Brakes on economic mobility

New research points to host of factors likely impacting upward mobility — and causing large regional variations

by Laura Tomaka (ltomaka@csg.org)

For every 100 children born to a poor family in Iowa’s largest metropolitan area, Des Moines, about 11 will eventually reach the nation’s top quintile of income earners.

In Indiana’s most populous metro area, Indianapolis, the rate is much less: Fewer than 5 of every 100 low-income children rise to the top rung of the income ladder. These large variations in economic mobility occur across the country — among different cities, states and regions.

What is the cause? It is a question that has been raised as the result of recent groundbreaking research, and that has become part of a broader discussion about how real the “American Dream” actually is — the idea that people have equality of opportunity regardless of their economic status at birth.

Comparative studies have shown, for example, that Americans are actually less economically mobile than populations in many European countries.

And the recent findings that show huge differences in mobility within the United States have added a new wrinkle.

“Where you live does matter,” says Erin Currier, director of The Pew Charitable Trusts’ Economic Mobility Project. “And the policies that people are putting in place at the state level, and even down to the local level, really do influence rates of opportunity and rates of economic growth for the citizens of those states.”

Pew’s research shows nine states, all in the South, with consistently lower rates of economic mobility compared to the national average. “Highly mobile” states are concentrated in the Northeast; in the Midwest, only Michigan falls into this “highly mobile” category.

The wide variations in economic mobility among different local areas were unearthed by researchers at The Equality of Opportunity Project, an initiative led by a team of Harvard University and University of California-Berkeley economists.

Harder to pinpoint, though, are what exactly accounts for these differences, and which state and local public policies might have an effect.

Still, this recent research is providing some new ideas for legislators interested in improving rates of upward economic mobility in their states.

“It’s not a zero-sum game,” Currier says. “Everybody can benefit when the investment made in enhancing economic mobility is made, particularly for families at the bottom.”

Midwest data on factors that impede upward economic mobility, from income inequality to where children live and go to school

States’ U.S. rankings on income inequality, 2011 (lower number=less inequality)*

<table>
<thead>
<tr>
<th>State</th>
<th>2011 Rank</th>
<th>Change since 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Texas</td>
<td>5</td>
<td>+1</td>
</tr>
<tr>
<td>South Dakota</td>
<td>10</td>
<td>-1</td>
</tr>
<tr>
<td>Utah</td>
<td>18</td>
<td>+2</td>
</tr>
<tr>
<td>New Mexico</td>
<td>19</td>
<td>-1</td>
</tr>
<tr>
<td>Nevada</td>
<td>20</td>
<td>+2</td>
</tr>
<tr>
<td>Idaho</td>
<td>21</td>
<td>+3</td>
</tr>
<tr>
<td>Kentucky</td>
<td>22</td>
<td>-1</td>
</tr>
<tr>
<td>Arkansas</td>
<td>23</td>
<td>-1</td>
</tr>
<tr>
<td>Ohio</td>
<td>24</td>
<td>+4</td>
</tr>
</tbody>
</table>

*On a measurement known as the “Gini coefficient,” every Midwest state has greater income equality than the nation as a whole. However, with the exception of South Dakota, inequality grew in every state in this respect between 2000 and 2011.

% of children living in single-parent families, 2012 (% point change since 2000)

- Higher than U.S. average of 35%
- Same as U.S. average
- Lower than U.S. average

% of children living in concentrated areas of poverty, 2007-2009 (U.S. average is 12%)

- 8% - 11%
- 11% - 14%
- 14% - 17%
- 17% - 20%
- 20% - 24%

% of fourth graders in Title I-funded schools reading below proficiency, 2011

- 72%
- 74%
- 76%
- 78%
- 81%
Health & Human Services

Amid Affordable Care Act’s early problems, Minnesota’s state-run insurance exchange working well

Implementing federal health reform has met challenges in recent months — most notably issues with the national enrollment website.

But in Minnesota, state officials are breathing a little more easily because of a decision to run a state-based insurance marketplace. It is the only state in the Midwest (and one of 17 states in the nation) that chose this option under the Affordable Care Act.

The remaining states are being served, in whole or in part, by a federal enrollment system that has been plagued with problems since it launched Oct. 1. For this and several other reasons, Minnesota’s health exchange director, April Todd-Malmlov, is glad her state built its own system.

“We wanted to make sure we could design it in a way that meets the needs of our citizens,” she says. “We have been, I think, a leader in health reform and wanted to make sure we could continue to do those things.”

For example, the state wanted to maintain regulatory control over its insurance market — protecting some reforms it had in place prior to the ACA.

Minnesota, too, is the only state in the nation that has already implemented a provision of the ACA called the “basic health plan.” Under this option, states can set up a program for people earning 133 percent to 200 percent of the federal poverty level. In other states, people in this category will be offered federal subsidies to purchase private health plans — but Minnesota will use those funds to insure individuals through a state program instead.

And because of a health-reform measure passed in 2008, the state has a vast store of provider-quality data that it will integrate into its exchange — information consumers will be able to consider when choosing plans.

Because of Minnesota’s complex network of programs and previous reforms, it was preferable to keep management of the exchange in the state, Todd-Malmlov says.

Financially, too, leaders in Minnesota believed they could operate a more cost-effective exchange than the federal government, which will charge a 3.5 percent fee on insurance plans.

“Our projection is that we would be under that [cost],” Todd-Malmlov says. “We think we can save the taxpayers money by doing this.”

Part of the challenge at the federal level is that people looking for insurance are struggling to access the national website. But in Minnesota, MNsure is up and running.

As of mid-November, 11,000 people had enrolled in new health insurance plans in Minnesota. About 4,300 of those enrollees are in public programs.

The state had also received around 60,000 calls to its customer-service call center, which opened on Sept. 3. Having a state-operated call center helps officials identify issues and quickly resolve them internally.

“We are not perfect, but local control has allowed us to be successful and much more nimble in making the fixes that we need to,” Todd-Malmlov says.

Education

New Iowa law gives parents more homeschooling options

Iowa families who homeschool their children have some new options as the result of legislative actions this year that remove reporting requirements and allow parents to teach unrelated students.

Included as part of the state’s major education-reform package (HF 215), the new provisions also allow for parent-taught driver’s education.

“Each homeschooled student saves the taxpayers of Iowa $12,000 per year,” says Iowa Rep. Mark Costello, who helped promote efforts to pass the legislation. “We want to accommodate and encourage them.”

Under the new law, Iowa is adding an option called Independent Private Instruction. Families choosing this option will not need to provide annual assessments of student progress; instead, only some basic information on the students, instructor and program must be provided upon request by a local school district or the state.

Up to four unrelated students can participate in an Independent Private Instruction program. These students cannot be charged tuition, but an outside instructor can charge for services.

“I would expect more sharing of teaching between families,” Costello says about the new law’s impact.

Students participating in this new Independent Private Instruction category cannot be dually enrolled in a public school — thus restricting their access to the school’s textbooks, classes and extracurricular activities. Free testing, though, is available to all homeschoolers in Iowa, whether or not they have dual enrollment status.

Along with creating this new category, lawmakers reworked the statute on Competent Private Instruction (the category used by Iowa homeschoolers in the past), adding an option that waives reporting requirements on student progress and allows children to be taught by an unlicensed teacher.

Parents can also choose a homeschooling option with reporting requirements. It requires the filing of a basic report (including an outline of the course of study and lesson plans) with the local school district before the start of each school year. A supervising teacher monitors the student’s progress, and an assessment is done through standardized testing or one of several other methods.

About 2.3 percent of school-age children in Iowa are homeschooled; in the United States, the average is between 3 and 4 percent, says Darren Jones, a staff attorney with the Home School Legal Defense Association.

Jones says the new law in Iowa offers “something for every type of homeschooler” and gives the kind of regulatory flexibility that he hopes every state would strive for.

State laws vary on regulation of homeschooling. A 2009 study by the Education Commission of the States found that 14 states (including Iowa, Minnesota, North Dakota and Ohio in the Midwest) set test-score thresholds for student evaluation or required a showing of “adequate yearly progress.” The study also found that 18 states (including Iowa, Michigan, Minnesota, North Dakota and Ohio) required certain qualifications of instructors, such as a high school diploma or GED.

Brief written by Ilene Grossman, who can be reached at bgrossman@csg.org. The Midwestern Legislative Conference Education Committee’s co-chairs are Illinois Sen. Michael Fehrings and South Dakota Rep. Jacqueline Sly.

Affordable Care Act health insurance exchanges in Midwestern states

State operates its own health insurance exchange

State operates exchange in partnership with federal government

State exchange operated by the federal government

Source: CSG Midwest

Homeschooling notification laws in Midwestern states

No requirement for parents to initiate contact with state regarding child’s education

Only parental notification required

Notification required along with test scores and/or professional evaluation of student progress

Source: Home School Legal Defense Association

Issue Briefs cover topics of interest to the various groups and policy committees of CSG Midwest, which include the Midwestern Legislative Conference, Great Lakes Legislative Caucus, Midwest Interstate Passenger Rail Commission and Midwestern Radioactive Materials Transportation Committee.
Iowa deepens commitment to ethanol; EPA proposes cutback

In mid-November the U.S. Environmental Protection Agency proposed reducing the amount of biofuels in the nation’s fuel supply for the first time, potentially dealing a major setback to the ethanol industry.

The change would require almost 3 billion fewer gallons of biofuels — mainly ethanol — to be blended into gasoline in 2014 than under the current federal mandate. The proposal comes at a time when domestic oil production has exceeded oil imports for the first time in years, and when falling motor fuel demand has made ethanol an unexpectedly large part of the total fuel supply.

During a visit to Indiana, EPA Administrator Gina McCarthy said the mandate, if left unchanged, would have resulted in more ethanol being generated than could be used next year.

Nowhere is federal biofuels policy watched more closely than in the Midwest, home to the vast majority of ethanol production in the nation as well as many of the most far-reaching tax incentives and state programs.

“The timing [of the EPA proposal] is bad because it comes when a record corn crop is being produced, and the price of a bushel has fallen almost to the cost of production,” Iowa Sen. Tim Kapucian says. “We are going to continue to support biofuels.”

In fact, state officials in Iowa — which produces about 25 percent of U.S. ethanol — recently announced they would use a $250,000 federal grant to bolster a program that pays gas stations to install “blender” pumps. These pumps allow a higher percentage of ethanol in motor fuels than the standard 10 percent. The state’s goal is to promote greater availability of E30 — 30 percent ethanol and 70 percent gasoline. Ethanol blends of up to 85 percent can be used in newer “flex fuel” vehicles.

Retailers in Iowa are able to receive state grants for blender, E85 or biodiesel pumps. In exchange for the fuels for three to five years. In 2012, the legislature allocated $3.5 million over the next five years to promote Iowa’s ethanol infrastructure.

The new set of grants furthers the state’s biofuels commitment. This year, too, Iowa lawmakers approved HF 640, a law that guarantees local gas stations the right to offer ethanol and biodiesel blends of their choice. Sometimes called a gas retailer’s “bill of rights” by proponents, the measure prevents oil refiners from limiting the ability of stations to sell the blend of their choice. South Dakota passed a similar law in 2011.

As much as Midwestern communities have benefited from the rise in use of corn-based ethanol, Sen. Kapucian says, the future lies in cellulose.

The Iowa-based Poet Biorefining plant, for example, is scheduled to begin commercial production of ethanol from corncobs, leaves and husks by early 2014.

The company’s chairman of the board, James Moe, says the EPA’s proposed changes are a setback to cellulose ethanol as well, in large part because federal targets for the advanced biofuel are not set high enough. Moe adds that “the grain ethanol industry must remain strong in order to build cellulose capacity.”

In light of the EPA decision, Iowa’s efforts are even more important now,” says Iowa Sen. David Johnson, whose district includes the Poet plant.

The EPA is taking public comments on its proposed changes to the 2014 Renewable Fuel Standards.

Brief written by Carolyn Orr, staff liaison to the Midwestern Legislative Conference Agriculture & Natural Resources Committee. She can be reached at corr@surf.ca. The committee’s co-chairs are Indiana Rep. Bill Friend and Minnesota Rep. Rick Hansen.

Great Lakes

Interstate compact will get first big test with decision on Wisconsin town’s diversion plan

For years, the Wisconsin city of Waukesha has had a water problem: high levels of radium in the town’s supply of drinking water, and a federal requirement that it find a new water source by 2018.

Its proposed solution to this local problem will require support from the entire Great Lakes region.

In an application submitted this fall to the Wisconsin Department of Natural Resources, Waukesha proposes withdrawing an average of 10.1 million gallons of water a day from Lake Michigan.

The town, a western suburb of Milwaukee, lies entirely outside the Great Lakes basin.

“It will be a significant test and challenge for the [Great Lakes] compact,” David Naftzger, executive director of the Council of Great Lakes Governors, told the Great Lakes Legislative Caucus this summer about the decision-making process likely to unfold in 2014.

The Great Lakes-St. Lawrence River Water Resources Compact became law five years ago — after passage by all eight Great Lakes states and subsequent federal approval. (There is also a companion agreement in place with the provinces.)

Concerns about water diversions were largely behind the push for a new compact. In the late 1990s, for example, Ontario had approved a permit (later denied) to send bulk containers of Lake Superior water to Asia.

The proposal will then be considered by the entire region, a process that Naftzger expects to take about six months. First, the 10 Great Lakes states and provinces will undertake a “declaration of finding” process to decide whether Waukesha’s application is consistent with the agreement’s language.

Finally, the region’s eight governors vote; a single “no” vote would stop the Waukesha plan.

Waukesha officials say their plan meets all of the compact’s criteria, from the strength of its water-efficiency programs (daytime sprinkling bans, for example, and a water-conservation rate structure) to its pledge to return 100 percent of the water it withdraws.

The decision and decision-making process will set an important precedent on how the new compact will work.

In a 2013 report on the compact, the Alliance for the Great Lakes identifies a handful of communities in Indiana, Ohio and Wisconsin most likely to follow Waukesha’s lead and seek new or additional diversions — due to factors such as population growth, poor water quality and limited water capacity.

Brief written by Tim Anderson, who can be reached at 630.925.1922. The caucus is a nonpartisan group of legislators from eight U.S. states and two Canadian provinces. The caucus chair is Minnesota Sen. Ann Rest; the vice chair is Michigan Sen. Darwin Booher. More information is available at www.greatlakeslegislators.org.

Agriculture & Natural Resources

Ethanol capacity in Midwest

<table>
<thead>
<tr>
<th>State</th>
<th>Ethanol, millions of gallons/year (U.S. rank)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois</td>
<td>1,374 (3)</td>
</tr>
<tr>
<td>Indiana</td>
<td>1,010 (5)</td>
</tr>
<tr>
<td>Iowa</td>
<td>1,573 (3)</td>
</tr>
<tr>
<td>Kansas</td>
<td>504  (9)</td>
</tr>
<tr>
<td>Michigan</td>
<td>246  (13)</td>
</tr>
<tr>
<td>Minnesota</td>
<td>1,142 (4)</td>
</tr>
<tr>
<td>Nebraska</td>
<td>1,986 (2)</td>
</tr>
<tr>
<td>North Dakota</td>
<td>396 (10)</td>
</tr>
<tr>
<td>Ohio</td>
<td>538  (7)</td>
</tr>
<tr>
<td>South Dakota</td>
<td>1,012 (6)</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>504  (8)</td>
</tr>
</tbody>
</table>

Source: U.S. Energy Information Administration

Interbasin diversions in Great Lakes: Water brought in and out of basin, by jurisdiction, in 2011

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Gallons per day</th>
<th>Primary purpose or reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois</td>
<td>1.13 billion</td>
<td>Public water supply</td>
</tr>
<tr>
<td>Indiana</td>
<td>812 million</td>
<td>Public water supply</td>
</tr>
<tr>
<td>Minnesota</td>
<td>8.0 million</td>
<td>Industrial use</td>
</tr>
<tr>
<td>New York</td>
<td>416 million</td>
<td>Decommissioned canal</td>
</tr>
<tr>
<td>Ohio</td>
<td>10.9 million</td>
<td>Ohio &amp; Erie Canal</td>
</tr>
<tr>
<td>Ontario</td>
<td>4.01 billion</td>
<td>Hydroelectric power</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>25.9 million</td>
<td>Portage Canal</td>
</tr>
<tr>
<td>Basin-wide</td>
<td>2.78 billion</td>
<td></td>
</tr>
</tbody>
</table>

* No diversions to Michigan and Pennsylvania. Data not available Source: Great Lakes Commission, “Great Lakes Regional Water Data System”

“The compact has, once and for all, closed the door on long-distance, large-scale diversions,” Naftzger said. (As the accompanying table shows, some interbasin diversions already occur in the Great Lakes.)

But Waukesha fits one of the exceptions to the compact’s general ban on new diversions — namely, that it lies within a county that straddles the Great Lakes basin.

The compact lays out criteria for these out-of-basin communities to meet. For example, they must have no reasonable alternative to tapping into Great Lakes water, must return any unused water to the basin, and must have water-conservation plans in place.

The first step for Waukesha is to have the Wisconsin DNR decide that the proposal is “approvable.” That decision will likely occur during the first half of 2014.

The proposal will then be considered by the entire region, a process that Naftzger expects to take about six months. First, the 10 Great Lakes states and provinces will undertake a “declaration of finding” process to decide whether Waukesha’s application is consistent with the agreement’s language.

Finally, the region’s eight governors vote; a single “no” vote would stop the Waukesha plan.

Waukesha officials say their plan meets all of the compact’s criteria, from the strength of its water-efficiency programs (daytime sprinkling bans, for example, and a water-conservation rate structure) to its pledge to return 100 percent of the water it withdraws.

The decision and decision-making process will set an important precedent on how the new compact will work.
Midwest split on same-sex marriage

Since his state began to allow same-sex marriage earlier this year, Sen. Scott Dibble has been officiating weddings himself, including for Kansas and Wisconsin couples who traveled to Minnesota for the express purpose of getting married.

Five years ago, it was Dibble who did the traveling — to California, so that he could marry his partner under that state’s marriage-equality law.

But same-sex marriage has since come to the Midwest, first in Iowa due to a Supreme Court ruling and now this year as the result of legislative actions in Minnesota and Illinois.

As recently as last year, Dibble says, advocates for same-sex couples in Minnesota were on the defensive, trying to defeat a constitutional amendment banning same-sex marriage. That proposal was defeated in a statewide vote that ended up paving the way for approval of this year’s legislation.

“It moved up the time frame significantly for being able to pass a bill, probably by two, three or four years,” Dibble says about how that vote changed the political landscape in his state.

In Illinois, Rep. Greg Harris first introduced a marriage-equality bill in 2007. It went nowhere. And even earlier this year, he pulled the proposal from legislative consideration because it didn’t have enough votes.

“We had a robo-calls flooding districts with misinformation about the bill,” Harris says. “We needed to get back home and educate our constituents.”

When the legislature returned in the fall, too, Harris amended the bill to mollify concerns that it would infringe on religious liberty.

“New information about the bill, “ Harris says. “We needed to get back home and educate our constituents.”

About half of all the fatal crashes on New Year’s Day are due to impaired driving, higher than the rate for any other day of the year.

And new National Traffic Highway Safety Administration data provide another reason for concern: With the exception of Kansas, the number of alcohol-related driving fatalities rose between 2011 and 2012 in every Midwestern state.

Most states in the region also continue to have higher per-capita deaths due to impaired driving than the national average.

The Midwest does fare better on another measure: impaired-driving fatalities per vehicle miles traveled. The NTSHA places seven Midwestern states in the “low range” of states. Only North Dakota was in the “in the high range,” lawmakers in that state are hoping that a measure enacted in 2013 will improve those statistics and make its roads safer.

“No single law is going to solve the problem alone,” says Rep. Kim Koppelman, the sponsor of HB 1302. “It is going to take a change in culture, and what we hope is that this sends a message: North Dakota will not tolerate drinking and driving.”

Under the new law, penalties are stiffened for first-time offenders with a blood-alcohol concentration (BAC) level of 0.16 or more, including a requirement that they spend at least two days in jail.

Lawmakers also expanded the reach of the state’s 24/7 Sobriety Program, under which participants must submit twice-a-day breath tests or use an electronic alcohol monitor. All repeat offenders must now participate in the program, and for many first-time offenders, driving privileges will be contingent on 24/7 participation.

Alcohol-related driving deaths rose in 2012; states urged to lower BAC limits, expand ignition-interlock laws

When the clock strikes midnight, and people in states across the country ring in the new year, one of the most dangerous few hours on U.S. roadways begins.

The North Dakota law also increases mandatory jail time for repeat offenders and creates a Class A felony (vehicular homicide) for impaired drivers who cause the death of another person.

Overview of state DUI laws

Over the past few decades, every state has revamped and toughened its impaired-driving laws.

For example, none of the 11 Midwestern states now suspend licenses for people who fail a BAC test or refuse to take it. (In Michigan and South Dakota, administrative license suspension applies only to those who do not take the BAC test, according to the Governors Highway Safety Administration.)

Every state in the region, too, has tougher penalties for drivers nabbed with high BAC levels. Laws vary on when the sanctions kick in — BAC levels of 0.15 in Indiana and Nebraska, for example, and 0.20 in Minnesota.

Repeat DUI offenses can also now result in felony convictions — after a third or fourth offense in most states. According to Mothers Against Drunk Driving, Illinois and Minnesota are among the four U.S. states where a second DUI offense can be a felony.

But should states do more?

The National Transportation Safety Board thinks so. In a May 2013 report, it notes that gains in traffic safety have slowed, and that the United States is lagging behind other nations. Between 2001 and 2010, alcohol-related road deaths in European Union countries fell 53 percent, compared to 24 percent in this country.

The NTSB is now recommending that states lower the legal BAC limit from 0.08 to 0.05 (this lower level is used in most EU nations).

It also says states should make greater use of ignition interlock devices, which disable a car’s engine if alcohol is detected on the driver. One idea is to require anyone convicted of a DUI offense to install this device; Illinois, Kansas and Nebraska already have such laws on the books, according to the Governors Highway Safety Association.

### Alcohol-related driving fatalities, 2012

<table>
<thead>
<tr>
<th>State</th>
<th># of deaths</th>
<th>Change from 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois</td>
<td>321</td>
<td>+15%</td>
</tr>
<tr>
<td>Indiana</td>
<td>228</td>
<td>+10%</td>
</tr>
<tr>
<td>Iowa</td>
<td>92</td>
<td>+11%</td>
</tr>
<tr>
<td>Kansas</td>
<td>98</td>
<td>-9%</td>
</tr>
<tr>
<td>Michigan</td>
<td>259</td>
<td>+1%</td>
</tr>
<tr>
<td>Minnesota</td>
<td>114</td>
<td>+3%</td>
</tr>
<tr>
<td>Nebraska</td>
<td>74</td>
<td>+64%</td>
</tr>
<tr>
<td>North Dakota</td>
<td>72</td>
<td>+14%</td>
</tr>
<tr>
<td>Ohio</td>
<td>385</td>
<td>+24%</td>
</tr>
<tr>
<td>South Dakota</td>
<td>45</td>
<td>+36%</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>200</td>
<td>+2%</td>
</tr>
<tr>
<td>National</td>
<td>10,122</td>
<td>+5%</td>
</tr>
</tbody>
</table>

*Source: National Traffic Highway Safety Administration*

### Impaired-driving fatalities per 100,000 residents (2012)

<table>
<thead>
<tr>
<th># of alcohol-related driving fatalities per 100,000 residents (2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher than national average of 3.29</td>
</tr>
<tr>
<td>Lower than national average of 3.29</td>
</tr>
</tbody>
</table>

*Sources: National Highway Traffic Safety Administration, U.S. Census Bureau and CSS Midwest calculation*
After nearly 100 years, North Dakota still values its state-owned bank

by Mike McCabe (mmcabe@csg.org)

Not far from the North Dakota state Capitol in Bismarck stands a sleek, glass-covered building that, at first glance, belies its historic ties to the state’s progressive-era roots. Despite its modern façade, however, the Bank of North Dakota — the nation’s only state-owned and state-operated bank — stands in part as a testament to the agrarian revolt that engulfed the young state and eventually ushered in a sweeping series of government reforms almost 100 years ago.

But the Bank of North Dakota is more than just a relic from the distant past. It is also a remarkably successful financial institution that functions primarily as a “banker’s bank” by working closely with private institutions to expand their lending capacity and promote the state’s economic development, and it continues to work closely with local community banks.

The Bank of North Dakota remains true to its mission of promoting the state’s economic development, and it continues to work closely with local community banks.

First in the Midwest: The nation’s first, and only, modern state-owned bank

North Dakota Sen. Rich Wardner

North Dakota

% of local governments’ general revenue that comes from state government (2011)*

* U.S. average is 28.8%

Source: U.S. Census Bureau, State and Local Government Finances

To alleviate the concerns of local bankers who feared that a central state bank might drive them out of business, the Industrial Commission agreed early on to limit the state-owned bank’s commercial lending to rural real estate loans, to prohibit it from opening branches, and to keep it from engaging in most forms of retail banking.

Ninety years later, the Bank of North Dakota remains true to its mission of promoting the state’s economic development, and it continues to work closely with local community banks.

Its unique deposit base is the state itself, since all state funds and funds of state institutions (excluding pension funds and trusts managed by the state) are required by law to be deposited with the Bank of North Dakota.

Most of its loan portfolio consists of participation loans: The state-owned bank finances a portion of the loans made by privately owned banks, thus expanding their lending capacity while distributing the risk associated with the shared loans.

The Bank of North Dakota is a member of the Federal Deposit Insurance Corporation; its deposits are guaranteed instead by the full faith and credit of the state of North Dakota. Part of the bank’s earnings are used to expand its capital base, while some profits go to the state general fund.

North Dakota’s joint legislative rules call for fiscal notes on any measure that could have an annual impact of at least $100,000 or a five-year effect of $500,000 (as determined, at least initially, by legislative staff).

In Indiana, a fiscal note is attached to all proposed bills and includes an estimate of the impact on local governments. Similarly, general fiscal-note requirements are in place in Kansas, Nebraska, North Dakota and Wisconsin.

A two-bill package introduced this fall in Michigan (HB 5059 and HB 5060) calls for creation of the Local Government Mandate Panel. This eight-member group would include five individuals representing Michigan’s local governments. If the panel determines that proposed legislation would increase costs for local governments, it would develop a detailed fiscal note to inform legislative deliberations.

Article written by Tim Anderson, publications manager for CSG Midwest. He can be reached at tanderson@csigmw.org.

Question of the Month highlights an inquiry received by CSG Midwest; to request assistance, please contact us at csigmw@csigmw.org or 630.925.1922.
Rates of upward economic mobility vary widely between Plains and industrial Midwest

Among the 791 communities studied, nine of the 10 areas with the highest rates of upward mobility (when measured as moving from the lowest quintile to the highest) were in North Dakota and South Dakota.

The Equality of Opportunity Project also distinguished between two different types of mobility: absolute and relative. On both measures, the Great Plains region once again fared well. Absolute mobility looks at whether individuals make economic gains over the course of a lifetime compared to their parents, based on international income and wealth data. Relative mobility is based on this data as well, but it also includes a comparison of these individuals’ economic standing to the rest of the population — whether or not they have been able to climb the economic ladder, going from low-income to middle-income, for example.

Nine of the top 10 U.S. places with the highest rates of "absolute mobility" are in the Midwest, in communities in North Dakota, South Dakota and Nebraska. Five of the top 10 areas for relative mobility are in this region as well (South Dakota, North Dakota and Kansas), according to the project’s findings.

"We don’t have a good explanation of what causes higher mobility," Hendren says. "But what we can do is say what are the characteristics of regions that have low versus high mobility."

 Communities with relatively high upward-mobility rates, for example, are less segregated by race and economic class. On the other hand, areas where the poor are geographically isolated are less mobile. "Places like North Dakota, which has experienced a lot of economic growth recently, do seem to be floated by the economic boats of a wide range of citizens," Hendren says.

Economic mobility in Midwestern states’ largest metropolitan areas: Income distribution of individuals, at about age 30, who were raised by parents whose incomes were in bottom fifth of nation’s income quintile

Economic mobility in Midwestern states’ largest metropolitan areas:

- **Source**: U.S. Census Bureau, American Community Survey Public Use Microdata Sample, 2010-2014

### Economic mobility in Midwestern states’ largest metropolitan areas: Income distribution of individuals, at about age 30, who were raised by parents whose incomes were in bottom fifth of nation’s income quintile

<table>
<thead>
<tr>
<th>State</th>
<th>Poverty rate (2012)</th>
<th>% point change since 2000</th>
<th>Median household income</th>
<th>Inflation-adjusted change since 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois</td>
<td>14.7%</td>
<td>+3.6</td>
<td>$55,117</td>
<td>-9.5%</td>
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<tr>
<td>Indiana</td>
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<td>$50,907</td>
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<td>$57,356</td>
<td>-6.6%</td>
</tr>
</tbody>
</table>

**Source**: U.S. Census Bureau, American Community Survey Public Use Microdata Sample, 2010-2014
pretty clear: Earn some kind of postsecondary degree, particularly a four-year degree.

“Over the last generation, there has been an exponential increase to the return on a college education,” Currier says.

A host of choices for policymakers

For lawmakers, then, policies designed to improve struggling schools or expand college access may be two ways to improve upward economic mobility.

Hendren suggests that lawmakers also think about policies that “provide opportunity to people from poor backgrounds to get access to jobs, to integrate people from poor and rich backgrounds together.”

But he and Currier urge caution as well.

“It is hard to know to what degree it was [a specific] policy versus family environment versus neighborhood versus education versus prenatal care,” Currier says. “So many things are happening at the same time that it becomes hard to pick them apart.”

At every stage of a person’s life, from before he or she is born (access to prenatal care) through old age (retirement security), numerous factors can enhance or detract from economic mobility and security.

“Policymakers thinking about ways to enhance economic mobility have a whole range of options available to them,” Currier says. “There are data that support any number of interventions as being helpful potentially for Americans’ mobility and opportunity prospects.”

Currier and other Pew researchers identify more than 25 “mobility-enhancing” interventions in a 2009 report titled “Renewing the American Dream: A Road Map to Enhancing Economic Mobility in America.” These recommendations generally fall into one of three broad categories: building human capital, social capital or financial capital.

Human capital includes individual attributes, such as education and health care, that allow people to take advantage of opportunities. Policy ideas in this area include improving career and technical education in high schools, expanding access to quality early-childhood education, and investing more in workforce training for less-skilled workers and “hard-to-employ” individuals (ex-offenders and at-risk youth, for example).

Social capital includes family structures and other nonfinancial resources. Pew’s recommendations in this area include focusing on teen-pregnancy prevention, encouraging responsible fatherhood through work and payment of child support, restructuring public-assistance programs, and investing more public dollars in distressed neighborhoods.

Financial capital includes assets that individuals might leverage to get ahead financially. One idea, for example, would be to establish asset-development accounts for newborns — with money from the accounts eventually used for mobility-enhancing purposes such as postsecondary education and entrepreneurship.

“There is no one silver bullet to enhancing economic mobility,” Currier says. “Lots and lots of things matter, and they matter across the life course.”

The Midwest’s economic opportunity

When looking at the broader topic of economic opportunity, the Midwest has a lot to offer what matters most to individuals and families, according to Joel Kotkin, the author of “The Next Hundred Million: America in 2050” and the executive editor of NewGeography.com.

For starters, he says, most of the region makes a part of the “American dream” more attainable to more people: home ownership.

“The opportunity for the Midwest is affordable, quality of life,” Kotkin says, “the opportunity to own a home and raise a family, which is becoming very, very difficult in the coastal areas.”

He adds that factors such as cost of living and quality of life often aren’t emphasized enough in studies of economic stability and mobility.

But they don’t get lost on people when they have to make decisions on where to live.

“It could name about 20 cities in the Midwest that people are beginning to opt to either return to or stay in because they simply offer a better deal, especially for the next generation,” Kotkin says.

“As you look at people’s values, there are many people who want something calmer,” he adds. “They want something with more of a sense of community. They want a good place to raise kids and they want to have a home.

“That dream and that opportunity has diminished in many places, and that could be a tremendous opportunity for the middle part of the country.”

Stuck in the bottom: Pew study shows uneven rates of mobility

According to The Pew Charitable Trust’s Economic Mobility Project, 43 percent of Americans born to parents at the bottom of the income ladder remain there as adults, while 70 percent fail to reach middle class in adulthood.

And in a November 2013 report, Pew researchers dig even deeper into the numbers to find the factors that influence a low-income child’s long-term economic future. They cite at least four that make a big difference: race, educational attainment, the number of earners in a family, and steady employment.

College graduation, for example, is one of the surest pathways to upward economic mobility: 86 percent of children born in the nation’s bottom income quintile move up the income ladder if they have a college degree, and 53 percent of them reach the middle class.

“A four-year college education provides an incredible boost to people who are starting from the bottom of the income ladder, and also protects against downward mobility for people who are in the middle and the top,” says Erin Currier, director of Pew’s Economic Mobility Project.

Pew’s research also shows large gaps in intergenerational upward mobility between low-income black and white Americans (upward mobility is more common among white Americans). In addition, a person raised in poverty is much more likely to move up the income ladder if he or she is part of a dual-earner family as an adult.

Financial security plays an important role as well.

“We’re talking about [people’s] day-to-day financial cushion,” says Currier, noting factors such as savings, wealth and equity in a home. “What research is showing is that families who are not able to be economically secure in their day-to-day [lives] have little hope of being economically mobile in the long run.

“Families have to have some kind of cushion to rely on so that one small financial mishap doesn’t turn into a financial catastrophe for a family.”

Pew has found, too, that class itself makes a big difference in terms of mobility. People in the middle class are much more likely to move up or down the income ladder. Such movement is not as common among low-income and high-income Americans.

“There are data that support any number of interventions as being helpful potentially for Americans’ mobility and opportunity prospects — everything from birth all the way through to retirement security and preventing downward mobility once people exit the labor market,” Currier says. “So there’s a lot of opportunity for intervention that could have a really significant impact on the way that families experience mobility over the course of their lives.”

Factors impacting upward economic mobility of individuals raised in families in lowest income quintile

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<tr>
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Factors impacting upward economic mobility of individuals in families in lowest income quintile

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<tbody>
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Factors impacting upward economic mobility of individuals raised in families in lowest income quintile
Kansas Speaker Ray Merrick
Veteran lawmaker brings his business experience to Legislature; currently helping lead state through major tax reforms

by Kate Torney (ktorney@csg.org)

When Kansas Speaker Ray Merrick looks back on his start in the Legislature, he thinks of a decision that seemed insignificant at the time — but one that ended up putting him on a path to leadership.

Merrick joined the Legislature in 2000, and he began commuting each day to and from his district — well over an hour away. But he found the travel to be exhausting.

So Merrick accepted an invitation to share a house in Topeka with three veteran legislators. And what began as a practical decision grew into a key influence on his career.

"It was probably one of the best things I ever did," he recalls, "because we talked about issues every night."

"We talked about legislation that was coming up. I had a kind of education every night on the legislative process." He also took to heart one piece of advice from a house mate: Get into leadership, and do it early.

After just three years in the House, Merrick was elected assistant majority leader. He went on to serve as speaker pro tem and as majority leader before moving to the Senate for two years.

Merrick returned to the House this year and became speaker. His leadership style includes a literal "open door policy." He opens up his office at 7 a.m. for coffee — and each morning he's joined by members of both the House and Senate who come by to talk.

As someone who was mentored by several experienced legislators himself, Merrick also takes care to motivate newer legislators and get them up to speed with the legislative process.

In fact, his philosophy on awarding committee chairmanships is a little unusual: it’s based on experience with the issues, not tenure.

"I don’t care how long you have been in the Legislature — if you are qualified for the job, you are going to get it," he says.

Kansas revamps its tax system

During this past legislative session, Merrick used his 12 years of experience to lead colleagues through some tough issues, including a debate about the fundamental structure of the state’s tax system.

Legislators voted, for example, to make permanent most of a 1-cent sales-tax increase passed three years ago. Over the past two years, lawmakers also made changes to the income-tax structure — consolidating three brackets into two and significantly decreasing rates.

Debate is expected to continue about eliminating the state income tax entirely. And Merrick has other goals as he looks ahead to the 2014 legislative session.

"You can only make state government skinny to a point," he says, "but I think there is still some room to make state government in Kansas smaller and less intrusive."

Earlier this year, CSG Midwest spoke to Merrick about his insights on leadership and his proudest legislative accomplishments. Here are some excerpts from the interview.

Q: What is the bill that stands out as your proudest accomplishment?

A: The legislation that I am proudest of is getting an initial $5 million in the budget, in an amendment on the House floor — against the speaker when I was majority leader. I am a fiscal conservative, so there was a gap in the room that I wanted to put $5 million in the budget. But it was to put seed money into the University of Kansas Medical Center to start their national cancer program. …

Now (the university) has got a National Cancer Institute designation and is well on its way to great things because I stood up. At the time it was gutsy — and very important, because it helped KU.

Q: What have you learned about being the top leader in the House and your role in passing legislation?

A: I like to remind people that I have one vote. I am just like everyone else in the Legislature. I wish I had the power to just wave a wand and make things happen, but I have to vote like everybody else does. I may have more authority on that when that vote is taken, or if a bill comes up — but I still have just one vote.

In state government, you can’t do anything by yourself. You’ve got to convince other people to come along and that your idea is a good idea. If you have the attitude, “I can do this on my own, I can guarantee you’re not going to be successful.

Q: During your business career, you went to work for a food company nearing bankruptcy and turned it around. How did it shape your views and legislative work?

A: You learn some valuable lessons when you have 385 employees and you’re trying to make payroll. You pay attention to details, you count the money carefully, and you rely on the people around you. It has to be a team effort where everyone is pulling the wagon in the same direction. If you don’t have that, then at the brink of bankruptcy, you don’t have a lot of chance to recover. I had 385 people that were dependent on me to make this thing work, and we were successful. So I do not accept it when people say, “We can’t do that, it’s impossible.” That’s not me. I am very fiscally conservative, and that was my strategy when I was pulling that company back together. You have to pay attention to the finances, because in that situation, you don’t really have a second chance. In the same way, the taxpayers’ money is very important. We need to learn to do more with less, and that is just the philosophy I have. It’s always easy to say, “We need more money.” But are you being efficient with the money you have now? Having more money is not going to make you more efficient."

Q: When you look back on your career so far, what is the bill that stands out as your proudest accomplishment?

A: The piece of legislation I am proudest of is getting an initial $5 million in the budget, in an amendment on the House floor — against the speaker when I was majority leader. I am a fiscal conservative, so there was a gap in the room that I wanted to put $5 million in the budget. But it was to put seed money into the University of Kansas Medical Center to start their national cancer program. …

Now (the university) has got a National Cancer Institute designation and is well on its way to great things because I stood up. At the time it was gutsy — and very important, because it helped KU.

Q: As a fiscal conservative, what are your views on the recent income-tax debate in Kansas?

A: Smaller government and lower taxes: That is where Kansas is trying to go right now, including reducing the income tax. There are some policy things that need to make that goal happen. If you are going to eliminate one revenue source, you need to come up with something else. We could go to more of a consumption-based tax model. … The sales tax is regressive, I understand that, but at least everybody is paying it. There is some fairness factor in that.

We are seeing growth in businesses coming here, so I think [reducing the income tax] is the right model and the right direction to be going.
Nebraska law protects officials from rogue filers of fraudulent liens

State can now remove credit-damaging claims from public record
by Nebraska Secretary of State John Gale (jos.info@nebraska.gov)

During our state’s 2013 legislative session, the Nebraska Legislature approved a measure to prevent needless injury to judges, attorneys, law enforcement officers, and state and local government officials at the hands of rogue filers of false or fraudulent financial statements.

The bill, LB 210, was signed into law in March. It provides a mechanism for the secretary of state’s office to terminate “bogus” filings from its records. As many other states, Nebraska’s secretary of state serves as the administrator of state records and of the provisions in the Uniform Commercial Code — a group of laws adopted by states to bring nationwide consistency, clarity and reliability to commercial transaction laws.

As in other states, too, our office has seen an increase in the filing of bogus financial statements that serve no legitimate purpose.

Over the last few years, my office has received filings that improperly name federal judges, Nebraska Supreme Court judges, attorneys, law enforcement officers and county officials as “debtors” and the bogus filer as the “secured party.”

This filing of fraudulent liens can have a severe and long-term impact on the ability of its victims to secure credit or apply for loans.

But our office had been limited in what it could do to address the problem. The law required that if these documents were in the proper format, my office must accept them and index them in the official records — where they could be viewed online by anyone doing a records search.

The sole purpose of these bogus filings has been to harm the public officials and citizens named in them.

Important lending procedure abused

In their scheme of retaliation and harassment, the bogus filers leaned on Article 9 of the Uniform Commercial Code. Article 9 provides a crucial set of procedures for lending institutions to protect their interests in personal property. Typically, a lending institution files these documents and names itself as the “secured party” and the borrower as the debtor.

We turned some of these filings over to law enforcement offices, and when a recognized public office was named, we notified the official.

However, there was no redress for the individuals named in the filing of a bogus financial statement — except to seek legal action at their own expense.

What legal action? The secretary of state could be sued to remove the filing, subjecting the state to legal costs as well.

In one instance, a person who filed for Bankruptcy became upset when his property was sold by the court in a tax sale. His response: File a UCC statement against the federal judge, the county registrar of deeds, a state Supreme Court judge and several other federal employees.

My office recognized that the filing was bogus, but since we had no authority by law to reject the document, we filed it and notified all of the individuals involved. The result was a lawsuit against my office by the United States of America. We welcomed the lawsuit so that the names of the individuals involved could be cleared.

After the sheer madness of having to have the federal government sue our office to clear our records, we sought legislative action. After all, how could we allow a rogue individual upset with “the system” to use a government office to improperly affect the credit of public officials doing the jobs they were elected or appointed to do?

The first bill we drafted in 2012 to address the problem was simple. It would have allowed our office to reject improper or fraudulent filings either at the time of filing or after filing by removing them from the records. This proposal met initial opposition from lawyers and bankers, who said extending such authority was too extreme.

Before the bill was even introduced, we had to drop the portion of it that allowed us to reject bogus filings in advance, due to concerns that we did not place the burden to correct the record on the victim at his or her expense.

Illinois law a model for solution

We found a recently enacted law in Illinois (Public Act 97-0836) that seemed to fit.

The Nebraska version of the law, LB 210, established procedures for the secretary of state to file for termination of an improper filing statement after receiving an affidavit from the named debtor indicating that the statement was improper.

The bill was more cumbersome than the process we originally envisioned. However, the additional procedures set forth in LB 210 gave comfort to legitimate filers that we would not be exercising our discretion haphazardly and that should any legal challenges be filed regarding our actions, the parties involved would have clear guidance on the priority ramifications for the filing.

It took us two legislative sessions, some compromise and some serious collaboration, but we were able to design a fair, workable solution to the situation.

We believe a clean and reliable Uniform Commercial Code system is vitally necessary for our state. It protects our many farmers, ranchers and small-business owners who rely upon loans from financial institutions. It protects our legislators so they know they can rely on the system to establish priority on liens and rights to collateral.

We hope that other states will examine LB 210 as a model for dealing with this issue.

John Gale has served as Nebraska secretary of state since 2000. General counsel Colleen Byenick of the secretary of state’s office assisted him in writing this article.

Submissions welcome

This page is designed to be a forum for legislators and constitutional officers. The opinions expressed on this page do not reflect those of The Council of State Governments or the Midwestern Legislative Conference. Responses to any FirstPerson article are welcome, as are pieces written on other topics. For more information, contact Tim Anderson at 630.925.1923 or tadennifer@csg.org.

State strategies to combat ‘bogus’ Uniform Commercial Code (UCC) filings

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<thead>
<tr>
<th>Strategy</th>
<th>Description</th>
<th>Where used</th>
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</thead>
<tbody>
<tr>
<td>Pre-filing administrative remedy</td>
<td>Gives the secretary of state’s office broader discretion in rejecting a materially false or fraudulent UCC-record submitted for filing</td>
<td>At least 15 states, including Illinois, Michigan, Nebraska, North Dakota and Ohio in the Midwest</td>
</tr>
<tr>
<td>Post-filing administrative remedy</td>
<td>Gives the filing office the authority to take corrective action with respect to existing UCC financing statements</td>
<td>At least nine states, including Illinois, Michigan and Nebraska in the Midwest</td>
</tr>
<tr>
<td>Post-filing expedited judicial relief</td>
<td>Authorizes corrective action on an existing financing statement through an accelerated judicial review process, without a fee required to trigger the action</td>
<td>At least seven states, including Kansas and Minnesota in the Midwest</td>
</tr>
<tr>
<td>Post-filing criminal/ civil penalties</td>
<td>Detests and punishes those who attempt to file spurious claims using UCC financing statements</td>
<td>At least 10 states, including Illinois, Kansas, Michigan, Minnesota and North Dakota in the Midwest</td>
</tr>
</tbody>
</table>

Region’s lawmakers travel to Ontario for CSG Midwest legislative exchange

This fall, four legislators from the Midwest traveled to Toronto to learn about Ontario’s provincial government.

During the legislative exchange — which was organized by CSG Midwest’s Midwestern Legislative Conference — lawmakers were welcomed by Speaker Dave Levac and his colleagues in the Legislative Assembly of Ontario.


In a session with parliamentary officials, they learned about Ontario’s legislative process and how it contrasts with the processes used in U.S. state governments. The four-member MLC delegation also observed “question period,” a daily session in which lawmakers ask questions of the premier and members of the cabinet.

During the two-day legislative exchange, participants had the chance to observe committee proceedings and take part in a roundtable discussion with members of the provincial parliament. One-on-one meetings offered lawmakers a chance to ask questions about specific policies and programs in the province, share ideas, and discuss common challenges between the states and provinces.

Delegates also explored the economic relationship between Canada and the United States, and specifically between states and provinces in the Midwest. State lawmakers met with representatives of the ministry governing economic development policy and trade in Ontario.

Previous MLC trip brought state legislators to Alberta oil sands

The legislative exchange to Ontario marked the second time in 2013 that an MLC delegation traveled to Canada.

This fall, nine legislators from the Midwest visited the Canadian oil sands in Alberta to learn more about how oil is recovered from the area and how the provincial government oversees the process. The proposed Keystone XL pipeline would bring oil from the oil sands to the United States. (A pending presidential permit is needed to move ahead with construction.)

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

CSG Midwest received support from the government of Canada to offer these two study trips.

MLC committee facilitates exchange of ideas among state, provincial leaders

These trips are organized as part of the work of the MLC Midwest-Canada Relations Committee. This committee is made up of lawmakers from 11 Midwestern states as well as the four provinces that are MLC affiliate members: Alberta, Manitoba, Ontario and Saskatchewan.

The committee’s co-chairs are Kansas Speaker of the House Ray Merrick and Saskatchewan MLA Wayne Elhard. Its vice chairs are Indiana Sen. Ed Charbonneau and Manitoba MLA Drew Caldwell.

Created in 1991, the committee ensures that the perspective of state and provincial legislators is presented to federal officials. It does so through meetings with officials in Washington, D.C., and Ottawa, and through policy resolutions, letters and public comments.

Another mission of this committee is to provide a cross-border forum for dialogue and information sharing on matters of common interest and concern.

The legislative exchanges allow lawmakers from one country to spend several days in the other observing the legislative process and meeting with legislative leaders.

With help from CSG Midwest, some state legislatures from the region are planning to host delegations of provincial legislators in 2014.

For information about the legislative exchanges, or the MLC Midwest-Canada Relations Committee, please contact CSG Midwest assistant director Ilene Grossman at igrossman@csg.org.

CSG Midwest to visit state capitols

In the coming months, CSG Midwest staff will travel to state capitols around the region.

These annual state visits give legislators the chance to learn more about CSG, how to get involved in the region-based national organization of state elected officials, and how to take advantage of its various resources and services, which include:

- publications such as Stateline Midwest and Capitol Ideas,
- complimentary webinars,
- regional and national meetings that offer opportunities for professional development and networking, and
- online resources, including the CSG Knowledge Center — a clearinghouse of information about policies and trends in state government.

Newer legislators will have a chance to learn more about the Bowhay Institute for Legislative Leadership Development, a regional leadership training program for lawmakers in their first four years of service. CSG also offers national leadership training (the Henry Toll Fellowship Program) for longer-tenured state officials.

A nonprofit, nonpartisan organization, CSG has promoted excellence in state government since its founding in 1933. All members of state legislatures are automatically members of CSG.

Dates for the CSG Midwest visits will be set soon. To learn more, please contact the CSG staff member assigned to your state by phone (630.925.1932) or e-mail (see below).

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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 national programs and services, including research, reference publications, innovations transfer, suggested state legislation and interstate consulting services. The Midwestern Office supports several groups of state officials, including the Midwestern Legislative Conference, an association of all legislators in 11 states: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin. The Canadian provinces of Alberta, Manitoba, Ontario and Saskatchewan are MLC affiliate members.
The Council of State Governments is partnering with the U.S. Department of Defense to educate state policymakers about an effort to help uniformed services personnel and other U.S. citizens overseas vote in federal elections.

The Federal Voting Assistance Program covers more than 6 million potential voters, including active duty members of the U.S. Coast Guard, the Public Health Service Commissioned Corps, the U.S. Merchant Marine, the National Oceanic and Atmospheric Administration and their voting-age dependents. It also covers U.S. citizens living outside the country.

“Promoting the right of uniformed services personnel, their voting-age dependents and overseas civilians to vote in federal elections is of paramount importance to the American system of democracy,” says John Mountjoy, CSG’s director of policy, research and strategic initiatives. “U.S. citizens who are located overseas should be able to register to vote, request and receive absentee ballots in a timely manner, and successfully cast those ballots in their state of legal residence.”

CSG is working with the U.S. Department of Defense’s Office of the Under Secretary of Defense for Personnel and Readiness through a four-year, $2.9 million cooperative agreement. CSG will conduct outreach and provide assistance to state policymakers in better understanding the mission of the Federal Voting Assistance Program. As part of the new agreement, CSG will:

- conduct research and policy analysis of electronic absentee voting systems for military voters for federal elections;
- help educate state and local leaders through programs and publications focusing on electronic systems to support military and overseas voters, including electronic voter registration and write-in absentee ballot systems for federal candidates as well as other online absentee balloting delivery and information portals; and
- develop other programs, publications, initiatives and meetings in support of the agreement.

As the only national membership association serving all three branches of state government, CSG is uniquely positioned to provide DOD with collaborative management and research services. CSG will create and staff two national advisory groups focused on policy and technology. It also will conduct research and develop policy and educational products tailored for federal and state policymakers.

“Honoring the men and women that protect and ensure our right to vote by guaranteeing their ability to vote in federal and state elections in a timely and secure manner is simply the right thing to do,” Mountjoy says.

Article written by Mary Branhum, CSG managing editor. For more information about the voting initiative, please contact John Mountjoy, CSG director of policy, research and strategic initiatives, at mountjoy@csbg.org.

CSG’s retooled Knowledge Center provides array of online resources for policymakers

Which states expanded Medicaid in 2013? How much do states spend on K-12 education? What will new EPA regulations on air pollution mean for states?

Find these answers and more in the new and improved CSG Knowledge Center (knowledgecenter.csg.org) — an online, interactive tool that puts years of research and resources at the fingertips of state policymakers.

The center’s new features include a more streamlined interface and a new mobile version that makes it easier to find information using a smart phone or tablet.

The Knowledge Center includes, for example, past editions of CSG’s signature publication, “The Book of the States,” which dates back more than 75 years. CSG’s array of policy research is available by keyword and is searchable by topic — allowing state officials and staff to find information quickly. A wealth of state-by-state data is available as well, and policymakers can view data snapshots and performance trends over time at CSG’s States Perform database. The data can be customized or used to create interactive graphs and maps.

The CSG Knowledge Center houses Capitol Comments, a blog that features updates on issues of importance to states and the newest analysis from CSG’s policy experts.

Regionally focused research done by CSG Midwest — on issues such as agriculture policy, regional economic development and Great Lakes protection — is also available through the CSG Knowledge Center.
New state programs, laws seek to enhance veterans’ job prospects

Strategies to help veterans find jobs continue to expand in the Midwest, with Michigan, Iowa and Kansas among the states establishing new programs or policies in recent months.

In Michigan, a five-bill package was signed into law in November after receiving unanimous legislative approval. The measures allow veterans to use their experience in the military to become firefighters, emergency medical technicians and steam engineers, or to gain the state licensing needed to work as mechanical contractors or in the construction business.

In Iowa, a new public-private partnership (HOME Base Iowa) was launched in November with the goal of attracting military veterans to the state by matching them with jobs.

Across the country, USA Today reports, many states have enacted new laws to help improve veterans’ job prospects. Earlier in 2013, for example, Kansas lawmakers approved HB 2078. The bill waives a requirement that individuals graduate from a nursing school if they meet two other criteria: evidence of practical experience in the U.S. military and a passing score on a nursing licensure exam.

Other state strategies include giving veterans preferences in state jobs and offering tax credits to private employers who hire veterans.

Ohio legislators revamp rules on third-party access to the ballot

When do minor political parties qualify to have their candidates appear on state ballots? The answer varies widely across the country, depending on each state’s set of ballot-access requirements. Ohio became the latest state to change its law with this fall’s passage of SB 193. Two days after the bill was signed into law, the Libertarian Party of Ohio challenged the measure in federal court. The legal showdown comes less than a decade after a U.S. Court of Appeals ruled that Ohio’s previous rules were too restrictive.

Under the new law, minor political parties will appear on the 2014 ballot if they collect signatures of registered voters that equal at least 0.5 percent of the vote from the last presidential or gubernatorial election, The Toledo Blade reports. They can then remain on Ohio ballots for four years by capturing 2 percent of the statewide vote for governor in 2014 or president in 2016. These two thresholds (number of signatures and vote percentage) increase in ensuing years. Except for Nebraska and South Dakota, minor-party candidates appeared on ballots in the last gubernatorial elections of every Midwestern state. Minnesota had the region’s highest number of minor parties on the ballot (five) and largest percentage of votes cast for a third party — 12 percent for the Independence Party candidate.

Illinois restructures cost-of-living benefit to save on pension costs

Years of legislative efforts to shore up the worst-funded state pension system in the country culminated in early December with the passage of a bill in Illinois estimated to save $160 billion over the next 30 years.

According to the Chicago Tribune, the cost savings in SB 1 include raising the retirement age for younger workers and capping the salary level used to calculate benefits. But the biggest savings will come from reducing or delaying retirees’ cost-of-living increases. Retired workers have been receiving compounded cost-of-living adjustments of 3 percent a year. Lawmakers crafted a new formula that scales back this benefit, though protections are provided for retirees with small pensions.

Other Midwestern states have also chosen to reduce cost-of-living adjustments in recent years. In 2010, South Dakota lawmakers eliminated a guaranteed yearly increase of 3.1 percent. Now, the adjustment can fluctuate between 2.1 percent and 3.1 percent, depending on inflationary changes and the retirement system’s funding status. That same year, Minnesota lawmakers reduced the yearly increase for retired public employees until their pension plans are 90 percent funded.

Those states’ changes withstood legal challenges; a court battle over Illinois’ SB 1 is expected.

Minnesota law relaxes restrictions on lawmakers accepting free meals

A new law in Minnesota has relaxed part of a 19-year-old policy prohibiting legislators from accepting anything of value unless they are giving a speech or taking questions. Until recently, the ban included meals. But under a bill passed this year (SF 661), legislators and their staffs can eat and drink for free at events hosted by outside groups — as long as all legislators are invited at least five days in advance, the Minneapolis Star Tribune reports. Proponents say the new rules could ease partisanship and improve legislative camaraderie. Critics of the change worry it will lead to improper influence by outside groups.

An October 2012 Stateline Midwest article examined some of the differences in state laws regulating gifts to legislators from lobbyists. At that time, for example, states such as Minnesota and Wisconsin had complete bans, while Indiana, North Dakota and South Dakota set no monetary restrictions. Most common, though, was for states in the region to set monthly or yearly limits. As of 2012, annual limits ranged from $100 in Illinois to $400 in Kansas. In Nebraska and Michigan, the limits were set at $200 per month and $25 per month, respectively.