**Benefits in doubt**

Turbulent period in unemployment-insurance program has led to many changes in state and federal policies

by Laura Kliewer (lkliewer@csg.org)

In Minnesota, state legislators have created a new program to better help displaced workers turn a lost job into an entrepreneurial opportunity.

Meanwhile, that state and a growing number of others in the Midwest are trying to keep more people from losing their jobs in the first place — by reworking unemployment-insurance programs in ways that encourage employers not to lay off workers when business is slow, but to instead reduce their hours.

Across the country, policymakers are re-examining and, in some cases, reshaping unemployment insurance. The safety-net program has been around since 1935, but it has received heightened attention ever since the Great Recession hit in 2007. That severe economic downturn triggered a rise in the number of displaced workers as well as a financial crisis in many states’ unemployment-insurance trust funds. Today, even as state economies recover and jobless rates fall, the attention being paid to unemployment insurance has not waned. In Washington, D.C., much of the focus has been on whether to extend benefits for the long-term unemployed — a policy decision that has important implications for states (see sidebar article on page 6).

In some state capitols, the long-term solvency of trust funds remains a concern, and lawmakers across the country are also exploring a host of policies related to unemployment insurance.

For example, how many weeks should the state provide benefits to the unemployed? And how should the state tax its businesses, the source of revenue for unemployment-insurance trust funds?

**Changes in jobless benefits, taxes**

In Kansas last year, the Legislature made changes (they took effect this year) that link the duration of unemployment insurance benefits to the state’s jobless rate. Instead of automatically using a 26-week maximum (the time period traditionally used by Kansas and other states), the maximum can now fall to as low as 16 weeks when the unemployment rate drops below 4.5 percent. Starting on Jan. 1, the maximum number of weeks unemployed Kansans can receive benefits fell to 20, based on the unemployment rate for the preceding quarter falling between 4.5 percent and less than 6 percent. “We felt like if we cut back the weeks, it would help people who are used to being on the rolls to get back to work,” Kansas Senate Assistant Majority Leader Julia Lynn says.

The same 2013 measure, HB 2105, also increased Kansas’ taxable wage base, which helps determine the amount that businesses pay into the unemployment trust fund. Kansas’ current taxable wage base is $8,000, but starting in 2015, the first $12,000 of each worker’s earnings will be subject to the unemployment insurance tax; that then increases to $14,000 in 2016. (According to the Center for Budget and Policy Priorities, the median state taxable wage base in 2012 was $12,000.)

And then there are some of the newer innovations that have taken root in states, such as Minnesota’s Converting Layoffs into Entrepreneurial Opportunity (CLO) program, or CLEMIR, and the Short Term Compensation Program.
Education

State programs in region aim to get entire family involved in early-childhood education

In North Dakota, the parents of many soon-to-be-kindergarten students in the state are getting some early education of their own — up to 16 weeks of programming on child development and the importance of school readiness.

In Minnesota, meanwhile, nearly 113,000 children and their families took part last school year in the state’s Early Childhood Family Education program, which offers everything from local parent-discussion groups and learning activities for children, to home visits and health and child-development screenings.

And this year, Illinois Gov. Pat Quinn highlighted a new Birth-to-5 Initiative for his state, an early-childhood program that focuses in part on improving families’ access to community services and training opportunities.

These programs, and others like them across the Midwest, focus on the importance of early learning for the whole family — a goal that goes hand-in-hand with the current push among policymakers to ensure that more students are ready for school and don’t fall behind.

Debra Gebeke, who helps lead and coordinate North Dakota’s Gearing Up for Kindergarten program, says the idea is “to get parents at the forefront of their child’s education.” She works at the North Dakota State University Extension Service, which oversees the state-funded program that now has more than 60 sites around the state.

With Gearing Up, children and parents typically spend half of the time in the program doing activities together, and then the adults participate in a class led by a parent educator that covers topics such as social and emotional development, learning styles, early literacy and math, and brain development.

“It is most important to address social-emotional growth,” Gebeke says. “It is the basis for success in kindergarten.”

In addition to making parents better aware of their children’s needs and ability levels, she says, the program gets them prepared to work with K-12 schools and educators.

The North Dakota program is 5 years old and growing rapidly — the participation of 2,000 families in 2014 marked a nearly 70 percent increase over last year’s numbers. This year, Gearing Up will serve about 20 percent of the state’s 4-year-olds, Gebeke says, and there are still waiting lists of families wanting to participate.

Minnesota’s Early Childhood Family Education program began in 1984, making it the oldest such initiative in the nation.

The basic program, available to all families at low or no cost, is two hours per week and runs throughout the school year. As with North Dakota’s Gearing Up, children and parents spend half the class time together, and then parents work with a parent educator.

ECFE programs are designed by local advisory councils to match the needs of the community they serve. The programs are offered through local K-12 public schools and tribal communities, and serve the families of children until they enter kindergarten.

Minnesota statute requires that these state-funded programs have certain components: for example, parent education about children’s learning and emotional development; structured learning opportunities for young learners; information on local family resources; and a community outreach strategy that ensures diversity in program participation.

Agriculture & Natural Resources

6 Midwest states join effort to halt EPA runoff-control plan, saying it limits state autonomy

In a case involving management of a watershed hundreds of miles east of his state’s border, and that will be decided by a U.S. appeals court in Philadelphia, Kansas Attorney General Derek Schmidt has taken much more than a passing interest.

He is leading a coalition of states that have filed an amicus brief asking the federal court to reject the U.S. Environmental Protection Agency’s plan to require states in the Chesapeake Bay region to develop processes to reduce nutrient runoff (nitrogen, phosphorus and sediment).

“The issue is whether EPA can reach beyond the plain language of the Clean Water Act and micromanage how states meet federal water-quality standards,” Schmidt says.

Attorneys general from Indiana, Michigan, Nebraska, North Dakota, South Dakota and 15 other states joined Schmidt in signing the brief.

The attorneys general argue that by imposing its own deadlines and nutrient “allocations,” the EPA’s plan for the Chesapeake region unlawfully limits the ability of states to have their own management plans.

“Congress deliberately structured the Clean Water Act to involve states in the decision-making process when nonpoint source runoff is being regulated,” Schmidt says.

The reason, he adds, is that this type of runoff comes from individual businesses and property owners — homes, farms and manufacturing facilities, for example. As a result, the regulation of nonpoint sources “now has implications for private property rights and land-use decisions.

“Every state wants to retain control of its property decisions,” Schmidt says.

The federal Chesapeake Bay plan covers six states and the District of Columbia. Only one of those jurisdictions, West Virginia, signed the amicus brief.

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For example, the EPA is now working to identify target concentrations of nitrogen and phosphorus for the northern Gulf of Mexico and Mississippi River.

Could that eventually be followed by EPA-imposed deadlines and binding pollutant allocations for states across the Mississippi River watershed?

Schmidt worries the answer could be yes, unless court rulings stop it from occurring.

The EPA, though, says its restoration plan for Chesapeake Bay reflects cooperation and input from the six affected states and the District of Columbia. The EPA’s senior agricultural counsel, Sarah Rettig, has said, too, that the agency does not have any plans to spearhead a similar effort for the Mississippi River watershed.
Michigan bills look to block path for invasive species by deterring their transport through state

Under a package of bills introduced in February, Michigan lawmakers are seeking to better close a sometimes-overlooked pathway for invasive species to enter the region’s waterways — the transport and trade of live organisms.

“We’re seeing case after case of people smuggling these invasive species in Ontario,” Sen. Mike Kowall says. “We need to crack down on that activity.”

One of the more highly publicized cases came to a conclusion earlier this year, when a Canadian-based trucking company and truck driver were fined a total of $75,000 for violation of Canada’s Fisheries Act. Conservation officers found 6,350 kilograms of bighead carp, some of which were alive, in a truck as it tried to cross from Michigan to Ontario via the Ambassador Bridge. The carp were being transported from Arkansas.

Because there is a market for Asian carp as food, Kowall says, more instances of invasive species being moved through Michigan are possible — unless more effective state-level deterrents are put in place.

The newly introduced bills (SB 795-802) would make several changes in Michigan statute. For example, the penalty for possessing aquatic invasive species would be stiffened — jail time of up to three years (it is two years under current law) and a maximum fine of $100,000 (current maximum is $20,000).

In addition, vehicles and other equipment would be confiscated, and perpetrators could have their commercial driver’s licenses taken away and commercial fishing licenses suspended for one year. (The fishing license would be revoked for subsequent violations.)

Across the Great Lakes basin, as the result of rules established by states, the provinces and the U.S. and Canadian governments, the possession, movement and commercial sale of many specific aquatic species are already prohibited. Bighead carp, snakehead, grass carp and 51 other aquatic animals are part of the “Great Lakes Prohibited Species List.” (This list was compiled by the Great Lakes Commission’s Great Lakes Panel on Aquatic Nuisance Species and updated in 2012.)

Key provisions of medical marijuana programs in Illinois, Michigan

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<th>State</th>
<th>Details of program</th>
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| **Illinois**   | • Law passed by legislature in 2013  
• Patients to purchase marijuana at state-regulated and state-taxed dispensaries  
• $150 proposed annual fee ($75 for Social Security beneficiaries)  
• Patients will be permitted to purchase up to 2.5 ounces of marijuana every two weeks  
• Must be an Illinois resident to participate |
| **Michigan**   | • Ballot initiative approved in 2008  
• Patients permitted to grow their own marijuana or purchase it from designated caregivers ($100 fee every two years ($25 for Social Security beneficiaries)  
• Patients and caregivers permitted to possess up to 2.5 ounces of marijuana and/or 12 plants in a locked facility  
• Must be a Michigan resident to participate (as of April 2013) |

Source: CSG Midwest research

Threat of Asian carp invasion, by lake*

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<td>Michigan</td>
<td>Introduction “very likely”; possibility of population being established (if introduced) “high”</td>
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<td>Risk of introduction “low”; possibility of population being established (if introduced) “very likely”</td>
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<td>Risk of introduction “low”; possibility of population being established (if introduced) “very likely”</td>
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* Asian carp, if introduced into one lake, would likely spread to the other four Great Lakes.

Source: “Biological and Ecological Risk Assessment of Bighead Carp” (2012 study)

Great Lakes

Illinois close to joining Michigan as second Midwest state to allow use of medical marijuana

Illinois is in the process of becoming the latest U.S. state — and the second in the Midwest — to allow residents to purchase and use marijuana for medical purposes. Earlier this year, the state Department of Public Health issued proposed rules to implement legislation signed into law in 2013.

Nearly half of the U.S. states (including Illinois and Michigan) now have laws allowing patients with certain conditions to use marijuana for medical purposes. And at least four states in the Midwest are considering medical marijuana legislation this session. (Voters in Colorado and Washington have recently approved initiatives allowing for the recreational use of marijuana, which permits the state-regulated purchase and use of the drug without physician approval.)

Marijuana is considered a Schedule I substance, and federal law technically prohibits possession and distribution of the drug. But the Obama administration has given states leeway in how they regulate marijuana.

Last year the U.S. Department of Justice issued a statement that it would not challenge states’ legalization laws at this time — as long as they comply with federal “enforcement priorities,” such as banning distribution to minors.

Signed into law in August, Illinois’ HB 1 establishes a four-year pilot program in the state. Patients who qualify will be able to purchase marijuana only from state-regulated dispensaries. Under the law, a 7 percent tax will be levied on cultivators of marijuana, and the proceeds will go into a special fund that helps pay for program administration.

Any remaining funds will be used for crime-prevention initiatives. In order to apply for a medical marijuana card, Illinois residents would have to give up their firearm-owner ID card in order to be in compliance with federal gun laws.

Policymakers have until April to write final rules governing the program, which is expected to be operating next year. The draft regulations propose issuing special identification cards to patients seeking marijuana from state-regulated dispensaries. The rules also propose requiring patients to be fingerprinted at their own expense and to pay a $150 annual fee (people receiving Social Security benefits would pay $75, and caregivers could obtain a card for $125). The state is working, too, to develop a list of conditions for which patients will be allowed to enroll in the program.

Six years ago, Michigan voters approved a ballot initiative legalizing the medical use of marijuana. But unlike in Illinois, where patients will need to visit dispensaries, qualifying Michigan residents can grow small amounts of marijuana for their own use or purchase it from “caregivers,” who must also register with the state (there is no state system of dispensaries).

In Michigan, individuals are charged $100 for a two-year medical marijuana card. (Applicants receiving Social Security benefits pay $25.)

Last year, the state reported revenue of $10.9 million from the program and a cost of $4 million to administer it. The Michigan Supreme Court recently settled a case challenging the law, ruling that local municipalities cannot prohibit the use of medical marijuana within their jurisdictions.

Kansas, Minnesota, Ohio and Wisconsin are among the states where bills have been introduced to allow the use of marijuana for medical reasons. A petition drive has also been launched in Ohio to put a medical marijuana initiative on the November ballot.
Propane price problem engulfs the Midwest

Minnesota’s legislative year began by tackling a problem few could have predicted only months earlier — a spike in the cost of propane and its impact on people (mostly in rural areas) who use it to heat their homes.

Across the Midwest, the propane shortage has led to a spate of state legislation, gubernatorial-declared energy emergencies and executive orders. More than any other U.S. region, the Midwest relies on propane to heat its homes. This fuel is also used to dry agricultural crops, and an unusually wet harvest season caused an increase in demand for propane in the fall. This, in turn, contributed to lower supplies and higher prices in the winter. Other factors included the temporary closure of a pipeline, below-average temperatures and a rise in propane exports.

According to the U.S. Energy Information Administration, average residential prices for propane in the Midwest jumped to more than $4 per gallon in late January. They were $1.77 a year ago. Minnesota’s HF 2374/ SF 1961 appropriated $20 million to expand the reach of the Low Income Home Energy Assistance Program. Wisconsin lawmakers, meanwhile, were quickly advancing a bill in February (AB 770) to provide low-interest loans to middle-income residents affected by the higher propane costs. Earlier in the year, governors took emergency actions to bolster the supply of propane — temporarily waiving limits on the amount of hours logged by propane truck drivers, for example, and easing weight limits for vehicles transporting the fuel.

Future spikes in propane prices may only occur if there is another perfect storm of market forces and weather conditions. But the recent problems are a reminder of the importance of having an adequate supply and the factors that can result in shortages. In its most recent long-term projections, the Energy Information Administration predicts that the residential price of propane will grow at an average annual rate of 2.3 percent over the next three decades.

Idea to provide nonpartisan legislative service first took root in Wisconsin, and then spread across the country

When Wisconsin lawmakers authorized the establishment of a “working library” to be housed in the state Capitol in 1901, the seed was planted for what soon became an invaluable resource for the Legislature and the citizens of Wisconsin.

More than 100 years later, the Wisconsin Legislative Reference Bureau — the nation’s first nonpartisan legislative service agency to provide drafting and research services to lawmakers — boasts an impressive record of innovation and public service and remains a vital facilitator of the legislative process in Madison.

It has a staff of 56, including 22 attorneys, and an annual budget of $66 million, the bureau drafts thousands of bills, amendments and resolutions every year. It also provides a wide array of services to lawmakers and the public, including legal research, the production of numerous publications, the maintenance of the state’s legislative library, the revision of statutes and the publication of the Administrative Register.

Though originally offered informally through the part-time efforts of a handful of attorneys, the bureau’s groundbreaking bill-drafting service quickly became one of its core functions and remains so today. According to Rep. Joan Ballweg, lawmakers depend on Legislative Reference Bureau support throughout the legislative process.

“They rely on them to take our ideas and put them into terms that can be passed into law,” she says.

Ballweg adds that the bureau also helps legislators understand the measures that come before them.

“They do a great job of providing concise, plain-language explanations of proposed bills and amendments.”

Wisconsin Rep. Joan Ballweg, on the work of her state’s Legislative Reference Bureau

In developing the library’s mission and services, McCarthy created an agency that quickly became a prototype for similar entities in other states. And in 1912, he testified before the U.S. Congress in support of the precursor to the Congressional Research Service, which was based on the Wisconsin model.

A product of the Progressive era in Wisconsin, the Legislative Reference Library came under fire in 1915, when Gov. Emanuel Philipp threatened to close what some legislators perceived as a progressive “bill factory.”

That effort failed, however, and in the decades that followed, the agency came to be well regarded by lawmakers across the political spectrum as a neutral source of unbiased, professional research and drafting assistance. In 1963, the library was finally removed from the Free Library Commission and placed under the jurisdiction of the Legislature’s new Joint Committee on Legislative Oversight.

Renamed the Legislative Reference Bureau at the same time, it is now one of five Wisconsin legislative service agencies. The others are the Legislative Council, the Legislative Fiscal Bureau, the Legislative Audit Bureau and the Legislative Technology Services Bureau.

Over the years, the bureau has repeatedly pioneered innovations in legislative service. The first full-service agency to provide lawmakers with library, research and drafting services, the bureau (under the direction of Dr. Rupert Theobald, its longest-serving chief) was also the first to develop and use a computerized bill drafting and statutory retrieval system.

More recently, the bureau began converting its holdings into digital files to facilitate online searches and public access to information. It also was the first service bureau to publish RSS feeds, beginning in 2003; in 2015, it will begin publishing the Wisconsin Administrative Register exclusively in paperless form.

According to current chief Steve Miller, the bureau’s mission continues to reflect an agency’s commitment to both legislative and public service, and he points out that the bureau works closely with all three branches of state government. In addition to its legislative duties, the bureau drafts the governor’s biennial budget bill and assists the Wisconsin Supreme Court in reviewing its rules.

Article written by Mike McCabe, director of CSG Midwest.

First in the Midwest: Wisconsin’s Legislative Reference Bureau

“First in the Midwest highlights noteworthy “firsts” in state government that occurred in this region. If you have ideas from your state, please contact Mike at mmccabe@csg.org.”
QUESTION: Which Midwestern states have authorized the creation of local land banks via legislation?

The foreclosure crisis that followed the 2008 housing crash has resulted in a high volume of vacant properties across the nation. According to U.S. Census Bureau data for the last quarter of 2013, 10.2 percent of all housing units — 13.6 million — were vacant year-round. And while the housing market may be showing signs of improvement, more than 1.2 million properties are still in some stage of foreclosure, according to RealtyTrac, a real estate information firm specializing in foreclosed and defaulted properties.

High foreclosure and vacancy rates are not only symptomatic of economic problems; they contribute to them and are linked with increases in crime and declines in home values and local property tax revenue.

In response, some states — including Indiana, Kansas, Michigan, Nebraska and Ohio in the Midwest — have instituted local land banks: public entities that acquire and manage tax-foreclosed properties. Michigan’s land-bank statute is considered one of the nation’s strongest (it also is one of the most emulated). It allows land banks to recapture 50 percent of the property tax revenue for the first five years after transferring property to a private party. It also permits land banks to borrow money and issue tax-exempt financing.

Michigan’s land-bank statute also reformed the state’s tax foreclosure laws. For example, it reduced the period for foreclosing on vacant, tax-delinquent properties and allowed land banks to acquire all tax-delinquent properties, a practice that, according to advocacy organization Smart Growth America, is a powerful tool in enabling municipalities to rebuild communities. In addition to authorizing local land banks, the state created the Michigan Land Bank Fast Track Authority — a state-operated land bank.

As of early this year, several bills were pending in the Michigan Legislature to revise the land-bank statute. Under the current law, private buyers are given an opportunity to purchase properties through auction before a land bank can acquire a tax-reverted property. However, there have been cases in which local governments have purchased tax-delinquent properties and then sold them to the land bank at cost.

Two measures (HB 4626 and HB 5083) would prohibit local governments from purchasing these tax-delinquent properties prior to private buyers having a chance to obtain them at auction. HB 5083 also includes a provision that would make any blighted property (regardless of whether it is in foreclosure or tax delinquency) eligible for acquisition by land banks.

Last year, Nebraska became the most recent Midwestern state to enact comprehensive land-bank legislation. LB 97 authorizes local governments in metropolitan Omaha to create land banks to deal with the area’s growing inventory of vacant and abandoned properties. As in the Michigan statute, land banks authorized in Nebraska will receive 50 percent of the property tax revenue for five years after sale of a property.

Article written by Laura Tomaka, CSG senior program manager. She can be reached at ltomaka@csg.org.

Question of the Month highlights an inquiry received by CSG Midwest through its Information Help Line, a research service for lawmakers, legislative staff and other state officials. To request assistance, please contact us at csgm@csg.org or 630.925.1922.
Many recent state changes in unemployment insurance hastened by federal incentives

CLIMB was included as part of a broader measure (HF 729) passed by the Minnesota Legislature in 2013. It offers entrepreneurial training, business consulting and technical assistance to displaced workers trying to start or expand a business. Participants are eligible for unemployment benefits while participating in the program.

The federal government has authorized states to offer such entrepreneurial training to displaced workers since 1992 and to pay a “self-employed allowance” to those who qualify. Two years ago, the U.S. Congress passed a law aimed at helping states expand help for these budding entrepreneurs and fund such programs.

That same law also provides new incentives for states to implement a Short Term Compensation Program. Also known as “work sharing,” the program allows employers to lay off fewer workers when business is slow or temporary cuts are needed. Instead, workers are kept on the job at reduced hours. To replace the lost income, these employees are eligible for partial unemployment benefits.

Proponents of work sharing say it is a “win-win.” Employers weather economic downturns by reducing layoffs but are able to retain skilled workers. Workers, meanwhile, are able to stay on the job (albeit at reduced hours), maintain their skills, and often retain health and retirement benefits.

Kansas, Iowa and Minnesota had a Short Term Compensation Program in place before passage of the new federal law. Michigan, Ohio and Wisconsin are among the states that have more recently adopted the work-share model.

Why unemployment insurance?

A mid all of these policy changes, and the volatile financial period in trust funds that states had to weather, it is important to remember the underlying purpose of the nation’s nearly 80-year-old unemployment insurance program, says Chad Stone, a chief economist for the Center on Budget and Policy Priorities.

From a societal standpoint, you don’t want square pegs to try and fit round holes,” he notes. “You want people to find jobs that are suitable to them and employers to find people who are suitable for them.”

Unemployment benefits (typically amounting to about half of a displaced worker’s earnings) provide individual workers with the time and financial cushion they need to land back on their feet.

For businesses, the key is finding the right balance in how the unemployment insurance is structured and financed, according to Joseph Henchman, vice president of legal and state projects at the Tax Foundation.

Larger numbers of long-term unemployed impacted by end of federal jobless-benefits extension

One of the more troubling trends since the national economic downturn has been a rise in the long-term unemployed. In the 11-state Midwest, for example, 35 percent of the officially unemployed in 2013 (those actively looking for a job) had been out of work for 27 weeks or longer. The national rate was 38 percent. And as the accompanying bar graph shows, when compared to pre-recession figures, long-term-unemployment rates are much higher in most of the 11-state Midwest. In fact, in eight of the region’s states (all but Iowa, North Dakota and South Dakota), the average duration of unemployment was 27 weeks or longer.

This trend has implications both on individual workers (lost income and job skills, for example, as well as the stigma of being without a job for an extended period) and on the costs borne by the state-federal unemployment insurance program. It also has become a central part of an ongoing debate in Washington, D.C.

The U.S. Congress enacted the Emergency Unemployment Compensation program in 2008 and extended it 11 times — the last time through the end of 2013.

Under the last extension, workers across the country who exhausted their regular round of benefits (26 weeks in most, but not all, states) and had not yet found a job could receive up to 14 additional weeks of benefits. In states with higher jobless rates, more weeks of unemployment were provided. These emergency extensions were 100 percent federally funded.

Federal lawmakers have now allowed the Emergency Unemployment Compensation Program to lapse, and as of early March, measures to extend it once again did not appear close to congressional passage.

Proponents of such measures point to the unusually high number of people who are long-term unemployed and who will lose jobless benefits without another extension (see map for state-by-state estimates). Chad Stone, a chief economist for the Center on Budget and Policy Priorities, says the nation’s current long-term-unemployment situation is unprecedented. When the last Emergency Unemployment Compensation program expired (at the end of 2013), 4.2 percent of the nation’s workforce had been out of work for 27 weeks or longer.

“Every other time Congress has let the program expire, it was 1.3 percent or lower,” Stone notes.

Federal law does allow for automatic triggers that extend benefits in a state with high unemployment figures. However, those triggers rarely, if ever, kick in.

“(Right now) we’re in the situation where a lot of the relief for unemployed workers in a recession comes through a temporary federal program,” Stone says.

One potential federal reform, he adds, would be changing the criteria for when the automatic triggers take effect.

Joseph Henchman, vice president of legal and state projects at the Tax Foundation, hopes that this challenging period will lead state and federal lawmakers to re-examine a host of the policies in the nation’s unemployment-insurance program.

“There are some things states can do with job-search requirements and benefit restrictions,” he says. “Ultimately I think the focus should be on how do we make sure the system is not just administratively cutting checks in the most efficient way possible, but actually focusing on trying to find people employment.”

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Source: Center on Budget and Policy Priorities
We don’t want businesses to bear the full costs of laying off their employees,” Henchman says, “or good employers who never lay people off to bear too much of the burden of employment costs.” State programs strive to strike that balance by having most employers pay into the trust fund, but having higher rates for firms that have a record of layoffs. Stone points to a third factor worth considering — the impact of the program beyond affected workers and businesses. “It’s an automatic stabilizer for the economy,” he says. “Unemployment insurance provides money to displaced workers. It replaces about half their wages. They need it to meet their needs, and they spend it — and that injects some extra demand into the economy at a time when the economy is weakening.”

Hard times, tough policy decisions

States have considerable latitude to shape their unemployment-insurance programs within broad federal guidelines. In response to the economic downturn that strained unemployment-insurance trust funds, for example, some states such as Illinois and Michigan moved to cut the maximum duration of benefits. In Illinois, the cut was only temporary, and the benefit has since been restored to 26 weeks (this is the maximum in most states).

In 2011, the Michigan Legislature made changes that allow the long-term unemployed to continue to receive extended benefits (paid by the federal government) but that also cut the number of weeks available to displaced workers under the state’s regular unemployment-insurance program (20 weeks instead of 26 weeks). Illinois and Michigan were among the many states nationwide that had to make other changes to shore up their trust funds. At the height of the Great Recession, 36 states (including all but Iowa, Nebraska and North Dakota in the Midwest) had to borrow money from the Federal Unemployment Account. The rises in unemployment may have prompted this fiscal emergency, but Stone says state policies that preceded the national economic downturn also contributed to the problem.

“What states have done in good times is stop contributing [to the trust funds] or reduce the tax rate, giving tax cuts to businesses,” Stone says. “It simply weren’t prepared to get through an especially bad time.”

Henchman notes, too, that unlike in other areas of budget planning, not enough attention is paid to how lawmakers can provide their state trust funds with the necessary cushion. Policy deliberations over state general-fund budgets, for example, include an understanding about the need for a rainy-day fund, and even how much it should be. That is not necessarily the case when it comes to unemployment-insurance trust funds.

“Before the recession,” Henchman says, “it would have been nice for states to have two or three years [worth of reserves] in their trust fund. I’m pretty sure [many] don’t have that now.”

Still, these state funds are in better shape than they were only a few years ago, due in large part to some of the policy decisions taken by legislatures. Michigan, which at one point owed the federal government $3.9 billion in loans to support its unemployment-insurance program, issued revenue bonds in 2011 to address the solvency of its trust fund. Illinois lawmakers issued revenue bonds as well, and they also temporarily increased the taxable wage base (thus increasing taxes on businesses).

Federal stimulus led many states to expand eligibility for unemployment benefits

Five years ago, with passage of the U.S. American Recovery and Reinvestment Act, states were given new incentives to broaden the base of individuals who qualify for benefits under unemployment-insurance programs. The various provisions of the federal Federal Unemployment Insurance Modernization Act have since taken effect in all 50 states. For example, most now allow for an “alternative base period” — a provision that allows for more flexibility in which periods are used to determine whether someone is qualified for unemployment benefits and how much the benefits will be.

Iowa, Kansas, Nebraska and South Dakota added alternative base periods following passage of the Recovery Act, according to a 2012 study done by the National Employment Law Project. Illinois, Michigan, Minnesota, Ohio and Wisconsin already had such laws in place.

Adoption of alternative base periods was required for states to get the first one-third of enhanced federal funding in the Recovery Act. The remaining two-thirds was contingent on states making two of four additional changes to their unemployment-insurance programs.

Below are those four changes, along with the states that adopted them in time to receive federal incentives, according to the National Employment Law Project study.

✓ Provide benefits to part-time workers who were denied benefits because they were required to actively seek full-time employment.

✓ Provide benefits to individuals who leave work for compelling family reasons, including domestic violence or sexual assault, caring for a sick family member, or moving because a spouse has relocated to another location for employment. Illinois, Minnesota, Nebraska, Ohio, Wisconsin and Wyoming extended benefits in these cases; South Dakota provides benefits in cases of domestic violence.

✓ Provide benefits to workers with dependent family members. This extension applies to workers who qualify for $15 or more in weekly benefits per dependent (up to a total of $50) to help cover the added expenses associated with dependent care. Illinois adopted a “dependent allowance” provision; Iowa, Michigan and Ohio also provide for one, but their rules were not compliant with the Recovery Act.

✓ Provide an extra 26 weeks of unemployment benefits to permanently laid-off workers who require access to training in order to improve their skills. Iowa, Kansas, Nebraska, South Dakota and Wisconsin have broadly extended benefits to laid-off workers in training.

Iowa and Minnesota also have wholly state-financed jobless-extension programs. In Iowa, benefits may be extended 13 weeks for those who are unemployed due to their last employer going out of business. In Minnesota, employees from companies that permanently laid off at least 50 percent of their workforce are able to qualify for an additional 13 weeks of benefits. As part of legislation (HF 729) passed last session, too, Minnesota now provides an additional 26 weeks of benefits for individuals who have stopped working because of a lockout.

In both Michigan and Illinois, employers now pay a surcharge in addition to their annual unemployment-insurance tax to repay the bonds. Increasing tax rates and the taxable wage base, in fact, were common policy steps taken by legislatures around the country. (The taxable wage base and the rate at which employers are taxed for unemployment insurance can vary widely from state to state, industry to industry, and business to business. See table on this page.)

Between 2009 and 2013, the taxable wage base increased in seven Midwestern states: Illinois, Iowa, Michigan, Minnesota, North Dakota, South Dakota and Wisconsin.

In Minnesota, the base rate that businesses pay on the first $29,000 of employees’ wages was raised to 0.5 percent and a new assessment was placed on employers’ tax bills. By 2013, with unemployment rates falling, legislation (HF 729) was passed to decrease the rate to 0.1 percent and to eliminate the special assessment. This tax relief was contingent on Minnesota’s trust fund having a balance of $800 million by Sept. 30 of last year, that target was met.

Planning for future downturns

The fact that states found themselves in the position of raising taxes on businesses during an economic recession underscores one of the points made by Stone and Henchman — the importance of planning for future economic downturns.

Michigan lawmakers established a new “triggering mechanism” that aims to avoid future deficits by developing and maintaining a surplus in the state trust fund. Under a bill passed in 2011 (SB 806), the Legislature increased the taxable wage base from $9,000 to $9,500. It could only fall back to $9,000 when the balance in Michigan’s unemployment-insurance trust fund reached $2.5 billion.

As of February, Indiana, Ohio and Wisconsin were among the 16 states that still had outstanding loans in the Federal Unemployment Account. The result is a higher federal unemployment tax rate for these states’ businesses.

In Ohio, concerns about the impact on state employers have led the state to pass bills to pay down the loan — tapping into rainy-day funds, for example, or using estimated state savings from the federally funded expansion of Medicaid.

Overview of state unemployment-insurance taxes on businesses

**State** | **Taxable wage base (2014)** | **Minimum/maximum tax rates on employers (2013)** | **New employer tax rate (2013)**
--- | --- | --- | ---
Illinois | $12,960 | 0.55%/9.95% | 4.15%
Indiana | $9,500 | 0.53%/7.90% | 2.50%
Iowa | $26,800 | 0.90%/8.50% | 1.10%
Kansas | $8,000 | 0.11%/9.40% | 4.00%
Michigan | $9,500 | 0.60%/10.30% | 2.70%
Minnesota | $29,000 | 0.67%/8.11% | 3.52%
Nebraska | $9,500 | 0.90%/8.49% | 1.95%
North Dakota | $33,600 | 0.17%/7.76% | 2.25%
Ohio | $9,500 | 0.30%/8.40% | 2.70%
South Dakota | $14,000 | 0.00%/5.90% | 1.20%
Wisconsin | $14,000 | 0.27%/8.80% | 3.60%

Tax rates for each employer vary depending on its history of workers being laid off and unemployment insurance benefits — the more people laid off in the past, the higher the rate.

Separate rates are set for new employers; states often set higher rates in certain industry sectors with a history of relatively high layoffs.

Iowa, Minnesota and North Dakota have indexed taxable wage bases that are annually adjusted to reflect the state’s average annual wage.

Sources: U.S. Department of Labor and the American Payroll Association.
for Rep. Jennifer Loon, the inspiration to serve in the Minnesota Legislature started in an unlikely place: the floor of the South Dakota House of Representatives.

Loon was a high school student in South Dakota when her uncle—a lawmaker in that state—invited her to serve as a page in the Legislature. Loon figured it would be a good experience, but little did she know that it would help shape her future.

“It really was a light bulb moment for me,” she recalls. “I really loved everything about it: being there on the House floor, seeing how the legislative process works and how accessible state legislators were.”

That accessibility is something Loon has tried to carry into her own public service. Now serving her third term in the Minnesota House, Loon, a Republican, represents a district southwest of the Twin Cities and is deputy House minority leader.

“I have as many political conversations at the grocery store or at choir concerts at the high school as I do in my office — and that’s what it is to serve as a state legislator,” she says.

After graduating from Augustana College, Loon spent a decade working in the U.S. Congress, where she eventually became chief of staff for the U.S. House Committee on Small Business.

But Loon was still drawn to service in state government because of the chance it would give her to help and work more closely with constituents. So when the opportunity to run for office presented itself, Loon jumped at it. She was elected to the House in 2008.

“Whether it’s a particular issue you are working on for a constituent or a policy area you work in, it seems like it’s increasingly harder to move some of those initiatives at the federal level,” she says. “At the state level, you can make a positive impact, making changes or solving problems for people in your community and your state.”

Work in Congress spurred interest in tax policy, entrepreneurship

Loon’s interest and expertise in economic development has carried over from her work in Congress to the Minnesota Legislature; she serves on House committees related to taxes, commerce and the state’s budget. She is particularly interested in supporting small businesses, which she calls “the backbone of our community.”

“I know from my legislative work what challenges they face, whether it’s access to capital or working through regulations,” she says. “We need to be mindful that those burdens fall harder on smaller businesses than they do on larger ones, and we need to make sure that we are always keeping that in mind when we are considering legislation that — no matter how well intended — might impact them.”

Last month, CSG Midwest spoke with Loon about her policy priorities and her views on leadership when we are considering legislation that — no matter how well intended — might impact them.

“I sponsored a ‘tap room’ bill in 2011. We had some very small craft brewers who were getting a following for their product, but they wanted to open a destination brewery — like a winery, where you see how the product is made and go to a tasting room. This has become popular with beer connoisseurs.

In more than half of the other states, you could open a ‘tap room’ and sell a glass of the beer that you make at that brewery on-site to a customer. But our laws did not allow that; they had very strict lines between manufacturing, distribution and retail operations. As long as the city ordinance allows it, the new law removes the state prohibition. You still cannot go into the brewery and pick up a six-pack, but you can purchase a glass and enjoy it there.

What it has done is unleash whole new businesses in Minnesota. More than 30 craft breweries have started in Minnesota, and more than half of them have tap rooms. Distribution for some of these craft brewers is smaller, so this is a way of building consumer interest and loyalty in their product.

There was worry it would impact other sellers and bar owners, and that really hasn’t come to pass. There has been only an upside to it: more jobs and more businesses.

You’re currently working on a bill that would lift a state ban on the sale of liquor on Sundays. Can you talk about why it’s an important issue?

A: I am working on … allowing local governments to make those decisions rather than the state. [It’s part of] continuing work on things that allow small businesses and entrepreneurs to be successful.

The law [barring] sales on Sunday was put into place when Prohibition was lifted, so it goes back to the 1930s. Times have changed, people’s schedules have changed, and it is a very busy day in the retail world for shopping of any kind. This is basically the last thing that consumers cannot purchase on Sunday.

We are a busy two-working-parent family, and most of the families I know are as well. When you’re trying to get all of the shopping in, some weeks Sunday is just the best day to get all of those things done. So for ease of the consumer, it certainly has a valid interest.

And from a business standpoint, I just don’t know that it is appropriate for the state to decide that there is one type of retail store that cannot operate on Sundays. We don’t tell other industries that. If the store owner doesn’t want to be open on Sunday, I absolutely do not want to force [him or her] to be. But I want them to have the option that other business owners have.

Another bill you’re currently working on would repeal some tax increases put in place last year as part of a larger revenue package. Which policies are you targeting for repeal and why?

A: There were three business-to-business taxes that have caused a lot of heartburn among the business community: taxes on the warehousing of goods, on repair of equipment and on telecommunications equipment.

Our sales taxes are reasonably high in Minnesota. We don’t tax everything, but on the things that are taxed they are pretty high — upwards of 7 percent. That is a pretty hard hit to the bottom line of businesses.

And regardless of your opinion on whether higher taxes are good, bad or neither, business-to-business taxes are pretty generally recognized as not the best way to go about levying taxes. You want to do it at the end point, or at the consumer’s end, because those taxes do eventually end up making their way to the consumer anyway — as an increase cost of goods and services — or to the detriment of employees in the form of lower wages or less-generous benefits. …

It has become a pretty bipartisan priority for the session to repeal those taxes. I have introduced a bill to do that, and some of my colleagues have done so as well.

There was another tax change put in place recently: We instituted a gift tax. We are one of only two states in the country that do that. It has caused some concerns for people who are planning their giving or the passing on of money or real estate or something else of value to family members.

Minnesota is a wonderful state in many ways, but our climate is not one of them. I don’t want our taxes to be any more of an incentive for people to locate to warmer climates where the tax policies are also a bit better for them. I would like to see us repeal that gift tax and conform our estate taxes to the federal policy. That puts us on a better footing to compete with other states.
Challenging demographics

Minnesota responds to the graying of the baby boomers with initiatives to support seniors and improve education system

by Minnesota Lt. Gov. Yvonne Prettner Solon

The nearly 80 million Americans born during the postwar era have already left their mark on our country — from the March on Washington and Vietnam to Woodstock and the Space Race, they have created a legacy of social, cultural and economic change. And while America’s baby boomers are most closely associated with the social revolution of the 1960s, they are once again transforming society today.

Now in 2014, we are undergoing a dramatic demographic revolution that is silently changing the face of our country. The United States is getting older and significantly more diverse. Like other states across the Midwest and the country as a whole, Minnesota is experiencing these same changes. The situation is reflected in the following statistics from the Minnesota State Demographic Center:

- By 2020, Minnesota will have more residents 65 years and older than it will have schoolchildren — a first in state history.
- By 2020, the number of Minnesotans with disabilities living in the community is expected to increase by 20 percent and to almost double among people ages 65 to 75.
- Since 1990, the percentage of foreign-born residents in the Minneapolis-St. Paul area has doubled.
- Currently, only 3 percent of adults 85 and older are people of color, while 30 percent of children under age 5 are people of color.
- Historically, Minnesota has added 30,000 new workers every year. By 2025, that number will decline to just 3,000.

The implications of these demographic changes are astounding, yet they remain largely undiscovered and unaddressed.

In Minnesota, we have begun to realize the profound implications of these changes. And as lieutenant governor, I have been working to prepare our state for a grayer and, paradoxically, more colorful future.

Happy, healthy and engaged

For decades, American culture has encouraged people to focus on staying young, while disregarding older people. With the retirement of baby boomers, this attitude is no longer practical — we simply cannot afford to ignore the largest, best-educated generation in history. And luckily, baby boomers cannot afford to ignore the largest, best-educated generation in history.

For decades, American culture has encouraged people to focus on staying young, while disregarding older people. With the retirement of baby boomers, this attitude is no longer practical — we simply cannot afford to leave anyone on the sideline.

With our educated workforce shrinking, we simply cannot afford to leave anyone on the sideline. And right now, we are not doing a good job of preparing all Minnesotans. A 2012 study from the Minnesota Department of Employment and Economic Development found that 87 percent of all job vacancies are open, at least partially, because people do not have the skills needed to fill them.

So far the service is having a major impact — since May 2012, Minnesota seniors have used the One Stop Shop to volunteer an estimated 20,176 hours across our state.

Encouraging seniors to use their significant skills and talents does more than benefit our communities. When retirees stay engaged, active community members, they live longer, happier and healthier lives. That’s great for our seniors, and — as a policymaker — I can tell you — it also benefits our state budget.

Sound budgeting, compassionate care

With an aging population, identifying sustainable and compassionate approaches to long-term care is critical. Studies show that at least 70 percent of people over age 65 will require some long-term care services at some point in their lives.

Many people assume they can rely on Medicare or Medicaid to help pay for these services. However, since the passage of the Deficit Reduction Act of 2005, the federal government has sent a clear signal: Paying for long-term care is a personal responsibility.

These troubling trends are why, in 2011, Gov. Mark Dayton and I started the Own Your Future campaign, which asks Minnesotans to take stock of their financial options, assess the costs of long-term care, and make a plan to meet their own unique needs for their retirement years.

To raise awareness, we launched a public engagement campaign complete with letters and Internet marketing. We then arranged meetings with employers, Rotary clubs, church groups and other community organizations.

In addition to this public engagement campaign, we are working with Minnesota’s departments of Human Services and Commerce and an advisory group of interested long-term-care insurers and providers. Together, we are identifying and developing high-quality, affordable financial tools for long-term care.

In addition, in an effort to fully solve Minnesota’s demographic puzzle, we have been working to dramatically improve our state’s education system. With our educated workforce shrinking, we simply cannot afford to leave anyone on the sideline.

Unfortunately, Minnesota’s current education system is bifurcated — serving white, middle- and upper-income students quite well, while leaving low-income families and children of color behind. As our state becomes older and increasingly diverse, the economic imperative for improvement has caught up with the moral one.

Post-secondary education more crucial

By 2020, research shows, 70 percent of all jobs will require post-secondary education — compared with 28 percent in 1973. And right now, we are not doing a good job of preparing all Minnesotans. These comprehensive investments support every child from cradle to career and represent one of the largest influxes of new resources in decades.

We also understand that more resources alone without planning or reform will not solve our problems. That is why we worked to make smart investments in high-impact areas such as early education. Our budget provides 8,000 more children with access to high-quality, affordable early-learning programs and ensures that 46,000 Minnesota kids can attend free all-day, every-day kindergarten.

And we also have been improving our academic assessment tests. Right now, we are developing an innovative new exam, based on the ACT, which will better measure college and career preparedness. Not only will this serve as an academic assessment test, but Minnesota students will also be able to use their scores for admission to our public colleges and universities.

Fifty years ago, America’s baby boomers looked for a new path. And today, we too must find a new way forward. I firmly believe that better supporting seniors and improving educational outcomes provide us a great chance to create a more equitable society, while ensuring long-term economic growth.

Minnesota Lt. Gov. Yvonne Prettner Solon was elected in 2010 after having served as a state senator from 2002-2010.

Submissions welcome

This page is designed to be a forum for legislators and constitutional officers. The opinions expressed on this page do not reflect those of the Council of State Governments or the Midwestern Legislative Conference. Responses to any First Person article are welcome, as are pieces written on other topics. For more information, contact Tim Anderson at 630.925.1922 or tanderson@csg.org.
Policy committees to host series of sessions on first day of MLC Annual Meeting in Omaha

This summer, lawmakers from around the Midwest will gather in Omaha, Neb., to discuss common challenges and share best practices in state government.

The Midwestern Legislative Conference is the region’s premier event for state lawmakers from the 11 Midwestern states and four Canadian provinces that are affiliate members of the organization.

On July 13, the first day of the four-day conference, the MLC’s five policy committees will meet to discuss key issues of interest to states. These committees are made up of legislators from each member state and province. They provide a forum for legislators to hear from leading experts and discuss policy issues in a small-group, nonpartisan setting.

All MLC registrants are encouraged to participate in these meetings.

For information on the committees and their meetings this summer, please contact the staff liaison. Registration for the MLC Annual Meeting, which will take place July 13-16, can be completed at www.csgmidwest.org. Here are the topics for the MLC committee meetings:

**Agriculture & Natural Resources**
- Hemp and Marijuana Legalization: Impact on Rural Economies
- The Role for States in Protecting Pollinators
- Invasive Species: They Don’t All Swim
- Federal Update: Food Safety and the Farm Bill
- Protecting the Future of Farms and Farmers
- Wind Energy: Maximizing Rural Returns
Staff liaison: Carolynn Orr – corr@sart.us

**Economic Development**
- Economic Gardening: “Grow Your Own” Development and Growth Strategies
- Cross-State Economic Development Strategies
- Benchmarking the Economic Performance of Clusters and Regions
- Building Successful Innovation Universities
Staff liaison: Laura Tomaka – itomaka@csg.org

**Health & Human Services**
- Trends in Health Care Cost Containment
- Value-Based Purchasing
- Health Care Spending in the Corrections System
Staff liaison: Kate Tomey – ktomey@csg.org

**Midwest-Canada Relations**
Co-chairs: Kansas House Speaker Ray Merrick and Saskatchewan MLA Wayne Elhard
- Cross Border Mutual Aid in Times of Emergency
- Ways to Solve U.S.-Canada Border Problems
- Moving Inspections Away From the Border to Keep Supply Chains Moving
Staff liaison: Iline Grossman – igrossman@csg.org

**Student Achievement and Assessment**
- Assessment: What Works?
- Measuring Educational Outcomes
- Developing Statewide Assessment Systems
- Higher Education Funding and Affordability
Staff liaison: Mike McCabe – mmccabe@csg.org

**Building Successful Innovation Universities**
Co-chairs: Kansas House Speaker Ray Merrick and Saskatchewan MLA Wayne Elhard
- Cross Border Mutual Aid in Times of Emergency
- Ways to Solve U.S.-Canada Border Problems
- Moving Inspections Away From the Border to Keep Supply Chains Moving
Staff liaison: Iline Grossman – igrossman@csg.org

**Family-friendly conference to feature Doris Kearns Goodwin**
Hundreds of legislators from the Midwest have come to rely on the MLC Annual Meeting as a place to learn from each other and from leading national policy experts in a nonpartisan environment.

Nebraska Sen. Beau McCoy, the 2014 chair of the MLC, is leading this year’s host-state efforts. The MLC Annual Meeting is a family-friendly event; a variety of activities are offered for the spouses, guests, and children of meeting attendees.

The event also always includes high-quality keynote speakers and opportunities to network with legislative colleagues from the Midwest.

The 2014 meeting in Omaha will include a talk by Pulitzer Prize-winning historian Doris Kearns Goodwin. Attendees will also hear from Joel Kotkin, an internationally recognized authority on economic and political trends, and Gary Moncrief, a leading expert on American politics who will take a historical look at Midwestern legislatures.

For more information about the MLC Annual Meeting, visit www.csgmidwest.org or call 630.925.1922.

The Bowhay Institute for Legislative Leadership Development is a five-day leadership institute that provides professional development for lawmakers in their first four years of service.

Each summer, a select group of Midwestern legislators gathers in Madison, Wis., for the program, which is offered through a partnership between the Midwestern Legislative Conference and the La Follette School of Public Affairs at the University of Wisconsin-Madison.

Applications are now available for the 2014 Bowhay Institute, which will be held Aug. 8-12. The deadline to apply is April 7, and application materials can be found online at www.csgmidwest.org.

**BILLD checklist: Things to know**
- the only leadership program designed exclusively for state legislators from the Midwest
- more than 650 graduates, including many now in key legislative leadership positions
- deadline to apply is April 7
- program will be held Aug. 8-12 in Madison, Wis.
CSG Midwest continues legislative exchanges among state, provinces

In February, CSG Midwest’s Midwest-Canada Relations Committee helped organize a legislative exchange that brought members of the Saskatchewan Legislative Assembly to observe the Iowa legislature. During the exchange, provincial legislators shadowed Iowa lawmakers and met with Gov. Terry Branstad and Lt. Gov. Kim Reynolds. In March, Michigan lawmakers hosted Ontario legislators for another cross-border exchange.

The Midwest-Canada Relations Committee also sponsored two legislative exchanges last year to provinces that are affiliate members of the Midwestern Legislative Conference.

During the first legislative exchange, lawmakers visited the Legislative Assembly of Ontario. They learned about Ontario’s legislative process and how it compares to and contrasts with the processes used in U.S. state governments. The four-member MLC delegation also observed “question period,” a daily session in which lawmakers ask questions of the premier and members of the cabinet.

And last fall, nine legislators from the Midwest visited the Canadian oil sands in Alberta. Participants explored the impact of the oil sands on the Midwest’s economy, visited mines and other recovery facilities, and met with Canadian officials to learn how the province regulates work at the oil sands.

CSG Midwest provides staffing services to the Midwestern Legislative Conference and its various policy committees. The Midwest-Canada Relations Committee is made up of lawmakers from the Midwest’s 11 states and four Canadian provinces.

For information on the committee and its exchanges, contact Ilene Grossman at igrossman@csg.org.

Latest Under the Dome workshops offer in-state training on water, entrepreneurship policy

CSG Midwest’s Under the Dome initiative is offering two upcoming in-state training opportunities for legislators in this region. The two separate workshops — in Illinois and Nebraska — will give legislators the chance to hear from top policy experts without leaving their capitols.

The Council of State Government is partnering with the Ewing Marion Kauffman Foundation to host a session for Nebraska legislators in April that explores state-based options to bolster entrepreneurship. Attendees will learn about the latest research on the importance of entrepreneurship to economic growth and will explore innovative policy strategies.

On April 29, CSG Midwest will co-sponsor with the Great Lakes Legislative Caucus a seminar for Illinois legislators on Great Lakes protection and water quality. (CSG Midwest provides secretariat services for the caucus.)

Under the Dome is offered to all Midwestern state legislatures as a free membership service of CSG’s Midwestern Legislative Conference, a nonpartisan association of 11 Midwestern states and four Canadian provinces. It reflects the MLC’s commitment to bring more in-state policy and professional development training to members.

Lawmakers in each state decide the subject of their specific Under the Dome workshop. CSG Midwest has organized sessions on a variety of topics, including:

- state budget policy (Illinois);
- Medicaid expansion (South Dakota);
- legislative civility (Nebraska and Ohio); and
- Great Lakes policy (Michigan and Minnesota).

Under the Dome is being offered to Midwestern states on a first-come, first-served basis. For more information, contact CSG Midwest director Mike McCabe at 630.925.1922 or mmccabe@csg.org.
**Indian bill reflects concerns about rise in drug-addicted newborns**

Concerned about the rise in drug-related health problems among newborns, Indiana lawmakers unanimously approved a measure in February that takes a first step in trying to address Neonatal Abstinence Syndrome. Under SB 408, hospitals would be required to report cases of the syndrome to the Department of Public Health, which will develop a set of best practices on how to identify and document such cases. The bill also calls for the state to study treatment services for pregnant women addicted to drugs.

The abuse of illegal or prescription drugs during pregnancy can cause Neonatal Abstinence Syndrome. Symptoms among newborns include seizures, slow weight gain, and trouble sleeping or breathing.

As of early March, differences in the House and Senate versions of Indiana’s SB 408 had to be worked out in conference committee.

More than 13,000 infants were born with Neonatal Abstinence Syndrome in 2009, a nearly threefold increase since 2000, according to a study published two years ago in the Journal of the American Medical Association. A recent Ohio Department of Public Health study found that hospitalization rates for the syndrome in that state grew sixfold between 2004 and 2011.

**In Michigan, voters may decide fate of state’s full-time legislature**

Which states operate under full-time legislatures, and which have part-time lawmakers? The answer is not always clear-cut, and is based on a mix of factors such as compensation, days in session and staffing levels.

But there is no question that Michigan employs a full-time model. Its 118 legislators meet year-round and are paid an annual salary of $71,685. According to the Detroit Free Press, more than 700 people work in the Legislature. A pending ballot initiative, though, could reshape the state’s governance structure. It calls for legislators to be paid no more than $35,000 a year and to hold one regular session per year lasting no more than 60 consecutive days. Legislative staffing levels would be capped at 250.

Lawmakers in seven Midwestern states are paid less (much less in many cases) than $35,000 annually: Indiana, Iowa, Kansas, Minnesota, Nebraska, North Dakota and South Dakota.

**Minnesota bill would set higher bar for changing Constitution**

Some Minnesota legislative leaders are advancing a plan this year to set a higher threshold for amending their state Constitution.

Currently, a simple majority vote in a single legislative session is needed to pass an amendment to voters. The 2014 proposal (SF 4) would require 60 percent approval in both legislative chambers before an amendment appears on the state ballot, the Minneapolis Star Tribune reports.

According to The Council of State Government’s “The Book of the States,” most U.S. states already have supermajority vote requirements in place. Among those states are Illinois, Nebraska and Ohio (three-fifths) and Kansas and Michigan (two-thirds).

In Indiana, Iowa and Wisconsin, constitutional amendments must be approved by successive legislative assemblies (a simple majority vote by the legislators is required in these three Midwestern states).

In five Midwestern states, the path to passing a constitutional amendment can skip the legislature altogether. With enough signatures, a citizen-initiated petition to change the Constitution can appear on ballots in Michigan, Nebraska, North Dakota, Ohio and South Dakota.

**States study new tuition model — no up-front payments**

Two years ago, a class of college students at Portland State University in Oregon came up with an alternative way of paying for college — an idea they called “Pay it Forward.” It has quickly attracted nationwide attention, including in some of the Midwest’s state legislatures.

Under this model, students do not make up-front tuition payments. They instead agree to pay a portion of earnings after entering the workforce. The payments are made over a designated period of time.

The Illinois House unanimously passed HB 5323 in early March. It calls on the Illinois Student Assistance Commission to issue a report by Dec. 1 on the feasibility of implementing a pay-it-forward model.

Michigan’s HB 5315 would establish a pilot program of at least five years involving 200 college students. Initial funding would come from the state as well as private and other public sources. Once they enter the workforce, participating students would begin to pay their tuition through a portion of their gross adjusted income (2 percent for community-college students, 4 percent for university students). For individuals who attended school tuition-free for four academic years, these payments would be made over a 20-year period.