

September 9, 2013

Sequestration Sequel



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The next issue of Capitol Journal will be available on September 16th.

Top Story

States are on firmer fiscal ground now than they were during the Great Recession, but with no deal on a federal budget in sight they are again bracing for another round of severe sequestration cuts.

SNCJ Spotlight

Another round of cuts coming to states?

Congress' departure for summer recess last month without reaching a deal on the federal budget has state officials bracing for another round of sequestration cuts.

Federal funding, mostly in the form of grants, comprises roughly 30 percent of state budgets, on average (see Bird's eye view). And the Federal Funds Information for States, a Washington D.C.-based group



By Korey Clark

that helps states manage their federal funds, estimates that another round of sequestration would eliminate roughly three-quarters of that money — about \$4.2 billion — from state budgets in the 2014 federal fiscal year, which begins Oct. 1.

That total is less than the \$4.6 billion sequestration hit states took in FY 2013. But another round of cuts — on everything from public housing assistance and money for schools with low-income students to food inspection, scientific research and environmental protection — might actually be more painful, coming on top of the previous ones.

“They [states] are already in a difficult spot because they already have imposed major cuts to their schools and other public services,” said Michael Leachman of the progressive Center on Budget and Policy Priorities. “If they enter those legislative sessions having to deal with additional cuts in federal funding for schools or law enforcement or clean water or programs that help low-income families, that makes their job even more difficult.”

Although states are on firmer financial ground than they were during the recession, they certainly don’t have the resources to replace the money that would be lost to another round of sequestration.

Hawaii, for instance, has set aside \$15 million to plug sequester holes, and its Department of Budget and Finance is taking applications from state agencies and departments for that money. But Kalbert Young, the state’s budget chief, said the government entities and the public have already been told “NOT to assume that the state will automatically support programs at their pre-sequestration levels.”

“The anticipation is that there will not be enough funds to meet all requests, so the state will have to make a decision on priority as to which programs are going to be supported and at what levels,” he said.

Ohio budget chief Timothy Keen, likewise, said his state doesn’t “contemplate making up with state dollars whatever the federal cuts might be.”

“Might there be some cases [where we will add funds], yes. But it’s not our policy to backfill with state dollars.”

Even states that receive relatively little in federal funding and are, therefore, fairly insulated from sequestration, would likely feel the impact of another round of cuts. The *St. Paul Pioneer Press* reported last month that nearly 1,000 fewer children would be enrolled in Head Start programs, and services for the elderly, native Americans, the military and those needing low-income housing would be cut

The week in session

States in Regular Session: CA, MI, NJ, OH, PR, SC, US

States in Informal Session: MA

States in Special Session: DE “b”, OK “a”

States in Recess: DC, IL, NY, PA, WI

States Adjourned in 2013: AK, AL, AR, AZ, AZ “a”, CA “a”, CO, CT, DE, DE “a”, FL, GA, HI, IA, ID, IL “a”, IN, KS, KY, KY “a”, LA, MD, ME, MN, MO, MS, MS “a”, MT, ND, NE, NH, NJ “a”, NM, NV, NV “a”, OK, OR, RI, SD, TX, TX “a”, TX “b”, TX “c”, UT, UT “b”, VA, VA “a”, VA “b”, VT, WA, WA “a”, WA “b”, WV, WV “a”, WV “b”, WY

States currently prefilng for 2014 Session: AL, KY, TN, WY

States currently prefilng for 2015 Session: MT

Letters indicate special/extraordinary sessions

— Compiled By FELICA CARILLO
(session information current as of 9/5/2013)
Source: State Net database

in Minnesota, which ranked 49th in per capita federal expenditures in FY 2010.

Sequestration has also been part of the discussions surrounding the Obama administration's push for a U.S. strike against Syria in retaliation for its suspected use of chemical weapons against its own citizens last month. Current and former military officials say the cost of a limited Tomahawk missile strike against Syrian command structures and chemical weapons delivery systems would be absorbed relatively easily. But the cost could quickly escalate if additional U.S. action was called for, such as targeting Syria's air defenses or establishing a no-fly zone using aerial patrols. And some argue that the Syrian crisis is another example of why the

military must be spared the \$500 billion in spending cuts sequestration is expected to impose on it over next decade, on top of \$487 billion in other cuts.

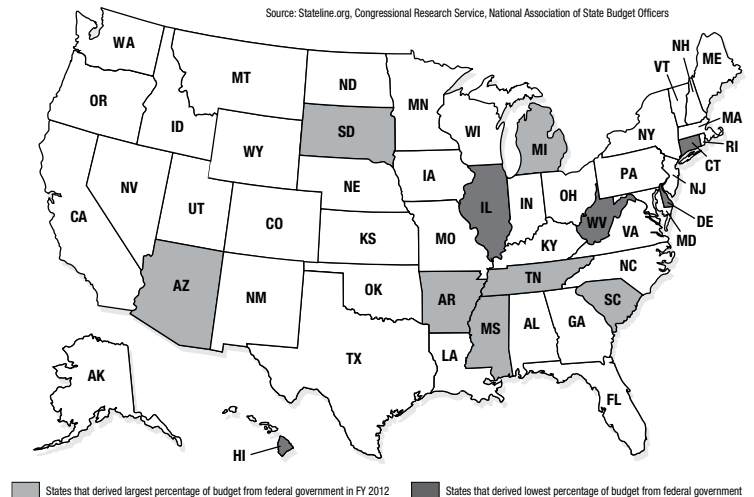
"We cannot keep asking the military to perform mission after mission with sequestration and military cuts hanging over their heads," chairman of the U.S. House of Representatives Buck McKeon (R) told CNN last week.

The prospect of the Republican-controlled U.S. House and Democrat-controlled U.S. Senate averting another round of sequestration by reaching agreement on a new budget by the start of the new fiscal year doesn't seem likely, however. The two chambers don't even agree on what the total amount of spending for fiscal 2014 should be, with the House setting that figure at \$967 billion and the Senate at \$1.058 trillion.

Although House leaders like Speaker John Boehner (R-Ohio) and Majority Leader Eric Cantor (R-Virginia) have repeatedly indicated their desire to see a deal reached to end the sequester cuts, they have been stymied by a small group of Tea Party-affiliated freshmen like North Carolina Rep. Mark Meadows (R), who contends the cuts have actually helped the economy. Meadows believes that curbing federal spending has given business leaders more confidence that Congress is committed to "getting our fiscal house in order," something he says will lead to sustained economic growth.

Bird's eye view

Source: Stateline.org, Congressional Research Service, National Association of State Budget Officers



Some states more dependent on federal dollars than others

On average, the states derive roughly a third of their budgets from federal funding. But in fiscal 2012, that rate was over 42 percent in South Carolina and Tennessee, and as high as 53.47 percent in Mississippi, according to data from the Congressional Research Service and the National Association of State Budget Officers. Connecticut and Hawaii, meanwhile, derived the lowest percentage of their state budgets from federal grants, 9.53 and 16.96 percent, respectively.



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The numbers, however, don't appear to support that view. According to Stuart Hoffman, chief U.S. economist at PNC Financial Services Group, sequester cuts have prevented about 180,000 additional jobs from being added to the economy since March. And the Congressional Budget Office estimated in July that immediately cancelling the sequester would boost real GDP by 0.7 percent and add an extra 900,000 jobs to the economy by the third quarter of 2014.

"To say the sequester is good for the economy is wrong on a scale that's impressive," Neil Dutta, chief U.S. economist at Renaissance Macro Research, recently told *Bloomberg Businessweek*.

Federal officials acknowledge that the federal budget uncertainty places state and local governments in a difficult position.

"To say the sequester is good for the economy is wrong on a scale that's impressive."

"They [states and localities] have a further level of uncertainty," White House budget director Sylvia Mathews Burwell said at a *Wall Street Journal* breakfast roundtable last month. "Especially because much of their money is in the [federal] grant space."

State officials don't appear to disagree with that assessment. At the National Governors Association meeting in Milwaukee last month, Hawaii Gov. Neil Abercrombie (D) said the uncertainty was the most difficult part of the situation to deal with.

"I don't want to throw darts or rocks at anybody, I just want to know what the hell the numbers are," he said. (USA TODAY, STATELINE.ORG, ST PAUL PIONEER PRESS, REUTERS, BLOOMBERG BUSINESSWEEK)

— Compiled by KOREY CLARK & RICH EHISEN

Budget & taxes

STATES SLOW TO RECOVER FROM RECESSION: The worst economic downturn since the Great Depression has forced changes on state governments that could last for decades.

According to a July estimate by the Federal Reserve Bank of Dallas, the nation lost nearly a year's worth of economic activity — roughly \$14 trillion — during the Great Recession. The deep and sustained downturn forced state governments to repeatedly scale back spending across the board. According to the National Association of State Budget Officers, after consistent growth of 1.6 percent per year, state spending dropped 3.8 percent in fiscal year 2009 and 5.7 percent in fiscal 2010, the first consecutive annual declines since NASBO began tracking state spending

over three decades ago. The cuts included areas NASBO said are “often considered politically sacrosanct” such as education, public assistance and transportation.

Michael Leachman, director of state fiscal research at the left-leaning Center on Budget and Policy Priorities, said the cuts to education in particular could be very costly as states continue their struggle to recover.

“These are very deep and concerning cuts at a time when it’s recognized having a more educated workforce is crucial to the country’s future,” he said.

The recession has also taken a major toll on the public workforce. Since its peak in August 2008, the number of state and local government workers has shrunk by 681,000, the largest drop by far of any recession in the last fifty years, according to the Nelson A. Rockefeller Institute of Government. Many states also scaled back their public employee health and retirement plans and imposed furloughs and pay cuts or freezes. As a result, public sector wages grew by only 1.1 percent in 2012, compared to 1.7 percent in the private sector, according to the Bureau of Labor Statistics.

In addition, jobless claims more than doubled during the recession — growing from an average of 320,000 per week in 2007 to nearly 670,000 a week in March 2009 — decimating state unemployment insurance funds. States had to borrow nearly \$50 billion from the federal government to cover the additional expense. And although many states have repaid their debts, 17 still owe Washington almost \$20 billion, while others have private debt and still others are just skating by with slender balances, like Rhode Island which has just over \$500,000 in its fund.

That states are still facing such fiscal challenges five years after the recession officially ended isn’t encouraging.

“In the aftermath of [previous] recessions there were strong recoveries. That is not true this time around,” said Gary Burtless, a senior fellow at the Brookings Institution. “This is more like the pace getting out of the Great Depression.”

It took over a decade and a world war for the United States to fully recover from that economic cataclysm. (STATELINE, FEDERAL RESERVE BANK OF DALLAS)

BRIDGES ACROSS U.S. NEAR COLLAPSE WITH MONEY TO FIX THEM SCARCE: Many of America’s bridges are on the verge of collapse. And due to a variety of factors, including the recession and sequestration, the money to repair them has dried up.

According to various analyses, American commuters take more than 200 million trips across deficient bridges each day, with at least 8,000 of those bridges considered both “structurally deficient” and “fracture critical,” meaning they could collapse if even a single component fails.

“These bridges will all eventually fall down,” said Barry LePatner, an attorney and construction industry expert based in New York.

The unsafe bridges include some of the most important transportation links in the country, such as New York's Tappan Zee Bridge over the Hudson River, 25 miles north of Manhattan. In Pennsylvania, 1 in 4 bridges are considered structurally deficient.

The Federal Highway Administration estimates the nation's road and bridge repair needs exceed \$20 billion per year, but nowhere near that sum is available. The enormous infrastructure backlog is the result of a perfect storm of factors. For one thing, many of the country's roads and bridges were built in the 1950s so they

are reaching the end of their useful lives at the same time. The cold weather and freezes in the Northeast have only shortened the timeline there. Meanwhile, the recession ravaged state and local budgets, reducing funding for transportation projects. The federal transportation bill passed by Congress last year cut a bridge maintenance

“I’m all for Grandma getting her lunch rather than fixing a pothole, but it just gets to be a bigger and bigger problem.”

program and eliminated a system of accountability for bridge repair. And sequestration hasn't helped matters either.

“What's happening is that there's a lot of demand for government resources,” said Martin Pietrucha, director of the Larson Pennsylvania Transportation Institute at Penn State. “I'm all for Grandma getting her lunch rather than fixing a pothole, but it just gets to be a bigger and bigger problem.”

With the federal gas tax failing to provide a sufficient funding source to meet the states' transportation needs, eight states, including Wyoming, which has a Republican-controlled Legislature, have raised their gas taxes.

“We're at something of a fiscal cliff for transportation these days,” said David Goldberg, a spokesman for the nonprofit group Transportation for America. “The needs are growing, but the traditional funding source has remained static and is projected to decline.”

The collapse of Minnesota's I-35W Mississippi River bridge in 2007, killing 13, suggests what may lie ahead if the fiscal cliff for transportation isn't addressed.

“It is only a matter of time,” said LePatner. “Because these bridges are fragile and the public is unsafe driving over them.” (LOS ANGELES TIMES)

OK PAYS HIGH PRICE FOR DRUG SCREENING WELFARE

APPLICANTS: When former Oklahoma state Rep. Guy Liebmann (R) initially proposed back in January 2012 that adult residents seeking welfare assistance through the Temporary Assistance for Needy Families program should be required to undergo drug testing, his stated goal was to save the state money.

Under the terms of his original bill, the welfare applicants would have paid the costs of the testing. But the bill was amended to make the state cover that tab. Then, after a federal court ruled that a similar law in Florida constituted an “unreasonable

search,” the bill was amended again so all TANF applicants wouldn’t have to submit to a urinalysis. Instead all applicants were required to go through a screening process designed to determine if they were likely drug users. Those identified as likely drug users by the Substance Abuse Subtle Screening Inventory were, in turn, required to go through an additional screening called the Addiction Severity Index and pass a urine test before receiving benefits.

The cost of each SASSI screening is \$20. The cost of each Addiction Severity Index screening, which has to be administered by a licensed alcohol and drug counselor is \$122. And the cost of each urinalysis is \$19. The total for all three screenings in the seven months since Liebmann’s bill went into effect: \$82,773. And the net result of those screenings was that TANF benefits were denied to 83 individuals — about 4.4 percent of the total number who applied. (OKLAHOMAN [OKLAHOMA CITY])

BUDGETS IN BRIEF: NEW YORK Gov. Andrew Cuomo (D) and state lawmakers appear to be laying the groundwork for some type of tax cut next year. The governor and all of the state’s lawmakers are up for re-election in 2014 (NEWSDAY).

— *Compiled by KOREY CLARK*

Politics & leadership

FEDS GIVE GO-AHEAD TO STATE POT LAWS: Well before voters in Colorado and Washington authorized the recreational use of marijuana in those states last November, concerns were raised that the federal government would squash any such efforts because they would be in conflict with the federal ban on the drug. But in a conference call with the governors of the two states last week, U.S. Attorney General Eric Holder announced the Justice Department would not block the states’ legalization efforts but instead focus on preventing sales of the drug to minors, keeping profits out of the hands of gangs and preventing legalized pot from spreading to states where it is still illegal.

Holder’s decision is in keeping with the directive he issued last month mandating that U.S. attorneys stop prosecuting low-level drug offenders and send them to drug treatment instead. It’s also an acknowledgement of the fact that the Justice Department would likely be unable to stop state legalization of marijuana in court, according to a Congressional Research Service report issued earlier this year.

Whatever the motivation, Colorado Gov. John Hickenlooper (D) and Washington Gov. Jay Inslee (D) praised the decision.

“We recognize how difficult this issue has been for the Department of Justice and we appreciate the thoughtful approach it has taken,” Hickenlooper said in a statement. “Amendment 64 put Colorado in conflict with federal law. Today’s announcement shows the federal government is respecting the will of Colorado voters.” (STATELINE, STATE NET)

CO RECALL ELECTION DRAWING

ATTENTION: A homegrown campaign to oust two Democratic state senators in Colorado is drawing considerable attention from outside the state’s borders, including hundreds of thousands of dollars in donations from New York City Mayor Michael Bloomberg and news coverage in Sweden. The reason is that the two senators are facing recall elections — the first of their kind in the state — for their support of a package of measures passed by the state’s General Assembly in March.

A total of \$2 million has been poured into the Sept. 10 race. Over \$100,000 of that has come from the National Rifle Association, for mailings, radio, cable and online ads supporting the recall of Colorado Senate President John Morse (D) and Sen. Angela Giron (D), both of whom supported the new gun restrictions. Bloomberg has pitched in \$350,000 to fight the recalls. The mayor “has said he is going to support officials across the country who are willing to stand up to the N.R.A. and Washington gun lobby to support sane gun laws that will keep guns out of the hands of criminals,” a spokesman for the mayor said in an email to the *New York Times*.

Some see the vote as a litmus test on how voters in a swing state with a tradition of gun ownership respond to gun control.

“There’s symbolic importance to both sides,” said Eric Sondermann, founder and chairman of SE2, a media consulting firm in Denver. “If they’re recalled, it would be interpreted as a rejection of the gun control agenda, a rejection of what Colorado passed. If these two prevail, then maybe that’s one more nick in the armor of the N.R.A. and the gun advocates.”

The recall is also being fueled by a widening rift over the state’s identity, what the *Times* described as a battle “between the Colorado of F-150s, hunting trips and rural towns, and the Colorado of Subarus, ski passes and downtown lofts.” Tension between those competing identities has been ratcheted up this year not only by the

Upcoming elections

(09/6/2013 - 09/27/2013)

09/10/2013

Colorado Recall Election

Senate District 3 (Giron, Angela)
and District 11 (Morse, John P.)

Massachusetts Special Election

House 6th Bristol, 12th Suffolk, 16th Worcester

New York Special Primary

Assembly District 86

09/17/2013

California Special Primary

Assembly District 45
Senate District 26

Florida Special Primary

House District 36

New Hampshire Special Election

House Hillsborough 14 (Manchester Ward 7)

New Hampshire Special Primary

House Hillsborough 35 (Nashua Ward 8)

09/24/2013

Alabama Special Primary

US House (CD 1)

California Special Election

Assembly District 52

Democrat-controlled Legislature's passage of the new gun control laws, but also laws allowing illegal immigrants to pay in-state tuition and authorizing civil unions for same-sex couples.

"A decision needs to be made in this state," said Jon Caldara, president of the libertarian Independence Institute. "Are we going to be an urban-centric state where urbanites choose what happens, or will this be a state like Colorado has traditionally been, where we have the liberty and freedom for different communities to do different things?"

A Quinnipiac University poll conducted last month seemed to reflect that dichotomy but in a way that doesn't bode well for the recall effort. The survey of 1,184 registered Colorado voters found that while a majority opposed the package of new gun laws, they also opposed the recalls by a nearly 30-point margin.

As Jackie Haines-Bobbitt, a retired teacher in Colorado Springs who considers herself a "hard-core Democrat," put it, "Recall elections are left for someone who's done something criminal or unethical."

"This is a huge waste of money," she said.
"That's not how the system works." (NEW YORK TIMES, STATE NET)

IRS TO RECOGNIZE GAY MARRIAGES: The landmark U.S. Supreme Court decision in June declaring that same-sex couples are entitled to the same federal benefits as heterosexual couples left open the question of how the federal government would actually administer them. The U.S. Treasury Department wasted little time answering some of those questions, announcing last week that starting with the 2013 tax year legally married same-sex couples will be treated as such for federal tax purposes regardless of whether the state where they live recognizes same-sex unions.

In other words, a same-sex couple who marry in New York and move to Alabama will be treated no differently than a same-sex couple who wed and live in Massachusetts. They simply must file as "married filing jointly" or "married filing separately."

"Today's ruling provides certainty and clear, coherent tax-filing guidance for all legally married same-sex couples nationwide," said Treasury Secretary Jacob J. Lew. "This ruling also assures legally married same-sex couples that they can move freely throughout the country knowing that their federal filing status will not change."

Civil and gay rights groups welcomed the announcement.

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 2013 Prefiles last week: 94

Number of 2014 Prefiles last week: 2

Number of Intros last week: 292

Number of Enacted/Adopted last week: 114

Number of 2013 Prefiles to date: 26,783

Number of 2014 Prefiles to date: 53

Number of 2015 Prefiles to date: 21

Number of 2013 Intros to date: 128,606

Number of 2013 Session Enacted/Adopted overall to date: 37,215

Number of bills currently in State Net Database: 146,786

— Compiled By FELICIA CARILLO
(measures current as of 9/5/2013)
Source: State Net database

“Committed and loving gay and lesbian married couples will now be treated equally under our nation’s federal tax laws, regardless of what state they call home,” said Chad Griffin, president of the Human Rights Campaign.

But the ruling could complicate tax preparation for same-sex couples who live in any of the 37 states that don’t recognize gay marriages. They’ll now file their federal returns as married couples, but may have to file their state returns as individuals.

“There’s going to be a cumbersome workaround,” said Nanette Lee Miller of the public accounting firm Marcum L.L.P. (NEW YORK TIMES)

Upcoming stories

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

- **State budgets**
- **Fracking**
- **Health reform**

NATIONAL GUARDS DEFY PENTAGON DIRECTIVE ON BENEFITS FOR SAME-SEX COUPLES: The day after the Pentagon announced that the military would recognize same-sex marriages performed in states where they are legal as a result of the U.S. Supreme Court’s June ruling on the issue, the Louisiana and Texas National Guards said they would refuse to process applications for benefits from same-sex couples, and the Mississippi National Guard said it would refuse to issue applications to same-sex couples at its state-owned offices. All three agencies cited their respective state bans on gay marriage and directed same-sex couples to take up their benefit requests with their federal counterparts. The remarks of Louisiana National Guard spokesman Lt. Col. Michael Kazmierzak’s were fairly representative:

“The state of Louisiana does not recognize same-sex marriage, nor does it allow a state official to take part in an act that recognizes same-sex marriage,” he said. “We would refer those individuals interested in applying for such benefits to seek guidance at a federal military installation.”

It remains to be seen whether any of the other 12 states that also ban same-sex marriages will also opt to limit how and where same-sex spouses of National Guard members can apply for benefits. (ASSOCIATED PRESS, POLITICO, NOLA.COM)

POLITICS IN BRIEF: Two **SOUTH CAROLINA** women who were legally married in Washington, D.C., filed a federal lawsuit in U.S. District Court in Columbia last week challenging the state’s Defense of Marriage Law and a 2006 amendment to the state Constitution banning same-sex marriages (STATE [COLUMBIA]). • A group called Count My Vote is pushing for a ballot initiative to change the way primary candidates get on the ballot in **UTAH**. The group maintains that the state’s current system, in which delegates selected at party caucuses choose most candidates, gives the most strident members of both major parties too much influence over public policy, among other things (SALT LAKE TRIBUNE). • **UTAH** and 22 other states have filed a court brief supporting the National Rifle Association’s

challenge to a law prohibiting federally licensed gun dealers from selling handguns to people under the age of 21 (DESERET NEWS [SALT LAKE CITY]). • A group called Healthy Ohioans Work has filed paperwork with the **OHIO** attorney general for an initiative to expand Medicaid to cover the working poor in the state (CLEVELAND.COM)

— *Compiled by KOREY CLARK*

Governors

FEDS OK EXTENDING INDIANA MEDICAID ALTERNATIVE: The Obama administration has granted Indiana Gov. Mike Pence's (R) request to extend the Hoosier State's alternative Medicaid plan by one year. The Healthy Indiana Plan (HIP) was scheduled to expire at the end of this year, but will now run through 2014. Pence said the extension will give his administration a chance to continue negotiating with the federal government on expanding Medicaid as called for under the Affordable Care Act.

"Now that we've accomplished this [extension of the HIP program], we'll continue good-faith discussions [with the Obama administration] about the uninsured in Indiana," Pence told reporters last Tuesday.

Pence has long insisted he would consider a full Medicaid expansion only if Indiana is allowed to use HIP as the vehicle. He also wanted assurance that the state could continue using it for the approximately 37,000 Hoosiers currently enrolled in that plan.

But the extension granted by the U.S. Centers for Medicare and Medicaid Services comes with some caveats. As currently configured, HIP covers residents earning up to 200 percent of the federal poverty level. Under the extension agreement, enrollees earning between 100 percent and 200 percent of the poverty line must obtain their coverage through the health benefits exchange set to begin next January. The state will also now be allowed to tighten the HIP's 100 percent poverty level eligibility requirement so fewer people will qualify if the state projects costs will exceed the program's budget.

None of which set well with Senate minority leader Tim Lanane (D), who noted that even under ideal conditions, HIP only reaches a handful of the state's working poor who currently go without health coverage and that over 50,000 remain on waiting lists to enroll in the program. He further noted that full Medicaid expansion using the ACA guidelines would have provided health coverage to almost 400,000 Hoosiers.

"To them, today's announcement is nothing more than achieving the minimum," he said.

House Democratic Leader Scott Pelath (D) also took exception with Pence's contention that uninsured Hoosiers could apply for hospital charity or simply "walk into an emergency room and receive health care."

Ensuring that people can treat illnesses before they require expensive emergency rooms is the whole point behind the Affordable Care act, he said.

"That's the only answer they're giving: Go to the ER," Pelath said. "We can't afford that anymore."

Pence gave no timetable for when the state might have a deal on Medicaid expansion, saying only that "There's a lot of time between now and the end of 2014." (INDIANAPOLIS BUSINESS JOURNAL, INDIANAPOLIS STAR, POST-TRIBUNE [CHICAGO])

SNYDER WINS, LOSES ON MEDICAID EXPANSION: Michigan Gov. Rick Snyder (R) garnered perhaps the biggest victory of his tenure last week as Wolverine State lawmakers gave final approval to legislation that will extend Medicaid to an additional 470,000 residents. But the win came at a cost: a poll released shortly thereafter shows that nearly half of the state's Republicans expect him to face a primary challenger during his re-election campaign next year. Snyder has not definitively said he will run but is expected to seek a second term.

The poll of 744 GOP convention delegates and alternates, conducted by the Wyoming-based group iCaucus, found that 48 percent believe the governor's agenda, including his support for the Affordable Care Act and its ensuing Medicaid expansion, will inspire a more conservative challenger in the 2014 primary. Even so, almost 56 percent said they approved of Snyder's performance in his first term, and 38 percent said they did not believe he was vulnerable to a more hard line Republican.

But most mainstream Republicans discounted the possibility that anyone could mount a serious challenge to Snyder.

"If there were someone seriously talking about taking the governor on, they'd have to have a candidate committee by now, and they'd have to be raising funds," said John Truscott, who served as communications director for former Gov. John Engler (R), told the *Detroit Free Press*. "You don't take on an incumbent with a last-minute effort. Plus, I don't think you'd find anybody credible to contribute."

His possible political fortunes weren't the only quasi-downer for Snyder. The Senate refused to consider giving the expansion immediate effect, meaning it won't go into effect now until next spring. That delay could conceivably cost the state as much as \$7 million a day in missed federal funds to pay for the new enrollees. But Snyder wasn't bemoaning that, vowing to sign the measure as soon as he returns from a trade mission to China.

"I would have preferred that it would have gotten immediate effect," Snyder said. "But this is still a victory for Michiganders." (DETROIT FREE PRESS, NEWS-HERALD [SOUTHGATE], MLIVE.COM)

CHAFEE WON'T SEEK NEW TERM IN RI: Saddled with persistently low approval ratings and struggling to raise campaign cash, Rhode Island Gov. Lincoln Chafee (D) announced last week he would not seek a second term.

Chafee spokesperson Christine Hunsinger portrayed the decision as a pragmatic one based on what was best for the state, saying the governor was “committing all of his time and energy to running government” rather than a campaign. But few observers believed Chafee was going to be able to withstand anticipated primary challenges from at least two strong Democrats, state Treasurer Gina Raimondo and Providence Mayor Angel Taveras.

“All the poll numbers over the last three years showed him with very low job approval ratings,” said pollster Joseph Fleming. “I didn’t see any scenario that had him winning as an Independent or Democratic candidate. The numbers just weren’t there for the governor.”

A Brown University poll last February pegged Chafee's approval at just 26 percent, less than half of those for Raimondo (56 percent) and Taveras (64 percent). Chafee, a former Republican who had become an Independent, sought to bolster his chances of re-election by becoming a Democrat last May, a politically savvy move in a very blue state. But as last Wednesday's decision made clear, it did not work out as he had hoped. (PROVIDENCE JOURNAL, BLOOMBERG BUSINESSWEEK, WASHINGTON POST)

GOVERNORS IN BRIEF: A state court upheld **KENTUCKY** Gov. Steve Beshear's (D) decisions to expand Medicaid and begin enrollment in the Bluegrass State's new health benefits exchange, saying he was within his legal rights to do so because the moves are in the public interest. The Medicaid expansion is expected to provide health care coverage to around 640,000 residents (LAW 360 [LEXIS NEXIS]). • The non-partisan **CALIFORNIA** Legislative Analyst's Office said Gov. Jerry Brown's (D) proposal to cut almost 10,000 inmates from the state prisons will satisfy a court order in the short term but will likely lead to more overcrowding in future years (See more on this issue in the Aug. 5 and Sept. 2 issues of *SN CJ*). Brown's proposal is in response to an order from a three-judge federal panel to reduce the prison population by Dec. 31. The legislation is now in the Assembly, with a vastly different competing measure in the Senate (STATE NET). • Staying in **CALIFORNIA**, Gov. Brown voiced support for a deal with the federal government that would temporarily exempt workers at public transit agencies from a 2012 state law that requires public employees to contribute more to their retirement funds. Unions have challenged the law, citing a 1964 federal law that specifically protects public transit worker pensions against changes made outside of collective bargaining. Federal transportation officials have been withholding billions of dollars of mass transit funds over the dispute. Lawmakers must approve the deal (ASSOCIATED PRESS). • Lawyers for embattled **VIRGINIA** Gov. Robert McDonnell (R) billed

the Old Dominion over \$90,000 for work performed in June. Invoices were heavily redacted, but the work is presumed to be related to two cases: a criminal case alleging embezzlement by the former chef at the Executive Mansion and ongoing state and federal investigations into McDonnell's connection to a Virginia businessman who lavished the governor and his family with hundreds of thousands of dollars in gifts and loans. Total billings to the state have reached just under \$144,000 (RICHMOND TIMES-DISPATCH).

— Compiled by RICH EHISEN

Hot issues

BUSINESS: The **CALIFORNIA** Assembly approves SB 510, which clarifies the authority of local municipalities to reject proposals to convert mobile home parks to condominium-style ownership if the current residents do not want it. It returns to the Senate (VENTURA COUNTY STAR). • Also in **CALIFORNIA**, the Senate unanimously approves AB 633, which would bar employers from having policies that prohibit offering life-saving medical help in an emergency. The measure moves now to Gov. Jerry Brown (D) for review (ASSOCIATED PRESS). • Staying in **CALIFORNIA**, the Senate endorses AB 329, which would bar the use of “bots,” robotic ticket-buying software that allows the user to obtain large blocks of event tickets before they are available to the general public. Those tickets can later be sold for much higher prices. The bill moves to Gov. Brown for review (LOS ANGELES TIMES). • The Senate also endorses **CALIFORNIA** SB 46, which would require entities that operate Internet web sites to inform consumers when their passwords, user names or security questions and answers are breached. It moves to Gov. Brown for review (LOS ANGELES TIMES). • A **NEW JERSEY** appellate court rules that “watchdog employees” can legally sue their employer for retaliatory firing in whistleblower cases. The case involves an employee fired for questioning the safety of products produced by his employer. The court rejected the employer’s claim that such warnings were part of the employee’s job duties, thus making him ineligible to protection under the state’s whistleblower statute. The case now moves to a jury trial (LAW 360 [LEXIS NEXIS]).

CRIME & PUNISHMENT: The **CALIFORNIA** Dept. of Corrections and Rehabilitation announces that it will allow prison inmates to marry non-incarcerated partners of the same sex. Those inmates, however, are not allowed to marry another inmate of the same sex (SACRAMENTO BEE).

those performing abortions to be in contact with doctors who can supervise them if the physician was not present for the procedure, moves to Gov. Jerry Brown (D) for review (LOS ANGELES TIMES). • The **NORTH CAROLINA** Legislature overrides Gov. Pat McCrory's (R) veto of HB 392, which allows social workers to have welfare recipients drug tested. Gov. McCrory vowed to not implement the bill until lawmakers provide funding to pay for the screening (CHARLOTTE OBSERVER).

POTPOURRI: The **CALIFORNIA** Assembly approves SB 194, a bill that would bar drivers under 18 from using voice-operated hands-free texting programs. The measure moves now to Gov. Jerry Brown (D) for review (LOS ANGELES TIMES). • The **CALIFORNIA** Senate gives final endorsement to SB 363, which would require gun owners to lock up their weapons if they live with a convicted felon or anyone else who is prohibited from owning a firearm. It moves to Gov. Brown (UNION DEMOCRAT [SONORA], STATE NET).

— *Compiled by RICH EHISEN*

Once around the statehouse lightly

DOES SIZE REALLY MATTER? When South Carolina Gov. Nikki Haley announced plans to seek a second term last month, she did so in front of hundreds of enthusiastic supporters. Or did she? As *The State* reports, Haley's staff pegged the number at almost 300, not bad for an event on a Monday afternoon. But Dems say that figure is a slight exaggeration. Not counting staff and reporters, Dems contend that at its peak the rally never had more than around 75 people. Some media outlets had the figure as low as 60. While many observers were quick to jump on the low turnout as a sign that voters are less than enthusiastic about Haley's re-election campaign, Larry Sabato, director of the University of Virginia Center for Politics, said the whole thing was meaningless. "I learned decades ago not to judge campaigns by crowd turnouts," he said. Unless, of course, the turnout is really big!

WANNA GET AWAY? Some folks in northeast Colorado sure do. Away from what, you ask? From the rest of the state! As the *Wall Street Journal* reports, at least nine rural upstate counties — all grumped out over what they say are overly liberal laws coming out of the statehouse in Denver — are trumpeting a ballot measure that would allow them to secede from the mother ship and become the 51st U.S. state.

Given that such a thing would also take approval from state lawmakers and Congress, the chances of it happening are about the same as similar efforts being made in Pima County, Arizona — which wants to ditch the rest of the Grand Canyon State for being too conservative — and a swatch of northern California and southern Oregon, which generally dislikes politicians of every stripe. That is, slim and none.

CUBS LOSE, CUBS LOSE: Chalk one up for fans who live in the many apartments across from Chicago's Wrigley Field, home of the hapless Cubs. As *Crain's Chicago Business* reports, Gov. Pat Quinn has signed a bill that allows the many rooftop clubs adjacent to the friendly confines to continue selling booze to their patrons. This in spite of a heavy lobbying effort on the part of the team, which wanted the booze to stop flowing, presumably to force thirsty fans to actually buy a ticket to the game if they want to imbibe while seeing the Cubs get blown out yet again.

WE'RE NUMBER ONE, WE'RE NUMBER ONE: The data is in and the winner is clear: Louisiana is the most politically corrupt state in the country. Hold your cards and letters — it's not us saying that! That inglorious distinction comes courtesy of the website Business Insider, which bestowed the title on the Pelican State based on having 403 public officials convicted on various crimes "involving abuses of the public trust" between 2002 and 2010. Now, some Florida residents might take umbrage at this, noting the Sunshine State had 618 convictions during this same period. But on a per-capita basis, that is only 3.28 convictions per 100,000 residents, which pales in comparison to Louisiana's 8.76/100K ratio. The state closest behind is actually North Dakota at about 8/100K. The least corrupt is South Carolina at about 1/100K. Which may be the first time the Palmetto State has been happy to finish last at something.

— By RICH EHISEN

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