

# Federal Funding and Fiscal Cliffs

How to soften the landing

August 13, 2023

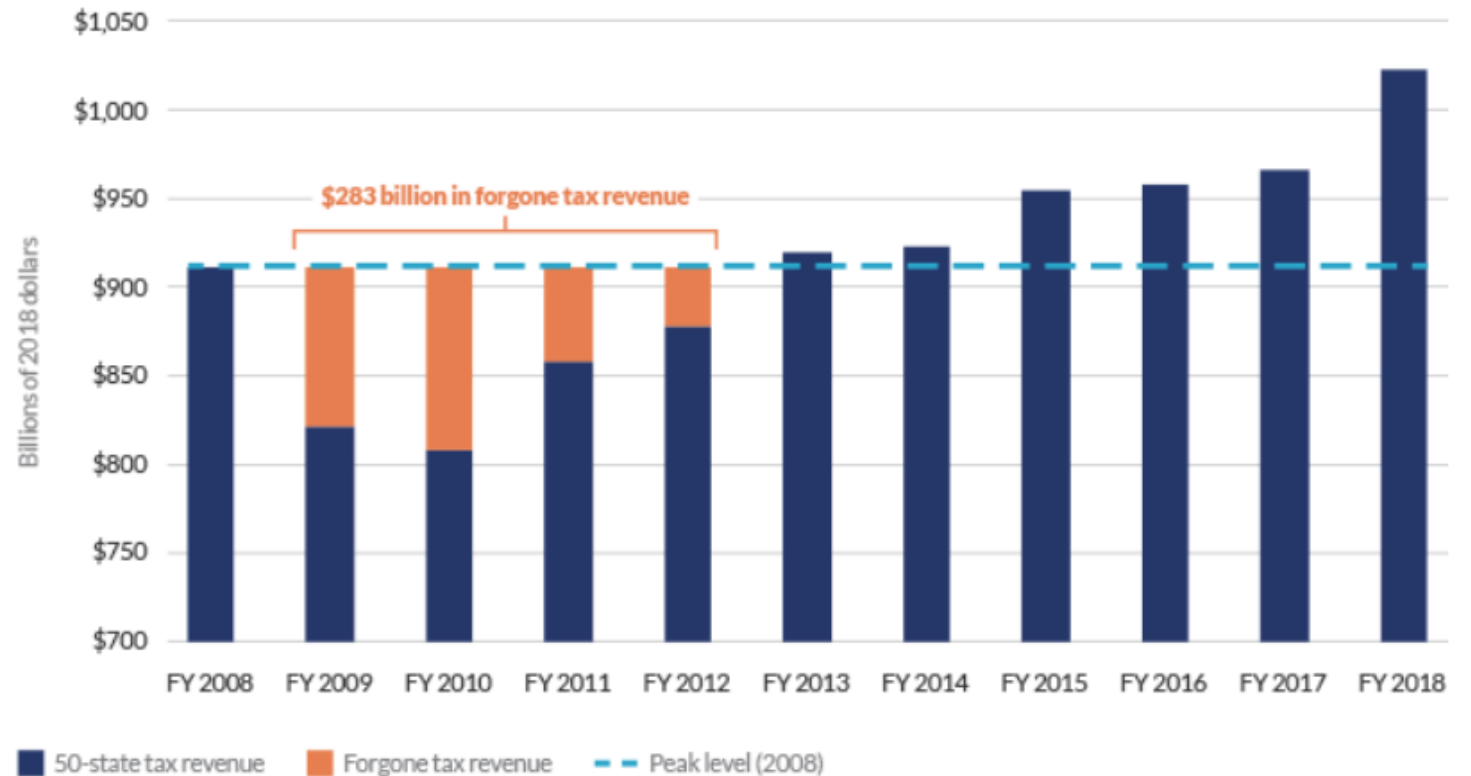
Pew

# ARRA and the Great Recession

## Lessons from past federal rescue spending

- ARRA provided \$275 billion to states, primarily over 3 years
- States faced major budget gaps when funding expired
- Today's conditions are different, but risks are similar

States Missed Out on at Least \$283 Billion in Tax Revenue  
50-state tax collections after adjusting for inflation, fiscal 2008-18



# Post-COVID One-Time Federal Fund Sources

Scale of federal funding can distort budget projections

## Direct Intergovernmental Aid

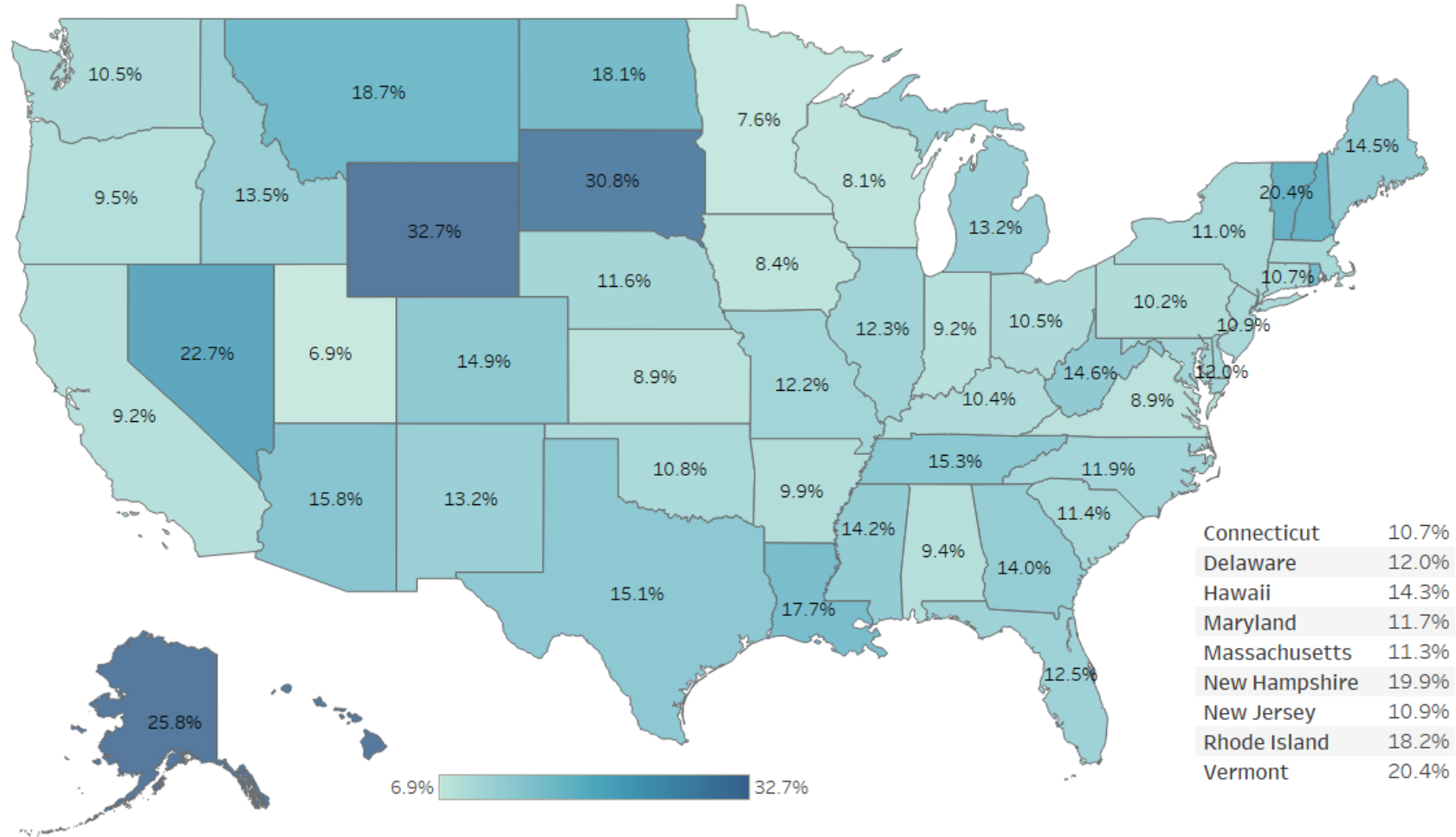
- Coronavirus Relief Fund - \$150 billion
- Elementary and Secondary School Emergency Relief Fund - \$189.5 billion
- Medicaid FMAP Enhancement - \$117 billion
- State and Local Fiscal Relief Fund - \$350 billion

## Other Federal Stimulus

- Direct payments to individuals - \$931 billion
- Paycheck Protection Program Loans - \$814 billion
- Enhanced unemployment benefits - \$653 billion
- Paused student loan payments - \$195 billion

# SLFRF Funds were Substantial Relative to State Funds

SLFRF allocations relative to state own source revenue, FY 21

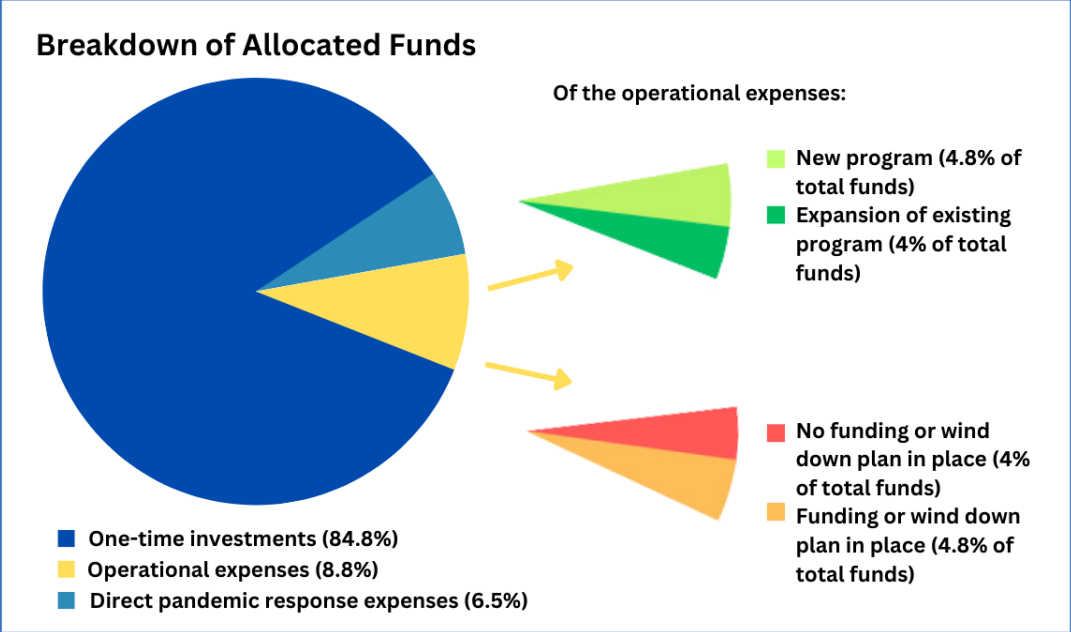


# Definitions

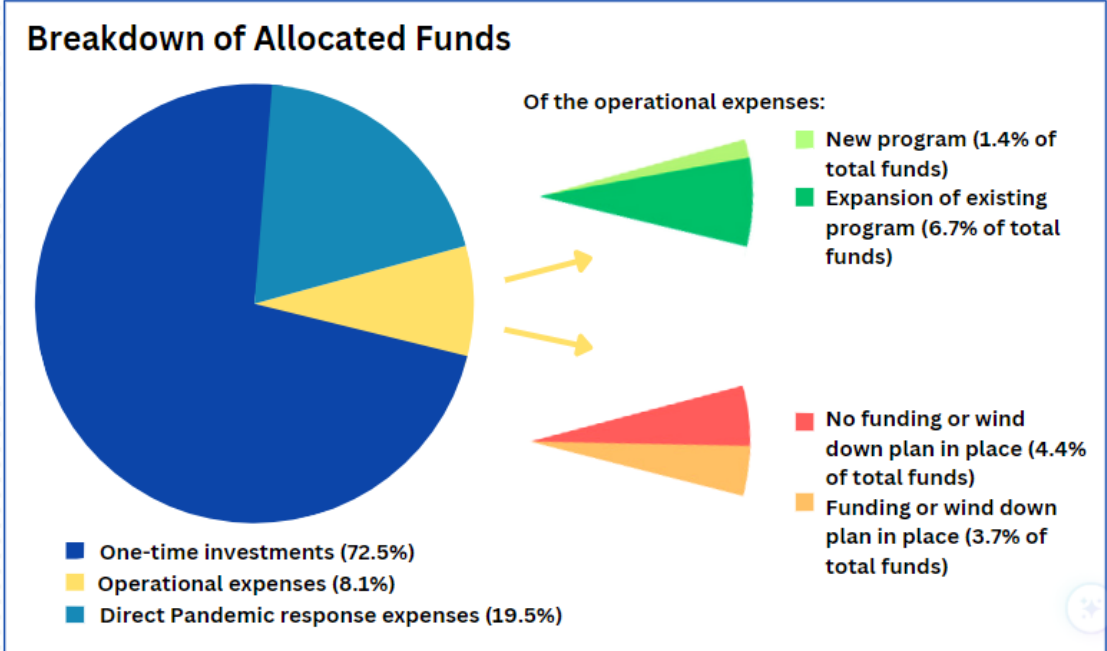
Spending Type	Description	Example
<b>One-Time Investments</b>	Expenses that do not commit the state to future investment and are not expected to recur on a regular basis but are intended to provide ongoing value	Construction of new infrastructure, major maintenance of existing infrastructure, and purchase of durable goods like motor vehicles or HVAC systems
<b>Direct Pandemic Response Expenses</b>	Expenses that are operational in nature but address a need that is directly tied to the COVID-19 pandemic, not expected to continue past the availability of the one-time funds	Purchasing personal protective equipment, running vaccination clinics, and addressing COVID-19 related economic harm
<b>Operational Expenses</b>	Expenses that sustain the operation of a program and would likely recur to maintain programmatic function	Paying employee salaries, paying rent or utility bills, and the purchase of non-durable goods or contracting for services

# How States Used SLFRF Funds

## Tennessee

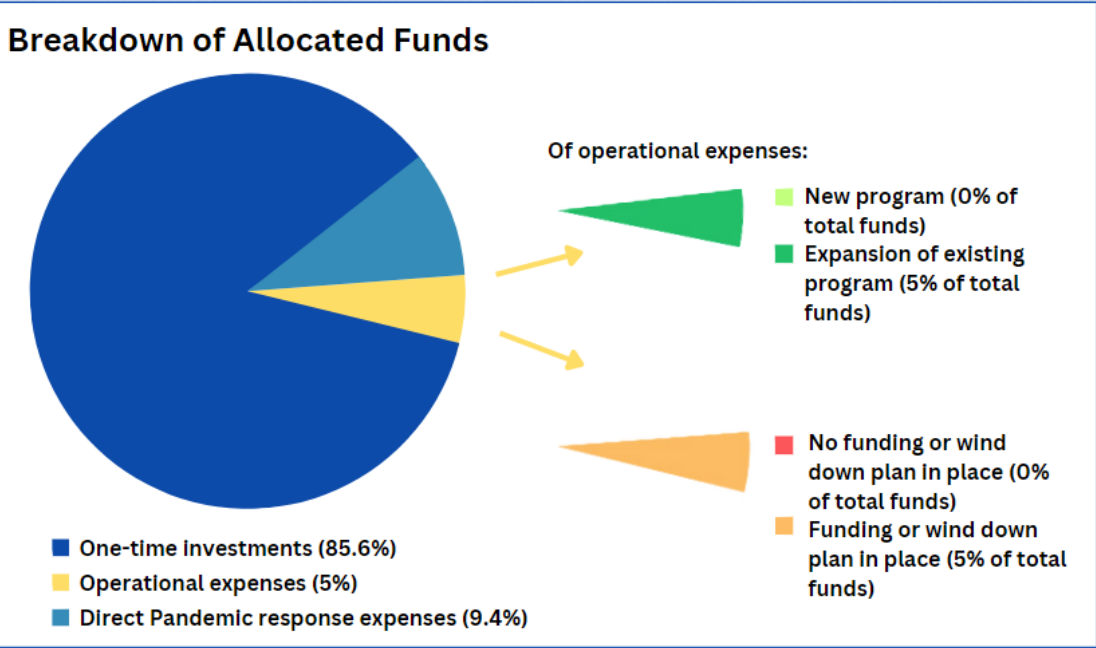


## Idaho

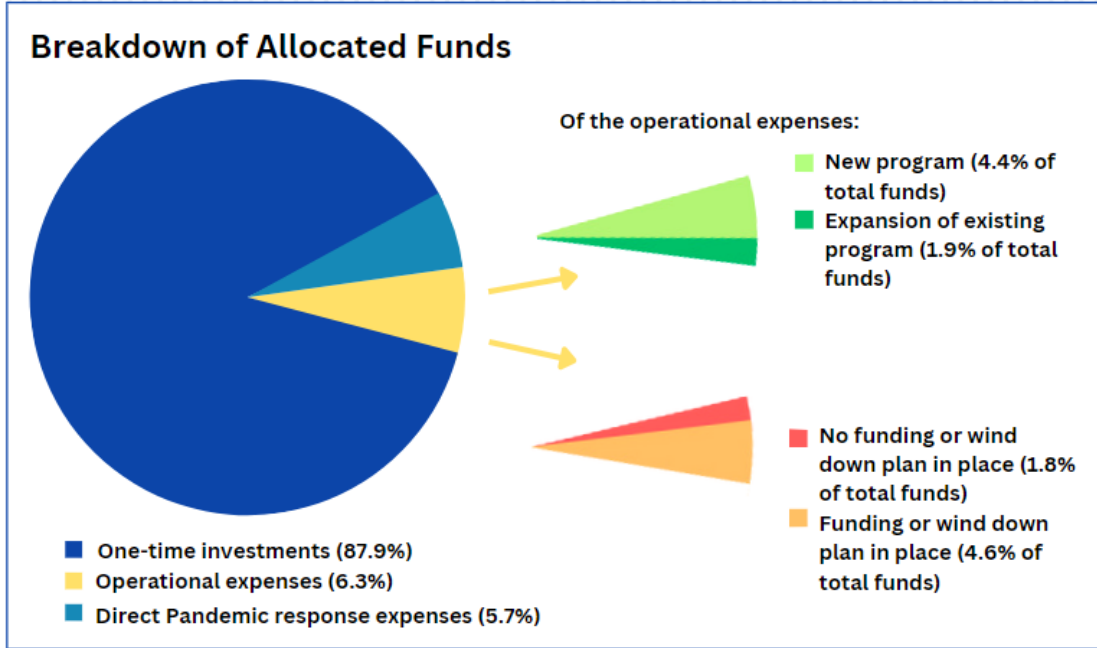


# How States Used SLFRF Funds

## American Samoa



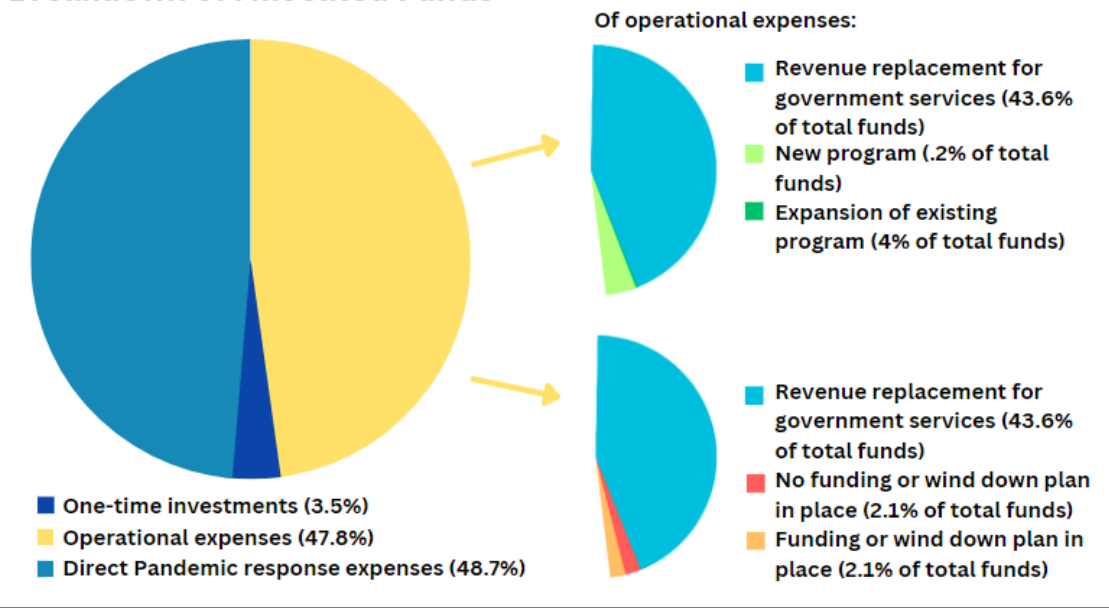
## Florida



# How States Used SLFRF Funds

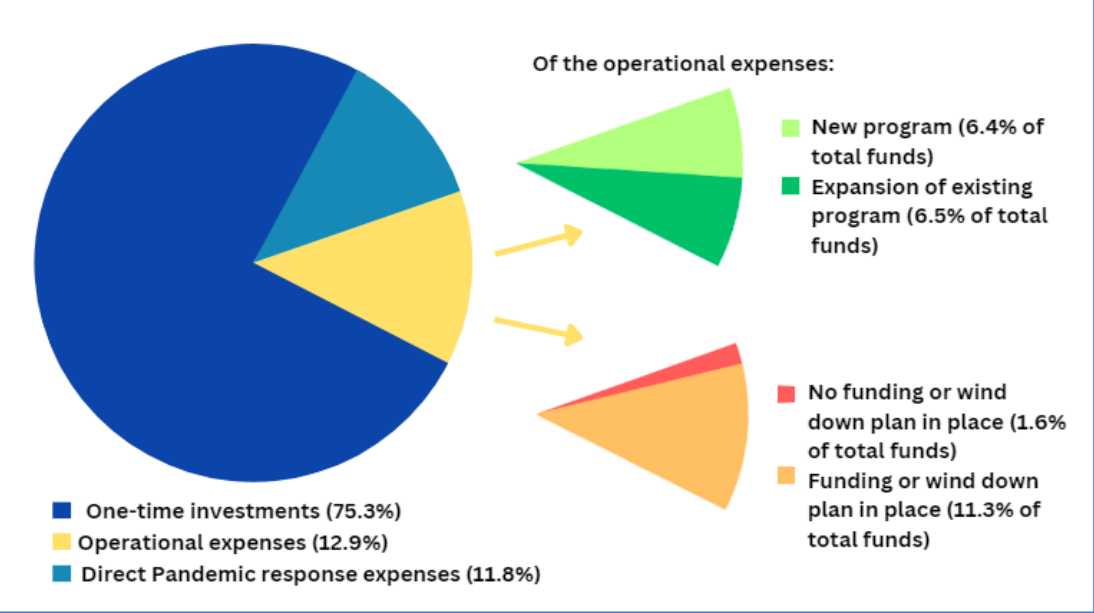
## Illinois

Breakdown of Allocated Funds



## New Hampshire

Breakdown of Allocated Funds



**Questions?**