Trade partners: States help budding exporters
Rise in exports key to region’s long-term prosperity
by Ilene Grossman (igrossman@csg.org)

When officials at the Wisconsin manufacturing company Spee-Dee Packaging Machinery began seeking ways to expand the business, it became clear that one of their best options was to export.

The 30-year-old firm — which makes automated machines used to measure and dispense dry foods such as coffee and cereal — primarily sells its equipment to large businesses (many of them are Fortune 500 companies) and, as a result, has a limited U.S. customer market.

“We needed to find other customers, so it was important for us to look globally,” says Timm Johnson, vice president for sales and manufacturing at Spee-Dee, which employs 45 people and is based in the southeast Wisconsin town of Sturtevant.

But just as is the case for many other small- and medium-sized firms, exporting was not an easy step for Spee-Dee.

How would the staff at a small company find the time — and gain the expertise — to understand different global markets, overcome language barriers, find buyers and develop an overseas presence?

The decision to move ahead with an export plan was not taken lightly, Johnson says, and he credits the assistance provided to the state with helping the company through the process.

Spee-Dee is an early success story: In less than a year, exports have helped the company find the time — and gain the expertise — to understand different global markets, overcome language barriers, find buyers and develop an overseas presence.

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Spee-Dee is an early success story: In less than a year, exports have helped increase the company’s sales figures by $300,000.

And as states in the Midwest look to rebound from the Great Recession, these stories of exporting success will be one barometer of the health of the region’s economy.

“Ninety-five percent of the world’s customers live outside of the United States,” notes Laura Baughman, a trade and economics research firm. She adds that the U.S. does not have the world’s fastest-growing economy, so growing and emerging markets are good targets for American companies.

Room for growth: Exports lag compared to other countries
In the Midwest, with its rich tradition as a global leader in the manufacturing and agricultural sectors, states have long relied on their export economies.

Today, exports account for a significant portion of total state gross domestic product in all 11 Midwestern states — from 11.8 percent in Michigan to 4.5 percent in South Dakota, according to 2008 data compiled by Baughman for the Business Roundtable, an association of CEOs at leading U.S. companies. (See Table on page 6 for percentages for all 11 Midwestern states.)

Yet these figures are much smaller than those of many key U.S. trading partners and competitors, note the authors of a fall 2010 report by the Brookings Institution.

For example, exports account for 35.8 percent of GDP in China and 35.1 percent in Canada.

Though exporting is still vitally important to the Midwest, the region has lost some of its dominance in recent years.

“The region can no longer take it for granted that it will be an export powerhouse,” says Jennifer Bradley, a co-author of the report.

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Common export services provided by states*
1) Export counseling for firms
2) Trade missions (may include travel support)
3) Training programs and seminars
4) Market research
5) Overseas trade offices or representatives
6) Trade shows (may include travel support)
7) Training on export readiness
8) Strategy development for entering new markets
9) Searches for sales agents/distributors

* Ranked in order, based on number of survey respondents who said service was provided to businesses Source: State International Development Organization (2011 survey)
Economic Development

North Dakota, Michigan seek to boost economy with new investments in research

Lawmakers across the Midwest are seeking ways to support and expand existing and new economic development programs. In North Dakota and Michigan, bills recently signed into law will ensure those states’ commitment to technol-

ogy-based economic growth will continue.

North Dakota’s biennial budget includes $12 million to maintain the state’s Centers of Research Excellence. Through the centers, the state’s higher-
education campuses partner with the private sector to commercialize projects in several targeted areas: renewable fuels development, energy workforce training and technology, aerospace, electronics, advanced manufacturing, and other technical research-and-development areas.

The approved appropriation is lower than the $20 million requested by Republican Gov. Jack Dalrymple to expand the program. (He wanted to restructure the existing centers and provide additional funding for three new centers that would have focused on commercialization, entrepreneurship and workforce.) However, the $12 million will allow the state to continue its investment in infrastructure and research capacity at the existing 18 centers.

The North Dakota budget also includes funding for technology-based entrepreneurship grants and establishes a program to provide matching grants for startup technology businesses.

The new $1 million Small Business Technology Investment Program will provide grants of up to $50,000; it requires a two-to-one match from a North Dakota angel investment fund. Other provisions in the budget to support economic development include $2 million in workforce enhancement grants and $4 million for entre-


trepreneurial centers at the state’s non-research four-year colleges.

In an attempt to encourage investment in high-


tech businesses and support the state’s agricultural industry, Michigan Gov. Rick Snyder signed a bill that will expand the state’s 21st Century Jobs Fund. The measure (SB 144) will allow a wider range of industries involved in research and advanced technology to compete for funds. Currently, tech companies engaged in activities such as life sciences and alternative energy are eligible for funding.

Under the new bill, more tech-based firms (those involved with information technology and agricultural processing, for example) also will be eligible for funding.

“We need to open our door to all innovators, not just those from a few select industries,” says Republican Sen. Mike Green, sponsor of the bill. “This legisla-
tion does exactly that.”

“It will encourage economic growth in Michigan agriculture and the information technol-

ogy sector,” Green adds.

“It also greatly expands the focus of the 21st Century Jobs Fund, sending a message to all innovators and entrepreneurs here in Michigan and across the nation that we’re ready to do business.”

Great Lakes

Future of offshore wind energy, water withdrawals among issues being tackled in state capitols

Several Great Lakes-related measures have been introduced in state capitols across the region during the first half of 2011, from bills on how to handle future offshore wind energy projects to new legislative proposals on how states should manage their water resources.

Below is a brief synopsis of these bills, some of which either already have been enacted into law or appeared headed toward legislative pas-
sage as of late May.

• Future of offshore wind en-

ergy — Will wind turbines be dotting the Great Lakes shoreline in the years ahead? The policy choices that state legislators make today will go a long way toward answering that question.

In Illinois, lawmakers want to create a Lake Michigan Offshore Wind Energy Advisory Council to guide their decisions. Under HB 1558, which had passed both houses as of late May, the council would develop a

host of policy recommendations: for example, how to determine the proper siting of offshore wind projects on Lake Michigan and how to compensate the state for the use of lake bottomlands.

In Michigan, where some of these initial studies have been done, legislation has been introduced to ban the installation of wind turbines in the lakes. The sponsors of HB 4499 have cited several concerns about offshore wind energy, including its potential impact on the environment and local property values.

• Indiana’s new Great Lakes council — With passage of SB 157, the Indiana General Assembly has directed the state’s Environmental Quality Service Council to examine issues related to the supply and quality of Great Lakes water.

• Tougher invasive species rules — Minnesota lawmakers want to strengthen how the state regulates and manages invasive species, which have been discovered in more than 1,000 Minnesota lakes and rivers.

HF 1162 (passed by the House in May as part of a larger bill on the environment) authorizes the state Department of Natural Resources to conduct more-

thorough watercraft inspections, increases penalties for violations, and requires training and permitting for lake service providers.

• Managing Great Lakes water — Legislation that would determine how and when states regulate water withdrawals has been introduced in New York and Ohio. The New York bill, AB 5318, was passed by the state Assembly in early May. Under the measure, anyone with the capacity to withdraw more than 100,000 gallons per day would be subject to state permitting requirements. (There would be some limited exceptions to this rule, including for agricultural users.) Inter-basin transfers of more than 1 million gallons per day would have to be registered with the state Department of Environmental Conservation.

Ohio’s bill, SB 170, would set higher thresholds. It would require a withdrawal permit for facilities that withdraw 5 million gallons or more of water from Lake Erie; 2 million gallons a day from groundwater and rivers and streams; and 300,000 gallons from certain designated rivers and streams.

All Great Lakes states are in the process of adjusting to and complying with the new rules and requirements set out in the Great Lakes-St. Lawrence River Basin Water Resources Compact.
Health & Human Services

New federal incentives encourage states to shift long-term care spending away from institutions

The federal government has launched a new initiative designed to change how states deliver services in one of the most costly areas of Medicaid: long-term care.

Under the State Balancing Incentive Payment Program, which was included in the federal Affordable Care Act of 2010, states will have the chance to receive enhanced Medicaid matching funds in exchange for increasing their commitment to home and community-based care.

The goal of this new federal incentive is in line with a common recommendation made by health care experts: Reduce spending on long-term services by allowing patients to receive care at home or in their local communities instead of in institutions.

Evidence from several states shows that providing services in home and community-based settings can be less expensive than institutional care. In addition, consumers report increased satisfaction when they can receive services at home or closer to their families.

Medicaid finances about 40 percent of the nation’s spending on long-term services. By law, states are required to cover the costs of services in institutions, but states can choose to offer home and community-based options, usually through a federal Medicaid waiver.

Now, with the new incentive program in place, states that spend less than 50 percent of their long-term-care dollars on home and community-based services are eligible for an enhanced Medicaid match. According to the Kaiser Family Foundation, 45 states — and all Midwestern states — are eligible.

Up to $3 billion in federal matching funds is available between fiscal years 2012 and 2015. States that spent less than 25 percent of their long-term-care dollars on non-institutional care in 2009 will need to reach 25 percent by 2015. They will receive a 5 percentage-point increase in their matching percentages. States that currently spend less than 50 percent of their long-term-care budgets on these services will have to reach 50 percent — and will receive a 2 percentage-point increase in the federal match.

In addition to meeting these spending goals, participating states must also make administrative changes to increase the use of home and community-based services in Medicaid. For example, states must put in place a “no wrong door” system in which consumers can get information about all long-term services through a single entity.

Indiana seeks constitutional protections for hunting, adds ‘right to produce’ to proposal

In 2005, a version of Indiana’s right-to-hunt constitutional amendment (without the language on animal agriculture) was passed by both legislative chambers. However, before being placed on the ballot, any proposed amendment approved in one session must also be passed by the legislature chosen after the next general election. The right-to-hunt measure failed to pass the Indiana House in 2007.

In addition to the constitutional amendments being proposed in Indiana and Nebraska, another Midwestern state took action on a hotly debated hunting issue.

Iowa’s SF 464 was signed into law in March. It gives the state Natural Resources Commission the authority to add mourning doves to the list of game birds that can be hunted legally. With Iowa’s actions, Michigan is now the only state in the Midwest state without a dove hunting season.

Of dove hunts argues that the bird has little value as game and is simply shot for target practice. In 2006, Michigan voters defeated a ballot referendum calling for a dove-hunting season.
Study: Put performance-based transportation funding on fast track

Transportation is one of the "big four" when it comes to spending in state government. Along with K-12 education, Medicaid and higher education, roads and other infrastructure needs take up a majority of state expenditures every year. (The big four account for 61 percent of total state spending, National Association of State Budget Officers data show, with transportation making up 7.8 percent of the total.)

All of these big-ticket items are vulnerable to budget cuts under current state fiscal conditions, but that may be especially true of transportation — at least if public opinion polls are any indication.

For example, in a 2010 poll done by the Pew Center on the States, only one in five Illinois residents said they would be willing to pay higher taxes in order to maintain current transportation funding levels. In contrast, a majority of Illinoisans said they would accept higher taxes to avoid cuts in K-12 education and health and human services.

A more recent Pew study, released in May, points to these recent poll results as one reason that states should embark on a new path when it comes to transportation policy and financing — one that is guided by clearly defined goals and relies on performance measures and data.

Some states are already on this path, with Minnesota being one of the 13 that Pew says is "leading the way" because of how it evaluates transportation investments. Minnesota has performance measures for 10 areas identified in its current transportation policy plan: for example, addressing the needs of the state's aging population, and reducing congestion by targeting areas where a disproportionate share of travel takes place.

The Pew study lists six transportation goals for states to use: 1) safety, 2) jobs and commerce, 3) mobility, 4) access, 5) environmental stewardship and 6) infrastructure preservation.

States have fairly robust systems for tracking, evaluating and making use of safety-related data (fatalities and injuries), Pew researchers say. But states are less likely to have other performance measures in place, such as tying transportation spending to economic and environmental outcomes or to the ability of people to reach jobs.

The full Pew study is available at www.pewcenteronthestates.org.

Where states stand: Evaluation of policies that measure efficacy of transportation investments

Leading the way

Mixed results

Trailing behind

Source: Pew Center on the States

In year marked by historic floods, Congress may reform insurance program swimming in debt

As residents in parts of the Midwest experienced record flooding this spring, discussions began on Capitol Hill about the future of the National Flood Insurance Program.

Created in 1968, the NFIP was enacted due to the higher disaster-relief costs being incurred by taxpayers and the difficulty of getting flood risks underwritten in the private insurance market.

Forty-three years later, the program itself is now under water, upwards of $17 billion in debt.

Originally funded in part by appropriations, the NFIP was financially self-sustaining (through the premiums and fees paid into it) from 1986 to 2005. Its financial condition changed dramatically, though, in the latter part of the last decade due to the devastation wrought by four different Atlantic hurricanes.

Along with the current debt problem, another factor has spurred interest in restructuring the NFIP — the possibility of more frequent natural disasters in the future. According to a 2008 National Science and Technology Council report, floods in areas such as the Midwest that typically occurred every 20 years are now projected to happen every four to six years due to changes in climate.

The program has already been through three major reforms, including changes in 1994 (following the Midwest floods of 1993) that led to stricter purchase provisions based on the flood risks of communities and homes.

Despite this change, however, concerns remain that purchases of flood insurance in flood-prone areas are too low. Without this insurance, the property owner must repair damages out of personal funds or secure taxpayer-funded relief payments.

A 2006 report by the RAND Corporation estimated that only 49 percent of property owners in special flood-hazard areas had NFIP policies; the market penetration rate is even less in the Midwest (an estimated 22 percent).

Several factors contribute to the low participation rate, despite the requirement that flood insurance be purchased, according to a March study done by the Congressional Research Service. Those factors include decisions by the property owner not to maintain coverage over the life of the home loan and instances in which the homeowner either does not have a mortgage or has it through an unregulated lender.

Long list of potential reforms

Earlier this year, a congressional subcommittee approved a bill (HR 1309) to reauthorize the NFIP through September 2016.

The chair of that subcommittee, Republican U.S. Rep. Judy Biggert of Illinois, says the measure includes important reforms that will "restore the financial integrity of NFIP." Those reforms include better mapping of flood areas; applying actuarially sound pricing to determine premium rates (many property owners receive below-market rates through the NFIP); and directing the Federal Emergency Management Agency to better manage risk.

Under the legislation, FEMA's role in the program would change; for example, the agency would be given the authority to demolish and rebuild flood-damaged properties if it were deemed a cost-effective flood-mitigation strategy. In addition, the bill seeks to incorporate the private insurance and reinsurance markets more into the NFIP.

Some members of Congress also want to ensure that FEMA's map modernization program does not place an undue burden on people with residences or businesses in floodplains. FEMA is in the process of reviewing what areas are considered floodplains, and property owners in newly mapped flood zones might have to purchase flood insurance.

Meanwhile, the recent experiences of some states in the Midwest might help shape some of the eventual reforms. For example, two effective flood-mitigation strategies have been to acquire at-risk property and to elevate property in high-risk floodplains. After the 2008 floods in Iowa, the state analyzed its disaster-mitigation projects since 1990 and discovered that those efforts prevented possible damages to 834 properties in 2008, thus avoiding $50 million in flood-related damages.

Another possible NFIP reform is to increase state involvement. For example, the CRS study says an interstate compact among the states of North Dakota, South Dakota and Minnesota might help address flooding problems in the Red River Valley by helping officials better maintain dams and levees and make crucial land purchases.

This article was written by Nell Etheredge, a legislative policy analyst in the Washington, D.C., office of The Council of State Governments. Nell can be reached at nell@csbg.org.
**QUESTION OF THE MONTH**

One of the many services provided by the Midwestern Office of The Council of State Governments is its Information Help Line, a research service intended to help lawmakers, legislative staff and state officials from across the region. The CSG Midwest staff is always available to respond to members’ inquiries or research needs regarding various public policy issues. The Question of the Month section highlights an inquiry received by this office. To request assistance through CSG/Midwest’s Information Help Line, call 630.925.1922 or use the online form available at www.csgmidwest.org.

**QUESTION: How are state-supported passenger rail routes funded?**

Today’s system of state-supported passenger rail is based on the federal legislation passed in 1970 that created Amtrak. That measure allowed states to request additional passenger rail service if they agreed to pay a portion of the costs.

Currently, 15 states subsidize one or more Amtrak corridor routes, including Illinois, Michigan, Missouri and Wisconsin in the Midwest. (Missouri is included here because it is part of the Midwest Interstate Passenger Rail Compact.)

There are 27 Amtrak routes that travel less than 750 miles from start to end. Sixteen of these are entirely state-supported, while five have some state support. States pay for these shorter-distance routes through a variety of means. During the first three years of new service, startup costs for these operations can be funded through the federal Congestion Mitigation Air Quality (CMAQ) program. After that time has elapsed, many states (including Illinois, Missouri and Wisconsin) have paid for service via general fund allocations.

However, there are instances in which states use

<table>
<thead>
<tr>
<th>State</th>
<th># of daily trains</th>
<th>Routes</th>
<th>Revenue source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois</td>
<td>28</td>
<td>Chicago-Carbondale; Chicago-St. Louis; Chicago-Milwaukee; and Chicago-Denver</td>
<td>General fund</td>
</tr>
<tr>
<td>Michigan</td>
<td>4</td>
<td>Grand Rapids-Chicago and Port Huron-Chicago</td>
<td>Transportation fund</td>
</tr>
<tr>
<td>Missouri</td>
<td>4</td>
<td>Kansas City-St. Louis</td>
<td>General fund</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>14</td>
<td>Milwaukee-Chicago*</td>
<td>General revenue</td>
</tr>
</tbody>
</table>

*Route cost shared with adjacent state. Source: Midwest Interstate Passenger Rail Commission and Amtrak.

In Michigan, state-supported passenger rail service receives a non-dedicated allocation of revenue from the transportation fund.

**The minority rules: Measuring the power of majority party, rights of minority in legislatures**

by Tim Anderson (tanderson@csg.org)

The balance between the powers of the majority party and procedural rights of the minority in legislatures is an institutional issue not often discussed beyond the walls of state capitols. But this year was an exception, the result of the closely watched “walkouts” this year by two minority-party caucuses in the Midwest. In Wisconsin, Senate Democrats left the state in mid-February to prevent a vote on a controversial bill limiting the bargaining rights of public employees. Indiana House Democrats used a similar tactic, protesting contentious measures during the first three years of new service, startup costs for these operations can be funded through the federal Congestion Mitigation Air Quality (CMAQ) program. After that time has elapsed, many states (including Illinois, Missouri and Wisconsin) have paid for service via general fund allocations. Though not unprecedented, this minority-party maneuver is seldom employed, in part because state constitutions make it unusable. In most states, only a simple majority of members in a legislative body is required for a quorum and to conduct legislative business. That is true of every Midwestern state except Indiana and Wisconsin (see map).

STATELINE MIDWEST
JUNE 2011
of the report and co-director of Brookings’ Great Lakes Economic Initiative.

“Other places [other regions and offshore locations] have come up to speed in manufacturing, and metropolitan areas [in the Midwest] have not done a good job of replacing what has left with new, more innovative, high-value-added products,” she adds.

In the 2010 study, Bradley and her co-authors argue that the prosperity of the Great Lakes region will depend on a shift toward a more export-oriented economy and away from a consumption-based economy.

Niche for states is helping small and medium-sized firms sell goods overseas

W hen it comes to export assistance, Baughman says, large firms mostly need help from the federal government in breaking down trade barriers.

States are best suited to help small and mid-sized firms, which often require the type of personalized assistance that the Wisconsin Bureau of Export Development gave to Spec-Dee.

Unlike larger companies, smaller firms often don’t have the staff needed to develop and execute an export strategy, which, to be successful, must address how to overcome language barriers, regulatory hurdles, and various banking and legal issues.

States’ no- or low-cost assistance to these smaller operations generally cover four broad areas.

• Education — Counseling firms about the value of exporting.

• Training — Helping firms get ready to export.

• Market development — Assisting firms with market research and development and helping locate sales agents and distributors; and

• Market access — Aiding firms in entering markets and selling their products through trade missions, participation in trade shows and other targeted assistance.

Recent federal data indicate there is significa-

State Profiles: Midwest’s export economies: Leading markets and products

<table>
<thead>
<tr>
<th>State</th>
<th>Leading export products</th>
<th>Leading export markets</th>
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</thead>
<tbody>
<tr>
<td>Illinois</td>
<td>1) Machinery, 28%  2) Chemicals, 13%  3) Transportation equipment, 11%  4) Computers/Electronics, 10%  5) Electrical equipment, 5%</td>
<td>1) Canada, 28%  2) Mexico, 8%  3) China, 5%  4) Australia, 5%  5) Japan, 4%</td>
</tr>
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<td>Indiana</td>
<td>1) Transportation equipment, 26%  2) Chemicals, 20%  3) Machinery, 16%  4) Computers/Electronics, 7%  5) Primary metal manufacturing, 7%</td>
<td>1) Canada, 40%  2) Mexico, 8%  3) United Kingdom, 7%  4) France, 5%  5) Germany, 5%</td>
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<td>Iowa</td>
<td>1) Machinery, 29%  2) Processed foods, 18%  3) Crop production, 10%  4) Chemicals, 9%  5) Transportation equipment, 7%</td>
<td>1) Canada, 32%  2) Mexico, 16%  3) Japan, 7%  4) Germany, 5%  5) Russia, 3%</td>
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<td>Kansas</td>
<td>1) Transportation equipment, 39%  2) Crop production, 12%  3) Processed foods, 12%  4) Machinery, 9%  5) Computers/Electronics, 8%</td>
<td>1) Canada, 23%  2) Mexico, 11%  3) Japan, 7%  4) Germany, 5%  5) United Kingdom, 5%</td>
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<td>Michigan</td>
<td>1) Transportation equipment, 47%  2) Machinery, 9%  3) Chemicals, 9%  4) Oil and gas, 7%  5) Primary metal manufacturing, 5%</td>
<td>1) Canada, 53%  2) Mexico, 14%  3) Germany, 3%  4) Japan, 3%  5) China, 3%</td>
</tr>
<tr>
<td>Minnesota</td>
<td>1) Computers/electronics, 21%  2) Machinery, 15%  3) Transportation equipment, 11%  4) Medical equipment and miscellaneous manufacturing, 10%  5) Processed foods, 7%</td>
<td>1) Canada, 29%  2) China, 5%  3) Japan, 5%  4) Ireland, 5%  5) Mexico, 4%</td>
</tr>
<tr>
<td>Nebraska</td>
<td>1) Processed foods, 27%  2) Machinery, 19%  3) Crop production, 15%  4) Transportation equipment, 9%  5) Chemicals, 7%</td>
<td>1) Canada, 29%  2) Mexico, 21%  3) Japan, 7%  4) China, 4%  5) Korea, 3%</td>
</tr>
<tr>
<td>North Dakota</td>
<td>1) Machinery, 43%  2) Crop production, 22%  3) Transportation equipment, 8%  4) Processed foods, 8%  5) Oil and gas, 8%</td>
<td>1) Canada, 52%  2) Mexico, 7%  3) Russia, 5%  4) Belgium, 3%  5) Germany, 3%</td>
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<tr>
<td>Ohio</td>
<td>1) Transportation equipment, 35%  2) Machinery, 13%  3) Chemicals, 11%  4) Computers/Electronics, 7%  5) Fabricated Metals, 6%</td>
<td>1) Canada, 44%  2) Mexico, 8%  3) Brazil, 4%  4) China, 4%  5) Japan, 3%</td>
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<tr>
<td>South Dakota</td>
<td>1) Computers/Electronics, 31%  2) Processed foods, 21%  3) Machinery, 16%  4) Beverages and tobacco products, 7%  5) Transportation equipment, 6%</td>
<td>1) Canada, 35%  2) Mexico, 18%  3) Thailand, 12%  4) Hong Kong, 10%  5) Germany, 4%</td>
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<tr>
<td>Wisconsin</td>
<td>1) Machinery, 30%  2) Computers/Electronics, 15%  3) Transportation equipment, 13%  4) Processed foods, 6%  5) Electrical equipment, 5%</td>
<td>1) Canada, 32%  2) Mexico, 9%  3) China, 6%  4) Germany, 4%  5) Japan, 4%</td>
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</table>

Source: Trade Partnership Worldwide (for Business Roundtable)

‘Export-rich’ Midwest still relies heavily on ability of its companies to sell goods and services overseas

In the 1930s, exports accounted for just 3 percent of the nation’s GDP.

Eighty years later, the goods and services sold to other countries made up 12 percent of GDP, note Bruce Katz and Emilia Istrate in a recent report for Export Nation, a research project of the Brookings Institution’s Metropolitan Policy Program.

And over that time period, no region came up to speed in manufacturing, according to Export Nation. Chicago and Detroit rank in the top 10 metropolitan areas in the nation for highest dollar volume of exports (and greatest reliance on exports as well). Minneapolis and Indianapolis are in the top 20.

“The Midwest has been a particularly export-rich region,” says Jennifer Bradley, co-director of the Great Lakes Economic Initiative at the Metropolitan Policy Program, noting the region’s strength as both an agricultural producer and a manufacturing hub.

But the region’s status as an export powerhouse has been questioned in recent years, and retaining or regaining it will be critical to the overall economic recovery of states, Bradley says.

Currently, only 1 percent of all firms in the United States export; most are content to sell domestically, viewing this country as having a big enough pool of customers.

But not only do 95 percent of the world’s consumers live outside of the U.S., Bradley says, the middle class in Asian and Latin American countries is growing rapidly. And these areas have been much quicker to come out of the global recession than have Europe and U.S. regions such as the Midwest.

Laura Baughman, an economist with Trade Partnership Worldwide, notes, too, that U.S. exports are much more than the goods made by manufacturers or commodities produced by farmers.

Services are important as well. According to the Brookings Institution, U.S. exports of commercial services, including business and technical services, exceeded $500 billion in 2008.

In a recent report for the Business Roundtable, Baughman and her colleague estimated that more than 10 million U.S. jobs — 4.3 million in the Midwest were dependent on trade in 2008.

In a recent report for the Business Roundtable, Baughman and her colleague estimated that more than 10 million U.S. jobs — 4.3 million in the Midwest were dependent on trade in 2008.
regulations, legal requirements and regulatory compliance. Bureau staff also works with the company to explore the best global markets for the firm's products. Spee-Dee used the state of Wisconsin's low-cost, fee-based service to do research about potential customers.

An innovative approach used by states is to help companies connect with local overseas sales agents and distributors. In Wisconsin, this work is done with the assistance of the state's four trade offices, located in Canada, China, Brazil and Mexico. (Some of these overseas offices are shared with other states.) Wisconsin also helps companies develop an overseas presence through participation in foreign trade shows. The state offers $5,000 grants to companies to participate in these events; the grant covers the direct costs of participating in a show, such as registration fees, but cannot be used for travel costs.

Similarly, Iowa provides up to $3,000 for a company to travel overseas to meet with potential customers. Companies can receive these grants up to two times in a year, and the money can be used for participation in trade shows or trade missions.

Companies that export lead way on innovation, pay higher wages

Most states in the Midwest provide some level of export assistance to small and medium-sized companies.

Exactly what type of assistance proves to be most beneficial varies from firm to firm. For Spee-Dee, Johnson says, the state of Wisconsin's ExportTech program is what gave the company the final push to begin selling its products overseas. Companies pay $1,000 to enroll in the program, which runs for three months, includes experts on everything from shipping to banking, and results in a customized export plan for every participating firm.

In the case of Spee-Dee, the plan called for the company to enter three new markets (Canada, Mexico and the United Kingdom), as well as to build on relationships it already had with international companies in order to get its products in overseas plants. The company's exporting plan has quickly expanded to include India, where Spee-Dee's machines are well adapted to dispensing raw rice.

Along the way, the Bureau of Export Development helped Spee-Dee locate overseas distributors and sales agents and assisted the firm in understanding the different safety standards in overseas markets. And when Johnson made a recent sales trip to Mexico, he was able to use Wisconsin's trade office.

States offer most of their export services at reduced costs, and sometimes at no costs. As result, there is a fiscal commitment to exporting — a commitment that, as in all areas of state government, is being tested due to today's difficult budget conditions.

Though the recruitment of companies from other states or countries often gets more public attention, Bradley says, helping existing firms export and expand is an investment that pays off for states.

Kathy Hill, team leader in the Iowa Department of Economic Development's International Trade Office, says companies that export tend to be more innovative, and often spend more on research and development. These are characteristics seen as vital not only for individual firms, but for overall state economies to be able to compete in the global economy.

Regel says exporting companies bring many benefits to Wisconsin's economy. For example, they grow faster than non-exporters and pay higher wages to employees — between 10 and 14 percent more, according to state of Wisconsin data.

According to Bradley, Hill's and Regel's findings and observations about exporters in their states hold true across the country: These companies tend to innovate and pay higher salaries. Federal data show that jobs at exporting companies pay 15 percent more than the average U.S. salary. (In 2008, exports accounted for nearly 7 percent of total U.S. employment and one in three manufacturing jobs.)

Regel adds that as Wisconsin struggled through the national recession, exporting companies helped maintain the state's manufacturing base. Companies that exported were more likely to be able to hold on to their employees. Regel says, because of their ability to trade in markets whose economies were growing while the U.S. economy was contracting.

Now, as states in the Midwest position themselves for positive future growth, they will rely at least in part on having a thriving export economy. In turn, small- and medium-sized firms will continue to rely on states for assistance.

New federal export initiative includes more grant money for state programs

During his State of the Union address in 2010, President Barack Obama announced his plans for the National Export Initiative, the goal of which is to double U.S. exports by 2015.

Meeting this objective would result in an additional 2 million jobs, administration officials estimate.

Traditionally, export assistance at the federal level has been fragmented. According to Joe Hurd, chair of the Trade Promotion Coordinating Council, 18 different federal agencies have a role in various aspects of export promotion.

The executive order creating the new federal initiative established an Export Promotion Cabinet, made up of a number of cabinet-level officials and agency directors.

In addition to trying to better coordinate export-development efforts at the federal level, the newly formed cabinet has developed 70 recommendations (published in September 2010) for how to increase U.S. exports. (Another document outlining a national export strategy was expected to be issued in June.)

One recommendation of the 2010 report focused on providing more coordinated export advocacy overseas. For example, senior-level executive officials in relevant agencies are now reporting their travel schedules. If a U.S. company is being considered for a government contract in another country, all department officials going to that country, for nearly any purpose, will be asked to mention this in their meetings.

In all, eight priority areas are targeted in the 70 recommen-
n a regular basis, Wisconsin Senate Majority Leader Scott Fitzgerald needs to seek the assistance or counsel of the leader of the state’s other legislative chamber, the Assembly. And when he picks up the phone to call the speaker, the voice on the other end of the line is a familiar one: that of his younger brother, Jeff.

Both Republicans — and with more than 30 years of legislative experience between them — the brothers currently lead their respective legislative chambers, where party control changed hands after the fall elections. Their close relationship was particularly helpful earlier this year, when Wisconsin was in the national spotlight as lawmakers debated a controversial bill to change state employee labor policies.

“I look back and think about some of the decisions we were making in February and March, and I realize that if you had leaders that didn’t communicate, [it would have been] painful sometimes,” Sen. Fitzgerald says. “Because Jeff and I have that personal relationship, we were able to communicate and work through things that would have otherwise been very difficult.”

A tradition of leadership

The Fitzgeralds’ passion for public service was fostered by their father, who served for 14 years as sheriff in northeast Wisconsin’s Dodge County. As young men, the brothers helped their father with his campaign, writing press releases and arranging appearances at local events.

And the brothers’ parents were deeply involved in their local community through service organizations and their church — a civic-minded way of life that left a lasting impression on their sons.

“My father, being in law enforcement, really was about helping people, and that was a mantra that our parents instilled in us from an early age,” Speaker Fitzgerald says. “Public service is something to be valued, and you probably don’t get any greater reward than helping a constituent.”

Sen. Fitzgerald was the first to follow in his father’s path of public service. He was elected to the Senate in 1994 and has held the legislative seat ever since. It wasn’t long before his younger brother was drawn to politics as well. Speaker Fitzgerald served on the Beaver Dam City Council for three years before being elected to the Assembly in 2000.

Leadership is not new to either of them. They have each served as minority and majority leader in the past, including during the 2009-2010 legislative session, when they were minority leaders at the same time.

The Fitzgeralds have their own styles and legislative agendas, but this year, they have shared at least one policy goal: reducing voter fraud.

Late last month, policymakers approved legislation that requires voters to show identification at the polls. Voters without identification on election day can cast provisional ballots and later prove their identity to validate their vote. Both Speaker Fitzgerald and Senator Fitzgerald strongly supported the legislation, which had failed to pass in previous years due to concerns about voter disenfranchisement.

“It’s really about restoring some voter integrity in the election system here in Wisconsin,” Sen. Fitzgerald says. “We’ve had some problems with fraud, such as felons voting and people double voting.

“It’s about trying to get back to where we have a fair election where voters don’t feel that their vote was cancelled out by someone who committed fraud.”

Last month, CSG Midwest interviewed the Fitzgeralds about their legislative careers, policy goals and leadership philosophies. Here are some excerpts from the interview.

Q: When you took over as leaders of the Wisconsin legislature this year, what was your first priority when you were sworn in?

Speaker Fitzgerald: We came in the first month of session ... and we had 10 special-session bills that were really focused on job creation in the state, including some regulatory reforms. We are trying to make it better for people to either relocate a new business here or for businesses in Wisconsin to expand. It was a very fast pace ... and we passed nine bills in January and we’ve already seen some great results. Since January, we have seen over 30,000 new jobs in Wisconsin. In a magazine ranking, we have jumped 17 spots on the list of best places to do business — the biggest jump of any state on the list. That’s what our main priority is: getting people back to work. Senator Fitzgerald: I don’t think that there was much else that the members of my caucus ... were focused on besides the economy and job creation.

The governor came out with a pretty major reform, which was to eliminate the Department of Commerce and replace it with the Wisconsin Economic Development Corporation, which is a quasi-governmental, private-sector [group]. Many of the members of my caucus were relieved to see that we were headed in that direction, because they knew we needed some major reform.

Q: What is the focus of national attention earlier this year as lawmakers debated a controversial employee labor bill. What was it like to be under that level of scrutiny?

Speaker Fitzgerald: We didn’t realize the national attention we were going to gain on that issue. We thought it would be controversial; whenever you are dealing with reforms in government, it’s going to be very difficult. With the thousands of protesters and the people from all over the country who contacted us, there was a huge silent majority that was with us as well.

On the Friday we went in to session to debate the bill, I had the Capitol police come to me and tell me that they could no longer guarantee the safety of me and my members on the floor, so I had to send them home for the weekend. I had the votes, and as speaker, you never want to send your members home when you have the votes. But they went back to their districts and when we came back on Monday, we were more unified as a caucus because they had heard from that silent majority that they represent. ... All of the controversy that surrounded the bill has brought us closer and made us a stronger caucus, which has helped with the other bills that we’ve had in session.

Senator Fitzgerald: Every day was uncharted territory, and not only making decisions about where we were as far as legislative priorities and policy, but on a lot of security decisions and logistical decisions.

Q: What has it been like to lead during this difficult time in state government?

Speaker Fitzgerald: It’s been a very interesting first five months. I knew going into this that it was going to be a tough session, and when I was sworn in as speaker, I said in my speech that I thought this would be the most difficult session in which anyone could ever serve. But I also think it could be the most rewarding. In state government right now, we’re up against it. And there are only two ways out: you either cut government spending or you can raise taxes. When you cut government spending, you make some tough decisions.

Senator Fitzgerald: It’s been incredible. We never expected that Wisconsin would end up being the tip of the spear on the changes in the budget repair bill and would become part of the debate nationwide. We are very fortunate to have strong caucuses and leaders that were able to pull together ... and it’s still a changing environment. In the Senate, there is clearly a divide that exists between the parties that I have never experienced before, so that’s made it even more challenging.
Kansas acts to counter dramatic population drain in rural counties

‘Opportunity Zones’ incentives seek to attract new residents

by Kansas Gov. Sam Brownback (governor@ks.gov)

On Jan. 29, 2011, Kansas celebrated its 150th year of statehood. As the governor of Kansas, I was proud and humbled to mark the occasion and to reflect on our state’s rich history.

The first generation of Kansans pledged their lives and destinies to forge a Kansas of freedom amidst the blood and fire of war. Against immeasurable odds, they succeeded and God blessed our state with generations of men and women who had the courage to build a Kansas of humanity and hope.

Freedom is central to the Kansas experience, as is opportunity. Free land drew pioneers to settle the state at the end of the Civil War with passage of the Homestead Act.

If you and your family had enough courage to come and claim 160 acres, then it was yours. Some families succeeded, some failed, and meanwhile, a state was born through the creation of opportunities.

Great Recession hit state hard

Kansas families again face enormous challenges. More than 100,000 Kansans are out of work, and our state budget was more than $500 million in the hole. The Great Recession exacted a tremendous toll from our state, and Kansans are still feeling the effects.

National and global forces over which we will have little control will certainly come to bear on Kansas during the next decade. But without goals and a focus, we will simply wave in the wind, waiting for a change of weather. We cannot stand idly by as global events overtake us.

During the campaign, Lt. Gov. Jeff Colyer and I pledged that growing our state’s economy would be our administration’s top priority.

Attracting capital and investment to the state is key to growing our way out of the recession, especially in those parts of our state that are experiencing a loss in population. The 2010 U.S. Census found that nearly half of the state’s 105 counties underwent double-digit percentage population declines in the last 10 years.

To fight the loss of population, my administration proposed the creation of Rural Opportunity Zones, targeted toward growing rural Kansas counties by providing economic incentives to attract people into those declining areas. SB 198, which I signed into law on March 31, designates 50 Kansas counties as Rural Opportunity Zones, or “ROZs.” It provides two basic incentives: 1) an exemption from the state income tax for five years for individuals who relocate to those counties from out of state and 2) a state-matching program for counties to repay student loans of up to $15,000 for qualifying students who move into the ROZ counties.

I was pleased by the broad bipartisan support that SB 198 received from legislators from across the state.

The Kansas Department of Revenue will administer the tax credit portion of the ROZ program, and the Kansas Department of Commerce will oversee the student loan repayment portion.

Kansans from small towns and rural counties appreciate that there are more tools at their disposal to attract people, money and jobs into their communities. And like the Homestead Act that helped settle our state, ROZs offer opportunity instead of hand-picking winners and losers.

For example:
• Kansans who have built a career in another state can come back to Marion County to spend their retirement years in the natural beauty of the Flint Hills of Kansas without having to pay taxes on their income for five years.
• Coloradans, Nebraskans and Oklahomans who have lost their jobs in their home state can cross the state line into Morton, Stanton, Rawlins or any of the 17 ROZ counties along Kansas’ border to take advantage of the job creation that ROZs will bring.
• College graduates who want to move home to counties such as Stafford County in western Kansas find it difficult to do so because of lower-paying jobs and the lack of opportunities for the county’s young people.

With its five year student loan repayment program, the ROZ legislation makes it more affordable. When qualified teachers, lawyers, veterinarians, doctors and farmers coming out of college move to a ROZ county that partners with the state, they will receive help paying off their student loans.

Incentives will have ripple effect

It is innovative and aggressive incentives such as ROZs that will help attract business, entrepreneurs, professionals and families to move to Kansas. For each of these groups of people who move into these “opportunity zone” counties, services, businesses and infrastructure will have to meet their needs, spurring further economic development.

This new economic development tool won’t take effect until January 2012, but my administration already has heard from businesses and families from coast to coast who want to know more about how they can improve their quality of life and help to grow Kansas.

Just like the original Homestead Act encouraged the settlers that were the forefathers of Kansas, I believe our Rural Opportunity Zones will reverse the population decline these 50 Kansas counties have experienced for too long, and will help create and sustain thriving communities.

Submissions welcome

This page is designed to be a forum for legislators and constitutional officers. We accept submissions on a wide range of public policy issues and state initiatives. 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.
Ohio justice reforms based on CSG report

As of late May, a series of proposed reforms to Ohio’s criminal justice system had passed the House with near-unanimous bipartisan support and had the backing of Republican Gov. John Kasich.

HB 86 is based on recommendations made by the Council of State Governments’ Justice Center and its Justice Reinvestment project, which issued a report in February with ideas on how the state could reduce corrections spending and use the savings to invest in strategies that can reduce crime.

The Ohio measure is projected to save the state up to $100 million over four years. Among other reforms, the legislation would divert nonviolent offenders to community programs in lieu of sending them to prison. It would also offer inmates time off of their sentences (up to a 25 percent reduction) for participating in treatment or other programs.

CSG’s Justice Reinvestment project

CSG’s Justice Reinvestment project provides assistance to state policymakers in evaluating and strengthening their criminal justice systems.

To get started, policymakers establish an interbranch, bicameral and bipartisan team of elected and appointed officials to work with the Justice Center’s nationally recognized policy experts. These experts then consult with a broad range of stakeholders, such as prosecutors and public defenders; judges; corrections and law enforcement officials; service providers and community leaders; victims and their advocates; and people who have been incarcerated.

The CSG Justice Center receives support from the U.S. Bureau of Justice Assistance, the National Institute of Justice, the Vera Institute of Justice, the Ford Foundation, and other private sector foundations and organizations.

Together, these policymakers, experts and stakeholders work to:
- analyze data and develop policy options,
- adopt new policies and put reinvestment strategies into place, and
- measure performance.

Along with its work in Ohio, the Justice Reinvestment project has completed work in 13 other states, including Indiana, Kansas, Michigan and Wisconsin.

The CSG Justice Center receives support from the U.S. Bureau of Justice Assistance and private grant makers such as the Public Safety Performance Project of The Pew Center on the States. For more information on the CSG initiative, visit www.justicereinvestment.org.

CSG MIDWEST NEWS & EVENTS

MLC Annual Meeting offers legislators chance to work on policy issues in nonpartisan forum

State policymakers are encouraged to register for this year’s Midwestern Legislative Conference Annual Meeting, the premier event for state lawmakers to gather and share ideas on issues of importance to this region. The meeting will be held July 17-20 in Indianapolis.

Registration materials are available at www.csgmidwest.org.

The conference provides a unique opportunity for legislators to learn from policy experts and work with one another in a welcoming, nonpartisan environment. It will also offer attendees and guests a chance to see all that Indiana and its capital city have to offer.

Daytime activities for spouses and other adult guests include walking tours of historic Indianapolis and a visit to the Indianapolis Museum of Art. In addition, trips to the Indianapolis Zoo, the NCAA Hall of Champions and the Children’s Museum of Indianapolis have been planned for children. Evening events — for both MLC meeting attendees and their guests — include an opening night reception at Lucas Oil Stadium (home of the Indianapolis Colts) and host of the 2012 Super Bowl) and Family Night at the Indianapolis Motor Speedway.

The business agenda will offer sessions in a variety of policy areas, as well as opportunities for professional development. Below are some of the sessions and topics that will be featured.

Sunday, July 17

MLC Agriculture & Natural Resources Committee Meeting
- Ethanol and commodity prices
- Economic gardening in rural communities
- States and animal-rights activism
- Environmental regulations

MLC Economic Development Committee Meeting
- Regional collaboration on economic development policy
- Economic gardening

MLC Energy Committee Meeting
- Electric transmission in the Midwest
- The future of nuclear energy
- Alternative and renewable energy

MLC Health & Human Services Committee Meeting
- Medicaid reform/cost containment
- Long-term care
- Rural health issues

MLC Midwest-Canada Relations Committee Meeting
- Perimeter security and the economy
- Reducing barriers to exporting
- Cross-border supply chains
- Cross-border regulatory cooperation

Monday, July 18

Keynote Address
“America at a Crossroads: Today’s Critical Policymaking Challenges and Opportunities” (Ron Brownstein, political director, Atlantic Media Company)

Expert Panel
“America at a Crossroads: Perspectives from the Midwest”

Public Policy Roundtables
- State Strategies for Improving Elections
- Collective Bargaining and Employee Labor Law
- Transportation Funding Alternatives

Tuesday, July 19

Plenary Session
“The States’ Role in Transforming K-12 Education”

Plenary Session
“Regional Demographic Changes and Implications for the States” (Dante Chinni, director of the Patchwork Nation project)

Luncheon Presentation
“The Beltway and Beyond” (Mara Liasson, NPR national politics correspondent)

Professional Development Workshop
“From Campaigning to Governing: The Art of Public Decision Making” (Phillip Boyle, president, Leading and Governing Associates)

Wednesday, July 20

Closing Session
“An Economic Long View: What Can We Learn from the Past?” (John Steele Gordon, business/financial historian)

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, 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.
2011 edition of renowned reference tool “The Book of the States” available online


“The Book of the States” is CSG’s longest-standing publication. Launched in 1935, it has been the state government reference tool of choice for more than three-quarters of a century, providing information, analysis and comparative data on all 56 U.S. states and territories.

State government leaders and their staffs — across all branches and agencies — have come to rely on “The Book of the States” as the most comprehensive and accurate resource on state government.

The publication is also used across the country by the media, academic researchers, various other publications, attorneys, libraries, graduate students and private citizens.

The compendium not only focuses on historical data, but also highlights current trends in various state public policy areas. Considered the encyclopedia of state government, and featuring approximately 100,000 pieces of unique data, it includes 200 in-depth tables, charts and figures.

The book also has more than 30 articles from state leaders, innovative thinkers, noted scholars and CSG policy staff that analyze and report on the evolving world of state government and state policy.

Articles found in this year’s edition discuss topics such as state reforms of public retirement systems, the solvency of unemployment insurance trust funds, and effective prisoner re-entry strategies.

In addition, “The Book of the States” contains data and information from other professional organizations, including the National Association of State Budget Officers, the National Association of Secretaries of State, the National Association of Attorneys General and the National Governors Association.

The book also contains information from several federal agencies, including the U.S. Census Bureau, the Bureau of Justice Statistics, the Bureau of Labor Statistics and the Federal Highway Administration.

In all, information is collected from more than 500 sources in state government, the federal government, nonprofit organizations and private citizens through survey responses and data verification.

Contents of “The Book of the States” can be accessed at www.csg.org/bookofthestates. Print editions will be available in July and can be purchased at www.csgstore.org.

New grant secured for Great Lakes Legislative Caucus; group to meet July 15-16 in Indianapolis

A two-year grant from the Joyce Foundation will allow CSG Midwest to continue its staff support of the Great Lakes Legislative Caucus.

The goal of the caucus is to provide a forum for state and provincial lawmakers to exchange ideas and information on key Great Lakes issues, as well as to strengthen the role of legislatures in protecting and restoring the lakes.

The nonpartisan group is open to all legislators who represent districts within the basin or who have an interest in Great Lakes issues.

It will next meet on July 15-16 in Indianapolis in conjunction with the Midwestern Legislative Conference Annual Meeting. A travel and lodging stipend is available (on a limited basis) for legislators who attend and participate in the caucus event.

For more information, please contact Tim Anderson (tanderson@csg.org) or Mike McCabe (mmccabe@csg.org) at 630.925.1922.

The caucus meets at least once a year.
Kansas invests in plan to boost number of engineering graduates

One of the first sentences in a recently enacted Kansas law explains the rationale for the state’s new, targeted investment in higher education: “Engineering intensive industries represent approximately one-third of the statewide payroll and tax base.”

Kansas wants more engineering graduates, and the increased economic activity that it believes will come with them.

To that end, SB 127 and SB 154 were passed by the Legislature and signed into law in May. The first measure sets aside $10.5 million annually over the next 10 years. That money will be split evenly among three public universities, which will work with the Board of Regents and Kansas Department of Commerce to increase the number of engineering graduates. The state’s goal is to have 1,365 graduates by 2021, a 56 percent increase over current figures, according to the Law Journal-World.

Between 1986 and 2006, Kansas was one of 30 states that offered to high-performing teachers, while the probationary period. Accelerated tenure will be granted to teachers must receive consistent positive evaluations over their four-year probationary period. Accelerated tenure will be offered to high-performing teachers, while the process for removing poorly performing tenured teachers will be streamlined. SB 7 also requires school board members to undergo training in areas such as financial oversight, accountability, and education and labor law.

Major school reform gets near-unanimous approval in Illinois

Longer school days, new rules for when teachers can strike, and changes in the granting of teacher tenure are among the major provisions in Illinois legislation that has been hailed as a milestone in K-12 education policy.

SB 7 passed the Illinois House and Senate with near-unanimous approval. It is the result of collaborative negotiations among teachers unions, school-management groups, education reform advocates and legislators.

According to the Chicago Tribune, the bill requires a 75 percent vote of members before the Chicago Teachers Union can strike. SB 7 also authorizes Chicago Public Schools to increase the number of hours in a school day and the number of days in the school year. In addition, the bill instructs districts across the state to base teacher-layoff decisions on performance and job qualifications, not just seniority.

Rules on tenure will change as well. To be granted tenure, teachers must receive consistently positive evaluations over their four-year probationary period. Accelerated tenure will be offered to high-performing teachers, while the process for removing poorly performing tenured teachers will be streamlined. SB 7 also requires school board members to undergo training in areas such as financial oversight, accountability, and education and labor law.

Nebraska finds common ground on how to handle labor disputes

Amid all of the partisan rancor this year over the future of public employee labor law, one state in the Midwest managed to enact a major reform of its system without a single “no” vote.

That state is Nebraska. And while LB 397 passed by an overwhelming margin in the unicameral Legislature (48-0-1), and was signed into law the next day, it took countless hours of negotiations to finally reach consensus, the Omaha World-Herald reports. The compromise legislation maintains public employees’ rights to collectively bargain, keeps intact the state’s unique process for resolving labor disputes, and is expected to help local governments cut costs.

In Nebraska, a five-member, governor-appointed “labor court,” the Commission on Industrial Relations, serves as the arbiter of public-sector labor disputes. Reforms to the commission’s decision-making process were pushed this year by advocates and legislators.

Under LB 397, the commission will now consider not only the wages of employees, but pension benefits as well. The commission, which makes its rulings by looking at compensation levels in comparable local governments, will also be given a range for where to set compensation levels — between 98 percent and 102 percent of the midpoint. During a recession, the range falls to between 95 percent and 102 percent.

Ohio takes on problem of prescription-drug abuse with new law

Last month, Ohio lawmakers approved legislation aimed at cracking down on “pill mills” that illegally provide prescription medications to patients.

Under Ohio’s HB 93, pain-management clinics — and the physicians who work in them — will be more heavily regulated under special licenses from the state Board of Pharmacy. The state Medical Board will establish rules for physicians who operate these facilities and standards for doctors who provide care.

The bill also limits the amount of controlled substances that physicians can personally provide to their patients, and these prescriptions will be tracked in the state’s existing drug database. In addition, a program will be created to collect unused medication.

Ohio legislators took on the issue this year due to continuing concerns about prescription-drug addiction and related deaths in the state and across the nation. According to the White House Office of National Drug Control Policy, rates of deaths due to drug overdose have doubled since the early 1990s. Prescription painkillers were implicated in nearly 40 percent of these deaths. Policymakers in 43 states have set up or are in the process of creating prescription-drug monitoring programs, which track patients and prescribers to identify troubling patterns.

Ohio’s HB 93 also authorizes the state Medical Board to establish rules for doctors who work in pain-management clinics — and the physicians who work in them — will be more heavily regulated under special licenses from the state Board of Pharmacy. The state Medical Board will establish rules for physicians who operate these facilities and standards for doctors who provide care.