Reworking workers’ comp

On 100th anniversary of system, states focusing on changes that cut business costs, remove uncertainties

F or 100 years, employees injured on the job have been provided guarantees through state workers’ compensation systems that cover the cost of medical and rehabilitation services, as well as lost wages. In return for carrying this mandatory insurance, employers are protected from potentially costly lawsuits. But have the systems themselves become too costly for business and inefficient? For states and their elected officials, it is an important question to answer during a period when the competition for business is high and a premium has been placed on rooting out fraud and waste in government-run programs. The result has been a flurry of activity on the century anniversary of state workers’ compensation systems.

This year, according to the American Insurance Association, six U.S. states have already made significant changes to their systems, including Illinois and Kansas in the Midwest. Proposed reforms were also advancing in Michigan in November and are expected to be a priority of Ohio legislators in 2012.

In each state, proponents of the legislative changes have used at least one common theme: the need to create a more business-friendly climate. “It’s not a good situation when your state has the highest workers’ compensation costs in the country, or even if you’re in the top 10,” says Doug Whitley, president of the Illinois Chamber of Commerce.

Illinois adopts reforms on final day of spring session

Illinois has found itself in just that position. A national study conducted by the state of Oregon showed that Illinois’ workers’ compensation premiums were 149 percent higher than the U.S. median in 2010, and the third most expensive in the nation. In previous sessions, bills to change Illinois’ system — and better control costs — had been introduced but failed to advance. This year, with the Illinois economy sputtering and recent partisan changes in the legislature (Republicans picked up seats in the 2010 elections), the political climate in the state was right for carrying out systemic reform. On the final day of the spring session, the General Assembly passed HB 1698; it was signed into law in June.

“This is the most significant reform of the workers’ comp system that’s occurred in the state of Illinois in years, possibly in its history,” says Democratic Rep. John Bradley, sponsor of the bill and chair of the House Labor Committee and the Workers’ Compensation Subcommittee. “[R] is already providing significant savings for Illinois businesses.”

HB 1698 cuts medical rates, sets new standards for determining a disability, and sets in place new safeguards against fraud and abuse.

The major cost-saving measure is a provision that reduces medical fees paid for the treatment of work-related injuries by 30 percent. Supporters of the bill have estimated that this change will reduce state expenses by up to $700 million. According to Bradley, other key provisions include:

• Requiring physicians to use the American Medical Association’s “Guides to the Evaluation of Permanent Impairment”

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Illinois’ workers’ compensation premiums in Midwest in 2010: Rate per $100 of payroll (U.S. rank in parentheses)

<table>
<thead>
<tr>
<th>State</th>
<th># of workers covered in system</th>
<th>% amount of wages covered in system</th>
<th>Benefits paid (cash to injured workers + payments to medical providers)</th>
<th>Benefits paid per $100 of covered wages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois</td>
<td>5,452,000</td>
<td>$262 billion</td>
<td>$3.0 billion (47.9% medical)</td>
<td>$1.14</td>
</tr>
<tr>
<td>Indiana</td>
<td>2,655,000</td>
<td>$100 billion</td>
<td>$612 million (71.1% medical)</td>
<td>61 cents</td>
</tr>
<tr>
<td>Iowa</td>
<td>1,415,000</td>
<td>$52 billion</td>
<td>$557 million (54.0% medical)</td>
<td>$1.07</td>
</tr>
<tr>
<td>Kansas</td>
<td>1,283,000</td>
<td>$49 billion</td>
<td>$419 million (52.8% medical)</td>
<td>86 cents</td>
</tr>
<tr>
<td>Michigan</td>
<td>3,608,000</td>
<td>$157 billion</td>
<td>$1.5 billion (35.4% medical)</td>
<td>96 cents</td>
</tr>
<tr>
<td>Minnesota</td>
<td>2,521,000</td>
<td>$114 billion</td>
<td>$1.1 billion (52.1% medical)</td>
<td>95 cents</td>
</tr>
<tr>
<td>Nebraska</td>
<td>876,000</td>
<td>$32 billion</td>
<td>$104 million (60.5% medical)</td>
<td>96 cents</td>
</tr>
<tr>
<td>North Dakota</td>
<td>337,000</td>
<td>$12 billion</td>
<td>$111 million (60.5% medical)</td>
<td>92 cents</td>
</tr>
<tr>
<td>Ohio</td>
<td>4,866,000</td>
<td>$197 billion</td>
<td>$2.4 billion (42.4% medical)</td>
<td>$1.19</td>
</tr>
<tr>
<td>South Dakota</td>
<td>374,000</td>
<td>$12 billion</td>
<td>$90.6 million (65.4% medical)</td>
<td>76 cents</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>2,575,000</td>
<td>$99 billion</td>
<td>$91.6 million (66.8% medical)</td>
<td>$1.13</td>
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States look north to meet energy needs with Manitoba’s excess supply of hydro power

In the early 1960s, the first electricity transmission connection between Manitoba and North Dakota was completed. It is a cross-border energy partnership still going and growing 50 years later, and for some in the upper Midwest, the abundant supply of hydroelectric power being produced in Manitoba is more attractive than ever.

With new renewable portfolio standards (RPS) to meet and greenhouse gas emissions to reduce, states and utilities are searching for low-cost, low-carbon alternatives. They have a willing supplier for some of that electricity to the north.

Manitoba Hydro, which already supplies Minnesota with 10 percent of its electricity needs, has recently signed new power purchase agreements with utilities in that state. In Wisconsin, meanwhile, lawmakers recently passed a bill that will expand the market for the province-owned utility’s excess hydro power.

SB 81 redefines “renewable resource” under Wisconsin’s RPS. The original statute had allowed only small hydroelectric facilities (less than 60 megawatts) to count toward the RPS. SB 81 now makes new large hydro facilities, as well as those in Manitoba, a permissible “renewable resource.”

Under Minnesota law, hydro facilities producing more than 100 megawatts of electricity do not count toward the RPS. As a result, only energy from Manitoba Hydro’s smaller dams qualifies.

Every state in the Midwest with a mandatory or voluntary RPS includes hydroelectric power as a renewable resource. However, there are often limits placed on the size or type of facility. These restrictions reflect concerns about the environmental impact of large-scale hydro projects as well as a desire to promote home-grown wind power.

Illinois, for example, requires that 75 percent of its renewable energy come from wind, while Ohio mandates that half of the renewable energy come from in-state generation. Opponents of Wisconsin’s SB 81 have derided it as the “Outsourced Renewable Energy to Canada Act.”

But on the upper Midwest, wind and hydro power can work hand-in-hand to deliver low-carbon electricity to consumers, David Cormie of Manitoba Hydro said in October at a session of The Council of State Governments’ National Conference & North American Summit. He noted, for example, that hydro plants have the capacity to store large amounts of energy.

“When the wind blows, you store the water,” Cormie said, “and when the wind isn’t blowing, the hydro plant turns its generators back on.”

Likewise, he said, the construction of new cross-border transmission lines is needed to get more wind and hydro power on the grid.

“Manitoba Hydro’s surplus can’t compete with the wind resources of North Dakota,” he said, noting the province has a limited excess supply. “But together, we can build a regional transmission system that maximizes the benefits of both.”

Energy

Passenger Rail

Ridership on Midwestern corridors continues uptrend, rising 54% in past five years

Passenger rail ridership on state-supported and other shorter-distance corridors (less than 750 miles) in the Midwest continues to grow.

The number of riders on these nine routes increased by 5.4 percent in fiscal year 2011, reaching nearly 3 million for the period between Oct. 1, 2010, and Sept. 30 of this year.

Over the past five years, corridor ridership in the Midwest has risen by 54 percent.

Michigan’s Blue Water service (Chicago to Port Huron) had the largest ridership increase, 18.6 percent; Illinois’ Illini/Saluki service (Chicago to Carbondale) followed closely behind, with an increase of 18.2 percent.

The only decline in ridership occurred on the route between Chicago and St. Louis. This was because construction on upgrades to the line, which began this summer, resulted in approximately 45 days without train service.

These upgrades — funded by the federal High Speed Intercity Passenger Rail (HSIPR) program and the state of Illinois — will allow for train speeds of up to 110 mph and are expected to bolster Chicago-to-St. Louis train ridership in the years ahead.

Additional improvements funded through the HSIPR program are on the way, with the goal of bringing faster, more frequent service on several routes across the Midwest:

• Construction crews have begun work on the Englewood Flyover project, which will eliminate one of Chicago’s most congested rail intersections.

• Improvements to track and signal systems on the Chicago-to-Detroit corridor will begin soon.

• New rail cars and locomotives will be added to eight corridors in Illinois, Indiana, Iowa, Michigan and Missouri.

To date, more than $605 million in HSIPR funding has been awarded to seven Midwestern states for more than two dozen projects, including track, signal and bridge improvements; station development; and planning for new and improved service.

Ridership on rail corridors in Midwest

<table>
<thead>
<tr>
<th>State-supported routes</th>
<th>FY 2011 ridership</th>
<th>% change from FY 2010</th>
<th>Average annual growth, 2006-11</th>
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<tr>
<td>Chicago- St. Louis</td>
<td>549,463</td>
<td>-4.0%</td>
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<tr>
<td>Kansas City-St. Louis</td>
<td>186,077</td>
<td>7.8%</td>
<td>11%</td>
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<tr>
<td>Chicago-Milwaukee</td>
<td>819,493</td>
<td>6.7%</td>
<td>8%</td>
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<tr>
<td>Chicago-Detroit/Port Huron</td>
<td>501,290</td>
<td>4.6%</td>
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<td>Chicago-Richmond</td>
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Brieﬁn brief by Laura Kliewer, director of the Midwest Interstate Passenger Rail Commission, which was formed by an interstate compact agreement in 2000 and now includes 11 member states. Laura can be reached at kliewer@csg.org. Illinois Rep. Elaine Nekritz serves as the chair of MIPRC; more information is available at www.miprc.org.
Agriculture & Natural Resources

Legislators vow to work harder to educate consumers on farming, food-safety issues

As agriculture grows, consumer knowledge about it decreases.

A recent survey (see sidebar) showed that more than 70 percent of consumers say they know nothing, or very little, about farming or ranching. An equally large number said their purchase decisions are affected by how food is grown and raised, and that it is important for farmers to produce healthy choices for consumers.

With less than 2 percent of Americans actively involved in food production, the reality of agriculture for most people is what they see or read through the mass media. However, a University of Illinois study found that agriculture issues were most often covered by general-interest reporters, whose coverage tended to be more superficial and event-oriented. Also, a survey by the North American Agricultural Journalists association found that general reporters did not understand modern agriculture and often gave an incorrect picture of farming.

Could state legislators play a larger role in better educating the media — and, as a result, their readers, viewers and listeners — about the inner workings of modern agriculture? Some lawmakers say they are at least going to make a more concerted effort.

At the 2011 Annual Meeting of the Midwestern Legislative Conference, attendees passed a resolution urging those involved in agriculture and rural public policy to be proactive in educating consumers about how food is grown and raised in the U.S.

“The growing use of scientific technology in the production of food makes public understanding of science and agriculture more important than ever,” says North Dakota Sen. Tim Flakoll, co-chair of the MLC Agriculture and Natural Resources Committee, which sponsored the resolution.

“It is important that consumers hear the facts, that reporting be science-based,” he adds.

Iowa Sen. David Johnson, a former reporter, says he often deals with reporters who have little familiarity with farming, or even with science in general.

“Good reporting allows people to make good personal choices; poor reporting may increase consumers’ misunderstanding of agriculture and lead to poor choices,” Johnson says.

One result of the MLC resolution is that Al Cross, professor of rural journalism at the University of Kentucky, is planning to include legislators in webinars for journalists on agriculture subjects.

In addition to involving local newspapers in discussions on rural issues, legislators in some states are working to promote consumer connections to farmers, such as farm tours, agri-tourism and even farmers markets, to help consumers learn about agriculture firsthand.

The number of farmers markets in the U.S. has jumped more than 40 percent in the past five years, with sales expected to top $7 billion in 2012. Some Midwestern states are trying to attract more consumers to these markets by broadening the mix of products available.

In 2011, Illinois enacted legislation similar to recently passed measures in Michigan, Indiana, Iowa, Minnesota and Ohio that allow for the sale of “non-hazardous foods” such as preserves, baking mixes, cakes and cookies (known as “cottage food”) produced in home kitchens as opposed to commercial facilities. Cottage-food legislation seeks to increase the opportunity for a consumer to buy directly from the producer. Such direct buying was once common, but had decreased over the last 20 years or so because of food-safety regulations.

Ohio’s law, passed in 2001, is the region’s oldest and its broadest in scope: It covers a wider range of products; allows sales beyond farmers markets (such as at groceries and restaurants); and does not require licensing, registration or inspections.

Brief written by Carolyn Orr, staff liaison to the Midwestern Legislative Conference Agriculture and Natural Resources Committee. She can be reached at corr@sarl.us. The MLC committee’s co-chairs are North Dakota Sen. Tim Flakoll and Kansas Sen. Carolyn McGinn.
State revenues on rise, but other warning signs temper good news

State tax collections are on the upswing across the Midwest, but lawmakers have another emerging fiscal problem that they may have to deal with in the year ahead: the deterioration of local government revenue sources.

The Rockefeller Institute of Government (www.rockinst.org) details this national trend and its underlying causes in an October report. Property taxes — which account for two-thirds or more of total local government revenue — have fallen in three consecutive fiscal quarters (when compared to collections from the previous year). Overall collections by U.S. local governments were down 1.7 percent between June 2010 and June 2011. The reason: The impact of falling housing prices is just now being felt at the local level.

On the bright side, state revenue at the tail end of fiscal year 2011 was much higher compared to the same period in FY 2010. Nationally, state tax revenue grew 10.8 percent in the final quarter of FY 2011. Four Midwestern states bested that average: Illinois, Kansas, Nebraska and North Dakota.

Economic activity is one factor in determining year-over-year differences in revenue. A second is legislated changes to tax policy: For example, in FY 2011, Illinois raised its personal income tax rate while Kansas increased its sales tax. But what states really need to dig out of the fiscal hole created by the Great Recession is strong economic growth. That is unlikely to occur anytime soon.

“State tax revenue has grown significantly while the overall economy has been comparatively stagnant,” authors of the Rockefeller Institute say. “Such a disparity is not sustainable.”

Tax revenue changes between fiscal years 2010 and 2011 (July 1-June 30)

The trends in economic activity over past year, as measured by coincident index of Federal Reserve Bank of Philadelphia

<table>
<thead>
<tr>
<th>State</th>
<th>Total</th>
<th>Sources as % of total spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michigan</td>
<td>$9.2 million</td>
<td>25.3%</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>$5.4 million</td>
<td>100%</td>
</tr>
<tr>
<td>Ohio</td>
<td>$4.4 million</td>
<td>64.6%</td>
</tr>
<tr>
<td>Alabama</td>
<td>$3.5 million</td>
<td>89.4%</td>
</tr>
<tr>
<td>Illinois</td>
<td>$3.5 million</td>
<td>80.2%</td>
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<tr>
<td>Texas</td>
<td>$3.0 million</td>
<td>100%</td>
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<tr>
<td>Arkansas</td>
<td>$2.0 million</td>
<td>100%</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>$1.9 million</td>
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</tr>
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<td>Louisiana</td>
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</tr>
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</table>

Which states have banned the use of credit history for employment-related decisions?

A couple of bad marks on someone’s credit report could cost that person a job, as employers increasingly report that they are checking the credit history of job candidates.

According to a survey by the Society of Human Resources Management, 60 percent of employers say they run credit checks on some job applicants. (By comparison, 42 percent of employers say they made such checks in 2006.) Of this 60 percent, 13 percent of employers indicated that they routinely run a credit history check on all job applicants; the remaining 47 percent do so only on select candidates.

A growing number of states, however, are questioning the use of credit checks for purposes of employment. Prior to the 2011 legislative session, only four states had enacted restrictions on this practice. Hawaii and Washington were the first states to ban pre-employment credit checks in 2007; Illinois and Oregon followed by enacting bans in 2010. Despite a flurry of legislative activity this year, Illinois remains the only Midwestern state to restrict the use of credit information for employment purposes. Legislatures across the nation took on the issue this year, with at least 22 states considering such bills, according to the National Conference of State Legislatures. Bills were enacted into law in four states: Arizona, Connecticut, Maryland and New York. In the Midwest, legislators in Indiana, Michigan, Minnesota, Nebraska and Ohio considered measures to restrict employment-based credit checks. Wisconsin’s legislature considered bills in 2009 and 2010, but no such measure was introduced this year.

Proponents of the use of credit history by employers say that these checks provide valuable background information about an applicant’s reliability and sense of responsibility. Many perceive a correlation between high debt and the possibility of financial mismanagement or theft on the job.

However, research, such as that conducted at Eastern Kentucky University, does not support a link between credit history and employment suitability or the likelihood of wrongdoing on the job.

Opponents say such checks are an invasion of privacy and can lead to employment discrimination. Furthermore, they argue that given recent economic hardships and high unemployment, job seekers who have fallen on hard times may be unfairly barred from future employment.

Most of the legislation restricting the use of credit checks contains exemptions for certain job positions or types of employers. Illinois HB 4638, for example, exempts employees in the banking and insurance industries, as well as businesses claiming an interest in protecting trade secrets and national security.

The new statute also excludes state law enforcement entities, state and local government agencies, and debt collection agencies.

Unique tax landscape: Most states rely heavily on income tax, but South Dakota hasn’t had one in 70 years

Not so, however, in South Dakota, which, alone among Midwestern states, imposes no tax on personal income.

Like six other states across the country (Alaska, Florida, Nevada, Texas, Washington and Wyoming), South Dakota relies much more heavily on other revenue streams in lieu of income taxes. It also enjoys a national reputation as a low-tax state, with combined state and local levies consuming just 7.6 percent of total state income (a regional low and third lowest total in the nation). But it wasn’t always so.

South Dakota, like most other states, adopted a statewide tax on personal income early in the last century — only to abandon it during World War II, when sales tax revenues soared nationwide. A measure approved by the Legislature in 1943 repealed the income tax, retroactive to the end of 1942. Subsequent efforts to reinstate the levy failed, most notably in the early 1970s, when, according to Jim Fry, director of South Dakota’s Legislative Research Council, a measure supported by former Gov. Richard Kneip was approved by the House of Representatives. The proposal was eventually defeated, however, when Lt. Gov. William Dougherty cast a decisive vote against the bill in the evenly divided Senate.

The cards were later stacked against any similar efforts by a pair of constitutional amendments adopted in 1978 and 1996. Together, these provisions prohibit both the imposition of any new taxes and the increase of any existing tax rates except by means of a voter initiative or by a two-thirds vote of all members in each house of the legislature.

As a result, South Dakota continues to rely more heavily on sales tax revenue than does any other Midwestern state. Elsewhere around the region (based on 2010 data), general sales tax levies generate between 22.8 percent (North Dakota) and 43.1 percent (Indiana) of total state taxes, but in South Dakota, the figure is 56.9 percent. When selective excise taxes are factored in, South Dakota’s reliance on taxes derived from sales climbs to 82.3 percent of total tax revenue, second only to Florida among all U.S. states.

The state also continues to benefit from a substantial additional revenue stream in the form of video lottery revenues of more than $100 million per year, all of which is earmarked for the support of education.

South Dakota’s sales tax rate is currently 4 percent, though it would be raised to 5 percent if a proposed initiative makes it to the ballot in 2012 and is approved by voters.

The state’s current tax structure is distinctive for other reasons as well.

With the exception of a limited levy on financial institutions, South Dakota imposes no corporate income tax either. The state also refrains from taxing personal property, business inventories and (since 2001) inheritances.

Article written by Mike McCabe, director of the CSG Midwest Office. He can be reached at mmccabe@csg.org. Only in the Midwest highlights unique features of state governments in the Midwest. Past articles are available at www.csgmidwest.org.
to Evaluation of Permanent Impairment” when evaluating the level of impairment in workers’ compensation claims.

- Creating a network of medical providers to deal with claims in order to prevent “doctor shopping.”
- Reducing the benefit period for carpal tunnel injuries from 40 weeks to 28 weeks.
- Shifting the burden of proof from the employer to workers in proving whether alcohol or drugs were a contributing factor in an accident.
- Restructuring the state’s Workers’ Compensation Commission and how the system’s arbitrators are selected.

According to Whitley, though, there was one critical piece missing from the legislation: changing the threshold for determining whether an injury was work-related. Whitley says Illinois’ low threshold for causation makes it nearly impossible to deny a workers’ compensation claim.

“Did they make progress? Yes. Did they make adjustments that needed to be made? Yes. But did they bring about significant reform to the point that Illinois’ standing vis-à-vis all the other states in the country is going to change? I think not,” Whitley concludes.

But Bradley says only time will tell how effective the reforms are in lowering costs. He notes that initial indicators predict, at minimum, a 9 percent rate reduction for employers.

“I think we reached a balance in that a legitimately injured worker can still receive fair compensation in Illinois, but businesses, on average and on the whole, will be provided with significant savings,” he says.

In Kansas, bipartisan agreement aims to bring more ‘predictability’

Establishing that balance was also the driving force behind recent reforms enacted by the Kansas Legislature.

The passage of HB 2134 marked the first reform of the system since 1993. Over that 18-year period, several state Supreme Court decisions in Kansas had led to much uncertainty in the workers’ compensation system and to discontent among employers and employees alike.

“Business and labor threw up their hands and decided we needed some changes that would be fairer to both sides,” says Republican Sen. Julia Lynn, vice chair of the Senate Commerce Committee.

The result was a compromise measure that had the backing of both sides and that received bipartisan support in the Legislature.

“We worked out something that really went beyond party affiliation,” says Lynn. “When you consider the totality of what our bill does, it even includes the playing field between employee and employer.”

For workers, benefits for those injured, permanently disabled or killed on the job were increased.

For businesses, there were provisions addressing the issue of causation: Employers will be given a credit for a worker’s pre-existing conditions and will pay only for injuries that occur on the job.

The new law also changes how a work-related disability is calculated. For example, it defines the level of functional impairment necessary in order to make a claim for work disability.

Under the bill, too, employees must make a good-faith effort to return to a job after a work-related injury — a provision added in direct response to a court decision that had essentially removed this requirement.

Lynn says business and labor backed the bill not only because it was fair, but because it removed frustrating ambiguities in the current system — from the process used, to the definitions of injuries and compensation, to the expectations of employers and injured workers.

“There’s not a whole lot of room for interpretation” with the new law, she says.

“We’ve tried to create jobs and improve business growth and the business environment in Kansas, we can point to this law,” Lynn adds. “We have a fine-tuned law that makes it predictable for business, and it’s that predictability that is so important in this economy.”

Michigan could become third Midwest state to adopt workers’ comp reform

Michigan Republican Rep. Brad Jacobsen tells a similar story about how the workers’ compensation system has evolved in his state. It has become a source of confusion for all parties involved with it, he says.

His legislation, HB 5002, is an attempt to modernize the system by codifying a number of Supreme Court decisions made over the past two decades. (As of early November, the legislation had been passed by the House and sent to the Senate for consideration.)

“We’ve had numerous lawsuits trying to reinterpret the case law and the court rulings,” Jacobson says. “Hopefully, if those are implemented into statute, there won’t be as many lawsuits, and the process will be faster and more cost-effective.”

The system has not been changed in nearly 25 years, Jacobson says, and that has resulted in a mismatch between the statute and the state of medical technology. For example, the law does not account for advances that allow workers to return to work.
to work after joint replacement and reconstructive surgery.

“The case law is pretty much there; we’re just putting it into statute that once an injured worker is able to return to work, they are required to seek medical care immediately after the injury, from 10 days to 45 days, to ensure a prompt return to work when possible;

• strengthening requirements that workers seek new employment (they must make a good-faith effort to find a job);
• addressing business concerns about causation by giving consideration of pre-existing conditions in determining benefit payments; and
• requiring that the benefits for a mental disability can only be paid if it comes from actual events of employment, not “unfounded perceptions.”

Opponents, though, have criticized the bill as much more than a modernization, but as a measure that will reduce benefits to workers — thus putting the burden of caring for injured or disabled workers more on taxpayers.

In October testimony before a House committee, John Braden, an expert on the state’s workers’ compensation law, gave the example of a worker suffering from disabling back pain and a bulged disc: a common workers’ compensation case. Could that individual prove that work caused the injury? Without pre-injury tests on the worker’s back (which are unlikely to have been done), proving the causal relationship becomes difficult, Braden said. He says under the proposed changes under HB 5002, the worker would be denied wage-loss benefits (despite not being able to work) as well as the medical payments to repair the bulged disc. According to Braden, the bill also has new ways of defining or calculating “wage-earning capacity,” “disability” and “wage loss” that will make it more difficult for workers to prove they are entitled to economic and medical benefits.

Under the bill, an employee would have to prove that a work-related injury prevents him or her from performing all jobs within his or her qualifications or training, not just jobs he or she has actually performed. If the injury does not prevent such employment, the worker would have to demonstrate a good-faith effort to secure one of these jobs.

“I think some of the opposition to the changes think that we are ready to throw people out to the wolves, Jacobsen says, “and that’s certainly not the case.”

What he does want to do is encourage individu-

als to return to work when possible. For example, the bill spells out that if a worker returns to a lesser-paying job, he or she would earn the new wage plus 80 percent of the wage differential.

“If we can get people back to work quicker, require them to take a position and pay them the difference, that should lower the cost for the workers’ comp carriers and thus then save businesses some money,” Jacobsen says.

And driving down these costs, he adds, will make the state a more attractive place for business.

Ohio is one of two Midwestern states with ‘monopolistic’ workers’ compensation system, but that could soon change

Fifty years ago, about 40 percent of states ran monopolistic workers’ compensation systems. Today, only four states insure employers through a compulsory state fund that serves as the exclusive provider for coverage. Two of those states — North Dakota and Ohio — are in the Midwest. (Washington and Wyoming are the other two.)

In these four states, employers cannot use a private insurer to meet their obligations to purchase workers’ compensation coverage.

In Ohio, though, Republican Gov. John Kasich and some leading lawmakers have expressed interest in moving toward a privatized or free-market model.

Advocates of this approach say it has the potential to increase consumer choice and lower costs for Ohio employers.

According to a state-by-state study of workers’ compensation rates conducted by the Oregon Department of Consumer and Business Services, Ohio ranks as the 17th costliest state for workers’ compensation premiums. In 2010, employers paid an average of $2.24 per $100 in payroll — second highest in the Midwest.

“When we look at our cost on a per claim basis — whether it’s the medical or indemnity side — we’re going up at a rate that’s much faster than the other states,” says Steve Buehrer, administrator and CEO of the Ohio Bureau of Workers’ Compensation.

“At the same time, we’ve seen our return-to-work numbers falling off, going from the mid- to high 70s five years ago to below 69 percent now. That’s not good. That means that people are staying in our system for longer periods and not getting back to providing for themselves and their families.”

Buehrer also points to a study by the National Council on Compensation Insurance, which shows how long it takes states workers’ compensation systems to pay on claims.

Nationally, eight years after an injury, most of the claim had been paid out — all but 17 percent.

“Ohio is the worst in the country, with 45 percent of our claim money yet to be paid on a worker’s comp claim eight years after injury,” Buehrer says. “That means that people are going in our system, staying longer and becoming longer cost issues for our system.”

Sen. Kevin Bacon, chair of the Insurance, Commerce and Labor Committee, is among those who believes a revamped workers’ compensation system is long overdue in Ohio.

He says the monopolistic system in place now is “archaic.”

“We should be privatized, but it’s more difficult to do than what you would think,” says Bacon, adding that he is committed to pursuing major reforms.

For years, Buehrer says, there has been talk of moving to a competitive system; whether it happens in 2012 remains to be seen. But he is confident that the state will take some immediate steps to improve the system: for example, better management of claims, a more aggressive approach to settling claims, and initiating drug utilization reviews.

“These are the kinds of things we can do within the current parameters,” he explains.

“There’s also a sense in Ohio that we need to look at the benefits and the structure of the bureau and some of the procedures and policies that are in the statute. We are in the process of gathering information and ideas for what will likely become a bill.”

According to Buehrer, any reform bill is likely to include provisions on medical management. Currently, injured workers in Ohio have the option of choosing any medical provider.

“What we’re finding is that there is some providers who get some very good outcomes for injured workers, who have good return-to-work records,” Buehrer says.

“Having this free choice — which sounds good on paper — is in my view a fairly significant factor in people not getting as good of outcomes in the system.”

Most states, in fact, already direct care in some way.

“The system we have now was put in place in the mid-1990s when there wasn’t much managed care,” explains Buehrer. “Fast-forward to today, and whose health care doesn’t have some sort of [oversight] panel or preferred providers? Almost no one.”

“If it means sacrificing a little bit of choice for better outcomes, let’s do it,” he adds.
Speaker Kurt Zellers

‘Farm kid’ from North Dakota now leading efforts in adopted home state of Minnesota to reform, modernize government

by Laura Kliewer (lkliewer@csg.org)

Kurt Zellers points to two seminal moments in his life—one that helped shape his political philosophy, another that put him on the path to using it.

As a child, Zellers was a long way from the Minnesota district he now calls home or the state Capitol where he now serves as speaker.

He spent most of his formative years on a farm that his stepfather still owns in northeast North Dakota.

“It was a great way to grow up as a kid,” Zellers recalls, “because I learned the value of hard work very, very quickly.”

One day, as he often did, the young Zellers took a drive around the farm with his grandfather to look at the crops, but this time, it happened to notice a barren part of the field. Why weren’t any crops growing there?

Somebody from the government had spotted cattails, his grandfather explained, meaning it was a wetlands area where nothing was allowed to be planted.

“That just goes to show, Kurt,” his grandfather told him, “never trust anyone from the government when they come to help you.”

It was a conversation and lesson that stuck with Zellers.

A few years later, he went on to college to play football and pursue a career in accounting. But then Zellers “blew out” his ankle, leaving him physically unable to play football and also looking for something new to fill his time.

A friend suggested he help out on a political campaign. Twenty-five years later, Zellers is still at it.

The move from staff to speaker

Zellers moved to Minnesota in 1993 to take a job in sales, but soon found himself campaigning for, and later working as media director for, former U.S. senator Rod Grams—a farm kid, too,” Zellers notes.

“I spent the better part of six years traveling the full state of Minnesota with Rod when he would come back into the state,” he says. “I got to see the whole state of Minnesota, and got to learn about all the little nooks and crannies.”

Work on the U.S. Senate campaign of Norm Coleman and as communications director for the Minnesota House Republican Caucus followed. Then, when a House seat opened up in his district northwest of the Twin Cities, Zellers decided to seek elective office himself.

He had only a month to campaign for the special election, in the dead of winter, but his formula was simple: “I knocked on each of the 13,814 doors in Maple Grove three times.”

The hard work—which he first learned as a child on the family farm—paid off with a lopsided 13,814 doors in Maple Grove three times. “It was the hardest work of his political career began this year.

“Farm kid” from North Dakota now leading efforts in adopted home state of Minnesota to reform, modernize government

Seek elective office himself.

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“Farm kid” from North Dakota now leading efforts in adopted home state of Minnesota to reform, modernize government

For far too long, we’ve done things that make us less competitive, whether it is six months on a permitting process or regulations that we have in Minnesota that other states don’t have… In good economic times, people aren’t as keenly aware of that, but when it comes to tough economic times and when businesses are looking to move to where they can save even 1 percent or 2 percent, a lot of those things boil to the top very, very quickly.

All of it is mandate release… letting local governments or local school board members decide what is best for their schools, and then if the parents in that school district or the residents in that town don’t like what’s going on or what’s happening, then they can un-elect those folks.

I always use the football analogy: We should chalk the field and have a couple referees on the field to make sure everybody is playing fair, but then let the competition begin.

Government should be there to take care of the bad actors, make sure that the rules are fair, but also be balanced with what we’re trying to accomplish.

There always seems to be in government a tendency to let one or two actors ruin it for the others: 2 percent ruin it for the other 98 percent. We shouldn’t always legislate to the 2 percent; we should legislate for the 98 percent and then punish the 2 percent. There are tons of rules, regulations and amendments on the books for those bad actors. We shouldn’t have to add more government. We should just enforce the laws we already have.

Q: How would you describe your focus and leadership style as speaker?

A: My focus is on our members. They do a great job of keeping in contact with local mayors, local business owners, local schools, other constituents. A lot of times, it’s those eyeball-to-eyeball meetings (that make the difference). If you are willing to meet with people, they will share with you their ideas and their concerns. Whereas if you send them an e-mail or letter and say, “Write to me when you have a problem or if you have something,” it’s not as effective. And then, if [constituents] come up with a good idea, thank them for it.

Q: What do you think are the most important roles for state government?

A: A lot of it is mandate release… letting local governments or local school board members decide what is best for their schools, and then if the parents in that school district or the residents in that town don’t like what’s going on or what’s happening, then they can un-elect those folks.

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More government than we need

A BRAC-style state commission would help policymakers eliminate, consolidate outdated, duplicative local entities

by Illinois Sen. Terry Link (tlink@senatedem.ilga.gov)

G o back more than 100 years, to the dawn of the 20th century, and Illinois was among the many states facing a public health crisis. Tuberculosis ran rampant. More than a thousand Illinoisans died annually from the bacterial infection.

The state responded with an aggressive attack on this treatable — and more important, preventable — disease. State lawmakers gave local communities the authority to create “Tuberculosis Sanitarium Boards.” These boards oversaw the quarantining and treatment of TB victims in an effort to stem the contagion.

Thanks to those early advances in public health, TB fatalities have become rare. Out of a population of 12 million, Illinois now averages only about 30 such deaths a year. This decline is a testament to medical science and a strong public health network.

A century ago, the technology and delivery systems for such a network simply didn’t exist.

But this is not a tale about the life-saving evolution of public health and medicine in regard to tuberculosis. To the contrary, it is an unfortunately all-too-true accounting of how government simply won’t go away, even when the mission is over.

Fighting the past’s battles

You see, 100 years later the war on TB has, for all practical purposes, been won. And yet Illinois still has four taxpayer-funded Tuberculosis Sanitarium Boards in existence today.

They are among the nearly 7,000 units of local government spread out across the Land of Lincoln — the vast majority of which have the authority to levy taxes.

Now, not all of them are as obscure or outdated as the TB boards. The inventory of government includes the obvious: municipalities, county boards and commissions, school boards and park districts.

And then you get to the state’s 70 cemetery districts, never really been a big-government state. We’re a local-control state. That’s basically why the state has created all these local entities. At the state level, Illinois annually ranks at the bottom for the number of state employees per capita in the nation. Similarly, our income tax rate is among the lowest for states imposing such a tax.

Over the years, the state has time and again let local authorities solve problems. Unfortunately, it seems that over our history we’ve created a new local authority for every problem.

Perhaps the biggest stumbling block to undoing what’s been done is politics. These boards and districts are filled with people who have won elections. They’re often active both civically and politically. Many a lawmaker and state official began his or her career on some seemingly minor local government body.

And so there’s some understandable reluctance in some legislative circles to essentially turn around and tell these governmental units: Thanks, now get lost. Making it harder is that it would inevitably happen in the partisan realm of the Illinois General Assembly, where the minority party inevitably complains that the majority is taking unnecessary, outdated government. Perhaps the idea is to sponsor this idea and try to rally support for it.

And hopefully one day soon, the Tuberculosis Sanitarium Boards and their ilk will be as rare as tuberculosis itself.

Mixed feelings about ‘less government’

You see, there’s also another political problem that pops up in trying to change this situation. On one hand, taxpayers and lawmakers champion the idea of less government — at least in the abstract.

But it’s something entirely different to set in place a process that will result in a community being told its school district is on the wrong side of the accounting ledger, or that some other locally accountable board is now going to have its duties usurped by the big, bad state bureaucracy.

It would seem my colleagues are not yet prepared for the full scope of this debate and to bring it to resolution.

When legislation creating this commission was brought to the floor for a final vote, it received just 14 “yes” votes in the 59-member Senate. It needed 30 for approval.

It was a somewhat bipartisan rejection, though, as a Democrat, I must note that only one of my 24 Republican colleagues voted for the commission.

Look, no one’s going to die from too much government. But I think we have a bit of an epidemic on our hands that needs to be quarantined and treated.

Governments should be focused on quality and efficiency. With 7,000 units of government, Illinois has its fair share of duplication of services. I believe that something along the lines of the Illinois Local Government Consolidation Commission is the best way to eliminate unnecessary, outdated government. Perhaps the idea is a bit ahead of its time. I will do what I can and continue to sponsor this idea and try to rally support for it.

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Submissions welcome

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For more information, contact Tim Anderson at 610.925.1922 or tanderson@csg.org.

Number of local governments in Midwestern states, 2007 (U.S. rank)

<table>
<thead>
<tr>
<th>State</th>
<th>Number of Local Governments</th>
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<tbody>
<tr>
<td>Illinois</td>
<td>3,931</td>
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<tr>
<td>Wisconsin</td>
<td>2,893</td>
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<tr>
<td>Michigan</td>
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<td>Indiana</td>
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<td>Iowa</td>
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<td>Missouri</td>
<td>1,235</td>
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<td>North Dakota</td>
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Source: U.S. Census Bureau

After 100 years, the war on TB has largely been won. Yet Illinois still has four taxpayer-funded Tuberculosis Sanitarium Boards in existence today.

26 streetlight districts, three surface-water protection districts and an assortment of other authorities that may or may not have legitimate modern-day necessity, depending on your point of view.

The bottom line is this: Illinois has a lot of government. To put it in perspective, Pennsylvania — second in the nation for most units of government — gets by with a little more than 4,800 government entities. That’s 2,100 fewer than Illinois.

Eliminating unnecessary local governmental bodies and consolidating those that now have duplicative missions is long overdue in Illinois. After all, it’s hard to explain why we have drainage districts, levee districts, and drainage and levee districts.

To me, and I believe to many taxpayers, the issue is an obvious one and the solution is simple as well — start cutting and consolidating. But while the sheer number of governments in Illinois might be large, Illinois has its partisan wrath on the minorities’ interests.

So here’s my idea: Let’s see if we can take the politics out of the mix. I sponsored legislation to do just that by creating the Illinois Local Government Consolidation Commission. Kind of ironic, isn’t it? A new government board aimed at reducing government.

The commission would be an independent board charged with reviewing the effectiveness and impact of local units of government and, ultimately, state potentially hundreds of unnecessary units for elimination or consolidation.

This commission would work much like the federal government’s Base Realignment and Closure Commission. BRAC is an independent board that evaluates the effectiveness of and need for military bases and installations.

It compiles a list of closure recommendations and sends the entire list to Congress for consideration. Members of Congress have one vote — either “yes” to approve the list or “no” to reject the recommendations.

Under my plan, the Local Government Consolidation Commission would consist of eight unpaid members — four appointed by Republican lawmakers and four by Democrats. Over the course of a year, the commission would determine which units of government should be consolidated, which ones must be eliminated and what can be left off the list.

As envisioned, in April 2012, state lawmakers would review the list and get one vote — either “yes” or “no” — on the entire list.

It all sounded good. That is, until it became time to actually vote to create this commission.

Mixed feelings about ‘less government’

You see, there’s also another political problem that pops up in trying to change this situation.

On one hand, taxpayers and lawmakers champion the idea of less government — at least in the abstract. But it’s something entirely different to set in place a process that will result in a community being told its school district is on the wrong side of the accounting ledger, or that some other locally accountable board is now going to have its duties usurped by the big, bad state bureaucracy.

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Submitted article

Illinois Sen. Terry Link, a Democrat from Waukegan, was first elected in 1996.

Submissions welcome

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Region's lawmakers give state perspective on future of nation's nuclear waste policy

The Midwest has a big stake in America's nuclear energy future.

Eight of the region's 11 states rely on this power source for electrical generation, nuclear waste is currently being stored at reactors across the Midwest, and the region will be in the middle of any plans to transport the nation's spent fuel to facilities for storage or permanent disposal.

At a meeting held on Oct. 28 in Minneapolis, CSG Midwest gave the region and its state leaders the chance to be heard on this important regional and national issue.

Several state lawmakers spoke and met with members of the Blue Ribbon Commission on America's Nuclear Future — the federally chartered group leading efforts to develop a new strategy for managing the "back end" of the nuclear fuel cycle.

The group was formed in 2010 following the Obama administration's decision to abandon plans to build a national repository at Yucca Mountain in Nevada. The commission has already issued a draft report; the purpose of the Minneapolis meeting was to seek public input in advance of its final recommendations.

"It is imperative that the states be active partners in this process — both planning and implementation — from the very beginning," Indiana Sen. Beverly Gard said in her testimony at the meeting.

And any future federal strategy, she said, should be mindful of the need to pay for it via the Nuclear Waste Fund or other federal sources.

"The many states in fiscal crisis cannot absorb [additional] costs," she said.

The meeting also gave lawmakers the chance to share their frustrations over the lack of progress on solving the nation's storage problem.

"We've got a $10 billion hole in the ground that now we're going to walk away from," Minnesota Sen. John Howe said, referring to the amount of money spent on the Yucca Mountain project. (His legislative district includes the Prairie Island nuclear plant.)

Yucca "should not be off the table," Howe said, but rather reconsidered as part of a science-based discussion over America's nuclear future.

Take politics out of the mix, he said, and Yucca becomes an attractive option again.

Two CSG Midwest committees co-sponsored the meeting in Minneapolis: the Midwestern Legislative Conference Energy Committee and CSG's Midwestern Radioactive Materials Transportation Committee.

Iowa Rep. Chuck Soderberg, co-chair of the MLC Energy Committee, told the federal commission that, over the past three decades, ratepayers in his state have put $450 million into the Nuclear Waste Fund — and have received "very little in return."

"With the cancellation of [Yucca]," he said, "we are back to a situation where we are storing nuclear waste, long term, in facilities that were not built with the expectation of indefinite storage."

Solving the storage problem becomes even more imperative if states make nuclear power a greater part of their fuel mix. That is a very real possibility, Soderberg said, because federal regulations are making coal-fired power plants more costly and nuclear energy is one of the few viable alternatives.


The commission's final report will be released on Jan. 29. It will provide a detailed strategy on how to dispose of, transport and store nuclear fuel and high-level radioactive waste. States will be watching closely, as will CSG Midwest through the work of its two policy committees.

This article was written by Rene Grossman, assistant director of CSG Midwest and staff liaison to the MLEC Energy Committee. She can be reached at grossman@csg.org.

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CSG Midwest brings together heads of region's legislative service agencies

"Probably as much as anything else, professional staffing is the linchpin of the professional legislature."


These agencies provide legislators with the data and knowledge they need to make informed decisions. And like the legislators they serve, staff in these agencies can learn best practices and strategies from one another.

At a two-day meeting held this fall in Chicago, CSG Midwest provided a forum for this kind of information sharing. Most states were represented at the event, which included participation by several heads of legislative service agencies as well as other staff.

Sessions at the meeting focused on:

- improving and managing staff interaction with members of the legislature;
- public sector employment law, with a particular emphasis on personnel actions;
- ethical decision-making; and
- how technological advances are changing legislative libraries and the future work of legislative service agencies.

CSG Midwest regularly coordinates meetings of the Midwestern Legislative Service Agency/Research Directors Group. The goal of the group is to facilitate the interstate exchange of information on various facets of nonpartisan legislative staff work.

For more information, please contact Mike McCabe at mmccabe@csg.org or 630.925.1922.

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Rich Johnson, legal services division director for the Iowa Legislative Services Agency, and JoAnne Zoff, the director of Minnesota Senate Counsel, Research and Fiscal Analysis Office, take part in a recent meeting of the Midwestern Legislative Service Agency/Research Directors Group.

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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 informational programs and services, including research, reference publications, innovations transfer, state policy analysis and interstate consulting services. The Midwest Office supports several groups of state officials, including the Midwestern Legislative Conference, an association of all legislatures 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.
At CSG summit, MLC Executive Committee moves ahead with plans to advance economic cooperation across Midwest

States are accustomed to competing with one another for businesses and the jobs that come with them. But as chair of the Midwestern Legislative Conference, Indiana Rep. Scott Reske has laid out a vision for how the region’s states might also cooperate with one another in certain areas of economic development, similar to what the South has done for 40 years through the 13-state Southern Growth Policies Board.

The MLC is now taking the initial steps to make that vision a reality, as the result of actions taken by the group’s Executive Committee at an October meeting held in conjunction with The Council of State Governments’ National Conference & North American Summit.

A new interstate task force — made up of state and provincial legislators and appointed by Reske — will be formed to meet the MLC’s goal: establishment of a regional entity that promotes regionwide economic collaboration in the Midwest.

The task force has been charged with identifying strategies for regional collaboration, as well as with developing model legislation for states to support the effort. It will also reach out to potential institutional partners and funding sources and gauge interest in the idea among the region’s institutional partners and funding sources and support the effort. It will also reach out to potential areas of regional economic collaboration include

- a branding strategy to market the entire Midwest,
- multi-state export assistance and promotion,
- transportation investments that enhance regional supply-chain integration; and
- new tuition incentives, credit-transfer programs and alumni outreach programs that improve post-secondary graduation rates and retain more of the region’s college-educated population.

CSG offers comprehensive new look at business-incentive policies

In pursuing his plan for more regional economic collaboration, Indiana Rep. Scott Reske has been quick to point out that states will always compete with one another for jobs and businesses.

Today, much of that competition takes place in the form of grants, tax breaks and other incentives. A new CSG report and online database provides a comprehensive look at the business incentives in place in all 50 states. It also examines an increasingly important aspect of economic development policy: the accountability measures in place to ensure states are getting a return on their investments.

Other areas highlighted in the CSG study include key tax rates, levels of educational attainment, and incentives that target international development and the “clean energy” sector.


The State Business Incentives Database can be accessed at http://apps.csg.org/BusinessIncentives.

Sharing Capitol Ideas: Images from CSG National Conference & North American Summit

Clockwise from left: Indiana Rep. Scott Reske, chair of the Midwestern Legislative Conference, presided over a meeting of the MLC Executive Committee, which met during the five-day CSG National Conference & North American Summit. Iowa Sen. Wally Hom and Indiana Rep. E. Dale Grubh took part in the MLC meeting as well. Also at the October summit, CSG recognized the year’s winners of Innovations Awards, including Michigan’s Cloud Computing program and Nebraska Wellness Options. Jason Weaver (left) accepted the award on behalf of Michigan, while Paula Fankhauser and Mike Wenzelka were on hand to represent Nebraska. The CSG summit, held in the state of Washington, attracted hundreds of state officials from across the country.
4 Midwest states get in early on choice of presidential nominee
As it does once every four years, Iowa’s presidential caucuses will kick off the run for the White House (on Jan. 3 in 2012). But that state isn’t the only one in the Midwest expected to determine the Republican nominee for president. Other early primaries and caucuses have been scheduled in this region as well.

Under a bill signed into law in October (SB 584), Michigan’s presidential primary was set for Feb. 28 — a week before “Super Tuesday,” which includes North Dakota’s Republican caucuses. The move, Gov. Rick Snyder told The Holland Sentinel, “helps ensure Michigan is relevant in the selection process.” However, by setting its primary date ahead of March 6, Michigan is also non-compliant with Republican Party rules and risks losing half of its convention delegates, according to Davidson College professor Josh Putnam, who tracks news on presidential primaries through the blog Frontloading HQ.

Minnesota is the region’s other early primary/caucus state, with the Republican caucus set for Feb. 7. Here are the other dates in the Midwest: March 10, Kansas caucus; March 20, Illinois primary; April 3, Wisconsin primary; May 8, Indiana primary; May 15, Nebraska primary; June 5, South Dakota primary; and June 12, Ohio primary.

Bright idea? Illinois OKs $3 billion plan to build out smart grid
By overriding a gubernatorial veto in October, the Illinois General Assembly has paved the way for a 10-year, $3 billion investment in the state’s energy infrastructure.

The plan, as laid out in SB 1652, is for the state’s utilities to build out a “smart grid” that employs digital, interactive technologies to improve system reliability, reduce the frequency of outages and improve power restoration. In addition, smart meters will be installed in homes and businesses to help consumers track and manage their energy use.

According to the Chicago Tribune, multiple concerns were raised about SB 1652 as it advanced through the legislature: higher bills for ratepayers, a loosening of state oversight of the utilities, and a new formula determining the utilities’ annual profits. In response, the legislature passed a “trailer bill” to SB 1652. That measure (HB 3036) reduces utility companies’ return on investment, lowers the 2,500 state-wide jobs created at the peak of build-out of the smart grid. Utilities will face penalties for not meeting the jobs mandate, as well as for not improving performance and reliability.

Gov. Pat Quinn, though, still opposed SB 1652, saying it would result in “blockbuster annual rate hikes for consumers and businesses.”

In Indiana, split over ‘right to work’ likely to spill into 2012 session
Indiana lawmakers have taken the first step to once again considering so-called “right-to-work” legislation, a contentious issue that led to a five-week walkout during the 2011 session by Indiana House Democrats.

In October, an interim committee voiced its support for a measure prohibiting contracts between employers and employees that require workers to pay union-representation fees. Opponents of such measures have derided them as the “right to work for less,” saying they weaken unions and collective bargaining.

Indiana schoolteachers have had the right to opt out of union membership or fair-share fees since 1995. Very few have exercised this option, the Northwest Indiana Times reports.

Nationwide, there are 22 right-to-work states, including five in the Midwest: Iowa, Kansas, Nebraska, North Dakota and South Dakota, according to the U.S. Department of Labor. All five laws were enacted in the 1940s and 1950s. Indiana passed legislation in 1957 but repealed it eight years later.

The last U.S. state to enact a right-to-work law was Oklahoma in 2001.

Major decisions coming on future of Kansas’ retirement system
Change is coming to Kansas’ pension plan for public employees. But what form it takes remains uncertain, a study commission of lawmakers and non-government officials readies recommendations for legislative consideration in 2012.

According to The Topeka Capital-Journal, some kind of defined-contribution plan — either for all new workers, or a “stack plan” that puts worker salaries above a certain level into a 401 (k)-style plan — will likely be proposed. Earlier this year, the Legislature approved higher contribution rates for public employers and workers. Those changes would take effect in 2014, but are contingent on the Legislature voting on the commission’s recommendations.

Like most states, Kansas currently employs a defined-benefit model, tying retirement benefits to a worker’s years of service and salary. One exception in the Midwest is Michigan, which uses a defined-contribution plan. According to the National Association of State Retirement Administrators, Indiana and Ohio have hybrid defined-benefit/defined-contribution plans for state employees. Nebraska, which once had a defined-contribution system, now uses a “cash balance” plan. Each worker has a retirement account and is guaranteed a 5 percent return on investment. Upon retirement, the worker can set up an annuity or get a lump-sum payment.