Stateline Midwest

The Midwestern Office of the Council of State Governments

Medicaid: Change is on the horizon

States prepare for a turning point in health program

by Kate Tormey (ktormey@csg.org)

Since its inception in 1965, Medicaid has been a critical part of our nation’s safety net. And as both enrollment and spending have been steadily increasing — and a new federal health law is poised to take full effect — the strength of that net is being tested.

Nationwide, Medicaid has seen a relatively modest but steady increase in enrollment over the past couple of decades, according to John Holahan, director of the Urban Institute’s Health Policy Center. In the general population, the program — a joint venture between states and the federal government — has seen about a 1 percent increase each year.

But enrollment has increased much faster in Medicaid’s most fragile and most expensive population: the disabled. That group has seen a 3 percent annual increase.

That’s because modern medicine has found more ways to treat life-threatening conditions, Holahan says. And the aging “baby boomer” generation has created a spike in the population of people currently aged 55 to 65, who are more likely to have health conditions but are not yet eligible for Medicare. Medicaid, too, pays for long-term care, which accounts for about one-third of program spending — or $322 billion in fiscal year 2010.

Many states have also chosen to increase coverage for parents and children.

“Overall, most states have been aggressive about adding populations to get more coverage and controlling spending,” Holahan says. “Cost increases have actually been pretty low compared to private insurance.”

Holahan points out that states have done “everything they can think of” to cover the most people at the lowest cost. For example, states have ramped up the use of managed care, a health care delivery system designed to control costs.

States have also negotiated over drug prices and controlled provider payments more tightly. Home- and community-based care initiatives have sought to keep long-term-care patients out of nursing homes and place them in less-costly settings.

And in recent years, states have relied more heavily on taxes on hospitals and other medical facilities to fund the state share of Medicaid costs. Thanks to a federal match, states can typically reimburse hospitals as well as compensate them for other services, such as care for the uninsured.

“It’s a way of bringing in money to support Medicaid without increasing state spending,” Holahan notes.

So what’s next for this nearly 40-year-old program?

In the coming year or so, states will be focused on preparing for and signing up new participants: those currently eligible but not enrolled, as well as those newly eligible. And policymakers will be preparing information technology systems to handle the demands of a 21st-century insurance marketplace.

States expect influx of enrollees

In the next 10 years, the 11 Midwestern states combined are expected to see nearly 1 million more people on Medicaid — even without accounting for the bump in states that expand program eligibility to people with incomes under 138 percent of the federal poverty level. Finding new ways to control costs and improve care, then, are likely to be top priorities across the region.

Since a landmark U.S. Supreme Court decision in June 2012, states have been

Projected impact of the Affordable Care Act on state health care systems in year 2022

<table>
<thead>
<tr>
<th>State</th>
<th>Additional enrollment expected from the ACA (without Medicaid expansion)</th>
<th>Incremental impact of Medicaid expansion on enrollment (in states currently considering or opting for expansion)</th>
<th>Reduction in uninsured expected from ACA</th>
<th>Reduction in uninsured expected from Medicaid expansion</th>
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</thead>
<tbody>
<tr>
<td>Illinois</td>
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<td>+ 573,000</td>
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<tr>
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<td>+ 684,000</td>
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<td>Wisconsin</td>
<td>+ 62,000</td>
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<td>- 30.5%</td>
<td>- 51.7%</td>
</tr>
</tbody>
</table>

Sources: Kaiser Family Foundation, Urban Institute

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Affordable Care Act-related Medicaid expansion (as of May 6)

State will expand program
Legislation is being considered
Legislature adjourned without passing and/or governor opposes it

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Economic Development

Midwest lagged nation in 2012 business creation, report states

At the same time that the nation’s unemployment rate was falling in 2012, entrepreneurial activity was slowing. According to the Kauffman Foundation’s annual Index of Entrepreneurial Activity, an average of 300 per 100,000 Americans started a business in 2012, down from 320 in 2011. This translates into approximately 514,000 new business establishments created each month in 2012, compared to about 543,000 in 2011.

Dane Stangler, Kauffman’s director of research, says the decline in business creation, which is now only slightly higher than before the recession, is not unexpected. “While a stronger economy is good for business growth, it also means the unemployed find jobs instead of starting firms,” he says.

Business creation hit record highs when the labor market was at its weakest during the recession, he adds, and 2012’s rates mark a return to more-normal levels. The report’s geographic analysis shows that business creation rates were highest in the West and the South and lowest in the Northeast and Midwest. The top-performing Midwestern state was North Dakota, which ranked 13th in the index. With the recent boom resulting from economic activity in the oil fields in its western portion, the state added 370 entrepreneurs per month for every 100,000 adults.

While experts generally say a stronger economy dampens entrepreneurial activity, the demand for businesses to support the new activity in North Dakota’s oil and gas industry has driven business creation in that state. This is especially true in the areas of construction and services — the two major industries with the highest rate of entrepreneurial activity in 2012, according to the report.

The remaining Midwestern states dominated the bottom half of the rankings (see table), with Ohio, Michigan, Wisconsin, Nebraska, Minnesota and Vermont placed in the bottom five slots. This relatively low level of activity in the Midwest is consistent with other indices ranking states on measures of entrepreneurial activity: The region’s struggles in these areas are well-documented, especially regarding innovation and the growth of high-tech sectors.

Amid the struggles, Midwestern policymakers have been passing new measures to support business development and entrepreneurial activity. For example, Nebraska lawmakers approved a bill (LB 628) this year to expand the state’s Small Business Innovation Act pilot program to a greater number of Nebraska businesses and to extend the sunset date to Dec. 31, 2014. The program offers funding to help create small high-tech businesses in the state and assist with the commercialization of new products.

Wisconsin lawmakers have also made entrepreneurs and small-business development a central focus of the state’s economic development efforts. These efforts included a package of bills in late 2011 that made small-business loans available to a greater number of recipients.

More recently, Gov. Scott Walker has proposed initiatives to help seed startups and support more entrepreneurial activity in the state. The proposals include $25 million for venture capital investment and 36 million to help entrepreneurs to obtain support services and early-stage financing.

In a separate effort, a group of Wisconsin lawmakers has announced a plan (AB 181) to create a fund that would invest state dollars, with a 2-to-1 match from private sources, in venture capital funds targeting investment in the agriculture, information technology, engineering, advanced-manufacturing and medical devices fields.

Nuclear Energy & Radioactive Materials Transportation

Proposed federal legislation would create new agency to manage nation’s nuclear waste

Proposed legislation released on April 25 could pave the way toward solving a lingering problem for the nation’s nuclear energy industry — what to do with the waste. The Nuclear Waste Administration Act of 2013 is a bipartisan compromise between Democratic U.S. Sens. Ron Wyden of Oregon (chair of the Senate Energy and Natural Resources Committee) and Dianne Feinstein of California, and Republican Sens. Lamar Alexander of Tennessee and Lisa Murkowski of Alaska.

The proposal, which is similar to a bill introduced in 2012, calls for a pilot storage facility for “priority waste” (spent fuel from shut-down reactors) to be operational by the end of 2021. By 2025, an additional facility for nonpriority waste would be expected, with a permanent disposal facility to be in operation by the end of 2048.

A new independent federal agency, the Nuclear Waste Administration, would be established to undertake these actions. It would take over for the U.S. Department of Energy, which has had responsibility for the federal waste management program since 1982.

The DOE’s work has been hampered by a lack of sufficient funding, despite the existence of a dedicated Nuclear Waste Fund for costs related to siting and operating a repository.

The fund has an estimated balance of $28.2 billion collected from utility ratepayers whose electricity is generated by nuclear power plants. Ratepayers annually contribute about $765 million into the fund. The Nuclear Waste Act would create a new Working Capital Fund to receive deposits of nuclear waste fees collected annually from ratepayers, and the agency would have access to these funds without further appropriation. The billions of dollars in the existing Nuclear Waste Fund would be available only by congressional appropriation.

Other provisions in the legislative proposal address federal assistance for state transportation-safety programs and establishment of a consent-based process for selecting sites for storage and disposal facilities.

The proposal incorporates many of the recommendations of the Blue Ribbon Commission on America’s Nuclear Future, which concluded its evaluation of the nation’s waste management program in January 2012.

The four senators are seeking comments on provisions of the bill by May 25. The Midwest is home to four shut-down reactors that would be among the sites to ship priority waste to a pilot storage facility. Big Rock Point in Michigan, La Crosse and Kewaunee in Wisconsin, and the Zion plant in Illinois. CSG’s Midwestern Radioactive Materials Transportation Committee is working with the DOE to plan and prepare for shipments from these sites to meet the 2021 milestone for the pilot storage facility.

Issue Briefs cover topics of interest to the various groups and policy committees of CSG Midwest, including the Midwestern Legislative Conference, Great Lakes Legislative Caucus, Midwest Interstate Passenger Rail Commission and Midwestern Radioactive Materials Transportation Committee.

Brief written by Laura Tomaka, CSG staff liaison to the Midwestern Legislative Conference Economic Development Committee. She can be reached at ltrzymaća@csbg.org.
Wave of legislation targets animal-rights groups’ secret videotaping on farms

or former Rep. Annette Sweeney, a third-generation farmer from Iowa, the goal of a contentious measure she introduced and helped pass last year was plain — protect agriculture producers from the unfair practices of outsiders.

As the result of passage of HF 589, it is now a crime in Iowa to seek work in agricultural facilities under false pretenses. The law seeks to crack down on those who have sought such employment in order to investigate conditions and uncover cases of animal abuse.

"Farmers try very hard to raise animals using the very best of science and husbandry," Sweeney says, "and then people with a vegan agenda come in and destroy generations of hard work."

That is one perspective.

Others have dubbed Iowa’s measure, as well as proposals introduced this year in states such as Indiana and Nebraska, "ag gag" legislation, unfair and potentially unconstitutional attempts to target whistleblowers and shield animal abuse at large production facilities.

Iowa’s law aims to dodge constitutional concerns about free speech by not targeting the secret videotaping or photographing by individuals who have gained access to an agricultural facility. It instead focuses on how these people gain entry to the facility — by securing a job.

But a second approach has been to focus on the secret photos or videos. Last year in Missouri, a new law (SB 631) required anyone with photos or videos of animal abuse to report them to law enforcement within 24 hours.

This year, bills similar to Iowa’s and/or Missouri’s have been introduced in at least 10 states. But as of late April, it did not seem likely that any new measures would become law in the Midwest.

Nebraska’s LB 204 had failed to pass out of committee as of late April. The measure would require anyone who has witnessed animal abuse, neglect or abandonment to report it to authorities within 24 hours. It would also require any evidence, including video and photographs, to be turned over to law enforcement.

Indiana’s SB 373 passed both legislative chambers, but differences between the House and Senate could not be resolved. The House version focused on stopping people from seeking employment under false pretenses, while the Senate version also would have required the reporting of abuse to law enforcement.

"The issue is really about property rights and videos being made without permission," Indiana Sen. Travis Holdman says. "For at least 32 hidden-camera videos of agriculture facilities have been released since 2005, more than half in the last three years. The goal of these investigations is to raise awareness about what many animal-rights activists view as abusive practices, thus increasing pressure for new laws and sparking consumer demand for changes in facility operations."

"You will never stop abuse if you shut the cameras down," says Wayne Pacelle, president of the Humane Society of the United States, which adds that videotaping over a long period of time is needed to substantiate a pattern of abuse.

The concern among agricultural producers is that the videos can be edited and therefore tell a distorted or unfair story of even common practices such as castration.

"[The farmer is essentially] viewed as guilty before [he or she] has the chance to respond," says Indiana Rep. Dan Lehe.

Iowa Sen. Joe Seng, a state veterinarian who served as a lead sponsor of his state’s legislation, adds: "The U.S. Constitution says that you cannot enter a person’s private property without formal knowledge. These are private properties owned by farmers that have strict bio-security facilities."

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### Education

**Indiana lawmakers seek to expand school-voucher program after court rules it constitutional**

One of the nation’s most extensive state school-voucher initiatives has withstood a constitutional challenge and will be expanded even further as the result of 2013 legislation.

Signed into law in 2011, Indiana’s Choice Scholarship Program allocates state dollars to offset the cost of tuition at private schools. Funding comes from a portion of the per-pupil aid formula for public schools.

Low-income Hoosier families across Indiana are eligible for the scholarships, whereas many other state voucher initiatives tie the eligibility to where a student lives — in a particular city, for example, or in a school district designated as failing.

For many years, Wisconsin’s voucher program (which began in 1990) was limited to Milwaukee students. In 2011, lawmakers added the city of Racine to the program. Ohio’s program, which was upheld in 2002 by the U.S. Supreme Court, is for students in Cleveland and low-performing schools; vouchers are also available for Ohio students with disabilities.

The number of students receiving vouchers through Indiana’s program has more than doubled over the past two school years, from just under 4,000 to 9,300.

Under the bill passed this year by the legislature, HB 1003, scholarships will now be available to any low-income student whose local public school has a failing grade on the state’s report card of school performance, regardless of whether that student previously attended a public school.

For most other students, voucher eligibility will still be contingent on them having attended a full year of public school. However, HB 1003 waives this requirement for the siblings of students already attending a private school.

Lastly, special-education students will be eligible for vouchers, and their families can have higher income levels than other students.

Indiana’s per-student funding cap will remain unchanged, with the scholarship being the lesser of three amounts: the tuition and fees charged at an eligible private school; $4,500 for grades one through eight (there is no cap for high schools); or an amount based on per-pupil funding of the student’s school district.

Throughout the voucher debate in Indiana, opponents have said the state should not divert taxpayer dollars and resources from public to private schools. However, on March 26, the state’s Supreme Court unanimously upheld the Choice program, rejecting claims that it violated the Indiana Constitution by using taxpayer money to pay for students to attend religious schools.

The court ruled that the program directly benefits lower-income families, not the schools that scholarship students attend. Students in the program are able to attend public schools or private secular or religious schools.

Challengers of the voucher law also argued that because the program could send more than half of the state’s students to private schools, it violated another provision of the state Constitution that calls for a “general and uniform system of common schools.”

The court ruled, though, that the state fulfills this clause by having a “uniform” public school system “equally open to all” and “without charge.”

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### School voucher programs in Midwest

<table>
<thead>
<tr>
<th>State</th>
<th>Program (year started)</th>
<th>Scope of program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indiana</td>
<td>Choice Scholarship Program (2011)</td>
<td>Statewide</td>
</tr>
<tr>
<td>Ohio</td>
<td>Cleveland Scholarship &amp; Tutoring Program (1995)</td>
<td>K-12 students in Cleveland school district: lottery with preferences to low-income families</td>
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<tr>
<td>Ohio</td>
<td>EdChoice Scholarship Program (2005)</td>
<td>Children attending persistently underperforming public schools</td>
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<tr>
<td>Wisconsin</td>
<td>Milwaukee Parental Choice Program (1990)</td>
<td>Children living in Milwaukee</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>Racine Parental Choice Program (pilot program, 2011)</td>
<td>Students in the Racine Unified School District (capped at 250 students in first year; 500 in second, no cap in subsequent years)</td>
</tr>
</tbody>
</table>

Source: National School Boards Association
States’ ability to tax remote sales closer to becoming a reality

Twenty-one years ago, the state of North Dakota’s attempt to collect a use tax from Quill Corp. for its catalog sales ended in legal defeat.

Much has changed since that U.S. Supreme Court decision—the rise of online commerce, for example, and a multistate effort to streamline sales and use tax systems.

But only a political victory will undo the 1992 court ruling, which requires congressional action before any state can compel sellers without a “physical presence” within its borders to collect and remit taxes on sales made to in-state customers.

Could this be the year that the U.S. Congress gives states this taxing authority?

As of late April, the Marketplace Fairness Act (S 336) appeared likely to pass the U.S. Senate with bipartisan support. Legislation has also been introduced in the U.S. House (HR 684) with the backing of a bipartisan group of 65 co-sponsors. Under both versions, the authority to collect remote sales and use taxes would be extended to any state that is a member of the Streamlined Sales Tax Agreement. The proposed legislation would also extend this new taxing authority to states that meet certain sales-tax-simplification requirements.

Estimated state and local losses of sales tax revenue due to e-commerce sales, FY 2012 ($ in millions)

<table>
<thead>
<tr>
<th>State</th>
<th>Losses to States</th>
<th>Losses to Localities</th>
<th>Total Losses</th>
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<tr>
<td>Illinois</td>
<td>$142.1</td>
<td>$141.5</td>
<td>$283.6</td>
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<tr>
<td>Indiana</td>
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<td>Michigan</td>
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<td>Minnesota</td>
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<tr>
<td>Average</td>
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<td>$185.5</td>
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Nine of the Midwest’s 11 states are full members of the Streamlined Sales Tax Agreement: Ohio is an associate member (largely conforming) and Illinois is an “advisory state” (not conforming).

The goal of this agreement is to minimize the costs and administrative burdens on retailers that collect sales taxes in multiple states.

The federal measure is supported by many state lawmakers as well as brick-and-mortar retailers. In 2012, The Council of State Governments Executive Committee called on the U.S. Congress “to regulate e-commerce through legislation that allows states to enforce their existing sales and use tax laws.”

A national study done four years ago by University of Tennessee researchers estimated that state and local governments would lose $11.4 billion in sales tax revenue due to e-commerce in 2012—with losses in the Midwest ranging from a high of $506.8 million in Illinois to a low of $15.3 million in North Dakota (see map). General sales-tax collections are the largest source of revenue for three Midwestern states: Indiana, Michigan and South Dakota. They are the second-largest source in the region’s eight other states.

With new dollars, states upgrading region’s intercity passenger rail lines

Four years ago, federal lawmakers made a historic funding commitment to passenger rail—billions of dollars for new equipment and projects to improve intercity and interstate service.

The Midwest has received $2.5 billion of the money obligated so far under the High Speed Intercity Passenger Rail Program (a little more than a quarter of total federal funding) for close to 40 projects. That money is being used by eight states in the region (Missouri included) to implement the first phase of a long-term plan to bring faster, more frequent passenger-rail service to the region. This plan, known as the Midwest Regional Rail Initiative, envisions a 1,000-mile interstate system of high-speed trains traveling to and from the region’s largest cities.

During a recent webinar hosted by the Midwest Interstate Passenger Rail Commission, officials from five states detailed how the new federal dollars for passenger rail are being used so far (CSG Midwest provides staffing services to the commission.)

Michigan

Michigan has been using program funds to improve service on the Chicago-to-Detroit corridor. As a result, trains are now traveling at speeds of 110 mph on a portion of the route, specifically along a 125-mile segment of track between Kalamazoo and the Michigan-Indiana border. Later this year, trains traveling between Kalamazoo and Dearborn will be capable of reaching these high speeds, Tim Hoeflinger, director of the Michigan Office of Rail, said during the webinar.

Another key improvement will be corridor-wide installation of a wireless train-control and communication system, which will allow for increased speeds, greater line capacity and enhanced safety.

Illinois

Joe Shacter, director of public and intermodal transportation for the Illinois Department of Transportation, said his state’s signature project is bringing 110-mph service to the Chicago-to-St. Louis corridor. High-speed service began in November on a 20-mile segment of the route, and by late 2015, Illinois expects to have completed the work needed to begin offering 110-mph service on a much larger portion of the corridor.

Other state projects have sought to eliminate problematic bottlenecks along the route and to upgrade rail stations, including in Joliet and Bloomington-Normal.

Missouri

Missouri officials have been working for several years to improve on-time performance along the St. Louis-to-Kansas City corridor. Eric Curtit, rail administrator for the Missouri Department of Transportation, said his state has secured federal funding for nine projects.

One has been completed (a universal crossover at the corridor’s Kirkwood junction) and three others are under construction, including a new bridge over the Osage River and improvements to the Mississippi River bridges.

Indiana

The Indiana Gateway Project—which includes the construction of new tracks and universal crossovers—will help relieve chronic congestion points in the northwest part of the state. Once completed, it will give “train dispatchers additional alternatives when they are planning their train moves and pass in and out of Chicago,” said Mike Riley, rail section manager for the state’s Department of Transportation.

Minnesota

As part of plans to bring 110-mph service between the Twin Cities and Chicago, Minnesota has identified a preferred route (along Amtrak’s existing Empire Builder line) and is now conducting an environmental study. The goal is to have high-speed service between the two Midwestern metropolitan areas up and running by 2017, said Dan Krom, director of the Minnesota Department of Transportation’s passenger-rail office.

Minnesota is also studying the idea of bringing 110 mph service to two intrastate routes: between the Twin Cities and Duluth (service has been dormant on this corridor since 1986) and between the Twin Cities and Rochester, home of the Mayo Clinic.

The webinar “Passenger Rail Development in the Midwest: Our History and Plans for the Future” is available at www.miparc.org. This article was written by Laura Kliwer, CSG Midwest senior policy analyst who also serves as director of the Midwest Interstate Passenger Rail Commission. She can be reached at lkliwer@csg.org or 630.925.1922.

Passenger rail service in the region, as envisioned by the Midwest Regional Rail Initiative

* 110-mph service on many existing or new routes: 1) Chicago-to-St. Louis, 2) Chicago-to-Detroit, 3) Chicago-to-Cincinnati, 4) Chicago-to-Minneapolis/St. Paul, 5) Chicago-to-Green Bay and 6) Chicago-to-Cleveland

* Intercity service connecting towns in Iowa and Nebraska along a new Chicago-to- Omaha route

* An increase in daily roundtrips along most corridors (between four and 17)
**QUESTION OF THE MONTH**

**QUESTION:** What states permit the use of medical marijuana, and in those states, how is use of the drug regulated?

Medical marijuana is now legal in 18 states and the District of Columbia. Only one of those states — Michigan — is in the Midwest, though several bills were introduced in the region this year (see map) to legalize medical marijuana, which is used to relieve severe pain, control nausea and stimulate appetites.

Michigan voters approved a ballot measure legalizing medical marijuana in 2008, and since then, policymakers have grappled with how to best regulate its use and distribution.

Under Michigan law, a physician can authorize marijuana use for certain illnesses — such as cancer, glaucoma and AIDS — and for certain chronic, debilitating conditions such as wasting disease, chronic and severe pain, and nausea (usually resulting from treatment for another illness).

Patients, or their caregivers, who have written documentation from their physician can possess and grow up to 12 plants or possess 2.5 ounces of marijuana. In other states, the amount of marijuana a registered user can possess ranges from one to 24 ounces (or a 60-day supply in Massachusetts), and the number of plants a user can possess ranges from four to 24.

Michigan does not have marijuana dispensaries. In contrast, most of the other 18 medical-marijuana states permit pharmacies or for-profit dispensaries, or require the marijuana to be sold by nonprofit dispensaries. These dispensaries are licensed and regulated; in some cases, too, states allow localities to ban dispensaries.

This year, several laws took effect in Michigan clarifying the rules regarding medical marijuana. For example, HB 4834 extends the period a patient’s registry card is valid from one year to two years and also requires proof of state residency.

According to the Michigan Department of Licensing and Regulatory Affairs, the number of new or renewed applications (since the law took effect) had reached nearly 379,000 as of April.

There are more than 130,000 active, registered patients in the state system as well as 27,000 active, registered primary caregivers. The department has denied about 10 percent of the applications, mostly due to incomplete applications or missing documentation.

Another new law in Michigan (the result of HB 4851) requires a “bona fide physician-patient relationship”: Doctors must see the patient in person, review his or her medical records, and follow up to ensure that the marijuana is helping the patient.

Legislation has been or is being considered in several other states in the Midwest this year. One of those states is Illinois, where the House passed HB 1 in mid-April. If enacted into law, the measure would limit possession to 2.5 ounces, require a patient and doctor to have a previous doctor-patient relationship, and require a patient to get a state ID. Use would be limited to patients with specific conditions.

**Conflicts of interest inevitable in legislatures; rules vary from state to state**

*by Tim Anderson (tanderson@csg.org)*

Legislating is not a full-time job for most of the Midwest’s 1,550 state lawmakers — at least when it comes to pay.

In 2012, only legislators in Illinois, Michigan, Ohio and Wisconsin were paid salaries above the nation’s per capita income of $42,693. And in Michigan and Ohio, the advent of term limits means state lawmaking is, at most, only a temporary career.

Nicholas Kusnetz of the Center for Public Integrity says voters have largely embraced the idea of a “citizen legislature” — individuals from different walks of life gather in the capitol, conduct the state’s business, and then return to their homes and places of employment.

It sounds good in theory, Kusnetz says, but he adds that states should do more to address an unavoidable reality: the slew of conflicts of interest that arise when lawmakers rely on outside income.

“It’s really hard to write a strict law that directs legislators to avoid a conflict of interest,” notes Kusnetz, who investigates and reports on state corruption and transparency. “There are just so many gray areas.”

What is needed instead, he says, is a mix of clear rules and strong enforcement. Even then, though, gray areas are likely inevitable.

Michigan Rep. Vicki Barnett recalls debate over a bill in her home state a few years ago to ban smoking in bars and restaurants. One legislator who owned such an establishment felt the need to refrain from voting; other legislators with similar outside interests did not.

Michigan House rules do not prohibit conflict-of-interest voting. Conversely, the Michigan Senate is one of seven legislative chambers in the Midwest (see table) with explicit language, in state statute or legislative rules, directing members not to vote. The Michigan Senate prohibits votes when members have a “personal, private, or professional interest in a bill.”

In 2009, Barnett introduced legislation (HB 4379) that would have prohibited all state lawmakers from voting on a bill from which they would “derive a direct pecuniary gain or suffer a direct pecuniary loss.” The measure was passed overwhelmingly in the House and stalled in the Senate.

But Barnett says that even if such a voting prohibition were to pass, it alone would not be enough to address concerns about conflicts of interest, especially because of Michigan’s term limits law.

“What you see is people sometimes auditioning for their next job,” Barnett notes. As a result, she also supports a ban on former members lobbying state government immediately after leaving the Legislature.

Kusnetz cites two other policies that he believes are a necessary complement to any state’s conflict-of-interest rules.

The first is requiring “full financial disclosure that is easily accessible to the public and up to date.” Most states now mandate some kind of online disclosure, but Kusnetz says detail and independent oversight are often lacking. For example, legislators might provide their general source of income (what they do for a living), but are often not required to provide a list of their clients.

Kusnetz’s second suggestion is for states to have an independent ethics commission that provides advice to legislators, that can initiate investigations of ethics violations, and that can enforce any violations.

**Medical marijuana legislation introduced in Midwestern states, 2013**

*Medical marijuana legislation would not allow medical marijuana, but would provide an affirmative defense against prosecution (defendant has a medical need to possess marijuana). The South Dakota legislation was defeated in committee.

Source: CSG Midwest*

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**“Shall not/must not” voting restrictions: Legislatures in Midwest with specific language restricting member votes due to conflict of interest**

<table>
<thead>
<tr>
<th>Chamber</th>
<th>Excerpts from language in state statute or chamber rules</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indiana House</td>
<td>“Any member who is immediately and particularly interested in the result on any question shall ask to be excused and shall not vote on that question.” (House rule)</td>
</tr>
<tr>
<td>Michigan Senate</td>
<td>“A senator having a personal, private, or professional interest in a bill shall not vote on the bill and shall disclose in writing his or her interest in the bill.” (Senate rule)</td>
</tr>
<tr>
<td>Minnesota House</td>
<td>“A member who has an immediate interest in a question must not vote on it.” (House rule)</td>
</tr>
<tr>
<td>North Dakota House and Senate</td>
<td>“Any member who has a personal or private interest in a bill shall disclose that fact to the House/Senate and may not vote therein with the consent of the House/Senate.” (House and Senate rules)</td>
</tr>
<tr>
<td>Ohio House and Senate</td>
<td>“No member shall vote on any legislation that the member knows is being advocated or for which the member is a full-time employee.” (State statute)</td>
</tr>
</tbody>
</table>

Source: CSG Midwest research

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**Capital Closeup highlights institutional issues in state governments. Articles are available at www.csgmidwest.org**
weighing whether to participate in the Medicaid expansion proposed under the Affordable Care Act.

As of early May, two Midwestern states (Minnesota and North Dakota) had passed legislation to go ahead with the expansion in 2014. Governors in another three states (Illinois, Michigan and Ohio) have expressed support of expansion, and legislation is pending. Governors in the six other states have said their states will not participate.

From 2014 through 2016, the federal government will pay for the entire cost of covering the new enrollees. After that, the states will gradually begin to pick up some of the tab, capped at 10 percent in 2020 and beyond.

Minnesota was one of only a handful of states, and the only one in the Midwest, to implement the Medicaid expansion early. In 2011, Gov. Mark Dayton expanded Medicaid to all Minnesotans earning up to 75 percent of the federal poverty level.

For now, the federal government is paying half of the cost of covering these new enrollees (under the state’s pre-existing federal matching rate). So why would the state choose to expand early?

According to Sen. Kathy Sheran, the move was a win-win for her state. On the one hand, expanding Medicaid helped Minnesota draw federal dollars to support coverage for people who were already being insured in two state-funded public programs.

“Now we can draw down funds from the federal government to help manage ‘churn’ — the movement of recipients on and off Medicaid as their incomes change. States are expected to be able to use funds for a Basic Health Plan that the federal government would otherwise spend on providing premium subsidies through the Affordable Care Act, which would be available to individuals just above Medicaid’s income threshold: with incomes from 138 percent to 200 percent of the federal poverty level.

The goal is to make insurance affordable for this population and to help manage ‘churn’ — the movement of recipients on and off Medicaid as their incomes change. States are expected to be able to use funds for a Basic Health Plan that the federal government would otherwise spend on providing premium subsidies through the Affordable Care Act, which would be available to individuals just above Medicaid’s income threshold: with incomes from 138 percent to 200 percent of the federal poverty level.

The decision to expand early also fits nicely with the state’s broader goal of promoting preventive care. “When people have coverage, their behavior changes,” says Sheran, a registered nurse. “They seek out preventive care instead of waiting for more-serious symptoms, when they need interventions or care in highly expensive places, like emergency rooms.”

The state, meanwhile, is working with the federal government to set up a Basic Health Plan (another option offered in the Affordable Care Act), which would be available to individuals just above Medicaid’s income threshold: with incomes from 138 percent to 200 percent of the federal poverty level.

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achieve by integrating teams of specialists to treat patients with chronic diseases. The idea, Sheran says, is to encourage a shift from a “siloed” approach to a team-based philosophy of care delivery, and to pay providers based on quality rather than on the number of procedures performed.

Some IT systems in need of upgrade

In October, enrollment in the new state-based health insurance exchanges will begin. In part, these online marketplaces must allow users to determine their eligibility for Medicaid. A simpler, streamlined application process will be available, and states will now need to use a standardized method of determining income eligibility. In order to meet these new requirements, many states must upgrade or entirely replace their information technology systems. Federal matching funds (90 percent) are available to help defray the cost. Illinois, for example, is using the match to replace its system for determining Medicaid eligibility in order to be ready for enrollment this fall. The $150 million project will make “desperately needed” updates to the state’s 30-year-old system, says Kelly Jakubek, a spokesperson for the Illinois Department of Healthcare and Family Services.

Meanwhile, the state has launched a major initiative to review its current Medicaid rolls. One of the provisions in an Illinois Medicaid reform law passed last year was to create a better system of determining whether current beneficiaries should still be enrolled. The state hired a private firm to review all of the state’s 2.7 million Medicaid cases, starting with about 294,000 that had a high probability of being determined ineligible. As of April 29, the firm had looked at about 50,000 cases and recommended that the state rescind coverage in about two-thirds of the cases. In most instances, income was too high or the beneficiary had moved out of the state. Those cases are being passed on to caseworkers who will make the final decision on whether or not to cancel the accounts.

“One those high-priority cases have been reviewed, we expect to see the percentage of ineligible cases decrease,” Jakubek says. “Our goal is to do timely, accurate redeterminations, and we are committed to doing so on an ongoing basis.”

Future holds new Medicaid challenges

Regardless of whether a state plans to expand Medicaid eligibility, outreach efforts and the simplified enrollment process will be critically important to ensure that needy people have care. Holahan adds that states planning to expand eligibility must also make sure the program’s system of providers is up to the task of caring for the new population of enrollees, mostly childless adults.

For example, because a large proportion of current Medicaid recipients are mothers and children, states’ programs are likely to include a high number of prenatal and pediatric specialists. But the new population of adults is likely to have different needs.

“There will be some small percentage that have substance abuse issues and mental health needs that will be a challenge to deal with,” Holahan says. “But most of them are quite young and healthy.”

He predicts that the largest cost for states will be covering “acute care,” such as trips to emergency rooms and hospital stays.

States will have to rely on current cost-containment tools — and likely find new ones — to keep spending from rising too fast. And while policies may change over time, the need for a program like Medicaid will never go away, Sheran says.

“There are those difficult-to-treat populations — such as the homeless, those with chemical dependence issues, mental illness or chronic and persistent conditions — that will always need a safety net,” she says.

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**Midwestern Legislative Conference 68th Annual Meeting**

**St. Paul, Minnesota | July 14–17, 2013**

**SPEAKERS**

- Jon Meacham
  Pulitzer Prize-winning author
- Ann Bancroft
  Polar explorer and educator
- Jonathan Haidt
  Author, expert on human morality

**WEB SITE**

WWW.CSGMIDWEST.ORG

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Are you looking for a place to share ideas in a nonpartisan environment? Join us in St. Paul for this summer’s MLC Annual Meeting, the premier event for Midwestern state lawmakers.

The MLC Annual Meeting is a conference for policymakers from around the Midwest to share ideas, talk about innovative state policy, discuss common challenges and identify solutions. Small-group discussions foster collaborative problem-solving, while larger sessions allow attendees to hear from some of the country’s top experts on issues of importance to state policymakers.

This year’s meeting will feature a presentation from one of America’s foremost historians, Jon Meacham. The Pulitzer Prize-winning author will talk about leadership, drawing on his works about some of the world’s most notable historical figures.

And author Jonathan Haidt will share his insights on how policymakers can repair their differences by finding the reasons for which they disagree.

Evening social events offer the opportunity to network with colleagues. This year’s agenda includes an opening reception at the Minnesota Science Museum and a family-friendly evening at The Minnesota History Center. The elegant tradition of the State Dinner will be celebrated this year at the Ordway Center for the Performing Arts, a beautiful concert hall in the heart of St. Paul.
Minnesota Sen. Tom Bakk

Majority leader and former union leader counts job creation, early-childhood education among top legislative priorities

by Kate Tormey (ktormey@csg.org)

He won the election and spent eight years serving in the House before being elected to the Senate, where he is now in his fourth term. Bakk represents a district in far northern Minnesota — the Iron Range — which is known for its beautiful landscape and is a center of tourism. His district stretches from the north shore of Lake Superior to the Canadian border and includes 11 of Minnesota’s 67 state parks.

Bakk’s constituents feel strongly about the outdoors and they also feel strongly about land rights — especially given some past efforts to develop land for public or commercial purposes.

“I serve as minority leader or majority leader — it’s the same thing at the end of the day; and if you aren’t, well, your kids just get half a day. We made it a priority with SF 2 that the state is going to pay for full-day kindergarten."

When I came to the Legislature in 1994, there was no early-education committee in the Legislature at all. No one talked about early childhood. And since then, there has been an incredible amount of research about the amount of brain development that happens in those early years in life. Those little 2- and 3-year-olds’ brains are like sponges.

We’ve never had any money to do what we know is a terrific investment. Minnesota’s large cities have some of the highest achievement-gap problems in the country, and I think the only way you are going to resolve that is by investing in those kids when they are very little. There is plenty of research that bears that out, but we’ve never had the money because for a decade we’ve been managing fiscal crises.

One of my important things about serving in elected office is the example that you set for your children about the important work that we do: how it impacts them, their communities, their schools and their whole quality of life. Allowing your kids to see that from the inside makes them much less cynical about the world and about government. …

When we think about what elected officials go through, it’s very challenging — and it’s not always family friendly. You and your family get held to a higher standard, it’s hard to go out to dinner and not get hounded by somebody … and it seems like work never goes away. But you need to think about the positive ways it impacts yourself and your family, how their lives are forever changed.

<table>
<thead>
<tr>
<th>Bio-sketch of Sen. Tom Bakk</th>
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</thead>
<tbody>
<tr>
<td><strong>first elected to the Minnesota House in 1994</strong></td>
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<tr>
<td><strong>elected to Senate in 2002; served as minority leader from 2011-12</strong></td>
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<tr>
<td><strong>current Senate majority leader</strong></td>
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<tr>
<td><strong>retired carpenter, union official</strong></td>
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<tr>
<td><strong>served as elected leader of the Senate Taxes Committee for four years</strong></td>
</tr>
<tr>
<td><strong>born and raised in northern Minnesota’s Iron Range region</strong></td>
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**Q:** What insights do you bring to the Legislature from your 21 years of experience as a labor representative?  
**A:** What you learn in the collective bargaining process and sitting down with employers is that whatever agreement you reach, neither side can leave the table angry. You are not both going to feel like you won, but it’s OK for you to both walk away muddling under your breath.

**Q:** What does it mean to draw unemployment, but I know what it’s like to run out of unemployment. There were periods when I was unemployed and didn’t have money for health insurance, so we went without it. A lot of people in the trades have to do that, so I describe myself as a “Jobs Democrat” because I understand that businesses are important. I learned early from sitting across the negotiating table with business leaders that if a business isn’t making money, you cannot negotiate a wage increase.

**Q:** What are your key goals this session, and one that is shared by the governor, is to provide funding for all-day kindergarten. Why is this a priority for the state?  
**A:** Right now in Minnesota, we only pay for half-day kindergarten, and that is what most schools offer. Some schools offer the other half day, but parents pay the tuition, which can be as much as $4,000 a year. That concerns me because if you are wealthy, your kids get the full day; and if you aren’t, well, your kids just get half a day. We made it a priority with SF 2 that the state is going to pay for full-day kindergarten.

When I came to the Legislature in 1994, there was no early-education committee in the Legislature at all. No one talked about early childhood. And since then, there has been an incredible amount of research about the amount of brain development that happens in those early years in life. Those little 2- and 3-year-olds’ brains are like sponges.

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**Q:** You are a proud dad of four and grandfather of four; how has this shaped your legislative goals?  
**A:** One of the important things about serving in elected office is the example that you set for your children about the important work that we do: how it impacts them, their communities, their schools and their whole quality of life. Allowing your kids to see that from the inside makes them much less cynical about the world and about government. …

When we think about what elected officials go through, it’s very challenging — and it’s not always family friendly. You and your family get held to a higher standard, it’s hard to go out to dinner and not get hounded by somebody … and it seems like work never goes away. But you need to think about the positive ways it impacts yourself and your family, how their lives are forever changed.
Butting heads, learning lessons

An Illinois bill to limit full-contact hitting in football practice was sacked in 2013, but it raised awareness about concussions and the state response

by Illinois Rep. Carol Sente (csente@gmail.com)

I t is the Saturday after Illinois House Bill 1205, intended to limit full-contact hitting during practice in youth and high school football, died in the Elementary & Secondary Education Committee. For today, I’m glad my past 10-week escapade of taking on the institution of football is over, as it was both time-consuming and mentally exhausting. But after a short break, I will be renewed and ready for the next step of my plan.

In January, a constituent who is a neurologist specializing in headaches asked if I would consider running a bill to limit hitting in football practice and/or ban youth tackle football entirely. I laughed. “No thanks,” I said. “Not a chance. It will accomplish anything besides give me a headache!”

But my constituent did not relent and fed me key facts to spark my interest. When I went online to research the subject, I found that the National Football League, the Ivy League and some youth football leagues were reducing hitting during practice, yet high schools were not.

Moreover, I found that Illinois’ concussion legislation, while important, did little to prevent repetitive hits to the head — which according to mounting evidence are linked to long-term brain trauma including headaches, lower IQ, depression, and CTE (chronic traumatic encephalopathy).

Awareness of concussion dangers rising

Discussion about the dangers of football is happening nationwide, due to rising pressure from organizations, parents and legislators. Besides my own bill, three other bills to reduce head injuries in football were filed this year, by Virginia Sen. Dave Marsden, Texas Rep. Eddie Lucio and New York Assemblyman Mike Benedetto. I reached out to them to share information, and found that we all faced similar arguments and significant opposition.

I conducted substantial research on the issue, so if any legislator would like to learn more, I invite you to contact my office or e-mail me. I’d be happy to speak with you, as well as send you the text of my bill, information from the research I did, letters of testimony, and websites and articles to reference.

Having crisp, succinct answers to the key arguments against and questions about my bill was important in building credibility and consensus. This included:

• Why are you picking on football when so many other sports also produce head injuries?
  • Limiting full-contact hitting practice will produce more head injuries because athletes need to learn the mechanics of proper tackling.
  • Legislation is not the way to address this issue. Don’t you have something more important to do? The state can’t even balance its budget or fix its pension systems.
  • How will you enforce your legislation and what are the penalties for non-compliance?
  • How are you defining full-contact hitting?
  • Coaches are informed and have already made changes. The concussion situation is overblown.
  • Helmets protect the athletes’ brains.
  • Younger athletes do not hit as hard as in the NFL.

During my work on this bill, I learned many lessons that could aid other legislators making similar efforts: Build a team — Look for athletes and activist parents who have stories about injuries, practice regimes and overly zealous coaches. Their stories will help make your issue real. Solicit the input of youth and high school coaches and try to get supportive letters of testimony from as many as possible. This will be tough, because they won’t want an outsider telling them what to do and won’t want to go against their state high school association.

Also, assemble a core team of experts to help you with the bill language and to be vocal in support of your effort. My panel included a neurologist, a retired Chicago Bears player, the co-director of the Sports Legacy Institute and the president of a Chicago-area youth football league. A word of caution: Reaching agreement among the core team will be challenging. Understand each member’s motivations and outside pressures, listen to their advice and reasoning, then make your own final decision as to what you feel is best and what type of bill you can pass.

Do your research — As you search for facts, record the source of each one you quote, because people will challenge you. I kept citing that more head injuries happen during practice than the actual game and that football produced the most concussions. These two facts were continually questioned by opponents.

Early research is key

Start your research and consensus building early, before the bill-filing deadline. Because I needed to insert “place-holding language” to meet the deadline, I wound up having to spend too much time explaining that I intended to change that language. Time is of the essence — Working on a bill that backs the entrenched football culture will spark a huge backlash and constant attacks upon your motivations and credibility. Much time will be spent responding, so consider a lighter bill workload to compensate. (I estimate I spent at least 160 hours on this bill over 10 weeks.) As a female who never played or coached football and didn’t have a son, husband or father who played, I had to work extra hard to earn credibility. Efforts such as learning the sequence of weekly practice and understanding tackling drills and football terms are crucial.

Also, be ready for lots of media attention. I received more than 20 inquiries from local and statewide newspapers, special-interest magazines, high school and college newspapers, and sports radio, cable and mainstream TV stations. I could barely keep up with the phone calls.

Determine your end game — Do you want to set a deadline for your state high school association to address this issue? Is the best way to handle this issue via a resolution or legislation? Is this a multi-year effort? Should you look for a sponsor in the other chamber and run simultaneous bills? Should you focus on awareness/consensus building or on trying to “hit them between the eyes” with a hard-line approach?

Football culture fights back

As I tried to enlist help from the director of my state high school organization, a fellow legislator who was a youth coach, and a potential Senate sponsor who was a former NFL player, I found they were collectively working against me as fast as I could gain other support. I was naively informing them of my progress, assuming we could compromise. I should have asked early on if they were willing to negotiate language they would support and held my cards closer to the vest.

In the end, the bill failed twice to pass out of committee. The final vote was 6-8 against, with one “present” vote; the bill needed eight “yes” votes to get out of committee.

However, the awareness created by the legislation helped prompt the Illinois High School Association to discuss this issue at a meeting on April 17, at which the IHSA was asked to report its progress back to the committee before session ended on May 31. The IHSA invited two members of my core team, Chris Nowinski of the Sports Legacy Institute and former Chicago Bears linebacker Hunter Hillenmeyer, to join its discussion.

I am considering running the same or a similar bill next year, a “shell” bill this year that leaves out high school football and focuses on just youth football, or a resolution this year stating the rules I wish the IHSA to adopt.

While I may not be a coach or a former football player, I have a record of passing legislation on youth safety and have served as a park district commissioner and youth counselor. I am far from done on this issue and urge my peers to consider similar legislation in their states.

Rep. Carol Sente, a Democrat from Vernon Hills, was first elected to the Illinois House in 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 FirstPerson article are welcome, as are pieces written on other topics. For more information, contact Tim Anderson at 630.925.1922 or tanderson@csg.org.

Requirements of recently enacted student-athlete concussion laws in the Midwest

<table>
<thead>
<tr>
<th>Requirement</th>
<th>State(s)</th>
</tr>
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<tbody>
<tr>
<td>Athlete removed from play if suspected of having a concussion/return required medical clearance</td>
<td>All 11 Midwestern states</td>
</tr>
<tr>
<td>Coaches must undergo concussion awareness training</td>
<td>Minnesota and Ohio, every three years; North Dakota: annual training. South Dakota, every two years; and Michigan, online training for all adults involved in youth sports.</td>
</tr>
<tr>
<td>Parents sign concussion information form</td>
<td>All Midwestern states except Nebraska, where parents must receive information but do not have to sign form.</td>
</tr>
<tr>
<td>Rules cover youth sports groups (not just schools)</td>
<td>Michigan, Minnesota, Nebraska, Ohio</td>
</tr>
</tbody>
</table>

Source: EducationWorld
MLC meeting a unique chance for legislators to learn from one another, national experts on state policy

This year’s family-friendly event will be held July 14-17 in Minnesota’s capital city

F or nearly 70 years, the Midwestern Legislative Conference Annual Meeting has served as the premier event for the region’s state legislators. Generations of lawmakers have come to rely on the meeting as a place to learn from and work with colleagues from other states in a welcoming, nonpartisan environment.

That tradition will continue this summer in Minnesota’s capital city of St. Paul.

From July 14-17, state and provincial legislators will be treated to a mix of regionally focused public policy sessions, professional development workshops, renowned speakers and special social events organized by this year’s host state.

Top national experts in public policy will lead discussions on issues ranging from K-12 education and Medicaid reform, to state fiscal conditions and workforce development systems, to transportation finance and higher-education governance.

This year’s meeting speakers include Pulitzer Prize-winning author and historian Jon Meacham. Numerous morning and afternoon activities — for children and adults — will be available for the guests of attendees, and the family-friendly event will also include evening activities for everyone.

The $425 registration fee ($350 for first-time attendees) covers attendees’ meals and participation in the various events scheduled around the four-day MLC Annual Meeting. The registration deadline is June 7.

Registration materials and a preliminary agenda are available at www.csgmidwest.org. Legislators with questions about the meeting can call CSG Midwest at 651.925.1923.

Minnesota Rep. Alice Hausman, chair of the MLC, is leading the work of this year’s host state.

The MLC is a nonpartisan association. All 1,550 legislators from the Midwest’s 11 states are eligible to participate in the MLC’s various activities, as are lawmakers from the provinces of Alberta, Manitoba, Ontario and Saskatchewan.

The Annual Meeting is one primary way that the MLC meets its overall mission: to foster cooperation among the region’s policymakers through the consideration of common problems, the exchange of information and ideas, the sharing of knowledge, and the pursuit of collaborative efforts to improve state government.

CSG Midwest provides staffing services to the MLC.

Grant secured for Great Lakes Legislative Caucus

C SG Midwest has secured a two-year grant from the Joyce Foundation to continue the work of the Great Lakes Legislative Caucus.

Through its mix of programming, advocacy and research, the caucus provides a forum for the regional exchange of ideas and information on key Great Lakes issues. It has, for example, facilitated discussions on the Great Lakes-St. Lawrence River Basin Water Resources Compact and pushed for federal passage of the Great Lakes Restoration Initiative. It is also among the groups that asked the federal government to expedite an Asian carp control study. This year’s activities have included in-state training workshops for Michigan and Minnesota legislators as well as a series of webinars on Great Lakes policy.

The caucus also maintains a legislative tracker on state and federal Great Lakes bills and produces a quarterly e-newsletter. It is governed by a 12-person Executive Committee of legislators that includes two officers: Minnesota Sen. Ann Rest, caucus chair, and Michigan Sen. Darwin Booher, caucus vice chair.

Caucus to meet July 29 and 30: limited travel stipend available

The Great Lakes Legislative Caucus will next meet July 29 and 30 in Duluth, Minn. The meeting will feature a mix of site visits (including a trip on a Lake Superior research vessel) and programming on issues such as water management, changing water levels, the federal investment in Great Lakes protection, and preventing the introduction and spread of Asian carp and other invasive species.

A limited number of travel scholarships are available to legislators who are members of the caucus. Scholarships are limited to $800 and are available on a first-come, first-served basis to the first 40 caucus members who register — including up to four members from each state or province. For more information, contact Lisa Janairo at ljjanairo@csg.org or 920.458.5910. To enroll as a member or to view the legislative trackers, visit www.greatlakeslegislators.org.

Officers of the Great Lakes Legislative Caucus

Minnesota Sen. Ann H. Rest, chair
Michigan Sen. Darwin Booher, vice chair

The Council of State Governments was founded in 1933 as a national, nonpartisan organization to assist and advance state government. The headquarters office, in Lexington, Ky., is responsible for a variety of national programs and services, including research, reference publications, innovations transfer, suggested state legislation and interstate consulting services. The Midwestern Office supports several groups of state officials, including the Midwestern Legislative Conference, an association of all legislators in 11 states: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin. The Canadian provinces of Alberta, Manitoba, Ontario and Saskatchewan are MLC affiliate members.
33 state lawmakers chosen to take part in prestigious leadership program

Thirty-three legislators from 11 Midwestern states have been selected to attend the 2013 Bowhay Institute for Legislative Leadership Development.


Started in 1994, BILLD has become a signature program of the Midwestern Legislative Conference. More than 600 legislators have participated in the program, including many graduates who have gone on to serve in legislative leadership positions and others who have been elected to the U.S. Congress.

Four Canadian provincial legislators will also participate in this year’s program: MLA Maureen Kubinec, Alberta; MLA Ted Marcelino, Manitoba; MLA Soo Wong, Ontario, and MLA Scott Moe, Saskatchewan.

Below is a list of the 2013 class, as chosen by the BILLD Steering Committee.

**Illinois**
- Rep. Kelly Burke
- Sen. Steve J. Stadelman

**Indiana**
- Rep. Dan Forrestal
- Rep. Kathleen M. Heuer
- Sen. Mark Stoops

**Iowa**
- Rep. Nancy Dunkel
- Rep. Chris Hall
- Rep. John R. Landon

**Kansas**
- Rep. Blaine Finch
- Rep. Tom Phillips
- Rep. Kay Wolfe Moore

**Michigan**
- Rep. Klint Kesto
- Rep. Robert L. Kosowski
- Rep. Phil Potvin

**Minnesota**
- Rep. Raymond Dehn
- Sen. Chris Eaton
- Rep. Joe R. Schomacker

**Nebraska**
- Sen. Al Davis
- Sen. Sara E. Howard
- Sen. Jim Scheer

**North Dakota**
- Rep. Thomas R. Beadle
- Rep. Jessica Haak
- Rep. Scott Louder

**Ohio**
- Rep. Nicholas J. Celebrezze
- Sen. Lou Gentile
- Sen. Frank J. La Rose

**South Dakota**
- Rep. Melissa J. Magstadt
- Sen. Deb Soholt
- Sen. Billie H. Sutton

**Wisconsin**
- Rep. Mary Czaja
- Rep. La Tonya A. Johnson
- Rep. Janis Ringland

Since December, CSG Midwest has brought a mix of policy and professional development workshops for legislators to more than half of the region’s state capitols.

“CSG Midwest Under the Dome: Bringing Resources and Ideas to Your Capitol” reflects a commitment that the Midwestern Legislative Conference has made to bring more in-state training to members. (CSG Midwest provides staffing services to the MLC.)

Lawmakers in each state decide the exact subject of each workshop. For example, legislative leadership in South Dakota asked for outside expertise as it explored a possible Medicaid expansion; CSG Midwest then helped plan a special joint meeting of the House and Senate that included one of the nation’s leading policy experts.

CSG Midwest is planning to hold more workshops in the months ahead. For more information, contact director Mike McCabe at 630.925.1922 or mmccabe@csg.org.

‘Under the Dome’ initiative brings professional development, policy training to region’s capitols

Recent in-state training workshops conducted by CSG Midwest
- State budget policy – Illinois
- Medicaid expansion – South Dakota
- Legislative civility – Nebraska and Ohio
- Great Lakes policy – Michigan and Minnesota

Former Ohio state legislator Ted Celeste leads a group of Nebraska legislators in an April training session that focused on legislative civility. Participants included (shown from left to right) Sens. Beau McCoy, Heath Mello and Kate Bolz.
New abortion laws and restrictions adopted by legislatures in the Midwest have once again attracted national interest. This year, the focus has been on bills signed into law in North Dakota and Kansas.

North Dakota’s new restrictions are the toughest in the nation, the New York Times reports. HB 1456 forbids abortions after detection of a fetal heartbeat, a period in pregnancy many weeks before the “viability standard” set by the U.S. Supreme Court. Gov. Jack Dalrymple says the measure is “a legitimate attempt by a state legislature to discover the boundaries of Roe v. Wade.”

A second bill, HB 1305, bans abortions performed solely for the purpose of gender selection or due to the discovery of genetic disorders such as Down syndrome. SB 2305 requires any physician who performs abortions to have admitting and staff privileges at a nearby hospital. Lastly, North Dakota legislators are sending to voters a constitutional amendment that defines life as beginning at conception.

Kansas HB 2253 declares that the life of each human being begins at fertilization and prohibits selective-sex abortions. Midwestern state legislators have adopted several abortion laws in recent years that garnered national attention, including a 2010 Nebraska measure (LB 1103) that prohibits the procedure at or after 20 weeks’ gestation.

The Council of State Governments (CSG)’s 16-member Com- pensation Council, a mix of state legislators, judges and members of the executive branch. As in most Midwestern states, legislative service in Minnesota is considered “part time.” Members receive $31,140 a year, a figure in the mid-range for states in this region. The council says salaries need to be raised so that individuals “are not deterred by loss of income from running for office. Otherwise, we face the prospect of a Legislature that is not representative of Minnesota’s citizenry.”

In April, the St. Paul Pioneer Press reports, the Minnesota Senate approved a plan to make the salary of legislators one-third of that of the governor. The same measure would boost the governor’s salary from $120,000 to $128,000 by 2016, thus boosting legislators’ wages by about 35 percent. In 2012, annual legislative salaries in the Midwest ranged from a high of $71,865 in Michigan to a low of $6,000 in South Dakota. Legislators are paid a per-day salary in Kansas ($88.66 during session) and North Dakota ($152 during session).

In Illinois, pay for gubernatorial term limits moved forward in 2013 legislation to phase out the tax over the next decade, the state General Assembly agreed at the end of its 2013 session to a full, immediate repeal. The tax, imposed on the beneficiaries of an estate, brought in about $150 million a year, the Evanstonian Reporter reports.

According to The Tax Foundation, Iowa and Nebraska are now the only two Midwestern states with an inheritance tax. Iowa’s applies to the inheritors of an estate with a net value of more than $25,000; surviving spouses, parents and grandparents, and children and grandchildren are exempt from the tax. In Nebraska, the tax is levied at the county level. The first $40,000 of the inheritance is exempt for close relatives, who then must pay 1 percent of the market value. The exemption is lower and rates are higher for more-distant relatives and others. Two other Midwestern states, Illinois and Minnesota, impose estate taxes, which is levied on the estate of a deceased individual. The first $4 million of the estate is exempt under Illinois law, and the first $1 million is not taxed in Minnesota. Ohio’s estate tax ended this year.

Abortion laws in Kansas, North Dakota attract nationwide attention

Pay raise for governor, state legislators mulled in Minnesota

Illinois will try new financing model — social impact bonds

Indiana ends inheritance tax; 4 Midwest states still have ‘death taxes’

More than a decade has passed since Minnesota legislators and the state’s governor last received a salary increase.

That may change this year, if the Legislature follows through on a pay raise recommended by Minnesota’s 16-member Compensation Council, a mix of state legislators, judges and members of the executive branch.

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Illinois has become only the second U.S. state to enter into a unique kind of bond market — one in which “social impact bonds” are bought and sold. If it works, this financing model has the potential to be a win-win for taxpayers and private investors: The state can begin tackling a complex social problem without the need for up-front public dollars, and the investor gets money if the program launched via the social impact bonds is successful. An article in the March/April edition of CSG’s Capitol Ideas magazine notes that New York City has been a national leader in pursuing the use of social impact bonds. Under a project financed by the firm Goldman Sachs, a behavioral-therapy program has been launched for young people in the city’s prison system. A reduction in recidivism rates would result in Goldman Sachs getting rewarded for the investment and the city reducing its incarceration costs.

Social impact bonds are also known as “pay for success contracts.” Targets are agreed upon by both sides to determine the program’s success, and the state and investor settle on the amount owed to the investor if the targets are reached. A $275,000 grant from the Dunham Fund will be used to launch the program in Illinois, where ideas for the use of social impact bonds include increasing graduation rates, lowering hospital readmission rates and reducing recidivism rates.

A year after passing legislation to phase out the tax over the next decade, the state General Assembly agreed at the end of its 2013 session to a full, immediate repeal. The tax, imposed on the beneficiaries of an estate, brought in about $150 million a year, the Evanstonian Reporter reports.

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