STATELINE MAINTENANT OF THE STATE LINE MAINTE



THE COUNCIL OF STATE GOVERNMENTS | MIDWESTERN OFFICE VOLUME 33, ISSUE 3

'CAPTURE THE MOMENT'

In an era of "more jobs than people,' states have put a premium on effective workforce policy, which also will be crucial to adapting to economic changes and opportunities that lie ahead

by Tim Anderson (tanderson@csg.org)

very year, \$4 billion or more flows from the federal government to states for workforce training and development.

Add to that the billions of dollars being invested over the next five years in local economies under laws such as the CHIPS and Science Act, the Bipartisan Infrastructure Law and the Inflation Reduction Act, and states are positioned to think big about workforce innovation and transformation.

But an expert panel at this summer's CSG Midwestern Legislative Conference Annual Meeting also had a note of caution for the region's legislators: Make your state's approach to workforce policy more strategic, nimble and holistic, or you risk wasting those taxpayer dollars as well as some of the coming economic opportunities.

"In a place like Ohio, and I imagine in many of the states represented here, we're a little hungry, right?" Ohio Lt. Gov. Jon Husted said to legislators during the session. "We went through three decades of being kicked around pretty good because our manufacturing base got eroded, and generations of people moved out of our states.

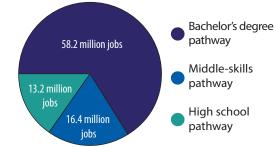
"And now that we're doing 'made in America' again, we're developing supply chains again, we have the opportunity to help the people in our communities, the businesses that are there, capture this moment."

It's a time of "more people than jobs," he added, and where a skilled

workforce will top the list of factors for businesses on where they invest and locate.

Joining Husted on the expert panel were Shalin Jyotishi of New America and Jeannine LaPrad of the National Skills Coalition. Pat Tiberi, a former state legislator, U.S. congressman and now head of the Ohio Business Roundtable, moderated the discussion.

The session was held in support of the 2024 MLC Chair's Initiative of Ohio Sen. Bill Reineke: Workforce Innovation and Transformation.



PROJECTED # OF 'GOOD JOBS' IN U.S. IN 2031,

BY EDUCATIONAL PATHWAY*

* A 'good job' is defined as one that provides a family-sustaining wage. The three pathways are based on an individual's educational attainment: high school only; some level of postsecondary work such as college credit, an associate degree, a license or certification (middle-skills pathway); and a bacholor's degree.

Source: Georgetown Center on Education and the Workforce

HOW AND WHY SOME JOB TRAINING FAILS TO DELIVER

According to Jyotishi, the billions of dollars coming to states via federal laws such as the Workforce Innovation and Opportunity Act (WIOA) and the Perkins Career and Technical Education Act have not yielded the kind of results that policymakers should demand.

In 2022, for example, a U.S.
Department of Labor study found that in the first three years after individuals completed training under federally funded career pathways programs, their wages were only 6 percent higher compared to those who did not.

Further, the average wage of program completers was about \$17,000 a year, and any positive earning effects

of the training disappeared over the medium and long term.

"That doesn't sound like a very effective outcome to me," said Jyotishi, the founder and managing director of New America's Future of Work and Innovation Economy Initiative. "Taxpayers lost, the workers lost, and, as we well know, employers still face workforce challenges."

States have the authority to steer these programs in a different direction. Avoid "low-quality training" that leads to "unemployment, under-employment or employment in poverty-wage jobs," Jyotishi said, and make sure funding lines up with your state's broader economic needs and aspirations.

This requires more strategic thinking and planning on workforce policy, a

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COVER STORY CONTINUED ON PAGE 3

SPECIAL EDITION OF STATELINE MIDWEST: MLC ANNUAL MEETING

This summer, led by Sen. Bill Reineke, the Ohio General Assembly welcomed hundreds of state and provincial legislators, their guests and others to Columbus for The Council of State Governments' Midwestern Legislative Conference Annual Meeting. This edition of *Stateline Midwest* highlights many of the sessions held and actions taken at the meeting — the premier event for legislators from this region.

The cover story for this edition is based on an expert-led keynote session held at the meeting on workforce innovation and transformation, the topic chosen by Reineke for his 2024 MLC Chair's Initiative.

CSG Midwest thanks this year's meeting hosts, participants, speakers and sponsors for contributing to the success of the 78th MLC Annual Meeting.





Ohio Sen. Bill Reineke, chair of the Midwestern Legislative Conference, discusses the importance of a strong, skilled workforce (what he calls the "bedrock of individual, business and community success") and introduces a keynote session on the topic in July at the MLC Annual Meeting. Workforce Innovation and Transformation is the focus of his MLC Chair's Initiative for 2024. (photo: Matt Shadle, digital media manager for the Ohio Senate)

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Featured MLC Meeting Speakers

- Get ready for Al: Preparing their states for the fast-moving changes ahead will require legislators to work with and understand the technology, author Kevin Roose says
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- Back to 1896: Political strategist and historian Karl Rove
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SELECT SESSIONS FROM MLC MEETING

THE PROMISE AND PITFALLS OF ARTIFICIAL INTELLIGENCE: LAWMAKERS HEAR ABOUT FAST-MOVING CHANGES AHEAD

To begin to understand the far-reaching impacts of artificial intelligence on their states and provinces, Kevin Roose suggested to legislators that they start by getting a firsthand experience. Find one of the cutting-edge versions of Al, he said, and spend some time with it.

"Five hours [of direct contact] is about where the lights start to go on in people's heads and they say, 'OK, I get it now. I get why this is exciting or dangerous, or maybe both,'" Roose, author and technology columnist for *The New York Times*, said during a luncheon address in July at The Council of State Governments' Midwestern Legislative Conference Annual Meeting.

Speaking of Al's progress, his worries and hopes about its development, its potential for good and bad outcomes, Roose mixed anecdotes and data to offer advice for wrapping one's mind around what is still an opaque technology. "The progress [in Al] is unlike anything we've seen in technological history," he said.

For example, in tests of how well they can answer questions, leading AI models improved from 25 percent right to 90 percent in just four years. (Human-level experts score about 89 percent.) In recent studies, AI bots have already scored in the 98th percentile on the bar exam for law school, out-diagnosed human doctors, had better ideas than MBA students at the Wharton School, and proved better than humans at divergent thinking (a measure of creativity) and emotional awareness.

"We've gone from having Als that are pretty much dumber than anyone you know to Als that are smarter than pretty much anyone you know, in the span of four years," he said.

Al is getting more useful for everyday tasks while also powering scientific breakthroughs like discovering new Alzheimer's or cancer drugs, finding 3-D structures of proteins, and providing more accurate forecasting of extreme weather events. And it's improving lives in profound ways. Individuals with visual impairments can use a phone app that audibly describes the environment around them, enabling them to move about without a cane. Al is also already diagnosing diseases in people and plants, while students are using it for personal tutoring, with chatbots that guide them through problems without solving them.

Worries about the rise of AI, he said, include corporations racing to integrate it into their products without thought or testing, the displacement of white-collar workers (blue-collar jobs are not impacted as much), and humans, in general, "outsourcing our thinking."

According to Roose, good technology should do five things: Make daily life better. Give people new powers. Be transparent and accountable. Share wealth. Inspire creativity and connection. By those measures, Al does well on some, not so well yet on others.

He suggested several ideas for policy leaders as they navigate the many changes coming from Al. First, assume today's models will continue to improve, and find public-minded Al talent to help you make sense of it. Second, build social safety nets and community-based programs to help people who lose their jobs to Al. Third, cultivate the development of uniquely human skills.

"We need to be filling in the gaps in these systems, rather than compete with them in the areas that they are the strongest," Roose said. Above all, he added, don't be afraid.

"This stuff is complicated, but I don't think we get places by being scared of what's coming," Roose said. "All we can do is try to use it to benefit ourselves, our families, our communities and our country. Because, after all, what is the point of technology? From my point of view, the point of technology is to do what my grandparents' computer did for me in 1993: to connect me to a world that is bigger than my own, to give me new powers, to expand my horizons, to make the world more accessible to me and more navigable.

"I hope this transition goes well. I think that if we do this well, it's going to be one of the best things we ever do in the history of humanity."

— Article written by Jon Davis (jdavis@csq.orq), a policy analyst and communications specialist for CSG Midwest



"We've gone from having
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Technology columnist and author Kevin Roose at the MLC Annual Meeting

THOUGH OFTEN AT ODDS, LEGISLATORS AND JOURNALISTS SHARE A NEED TO BUILD RELATIONSHIPS WITH ONE ANOTHER

"Do you have a relationship with a journalist?"

Award-winning White House correspondent April Ryan asked that question of legislators in July during a session at the Midwestern Legislative Conference Annual Meeting, and the answer may be more complicated today than ever before. In this age of smartphones and social media, she said, officeholders have ways of bypassing reporters altogether and trying to reach constituents directly. Add to that the divisiveness of today's politics, and what some elected officials see as the media's role in it, and the relationship-building gets even harder.

But Ryan said it's worth making the effort: "When you talk, we listen. Don't be afraid of us."

Reporters only can get the story right if they have the background, the nuances and varying perspectives that come from open conversations with elected officials. Conversely, these relationships are a surer way for officials to get news, and their views, out to the public.

"Do you get fairly covered when you have that relationship? If not, you've got the wrong person," said Ryan, who is currently the Washington, D.C., bureau chief for *TheGrio* and whose time in the White House press corps spans five presidents. "Who are you talking to? It's like when you invite people to a party; you invite 100 people but about 30 to 50 show up. Cast a wide net, not just to the main newspaper and that's it."

It can pay personal and political dividends while also serving the public, a purpose that both journalists and legislators share.

"The bottom line is over the 27 years I've been in Washington — and I know in your respective districts — you serve because you want to effectuate change," she said. "Everyone wants to fix things. We always say things are broken; but the question is, 'How do I fix it?' "That's where you are, that's where journalists are. We're watching you work to fix this nation."

— Article written by Jon Davis (jdavis@csg.org), a policy analyst and communications specialist for CSG Midwest



"We're watching you work to fix this nation."

Journalist April Ryan at the MLC Annual Meeting

'PEOPLE AGAINST THE BOSSES': ENDURING LESSONS FROM WILLIAM MCKINLEY AND THE ELECTION OF 1896

Early in his talk, political strategist Karl Rove asked for a show of hands from the packed crowd of elected officials and others who had come to Ohio's capital of Columbus for the Midwestern Legislative Conference Annual Meeting. How many of you are happy with the state of American politics? he asked.

Few if any hands went up, but Rove, who throughout his July presentation displayed a seemingly encyclopedic knowledge of the politics and people of the Gilded Age, said we all can take solace by looking to the nation's past — not for what was right, but what was wrong.

Political dysfunction is nothing new, and Rove argued that a rebirth inevitably comes when the American people demand a better politics and a leader comes along to deliver it. He cited Franklin Roosevelt and Ronald Reagan as 20th-century examples, but Rove spent most of his luncheon address making the case for a lesser-known president from the 1800s, the "mild-mannered Ohioan" William McKinley.

A hero of the Civil War, McKinley was kind and gentle, smart and reform-minded, and just what the country needed to get over the decades of political tumult coming out of that war, Rove said.

Hate, distrust and gridlock had been hallmarks of the Gilded Age period. Violence was used as a tool to disenfranchise Blacks. There was frequent chaos, even the wielding of a knife, on the floor of the U.S. House chamber over "disappearing quorums" and other endless partisan squabbles. And it was not uncommon for the majority party in Congress to "unseat" elected members of the minority party in order to pad its vote advantage.



Political strategist and historian Karl Rove at the MLC Annual Meeting

Enter McKinley and the election of 1896. He ran on the slogan "The People Against the Bosses," and McKinley proved to be a man of those words. Rather than seek the favor of the traditional presidential kingmakers, a select group of state and local party bosses, he went around them, traveling the country to build support. "He is the first presidential candidate in either party to appear before a Black audience and ask for their vote," Rove said, noting McKinley's stops in the Democratic stronghold South to make his pitch to Black and White Republicans alike.

McKinley faced a formidable foe in the general election, William Jennings Bryan. Together, Rove said, the two candidates admirably took on the biggest issue of the day, free silver vs. the gold standard in U.S. monetary policy, providing voters with a clear choice. But McKinley also offered something the country desperately needed. "He was a unifier," Rove said.

Over the course of that 1896 election, 750,000 people came to the candidate's "front porch" in Canton, Ohio. Among the most unlikely visitors: A group of Confederate veterans from the Civil War, invited by McKinley himself. Together, Confederate and Union veterans marched through the streets of Canton on the way to hear McKinley speak. "This has never been seen before; here are Blue and Gray united, as patriotic music is playing, flags are flying, and people are literally lining the streets and weeping openly," Rove said.

"We will rise or fall together as a nation," McKinley told the crowd that day. In an era as divided as the Gilded Age, that message was "incredibly powerful," Rove said, with a lesson for political leaders that perhaps still resonates today.

— Article written by Tim Anderson (tanderson@csg.org), director of policy and research for CSG Midwest



ON STATE WORKFORCE POLICY, BETTER ALIGNMENT IS FOUNDATION FOR GETTING BETTER RESULTS

» CONTINUED FROM PAGE 1

role that legislatures can lead on.

"If you are looking to build your semiconductor industry, make sure your WIOA and Perkins funding is aligned to fund workforce programs in the semiconductor industry," he said.

"Trucking right now represents more of WIOA funds than the next nine categories of occupations. Trucking has a 90 percent turnover rate. Some of the jobs pay well, but it tends to be a very grueling occupation. And I haven't seen a lot of legislators that want to grow the trucking industry as a strategic economic development priority."

'IT HAS TO BE LOCALIZED'

Husted, who leads the Ohio Governor's Office of Workforce Transformation, cautioned about relying too heavily on federal workforce policy or funding ("it's too slow and bureaucratic" to be a centerpiece of your strategy, he said) or trying to "central plan" at the state level.

"It has to be localized," Husted said. "You can have goals, you can fund it, you can have expectations. But allow latitude for local delivery."

Within every state, Husted noted, there are many distinct economic regions — in Ohio, for example, a strategy for Cincinnati might not be suited for Columbus, Akron, Dayton or rural areas.

"You have to have a private-public partnership where you understand the unique needs of the region that you're in," Husted said. "Your public institutions — your high schools, your career centers, your community colleges, your universities — need to be aligned with what's happening there."

This collaboration might only occur, though, with a nudge or incentives from the state.

"You get the educator sitting there at the table, you get the private sector sitting there, and you get them to agree on what they need," Husted said. "And then you finance it."

Ohio does this in part through its Industry Sector Partnerships initiative. Led by the business community, and including involvement by education and training providers, these partnerships develop and implement a workforce strategy, either for a single sector or multiple sectors, but always for a single region within the state.

Another policy trend has been to nurture more sector-based strategies.

In Michigan, for example, the state prioritizes select industry sectors (agriculture, health care, energy and information technology are among them) and brings together multiple employers from a single sector to determine its talent needs and challenges. Next, they work with local educators and others to develop a "demand-driven workforce system."



"When I think of state policy as a lever to better align industry and academia and economic development ... there's no strategy that I think of as more important than sectoral strategies," Jyotishi said.

MORE THAN TRAINING: WORKERS NEED 'HOLISTIC SUPPORTS'

This recent era of "more jobs than people" is captured in data tracked by the U.S. Bureau of Labor Statistics: the number of unemployed persons per job opening.

Nationwide, the ratio was 0.8 as of June 2024, compared to 1.9 in 2014 and 2.1 in 2004. (Over the past two years, the number of unemployed persons per job opening has increased some, from a low of 0.5 in parts of 2022 to the July 2024 ratio of 0.8.)

In the Midwest, these ratios are even lower than the U.S. average in North Dakota and South Dakota (0.4), Minnesota (0.5), Nebraska and Wisconsin (0.6), and Iowa and Kansas (0.7).

In part because of this tight labor market, more attention is being paid to the barriers that stand in the way of people participating in job training, earning a postsecondary credential or degree, and entering and staying in the workforce.

"Many folks need access to holistic supports and services," said LaPrad, managing director of policy and research at the National Skills Coalition.

Addressing concerns about the costs of child care, for instance, has become more central to state workforce strategies, with LaPrad singling out Iowa and Michigan as examples.

In lowa, state incentives are now available to businesses that offer child care as part of their benefits packages for workers, and in Michigan, an innovative "tri-share" model shares the costs of child care equally among the employer, the employee and the state.

"We're going to see a need to focus not only on child care, but elder care and other family-care issues are also becoming fundamental for many workers," LaPrad added.

APPRENTICESHIPS IN REACH FOR HIGH SCHOOL STUDENTS

Husted has been working on workforce policy for several decades, including periods marked by "more people than jobs."

Today, he said, business leaders are eager to be part of building a skilled workforce, which requires partnerships

with state education systems, both K-12 and postsecondary.

At the K-12 level, Husted noted, every school district in Ohio must now have a business advisory council, a convening of local education and business leaders to foster work-based learning opportunities centered on the area's economic drivers.

The state also is placing a greater emphasis on career and technical education, as reflected in a renamed and reorganized state Department of Education and Workforce (SB 1 of 2023) and a two-year state budget that included \$267.7 million in grants to expand the capacity of CTE programs.

At one Ohio career center, Husted noted during the session, 96 percent of graduates had job offers and, as a class, had earned \$2.5 million while still in school thanks to apprenticeships at local businesses.

"They were leaving as electricians, robotics maintenance technicians and nurses, and with a variety of different skills," Husted said.

His goal is that all Ohio high school students graduate with a "skill that is hireable and desired in the economy, because from there, they can either go directly to work or go to work somewhere where the employer will pay for their college degree."

According to Jyotishi, youth apprenticeships are a promising model for states, particularly those that offer students the chance not only to "earn and learn" in high school, but also accrue college credits prior to graduation. He pointed to Career Launch in Chicago and Kalamazoo, Mich., and the Learn and Earn to Achieve Potential (LEAP) initiative in Minneapolis as exemplary programs.

Wisconsin has the oldest and largest youth apprenticeship program in the nation, the Urban Institute noted in a 2023 study, and the Legislature has since increased state support for it, up to a total of \$19 million in the current two-year budget (compared to \$12 million in the last biennium)

Local coalitions of school districts, labor organizations and industry groups run each of Wisconsin's youth apprenticeships, which focus on training and learning in a "career cluster" identified by the Legislature in statute.

OUTCOME-BASED FUNDING FOR COMMUNITY COLLEGES

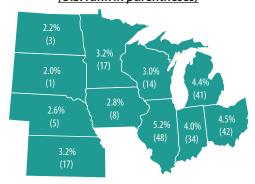
At the postsecondary level, LaPrad said, a handful of states are moving toward performance-based funding for community colleges.

She noted a new law in Texas as an example. Under HB 8 of 2023, student outcomes will determine funding levels. One of the metrics that will be used: the number of college students who earned a "credential of value," with extra weight given to credentials tied to a high-demand occupation. Additionally, to have "value," the credential must be tied to eventual future higher earnings for the student.

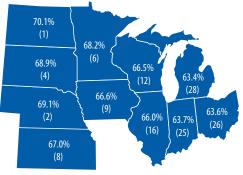
"Refinancing should be foundational to how we think about public institutions, especially two-year institutions, being

THE STATE OF THE MIDWEST'S LABOR MARKET

<u>Unemployment rate, July 2024</u> (U.S. rank in parentheses)

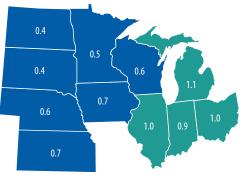


<u>Labor force participation rate, July 2024*</u> (U.S. rank in parentheses)



*The labor participation rate is the percentage of people in the civilian noninstitutional population either working or looking for work.

of unemployed persons per job opening, June 2024



Ratio lower than U.S. ratio (0.8)

Ratio higher than U.S. ratio (0.8)

Sources: U.S. Bureau of Labor Statistics (top and bottom maps) and Federal Reserve Bank of St. Louis (middle map)

able to be more nimble," LaPrad said, noting how the incentive structure rewards colleges that adapt to evolving workforce needs.

The panel also explored changes coming from technological advances such as the rise of artificial intelligence, which they said, at first, is likely to augment rather than replace jobs.

In Ohio, Husted said, the state's TechCred program now offers reimbursements to employers for the costs associated with a worker earning an industry-recognized, technology-focused credential. The reimbursement is up to \$2,000 per credential. As of May 2024, more than 100,000 credentials had been awarded, and Al-based credentials are making up a larger and larger number of requests, Husted said.

Jyotishi suggested public investments in programs that embed industry certifications into postsecondary programs that also lead to degrees.

"Degree programs are still going to be important if you want the tech jobs and if you want this region to become the Tech Belt, not the Rust Belt," he said.

Workforce Innovation and Transformation is the CSG Midwestern Legislative Conference Chair's Initiative of Ohio Sen. Bill Reineke.



CSG MIDWEST ISSUE BRIEFS

SPOTLIGHT ON SUMMER WORK OF CSG MIDWESTERN LEGISLATIVE CONFERENCE COMMITTEES

The interstate, bipartisan committees of The Council of State Governments' Midwestern Legislative Conference met in July at the MLC Annual Meeting in Columbus, Ohio. This Issue Briefs section (pages 4 to 8) covers sessions that these committees organized and offered to all meeting attendees. Also included is an article on a separate plenary session on the Midwest's energy future. The Great Lakes-St. Lawrence Legislative Caucus and MLC Fiscal Leaders Forum led sessions at the MLC Annual Meeting as well.

The MLC counts all legislators from 11 states and the province of Saskatchewan as members; Alberta, Manitoba and Ontario are affiliate members. Committees of the MLC are made up of legislators from these states and provinces.

Photos in this section, and throughout this edition of Stateline Midwest, were taken by Matt Shadle, digital media manager for the Ohio Senate. For more information on the committees, and to view presentations from these July meetings and sessions, visit csgmidwest.org.



Each of the MLC's six policy committees has two legislative co-chairs and one or two vice chairs. Pictured at the MLC Annual Meeting are Michigan Rep. Amos O'Neal and Manitoba MLA Kelvin Goertzen, who oversaw the work of the Midwest-Canada Relations Committee as co-chairs. Ontario MPP Ernie Hardeman has now succeeded Goertzen as committee co-chair. North Rep. David Monson is the vice chair. An article on a July session of this committee can be found on page 6.

EDUCATION & WORKFORCE DEVELOPMENT

Colleges, states rethink approach to college-level 'remedial' education; new K-12 supports also considered

he decision to invest in a college education comes with opportunity costs, including time commitment, debt and delayed income earning.

Adding to these challenges, many students find starting with remedial coursework an unwelcome and unnecessary barrier to postsecondary, and ultimately career, advancement.

A body of research shows, in fact, that remedial or "developmental" education does not significantly improve students' abilities to tackle college-level work.

"About 15 years ago, and even before that, there started to be more data showing that many [college] students who were starting in developmental education ... were leaving the courses," Katie Beal said in July during a session at the Midwestern Legislative Conference Annual Meeting.

Beal, who works on education policy for the nonprofit, nonpartisan MDRC, added that "very few were moving on to the college-level courses and passing them, and then even fewer students were earning the degree."

Along with Beal, other policy experts and legislators shared their insights, exploring alternatives to the traditional approach to remedial education, as well as state-level intervention strategies for high school students. The MLC Education and Workforce Development Committee organized the session.

CHANGING INTERVENTIONS

Traditionally, college students have been placed in entry-level math and English classes — sometimes referred to as "gatekeeper" courses — based solely on their performance on a placement test. Students with low test scores are put in remedial classes before advancing to other college-level work.

Under one alternative approach, the Multiple Measures Assessment, additional factors are considered when determining a student's level of placement, including high school grade-point average or noncognitive indicators.

Wisconsin Rep. Joel Kitchens and Ohio Sen. Hearcel Craig preside over a session of the MLC Education and Workforce Development Committee, which explored topics such as academic remediation, literacy, and the alignment of state workforce needs and education systems. Craig and Kitchens are the committee co-chairs; Minnesota Sen. Heather Gustafson is the vice chair.

% OF COLLEGE STUDENTS REPORTING EVER HAVING TAKEN A POSTSECONDARY REMEDIAL COURSE				
	2020	2016		
Students in public two-year colleges	40%	56%		
Students in public four-year colleges	25%	31%		
Source: New America analysis of the "National Postsecondary Student Aid Study" (2020)				

Beal referenced a randomized controlled trial conducted across five community colleges in Minnesota and Wisconsin. (The trial was done by the MDRC, along with researchers at Columbia University's Community College Research Center.)

The Multiple Measures method did have an effect. First, some students with low placement scores but strong high school GPAs got "bumped up": they were given an advantage in course placement because of the measurement tool.

After three semesters, these "bumped-up" students were enrolled in more college-level courses and were more likely to complete gatekeeping courses compared to those students who underwent the traditional developmental education route.

"Multiple Measures is a relatively low-cost intervention, although it does take resources to switch over," Beal said.

"In [a more recent] study, the Multiple Measures placement reduced costs by about \$140 per student, and that's mostly because of savings from students taking fewer developmental education credits."

Another option is co-requisite learning: Students advance immediately to entry-level classes while concurrently receiving supplemental instruction and being enrolled in other collegelevel courses. Additionally, Beal said, colleges can look to better align math requirements with a student's chosen

major.

"It may make more sense, for instance, for a journalism major to take a statistics course as [their] entry-level math course instead of an algebra course," she said.

ADDRESSING RACIAL GAPS

For Mike Abrahamson of the

"Interventions can be flexible, can be provided by a district, a third party or both, and must be aligned with the student's academic instruction."

Ohio Sen. Andrew Brenner, on a bill to provide new services for K-12 students who demonstrate limited skill on a state assessment

Illinois-based Partnership for College Completion, the argument over the utility of placement tests ignores a larger issue facing students.

"That debate has always sounded like debating over what the best thermometer would be when we don't even agree what the temperature for a fever is," he said.

Abrahamson suggested the emphasis should instead be on reducing the overrepresentation of minority students in remedial courses.

Abrahamson described Illinois' 2021 omnibus education bill, HB 2170, a measure advocated by the Legislative Black Caucus.

The law notes that in 2019, 71 percent of Black students enrolled in Illinois community colleges were placed in developmental educational courses compared to 42 percent of White students.

Under the law, all community colleges are required to implement a Multiple Measures approach to placement that considers high school GPA and transfer credits. Additionally, the colleges are collecting new data, including on student demographics and course completion rates, and developing plans to improve outcomes.

The Partnership for College Completion has since collaborated with colleges across Illinois to collect and analyze this information.

According to a progress report published in early 2024, between 2020 and 2021, statewide enrollment in developmental English and developmental math dropped, by 3.6 and 12.4 percent, respectively.

The co-requisite approach already had been implemented on many campuses prior to the passage of HB 2170, and the progress report points to success with this approach.

For example, in 2020, 18 percent of students enrolled in "compressed" math courses (which combine multiple math subjects into one class) went on to pass a gatekeeper course, while 56 percent of students using co-requisite supports

passed their gatekeeper course. Pell Grant recipients were also five times more likely to pass gatekeeper math courses using co-requisite supports compared to those using traditional remedial classes.

Although changes to remedial education approaches can have a positive causal effect on outcomes like graduation rates, other factors can contribute to student success.

For example, Beal highlighted successes from the ASAP Ohio program.

Based on the City University of New York's Accelerated Study in Associate Programs, this initiative is used in three Ohio community colleges. It provides various wraparound supports — including enhanced advising, financial assistance and condensed class scheduling — to Pell Grant recipients who took developmental education courses.

According to a 2023 report by MDRC, after six years, 44 percent of students who received these supports graduated compared to 29 percent of students in the control groups. ASAP students were also more likely to go on to earn a bachelor's degree.

REACHING HIGH SCHOOL AGES

Ohio has also looked at introducing interventions for students prior to entering college. SB 162, which passed out of the Ohio Senate in late 2023, would require high schools to provide free, evidence-based interventions (such as high-dosage tutoring) for students with demonstrated needs in English and math.

"The types of interventions can be flexible, can be provided by [a school] district, a third party or both, and must be aligned with the student's academic instruction," said Sen. Andrew Brenner, the author of SB 162.

Article written by Derek Cantù, who serves as CSG Midwest staff liaison to the Midwestern Legislative Conference Education and Workforce Development Committee. He can be reached at dcantu@csg.org.



AGRICULTURE & RURAL AFFAIRS

A peek at the post-Chevron world: Legislators explore implications of court ruling, recent state actions

n late June, the 40-year-old Chevron doctrine came to an end.

Its demise is the result of two U.S. Supreme Court decisions, referred to collectively as Loper Bright, that mark the start of a new judicial era on federal rulemaking and the deference — or now, the lack of it — given to federal agencies to interpret laws passed by the U.S. Congress.

As lawmakers learned only a few weeks after the landmark ruling, this kind of shift already has been occurring in some states. A four-person panel of experts led a discussion at the Midwestern Legislative Conference Annual Meeting about the ramifications and uncertainty likely ahead for legislatures, agencies and courts post-Chevron, at the state and federal levels.

CHEVRON TO LOPER BRIGHT

The Chevron doctrine originates from a 1984 U.S Supreme Court decision: Chevron U.S.A. v. Natural Resources Defense Council. According to the doctrine, in the absence of a clear directive given to a federal agency, courts should defer to an agency's reasonable interpretation of the laws that it was congressionally charged to administer.

Over the 40 years of Chevron, federal



lawmakers relied upon the rule "tens of thousands of times," explained David Doniger, a senior strategist with the Natural Resources Defense Council.

Whether it's Congress or a state legislature, he added, legislative branches are unlikely to have "the bandwidth, the expertise or the foresight to make the decisions at the granular level."

Instead, they have deferred technical lawmaking and gap-filling to executive branch agencies, which can best adjust to the modern-day complexities of governance in a timely way.

But under Loper Bright, deference to these agencies is replaced with a "judges, judge" rationale," Marquette University Law School professor Kali Murray said.

She explained the position of those who support the new approach this way: "When a particular term is ambiguous, our constitutional framework demands that a judicial actor resolve this conflict."

Federal agencies, such as the Environmental Protection Agency, "saw the handwriting on the wall and stopped relying on Chevron some years ago," Doniger told MLC attendees.

He said rather than explaining that "a law has several permissible readings

... [n]ow the EPA says, 'This is the best reading of a statute, and [then] explains why that's true."

> According to Rusty Rumley, a senior attorney at the National Agricultural Law Center, Loper Bright won't slow down the amount of regulations or the pace at which they are passed; it will change the process and how cases move through the courts.

The panelists disagreed on the merits of upending Chevron. However, they agreed that, under Loper Bright, Congress will need to write bills with precise language and instruction for agencies. Rumley cautioned that such details will be necessary, but may also hamstring the agencies or have unintended consequences.

NEW ERA IN STATES AS WELL

Mathura Sridharan, Ohio's deputy attorney general and director of the Ohio Tenth Amendment Center, told attendees that by overturning Chevron, the U.S. Supreme Court appropriately returned rulemaking and authority back to an elected body (Congress).

That same rationale also led the Ohio Supreme Court to reject state-level, Chevron-style deference in 2022.

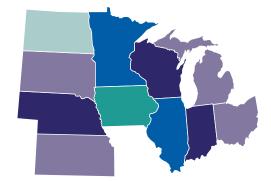
In 2018, Chevron-style deference ended in Wisconsin as the result of a state Supreme Court decision and subsequently enacted state legislation.

Six years later, Murray said, "We have not had really clear guidance on how to look backward to change the justification" of how agencies were interpreting laws under Wisconsin's old legal framework.

Similar uncertainty now exists at the federal level: What happens to the regulations and enabling statutes that were passed in the 40 years between Chevron and Loper Bright?

The court said in *Loper Bright* it was not overturning past decisions that had relied upon Chevron. However, the MLC panelists agreed that industries and interest groups will litigate or relitigate agency

STATE-LEVEL DEFERENCE STANDARDS GIVEN TO AGENCIES' INTERPRETATIONS OF STATUTES



- Chevron-style deference to state agencies rejected through legislation
- Chevron-style deference to state agencies rejected through judicial decision(s)
- Courts provide Chevron-style deference only if statute gives interpretive discretion to agencies
- Courts follow hybrid rule; Chevron-style deference to agencies on technical issues only
- Courts follow hybrid rule; some Chevron-style deference to agencies

authority to make specific regulations. As regulated entities ferret out these issues, "forum shopping" and a patchwork of jurisprudence will produce uncertainty.

Prospectively, legislators can adjust to the new era by more clearly defining agency authority and discretion in state statutes.

Article written by Becky Leis, who serves as CSG Midwest staff liaison to the Midwestern Legislative Conference Agriculture and Rural Affairs Committee. She can be reached at bleis@csg.org.

HEALTH & HUMAN SERVICES

Transforming maternal care: State-based reforms in Ohio include use of value-based payment model

ne obstetrical practice in Ohio recently opened a "fourth trimester" clinic to meet the needs of new mothers — for example, support for postpartum depression or help with breastfeeding.

In another practice, group-based pregnancy education services now operate under an "opt out" model: all expectant mothers in the practice are presumed to want and get these additional prenatal care and social supports, unless they say otherwise.

Other providers have begun hiring lactation specialists, behavioral health counselors or other staff.

Driving these types of innovations is a new payment model known as Comprehensive Maternal Care, an initiative within Ohio's Medicaid program to incentivize quality care, address infant and maternal mortality and morbidity, and reduce health disparities.

"It's pretty phenomenal how well they're doing after just one year [of the program]," Ohio Medicaid Director Maureen Corcoran said about advances being made by the participating practices.

Corcoran made her remarks in July during a session at the Midwestern Legislative Conference Annual Meeting.

% OF BIRTHS FINANCED BY MEDICAID IN 2022



Source: Kaiser Family Foundation

Led by the MLC Health and Human Services Committee, the session focused on how states and their legislators can improve outcomes for mothers and infants.

"Your lever is Medicaid," said Sinsi Hernández-Cancio, vice president for health justice at the National Partnership for Women & Families.

That is because the public health insurance program for low-income families is such a large payer of maternal care; in 2022, it financed one-third or more of births in most Midwestern states.

Medicaid is the largest such payer in Ohio, and the state has embarked on a series of reforms since the passage

of SB 332, a bill from 2019 that established new goals and policies to reduce infant mortality.

Comprehensive Maternal Care is one of Ohio's newest policy reforms. According to Corcoran, 137 practices already are enrolled (the program launched in 2023) and eligible for an additional va based payment via the state's managed-care system for Medicaid.

The monthly payment is \$15 for each low-risk pregnancy, \$40 for each high-risk pregnancy. For even a smaller practice with 200 lower-risk and 150 higher-risk deliveries a year, that adds up to \$80,000 a year, Corcoran noted.

Ohio also has made other changes in Medicaid-based maternal care over the past five years. It has begun to cover nurse home visiting and group prenatal care; extended postpartum coverage to 12 months; expanded coverage for lactation counseling; and targeted investments in community-based services in the counties and neighborhoods with the highest rates of infant mortality.

One of the most important advances, Corcoran said, has been working with the state's managed-care and maternalcare providers on a reporting system



Conference Annual Meeting, Kansas Rep. lead the MLC Health & Human Services The committee's other officers are Illinois Sen. Taylor Rehfeldt, vice

that ensures the health system can reach expectant mothers early in their pregnancy and connect them to services.

At the federal level, Hernández-Cancio said, a new 10-year Transforming Maternal Health Initiative has opened up a new funding opportunity for states. To qualify for the grant program, states must adopt a series of policies to improve care for expectant and new mothers. That includes development of a value-based payment model such as Ohio's.

Article written by Tim Anderson, who serves as CSG Midwest staff liaison to the Midwestern Legislative Conference Health and Human Services Committee. He can be reached at tanderson@csg.org.

GREAT LAKES

Ohio, other Midwest states are investing more in water quality, exploring new ways to manage phosphorus

en years ago, toxins from harmful algal blooms in Lake Erie's western basin left an entire Ohio city without safe water for several days.

One cause of the Toledo water crisis: phosphorus from farm fields and wastewater systems that reached Lake Erie's western basin and its warming, shallow waters.

A decade later, 1.85 million acres of cropland in that basin has been voluntarily enrolled in a water quality initiative known as H2Ohio. With financial and technical assistance from the state and local Soil and Water Conservation Districts, enrolled farmers agree to adopt nutrient management plans and practices proven to reduce runoff.

At the Midwestern Legislative Conference Annual Meeting, an expert panel discussed the progress being made under H2Ohio, as well as whether voluntary programs like it are enough to protect the region's water resources.

Ohio Sen. Theresa Gavarone, who serves as Ohio's representative on the Great Lakes-St. Lawrence Legislative



Annual Meeting while also discussing his state's signature water quality initiative: H2Ohio. An expertnel discussion followed DeWine's remarks

Caucus Executive Committee, introduced the session. Great Lakes Commission executive director Erika Jensen moderated the discussion.

'ALL OF THE ABOVE' APPROACH

In 2015, Ohio, Michigan and Ontario agreed to reduce phosphorus inputs into Lake Erie by 40 percent by 2025.

For Ohio to reach that goal, whether in 2025 or beyond, many more acres of farmland in the western basin will need to be enrolled in H2Ohio. The current number, 1.85 million acres, represents about 40 percent of the total.

Joy Mulinex, director of the Ohio Lake Erie Commission, said enrollment of between 65 and 75 percent of farm acreage in the basin is needed to reach the phosphorus reduction goal. The state is pursuing several other strategies as well.

"H2Ohio has been an all-of-the-above approach," Mulinex told MLC attendees.

Through the initiative, Ohio is replacing private septic systems, restoring and improving wetlands, and investing in pilot projects that use new technologies to reduce and remove phosphorus. (Ohio also is paying for the removal of lead service lines through the program.)

H2Ohio began in 2019 and is coordinated by three state entities: the **Environmental Protection Agency and** the departments of Natural Resources and Agriculture. The General Assembly appropriated \$270 million for H2Ohio in the most recent biennial budget.

Beyond Ohio and the Great Lakes region, other programs and partnerships with producers are being implemented.

"It is in our economic, ecological, and

social best interest to reduce nutrients in our waterways," said Kirsten Wallace, executive director of the Upper Mississippi River Basin Association, whose member states are Iowa, Illinois, Minnesota, Missouri and Wisconsin.

According to Wallace, there are signs of progress on water quality.

The amount of suspended sediment in the river has fallen, thanks in part to improvements in wastewater treatment and the adoption of effective edge-offield farm practices.

Wallace also highlighted the promise of a "batch and build" model first started in Iowa's Polk County. With a mix of local, state and federal funds, conservation projects now move forward on multiple agricultural lands at once.

The result in Iowa has been a simplified process for producers, and a much larger number of farm fields that have installed bioreactors and saturated buffers, both of which reduce runoff.

Still, Dan Egan, author of "The Devil's Element: Phosphorus and a World out of Balance," stressed that more action is needed to reach reduction goals and improve the health of water systems.

He called for regulations that would restrict the size of concentrated animal feeding operations. These CAFOs, Egan said, continue to be a major source of nutrient runoff because of the manure produced on them. He also pointed out a potential opportunity for policymakers: find ways of turning a pollutant into a domestic food security tool.

According to Egan, domestic sources of phosphorus (vital to agriculture production) are due to run out in the next 40 years. One solution is to invest

#S ON H20HIO INITIATIVE				
\$270 MILLION	AMOUNT OF STATE'S INVESTMENT IN INITIATIVE (FY 2024-'25)			
3,000	# OF PRODUCERS WHO HAVE AGREED TO IMPLEMENT BEST MANAGEMENT PRACTICES TO REDUCE NUTRIENT RUNOFF			
2.2 MILLION	# OF ACRES OF CROPLAND ENROLLED (INCLUDING 40% OF CROPLAND IN WESTERN LAKE ERIE BASIN)			
170	# OF PROJECTS TO RESTORE OR IMPROVE WETLANDS			

in technologies that reclaim and more efficiently use it.

"We're already starting to manage [phosphorus] differently," he said.

"In Wisconsin, they've implemented a program where the biggest of the dairies are installing digesters to strip the methane out of the manure ... and we can not only take out the methane, we can take out the nutrients [polluting waterways]."

Article written by Jessica Lienhardt, who serves as Great Lakes program director for CSG Midwest. She can be reached at jlienhardt@csg.org. The Great Lakes-St. Lawrence Legislative Caucus is led by a binational Executive Committee of legislators and two officers: Wisconsin Sen. André Jacque, chair, and Illinois Sen. Laura Fine, vice chair.

MIDWEST-CANADA RELATIONS

At a 'crossroads': Legislators explore binational push for electric vehicles, potential impact of EVs in region

long the nearly 900 miles of road from Kalamazoo, Mich., to Quebec City, there is a new guarantee for the drivers of electric vehicles: publicly available DC fast chargers every 50 miles.

It's the first-ever binational EV corridor for Canada and the United States, a route that makes its way through the heart of the North American automotive industry.

Announced last year, the corridor is evidence of advances on both sides of the border to build out the EV infrastructure.

Legislators explored this expansion, along with trends in EV adoption, during a session organized by the Midwestern Legislative Conference Midwest-Canada Relations Committee and featuring two expert speakers: Neal Osten of the Institute for State Policy Leaders and Matt Stephens-Rich of the Electrification Coalition.

On the U.S. side, the \$5 billion National Electric Vehicle Infrastructure Plan is creating a network of fast-charging stations along interstate highways. The Midwestern region, "the crossroads of America," will see a massive uptick in these stations as a result. In Canada, the Zero Emission Vehicle Infrastructure Plan is investing \$680 million through 2027. Crucial to the Midwest amid these

changes to accommodate EVs: keeping its status as an auto sector hub. Estimates of potential employment growth across the EV supply chain range between 25,000 and 100,000 new jobs in Canada by 2040 and 160,000 new U.S. jobs by 2032.

Notable investments are being made in the region; for example, Honda's \$15 billion EV investment in Ontario, the \$4.9 billion BHP Potash Mine in Saskatchewan, and the \$2.2 billion Ford battery plant in Michigan.

Other regions, though, are vying to be EV manufacturing hubs, with Osten pointing to South Carolina as an example. There, a concerted state effort has led to a series of major new private investments.

During this summer's MLC session, legislators also raised questions about competition from overseas EV manufacturing. They pointed to other unknowns, and potential problems related to widespread EV adoption as well. Can the electric grid keep up with rising demand? Will issues of equity arise, with non-homeowners and rural residents left without places to charge EVs? What happens to EV batteries after their lifespans?

These questions highlight the important role that state and provincial legislators

will play in the coming years, in planning for the EV future and adopting effective policies.

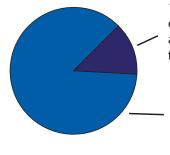
Many states already have chosen to encourage more EV sales, through a mix of tax credits and other policy tools.

One of the more aggressive strategies has been to establish some form of a zero-emission vehicle (ZEV) mandate. Twentytwo U.S. states now have such a mandate, Osten said. Most of these mandates aim for 100 percent sales by about 2035.

Starting in 2030, Illinois will require state agencies, with the exception of law enforcement, to purchase ZEV passenger vehicles (SB 1769). An executive order in Michigan calls for the state's fleet to be ZEV by 2040. And Minnesota has adopted rules requiring automakers to increase fuel economy and adhere to a ZEV sales requirement.

After the initial purchasing price, Stephens-Rich said, fuel and maintenance costs for EVs are very low, meaning longterm savings for states and provinces that transition to EV public fleets. He also said an increased use of generation facilities

STATUS OF ELECTRIC CHARGING STATIONS IN U.S.



163,213 public chargers installed as of end of first-quarter 2024

1,081,787 more public chargers needed to support EVs if they reach 50% U.S. market share by 2030

Source: Neil Osten presentation at MLC Annual Meeting

during off-peak hours (EVs getting charged at night) could lead to higher revenues for utilities and lower rates for customers.

Article written by Mitch Arvidson, who serves as CSG Midwest staff liaison to the Midwestern Legislative Conference Midwest-Canada Relations Committee. He can be reached at marvidson@csg.org. Ontario MPP Ernie Hardeman and Michigan Rep. Amos O'Neal serve as committee co-chairs; North Dakota Rep. David Monson is the



CRIMINAL JUSTICE & PUBLIC SAFETY

Youth arrests and violent crime are down, but other trends point to need for new policy approaches

rime, violence and victimization remain pressing challenges for communities across the Midwest.

The takeaway for lawmakers who took part in a July session of the Midwestern Legislative Conference Criminal Justice and Public Safety Committee: Significant strides can be made in reducing crime and enhancing public safety, if we follow lessons of the past, allow data to drive decisions, and invest in evidence-based practices.

"It is important for policymakers to prioritize strategies around addressing violence, but not to discard what we've learned over the last couple of decades about effectively reducing crime and improving lives," said Josh Weber, a deputy division director at the CSG Justice Center who oversees its work on juvenile justice.

Weber, along with his colleague Deputy Program Director Madeleine Dardeau, gave a presentation that also incorporated insights from Amy Ast, director of Ohio's Department of Youth Services, and Roger Wilson, deputy director of Ohio's Department of Rehabilitation and Correction.



YOUTH TRENDS AND SUCCESSES

Nationwide, youth arrests for violent crimes are at historically low levels. However, states have been experiencing rising homicide rates in youth, particularly those involving firearms.

Youth violence can often be a byproduct of mental health challenges and trauma. Alarmingly, a substantial proportion of young people entering the juvenile justice system struggle with behavioral health issues, and short-staffed public agencies and service providers are having difficulty addressing these needs.

Research shows, too, that involvement in the justice system often does more harm than good when trying to reduce violence and improve behavioral health. Yet many states are responding with more punitive approaches.

Most youth involved in the juvenile justice system have committed relatively minor offenses. Further, less than 30 percent of youths referred to court have their cases adjudicated, suggesting that system involvement could have been avoided in the first place if service alternatives were more readily available.

Additionally, racial disparities highlight the critical need for robust support systems: In 2020-21, Black youth were two-and-a-half times more likely to be arrested than their White counterparts.

What's needed, Weber said, is a commitment to develop a statewide adolescent services and violence prevention strategy. Juvenile justice systems should focus their limited resources on the small number of youth who pose a public safety risk and on proven recidivism-reduction strategies.

Lastly, he said, it is vital for states to address gaps in the workforce capacity

of public agencies and service providers.

Ohio serves as a success story in some of these areas.

According to Ast, through initiatives like Reclaim Ohio, the state provides financial incentives for local courts to reduce reliance on the justice system and incarceration. Lowand moderate-risk youth are being successfully diverted to community-based interventions.

"[The] focus on prevention and engagement with families has led to a remarkable 86 percent of youth successfully reintegrating into their communities without reoffending, highlighting the importance of investing in their potential," she said.

ADULT TRENDS, OPPORTUNITIES

The MLC panel also pointed a way forward for addressing public concerns about adult violent crime.

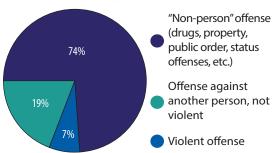
Polling data indicates that 78 percent of the public believes crime has increased, while only 17 percent expresses high trust in the criminal justice system. In reality, despite a recent spike in 2020, the violent crime rate was lower in 2022 than in 2012.

However, in 2022, 63 percent of reported violent crimes remained unsolved, fostering concerns about safety, justice and law enforcement. And homicides involving victims from historically marginalized groups are more likely to go unsolved.

How can policymakers tackle these racial disparities and obstacles related to unsolved violent crime?

Bolster law enforcement's capacity to solve violent crimes. Identify evidencebased crime prevention strategies and

YOUTH ARRESTS, BY OFFENSE TYPE (2019)



Source: CSG Justice Center (using FBI data)

then invest in areas most impacted by violence. Set statewide recidivismreduction goals. Strengthen supports for crime victims. Improve justice-related data collection, analysis and reporting.

Those were some of the policy ideas explored during the session.

Ohio's Department of Rehabilitation and Correction has established a comprehensive risk-assessment process to identify individuals most likely to commit violent crimes. It then provides enhanced community supervision to this group.

Wilson emphasized the importance of collaboration with law enforcement and community organizations in delivering a unified message: "We will do everything in our power to help you live a productive life, but we will not tolerate criminal behavior."

Article written by CSG Justice Center policy analyst Myles Moore, who can be reached at *mmoore@csg.org*. Nebraska Sen. John Cavanaugh and Wisconsin Sen. Jesse James serve as co-chairs of the Midwestern Legislative Conference Criminal Justice and Public Safety Committee. Ohio Sen. Michele Reynolds is the vice chair.

FISCAL LEADERS

'Unsettled normalcy': Gone, for now, are wild revenue swings, but other budgeting uncertainty lies ahead

n era of budget extremes for states
— large, pandemic-induced losses
in revenue followed by neverbefore-seen, year-over-year gains — has
ended and been replaced by a period of
relative fiscal normalcy.

How long will it last?

Lawmakers heard from two experts on state fiscal policy in July, both of whom highlighted factors that could bring uncertainty in state budgets over the short and long term. Organized by the Midwestern Legislative Conference Fiscal Leaders Forum, the session was part of

REVENUE IMPACT OF TAX DECREASES ADOPTED BY U.S. STATES IN FY 2024

ADULIED DI U.S. STATES INTIT 2024					
Tax decreases, by type	Cuts with one-time impact only	Cuts with recurring impact			
Personal income	\$4.1 billion	\$6.7 billion			
Sales and use	\$980 million	\$481 million			
Corporate income	\$71 million	\$466 million			

Source: National Association of State Budget Officers

this year's MLC Annual Meeting.
Stacey Mazer, a consultant for t

Stacey Mazer, a consultant for the National Association of State Budget Officers, pointed to several spending pressures, including increased demands on state Medicaid programs and emerging priorities in areas such as housing.

She also noted that over the past two fiscal years, states made a combined \$28 billion in one-time or recurring tax cuts. In the Midwest, income tax rates have been reduced and/or tax brackets consolidated in Indiana, lowa, Kansas, Michigan, Nebraska, North Dakota, Ohio

and Wisconsin. In many of these states, the changes are permanent.

"With the amount of tax reductions that have occurred, there's certainly an interest in monitoring, making sure your revenue base is able to do what you think you should be doing," Mazer

States, as a whole, are more prepared for a downturn.

For fiscal year 2025, the median balance of state rainy day funds (balance as a percentage of general fund expenditures) is expected to be 15.0 percent, a record level.

But there is risk in having rainy day

funds run too high, according to Phil Dean, chief economist and senior fellow at the University of Utah Kem C. Gardner Policy Institute.

"You've taken that money out of the economy; it's just sitting there," he said.

To address those concerns, Utah has established a separate "working rainy day fund": During good times, some surplus revenue goes into the capital budget to fund infrastructure projects. During bad times, that revenue is repurposed to close budget shortfalls, with the state putting the projects on hold or issuing bonds to continue them.

Calling the current fiscal environment "a period of unsettled normalcy," Dean suggested a careful dissection of the causes of the steep rises in state revenue in recent years.

Yes, more federal dollars and temporary shifts in consumer spending were contributors, he said. But that's not all

"There is a lot of spending right now, or at least an increasing share of spending, that's coming out of wealth from the Baby Boomers," Dean said. "That's why I think we've underforecasted [in recent years]."



On the flip side, and over the longer term, less wealth accumulation among younger generations could result in less spending. That ultimately affects states' bottom lines. Dean noted generational differences in his own family to underscore the point.

"What I really worry about is my kids," Dean said. "They're going to be out there renting and not having that asset [of a house], and not having what in economics is called the wealth effect — even if you're not actually using your assets, you spend."

Article written by Tim Anderson, CSG Midwest director of policy and research. He can be reached at *tanderson@csg.org*.

ENERGY

Keeping the lights on: Reliability of grid will depend in part on how states respond to changes in the economy, energy mix and policy environment

aught between rising demand for electricity, the retirement of old generating plants and the slow pace of construction of new transmission lines, the Midwest's electrical grid is in a perilous situation, a panel of energy and utility experts told legislators in July.

Ohio Sen. Bill Reineke, chair of the Midwestern Legislative Conference, helped organize and host the plenary session at the MLC Annual Meeting.

Leading and moderating it was Tony Clark, a former North Dakota state legislator who also has served as a member of the Federal Energy Regulatory Commission and as chairman of the North Dakota Public Service Commission.

"Today's topic can get weedy really fast," said Clark, now a senior advisor to the law firm Wilkinson, Barker, Knauer, LLP. "It's one of the more complicated ones [that] state policymakers deal with."

STATES' 3 REGULATORY MODELS

As a starting point, Clark described the three types of regulatory models used by states to govern electricity markets: traditional, fully restructured and hybrid.

Sixteen U.S. states, but none in the Midwest, have what would be classified as a purely traditional model, he said: one vertically integrated utility controls generation, transmission (the high-voltage lines from generating plants) and distribution (the wires to homes and businesses) as part of a stateregulated monopoly.

In contrast, Illinois and Ohio have fully restructured, deregulated electricity systems. (Michigan often is identified as a "partially restructured" market.) This means that the utilities "unbundle" generation, transmission and distribution, and retail electricity markets are open and competitive. Distribution is regulated by the state, generation and transmission by the Federal Energy Regulatory Commission.

All other states in the region, Clark said, have some kind of hybrid system, with a regulatory framework that is part traditional, part restructured.

4 PRESSURES ON THE GRID

Concern over reliability is common across many states, regardless of the regulatory model, and Clark said much of it comes from a confluence of factors.

First, unanticipated, rapid load growth has occurred due to a rise in electric vehicle fleets, an onshoring of industries, and the opening of many new energy-intensive data centers. Nationally, growth is about 1 percent annually, which doesn't sound like much but is more than double what the demand increase has been, year over year, in recent history, he said.

Second, older generating plants have been retired. Third, these two trends are happening in a "carbon-

constrained environment," the result of state and federal policy choices or corporate buying practices/preferences.

Lastly, Clark said, "There's no silver bullet that will replace that much capacity in a short amount of time that's carbon-free."

With that setup, Clark

asked the session's panelists

— all leaders in the energy
and electricity sectors

— what they most want

— what they most want legislators to know about maintaining a reliable electric grid.

'KNOW YOUR COMMISSIONERS'

One of their messages was to embrace the role, and opportunity, of bringing all stakeholders together to develop long-term outlooks and policy strategies. Few groups have the kind of convening power that state elected officials do.

Engage in conversations with your utilities and co-ops, and with all players in this field because they must be part of addressing the complex, difficult issues at play, said Maria Haberman, vice president of Ohio external affairs for American Electric Power and a former Ohio Senate staffer.

Todd Snitchler echoed some of these sentiments.

"If you don't know your [public utility] commissioners, and you're on committees with jurisdiction, you ought to know them," and not just from their testimony in committees, but from meetings where you can learn about issues, said Snitchler, a former Ohio legislator and current president and CEO of the Electric Power Supply Association.

"Your state commissions typically have deep technical expertise, and those people want to help. They want to share the information they have so you can make better informed decisions."

J. Arnold Quinn, senior vice president of regulatory policy at Texas-based Vistra Corp., and a former FERC staffer, urged lawmakers to resist calls to always "do something"; rash decisions, he said, can upset what markets may already be correcting.

For energy generators such as Vistra, Quinn said, projections of load growth look like a stable situation for long-term investments to meet that increased demand, but only if there is regulatory certainty.

"We don't need a guarantee, we just need some sufficient level of confidence that the rules of the game are not going to change after we've made a big investment," he said. "Just be mindful of how decisions you make affect those investment decisions."

'LIGHTS ON, BEER COLD, WATER WARM'

Snitchler highlighted two paramount issues for legislators



to consider today, and for the foreseeable future.

There is enough power now for the U.S. economy, he said, but load growth is coming. Complicating matters are the unknowns about that growth; there are wide variations in the predictions about how much new generation will be needed and when.

"Reliability is now front and center," said Snitchler, who also has served as a vice president of market development at the American Petroleum Institute and as a past chair of Ohio's Public Utilities Commission and Power Siting Board.

Second, Snitchler said there is a "misalignment" between the aspirational goals of policymakers for cheap, low-carbon electricity and the operational realities of electric and natural gas systems.

The former is fine, but hard and fast deadlines create stresses on systems that are otherwise manageable, he said

"All these policy decisions made at the state and federal levels have costs associated with them," Snitchler said. "As market participants, we want to help achieve those outcomes. But in the end, if consumers can't afford it, then they don't support it.

"Consumers want three things: lights on, beer cold, water warm."

According to Chris Zeigler, executive director for API Ohio, a division of the American Petroleum Institute, and a former Ohio legislative and congressional aide, natural gas is and will be the best near-term option to accommodate growing demand — especially for facilities that rely on baseload electricity 24 hours a day, seven days a week.

Natural gas is the largest source, 43 percent of utility-grade electricity generation, and more is available, he said.

"There are challenges with natural gas, but we believe it can help us tackle load growth issues if the right policies are in place," he added.

Jon Davis is CSG Midwest staff liaison to the Midwestern Legislative Conference Energy & Environment Committee. He can be reached at *jdavis@csg.org*. Illinois Sen. Laura Ellman and Indiana Rep. Ethan Manning serve as committee co-chairs. Ohio Rep. Sharon Ray is the vice chair. This energy session was held separately from the work done by the committee at this year's MLC Annual Meeting.

MANAGING THE REGION'S GRID

Below are the 10 U.S. transmission regions. Nearly all of the 11-state Midwest is part of one of three regions, which are managed by an independent service or regional transmission operator. A central function of these authorities is to deliver reliable, cost-effective power to consumers.

- MISO (Midcontinent Independent System Operator) covers all or parts of 15 U.S. states and the province of Manitoba. States include Illinois, Indiana, Iowa, Michigan, Minnesota, North Dakota, South Dakota and Wisconsin.
- PJM covers all or parts of 13 U.S. states, including Illinois, Indiana, Michigan and Ohio.
- SPP (Southwest Power Pool) covers all or parts of 14 U.S. states, including Iowa, Kansas, Minnesota, Nebraska, North Dakota and South Dakota.

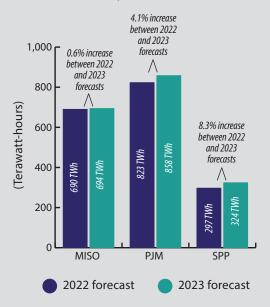


Source for map: Federal Energy Regulatory Commission

CHANGING, AND RISING, ESTIMATES OF FUTURE ENERGY NEEDS

Late last year, based on an analysis of filings with the Federal Energy Regulatory Commission, Grid Strategies released a report comparing recent forecasts of increased energy demand by the year 2028. The title of the report reflects its findings: "The Era of Flat Energy Demand is Over." It compared filings from 2022 and 2023. Nationally, forecasted energy demand increased by 158 TWh from the 2022 to the 2023 FERC filings; that more than doubled the growth forecast for the next five years (3.8 percent to 7.8 percent). Below are findings for the Midwest.

FORECASTS OF ENERGY DEMAND IN YEAR 2028 FOR THE MISO, PJM AND SPP REGIONS



SOURCES OF ELECTRICITY GENERATION (ON AUG. 15, 2024)					
	MISO	РЈМ	SPP		
Coal	32.8%	14.0%	33.6%		
Natural gas	38.6%	46.5%	48.0%		
Nuclear	11.2%	25.9%	3.1%		
Wind	8.6%	1.9%	9.3%		
Solar	3.3%	4.5%	0.8%		
Other	5.5%	7.2%	5.2%		
Sources: MISO, PJM and SPP					



THANK YOU TO THIS YEAR'S SPONSORS OF THE MLC ANNUAL MEETING

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Columbia Gas of Ohio Corteva AgriScience **Edison Electric Institute** Fisher-Titus Medical Center Geenex Solar National Waste Recycling Association

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CSG MIDWEST NEWS & EVENTS

TWO LEGISLATORS JOINING FOUR-OFFICER TEAM OF CSG MIDWESTERN LEGISLATIVE CONFERENCE

The Council of State Governments' Midwestern Legislative Conference has chosen a Government of Saskatchewan minister and a first-term Nebraska legislator as its two new committee officers. The selections process took place in July at the MLC Annual Meeting.

Saskatchewan Minister Lori Carr has been seated as MLC first vice chair.

First elected to the Saskatchewan Legislative Assembly in 2016, Carr currently serves as Saskatchewan Minister of Highways and Government House Leader. She has previously held several other ministry and leadership positions during her eight years in office.

Nebraska Sen. Brad von Gillern will become MLC second vice chair later this year. He was elected to the Unicameral Legislature in 2022 and quickly emerged as key state leader on economic and finance policy, serving as vice chair of the Revenue Committee. He is a 2023 graduate of the MLC's Bowhay Institute for Legislative Leadership Development.

Ohio Sen. Bill Reineke is chair of the MLC. Carr will assume this leadership Brad von Gillern post in December 2024. The other MLC officers are Michigan Sen. Roger Victory, immediate past chair, and Minnesota Sen. Mary Kunesh, second vice chair. She becomes first vice chair later this year.





ABOUT THE MLC

This four-officer team, along with an Executive Committee of legislators from across the Midwest, guides the work of the MLC. All legislators from 11 Midwestern states and the province of Saskatchewan are members of the MLC. The provinces of Alberta, Manitoba and Ontario are affiliate

With staff support from CSG Midwest, the MLC fosters information sharing and collaboration, provides policy resources and assistance, and offers leadership and professional development opportunities for legislators.



HOW TO ADDRESS TEACHER SHORTAGES: NEW RESOURCE FOR MIDWEST LEGISLATORS

As part of its support of the Midwestern Legislative Conference Education and Workforce Development Committee, CSG Midwest has developed a new resource for legislators on how to address teacher shortages.

The Issue Brief explores a wide range of strategies, from

investments in new scholarship and loan forgiveness programs, to changes in licensure requirements, to help for education paraprofessionals in becoming licensed teachers. It is available at csgmidwest.org, where you also can find a related legislative tracker and access a recent committeeled webinar on teacher shortages.



Derek Cantù, CSG Midwest staff liaison to the committee, wrote the Issue Brief.

LEARN, COLLABORATE, LEAD: A LOOK AT THE CSG MIDWESTERN **LEGISLATIVE CONFERENCE ANNUAL MEETING IN COLUMBUS**



Ohio legislators and legislative staff put in countless hours of work to make this year's MLC Annual Meeting a success. Leading much of that effort were Ohio Sen. Bill Reineke, MLC chair, and Ohio Senate President Matt Huffman (pictured here). And special thanks goes out to Averel Meden, the Ohio Senate's director of strategic initiatives, for her invaluable contribution as host state coordinator.







all meeting photos taken by Matt Shadle, digital media manager for the Ohio Senate

LEGISLATORS OK 3 RESOLUTIONS AT MLC MEETING

n the final day of this year's Midwestern Legislative Conference Annual Meeting, participating lawmakers approved three policy resolutions on federal workforce policy, the U.S.-Canada border and relations with Taiwan.

CALL FOR MODERNIZED WORKFORCE LAW

Workforce Innovation and Transformation is this year's MLC Chair's Initiative of Ohio Sen. Bill Reineke, who led work on an MLC resolution urging the U.S. Congress to reauthorize the Workforce Innovation and Opportunity Act.

The resolution singles out several provisions that lawmakers say would help modernize the WIOA and reflect state priorities and innovations in workforce policy. That includes funding flexibility for states to implement sector-based workforce strategies; an expansion of work-based learning opportunities for young people; more employment training for justice-involved individuals; and codification of a grant program for community colleges to build sector-based career pathway programs in high-demand fields.

CONCERN ABOUT BORDER RULE ON DOGS

The MLC passed a resolution calling for an 18-month delay at the U.S. northern land border regarding a rule that imposes new requirements on people entering this country from abroad with a dog. Additionally, the resolution asks U.S. health officials to consider a permanent exemption for those entering the United States from Canada.



Lori Carr, MLC first vice chair, oversees the resolutions process in July at a business session of the Midwestern Legislative Conference. The MLC passed three resolutions at its Annual Meeting in Columbus. (photo: Matt Shadle, Ohio Senate)

The intent of the regulation is to prevent dog rabies from entering the U.S. The MLC resolution notes, though, that Canada shares the same rabiesfree status as the United States, and that it has measures in place to address the risk of dog rabies from off-shore.

SUPPORT FOR MIDWEST-TAIWAN RELATIONS

In commemoration of the 45-year anniversary of the Taiwan Relations Act, legislators affirmed continued support of the relationship between the MLC's 11 Midwestern states and Taiwan.

The full text of all three resolutions is available at csgmidwest.org.

The MLC Annual Meeting is typically the venue for legislators to consider policy resolutions. A bipartisan committee reviews and votes on these resolutions before they are sent to a vote of the full MLC.

The Council of State Governments was founded in 1933 as a national, nonpartisan organization to assist and advance state government. The headquarters office, in Lexington, Ky., is responsible for a variety of national programs and services, including research, reference publications, innovations transfer, suggested state legislation and interstate consulting services. The Midwestern Office supports several groups of state officials, including the Midwestern Legislative Conference, an association of all legislators representing 11 states (Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin) and the Canadian province of Saskatchewan. The provinces of Alberta, Manitoba and Ontario are MLC affiliate members.

GRADUATION OF BILLD FELLOWS CAPS A SUCCESSFUL YEAR FOR LEADERSHIP PROGRAM

or the 29th year, a bipartisan group of state and provincial lawmakers from the Midwest took part in an intensive five-day program designed to help advance the skills needed for legislative success. This year's Bowhay Institute for Legislative Leadership Development, a signature program of The Council of State Governments' Midwestern Legislative Conference, was held in August in Madison, Wis. See below for photos of the 2024 BILLD class. Selections of this year's class were made in May by the MLC's BILLD Steering Committee, a bipartisan group of legislators from 11 Midwestern states.

ABOUT BILLD

BILLD's highly interactive curriculum includes a series of leadership training courses and professional development workshops in areas such as conflict resolution, negotiation, consensus building and public speaking.

The program also includes expert-led policy seminars as well as sessions led by the region's legislative leaders.

Along with advancing leadership and policymaking skills among the region's newer legislators, BILLD provides the opportunity for networking and relationship building across partisan, state and state-provincial lines.

BILLD Steering Committee Officers



co-chair





About the BILLD selection process

- ✓ Legislators from the 11-state Midwest, in their first four years of legislative service, are eligible to apply for a BILLD **Fellowship**
- ✓ The application process is overseen by the BILLD Steering Committee, a bipartisan group of legislators from the Midwest led by two co-chairs and two covice chairs
- ✓ The BILLD Steering Committee meets every spring to select the year's BILLD **Fellows**
- ✓ Interested in applying for a 2025 Fellowship? Contact BILLD program manager Mitch Arvidson at marvidson@csq.org or 630.925.1922



A PATH TO LEADERSHIP

CSG Midwest provides staff support to the MLC and its various products and services, including BILLD. The institute counts more than 1,000 current and former legislators as alumni. Graduates have gone on to serve as leaders in their legislatures and state executive branches; others are now serving in the U.S. Congress.

Anna Moeller,

co-chair

This year, three BILLD Fellows are serving as house speaker or senate president in a legislative chamber of the Midwest. Another nine are majority or minority caucus leader; two are majority caucus floor leader; and four are house speaker pro tempore or senate president pro tempore.

INTRODUCING THIS YEAR'S 2024 BILLD FELLOWS

ILLINOIS



Haas



Rep. Abdelnasser Rashid



Rep. Dennis **Tipsword**

INDIANA

MICHIGAN



Rep. Joanna King



Rep. Renee **Pack**



Sen. Rodney

IOWA



Sen. Dave Rowley

MINNESOTA



Rep. Megan Srinivas

KANSAS



Rep. Jason







Rep. Laura



Sen. Scott

Alexander

Rep. Joseph **Aragona**



Rep. Jennifer



Rep. Kimberly



Rep. Mike

Rep. Steven

Bradley



Sen. Zaynab



Rep. Patricia



NEBRASKA



Holdcroft



Ibach



Sen. Jeffrey Barta



NORTH DAKOTA

Rep. Liz Conmy

WISCONSIN



Rep. Jeremy Olson



Rep. Munira Abdullahi



OHIO

Sen. Brian Chavez

CANADIAN PROVINCES



Grim

SOUTH DAKOTA







Rep. Clinton Anderson



Rep. Deb Andraca



Rep. Jenna Jacobson

Alberta MLA

Shane Getson



Mike Moroz



Bhutila Karpoche

BILLD Steering Committee Officers | Co-Chairs: Illinois Rep. Anna Moeller and Iowa Sen. Amy Sinclair | Co-Vice Chairs: Michigan Rep. Ann Bollin and Kansas Rep. Jarrod Ousley

Through the Bowhay Institute for Legislative Leadership Development, or BILLD, CSG Midwest provides annual training on leadership and professional development for newer state and provincial legislators from this region. This page provides information related to the BILLD program, leadership development and legislative leadership. CSG's Midwestern Legislative Conference BILLD Steering Committee — a bipartisan group of state and provincial legislators from the Midwest — oversees the program, including the annual selection of BILLD Fellows.

STATELINE MIDWEST STATELINE

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CSG EVENTS

CSG Midwestern Legislative Conference Fall Webinar Series

Visit *csgmidwest.org* to find dates for this upcoming series covering topics such as agriculture, criminal justice, education, energy, the environment and health.



Meeting of the Midwestern Legislative Service Agency/Research Directors Group

October 25-26, 2024 | Chicago, Illinois Contact: Mitch Arvidson ~ marvidson@csg.org 630.925.1922 | csgmidwest.org



Midwest Interstate Passenger Rail Commission Annual Meeting

November 18-20, 2024 | St. Paul, Minnesota Contact: Laura Kliewer ~ *Ikliewer@miprc.org* 630.925.1922 | *miprc.org*



CSG National Conference

December 4-7, 2024 | New Orleans, Louisiana Contact: registration@csg.org 859.244.8000 | csg.org



Midwestern Legislative Conference Annual Meeting

July 27-30, 2025 | Saskatoon, Saskatchewan Contact: Jenny Chidlow ~ *jchidlow@csg.org* 630.925.1922 | *csgmidwest.org*



Bowhay Institute for Legislative Leadership Development

August 22-26, 2025 | Madison, Wisconsin Applications will be available in late 2024

Contact: Mitch Arvidson ~ marvidson@csg.org 630.925.1922 | csgmidwest.org



STATELINE MIDWEST

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