The big split over unions

Debate over collective bargaining puts eyes of the world on Midwest, and fight over future of state laws has just begun

by Tim Anderson (randerson@sg.org)

From the moment a restructuring of Wisconsin's collective bargaining system was introduced, it became clear to legislators that state politics and policymaking — and their own jobs — were going to change as well.

In the office of Sen. Chris Larson, the phone went from ringing "here and there" to ringing "every five minutes, non-stop." "It's only recently slowed down," he says.

Larson has received several thousand phone calls, more than 20,000 e-mails and hundreds of letters about AB 11, which restricts collective bargaining for public workers, changes union certification rules and prohibits union dues from being deducted from employees' paychecks.

The measure was signed into law in March by Republican Gov. Scott Walker. But the fight over AB 11, and its impact on the Wisconsin legislature, state government and politics, has just begun.

"Right now, I feel like we're in the second inning on this," says Larson, citing the court challenge to the law and the likelihood of many sitting Democratic and Republican lawmakers facing recall elections as just two examples.

"We are at a tilt right now, and I think people are looking at Wisconsin as a symbol for what's going to happen in the rest of the country."

The eyes of the nation have also been on Ohio, another state where significant changes were made in 2011 to the laws governing collective bargaining and public employee unions.

Sen. Kevin Bacon says he received 25,000 e-mails on Ohio SB 5 before it was signed into law in March.

Public interest and debate will only intensify in the coming months, Bacon says, because there will almost certainly be a statewide referendum on SB 5 this November.

Bacon, a Republican, helped shepherd the measure through the legislature as chair of the Senate Insurance, Commerce & Labor Committee. During the process, Bacon had three endorsements revoked, had a protester show up at his home and had a dinner interrupted by SB 5 opponents.

But he believes a "silent majority" of Ohioans support the changes, and that local governments will need them in order to navigate through a coming fiscal storm.

"They are going to be facing cuts [in state aid] and changes in tax policy that will affect their bottom lines," says Bacon, a former local township trustee.

"They can handle the changes if they have the flexibility."

State lawmakers in Ohio and Wisconsin, meanwhile, are dealing with a new political reality, one in which debate over collective bargaining and public employee unions will likely dominate public discussions over the next few months — and possibly for years to come.

Historical overview of state laws

Larson was one of the 14 Senate Democrats who left Wisconsin earlier this year to prevent a vote on the collective bargaining proposal.

In doing so, Larson says, he and his colleagues were fighting to preserve what they view as a fundamental right of workers: "a group of people that would separately be weak is given strength by having the ability to join a union and collectively bargain."

A look back at the history of collective bargaining shows that Wisconsin has long been at the forefront of these laws for public employee unions.

Under the National Labor Relations Act of 1935, private workers were given the rights to strike and collectively bargain. State and local employees were not covered under this federal act, however, at least in part due to constitutional concerns about state sovereignty, University of Toledo law professor Joseph Slater says.

In addition, there has always been a rule restricting collective bargaining and establishing other rules for public employee unions. Ohio legislators also passed a bill this year changing the state's collective bargaining system.
Health & Human Services

CSG study details Medicaid funding cliff ahead for states

As enhanced federal matching rates for the Medicaid program expire later this year, there will be major changes in the federal matching funds that states receive for the health program.

Trends in Medicaid matching funds are detailed in a report released in March by The Council of State Governments.

Since it was created in the 1960s, Medicaid has been financed jointly by the states and the federal government. States receive federal matching funds for each state dollar spent on the program, which currently provides healthcare to 49 million low-income adults and children.

The federal government’s share of the costs is called the federal medical assistance percentage, or FMAP. The percentage is calculated using a formula that compares the state’s per-capita income to that of the United States as a whole. The minimum matching rate is 50 percent, with poorer states receiving up to 83 percent federal assistance.

When the American Recovery and Reinvestment Act was passed, it provided “enhanced” matching rates in order to help states handle an anticipated influx of enrollees during the economic downturn. The original bill provided enhanced funding through the end of 2010. A second bill passed late last year extended enhanced federal matching funds through June of this year, although at a lower level than the Recovery Act.

Under the enhanced rates, the average federal match on a state dollar rose $1.07 — from $1.61 in 2008 to $2.68 in late 2010. The additional match for states ranged from $0.56 in Alaska to $2.39 in Mississippi.

On June 30, states will lose any additional federal stimulus match and revert to the pre-recession method of calculating Medicaid matching rates. The FMAPs set for fiscal year 2012 used income data from 2007, 2008 and 2009.

Because their average income improved when compared with the national average in those years, 20 states will have a Medicaid matching rate in FY 2012 that is lower than the pre-recession rate. States that will receive a lower FMAP include Iowa, Kansas, Nebraska, North Dakota, and South Dakota.

Seventeen states, however, will have higher Medicaid matching rates in FY 2012 than before the recession. Michigan, Indiana, Ohio and Wisconsin will all have higher FMAP rates in FY 2012 than in 2008.

In the 13 remaining states (including Illinois and Minnesota), matching rates will revert to 2008 levels.

To read the full report, visit www.csg.org

Brief written by Kate Tormey, CSG Midwest staff liaison to the Midwestern Legislative Conference Health and Human Services Committee, and Debra Miller, director of health policy for CSG. Kate can be reached at ktormey@csg.org, and Debra can be reached at dmill@csg.org.

Economic Development

Recession spurs business startups; states launch new initiatives

During periods of slow economic growth and high unemployment, the number of new business startups tends to increase as more people seek self-employment. The current economic downturn is no exception: Entrepreneurial activity and new business creation in the United States are at their highest points in 15 years.

In order to help encourage this growth, state policymakers are looking for ways to better support these new enterprises.

New programs in Indiana and Nebraska have been designed to do just that by connecting new businesses to entrepreneurial assistance and capital.

The Indiana Economic Development Corporation, the state’s lead economic development agency, launched the INVEST Indiana initiative, which is designed to attract financial resources and increase access to capital for entrepreneurs looking to start or expand high-growth companies. With INVEST, a statewide network of entrepreneurs, private-sector investors and regional stakeholders will be created. The network will help connect new business ventures to experienced entrepreneurs while also developing new sources of capital investment.

The initiative will use resources from Indiana’s 21st Century Research and Technology Fund, which provides financial support for new companies making the transition from general research and development to product development.

In addition to finding the capital needed to support entrepreneurial activity, providing potential and new entrepreneurs with the educational support needed to help run, grow and nurture a business is a key to long-term success.

Nebraska Republican Gov. Dave Heineman has announced a new partnership that will provide entrepreneurs with training, mentoring and business-development assistance. The Entrepreneur Acceleration System will be funded with $1 million from the state’s Department of Economic Development, the Gallup Organization, the Greater Omaha Chamber, and the University of Nebraska-Lincoln’s Institute of Agriculture and Natural Resources.

New programs in Indiana and Nebraska are connecting new businesses to entrepreneurial assistance and capital.

The system will train and certify mentors, who will then be matched to early-stage entrepreneurs and established firms in key industries. The program already has 27 business and academic mentors in the process of certification, and the governor estimates that up to 400 businesses could be helped in the next two years.

Sen. Heath Mello says the new mentoring system should work well in conjunction with the Legislature’s efforts to develop a stronger entrepreneurial climate in Nebraska.

“The governor and Legislature have made it a priority to focus on the innovation economy in order to compete for the jobs of tomorrow,” says Mello, who served on a legislative task force studying these issues.

“Providing these high-growth businesses with both the mentoring and financial assistance they need to be competitive in our global economy is critical to the future of Nebraska’s economy.”

Brief written by Laura Tomaka, CSG Midwest staff liaison to the Midwestern Legislative Conference Economic Development Committee. She can be reached at ltomaka@csg.org.
Michigan codifies program to help farmers meet environmental rules, start conservation practices

A voluntary program that helps Michigan farmers ensure that they are complying with environmental regulations and implementing soil- and water-conservation measures has become one of the state’s newest laws.

The goal of the Michigan Agriculture Environmental Assurance Program is to help farmers evaluate their operations to prevent agricultural pollution and environmental problems. Though the initiative has been part of the state Department of Agriculture budget since 2001, this year’s legislation (HB 4212) made the program a part of state statute. The program was a regional finalist for CSG’s Innovations Awards in 2005.

Through the program, farmers complete educational programs, on-farm risk assessments and third-party audit inspections of their operations. During the audits, the Michigan Department of Agriculture verifies that the state’s agricultural management practices are being followed and that the farm has implemented environmental and conservation practices as required for each type of production, including livestock, crops and greenhouses. (Indiana has a similar voluntary program for livestock farms only.)

Some of the activities addressed in the program include manure handling, prevention of soil erosion, and fuel handling, as well as fertilizer and pesticide storage and application.

Farms that complete the voluntary program can benefit from rebates, environmental cost-share incentives, tax credits and reduced liability-insurance premiums from participating companies. Several agriculture lenders have committed to reduced interest rates for verified farmers.

To maintain verification, producers must repeat the audit every three years. According to program administrators, approximately 10,000 farms have begun the process, and nearly 1,000 have completed all three phases of the program for their type of farm.

The average farm spends approximately $25,000 in conservation and environmental alterations to become verified, and larger farms can spend up to $100,000. Costs include equipment, modifications to comply with state standards, implementing an “action plan” and participating in seminars. The cost for the state to manage and implement the program is about $550,000 annually.

The new legislation also sets up an advisory board made up of state agency leaders, farmers, representatives from the U.S. Department of Agriculture, and representatives of nongovernmental conservation and environmental agencies.

The legislation has been a longtime goal of the bill’s sponsor, Rep. Kevin Daley, who is a farmer. “[It] makes Michigan a leader in agricultural environmental stewardship,” Daley, a Republican, says. “By making it law, but keeping it a voluntary program, we believe more farmers will participate. And as the economy turns around, we hope to be able to provide farmers with more incentives to participate.”

Daley added that the legislation includes grant funding for technical assistance for participants, educational programs and demonstration projects.

HB 4212 was the first bill signed by Republican Gov. Rick Snyder, who said his administration would focus on finding incentives to motivate farmers to participate in the program.

**Agriculture & Natural Resources**
States moving away from charging youth in adult justice system

About 250,000 Americans under 18 years old are prosecuted in the adult criminal justice system every year. In Illinois, Michigan and Wisconsin, for example, some or all 17-year-olds can be placed in the adult system.

But according to a recent report released by the Campaign for Youth Justice, prosecuting youth offenders in adult courts has proven to be ineffective at preventing crime and improving public safety.

“When youth [offenders] leave jail or prison, are on probation, or have completed their adult sentences, they carry the stigma of an adult criminal conviction,” it says. “They may have difficulty finding a job or getting a college degree to help them turn their lives around.”

The campaign’s report hails new state policies being enacted that limit the practice of trying offenders under the age of 18 in adult courts. Over the past five years, 15 states have changed their laws, the report found, and at least nine additional states — including Nebraska and Wisconsin — are pursuing similar policy reforms.

One of the states highlighted in the report is Illinois. Under a law passed in 2009, 17-year-olds charged with misdemeanors are no longer being filtered automatically into the adult justice system. A separate bill, passed last year, directs the Illinois Juvenile Justice Commission to study the possibility of expanding the juvenile court’s jurisdiction to 17-year-olds charged with felonies. SB 3085 requires the commission to report its findings to the legislature this year.

In 2005, Illinois repealed a law that had required youth offenders charged with drug offenses to be automatically transferred to an adult court.

The Campaign for Youth Justice report also highlights reforms enacted in Indiana in 2008. That year, the legislature passed SB 1122, which eliminated some pathways for juveniles charged with misdemeanors to enter into the adult system. Under the law, the juvenile court system can only cede jurisdiction to an adult court in certain felony cases. In addition, the bill limits a “once waived, always waived” provision to children who were first transferred to an adult court for felony charges and whose next offense is also a felony charge. The bill also reduced the number of offenses for which juveniles may be automatically entered into adult court. Youth traffic violations are now handled by the juvenile court.

“State Trends: Legislative Changes from 2005-2010 Removing Youth from the Adult Criminal Justice System” is available at www.campaignforyouthjustice.org.

Census shows population drop in much of rural Midwest

One constituent had just called Sen. Jeff King to tell him about having to leave rural southeast Kansas due to a lack of broadband access. Another sent an e-mail worried about losing the local grocery store.

These stories have become all too familiar to King, who represents a part of the state that is experiencing steep declines in population.

“It is not a topic of conversation for people in these communities; it is the topic of conversation for us,” King, whose legislative district comprises parts of nine counties, says about the continuing population loss.

“People are worried they are going to lose their schools, their countryside, their grocery store. There is a real sense not only of uncertainty, but of fear.”

Recently released 2010 Census data show that southeast Kansas is not alone.

Although the Midwest grew in population by 3.9 percent, compared to the national average of 9.7 percent, county-by-county data show that many counties in this region went through a decline between 2000 and 2010 — sometimes 10 percent or more.

More than any other part of the country, the Plains is where declines have been the most widespread and severe. In North Dakota, during a decade in which the state added 30,000 people, only 11 of the state’s 53 counties added people.

But the majority of counties in our larger urban areas,” says Richard Rathge, director of the North Dakota State Census Data Center. “I was hoping for a different portrait.”

A more even distribution of population growth seemed possible, too, as the result of the economic boom occurring in western North Dakota due to a rise in oil production. Yet some rural counties even in this region of the state saw their population numbers fall.

Rathge says more detailed data are still needed before determining the impact, or lack of impact, that the state’s economic gains have had on population trends. For example, if the number of young adults (ages 19 to 31) is growing in rural areas of the state — or at least declining less than in previous years — that would be a good sign.

But it is already clear that the decades-old problem of dwindling population numbers will continue in many rural areas in North Dakota, Kansas and other parts of the Midwest.

As Rathge notes, this decline is problematic because migration patterns tend to be “age selective”: more younger people leave, more older people stay.

“That results in a skewed population with very significant economic implications,” he says.

And these trends tend to generate a negative momentum to them — as young people leave, businesses move, and vice versa. Economic opportunity is the primary factor in determining why people leave and where they move, Rathge says, followed by family and friends and quality-of-life amenities.

But there are other factors that can inhibit growth. In western North Dakota, for example, the region is now dealing with a housing shortage, Rathge says.

Kansas’ new Rural Opportunity Zones

In Kansas, lawmakers are trying a new approach to revitalizing some of its hardest-hit rural areas.

Fifty counties, all of which experienced population declines of 8 percent or more between 2000 and 2009, have been designated as rural opportunity zones.

SB 198, signed into law in March, includes two provisions to attract people to these areas. The first provides a full income tax exemption to out-of-state residents who relocate to these counties. Under the second provision, the state and participating local counties will repay up to $15,000 in student loans for individuals who move to a rural opportunity zone after graduation from a post-secondary institution.

The student loan program is contingent on approval by the county, which would split the cost of the loan repayments with the state.

King believes SB 198 will make rural Kansas more appealing to out-of-state retirees, who may already be attracted to its lower costs and natural amenities (hunting and fishing, for example). He is also hopeful that small businesses will think about relocating to or expanding in the rural opportunity zones.

“There is not a large answer to this problem, but there are a lot of small ones,” King says. “We are trying to preserve a drying way of life. There is no other way of putting it.”

King points to several areas where he believes the state can lend a hand: tailoring economic development programs and incentives to meet the needs of rural communities, expanding broadband access, and cultivating strong leadership at the local level.

“Urban Kansas relies on the quality of rural Kansas’ schools to have a well-trained workforce,” King adds.

“Beyond that, though, there a lot of people from urban Kansas who come from the rural areas, and they want to see those areas survive. We see that in the Legislature. Talk to an urban legislator, and a lot of times you find that he or she came from a rural part of the state.”

This article was written by Tim Anderson, who can be reached at tander@duke.edu. Next month’s issue of Stateline Midwest will highlight other Census 2010 data, including a look at the loss of people from some of the Midwest’s largest cities.
One of the many services provided by the Midwestern Office of The Council of State Governments is its Information Help Line, a research service intended to help lawmakers, legislative staff and state officials from across the region. The CSG Midwest staff is always available to respond to members’ inquiries or research needs regarding various public policy issues. The Question of the Month section highlights an inquiry received by this office. To request assistance through CSG Midwest’s Information Help Line, call 630.925.1992 or use the online form available at www.csgmidwest.org.

QUESTION: What do states in the Midwest charge for hunting and fishing licenses, and what kind of discounts do they offer?

Midwestern states vary a great deal regarding the types of hunting and fishing licenses they offer, as well as how much they charge for each permit.

Illinois charges residents the least in this region for annual hunting licenses ($12.50), while South Dakota charges the most ($31 for small game).

For fishing licenses, North Dakota charges the least for an annual resident pass ($10); Nebraska charges the most ($28.50).

Beyond basic annual passes for residents, states also offer various other types of passes. Most charge higher rates for non-residents. In Wisconsin, for example, a single annual fishing license is $20 for residents but $50 for non-residents. An annual deer-hunting license there costs more than six times as much for non-residents as for residents ($160 vs. $24).

Many states also offer combination hunting and fishing passes. South Dakota, for example, offers a combination license that permits a resident to fish and hunt small game for $51, a $7 discount over purchasing each license separately.

Other states offer discounts for specific groups of people. Minnesota, North Dakota and Wisconsin, for example, offer special combined fishing licenses for married couples ($25 per couple, compared with $17 apiece). Most states also offer discounts to senior citizens, youths and disabled veterans. In Wisconsin, members of the armed forces can obtain a fishing or small-game hunting license at no cost.

Five Midwestern states offer lifetime hunting and fishing permits that allow purchasers to renew licenses annually for free in exchange for an up-front fee.

At $52.50, Iowa’s lifetime fishing license is the least expensive in the region. Other states’ fees are significantly higher. In Illinois, a resident lifetime hunting license costs $360 and a fishing license $435. Kansas residents can purchase a lifetime hunting or fishing license for $542 apiece. In Minnesota, a lifetime fishing license for a resident aged 16 to 50 costs $383 and a lifetime deer-hunting license costs $273 for that age group. In Nebraska, a lifetime fishing license for a resident aged 16 to 45 costs $446, while a hunting license for that age group costs $300.

States in the Midwest also offer a number of different options for purchasing hunting and fishing licenses, such as in person or online.

Many states in the region have reciprocal agreements that allow people holding a license from one state to hunt or fish in areas that border another jurisdiction. For example, people who hold an Iowa fishing license can fish using a hook and line in lakes and rivers that border Illinois, Minnesota, Missouri, Nebraska, South Dakota and Wisconsin.

Residents’ cost for annual hunting and fishing licenses in Midwest

<table>
<thead>
<tr>
<th>State</th>
<th>Hunting</th>
<th>Fishing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois</td>
<td>$12.50</td>
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<td>Indiana</td>
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<td>$17</td>
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<td>$19</td>
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<tr>
<td>Wisconsin</td>
<td>$24</td>
<td>$20</td>
</tr>
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Another budget debate: Annual vs. biennial

Few states now using 1-year cycle, but Iowa and Michigan may buck trend

by Ilene K. Grossman (igrossman@cs.org)

State leaders are always looking at ways to save money, especially when budgets are tight. The most obvious way to save money is through budget and program cuts. But some states are also exploring options to refine their budget processes in hopes of spurring more-effective long-term fiscal planning.

Policymakers in two states in the region — Iowa and Michigan — have proposed adopting a biennial budget. Proponents say the shift would provide more financial certainty to state agencies while allowing for more rigorous evaluation of existing programs and ensuring that state money is being spent wisely.

These efforts, if successful, may begin to reverse a long-term trend toward annual budgeting. In 1940, 44 states used a two-year budget, according to the National Conference of State Legislatures. But a fiscal survey published by the National Association of State Budget Officers found that in 2008, only 21 states used the biennial system. In Kansas, approximately one-fifth of the state’s departments and agencies are on biennial budgets, while the others use annual budgeting. Most of the agencies using biennial budgeting are professional, regulatory and licensing departments, which get their funding from fees rather than from state appropriations.

In some states, the move away from biennial budgeting occurred when legislatures moved to annual sessions. For others, the change was made amid concerns about the increasing complexity of state budgets. In the 1960s and 1970s, an NCES report found, growth in the amount of funding from federal grant programs led states to adopt annual budgeting as a way to better monitor their larger, increasingly complex budgets.

During the same time period, states’ dependence on income and sales taxes was growing. Since these taxes can be less-stable revenue sources, states opted for annual budgeting as a way to address this unpredictability.

Iowa Republican Gov. Terry Branstad announced before he was inaugurated that he wanted to move to a biennial budget, which he said would provide more stability and make financial planning easier. In late January, Branstad presented a two-year budget, which was accompanied by fiscal projections going five years into the future.

In Michigan, Republican Gov. Rick Snyder has also endorsed the idea of a biennial budget. Republican Sen. John Proos, a strong proponent of long-term budgeting, introduced a resolution for a biennial budget process in the Senate earlier this year (SCR 4). Proos believes a biennial budget process would give more certainty to state-supported entities, such as school districts and social service agencies.

With a biennial process in place in Michigan, one year would be used to pass the budget. The next year, he says, would be “a chance for the Legislature to dig into state programs and look for a return on investment.” Proos envisions policymakers conducting in-depth assessments of select programs during non-budget years.

Proponents of annual budgeting say it allows for more accurate forecasting. Economic information is more current and likely to be more precise. Annual budgeting may also make it easier for leaders to adjust to rapid changes in their state economies.

However, forecasting has been a challenge for all states in recent years. Brian Sigrizt, director of state fiscal studies for the National Association of State Budget Officers, says that during the economic downturn, there has not been much of a correlation between the need for mid-term corrections to state budgets and whether they were developed annually or biennially.

“In fiscal year 2010, total revenue collections were below original estimates in 46 states,” Sigrizt says. Most states, not just those with biennial budgets, had to make mid-year budget adjustments.
risen in public employee unions

What has been the effect of this half-century trend toward collective bargaining for public employees? Jones and Slater say that delay was caused by a wariness of public employee unions and by fears of strikes by police, firefighters and other workers. Those concerns gradually subsided. Meanwhile, with the federal law on the books, disparities in the earnings for public and private workers widened, Jones says.

"That led people to argue it wasn't fair, that public workers deserved similar rights," he adds. In 1959, Wisconsin became the first U.S. state to pass a collective bargaining law for public workers.

"It was a watershed law, and not just because it was the first of its kind," Slater says. "It alleviated concerns about strikes [in the public sector]. It addressed the critical issue of what happens if there is an impasse in negotiations. What can be done? That Wisconsin law worked out things you still see today: mediation, fact-finding and some forms of binding arbitration."

Limiting or prohibiting strikes is one way most laws governing public employees differ from the rules for private workers. Another is that pension plans are limited to wages only, except public safety employees (a voter referendum is required to increase base wages more than changes in the consumer price index).

Along with improved working conditions for workers, he says, the state laws and formal mediation processes have generally allowed for stable labor relations.

Slater says, too, that giving a voice to employees over worker conditions and rules adds value to the process.

Today, one of the central questions for lawmakers is the extent to which collective bargaining and the unionization of public employees is contributing — if at all — to states' current fiscal problems.

According to Steve Kreisberg of the American Federation of State, County and Municipal Employees, a state-by-state analysis of U.S. Census Bureau data shows that collective bargaining states spend less on salaries, wages and benefits than states that do not extend this right to workers (16.4 percent of total spending vs. 18.4 percent of total spending).

Collective bargaining systems and union laws in the Midwest

<table>
<thead>
<tr>
<th>State</th>
<th>Employees covered</th>
<th>Scope of bargaining</th>
<th>&quot;Right to work&quot; state?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois</td>
<td>State and local employers and teachers</td>
<td>Wages, hours and conditions of employment</td>
<td>No</td>
</tr>
<tr>
<td>Indiana</td>
<td>Teachers</td>
<td>Wages, hours and conditions of employment</td>
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</tr>
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<td>Iowa</td>
<td>State and local employers and teachers</td>
<td>Wages, hours and other specifically listed conditions of employment</td>
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<tr>
<td>Kansas</td>
<td>State employers and local employers (collective bargaining agreements not in place for state employees)</td>
<td>Wages, hours and other specifically listed conditions of employment</td>
<td>Yes</td>
</tr>
<tr>
<td>Michigan</td>
<td>State and local employers and teachers</td>
<td>Wages, hours and conditions of employment</td>
<td>No</td>
</tr>
<tr>
<td>Minnesota</td>
<td>State and local employers and teachers</td>
<td>Wages, hours and conditions of employment</td>
<td>No</td>
</tr>
<tr>
<td>Nebraska</td>
<td>State and local employers and teachers</td>
<td>Wages, hours and conditions of employment</td>
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</tr>
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<td>North Dakota</td>
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<td>Wages, hours and conditions of employment</td>
<td>Yes</td>
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<tr>
<td>Ohio</td>
<td>State and local employers and teachers</td>
<td>Wages, hours and conditions of employment</td>
<td>No</td>
</tr>
<tr>
<td>South Dakota</td>
<td>State and local employers and teachers (collective bargaining agreements not in place for state employees)</td>
<td>For state employees, hours and conditions of employment only; for others, wages, hours and conditions of employment</td>
<td>Yes</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>State and local employers and teachers</td>
<td>Wages only, except public safety employees (a voter referendum is required to increase base wages more than changes in the consumer price index)</td>
<td>No</td>
</tr>
</tbody>
</table>

However, a recent analysis done by George Washington University professor John Sides showed some correlation between unionization and budget deficits. "A 5 percentage point increase in public-sector union membership is associated with a 1 percentage point increase in the FY 2011 deficits as a percent of the budget," he found.

A similar review of total state and local government spending and unionization found no correlation, unless three "outliers" (Alaska, Wyoming and the District of Columbia) are excluded from the data.

Chris Edwards, the director of tax policy studies at the Cato Institute, says his studies on the issue have found links between lower rates of unionization and better-managed state governments and lower state and local government debt levels. He did not find much of a correlation between unionization in the public sector and the fiscal health of state pension systems.

To measure the true costs, Edwards says, states must also look beyond salaries, pensions and health benefits.

"It's not just the wages that raise the costs," he says. "You have resistance by the unions to cost-cutting reforms, and these unions have excessive leverage over the policymaking process."

The "two bites of the apple problem" (one bite from being politically active, the other from being able to bargain) has long been a concern about public employee unions, one that states have tried to address by placing limits on bargaining. Slater says.

However, a majority of lawmakers in Ohio and Wisconsin decided that more limits were needed.

Details on Wisconsin, Ohio laws

Under the Wisconsin law, collective bargaining is limited to wages only, and salary increases cannot exceed the consumer price index without approval from voters. (Police officers and firefighters are exempt from these and other provisions of the law.)

The "wages-only provision was essential to controlling "other factors that have a fiscal impact when it comes to union negotiations," Wisconsin Republican Rep. Joan Ballweg says.

She notes, for example, that local school districts will be given more flexibility when it comes to staffing and setting the school calendar, while all local
The underlying debate about its impact is the same. Bacon says the most significant parts of SB 5 will give local government officials more tools to better manage their employees and finances. For example, issues such as hiring practices, shifts and purchasing are taken off the bargaining table. In addition, the law explicitly states that provisions in previous worker-employer agreements cannot be a mandatory subject of negotiations over a new contract.

Under SB 5, too, no public employees are allowed to strike. Previously, this ban applied only to public safety workers, who instead had the option of binding interest arbitration when an impasse in negotiations occurred. Binding interest arbitration has been eliminated for Ohio police officers and firefighters. Instead, for all public employees, an impasse in negotiations will ultimately be decided by the local governing body or voters.

For example, a city council or school board will have the chance to choose between the offer made by management or the union. If the governing body chooses the union offer, voters will then have to ratify the agreement if it would result in a tax increase.

Other provisions in SB 5 lower the threshold for union members to seek decertification, prohibit public employees from having to pay "fair share" dues and institute merit-based pay for teachers.

Among the various provisions, Bender says, perhaps the two most significant are removing public employees from having to pay "fair share" dues for union members to seek decertification, prohibit public employees from having to pay "fair share" dues and institute merit-based pay for teachers.

**Uncertain future for new laws**

Much remains uncertain about the future of the Ohio and Wisconsin laws.

In Ohio, the first obstacle for SB 5 proponents to overcome will be a statewide ballot measure in the fall seeking a repeal of the law. In Wisconsin, legal challenges and recall elections will be among the first tests of the staying power of AB 11. In both states, future legislative and gubernatorial races may hang on public opinion of the changes in labor laws.

Meanwhile, this stormy political period will only add to the pressures being felt by legislators in the two states.

"There are petitions out to recall half the state Senate — eight Democrats and eight Republicans — during what is our busiest time anyway because of work on the budget," Larson says.

Ballweg notes that the work of various committees has been delayed and that the working relationship among legislators has been strained. Their work, though, will go on, while the rest of the nation follows the history-making events in Ohio and Wisconsin over collective bargaining.
Speaker William Batchelder

In 35th year of legislative service, Ohio lawmaker embracing new role as leader, and ‘servant,’ of state House

by Kate Torney (torney@csj.org)

I n the more than 40 years since he was first elected to the Ohio General Assembly, Speaker William Batchelder has seen a lot of things change: party control, the regulatory landscape and even the legislature itself. But what hasn’t changed is his passion for making his state better.

As a child, he was inspired to pursue politics by two men: his father (who was a Republican county chairman) and U.S. Sen. Robert Taft (whom Batchelder calls “a great hero”). Batchelder, also a Republican, has long been active in local and state politics, including the presidential campaigns of Barry Goldwater and Ronald Reagan.

In between those campaigns was Batchelder’s first run for the legislature. From 1968 to 1998, he represented a district that includes Medina County, just south of Cleveland.

Batchelder left the General Assembly after the 1998 session and went on to serve as a judge, including on the Ohio Court of Appeals. But in 2006, Batchelder decided to make another run at the legislature — and was elected for a second period of service.

When the Republicans took control of the House this year, they chose Batchelder — in his 35th year of legislative service — to serve as speaker.

Over the course of his long legislative career, Batchelder has worked on a variety of regulatory issues, ranging from utilities to financial institutions. During the savings-and-loan crisis of the 1980s, he helped address the collapse of the Ohio Deposit Guarantee Fund. Batchelder worked with then-Gov. Dick Celeste, a Democrat, to repay banks.

“I have a good relationship with the banks,” Batchelder says. “I deposited there, and they lent money to depositors and gave back the money, which we’d had to invest in order to do that,” he says. “I was always very proud of that.”

Key player in school vouchers

Batchelder is also proud of his role in developing Cleveland’s school voucher program. In crafting the legislation, Batchelder worked with area parochial schools, which agreed to educate children whose parents chose private school instead of public schools. The legislation was approved in 1996 and later upheld by the U.S. Supreme Court.

Batchelder says the program was immediately popular: In some areas, there was one seat for every seven students who wanted to participate. “It was very exciting, and at the end of the day, those families were given an opportunity they would not have had in the public schools,” he says.

Batchelder says his reason for spearheading the legislation was twofold. First, he believes that parents should have the right to choose where their children are educated. Second, he says, vouchers can help improve the quality of public institutions.

“The goal was that the public schools would look at what the other schools were doing and would change their methodology of teaching,” he says. “I think both of those things happened to the public schools for many reasons, but I think schools are better today than they were prior to vouchers.”

He fears, however, that the state’s parochial school system could be in trouble due to a $300-per-pupil state aid cut passed last year. Batchelder is working to restore those cuts this year.

“If Ohio lost its parochial schools, there would not be enough seats for kids to be able to go to school,” he says.

Making government more open

Batchelder is now embracing his new role as leader of his 98 colleagues in the House.

“It’s an organization that can really get things done once people’s minds are put to it,” he says. “Sometimes it leads to controversy, and it’s my job, to the extent I am capable, to make sure that members understand one another and respect one another. I am the leader of the House, but also the servant of the House.”

He brings with him a new perspective, thanks to time spent away from the legislature serving as a judge. While on the Court of Appeals, Batchelder found it challenging to serve such a large group of people. In the House, where his base is much smaller,

“Properly operated, legislatures can be one of the most important factors in a state’s economic progress.”

Dick Celeste, a Democrat, to repay banks.

“Ohio paid off 100 cents on the dollar to the depositors and gave back the money, which we’d had to invest in order to do that,” he says. “I was always very proud of that.”

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Batchelder says his reason for spearheading the legislation was twofold. First, he believes that parents should have the right to choose where their

he believes he can be closer to the people he serves. “Properly operated, legislatures can be one of the most important factors in a state’s economic progress,” he says. “So I came back with the idea in mind of opening up the process.”

One of the ways he has worked to make state government more transparent is by moving some committee meetings to evenings. He hopes the scheduling change will give working people more opportunity to come and share their opinions with legislators or watch the lawmaking process unfold.

Batchelder also believes in keeping a strict time schedule so that legislators can predict when they will be available to interact with the public.

But there are exceptions, he says. Batchelder will delay a vote for a couple of hours in cases where legislators need to attend to family matters.

“It’s an important part of our lives, and it’s important to run a place where people feel like they can take care of their families,” he says.

Last month, CSG Midwest interviewed Batchelder about his policy priorities and his reflections on public service. Here are some excerpts from the interview.

Q: You were recently in Washington, D.C., meeting with members of Congress about federal workforce-training programs. You’re a proponent of restructuring these programs to give states more flexibility. Why?

A: We don’t have enough worker training … that leads the person who’s been training to get a job out of it. That’s pretty worthless. Ohio right now has a high unemployment rate compared to most other states. We at one time were an industrial state of some strength across the world, particularly machine tool and other metal work.

What we need is the opportunity for the states to train people in work that [each state] knows is being sought. I recently looked at a printout from one of our state agencies, and there were over 60,000 jobs being advertised by employers. It’s pretty bad when you don’t have programs to get people trained to go and do those jobs.

Q: You are working with colleagues this year on an effort to reduce prescription-drug abuse. How did you become involved in this issue?

A: This is an area that is of great concern. I first learned about this issue on the trial court bench. There was a woman with prescriptions at 22 pharmacies. It was a totally new thing to me.

These are pharmaceutical drugs, not street drugs. These things are bought and sold, and there are physicians involved who prescribe these drugs even though they’re not indicated.

The way you break the back of it is to keep track of all the people who are getting different prescriptions. We moved legislation through quickly so that we can help the attorney general and sheriffs to have better tools to work on these things.

We have to keep people from killing themselves by medicating. We also have to be concerned about what the social implications are as parents are incarcerated, and so on. It’s a complex social issue.

[Editor’s note: As of late March, the legislation, HR 93, had passed the House and was awaiting action in the Senate.]

Q: In 2007, you returned to the legislature after taking eight years away to serve as a judge. How is the legislature different the second time around?

A: A lot of things had changed. For one, we all of a sudden had term limits. The tradition that I was used to was if you had a question about public school teachers, for example, we had a legislator who had been a school superintendent and you would go and talk to him.

Now, you don’t have as many people coming in with those kinds of backgrounds. You don’t get the diversity of membership, because some people who might want to come and stay don’t want to because they would have eight years and would be done.
Michigan bills seek to criminalize growing problem of cyberbullying

Often-anonymous online abuse has led victims to suicide

by Michigan Rep. Lisa Brown (lisabrown@house.mi.gov)

L
ike many people across the nation, I was horrified by the story of Phoebe Prince, the 15-year-old Massachusetts girl who committed suicide after suffering months of intense bullying in school and online.

This disturbing case highlights the fact that new technology creates new ways to harm others.

For every case like that of Phoebe Prince, there are many more instances of cyberbullying around the country that ultimately won’t make the headlines unless they end in a similar tragedy.

Another unsettling example is the story of Jennifer Petkov, a Michigan woman who used social media like Facebook to attack a 7-year-old girl dying from Huntington’s disease. Petkov reportedly posted photos online showing the little girl’s face as part of a skull and crossbones. Under our laws there is no way to hold Petkov accountable for her cyberbullying, and it wasn’t until another completely separate incident — when she allegedly tried to run a neighbor down with her car — that she faced punishment for her actions.

Cyberbullying is the use of electronic devices and information such as e-mail, instant messages, text messages, cell phones and websites to post cruel or harmful messages or images about an individual or group. While cyberbullying can often have the same impact as traditional face-to-face bullying, there are aspects that make it a unique problem that demands a unique response.

In Michigan, as in many other states, the Legislature has been slow to react to this growing problem. It’s time to bring our laws up to speed so we can hold cyberbullies accountable. We’ve seen too many instances in which such bullying has contributed to serious injury or suicide.

I recently introduced legislation (HB 4237 and 4238) which sends a clear message that cyberbullying is a crime that won’t be tolerated in Michigan and will result in serious consequences for those who engage in it. My plan targets those who harass and terrorize their victims 24 hours a day, even invading the privacy and safety of the victim’s home. This type of exposure to bullying creates a feeling of helplessness and a sense that there is no place to feel safe or no way to stop the harassment, often causing feelings of hopelessness and depression, which can lead to suicide.

Cyberbullies also have other distinct advantages that allow them to spread harm. They can make themselves virtually anonymous by creating temporary e-mail addresses, social-media profiles or websites. It takes so little effort to bully someone in cyberspace that some bullies are emboldened to act because of this anonymity. This makes cyberbullying hard to trace, which is all the more reason that we need to raise awareness about the issue and help law enforcement hold the perpetrators accountable.

Bolder action needed

T
he first thing my legislation does is make cyberbullying illegal. Recognizing cyberbullying as a unique crime with its own penalties sends the message that we’re serious about cracking down on such behavior.

All too often in cases of bullying, there’s a prevailing attitude that it’s nothing more than “kids being kids.” This mindset prevents us from addressing the problem. It also makes it less likely that our young people will reach out for help, increasing the odds of cyberbullying causing harm or suicide. That’s not acceptable. We must take action.

To ensure that law enforcement officials can hold cyberbullies accountable, my legislation also attaches very specific fines and prison sentences to their actions. It takes into account the dire consequences of those actions by assigning penalties in cases where it leads to victims harming or killing themselves.

For instance, an adult convicted of cyberbullying would face up to:

- one year in jail and/or a fine up to $1,000 for a first offense (this is a misdemeanor; the following offenses are felonies); 
- four years in prison and/or a fine up to $5,000 for subsequent offenses; 
- 15 years in prison and/or a fine of $2,500 to $10,000 if the victim causes serious bodily harm to himself or herself; and 
- 20 years in prison and/or a fine of $5,000 to $20,000 if the victim commits suicide.

It’s important to note that my legislation has separate penalties for minors. This gives law enforcement the flexibility to punish cyberbullies appropriately based on their age and the nature of the offense.

I believe that cyberbullies will require a collaborative effort by educators, parents, law enforcement and elected officials. Cyberbullying is difficult to detect and prevent, but as lawmakers we can help bring this issue to the forefront and do our part to prevent tragedy by deterring people from committing this crime.

By working with our communities, and enacting good public policy, we can prevent future tragedies. One more victim of bullycide is one too many.

Michigan Rep. Lisa Brown, a Democrat from West Bloomfield, was first elected to the House in 2008.

Anti-crime group’s poll shows extent of bullying nationwide

The national crime prevention organization Fight Crime: Invest in Kids conducted a poll of 1,000 preteens and teens across the United States on their experience related to cyberbullying. According to that 2006 poll:

- One-third of all teens (ages 12-17) and one-sixth of preteens (ages 6-11) had mean, threatening or embarrassing things said about them online.
- Ten percent of teens and 4 percent of preteens surveyed were threatened online with physical harm. About half of children ages 6-11 told their parents, but only 30 percent of older kids did so.
- Of those who were victims, 16 percent were teens and 10 percent were preteens.
- Preteens were as likely to receive harmful messages at school (45 percent) as at home (44 percent). Older children received 30 percent of harmful messages at school and 70 percent at home.

• Seventeen percent of preteens and 7 percent of teens said they were worried about bullying when they started a new school year.

Submissions welcome

This page is designed to be a forum for legislators and constitutional officers. We accept submissions on a wide range of public policy issues and state initiatives. The opinions expressed on this page do not reflect those of The Council of State Governments or the Midwestern Legislative Conference. Responses to any FirstPerson article are welcome, as are pieces written on other topics. For more information, contact Tim Anderson at 630.925.1922 or tanderson@csg.org.
MLC Annual Meeting to feature top-notch speakers, variety of policy sessions

The early-registration deadline for this year’s Midwestern Legislative Conference Annual Meeting is quickly approaching. This summer will mark the MLC’s 66th Annual Meeting, which brings together legislators from across the Midwest to work on issues of importance to this region and beyond. Each year, hundreds of participants gather to hear from top speakers and share ideas on key policy topics.

The conference, which will be held July 17-20 in Indianapolis, will also offer activities for guests of all ages. State legislators who register by May 6 for this summer’s meeting will be eligible for a registration fee. Registration materials are available at www.csgmidwest.org.

Liasson, Brownstein headline agenda; education reform among topics

This year’s keynote address will be given by political journalist Ron Brownstein. The political director of the Atlantic Media Company, Brownstein is the author or editor of six books, including “The Second Civil War: How Extreme Partisanship Has Paralyzed Washington and Polarized America.”

In his keynote address to lawmakers, Brownstein will discuss the unique set of social, political, economic and policy challenges and realities that today’s policy leaders are facing. He will then moderate a panel of state experts from the Midwest who will examine the key policy issues in our region, and the role of state government in meeting these challenges.

Attendees will also have the opportunity to hear insights from another one of America’s top journalists, NPR’s national political correspondent Mara Liasson. Liasson can be heard regularly on the award-winning NPR shows “All Things Considered” and “Morning Edition”; she is also a regular commentator on the Fox News Channel.

Business and financial historian John Steele Gordon will close the meeting with a look at America’s economic past — and what it means for our future.

Gordon is the author of six books, including “Hamilton’s Blessing: the Extraordinary Life and Times of Our National Debt.” He writes a column on business history for Barron’s magazine and is also a commentator on the nationally distributed public radio program “Marketplace.”

Gordon will take a look back at past crises, their causes and how we rebounded, as well as how these eras of the past compare to the present day.

This year’s featured professional-development speaker is Phil Boyle, an expert on public leadership.

During a workshop for all MLC meeting attendees, Boyle will demonstrate how the four core public values of liberty, community, prosperity and equality both define us as a people in a democratic society and divide us. Using practical legislative examples, Boyle will help participants build a strong foundation for making public policy decisions that enhance representative democracy as well as their role as state leaders.

A chance to learn from policy experts, and one another

Along with these highly regarded speakers, authors and journalists, the meeting will feature a wide array of policy experts — including during a series of sessions on K-12 education reform that examines critical issues such as school finance, teacher pay, and college and workforce readiness.

A second plenary session will examine the impact of demographic trends on the Midwest and its states.

The meeting will feature several small-group discussions as well — a chance for the region’s lawmakers to share policy ideas and to learn from one another.

One such opportunity is to take part in the meetings held by the MLC’s five policy committees: Agriculture and Natural Resources; Economic Development; Energy; Health and Human Services; and Midwest-Canada Relations. These meetings, which are open to all attendees, will be held on Sunday, July 17.

Activities for guests include events at Speedway and children’s museum

In addition to the daytime policy sessions, evening events will offer opportunities for legislators to network with colleagues from around the region.

The opening receptions will be held at Lucas Oil Stadium, home of the Indianapolis Colts and site of next year’s Super Bowl, and Family Night will be held at the Indianapolis Motor Speedway.

Daytime events for the adult guests of MLC meeting attendees will include a walking tour of downtown Indianapolis and a trip to the Indianapolis Museum of Art. There will also be activities designed specifically for children and teens, such as trips to the Indianapolis Children’s Museum, the NCAA Hall of Champions and the Indianapolis Zoo.

For a full agenda, visit the CSG Midwest website at www.csgmidwest.org. Questions can be directed to CSG’s Midwestern Office at 630.925.1922.
Partners sign on to support regional rail commission

The Midwest Interstate Passenger Rail Commission (MIPRC) would like to thank the founding members of our Partners Program: Emerson Electric Co.; Illinois State University; Mayo Clinic; Ramsey County (Minnesota) Regional Railroad Authority; Southern Illinois University; Teamsters Rail Conference, International Brotherhood of Teamsters; United Transportation Union; University of Illinois; and US Railcar Company.

MIPRC is an 11-state compact commission founded in 2001 that promotes, coordinates and supports regional improvements to passenger rail service. Our member states are Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio and Wisconsin. The commission’s representatives are state legislators, governors and their designees, and private-sector delegates. CSG’s Midwestern Office provides secretariat services to MIPRC.

MIPRC Founding Partners are helping to guarantee that the commission has the resources to continue its critical mission. Partners are entitled to a number of benefits, including recognition in MIPRC publications, receipt of communications on important regional and national passenger rail developments, complimentary registration at MIPRC annual meetings and invitations to special events. For more information, visit www.miprc.org or contact Laura Kliewer, MIPRC’s director, at lkliewer@csg.org.

MLC committee continues webinars on economic development

A group of policy experts and state legislators from the Midwest is holding a series of web-based conferences on how states in this region can work together to achieve economic growth.

These “webinars” are helping launch a new project of the Midwestern Legislative Conference Economic Development Committee. The initiative, “Building a Competitive Midwest Through Regional Collaboration,” is bringing together lawmakers and policy experts to explore what states can do individually and collectively to advance economic development in the region. Nebraska Sen. Heath Mello is serving as chair of the committee’s advisory group on the project.

The webinars, which began in February and will continue through May, are looking at the value of collaboration in economic development and how the region’s states can benefit from working together. Five different areas of potential collaboration are being examined.

The free web-based teleconferences are open to state officials, policy experts and other interested parties. Registration is available at www.csgmidwest.org/MLC/WebinarSeries.aspx. Each webinar will be recorded, and archived videos will also be available online. To receive reminder e-mails about upcoming webinars, contact Laura A. Tomaka, CSG Midwestern Office liaison to the MLC Economic Development Committee, at ltomaka@csg.org or 630.925.1922.

Two live webinars will be held in May:

**Experts/International Trade**

**Week of May 2**

How can the region better market products, industries and services in the global market?

**Marketing and Branding the Midwest**

**Week of May 23**

How can the region use effective messaging, advertising and other techniques in order to market its economic and demographic assets?

The following webinars were held earlier this year. Archived videos and presentations can be found online at www.csgmidwest.org/MLC/WebinarSeries.aspx.

**Creating a Midwestern Growth Zone**

Why does it make sense for the region to collaborate on economic development efforts to achieve greater growth?

**Early-Stage Capital Building**

How can states help grow and harness capital resources for investment in new firms and innovation?

**Energy-Driven Economic Development**

How can the region develop and support clean-energy manufacturing, transmission, infrastructure and “green jobs”?

**Education Reform/Improvement**

How can states improve educational attainment and workforce readiness to support key growth industries?
Illinois joins five other Midwestern states that ban death penalty

Last month, Illinois became the 16th state to abolish the death penalty when Gov. Pat Quinn signed a bill passed by the legislature in January. A moratorium on executions had been in place since 2000, when Gov. George Ryan cleared Death Row amid concerns about wrongful convictions in the justice system, reports the Chicago Tribune.

Illinois joins five other Midwestern states that do not use the death penalty: Iowa, Michigan, Minnesota, North Dakota and Wisconsin. Michigan was the first Midwestern state to abolish the punishment (in 1846), and North Dakota had been the most recent state in this region to do so (in 1973).

Nationwide, the number of executions is at a near-historic low, falling by half in the last decade. The number of inmates given a death sentence has also decreased by roughly 50 percent, according to the Death Penalty Information Center. The total population of Death Row in the United States was about 3,200 last year.

In 2010, the Midwest accounted for eight of the 46 executions carried out that year, or 17 percent. All of them took place in Ohio. The vast majority of executions last year took place in the South (35), with three occurring in the West. States in the Northeast did not put any inmates to death last year.

Lawmakers in Minnesota and Ohio have passed bills aimed at making it easier and faster for new businesses to obtain state permits.

Minnesota’s legislative auditor issued a report earlier this year that found inconsistencies in response times on permit applications, citing waits of up to a year.

HF 1/54, signed by Gov. Mark Dayton last month, seeks to address that issue by directing the state Department of Natural Resources and the Pollution Control Agency to streamline and simplify application processes. The law sets a goal of 150 days for permit decisions, reports the St. Paul Pioneer Press. Appeals of permit decisions will now go directly to the State Court of Appeals instead of district courts.

The bill is being lauded as a way to reduce red tape and spur job growth. Critics have raised concerns that environmental protection will be weakened as review processes are sped up.

A similar bill approved in Ohio, SB 2, requires state agencies to analyze each proposed rule or regulation and its impact on businesses. A legislative review committee can deny a proposal if it finds that a regulation is not justified. State agencies must also develop customer-service standards and integrate them into job descriptions and performance evaluations of employees.

Search for new revenue has some states looking at retirement income

Soon after Rick Snyder introduced his first proposed budget as Michigan’s governor, lawmakers were being inundated with phone calls about one idea in particular: taxing the pension income of retirees.

This change in state tax law would raise about $900 million, The Detroit News reports. Michigan isn’t the only state where such a change is being contemplated. In March, Illinois Senate President John Cullerton said a taxation of retirement income should be considered as part of an effort to modernize his state’s overall tax structure, the Chicago Tribune reports.

According to the Retirement Living Information Center, Michigan, Illinois and Kansas are among the 10 U.S. states that exclude all federal, state and local pension income from taxation. Kansas does not exclude private-sector retirement income; most other states in this group of 10 “allow for a fairly broad exclusion” of income from private pensions, the center reports.

In a majority of states — including Illinois, Indiana, Michigan, Ohio and Wisconsin — Social Security retirement benefits are excluded from state income taxes. Iowa is in the process of phasing out its tax on Social Security retirement benefits.

Transfer of liquor profits part of Ohio budget fix, jobs plan

Currently, three states in the Midwest — Iowa, Michigan and Ohio — are among the nation’s 18 “ABC” states.

The name refers to alcohol-beverage control, specifically the direct control that these jurisdictions retain over the distribution and sale of alcohol. (Other states regulate by issuing licenses to private sellers.)

It is a revenue generator for states, and in Ohio, the governor is pushing a plan that would transfer the liquor enterprise, and its profits, to JobsOhio — a private, nonprofit corporation recently created by the state to lead business recruitment and job creation efforts.

According to The Cleveland Plain Dealer, the plan calls for liquor sales operations to be leased to JobsOhio for 20 to 25 years. The state’s general fund would receive a one-time shot of $590 million, as an up-front payment for the loss of future revenue from liquor profits. JobsOhio would secure that money for the general fund by issuing revenue bonds. Republican Gov. John Kasich says the plan will create a sustainable, independent source of revenue to support economic development activities.

In his budget, Kasich has also called for selling and privatizing some state prisons. In addition, he is considering leasing the Ohio Turnpike to a private company, The Columbus Dispatch reports.