**Association of Government Accountants** 



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#### **Polling Question #1**

Was your agency or state/locality budget impacted by the pandemic?

- a. Yes, negatively (reduction)
- b. Yes, positively (plus up)
- c. No
- d. Unsure



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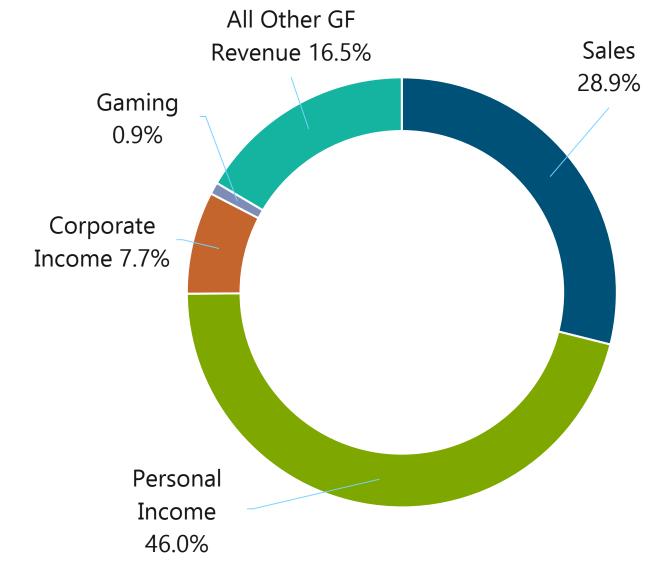


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#### Revenue Sources in the General Fund (%)

Estimated Fiscal 2021

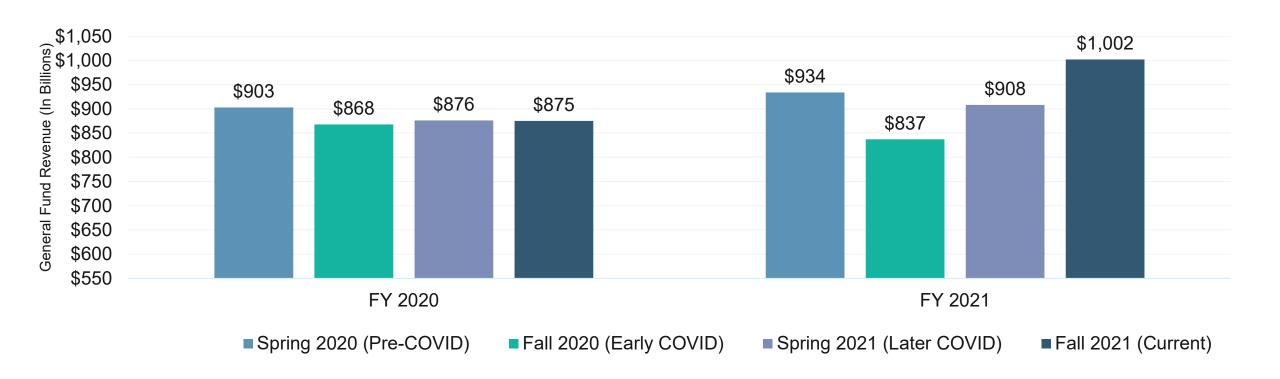


Source: NASBO State Expenditure Report



#### **COVID-19 Pandemic General Fund Revenue Estimates**

General Fund Revenue Estimates By Fiscal Year in Different Fiscal Survey Editions

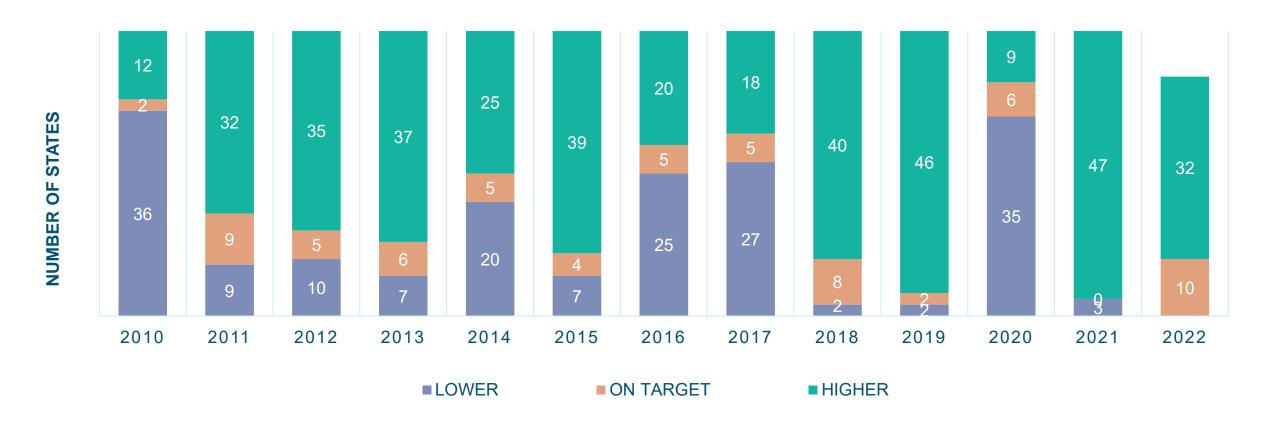


<sup>\*\*</sup>General fund revenue information reported in the Spring 2020 and Fall 2020 Fiscal Surveys was adjusted for this comparison to account for a change in Ohio's reporting methodology. Beginning in the Spring 2021 Fiscal Survey, Ohio began excluding federal Medicaid reimbursements from its general fund reporting.



#### **General Fund Revenue Collections**

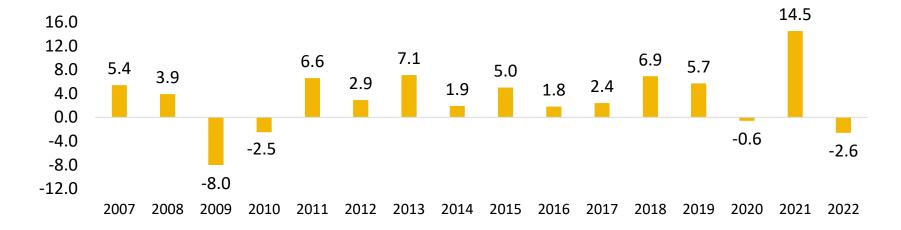
General Fund Revenue Collections Compared To Original Budget Projections (By Fiscal Year)



<sup>\*</sup> Fiscal 2022 is ongoing; figures are subject to change, and not all states were able to report this early in the fiscal year.



#### Annual General Fund Revenue Changes, Fiscal 2007 To Fiscal 2022 (Percentage Change)



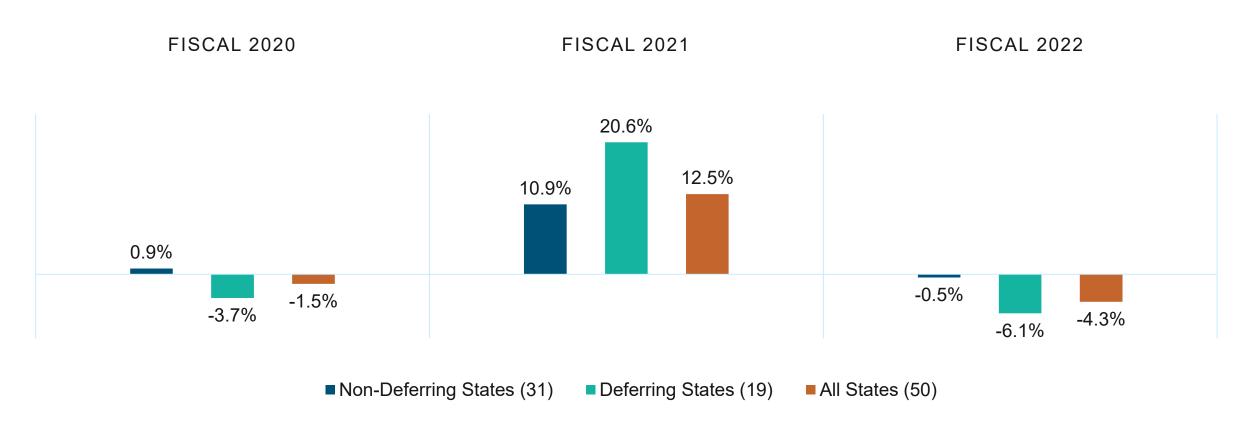
#### State Fiscal 2021 Revenue Increase Due in Part to One-Time Factors

A low baseline in fiscal 2020, the tax deadline shift in calendar year 2020, and the inclusion of federal funds and borrowing in some states' reporting contributed to the increase



### Tax Deadline Shift Impacts Year-Over-Year Calculations of Revenue Growth

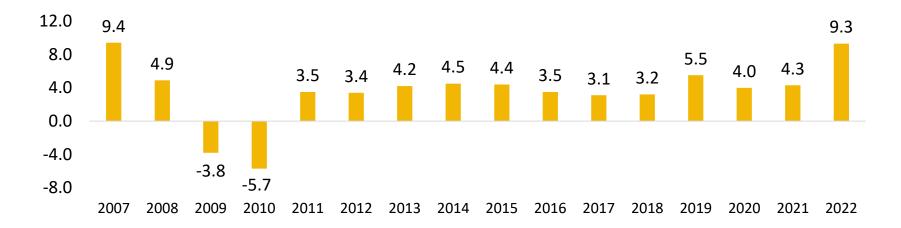
Median Annual Percentage Change in General Fund Revenue, Deferring and Non-Deferring States



Note: 19 "deferring" states recognized some revenue in fiscal 2021 instead of fiscal 2020 due to the tax deadline shift from April 15, 2020 to July 15, 2020.



#### Annual General Fund Spending Changes, Fiscal 2007 To Fiscal 2022 (Percentage Change)



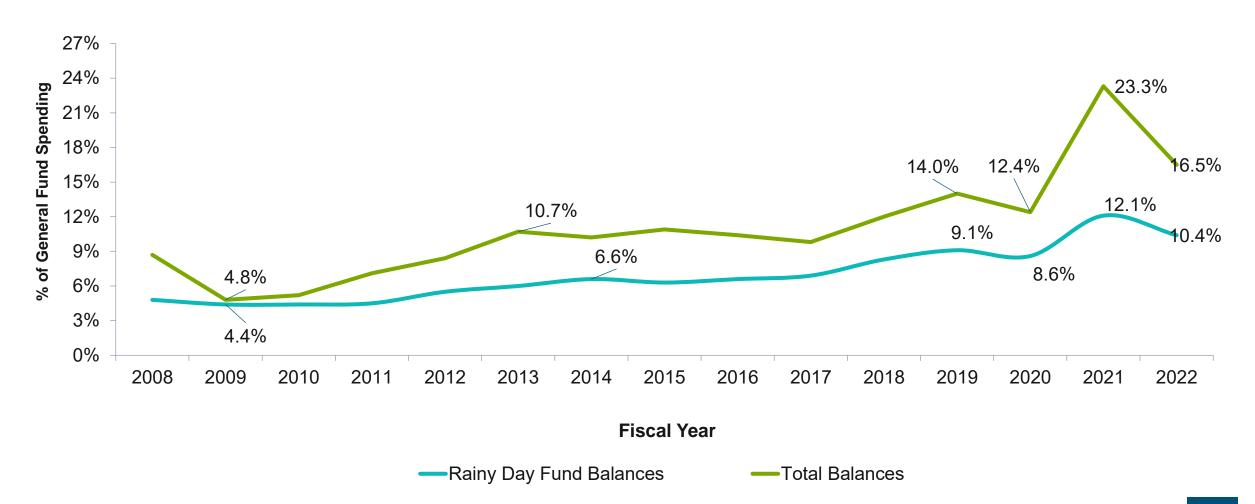
#### Fiscal 2022 Enacted Budgets Show Largest Spending Increase Since Fiscal 2007

Budget growth driven by improving revenue outlooks and a host of one-time factors



#### **State Rainy Day and Total Balances**

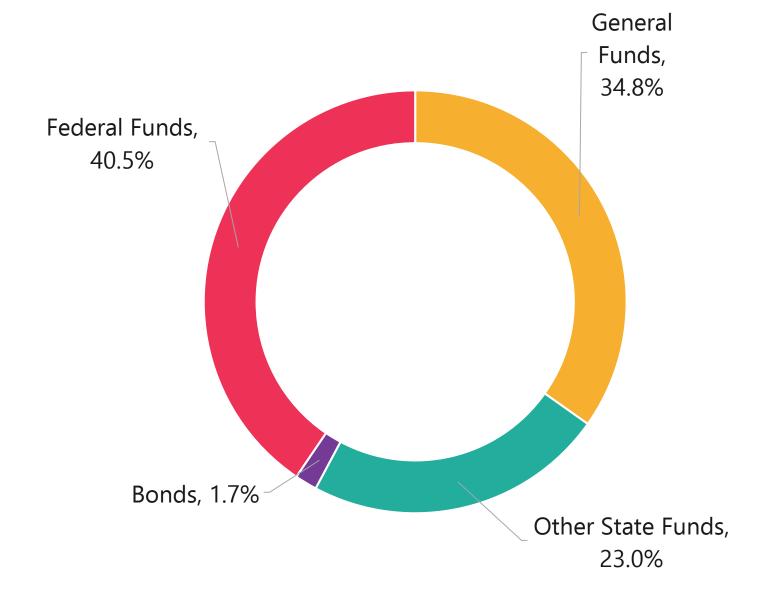
Rainy Day Fund Balances and Total Balances as a Percentage of General Fund Expenditures



### **Total State Expenditures**

By Fund Source

Estimated Fiscal 2021

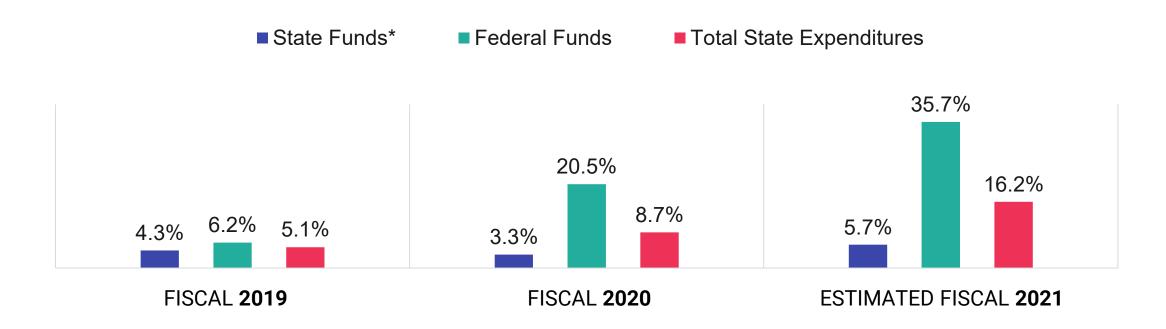


Source: NASBO State Expenditure Report



#### **Year-over-year Percentage Spending Growth**

By Fund Source



<sup>\*</sup>State funds are general funds and other state funds combined, excluding bonds. Total state expenditures are all federal and state funds.







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### **Shelby Kerns**Executive Director

National Association of State Budget Officers | NASBO











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#### **Polling Question #2**

Did revenue for your state/locality perform better or worse than expected in terms of impact on communities?

- a. Better
- b. b. Worse
- c. c. As expected
- d. d. Unsure





ARPA Spending: Trends and Processes

March 30, 2022

**Emily Maher** 

Senior Policy Specialist

Fiscal Affairs Program, NCSL

#### Flexible Spending for States





#### Distribution

- \$350 billion to state and locals
  - 195.3 billion states and the District of Columbia
  - \$4.5 billion territories
  - \$130.2 billion local governments
- Formula disbursement minimum allocation and unemployment rate
- Tranche disbursement
- Funds must be obligated by Dec. 31, 2024 and spent by Dec. 31, 2026.



#### Final Rule

#### Allowable uses:

- Emergency and Economic effects of pandemic
- Premium pay to essential employees or grants to their employers
- Government services affected by revenue reduction resulting from COVID-19
- Investments in water, sewer and broadband

#### Ineligible uses:

- Towards pensions or to offset revenue resulting in a tax cuts
- Rainy Day Funds
- Final Rule effective April 1

#### **More on Tranches**

- 30 states subject to split
- 20 states and the District of Columbia received full disbursement.
- Combined \$155.8 billion out the door initially.
- \$39.5 billion coming in May.

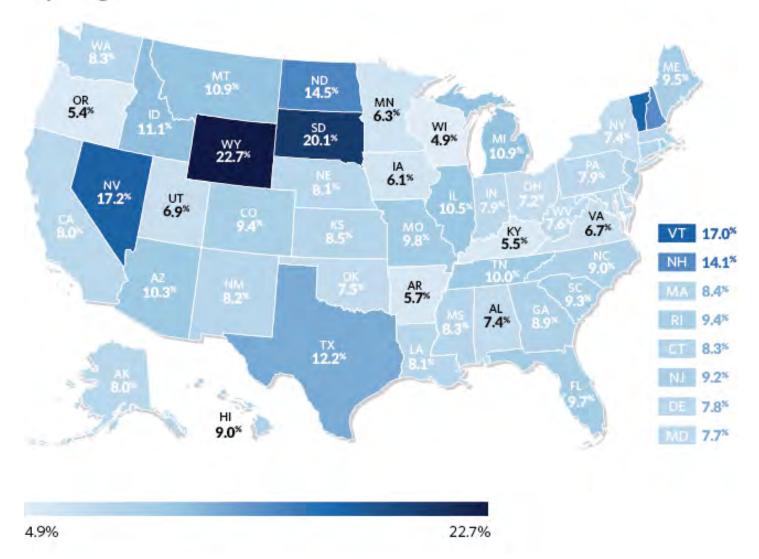




#### How ARPA Aid Compares With the Size of States' Budgets

Allocations range from 4.9% of total FY 2020 spending in Wisconsin to 22.7% in Wyoming





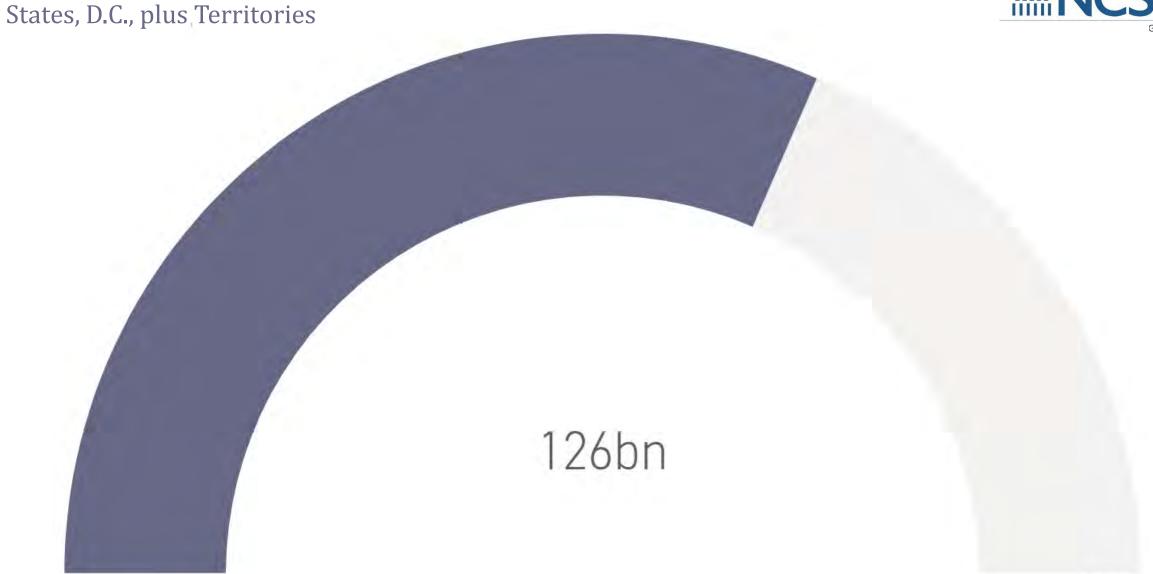
Source: The Pew Charitable Trusts, 2021, using U.S. Department of Treasury and National Association of State Budget Officer's data.

#### State CSFRF Allocations WA MT ND OR MNID WI SD WY PA IA NE NV OH NJ UT CA CO DE KS MO MD DC NC TN OK AZ AR SC NM Legislative GA At least 47 states, the AL MS District of Columbia, Executive TX and all territories Legislative have allocated CSFRF and Executive Has not allocated MP

#### Total Allocated vs. Est. Full Disbursement

Obn

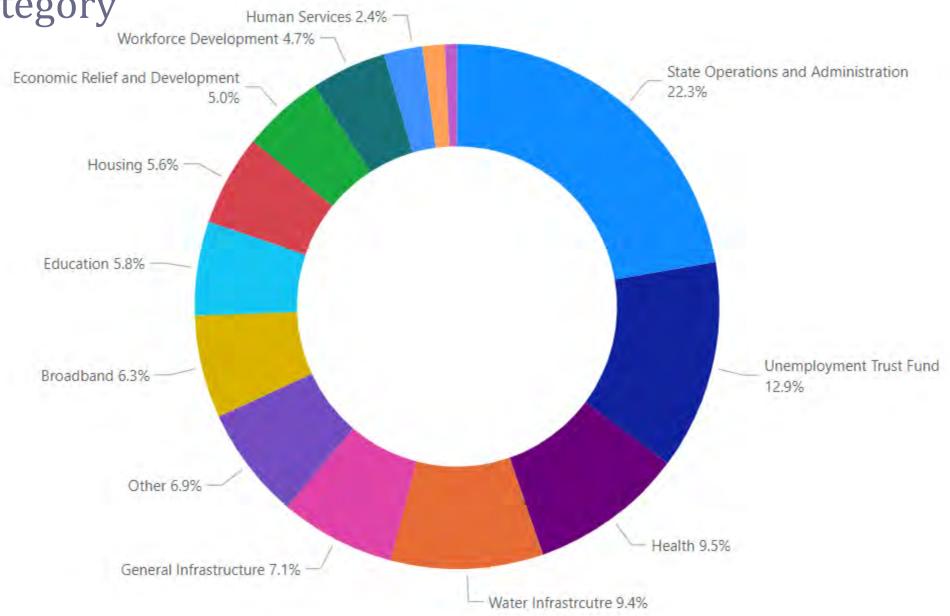




20

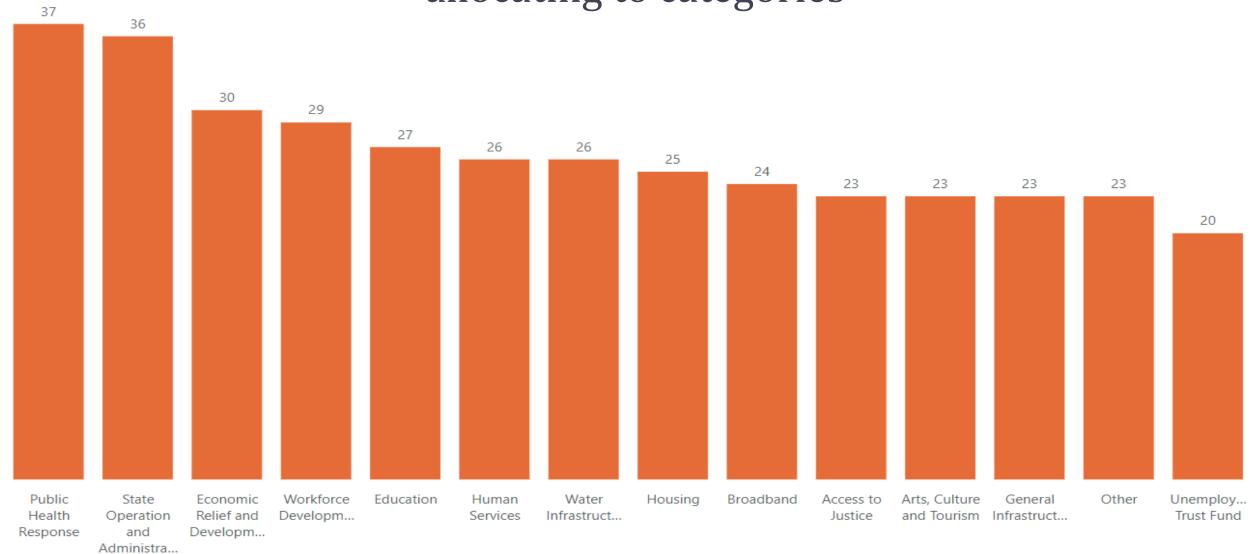
\$199.8bn

Amount Allocated Per Category



### Number of states and territories allocating to categories





#### Approaches to Priorities and Implementation











- Established a broad legislative framework.
- Determined specific uses by transfer of funds to existing and new cash funds.
- Governor created 3 bipartisan committees to consider proposals and make recs.
- Broadband; Water and Sewer; Economic Impact

- Governor's SPARK
  Taskforce
- Working Groups →
   Advisory Committee →
   Executive Committee
   → State Finance
   Council authorizes
   funds.
- Established a set of criteria for how to spend the funds.
- Scored proposals based on criteria
- Divided funds into buckets

- 3 phase recovery plan.
- Phase I Urgent Needs (now-Jan '22)
- Phase II Additional
   Recovery Projects (Jan '22)
- Phase III Multi-Year Recovery Projects

#### Avoiding the Fiscal Cliff



- Managing one-time expenditures
  - Non-recurring vs. recurring
  - Coordinating with local governments
  - Oversight measures
- Long-term fiscal planning
  - Multi-year budgeting practices
  - Innovative, big picture goals achieved strategically (e.g., housing, broadband, etc.)
  - Flexibility with investment strategies
  - Adjusting for influx of state revenues and federal stimulus
  - Planning beyond ARPA



Emily Maher

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Please feel free to reach out!

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#### **Polling Question #3**

Is your agency or state/locality developing lessons-learned/contingency plans for future budget "shocks"?

a. Yes, I feel comfortable that my agency is adequately prepared

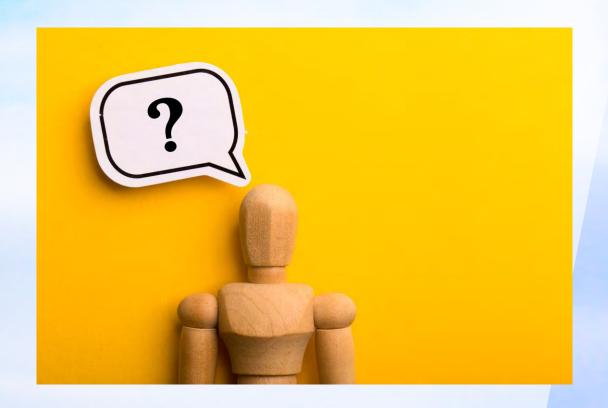
b. Yes, but I feel like we still have work to do

c. No

Unsure



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#### **Polling Question #4**

Which of the following describes you post-March 15, 2020?

a. Finding a comfortable spot on the couch and hunkering down

- b. Virtual meetings all day
- c. Kicking back with your legs on the table
- d. Grabbing comfort food throughout the day
- e. Trying to block out distractions

