THE STATE OF STATE BUDGETS
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States have enacted 27 supplemental appropriation bills.  
- Largely to health and human service agencies and for education.  
- Other supplemental appropriations have been introduced for business relief.  
- 10 states have authorized transfers from their rainy day fund accounts.
UNCERTAINTY AHEAD

- Just starting to get some official estimates, but uncertainty remains.
  - What does re-opening businesses look like?
  - How soon will jobs return?
  - How much pent up demand will there be from consumers?
Unofficially, some states are preparing for revenues that are 15-20% less than expected.

Significant reductions to FY 2020 and FY 2021 estimates.

- California, PIT, Sales and CIT could drop 25% over 14 months (about 41.2 billion)
- Colorado faces a $3.3 billion shortfall in FY 2021 (25% of the state’s general fund budget).
- In Kentucky’s “optimistic” scenario, general fund revenues for the first half of FY 2021 are projected to decline 10.5%, on top of a 2.3% decline in FY 2020.
States reliant on oil production and tourism especially vulnerable.

- Alaska revised their revenue estimate to assume $40 per barrel for oil, down from earlier assumptions of $59.
- North Dakota based its budget on $48 per barrel.
- In Hawaii 1 in 3 workers is unemployed.
STATE BUDGETS SQUEEZED

- Like the Great Recession, spending freezes and across the board reductions are some of the first tools to close budget gaps.
  - Georgia agencies asked to prepare for 14% cuts.
  - Utah asked agencies to prepare plans for 2%, 5% and 10% cuts.
- Demand for social service programs increases during times of economic downturns.
  - Eligibility for Medicaid.
  - 36 million Americans drawing unemployment.
Many states had an FY 2021 or biennial budget in place before the pandemic using estimates from December and January.

About 18 states still working on FY 2021 budgets.

States are getting creative passing continuing resolutions, extending fiscal years, and passing base budgets.

Many special sessions expected.
The CARES Act provided $150 billion in aid to state, local and tribal governments.

- Who has authority to allocate these funds?
- Money can be used for unexpected costs related to COVID-19 – states are working through allowable expenditures.
- The funds must be spent by December 30. States quickly creating mechanisms to track and report spending.
- Many states are waiting for additional guidance, or further Congressional action before spending the funds.
QUESTIONS & CONTACT INFORMATION

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