NAFTA: A new deal coming?

Future of agreement is uncertain, and any changes to free-trade deal would focus on issues critical to Midwest’s workers

by Ben Grossman (bgrossman@csg.org)

When the North American Free Trade Agreement took effect in 1994, it created the largest free trade area in the world at that time. By increasing trade and investment, reducing tariffs and addressing non-tariff barriers, the leaders of Canada, Mexico and the United States hoped to grow their countries’ economies and raise living standards across the continent.

“NAFTA worked, fundamentally shaping North American economic relations, driving integration between Canada and the United States’ developed economies and Mexico’s developing economy,” says Christopher Wilson, deputy director of the Mexico Institute. “[Policymakers] did not admit the scale of the challenges that would be faced by workers,” he says.

Three years ago, in its “NAFTA at 20” study, the AFL-CIO concluded that the “result of [the agreement] has been stagnant wages, increasing inequality and weakened social protections in all countries.” As a presidential candidate, Donald Trump called NAFTA the “single worst trade deal ever” and promised to terminate it.

But from the start, the three-nation agreement has failed to fully recognize how changes in North American trade would negatively affect certain workers and industries, says Christopher Wilson, deputy director of the Mexico Institute. “[Policymakers] did not admit the scale of the challenges that would be faced by workers,” he says.

Three years ago, in its “NAFTA at 20” study, the AFL-CIO concluded that the “result of [the agreement] has been stagnant wages, increasing inequality and weakened social protections in all countries.” As a presidential candidate, Donald Trump called NAFTA the “single worst trade deal ever” and promised to terminate it.

In May, U.S. Trade Representative Robert Lighthizer formally notified the U.S. Congress of the Trump administration’s intent to renegotiate NAFTA to “support higher-paying jobs in the United States.” Critics of free trade between Mexico and the United States say it has led U.S. companies to shift operations south of the border, where labor and production are cheaper.

Soon after his election, Trump talked about his successful effort to keep one Indianapolis firm from moving hundreds of jobs to Mexico. At the same time, though, another Indianapolis plant is about to close and send hundreds of jobs to Mexico.

According to Daniel Kessler, director of trade policy at the Cato Institute, the

The North American Free Trade Agreement has led to more economic activity among the countries of Canada, Mexico and the United States, including a rise in cross-border supply chains in the Midwest and an increase in agriculture exports. However, jobs also have been lost in certain sectors and communities. Better addressing the needs of displaced workers will be a point of discussions over any renegotiated deal.

Midwestern states’ trade in goods with NAFTA countries (2016)

Sources: Government of Canada, Embassy of Canada, Statistics Canada, Embassy of Mexico, WISER Trade and U.S. Department of Commerce
Education

North Dakota looks to ensure that old rules don’t block new ideas for advancing education

The high school in North Dakota might want to launch a “technology academy” where its 12th-graders intern and earn credits toward graduation at a nearby Microsoft campus.

Another school could change the way it awards credits, moving away from required “seat time” and toward a model based on students’ mastery of the subject area or on their practical learning experiences.

Or perhaps some middle schools would like to create “accelerated learning environments,” where students can earn high school credits in subjects such as Algebra I.

Whatever the idea, if it has the potential to advance education, the North Dakota legislature wants to make sure the state’s statutes and regulations aren’t standing in the way. Sen. Nicole Poolman says.

SB 2186, signed into law in April, gives schools the chance to request that sections of K-12 education law be waived. These waiver decisions will be made by North Dakota’s superintendent of public instruction, based on criteria such as whether the locally developed plan will improve opportunities for students and whether it has the support of most parents and teachers. (A local school board also must approve the plan before it goes to the state superintendent.)

“I’ve usually seen school reform as a top-down initiative, where we’re told what to do and parents and teachers don’t have much of a say,” says Poolman, a high school teacher in Bismarck. “I’m really excited about this legislation because it forces the school districts to get parental and teacher buy-in.”

In many other states, the authorization of charter schools has been used to promote innovation and alternative methods of education delivery or administration. In North Dakota, however, the state Constitution does not allow for charter schools, Poolman says. (Nebraska and South Dakota also don’t have them.)

“We want our public schools to do the types of things we’ve seen in successful charter schools across the country,” Poolman says.

But she adds that SB 2178 also reflects a shift in national thinking about education policy: “If we’re going to get more flexibility from the federal government, and certainly that is the signal we’re getting, our state then wants to pass that flexibility on to our local school districts.”

In North Dakota, too, a greater emphasis is being placed on getting its high school graduates “choice ready”: leaving high school with the knowledge and skills to succeed in whatever they choose to do, whether that means going to a university, enrolling in a technical college or entering the workforce.

To reach this “choice ready” goal, Poolman says, students need more options and opportunities as they make their way through the K-12 system — for example, securing professional certifications, taking part in apprenticeships, or earning an associate’s degree while still in high school.

Many models could be tried to “personalize” the learning experience, and in North Dakota, the state is looking for schools to lead the way.

Economic Development

With new funding for public-private institute, Indiana aims to become leader in life sciences

With a $20 million appropriation in the state’s new biennial budget, Indiana lawmakers once again affirmed their belief in a public-private partnership designed to further develop one of the state’s existing economic strengths — the life sciences industry.

“The jobs in this sector are high-paying, and the capital investments by businesses create large benefits to our economy,” says Sen. Mark Messmer, chair of the Indiana Senate Commerce and Technology Committee.

The Indiana Bioscience Research Institute began four years ago with $50 million in funding. The state provided half of that start-up money, with the rest coming from the state’s universities and private firms.

The institute provides a collaborative environment for private industries and academic researchers; the state’s hope is that this public-private research results in the commercialization of new ideas, as well as advances in areas such as heart disease, diabetes and nutrition.

The institute began at a temporary space but now has its own permanent center in downtown Indianapolis. Messmer says the additional $20 million in state funding will allow the institute to expand its space as well as its research and commercialization capabilities.

“Indiana, as well as any state, has a lot of incentive to support the life sciences industry,” says Messmer, noting the high wages and large capital investments associated with it. The sector includes pharmaceuticals, biotechnology, medical devices and equipment, the agricultural sciences, medical laboratories and biologists.

“We have a long history of successful entrepreneurs in our state that have been leaders in the life sciences and medical device industries,” Messmer notes.

But he adds that companies in the life sciences also need a pool of talented workers; to that end, lawmakers also have authorized the construction of a new STEM and Health Professions Facility at Ball State University. This 175,000-square-foot facility at one of Indiana’s largest public universities is expected to increase the number of young people trained in the life and biological sciences.

The life sciences are a $63 billion industry in the state, employing more than 56,000 people at nearly 1,700 companies, Indiana University research shows. The average worker in this sector earned nearly $99,000 in 2016. In addition, Indiana exports $10 billion in life science products (more than one-quarter of the state’s total manufactured goods).

Across the Midwest, health care companies attracted near-historic levels of investment in 2016 (see table), according to an analysis released earlier this year by BioEnterprise, an Ohio-based firm that focuses on growing biotechnology companies. Two areas in particular attracted most of this investment: medical devices and health information technology and services.
**Criminal Justice & Public Safety**

North Dakota uses results of CSG study to enact sweeping, cost-saving justice reforms

In April, North Dakota Gov. Doug Burgum signed into law a suite of bills that aims to curb the state’s correctional costs, reform its probation and parole systems, and increase access to community-based behavioral health programs.

The enacted legislation (SB 2015, HB 1041 and HB 1269) was the product of a justice reinvestment study authorized two years ago by the North Dakota Legislative Assembly in response to the state’s rapidly growing prison population.

Between 2005 and 2015, federal data show, North Dakota’s prison population increased 34 percent per cow continues to rise, and farmers have been adding cows to their herds. Overall, the 11-state Midwest region made close to 75 billion pounds of milk in 2016, up more than 16 percent from 2011. But over this same period, Americans have been drinking less milk: For the past six years, fluid consumption has declined and is expected to again in 2017.

Now, Russia, China and other importers have reduced dairy purchases over the last few years due to domestic troubles, and beginning in 2015, the European Union removed production quotas and greatly increased its milk production.

Thanks to improved technology and genetics, milk output per cow continues to rise, and farmers are concerned about the dairy industry’s future. Market conditions in this agricultural sector have changed considerably in recent years, and adjusting to them is a challenge for producers and policymakers alike.

**Agriculture & Natural Resources**

Churning market conditions for dairy industry have Wisconsin lawmakers in search of answers

When a cross-border dispute over dairy policy and trade spilled onto the front pages of major national newspapers earlier this year, it didn’t mark the beginning of problems for big milk-producing states such as Wisconsin. The boom was instead merely a wake-up call to farmers, legislators and others concerned about the dairy industry’s future.

Producers have thus become more reliant on selling their milk-based products to the rest of the world. In 2016, 14.2 percent of the nation’s dairy products (constantly the leading buyer of U.S. dairy products) have declined as well.

But over this same period, Americans have been drinking less milk: For the past six years, fluid consumption has dropped and is expected to again in 2017. Producers have thus become more reliant on selling their milk-based products to the rest of the world.

In 2016, 14.2 percent of the nation’s dairy products were exported, compared to 4.7 percent in 2000. However, the current strength of the U.S. dollar is hurting the competitiveness of all agriculture exports.

Markets in Asia are buying cheese from the European Union instead of the United States, and exports to Mexico (consistently the leading buyer of U.S. dairy products) have declined as well.

**Statewide prison populations**

- North Dakota: +16.4%
- Indiana: +8.7%
- Iowa: +7.5%
- Ohio: +1.5%
- Michigan: +2.9%
- Minnesota: +5.7%
- Nebraska: +4.9%
- Wisconsin: +35.3%
- Illinois: +4.5%
- South Dakota: +6.8%
- Michigan: +5.2%
- North Dakota: +4.9%
- Wisconsin: +4.5%
- Ohio: +2.8%
- South Dakota: +3.3%
- Minnesota: +2.8%
- Nebraska: +4.9%
Federal infrastructure spending: What’s coming down the road?

In early June, the Trump administration began discussing the broad outlines of its planned $1 trillion national infrastructure plan. It calls for $200 billion in direct federal spending over 10 years. That would include:

- $100 billion “for local prioritization of infrastructure needs,”
- $25 billion for rural infrastructure, and
- $15 billion for “transformative projects.”

The plan envisions using these federal funds to leverage an additional $800 billion in private-sector investment.

In addition to this focus on private-sector funding, the plan’s principles include encouraging “self help” by the states and their local governments — for example, higher priority would be given to states that have first secured their own funding/financing for projects.

In an op-ed, Maine state Rep. Andrew McLean and Texas state Rep. Larry Phillips, co-chairs of the Council of State Governments Transportation and Infrastructure Policy Committee, welcomed the administration’s focus on infrastructure spending. However, they warned that “proposed federal ‘self-help’ funds and incentives cannot be considered a replacement for the formula funding that many states have come to rely on as an essential component of their overall transportation investment.”

Moreover, they wrote, their own states demonstrate that reliance on public-private partnerships (P3s) is not a one-size-fits-all solution. P3s should be considered a “tool in the toolbox” and not a replacement for traditional funding sources like the fuel tax and other fees and taxes that have supported our transportation system for over 100 years,” they wrote.

Steve Schlickman, former executive director of the Urban Transportation Center at the University of Illinois at Chicago and the Regional Transportation Agency of Northeastern Illinois, says the administration’s plan lays out a governing philosophy for how to spend federal infrastructure funds, but doesn’t provide enough detail to judge whether it will work.

If the idea is to tighten the type of projects to be funded, then the administration should just tighten the rules, he says. “If the administration wants to go down that road, that’s going to be a long conversation with the congressional committees,” he adds.

State transportation expenditures funding source (FY 2016 estimates)

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<th>Source of Funding</th>
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<tr>
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<td>General funds</td>
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Midwest states continue debating, enacting gas tax hikes for roads

S

truck between the reluctance to raise taxes and the omnipresent need to fix transportation systems, legislators and governors may well feel the frustration of drivers caught in traffic.

In Wisconsin, for example, Gov. Scott Walker and Assembly and Senate Republicans have been at odds over how to close an almost $1 billion deficit in transportation spending. Walker’s initial $6.1 billion transportation budget, unveiled earlier this year, included a $40 million increase in general transportation aid to local governments and $500 million in borrowing.

In early May, Assembly Republicans proposed raising gasoline taxes to pay for roads while significantly cutting income taxes over the course of a decade, moving from the state’s progressive income tax to a 3.95 percent “flat tax.” Their plan includes new fees on hybrid ($30) and electric vehicles ($125) and the elimination of tax credits aimed at homeowners. It also would cut the existing 30.9-cent per-gallon fuel tax by 4.8 cents while applying the 5 percent state sales tax to fuel purchases.

The Legislative Fiscal Bureau estimated those changes would increase revenue by about $380 million over the next two years, most of which would be used to reduce the borrowing that Walker proposes (from $500 million to $200 million) and to eliminate a transfer of funding from the general fund to the transportation fund.

Gov. Walker rejected the plan’s new sales tax on gasoline, saying it amounts to a new gas tax, but has indicated that he’s open to the tolling of interstates (another proposal from Assembly leaders), if such a plan brings in revenue from out-of-state drivers and is linked to a reduction in the gas tax.

A budget all sides can accept remained elusive as of mid-June. Absent a budget in place before the state’s new fiscal year began on July 1, funding would continue at current levels until one is approved.

Biting the gas tax bullet

Since 2012, six Midwestern states — Indiana, Iowa, Michigan, Nebraska, North Dakota and South Dakota — have raised gas taxes to provide additional transportation funding.

Collectively, half of all U.S. states have enacted transportation funding packages since 2012 to make up for the erosion of gas tax revenues by inflation, says Joung Lee, policy director at the American Federation of State, County and Municipal Employees. “I think there is some recognition in terms of doing something about that purchasing-power loss,” he says.

Passage of Indiana’s HB 1002 in April will raise an estimated $854 million annually by increasing fuel taxes by 10 cents per gallon and indexing rates to inflation (increases are limited to 1 cent per gallon per year).

Indiana’s new law also increases the car registration fee by $15, adds a $15 registration surcharge on large trucks, creates a $150 registration fee on electric vehicles ($50 for hybrids), and deducts the state sales tax on fuel to highway funds rather than the general fund.

Under the measure, lawmakers repealed a statutory restriction on tolling and directed the Indiana Department of Transportation to seek a federal waiver to allow tolling on interstate highways — although there is no assurance that one would be available, or granted.

In a special session last month to finish budgetary matters, Minnesota legislators passed a nearly $6 billion funding package (HF 3) for transportation.

Signed into law by Gov. Mark Dayton on May 30, it dedicates about $300 million in general fund dollars to transportation. Opponents argued this takes money from other needs, and that the state should instead provide a dedicated source of funding, such as an increase in the gas tax or license plate fees.

Under a legislative package signed into law by Michigan Gov. Rick Snyder in November 2015, the state will begin using general fund dollars for transportation projects starting in fiscal year 2019, at $150 million a year and gradually increasing to $600 million by 2021.

That package also increased vehicle registration fees from $100 to $120 starting this year, created an annual surcharge on hybrid and electric vehicles (ranging from $30 to $200), and raised the motor fuels tax to 26.3 cents per gallon starting this year. In 2022, that tax rate will be indexed to inflation. Once fully implemented, the package will bring in an additional $1.2 billion for road and bridge projects. Also in 2015:

- Iowa raised its gas tax by 10 cents per gallon (SF 257) to bring in an estimated additional $215 million every year for city, county and state roads.
- With SB 1, South Dakota legislators increased the per-gallon tax on motor fuels by 6 cents, license-plate fees by 20 percent, and the excise tax on vehicle purchases from 3 percent to 4 percent.
- Nebraska approved a gradual rise in motor fuel taxes from 10.3 cents to 16.3 cents per gallon. The hike — one-half cent per gallon annually for state roads and one cent annually for city and county roads — began last year. (In addition, the state levies a wholesale sales tax on gasoline, currently 13.5 cents per gallon.)

Article written by Jon Davis, CGF Midwest policy analyst. He can be reached at jdavis@csg.org.
The use of solitary confinement in prisons (also known as restrictive housing or segregation) has come under increased scrutiny in recent years. One reason for employing this practice is to isolate inmates deemed threats to safety. But over the past three decades, the Vera Institute for Justice says, departments of corrections have increasingly used solitary confinement “to punish disruptive but nonviolent behavior, protect vulnerable inmates, or temporarily house inmates awaiting the completion of a facility transfer.” That may be starting to change. Recent state laws, prison policies and legal settlements have put new constraints on the use of this practice.

Prisoners placed in solitary confinement are often alone in a cell for most or all of the day. Natural light, reading and other materials, along with visitation, are often very limited. Individuals subjected to confinement, especially if it is prolonged, exhibit a variety of negative physiological and psychological reactions, according to the Vera Institute.

In 2015, the institute chose Nebraska to participate in its Safe Alternatives to Segregation initiative, the goal of which is to reduce the use of segregated prisoner housing. That same year, the unicameral legislature passed LB 598, which requires the Department of Correctional Services to employ the “least restrictive manner possible” when separating an inmate from the general prison population.

One year earlier, a series of legislative hearings showed that a lack of formal rules on solitary confinement allowed a Nebraska inmate to be isolated for much of his time in prison. When released from prison, this inmate killed four people in Omaha.

With new state regulations now in place, regular reviews are conducted of the Nebraska inmates in restrictive housing. In addition, housing segregation is no longer used as a disciplinary sanction for rule violations.

In Illinois, as part of the 2015 settlement to a class-action lawsuit regarding the treatment of mentally ill prisoners, the state instituted a new rule requiring people with a mental illness who have been in solitary confinement for 60 days to spend at least 10 structured hours and 10 unstructured hours out of their cells each week. Under the settlement, too, mentally ill prisoners cannot be segregated due to mental illness, and youths separated for 24 hours or longer must be allowed out of their rooms and provided an opportunity to interact with staff for at least eight hours per day. These policy changes were the result of litigation brought by the ACLU of Illinois.

According to a 2016 survey done by the Lowenstein Center for the Public Interest, three other Midwestern states ban the use of punitive solitary confinement in juvenile correctional facilities: Nebraska, the result of LB 598 and the subsequent regulations barring “disciplinary segregation”; North Dakota, under a policy of its Youth Correctional Center; and Ohio, due to a consent agreement with the U.S. Department of Justice. And last year, Nebraska legislators passed a bill (LB 845) requiring all of the state’s juvenile justice facilities to provide detailed data on all instances of room confinements that exceed one hour.

This article was written as part of this year’s Midwestern Legislative Conference Chair’s Initiative of Iowa Sen. Janet Petersen. This initiative, Healthy Birth Outcomes, is examining ideas to improve the health of mothers and their babies.
Trade experts urge more help, protections for workers under renegotiated NAFTA

number of U.S. manufacturing jobs fell by 2.9 million in the 14 years following NAFTA’s enactment; that is a loss of 200,000 more jobs than in the 14 years prior to the agreement.

NAFTA isn’t necessarily to blame for these numbers, however. Manufacturing jobs were declining before 1994, and most economists point to automation and technological advances as being the primary drivers of reduced jobs in this sector. Another factor is the shifting of production facilities to countries outside of North America.

“The gains from NAFTA were greater than the losses,” Wilson says, echoing the sentiment of many researchers who have studied the agreement’s impact on the U.S. economy.

But he adds that “neither Mexico nor the United States did enough to support those workers who did lose their jobs, largely in agriculture in Mexico and in manufacturing in the U.S. Some people and communities in the Midwest have been among the hardest hit by these changes.

The renegotiation that may lie ahead

Never has the future of the 23-year-old NAFTA been more uncertain. President Trump has not ruled out the idea of ending the agreement, and the process of renegotiation has just begun.

Laura Dawson, director of the Canada Institute at the Woodrow Wilson International Center for Scholars, believes the agreement should be updated to reflect changes in today’s economy and “in the spirit of building North American competitiveness.” But she says “the timing and environment are less than ideal.”

“It is not clear who will be negotiating for the U.S.,” Dawson adds.

Will it be international-minded negotiators generally supportive of trade agreements? Will it be negotiators focused on specific trade disputes from the past and trying to right them? Or will it be negotiators (reflecting Trump’s campaign rhetoric) who blame NAFTA for job losses?

It is not clear yet the extent to which the Trump administration will seek to revamp NAFTA, but Dawson says it will be more than a “modernization.”

“This will be a real renegotiation,” she says. With that in mind, here are some of the big issues that negotiators from the three countries would likely have to work out.

Jobs and labor

According to Robertson, the three countries must do more to assist workers who have lost jobs, wages and work hours. “Governments [at all levels] have to do a better job of trade adjustment; providing training and skills enhancement, or new skills, for those affected…by trade and technology.”

His hope is that a revised NAFTA “sets the standard in creating a progressive trade agreement that recognizes the importance of trade gains as well as trade adjustment.”

Wilson also believes more resources need to go to worker retraining and more emphasis needs to be put on labor protections. As part of NAFTA, the

Midwest has seen rise in cross-border supply chains, agriculture exports in North America

Even before the 1994 signing of the North American Free Trade Agreement, Canada and the United States had worked together on a binational pact (the Canada-U.S. Free Trade Agreement in 1989) to eliminate tariffs and limit other protectionist policies such as subsidies and quotas.

Adding Mexico proved to be much more controversial, with then-presidential candidate Ross Perot memorably saying there would be a “giant sucking sound” of jobs moving south of the border.

The three-nation agreement gradually removed tariffs and other barriers to cross-border trade in nearly all manufacturing sectors. Barriers also were lifted in areas such as agriculture, the services sector and foreign investment. (Agriculture was addressed differently via separate or existing agreements.) With NAFTA in place, businesses and investors had rights to nondiscriminatory treatment; federal procurement policies were opened up; and a process for settling disputes among the three countries was created.

Two formal side agreements also were signed by the three countries, a reflection of concerns that NAFTA could diminish standards that protect workers and the environment. The side agreement on labor, for example, includes funds to assist individuals and businesses adversely impacted by freer trade. Critics of NAFTA, though, say these side agreements have not always been effective and can be difficult to enforce.

Prior to the trade agreement, Mexico had a 20 percent tariff on automobiles and light trucks coming from Canada and the United States, as well as tariffs ranging from 10 percent to 20 percent on auto parts. Those tariffs had to be phased out under NAFTA, leading to a more integrated supply chain across North America. (See table for data showing the extent of the Midwest’s cross-border supply chain.)

The automotive and agriculture sectors are two good examples of the trade and supply chains across the Midwest have been developed with Mexico under NAFTA and have successfully increased their global competitiveness,” says Kenneth Smith Ramos, director of the Trade and NAFTA Office at the Embassy of Mexico.

Opponents of NAFTA say any benefits from North American economic integration are outweighed by that “giant sucking sound” of lost manufacturing employment, and the trade agreement has resulted in people losing jobs and businesses relocating operations.

However, this region’s exports to Mexico have risen under NAFTA. Ramos says, Michigan, for example, sent $3.6 billion worth of vehicle components south of the border last year, an increase of 110 percent since 2009. Illinois, Indiana and Ohio annually export about $1 billion each in auto parts.

Most states in the Midwest, in fact, are running positive overall trade balances (more exports than imports) with both countries, U.S. Department of Commerce data show. The lone exceptions are Illinois and Michigan (trade deficits with both countries), Minnesota (deficit with Canada), and Ohio (deficit with Mexico).

For U.S. agriculture and related industries, NAFTA has removed trade barriers for farmers to sell products such as corn, beef and pork, says Christopher Sands, director of the Center for Canadian Studies at Johns Hopkins University’s School of Advanced International Studies. He adds that the agreement helped make agricultural land in Mexico more productive and, as a result, increased sales of U.S.-made farm equipment and supplies.

According to Ramos, Mexico is the largest export market for the agricultural goods of four Midwestern states: Iowa, Kansas, Nebraska and South Dakota. In each of those states, sales to Mexico account for anywhere from 29 percent to 39 percent of total foreign agricultural sales.
three countries signed a "side agreement" in which they pledged to enforce their own labor standards and promote worker rights. But Wilson says enforcement mechanisms have been ineffective. He suggests strengthening the agreement on labor, making it part of a renegotiated NAFTA (rather than its current status as a side agreement) and take a tougher stance toward companies that send jobs outside of the United States solely for the purpose of avoiding the country's protections for workers.

**Labor mobility**
Right now, workers traveling from one NAFTA country to another need a visa. Christopher Sands, director of the Center for Canadian Studies at Johns Hopkins University's School of Advanced International Studies, would like to see these rules loosened, especially in light of the growth of cross-border trade in the services sector. He suggests allowing three months of visa-free travel because some sectors need temporary workers.

NAFTA has a list of professions for which travel requirements are lifted, but Robertson says it is pain-
fully out of date. Updating this list, and working toward mutual accreditation of professions, would al-
low the three countries to "take maximum advantage of the [North American] talent pool," he says.

**Rules of origin**
Under NAFTA, a product must have a certain per-
centage of its materials come from North America to be eligible for tariff-free trade — for example, 62.5 percent of a car's components. The AFL-CIO has recommended increasing that percentage and providing incentives so that vehicles have more content made in North America. Sands warns, though, that global supply chains could be disrupted with changes to the rules on domestic content. In addition, complying with these rules — especially if parts cross the border several times — can be difficult for small- and medium-sized businesses.

**Regulatory reform**
For several years now, the U.S. and Canada have been working to harmonize standards and regulations and to mutually recognize compliance with these rules — for example, conducting joint inspections of ships using the Great Lakes and St. Lawrence Seaway. The Canada-U.S. Regulatory Cooperation Council could be made a formal part of NAFTA. Such a move would allow the two governments to work in tandem on new rules involving goods that cross the border.

**E-commerce/the digital economy**
E-commerce barely existed when NAFTA first took effect, but today, almost all businesses and many consumers are part of the digital economy. "Going forward," Robertson says, "the three countries should have harmonized standards and regulations." The Trump administration has said it would like to ensure that customs duties are not imposed on digital products, and that products delivered to customers electronically do not face discriminatory practices.

**Intellectual property rights**
Intellectual property protections will likely be strengthened. The Trump administration has sug-
gested building on newer international agreements to protect against copyright and patent infringement.

**Trade in the services sector**
The U.S. services sector (for example, financial and professional services) is a growing source of U.S. exports to Canada and Mexico. The Trump administration has suggested that it will push to further open markets for this sector. The United State has an advantage in this area of the economy, Wilson says, and removing restrictions on services-related trade should help the country.

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Nebraska Speaker Jim Scheer

Fairness and consistency are foundations of Nebraska native’s approach to serving as his state’s top legislative leader

by Tim Anderson (tanderson@csg.org)

S
oon after his election to the top leadership post in Nebraska’s unicameral legislature, Jim Scheer happily carried on one of his state’s traditions — inviting all of the living former speakers out for lunch.

“We spent an hour and half, two hours just talking,” Scheer recalls. “Everyone was so giving of their time, willing to share their experiences and their advice.

“It was probably the most beneficial lunch I’ve ever bought in my life.”

But even that fruitful meeting couldn’t fully prepare Scheer for what lay ahead — helping guide senators through what many longtime political observers in the state said was one of the hardest legislative sessions that they’d ever witnessed.

There already was the known challenge of closing a deficit in the state’s current biennium as well as crafting a new budget. But then came the unexpected: The first 30 days of Nebraska’s planned 90-day session were consumed by debate over legislative rules, particularly whether to lower the threshold for ending filibusters from 33 votes to 30.

Unlike in other states, Nebraska’s speaker doesn’t lead a partisan caucus, control committee leadership or appoint members to committees. The job, Scheer says, is more like that of a train conductor. “Make sure the train starts and leaves and that we get to the next station at the right time.”

One-third of the way into the session, with debate over the rules leaving little time for action on legislation, Scheer had to get the train moving. He did so by pulling discussion of the rules off the floor and also limiting debate on contentious bills. After three hours, if a bill’s supporters had no chance of getting the 33 votes needed for cloture, the measure was pulled from the floor.

The strategy worked, and by Day 86, the Legislature had passed a new two-year budget and was ready to adjourn — with a few days to spare.

“At first there was a little resistance [to the three-hour rule], but after we started moving, I think people saw that the rule was fair,” Scheer says. “It didn’t make any difference to me the subject matter of the legislation. I treated everybody the same, and I think the senators appreciated that.”

Above all else, he believes, fairness and consistency are what Nebraska’s senators are looking for and need in a speaker.

“I consider all 48 other senators my personal friends,” he says, “but you can’t play favorites with any of them.”

In a recent interview with CSG Midwest, Speaker Scheer reflected on his first year in the top leadership post and looked back on his long career in public service. Here are excerpts.

Q: What has kept you involved and interested in public service?
A: Part of it is the unexpected, and also having the ability to solve a problem. That goes all the back to my days serving on a local school board and hearing from a parent who says, “Gosh, the carpet is terrible in my kindergartner’s room; it hasn’t been replaced in 22 years.” You’re in a position to help and do something about it. It’s not that you individually do it, but you can bring it to someone’s attention, and the one thing you learn along the way is the importance of personal relationships to get things done.

Q: What kept you involved and interested in public service?
A: My mother was very active in party politics and civic organizations, and was in fact one of the 10 original members of the Nebraska Commission on the Status of Women. So being involved in public service and the community is what I grew up with; it became the norm for me. [Editor’s note: Speaker Scheer lost his father at a very early age.]

Q: What challenges or surprises have you encountered as state legislator?
A: The strategy worked, and by Day 86, the Legislature had passed a new two-year budget and was ready to adjourn — with a few days to spare.

“Gosh, the carpet is terrible in my kindergartner’s room; it hasn’t been replaced in 22 years.” You’re in a position to help and do something about it. It’s not that you individually do it, but you can bring it to someone’s attention, and the one thing you learn along the way is the importance of personal relationships to get things done.

Q: Has it been more difficult to build those relationships with the recent turnover in members?
A: There has been an extraordinary change, without a doubt. This session, 36 of our 49 senators had two years of experience or less. I’m not saying that those of us who have been here a little longer are any better or any worse; it’s a continuing learning process. In Nebraska, that learning process is only for eight years [because of term limits], so for bad or for good.

But I do think the big turnover had an effect on working together as a legislature, because when we started in January, people hadn’t worked a lot with the other folks, if at all. There was a lot of relationship building that had to happen in a very fast period of time.

Q: Looking ahead, what are some of the big challenges that may lie ahead for the unicameral legislature when it reconvenes in January?
A: Our budget and our revenue conditions will again be the big thing to watch. We’ve reduced our revenue expectations, so we’ll be watching and hoping that we don’t have to reduce them anymore.

This past session was my third budget year, and from my time in the Legislature, it was the most contentious one. In better fiscal times, when you’ve got money to spend, you can fund good programs or at least start pilot initiatives of some kind. That makes life a lot easier on the floor [of the Legislature]. It’s much easier to get along when your pocketbooks are in better condition.

Q: From your experience now as a state legislator and leader, how important are those interpersonal relationships in the Legislature?
A: I do try to share with other senators that, first and foremost, you are not doing your job of representing your people if you’re sitting in your chair. Most of the time you should be conversing and building relations, because to get anything passed, it takes 25 votes. That means you’re going to need 25 friends, 25 people who trust you.

We don’t have political caucuses here in Nebraska. We don’t have Republicans meeting in one room and Democrats meeting in another. As a result, the people who are going to get you to 25 votes can change every time there is new legislation. You need a good working relationship with everyone.

Q: You came to the unicameral legislature in 2013 after many years of serving your community. What led you to a life of public service?
A: My mother was very active in party politics and civic organizations, and was in fact one of the 10 original members of the Nebraska Commission on the Status of Women. So being involved in public service and the community is what I grew up with; it became the norm for me. [Editor’s note: Speaker Scheer lost his father at a very early age.]

Q: You became speaker of the Nebraska unicameral legislature in 2017. What led you to a life of public service?
A: We spent an hour and half, two hours just talking,” Scheer recalls. “Everyone was so giving of their time, willing to share their experiences and their advice.

“It was probably the most beneficial lunch I’ve ever bought in my life.”

But even that fruitful meeting couldn’t fully prepare Scheer for what lay ahead — helping guide senators through what many longtime political observers in the state said was one of the hardest legislative sessions that they’d ever witnessed.

There already was the known challenge of closing a deficit in the state’s current biennium as well as crafting a new budget. But then came the unexpected: The first 30 days of Nebraska’s planned 90-day session were consumed by debate over legislative rules, particularly whether to lower the threshold for ending filibusters from 33 votes to 30.

Unlike in other states, Nebraska’s speaker doesn’t lead a partisan caucus, control committee leadership or appoint members to committees. The job, Scheer says, is more like that of a train conductor. “Make sure the train starts and leaves and that we get to the next station at the right time.”

One-third of the way into the session, with debate over the rules leaving little time for action on legislation, Scheer had to get the train moving. He did so by pulling discussion of the rules off the floor and also limiting debate on contentious bills. After three hours, if a bill’s supporters had no chance of getting the 33 votes needed for cloture, the measure was pulled from the floor.

The strategy worked, and by Day 86, the Legislature had passed a new two-year budget and was ready to adjourn — with a few days to spare.

“At first there was a little resistance [to the three-hour rule], but after we started moving, I think people saw that the rule was fair,” Scheer says. “It didn’t make any difference to me the subject matter of the legislation. I treated everybody the same, and I think the senators appreciated that.”

Above all else, he believes, fairness and consistency are what Nebraska’s senators are looking for and need in a speaker.

“I consider all 48 other senators my personal friends,” he says, “but you can’t play favorites with any of them.”

In a recent interview with CSG Midwest, Speaker Scheer reflected on his first year in the top leadership post and looked back on his long career in public service. Here are excerpts.

Q: What has kept you involved and interested in public service?
A: Part of it is the unexpected, and also having the ability to solve a problem. That goes all the back to my days serving on a local school board and hearing from a parent who says, “Gosh, the carpet is terrible in my kindergartner’s room; it hasn’t been replaced in 22 years.” You’re in a position to help and do something about it. It’s not that you individually do it, but you can bring it to someone’s attention, and the one thing you learn along the way is the importance of personal relationships to get things done.

Q: Has it been more difficult to build those relationships with all of the recent turnover in members?
A: There has been an extraordinary change, without a doubt. This session, 36 of our 49 senators had two years of experience or less. I’m not saying that those of us who have been here a little longer are any better or any worse; it’s a continuing learning process. In Nebraska, that learning process is only for eight years [because of term limits], for bad or for good.

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How to help rural areas thrive

Wisconsin bills take systematic approach to tackling challenges in four key areas: education, health care, jobs and technology

by Wisconsin Rep. Romaine Quinn (rep.quinn@legis.wi.gov)

By 2035, people 65 and older will make up more than 27 percent of the population in 29 of Wisconsin’s 72 counties.

This is a looming demographic crisis that rural legislators have been watching for years. Moreover, a generation of outmigration has drained resources needed to fully support a rapidly aging population, and many building blocks of vibrant communities are facing strain.

As the youngest legislator in Wisconsin’s Statehouse and the former mayor of the rural city of Rice Lake, I came to Madison having seen firsthand the challenges rural Wisconsin is facing — but also knowing intuitively the incredible wealth of resources that rural citizens possess.

Rural Wisconsinites are resilient, resourceful and second to none in their willingness to work hard. But for too long, they haven’t had access to the same opportunities that their urban and suburban counterparts have.

Working alongside my Assembly colleagues Reps. Ed Brooks and Travis Tranel, I began a movement we called the Rural Wisconsin Initiative, a group that came to include 26 representatives from all corners of the state.

We had in common a rural background and a strong sense of urgency to make sure that rural Wisconsin had the resources it needed to thrive.

Four crucial areas for improvement

We have chosen to focus on four critical sectors where, if given a little more opportunity, rural residents would be able to realize significant results.

These areas are education, health care, workforce development and technology, particularly broadband internet access. Tying these areas together and addressing rural needs systematically was a major step forward in how legislators in Madison began to understand and address our state’s “opportunity gap.”

Rural broadband access has been the highest priority: Broadband is the critical 21st-century infrastructure, much as highways were critical in the 20th century.

Urban ambulances can send updates ahead to hospitals with critical information on a patient’s condition because they have access to high-speed networks. Suburban students don’t have to worry about loading speeds for educational programs at home. Entrepreneurs in Milwaukee and Madison don’t have to depend on cell-phone hot spots to run an online business.

Rural people need the same opportunities.

We introduced our first legislative package last session — eight bills that together addressed all four of our Rural Wisconsin Initiative’s priority areas.

The tent-pole bill looked to expand the Broadband Expansion Grant program. Created by Gov. Scott Walker in 2013, this program operates as a public-private partnership, bringing local stakeholders together to ensure community buy-in and to maximize resources. Our bill called for expanding annual funding for this program to $10 million from its current $1.5 million.

To address health care, we called for $250,000 in funding for the Wisconsin Rural Physician Residency Assistance Program, which helps expose physicians to residencies in rural areas. Doctors who conduct their residency in a rural area have an 86 percent likelihood of staying there, so expanding these programs would significantly expand the pipeline of doctors coming into such areas.

Other bills focused on helping grow our rural workforce and bolster education. We proposed increased support of STEM schools and grants that reimburse apprentices and their sponsors for up to 25 percent of the cost of a completed apprenticeship.

Another bill, modeled on Kansas legislation, called for the creation of Rural Opportunity Zones. If a person with a postsecondary degree who had lived outside of Wisconsin for five years moved to certain rural areas in the state and kept a job, Wisconsin would repay at least part his or her student loan (up to 40 percent of it or $25,000). Of the eight original bills, two passed. One measure expanded to rural areas a program under which students pursuing a career in education can have their school loans forgiven if they spend five years teaching in Milwaukee. We knew that young teachers take about five years to decide whether or not to stay in their careers, and that many students wanted to return to their rural communities but couldn’t due to the burden of student loans.

Another bill created a Broadband Forward! Community certification for local governments that adopt a standardized process for implementing broadband projects.

Both of these programs have shown meaningful results in less than a year. We have seen $97,000 of loan forgiveness for teachers under our expanded program. And towns, villages, cities and counties have registered to be Broadband Forward! Communities, with the town of Thorp getting an $800,000 broadband infrastructure grant in the wake of its certification.

A new understanding of rural issues

More than any single legislative accomplishment, though, the Rural Wisconsin Initiative has shown our legislative colleagues the urgency of the situation.

As our state’s 2017-19 budget process took shape, our message for rural Wisconsin gathered steam. Gov. Walker followed our lead, placing a total of $14 million into the budget for the Broadband Expansion Grant Program.

He also picked up our rural-physician funding bill, ensuring that new residency positions would be opened in rural areas and targeted to women’s health.

Through this success, members didn’t rest on our laurels. We built strong connections with Senate champions such as Sens. Patrick Testin and Howard Marklein, and launched a second health-care package of four bills.

Two of these measures, which aim to increase rural training programs for health professionals, were adopted in the new budget, while the others are working through the committee process.

Rural Wisconsinites are resilient and resourceful.

We can make significant impacts with relatively low-cost investments that focus on building sustainability through public-private partnerships wherever possible.

We are proud, too, that both packages of bills have had bipartisan support. By bringing legislators together, this ongoing initiative will help ensure rural residents equality of access to the wealth of resources in our state.

Rep. Romaine Quinn, a Republican from Rice Lake, was first elected to the Wisconsin State Assembly in 2014.

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% of Wisconsin residents in state are lower than U.S. rate of 19.3%

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% of rural residents in state are higher than U.S. rate of 19.3%
A bipartisan, binational group of legislators from the Great Lakes states and provinces will gather later this year in Toronto to discuss policy strategies that help protect the planet’s largest (by area) group of freshwater lakes.

The Great Lakes Legislative Caucus Annual Meeting will be held Sept. 22-23. A link to registration can be completed online at www.greatlakeslegislators.org, where more information (including a preliminary agenda) can be found.

Registration is free for state and provincial legislators; a limited number of travel scholarships are available to caucus members on a first-come, first-served basis. Please contact Lisa Janairo at gllc@csg.org for details on the scholarships and their availability.

At the meeting, legislators will
• receive an overview of federal programs, legislation and initiatives in Canada and the United States;
• hear from an expert on Lake Ontario and its unique characteristics, regional importance and challenges;
• discuss Native Nations’ perspectives on the Great Lakes;
• explore energy generation and its impact on the Great Lakes; and
• get an overview of Great Lakes policy issues being tracked by the caucus.

As in past years, the meeting’s business session (on Sept. 23) will feature a regional roundtable discussion and an opportunity for caucus members to consider Great Lakes-related resolutions. The deadline for caucus members to submit proposed resolutions for consideration is Sept. 1.

The meeting will begin on Sept. 22 with a behind-the-scenes tour of the Billy Bishop Toronto Island Airport (located on the waterfront of a Great Lake) and an opening night reception and dinner at the Ontario Legislative Building.

Caucus membership, activities

More than 230 state and provincial lawmakers are members of the Great Lakes Legislative Caucus. Membership in the caucus is free and open to all state and provincial legislators in the 10 Great Lakes states and provinces.

The group is led by a bipartisan, 13-member Executive Committee of legislators from the eight U.S. states and two Canadian provinces that share the Great Lakes. The Executive Committee has two officers: Wisconsin Rep. Cory Mason, chair, and Michigan Sen. Darwin Booher, vice chair.

As part of its services for members, the caucus maintains a legislative tracker that monitors bills being considered in state capitols and Washington, D.C., and regularly holds Great Lakes policy meetings and training sessions for lawmakers. Legislators can become caucus members by filling out an online form available at www.greatlakeslegislators.org.

The goals of the caucus are to provide a forum for the regional exchange of ideas and information on important Great Lakes issues and to strengthen the role of state and provincial legislators in the Great Lakes policymaking process. For example, caucus members were at the forefront of a legislative push to ban plastic microbeads in personal care products; these microbeads are a major pollutant in the Great Lakes.

At the federal level, the caucus has advocated for improvements in the Great Lakes Water Quality Agreement and an expedited timeline for a study recommending how to keep Asian carp from entering the lakes via the Chicago Area Waterway System. Most recently, 77 members of the caucus signed on to a letter urging continued support of the Great Lakes Restoration Initiative. President Donald Trump has proposed eliminating the $300 million initiative, which provides funding for state and local projects that protect habitat, prevent the introduction of invasive species and clean up Great Lakes “Areas of Concern.”

CSG Midwest has provided staff support to the caucus since its inception in 2003. The Joyce Foundation has long provided funding support for the caucus. Earlier this year, the Chicago-based foundation awarded the group a one-year, $75,000 grant.
Nine legislators from the Midwest, as well as three officials from the region’s executive and legislative branches of government, are part of this year’s class of CSG Toll Fellows.

Held every year in Lexington, Ky., and named after the founder of The Council of State Governments (former Colorado state senator Henry Toll), the CSG Henry Toll Fellowship Program is an intensive six-day, five-night “intellectual boot camp.”

In all, 48 people — 12 from each of CSG’s four regions — were chosen for this year’s program, which will be held Aug. 25-30 (with a graduation ceremony to be held at CSG’s National Conference, Dec. 14-16, in Las Vegas, Nevada). Selections are made by a group of Toll Fellowship Program alumni.

Toll is one of two leadership programs offered by CSG to state legislators from the Midwest. The other is the Bowhay Institute for Legislative Leadership Development, or BILLD, which is designed for legislators in their first four years of service.

This year’s Toll class includes six alumni of the BILLD program: Illinois Reps. Tim Butler, Laura Fine and Carol Sente; Michigan Sen. Ken Horn; Minnesota Rep. Roz Peterson; and Ohio Rep. John Rogers.

This year’s BILLD program will be held Aug. 11-15 in Minneapolis. CSG Midwest conducts the BILLD program in cooperation with the Center for the Study of Politics and Governance at the University of Minnesota’s Humphrey School of Public Affairs.

CSG and legislative leadership

- The Council of State Governments runs five leadership programs for state officials: one national and one in each of CSG’s four regions.
- Toll Fellows is CSG’s national program for officials in all three branches of state government.
- The Bowhay Institute for Legislative Leadership Development, or BILLD, is for state legislators from the Midwest in their first four years of service.
- BILLD and Toll Fellows are selected through a competitive application process.
- Nearly a quarter of the top leadership posts in the Midwest’s 21 state legislative chambers are held by BILLD graduates.

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Toll and BILLD alumni have gone on to serve as legislative leaders, governors, chief justices of state supreme courts, and members of the U.S. Congress.

CSG announces 2017 Toll Fellows

National program brings together top officials from 3 branches of government.

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Midwest’s Toll Fellows Class for 2017

- Illinois Rep. Tim Butler
- Wisconsin Rep. Dave Considine
- Illinois Rep. Laura Fine
- Taylor Gage, public relations director, Nebraska governor’s office
- Nebraska Sen. Robert Hilkemann
- Michigan Sen. Ken Horn
- Jessica Karls-Ruplinger, deputy director, Wisconsin Legislative Council
- Minnesota Rep. Roz Peterson
- Ohio Rep. John Rogers
- Nathan Sanderson, policy and operations director, South Dakota governor’s office
- Illinois Rep. Carol Sente
- Illinois Rep. André Thapedi

CSG Henry Toll Fellowship Program

August 25-30, 2017
Lexington, Kentucky
Contact: Kelley Arnold (karnold@csg.org)
800.800.1910
csg.org/LeadershipCenter/TollFellows.aspx

Great Lakes Legislative Caucus Meeting
September 22-23, 2017
Toronto, Ontario
Contact: Lisa Janairo (ljanairo@csg.org)
920.458.5910
greatlakeslegislators.org

Midwest Interstate Passenger Rail Commission Meeting
October 9-11, 2017
Wichita, Kansas
Contact: Laura Kliewer (kliewer@csg.org)
920.458.5910
miprc.org

CSG National Conference
December 14-16, 2017
Las Vegas, Nevada
Contact: Kelley Arnold (karnold@csg.org)
859.244.8000
csg.org

73rd Annual Meeting of the Midwest Legislative Conference
July 15-18, 2018
Winnipeg, Manitoba
Contact: Gail Meyer (gmeyer@csg.org)
630.925.1922
csgmidwest.org
Illinois OKs automatic registration of state’s eligible voters

Illinois has become the first state in the Midwest to offer automatic voter registration, a tool for increasing electoral participation already being tried in eight other states.

SB 1933 received unanimous approval in the Illinois House and Senate. Under the measure, voters will be registered when they visit the Illinois secretary of state and other state agencies for services. Individuals will be able to opt out of the system.

Illinois lawmakers approved automatic voter registration last year, but that measure was vetoed due to concerns about voter fraud. Subsequent bipartisan negotiations led to passage of SB 1933 this year and the support of Gov. Bruce Rauner, the Chicago Tribune reports.

According to the Brennan Center for Justice, automatic voter registration is more convenient for a state’s residents and less prone to errors. It is one of several policies that states could employ to modernize their election systems, the center says. Other strategies include allowing for Election Day and online voter registration and establishing portable systems that allow voters who move to cast valid ballots even if they did not update their registrations.

Iowa may be first in the Midwest to offer digital driver’s licenses

Iowans may be able to access their driver’s licenses via a smartphone app starting in 2018, the state’s Department of Transportation announced in May.

According to The Des Moines Register, a pilot program involving about 100 state employees with state-issued iPhones was conducted in 2016 with MorphoTrust USA, a contractor that provides identity-related products and services, to test how real user data were used in a variety of situations.

Once drivers download the app, they would get an email with instructions and a personal identification number. After entering their email address and PIN into the app, they would take a “selfie,” which the app would then compare to the driver’s license on file.

Information could be automatically updated. Department of Transportation director Mark Lowe says a public version is on track for release in 2018, and he hopes it will be acceptable to the U.S. Transportation Security Administration for domestic air travel.

First announced in 2014, Iowa’s plan has drawn interest from all Canadian provinces, Australia, Ireland, the Netherlands, Switzerland and Wales, The Des Moines Register reports.

Bail reforms provide alternatives to jail in two Midwestern states

The practice of jailing people who cannot post cash bail or pay even minor fines is being revised in Nebraska and Illinois.

Under LB 259, signed into law by Nebraska Gov. Pete Ricketts in May, people who fail to pay a fine in time will appear before a judge instead of automatically “sitting out” the fine in jail. Judges can choose to dismiss the fine or assign up to 20 hours of community service instead, and the rate for sitting out a fine would increase from $90 to $150 a day.

The law also requires judges to consider a person’s ability to pay as one of several factors in setting bond.

Illinois Gov. Bruce Rauner signed the Bail Reform Act (SB 2034) into law in June. Under this new law, cash bail is not necessary for people in custody for nonviolent misdemeanors or low-level felonies such as theft, prostitution, driving under the influence or drug possession. The presumption will be that any bail set in connection with those categories of crimes not be monetary; other options include electronic home monitoring, curfews, drug counseling, stay-away orders and in-person reporting.

One goal of these new laws is to save money, as incarcerating people is much more expensive than the bail or fines they pay.

Indiana investing more in preschool for low-income families

Over the next two years, Indiana will invest an additional $20 million in a pilot initiative that provides low-income families with access to pre-kindergarten programs.

First established in 2014, On My Way Pre-K currently serves nearly 2,300 students in five counties. Additional state dollars will expand the initiative’s reach to 15 more counties. To participate, students must be 4 years old and reside in a family at or below 127 percent of the federal poverty level. (For the original five counties, the income thresholds could be loosened.) The state also will provide funding for in-home, online early-childhood education in parts of the state that lack high-quality providers, The Indianapolis Star reports.

According to the National Institute for Early Education Research, 32 percent of the nation’s 4-year-olds attend a state-funded preschool. These rates, however, vary widely among states.

In the Midwest, three states outpaced the national average: Wisconsin, 71 percent; Iowa, 64 percent; and Michigan, 34 percent. Wisconsin’s Constitution calls for schools to be “free and without charge for tuition to all children between the ages of 4 and 20 years,” and for decades, schools have received state funds (via the state-aid formula) for 4-year-old kindergarten.

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