYSERDA, which developed a plan calling for about 30 complementary energy efficiency programs addressing different sectors, measures, and market niches. Programs are run by independent contractors selected by NYSERDA through competitive solicitations. Energy efficiency accounts for 70% of the budget and is divided into market transformation, standard performance contracting, and technical assistance programs. Measures already installed are projected to save consumers and businesses $12.5 million annually, providing a 1.4-year payback on the $17 million spent to date. Furthermore, experience to date is that for each $1 NYSERDA invests, customers, energy service companies, and others are investing an additional $3, providing good leveraging of the public fund. By the end of year 3, NYSERDA programs reduced energy bills by more than $100 million annually, providing an estimated 0.7 year payback on public funds invested.

- ***Vermont:*** Vermont uses a unique approach, called the Efficiency Vermont "efficiency utility," to develop and deliver efficiency programs. The state hires a single organization, currently Vermont Energy Investment Corporation (VEIC), to provide programs across all sectors and service areas. VEIC's contract states specific overall goals for the program; within those parameters they have substantial freedom on how to design and deliver programs. The Efficiency Vermont program has been very successful, winning awards from Harvard's Kennedy School of Government and the U.S. Environmental Protection Agency. Results for 2003 totaled 54 million kWh, worth $54 million to customers over the life of the efficiency measures. The cost per kWh saved was $0.026, well below the wholesale price of electricity that would otherwise have been purchased. The energy saved in the 2003 program amounted to almost half of the growth in electricity needs for the state.

- **EEPS.** Energy Efficiency Portfolio Standards set an energy savings target rather than an defined funding level. Texas' restructuring legislation (Senate Bill 7) requires utilities to field efficiency programs sufficient to save 10% of forecast energy demand growth. The state utility commission is overseeing implementation of the efficiency programs: current funding levels are running in the $80 million range, collected through an SBC in the 0.33 mills range. A Colorado EEPS bill (SB03-129) introduced in 2003 by State Senator Reeves required investor-owned utilities to achieve energy savings ramping up to 1% of sales by 2006, continuing through 2020. This bill died in committee.

  Despite this setback, the municipal utility in Fort Collins, Colorado instituted its own EEPS policy in 2003. It set a goal of reducing per capita electric consumption 10%, from a 2002 baseline, by the year 2012. The 10% per capita consumption reduction target is expected to reduce overall electric consumption about 17% by 2012. These energy savings will amount to about 1.7 billion kWh of electricity and will avoid the emission of over 1.8 million tons of CO_2.

  In Washington, House Bill 1544, sponsored by Representative Hudgins, requires utilities to save 0.75% of their 2004 retail load from 2005 through 2009 and 0.85% of their 2009 load from 2010 through 2012. The program continues thereafter in 3-year cycles. While savings must come from the utilities' Washington retail customers, 5% must come from low-income customers and up to 15% may come from high-efficiency combined heat and power projects. This bill has not completed the legislative process.

- **Portfolio Management.** The term "portfolio management" was coined by the Regulatory Assistance Project in an attempt to define a new framework for public policy oversight of electric utilities in the world of partial restructuring that characterizes the U.S. electricity industry. RAP's report, *Portfolio Management: Protecting Customers in an Electric Market That Isn't Working Very Well* (EF 2002), puts local distribution utilities in the role of resource portfolio managers, with the task of procuring a portfolio of resources to serve customer needs while reducing the risks of price spikes, power outages, and abuse of market power. Energy efficiency is viewed as a vital part of the resource portfolio approach, along with renewable energy and a mix of generation sources, contract lengths, and other attributes. Several states are exploring the portfolio management approach, though few have taken definitive action. Leading states include Arizona, California, and Montana.

Conclusions

The policy innovations described in this paper (and in the underlying report) demonstrate considerable state-level efficiency potential and showcase the ingenuity and effectiveness of state leadership. The policies serve as models for other states and the federal government in future energy policy debates.

While the proven effectiveness of a wide range of energy efficiency policies is encouraging, the opportunity for additional energy savings remains significant. Our analysis indicates that an average-size state could save almost 400 trillion Btu annually by the year 2020 with a high penetration of proven policies and programs. This potential—equivalent to about 20% of current total energy usage—s summarized in Table 1.

Table 1. Typical State Savings Potential

Policy	Savings Potential (TBtu in 2020)
Appliance Standards	21.4
Building Codes (Residential)	4.8
CHP	57.2
State Facilities	23.0
Tax Incentives	10.0
Transportation	200.0
Utilities	74.2
TOTAL	390.7

These savings estimates are not based on a single robust analytical modeling approach and are intended only to provide an initial estimate of potential savings. Precise estimates for a given state require more detailed data on existing baseline conditions and other forecasting inputs. The numbers in Table 1 are, however, sufficient to provide a first-order estimate of the potential benefits of energy efficiency policies and programs. Given the demonstrated breadth of viable policy options (and the magnitude of potential savings), state efficiency opportunities should be a major focus for analysis and advocacy in the coming years.

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