

August 1, 2011

Train Wreck Ahead?



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The next issue of
Capitol Journal will be
available on August 8th.

Top Story

States have long cried foul over the federal government's actions, or lack thereof. But the ongoing standoff over raising the debt ceiling may be Washington D.C.'s most troubling yet.

SNCJ Spotlight

States brace for fallout over debt ceiling standoff

States have long cried foul over what they see as paying the price for things done — or not done — in Washington D.C. But with no apparent end in sight to the ongoing standoff between the U.S. House of Representatives and the Obama administration over raising the nation's debt ceiling, the worst may be yet to come.

Odds are good that most Americans are only now becoming aware of the national debt ceiling and how it works. Unlike states, the federal government doesn't have to produce a balanced budget each year. It in fact borrows to cover



the cost of the difference between its revenue and its obligations. Also unlike in the states, the spending in the federal budget is already past tense — Social Security checks already sent out, interest on already accrued debt, federal contracts already in service, etc. But there is a cap on how much the federal government can borrow, thus the “debt ceiling.” The nation actually hit the \$14.29 trillion debt limit in May, but a series of Treasury Department stopgap measures pushed the potential default date back several months.

Now, with no more stopgaps to be had, no compromise between the warring factions on the horizon and just days left (as of this writing) before the federal government could potentially default on its debt obligations, states are bracing for the

very real impact such an event could have on their own fiscal worlds. In an interview with *SN CJ*, Scott Pattison, Executive Director of the National Association of State Budget Officers (NASBO), said the situation could well create “chaos” for state and local officials.

“There are several areas of concern in every state,” he says. “The first being just the total uncertainty over what funding streams from the federal government will be impacted. We imagine that quite a few will be decreased or stop altogether.”

“The uncertainty is the worst thing. Will it be the Medicaid payments that get cut first? Will it be federally supported transportation projects? Will it be grants to law enforcement agencies?”

In all, the Bipartisan Policy Center estimates the federal government will be unable to make 44 percent of its payments in August, a possibility hard to fathom in an era when states rely so heavily on federal partnerships. How heavily? A recent report from the Pew Center on the States notes that the U.S. Treasury expects to make around 80 million payments to states in the month of August. Those payments, which total \$306 billion, include \$14 billion in salaries for federal employees, almost \$4 billion in tax refunds, \$49 billion in Social Security payments and \$50 billion in combined Medicare and Medicaid payments. Military paychecks could also stop, as could unemployment compensation. Education support like Pell Grants may also be endangered.

“The uncertainty is the worst thing,” Pattison says. “Will it be the Medicaid payments that get cut first? Will it be federally supported transportation projects? Will it be grants to law enforcement agencies? States just don’t know, and the feds won’t know either until they actually look at what they have and decide then on their priorities.”

“States probably have enough cash to get by for a few days, but if a default lasts longer than that you’re going to see some real impacts,” he adds.

Pattison says state and local governments could also see their own bond ratings take a hit, which would make the long-term municipal bond sales most count on to fund everything from infrastructure projects to building new schools far more expensive. According to the Pew report, states issued \$433 billion in long-term

municipal bonds last year and have issued another \$117 billion so far in 2011. Moody's Investor Services, one of the nation's primary credit rating services, said a default that results in the U.S. government having its AAA grade reduced would push them to similarly downgrade at least 7,000 currently top-rated municipal credit ratings. Because their economies are highly dependent on federal spending, Moody's has also informed five of the nation's 15 AAA rated states — Maryland, New Mexico, Tennessee, South Carolina and Virginia — that they will be placed on review for a similar downgrade.

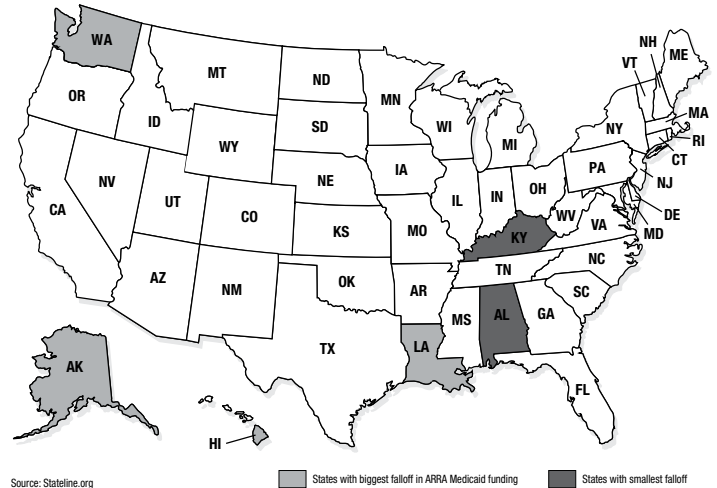
That drew an angry response from Virginia Gov. Robert McDonnell (R), who voiced his displeasure to reporters at a news conference shortly after Moody's broke the news.

"Through no fault of our own, we have an AAA bond rating since 1938 that we have been informed just hours ago may be in jeopardy and put on the watch list," he said. "I'm very unhappy. In fact, we're furious."

That concern has led many states to prepare for the worst. McDonnell is said to be considering a plan to borrow money from the Old Dominion treasury to cover any Medicaid payments cut off by a federal default. Arizona will consider accessing a \$1 billion line of credit, while South Carolina may furlough all but the most essential government workers.

In the meantime, California took the most concrete pre-emptive action to avoid the repercussions of a federal default. Last Wednesday, Treasurer Bill Lockyer (D) secured a \$5.4 billion bridge loan to get the Golden State through a short-term loss of funding if the federal spigot shuts off. Lockyer said he would normally have obtained those funds by going to the market to sell something called revenue anticipation notes (RAN), short-term securities used to raise capital to cover the state's operating costs while awaiting delivery of tax revenues later this year. But he said the impending

Bird's eye view



Some states fall harder off 'stimulus cliff' than others

On July 1, all 50 states lost the additional federal Medicaid funding they'd been receiving under the American Recovery and Reinvestment Act, which totaled \$100 billion over the last three years. But the fall off the stimulus cliff has been greater in some states than others. According to a recent report by Federal Funds Information for States, Hawaii suffered the biggest drop in Medicaid funding (16 percent), followed by Louisiana (13 percent), Washington (13 percent), Alaska (12 percent) and Nevada (12 percent). Kentucky and Alabama experienced the smallest falloffs in funding, 9 percent apiece. The variation in rates is due mainly to the fact that states with big increases in their unemployment rates received a disproportionate share of stimulus money.





crisis pushed him to act before the debt ceiling deadline in fear of large interest rate hikes.

“California had to obtain this interim financing to protect the State from the immediate, drastic consequences of a failure by Washington to resolve the debt ceiling impasse by the Aug. 2 deadline,” he said in a statement. “I’m hopeful Congress and the President will do the responsible thing, solve the problem before it’s too late and not risk pushing the country into a financial and economic abyss.”

Tom Dresslar, a Lockyer spokesperson, says the state believes it has “eliminated the worst of the potential fallout” of the crisis by securing the funding. Still, he says, the impact of the nation’s credit rating being downgraded would be harsh and widespread.

“We’re talking about student loans, mortgages, car loans, everything. The ripple effects would reach virtually every individual in the state and across the country,” he says.

The negative impact on financial markets — where many public employee pension funds are located — could also be dramatic. And cutting off paychecks to soldiers, seniors on Social Security and other federal workers would have, according to the Pew Report, “a profound effect on state and local tax revenues.”

At this point, even raising the debt limit before the deadline will not necessarily remove the threat of the government being downgraded. A short-term fix or one that doesn’t both raise the debt ceiling enough to honor the nation’s debt obligations and make fundamental headway in reducing the long-term deficit could still result in the feds losing their AAA rating. Both Moody’s and Standard & Poor’s declined Congressional offers last week to rate competing plans in the House and Senate, saying they would only rate a final plan as adopted by Congress and signed into law by President Obama.

States are also worried that a debt deal which severely cuts federal matching Medicaid spending could leave them with only two almost impossible choices: absorb those reductions into already hard hit state budgets or further slash reimbursements to Medicaid providers.

For now, worst case scenarios are still only projections. In spite of being placed on the Moody’s watch list, Maryland officials last week sold \$512.4 million in municipal bonds at just over 3 percent interest, near a record low. The bonds technically were sold with a AAA rating in spite of the state being on a credit watch status. It was the first state bond sale attempted since the debt debate became a crisis, and Treasurer Nancy Kopp called the results “astounding.”

But the threat of possible hard times was never far away. That same day, the Old Line State also indefinitely postponed plans to sell \$200 million in bonds to refinance old debts, something it has done many times in recent years. Kopp acknowledged fears surrounding the debt ceiling, saying the financial markets are just too unstable

Upcoming stories

Here are some of the topics you may see covered in upcoming issues of the *State Net Capitol Journal*:

- **Education**
- **Health care**
- **Regulations**

right now. Barring a so-far very elusive compromise from entrenched powers in Washington, that is likely to become a familiar refrain across the states. (STATE NET INTERVIEWS, WASHINGTON POST, PEW CENTER ON THE STATES, NEW YORK TIMES, NATIONAL CONFERENCE OF STATE LEGISLATURES, DENVER POST, BLOOMBERG BUSINESSWEEK)

— *Compiled by Rich Ehsen*

Budget & taxes

STATES SHIFTING VETS' MEDICAID COSTS: Several years ago, the state of Washington came up with a clever idea to save money on Medicaid: shift veterans from its Medicaid rolls to the U.S. Department of Veterans Affairs'.

Using a federal database designed to root out welfare fraud — the Public Assistance Reporting System, or PARIS — the state was able to determine which Medicaid recipients were also veterans. Since 2003, it has steered 9,500 veterans over to VA coverage.

The veterans generally aren't complaining; the benefits offered through the VA are more generous than those available under Medicaid. And Bill Allman of the Washington State Health Care Authority, who conceived the plan, said veterans' benefits are also less likely to be viewed by veterans as a government handout.

"Speaking as a Vietnam veteran, I would much rather collect benefits that I earned than to request state aid," he said.

The state isn't complaining either; the program has spared it \$27 million in Medicaid costs.

"The fact that it saves Medicaid dollars is an added benefit," said Allman.

The feds, who have the most reason to complain, haven't yet. But that could change soon. Of the 22.6 million veterans nationwide who qualify for veterans' benefits, only 8.3 million received health care from VA facilities in 2010, many because they didn't know they could, according to the U.S. Department of Veterans Affairs. And with federal stimulus dollars having dried up, other states are going after that potential savings source.

Montana initiated its own Medicaid-to-VA transfer program in 2008. And California plans to go statewide with a pilot program under way in several counties.

States have to spend money to set up and run a program like Washington's. But Allman calculates his state gets back \$8 dollars in savings for every \$1 spent on its program. Montana shaved \$900,000 off its books in the first year of its program. And California's Legislative Analyst's Office estimates the state could save \$250 million by shifting 144,000 of its veterans to VA health care.



Even Tom Miller, a PARIS project officer at the U.S. Department of Health and Human Services, admits that for the states, “The benefits outweigh the cost of administering a program like the state of Washington’s.” (STATELINE.ORG)

NE PENSION PLAN DRAWING

ATTENTION: Nebraska doesn’t offer many of its public employees a traditional defined-benefit pension plan when they retire. Instead, those hired since 2003 are enrolled in a hybrid of a defined-benefit plan and a 401(k), known as a “cash balance” retirement plan, which is drawing new attention from other states.

In a typical defined benefit pension plan, both the state government and employees contribute at a fixed rate set by the legislature. The state manages the investments and assumes responsibility for the risks, and when employees retire, they receive monthly checks for life based on a formula that takes into account their final average salary, number of years of employment and age.

In a typical 401(k), also referred to as a “defined contribution” plan, employees contribute a percentage of their salaries to individual accounts. The state also contributes to those accounts, but employees manage their own investments, assume the risk themselves, and when they retire, they receive only the money they’ve accumulated. If that money runs out, they receive no more.

Nebraska’s cash balance plan draws on both of those approaches. Workers and the state both contribute to individual accounts. The state chips in \$1.56 for every dollar workers do. The state manages the investments and guarantees a minimum annual rate of return, at least 5 percent a year, known as the interest credit rate. When returns are strong, the state may pay a dividend, although the amount of the dividend and the interest credit rate together can’t exceed 8 percent.

The plan offers several advantages to workers, including a guaranteed rate of return, no risk that bad investment decisions could wipe out their savings and at least some shelter from the criticism that they earn overly generous retirement benefits. The state also benefits, by, among other things, having a predictable benefit rate year to year and avoiding the “spiking” of final salaries through overtime, promotions or eleventh-hour raises.

For states with defined-benefit plans, cash balance plans can offer considerable cost savings. Maryland officials recently estimated that changing to a Nebraska-style plan could cut state pension contributions by nearly \$1 billion a year by 2013.

In the hopper

At any given time, State Net tracks tens of thousands of bills in all 50 states, the US Congress and the District of Columbia. Here’s a snapshot of what’s in the legislative works:

Number of Prefiles last week: 51

Number of Intros last week: 209

Number of Enacted/Adopted last week: 190

Number of 2011 Prefiles to date: 36,386

Number of 2011 Intros to date: 131,201

Number of 2011 Session Enacted/Adopted overall to date: 43,829

Number of Measures currently in State Net Database: 149,954

— Compiled By OWEN JARNAGIN
(measures current as of 7/27/2011)
Source: State Net database

Nebraska officials can't say exactly what they've saved since implementing their cash balance plan eight years ago, because they switched from a 401(k)-style plan. But the state has kept its retirement costs lower than those of most states.

The favored alternative for states looking to cut their public pension costs — switching to a 401(k)-style plan — also tends to draw strong opposition from politically powerful public employee unions.

“It is a heavy lift from a policy standpoint,” said Pennsylvania Rep. Scott Boyd (R), who is sponsoring legislation to implement a cash balance system for new workers in his state.

Whether or not cash balance plans catch on in other states, however, may ultimately hinge on whether policymakers believe the plans will provide adequate retirement income. And there appears to be some question about that. A Maryland commission that looked at the cash balance system found that a state worker who earned \$40,000 a year and saved the maximum amount allowed would run out of money just 13 years after retiring.

“Cash balance plans save money for the state but at the expense of the employee,” said Sue Esty, assistant director of Maryland's chapter of the American Federation of State, County and Municipal Employees.

Still, some advocates of the plans say the likely alternative for future state workers, 401(k)s, are worse. According to Mark Paul, deputy director of the California program at the New America Foundation: “They leave public workers with all the investment risks. Managing the money is too hard. The cash balance plan has the best characteristics of both alternatives.” (STATELINE.ORG)

BUDGETS IN BRIEF: CALIFORNIA Senate President Pro Tem Darrell Steinberg (D) said last week he is tabling one of the year's most volatile legislative initiatives — a proposed law to grant cities, counties and school districts broad new taxing authority — until 2012. The bill, SB 23a, has already passed the Senate, but Steinberg said it might threaten the political alliance Democrats and Gov. Jerry Brown (D) are trying to forge with business groups to push for a statewide tax next year (LOS ANGELES TIMES). • **CONNECTICUT** Gov. Dannel P. Malloy (D) reached a deal last month with state employee unions that would guarantee no layoffs for four years and avoid deep cuts to many agencies. The agreement is a clarification of a previous deal that was rejected by rank-and-file state employees, threatening the layoffs of as many as 7,500 public employees and the closure of motor vehicle branches, welfare offices and courthouses (HARTFORD COURANT). • The City Council in Harrisburg, **PENNSYLVANIA** rejected the state's fiscal recovery plan for the city last month, arguing that it was a bad deal for taxpayers, who would be saddled with the bill for the trash incinerator whose more than \$300 million in debt payments have crippled the city's finances (NEW YORK TIMES).

— *Compiled by KOREY CLARK*



One result of those developments is that the first GOP ballots will probably be cast in January again, with Iowa, New Hampshire and South Carolina certain to move up the dates of their own contests to protect their premiere status. Another effect is that the Super Tuesday following those preliminary races will likely be unsuper-sized, with only about 10 states holding their primaries on that day, as opposed to the 24 that did so in 2008.

“Four years ago, there was a mad rush to the first Tuesday in February,” said Josh Putnam, an assistant professor of political science at Davidson College who writes the blog FrontloadingHQ. “This time, a sizable chunk of states are deciding to move back.”

But perhaps even more consequential will be the impact of the shift from a winner-take-all system of awarding Republican delegates, which has traditionally allowed the party to conclude its nominating process more swiftly than the Democrats, to a proportional system — in which finishing second can be nearly as good as winning — for all primaries and caucuses taking place before April 1.

A campaign that narrows to two candidates consequently has the potential to become a Republican version of the long, bitter battle between Barack Obama and Hillary Rodham Clinton in 2008 that didn’t end until every state had voted.

“If there was ever a calendar that was designed for the nominating battle to go the distance, this is it,” said John Weaver, chief strategist for the presidential campaign of former Utah Gov. Jon M. Huntsman Jr. “It could easily go into April and May.” (NEW YORK TIMES)

POLITICS IN BRIEF: Just months ahead of its first-in-the-nation primary, **NEW HAMPSHIRE’s** Republican Party is nearly broke, having just \$1,300 in its federal account recently, according to local reports. “It is clear that the party has got real, severe problems raising money,” said former GOP state Attorney General Tom Rath. “In addition, there seems to be an internal struggle for control of the party, though why anyone would want that, God only knows,” he added (POLITICO). • Democratic state Sen. Dave Hansen of Green Bay, the first of nine senators to face a final recall election in **WISCONSIN**, won a lopsided victory over his Republican challenger, wind farm developer David VanderLeest, last month. Meanwhile, Eagle

Upcoming elections

7/27/2011 - 8/17/2011

08/02/2011

Mississippi Primary Election

House (All)

Senate (All)

Constitutional Officers: Governor, Lieutenant Governor, Secretary of State, Treasurer, Attorney General, Auditor, Commissioner of Agriculture and Commerce, Commissioner of Insurance

08/09/2011

New Hampshire Special Election

House District Strafford 3

Oklahoma Special Primary

Senate District 43

South Carolina Special Primary

House District 100

Wisconsin Recall Election

Senate Districts 2, 8, 10, 14, 18 and 32

Wisconsin Special Election

Assembly District 48

08/16/2011

Georgia Special Runoff

Senate District 26

Maine Special Election

House District 121

Wisconsin Recall Election

Senate Districts 12 and 22

Governors

PATRICK BACKS IMMIGRANT TUITION BILL: Massachusetts Gov. Deval Patrick (D) has voiced his support of pending state legislation that would allow qualified undocumented immigrants to pay in-state tuition at Bay State colleges and universities.

Patrick's made a surprise appearance before the Joint Committee on Higher Education to urge lawmakers to approve two bills (SB 566 and HB 2109) that would allow immigrant students who have attended at least three years of high school in Massachusetts to pay in-state tuition when they go off to college. Students would also have to certify that they have applied for permanent legal residence or will do so within three months of being accepted into a school. To date, a dozen states allow undocumented immigrant students that have met similar requirements pay resident tuition.

"I know they're going to hear the arguments on both sides," Patrick said, "But they should keep in mind we're talking about real people — individuals, students, and families — whose ambitions are caught up in the only community in most cases that they know."

The governor's appearance and strong backing both came as a surprise to most observers. Patrick strongly endorsed allowing undocumented students to pay in-state tuition during his 2006 campaign, but the matter quickly moved to the back

burner once he was elected. Since winning re-election in 2010, however, Patrick has shown more interest in taking on controversial issues, including immigration. He also recently pulled the state out of the federal Secure Communities program, which is designed to deport illegal immigrants that commit major crimes in the U.S.

"If you're not a legal resident of the state, you're not entitled to in-state tuition. That's as simple as it is."

The tuition issue has festered in Massachusetts for years. A similar bill passed in the Senate in 2005, but failed in the House. It has been mostly dormant since. It is too early to determine whether Patrick's endorsement will sway lawmakers this time around. Critics like Christen Varley, president of the Greater Boston Tea Party, vowed to oppose the measures.

"If you're not a legal resident of the state, you're not entitled to in-state tuition. That's as simple as it is," she said.

But the Massachusetts Taxpayers Foundation — which has taken no official position on the measures — said an influx of new immigrant students could produce millions of dollars in new state revenue, as much as \$2 million in the first year. That figure is based on somewhere between 315 and 365 immigrant students



enrolling in state schools, and could grow to over \$7 million within four years as that enrollment grows.

Both bills are eligible for Executive Session. (BOSTON GLOBE, BOSTON HERALD)

SNYDER SAYS IMMIGRANTS KEY TO MI REVIVAL: Michigan Gov.

Rick Snyder (R) said he believes immigrants are the key to revitalizing the Wolverine State’s struggling economy. In a recent speech at an immigration conference in Detroit, Snyder said harsh anti-immigration measures like those seen in Arizona, Alabama and other states are divisive and would do more harm than good in a state still among the hardest hit by the Great Recession.

“Those are negative issues that have no value,” Snyder said, adding that “There are a lot of good reasons that we have to embrace immigration in a positive way.”

“There are a lot of good reasons that we have to embrace immigration in a positive way.”

The governor also said the state should make a greater effort to keep foreign students in Michigan once they have graduated from college. “They’re already participating in our economy and we should be finding ways to embrace them and keep them here,” he said.

Snyder said he is also looking for ways to connect those foreign students to Michigan businesses, which would help them convert their student visas into work visas. Other plans include a proposed “Global Michigan” initiative to help immigrants find jobs in their fields and a Cultural Ambassador Program that would encourage people from different ethnic groups to get more involved in their communities.

The governor also brushed off the assertion that immigrants are taking jobs away from U.S. citizens, saying, “In terms of the popular perception of losing jobs to immigrants, we have to overcome that.” Snyder said he believes an influx of immigrants could help revive the state’s largest city, Detroit, which has undergone a significant population decrease in recent years. He specifically cited Dearborn, which has a high Arab population, as well as Greektown and Mexicantown in Detroit itself as examples of what kind of economic benefit immigrants can bring to the recession-wracked city.

“They bring jobs,” he said. “Make no mistake about it, they are job creators and we should be embracing that.”

Snyder received strong support from New York City Mayor Michael Bloomberg (I), who last May said the state should push legislation that would grant automatic citizenship to foreigners who agreed to move to Detroit for at least seven years. Speaking at the conference via a video link, Bloomberg encouraged Snyder to go after immigrants who are already in the U.S. living in states which recently passed harsh anti-immigration measures.



“I’d go as fast as I could to recruit immigrants who are already here,” he said. (DETROIT FREE PRESS, MLIVE.COM)

MOST GOVS EMBRACE SOCIAL MEDIA:

A recent review by *Stateline.org* shows that almost all governors have embraced the use of social media sites like Facebook and Twitter to communicate with their constituents. According to Stateline’s research, 47 of the 50 governors are on Facebook, the world’s most popular social networking site. Only Kentucky Gov. Steve Beshear (D), Maine Gov. Paul LePage (R) and Wyoming Gov. Matt Mead (R) don’t use the service, while all but New Hampshire Gov. John Lynch (D), West Virginia Gov. Earl Ray Tomblin (D) and Wyoming’s Mead are not on Twitter. Usage is not as widespread for other popular social networking tools: only 37 governors utilize the video-sharing site YouTube, while 27 use the photo-sharing service Flickr. (STATELINE.ORG)

In case you missed it

Republicans are looking to cash in on November’s historic statehouse victories by redrawing legislative maps to their benefit. But as previous “revolutions” have shown, long-term political domination is not so easy to accomplish.

In case you missed it, the article can be found on our website at http://www.statenet.com/capitol_journal/07-18-2011/html#sncl

GOVERNORS IN BRIEF: A new Quinnipiac University poll showed **OHIO**

Gov. John Kasich’s (R) approval rating has fallen to 35 percent, down from 38 percent in May. The poll also showed that 50 percent of voters disapprove of the job he is doing (PLAIN DEALER [CLEVELAND]). • **MARYLAND** Gov. Robert O’Malley (D) said he would make legalizing same-sex marriage in the Old Line State one of his top legislative priorities next year. A same-sex marriage bill (SB 116) cleared the Senate last session but was pulled in the House when it was clear it did not have the votes to pass (WASHINGTON POST). • **INDIANA** Gov. Mitch Daniels (R) signed a trade agreement with the province of Zhejiang, a 54 million-person province on China’s southern coast. The Hoosier State and Zhejiang have been sister states since 1987 (CHICAGO SUN-TIMES). • **NEVADA** Gov. Brian Sandoval (R) became the first governor in the nation to take a test spin in Google’s new driverless car, which is equipped with radar, sensors and computers that allow the vehicle to drive itself. Silver State lawmakers approved legislation (AB 511) earlier this year to allow the cars on state roadways (LAS VEGAS SUN). • **MISSOURI** Gov. Jay Nixon (D) said he expects lawmakers to focus on a proposed economic development package that includes revamping the state’s business incentives and boosting its technology and science sectors when they return for a special session in September (MISSOURIAN [COLUMBIA]). • **CALIFORNIA** Gov. Jerry Brown (D) vetoed AB 96, a bill that would have allowed about half of the state’s Adult Day Health Care centers to remain open as part of a new federal program. The state program was eliminated as part of this year’s budget agreement. Brown called the bill “unnecessary and untimely” (SACRAMENTO BEE). • **MAINE** Gov. Paul LePage (R) issued Executive Order 19 FY 11/12, which will create a 19-member task force to study giving



Pine Tree State students the option of having a five-year high school education. LePage said the task force will survey existing early college opportunities in the state's high schools as well as in other states and countries and make recommendations for funding with existing state resources (BANGOR DAILY NEWS).

— *Compiled by RICH EHISEN*

Hot issues

B **USINESS:** The **CALIFORNIA** Senate and Assembly approve SB 582, which would require Golden State employers in 18 large communities to subsidize at least one form of public transit, vanpooling or other non-polluting form of commute transportation. The measure is with Gov. Jerry Brown (D) for review (CONTRA COSTA TIMES). • **MICHIGAN** Gov. Rick Snyder (R) signs SB 165, which bars state and local governments from requiring companies that want to bid on construction, repair, remodeling or demolition projects to participate in a collective bargaining agreement and prevents discrimination against those that do not (DETROIT FREE PRESS). • The **MASSACHUSETTS** Appeals Court upholds the city of Boston's ban on the sale of "blunt wraps," tobacco rolling papers often used instead to roll marijuana joints. The court said the rule was permissible under its authority to protect public health (BOSTON GLOBE).

CRIME & PUNISHMENT: The 7TH U.S. Circuit Court of Appeals upholds an **INDIANA** Department of Correction policy that prohibits prisoners from advertising for pen-pals. Plaintiffs complained the rule violates their constitutional right to free speech (EVANSVILLS COURIER & PRESS). • **MICHIGAN** Gov. Rick Snyder (R) signs SB 346, legislation that requires Wolverine State corrections officials to collect DNA samples from prisoners within 90 days of starting their sentences instead of the current practice of doing so upon their release. The law goes into effect immediately (KALAMAZOO GAZETTE). • The **CONNECTICUT** Supreme Court upholds the constitutionality of a state probation condition that bans sex offenders from possessing "sexually stimulating" materials. The plaintiff had argued the policy was too vague and violated his right to privacy (CONNECTICUT POST [BRIDGEPORT]).

EDUCATION: **MICHIGAN** Gov. Rick Snyder (R) signs HBs 4625, 4626, 4627 and 4628, which collectively require teachers to serve five years instead of four to earn tenure, prohibit personnel issues related to layoffs and employee discipline from being subject to union negotiations and end the practice of "last hired, first fired" in teacher layoffs (LANSING STATE JOURNAL). • **CALIFORNIA** Gov.

Jerry Brown (D) signs AB 130, which allows undocumented immigrant students to apply for scholarships funded by private donations. A companion measure, AB 131, which would allow those students to also apply for state financial aid, has passed the Assembly and is now in the Senate (SACRAMENTO BEE). • **ALASKA** Gov. Sean Parnell (R) signs SB 84, which adds a vocational education factor to the Last Frontier State’s education funding formula. The measure also expands tax credits for contributions made to Alaska Native cultural or heritage education courses (ANCHORAGE DAILY NEWS).

ENVIRONMENT: **MICHIGAN** Gov. Rick Snyder (R) signs HB 4746, which prohibits zoning ordinances from preventing the extraction of valuable natural resources from property by mining unless serious consequences would result from the extraction (MICHIGAN GOVERNOR’S OFFICE).

HEALTH & SCIENCE: The U.S. Department of Health and Human Services rejects a request by **NORTH DAKOTA** health officials for a waiver from the Affordable Care Act’s medical loss ratio requirement, which mandates that health insurers spend at least 80 percent of premiums on covering claims. The Flickertail State becomes the first to have such a request denied (BISMARCK TRIBUNE). • **MICHIGAN** Gov. Rick Snyder (R) signs HB 4192, which allows Wolverine State health practitioners that prescribe controlled substances to access data about dispensed drugs in order to prevent theft by employees (MICHIGAN GOVERNOR’S OFFICE). • **NEW JERSEY** Gov. Chris Christie (R) authorizes the start of the Garden State’s medical marijuana program, which had been delayed for months over concerns that federal authorities would prosecute employees who work for the dispensaries (PRESS OF ATLANTIC CITY). • **ILLINOIS** Gov. Pat Quinn (D) signs HB 1271, which bars anyone forced to register as a sex offender from being eligible to obtain a health care license. The law will also apply to anyone convicted of a forcible felony even if it did not involve a sex crime (QUAD-CITY TIMES [DAVENPORT]).

SOCIAL POLICY: The **MASSACHUSETTS** House approves HB 3617, legislation that would eliminate so-called “lifetime alimony” and cap how much one spouse can be ordered to pay another. The measure is now up for a third reading in the Bay State Senate (BOSTON HERALD). • **OHIO** Gov. John Kasich (R) signs HB 78, which bans Buckeye State doctors from performing abortions when a pregnancy is 20 weeks along unless the fetus cannot live outside the womb or the woman’s life is in danger. It does not make exceptions for cases of rape or incest (PLAIN DEALER [CLEVELAND]). • The **NORTH CAROLINA** House overrides Gov. Bev Perdue’s (D) veto of HB 854, a bill that would require Tar Heel State women seeking an abortion to wait 24 hours, receive counseling and be shown an ultrasound before



the operation can take place. The measure is still under override consideration in the Senate (CHARLOTTE OBSERVER).

POTPOURRI: MICHIGAN Gov. Rick Snyder (R) signs HB 4371, which eliminates the state’s minimum hunting age, currently 10 years old. Children younger than that may now hunt as long as they are with another licensed and experienced hunter who is at least 21 (SOUTH BEND TRIBUNE).

— Compiled by RICH EHISEN

Once around the statehouse lightly

A **LL BETS ARE OFF...I MEAN ON:** The Green Bay Packers’ return to Super Bowl glory last January was not so glorious for Illinois Gov. Pat Quinn, a serious Chicago Bears fan. Sadly for him, the Pack took out the Bears in last year’s NFC Championship Game, in Chicago no less. It was double stinko for Quinn, given that he and Wisconsin Gov. Scott Walker had a bet on the game. To date, Quinn has made good on one tenet of that wager — flying a Packers flag outside his office in February — but has yet to pay up on a promise to hand out food at a Madison food pantry while wearing a Packers jersey. As the *LaCrosse Tribune* reports, Walker got tired of waiting last week and did the deed himself. Called on it at a presser last week, Quinn vowed to fulfill his obligation. He also defiantly predicted the Bears would beat the Pack twice in the upcoming season and win the Super Bowl themselves, ending by saying, “we’ve had enough of these cheeseheads.”

NO BOTTOMS UP HERE: If you were getting prepped to belly up to the bar at the Ohio Statehouse in Columbus, forget about it. Capitol officials confirmed last week that a planned addition to the building’s café will have a full service bar, but not one where just anyone can plop down and tip back a cold one. As the *Columbus Dispatch* reports, the bar will only be open until 6:00 pm, won’t display any bottles and will serve hooch only to groups that have previously reserved the space for a special event. That wasn’t much consolation to Rep. Rex Damschroder, however, who fired off a letter to officials complaining that he didn’t want the new bar to sully the building’s image. Not that lawmakers haven’t already done that on their own, mind you.

OOH OOH THAT SMELL: Things got a little unpleasant in the garage under the California Capitol in Sacramento last week, but for once it wasn’t the



usual political bickering among the building’s hyper-partisan inhabitants. As the *Sacramento Bee* reports, a wayward skunk took up residence in the lawmakers’ parking lot right near the elevator used by Gov. Jerry Brown. Animal control officers eventually got rid of the odiferous critter, but not before leaving his telltale calling card wafting all over the garage. Nobody was sure what attracted the skunk, though Assembly administrator John Waldie offered a theory, quipping, “Maybe it thought Arnold was still here.”

DETAILS, DETAILS, DETAILS: In theory, North Dakota officially joined the United States way back in 1889. We emphasize “officially” because it actually may not be so. As the *Grand Forks Herald* reports, 82-year-old former history teacher John Rolczynski has been on a 16-year mission to correct an error in the Flickertail State constitution that he says, left uncorrected, would officially leave it as a territory. Rolczynski has been lobbying a host of state and federal officials, including then-president Bill Clinton, since 1995 to fix the mistake, an effort that went nowhere until 2003 when Sen. Tim Mathern took up the cause. Just eight short years later, Mathern got a bill through the Legislature, sending a fix to voters in the fall of 2012. Mathern says the issue isn’t as serious as Rolczynski believes it is, but that “sometimes as legislators it behooves us to give people a vehicle to express their citizenship.”

— By *RICH EHISEN*

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