



**The Council
of State
Governments**

2024 Legislative Recap

2025 Legislative Preview

Midwestern Higher Education Commission

November 19, 2024

Overland Park, Kansas

LEGISLATIVE RECAP/SUMMARY

Today's presentation

- State Fiscal/Economic Picture
- 2024 Legislative Summary – Midwest State
- 2024 Midwestern Elections Recap
- 2025 Legislative Preview – Issues to Watch in the Midwest

THE ECONOMIC & FISCAL PICTURE

THE ECONOMY

Historic economic soft landing?

- A slowdown in growth without triggering a recession
- Signs are consistent with a soft landing
 - Controlled/moderated inflation
 - Resilient labor market

THE ECONOMY

Positive economic signs

- Expanded GDP: 2.8% (2024 Q3)
- Inflation rate: 2.6% (Oct) – very close to pre-pandemic levels
- Growth in consumer spending: 3.7% annual rate (2024 Q3)
- Personal Income:
- Interest rate cuts: Sept (0.5%) and Nov (0.25%) – the first time since March 2020
- Unemployment: close to 50-year lows in recent months

ECONOMY: UNEMPLOYMENT

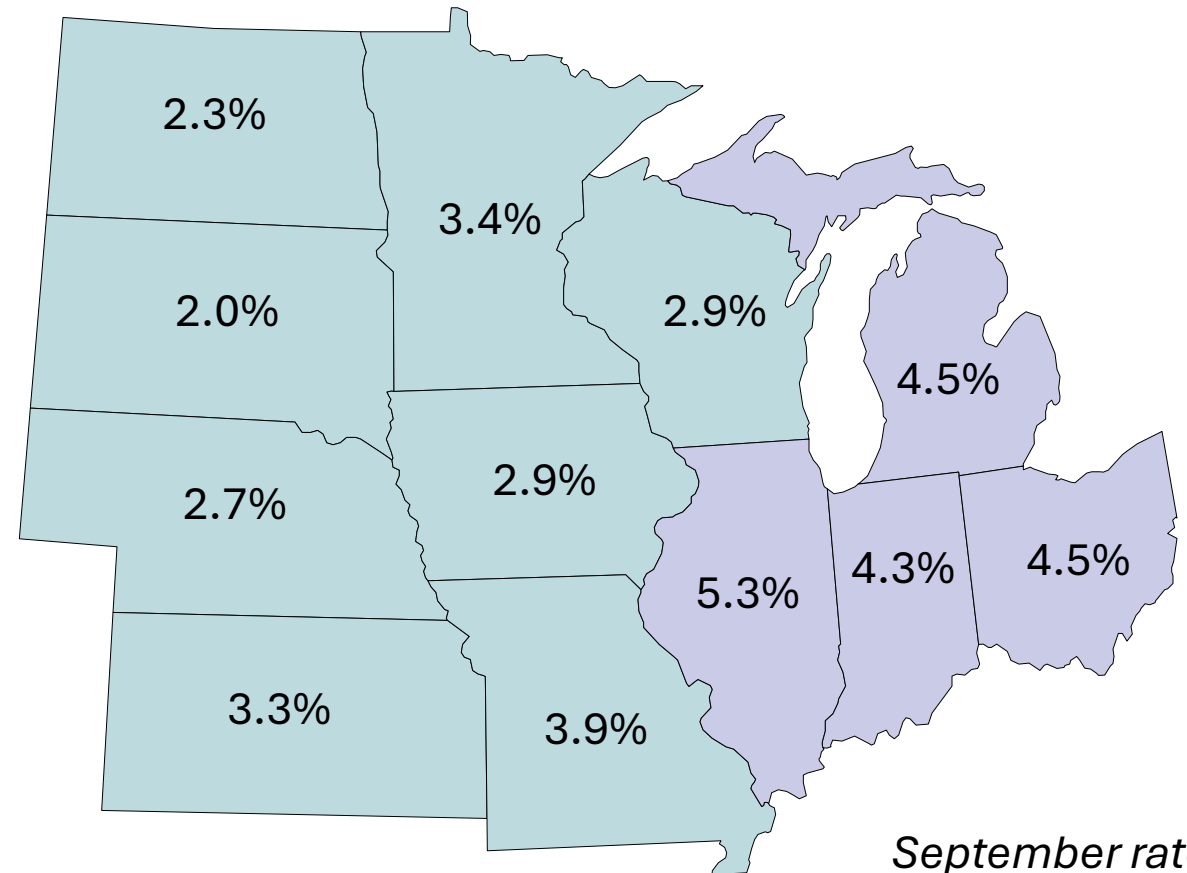
September Unemployment Rates

- National rate: 4.1%
- Five states (SD, ND, NE, IA, WI): among the lowest 8 rankings
- Illinois: 5.3% (ranks 48th)

But...

Labor force participation still remains an issue, and...

1.5 million labor shortages in the Midwest states



September rates

STATE BUDGETS/FINANCES

Fiscal Years 2023 and 2024

- Strong fiscal conditions
- Unprecedented growth in general fund revenues and spending
- Median rainy day fund balances (as percent of spending)
 - 12.3% (FY 23); 13.2% (FY 24)

STATE BUDGETS/FINANCES

Fiscal Year 2025

- Revenue growth and spending: extremely strong in recent year, but not sustainable
 - Unwinding of federal stimulus funds
 - Tax growth is slowing (more inline with projections)
- General fund spending: down 6% from FY 23 (but overall, 1.1% increase)
- General fund revenue: projected to increase 1.6%

STATE BUDGETS/FINANCES

What we will see in Fiscal Year 2025: Caution and Constraint

- Revenue Pressures: Impact of tax cuts as well as slowing inflation and economic growth on revenues
- States are well prepared for a “rainy day”
- General fund revenues will perform closer to projections with less surplus revenue
- Wind down of pandemic-era federal funding
- A return to normal budgeting with little to no new revenue, hard choices, and the need to prioritize

2024 Legislative Sessions

THE LEGISLATIVE LANDSCAPE

- Healthy state fiscal conditions, but consumer concerns consumers over inflation and higher prices
- Election year dynamics
- Heightened partisanship
- Redistricting

TOP ISSUES

- Taxes and Tax Relief (in particular property taxes)
- Education
- Workforce/Labor
- Energy and Environment
- Technology/Artificial Intelligence

TOP ISSUES

- Healthcare/Public Health
- Social Issues (guns, abortion, transgender issues)
- Housing
- Childcare
- Criminal Justice/Public Safety
- And...

NEW STATE FLAG FOR MINNESOTA



NEW STATE FLAG FOR MINNESOTA



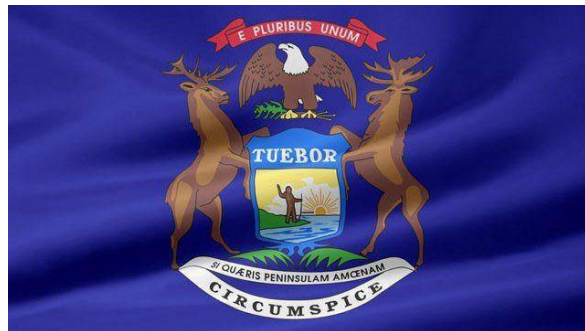
MIDWEST

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MORE FUN WITH FLAGS



2025



?

2024 General Elections

November 5, 2024

2024 ELECTIONS

- Gubernatorial races: 36 states, including 3 of 12 in the Midwest (Indiana, Missouri, and North Dakota)
- State legislative races: 46 states; every chamber in the Midwest except Michigan and Minnesota Senates
- Ballot measures: >140 in 41 states; 33 in 10 Midwestern states
- Many others . . .

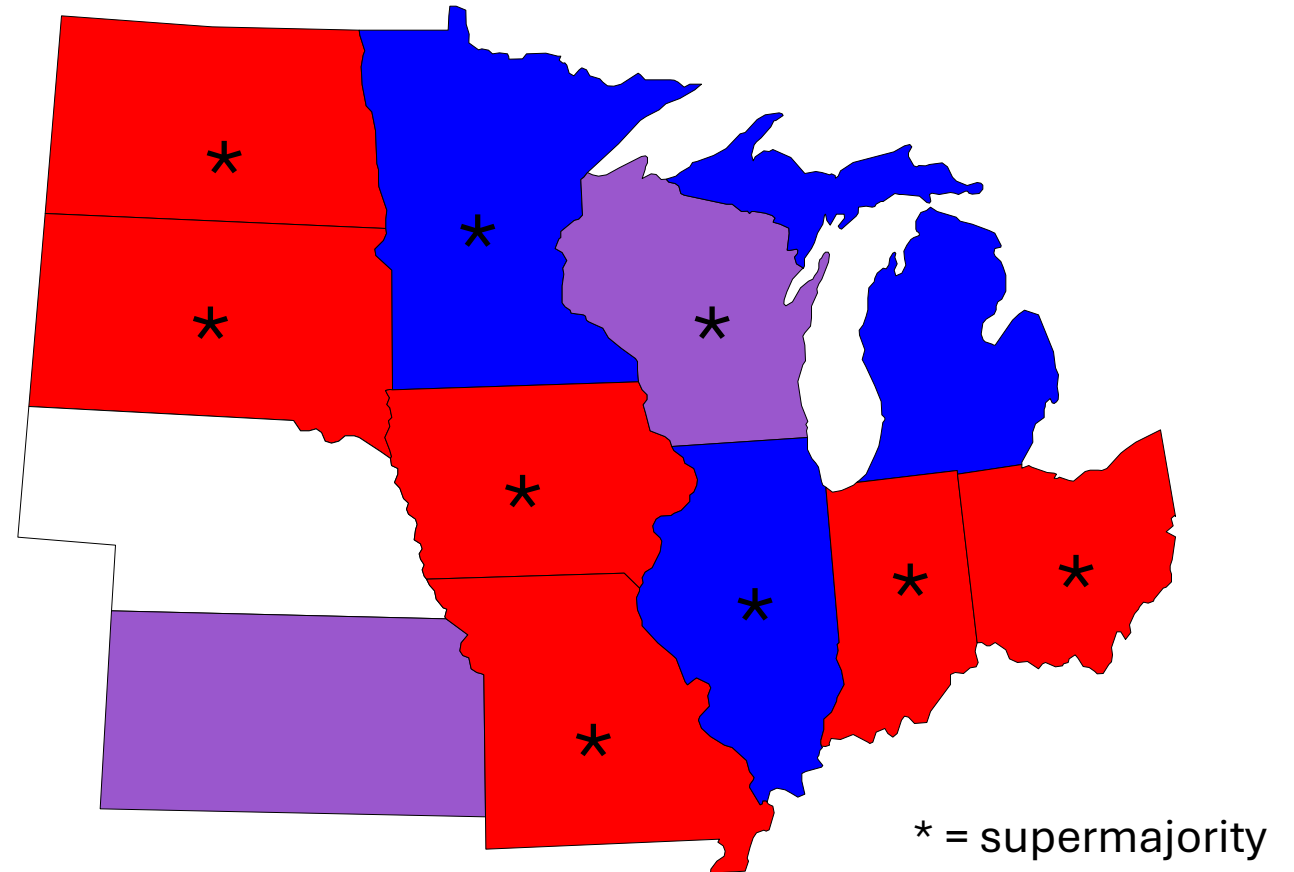
PARTISAN CONTROL IN MIDWESTERN STATES 2023-24

Executive/legislative control

- **Unified control (9 states)**
 - Republican: IN, IA, MO, ND, OH, SD
 - Democrat: IL, MI, MN
- **Split party control**
 - KS & WI (Republican legislatures with Democratic governors)

Control by chamber

- Republicans: 16 chambers
- Democrats: 6 chambers



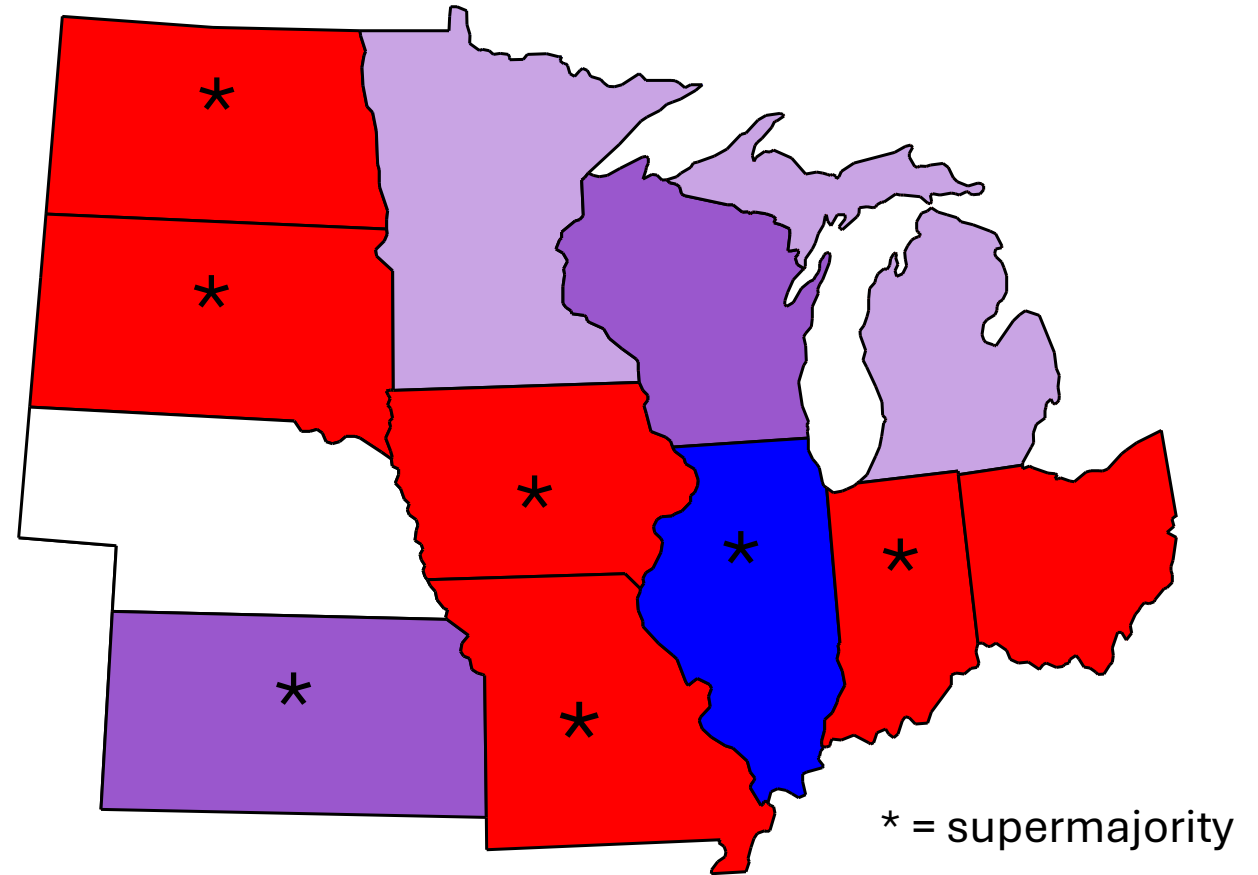
PARTISAN CONTROL IN MIDWESTERN STATES 2025

Executive/legislative control

- **Unified control (7 states)**
 - Republican: IN, IA, MO, ND, OH, SD
 - Democrat: IL
- **Split party control**
 - KS & WI (Republican legislatures with Democratic governors)
 - MI (Democratic Senate and Governor; Republican House)
 - MN (Democratic Senate and Governor; Tied House)

Control by chamber

- Republicans: 17 chambers (+ 1 tie)
- Democrats: 4 chambers



2024 ELECTION RESULTS IN MIDWEST

- Rs flip MI House; Rs and Ds: tied in MN House
- 3 new governors (Indiana, Missouri, North Dakota) – no partisan change
- Rs control 17 of 22 partisan chambers (and tied in one), and will hold the majority of total seats (likely ~ 63%)
- Unified control in 7 states (6 R, 1 D); divided government in 4 (KS, MI, MN, WI)

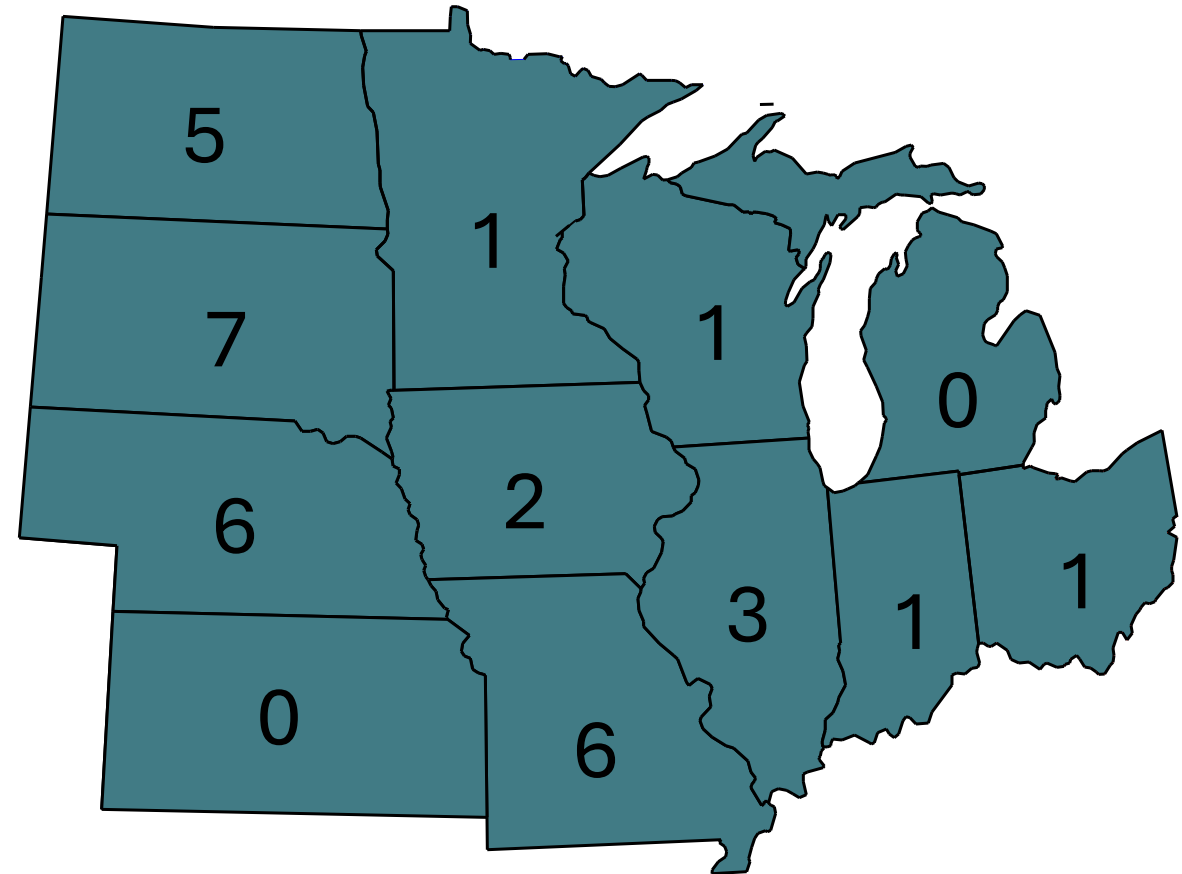
MIDWESTERN STATE PARTISAN CONTROL 2025 LEGISLATIVE SESSIONS

| State | Governor | Governor | House | Senate |
|--------------|------------------------|----------|----------------|--------|
| Illinois | JB Pritzker | D | D | D |
| Indiana | Mike Braun | R | R | R |
| Iowa | Kim Reynolds | R | R | R |
| Kansas | Laura Kelly | D | R | R |
| Michigan | Gretchen Whitmer | D | R | D |
| Minnesota | Tim Walz | D | R-D tie | D |
| Missouri | Mike Kehoe | R | R | R |
| Nebraska | Jim Pillen | R | ----- | NP |
| North Dakota | Kelly Armstrong | R | R | R |
| Ohio | Mike DeWine | R | R | R |
| South Dakota | Kristi Noem | R | R | R |
| Wisconsin | Tony Evers | D | R | R |

Ballot Measures

BALLOT MEASURES – NOVEMBER 5, 2024

- Nationally: 146 statewide ballot measures in 41 states
- Midwest: 33 statewide ballot measures in 10 states
 - 21 constitutional amendments in 9 states: IN, IA, MN, MO, NE, ND, SD, WI
 - 7 initiated state statutes in 4 states: MO, NE, ND, SD
 - 2 veto referendum in 2 states: NE, SD
 - 3 Non-binding, advisory referendum: IL



BALLOT MEASURES – MIDWEST STATES 2024

Abortion: 4 in the Midwest (11 measures nationally – record number)

- Missouri: constitutional right to reproductive freedom, including abortion – approved
- South Dakota: right to an abortion during the first trimester – rejected
- Nebraska: (1) rejected abortion rights measure; (2) approved prohibition after first trimester

Elections/Electoral System

- Ohio: rejected the creation of a citizen-led, nonpolitician redistricting commission
- Rank choice voting: Missouri and South Dakota prohibited
- Non-citizens voting: Iowa, Missouri, and South Dakota rejected

BALLOT MEASURES – MIDWEST STATES 2024

Taxes

- North Dakota: rejected a measure to eliminate the property tax
- South Dakota: opposed a prohibition on sales tax on “anything sold for human consumption”

Workers and Labor-Related

- Earned paid sick leave: Nebraska and Missouri – approved
- \$15 minimum wage: Missouri – approved
- Medicaid work requirement: South Dakota supported

BALLOT MEASURES – MIDWEST STATES 2024

Marijuana

- Medical marijuana – Nebraska approved
- Recreational marijuana – North Dakota and South Dakota both rejected

Veto Referendum (on existing law)

- South Dakota: repealed law easing restrictions on the building of carbon dioxide pipelines

Gaming/Gambling

- Missouri: rejected an additional gambling boat; approved sports betting

2025 Legislative Session Preview

KEY ISSUES – 2025 LEGISLATIVE SESSIONS

Budgets/Taxes

- Caution amid slowing revenues and unwinding of federal stimulus
- Continued tax relief efforts (especially property tax)

Post-Dobbs Abortion Policies (protections and restrictions)

Technology/Artificial Intelligence

- Rapid changes, consumer protections/privacy, broadband access

KEY ISSUES – 2025 LEGISLATIVE SESSIONS

Education

- School Choice; Cell phone use in the classroom; Student mental health

Skilled Workforce

- CTE; Apprenticeships; non-four-year degree credentialing

Child Care

- Affordability and availability; provider/worker pay

Housing

- Affordability and availability

KEY ISSUES – 2025 LEGISLATIVE SESSIONS

Energy

- Carbon-neutral standards; grid capacity and reliability; nuclear comeback

PFAS (Forever Chemicals)

- regulation and implementation of bans

Sports betting (Minnesota)

Death Penalty (Ohio)

THANK YOU!

The Council of State Governments Midwestern Office

Laura A. Tomaka

LTOMAKA@CSG.ORG | CSGMIDWEST.ORG

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