

December 14, 2021

State Fiscal Conditions

An Update on State Expenditures and Revenue



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**Budget Climate,
Tell Me About it**

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General Fund Revenue Collections

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Polling Question

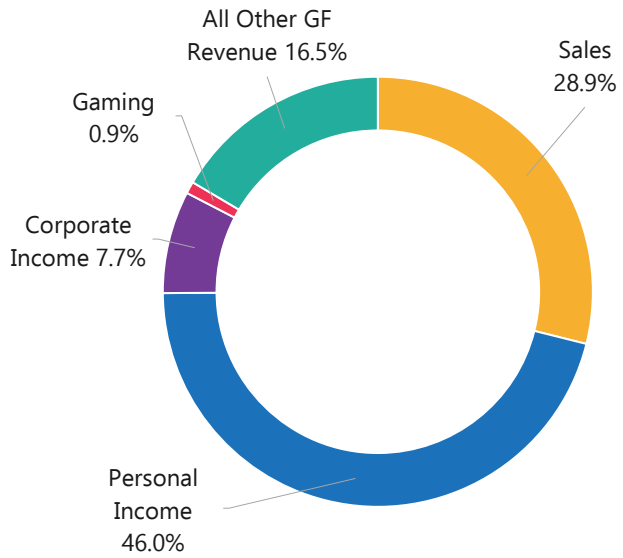
How do you think state general fund revenues (in aggregate) have fared during the pandemic?

- A. Growing faster than pre-covid projections
- B. Growing but slower than pre-covid projections
- C. Declining from pre-covid revenue levels

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Revenue Sources in the General Fund (%)

Estimated Fiscal 2021



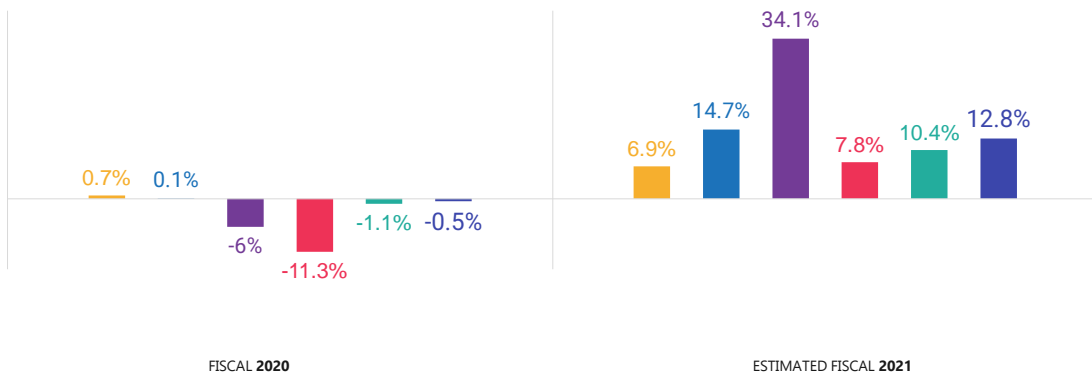
Source: NASBO State Expenditure Report

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REVENUE GROWTH BY PERCENTAGE STATE GENERAL FUNDS

■ Sales ■ Personal Income ■ Corporate ■ Gaming & Lottery ■ All Other ■ Total



FISCAL 2020

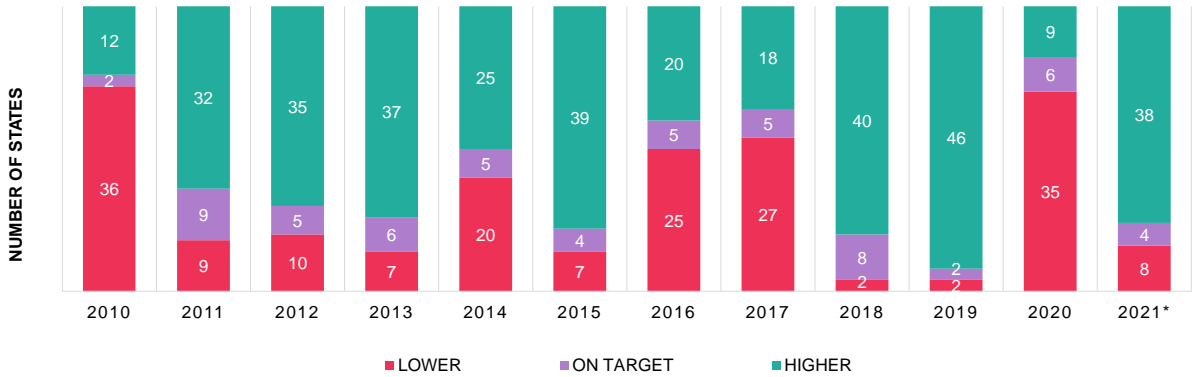
ESTIMATED FISCAL 2021

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38 States Report Fiscal 2021 Tax Collections Exceeding Projections, as Revenue Conditions Improved

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



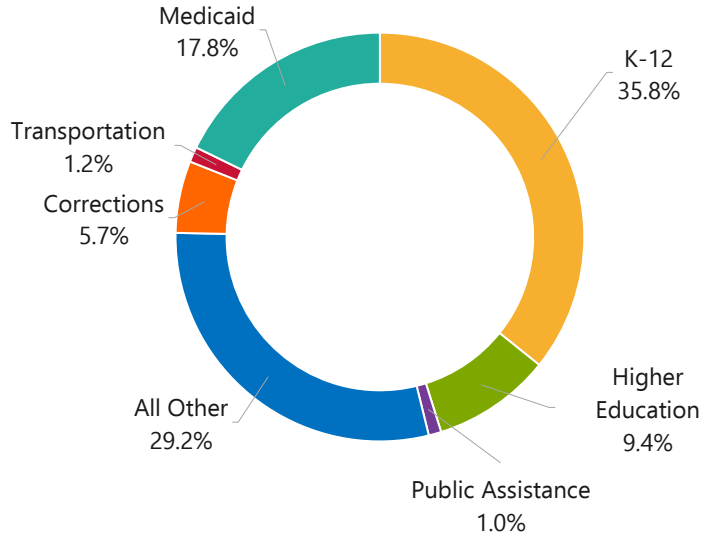
*Fiscal 2021 is ongoing and figures are subject to change. Some states' fiscal 2021 enacted budget projections pre-date COVID-19.



General Funds Expenditures

By Function

FY21
\$923.1 Million



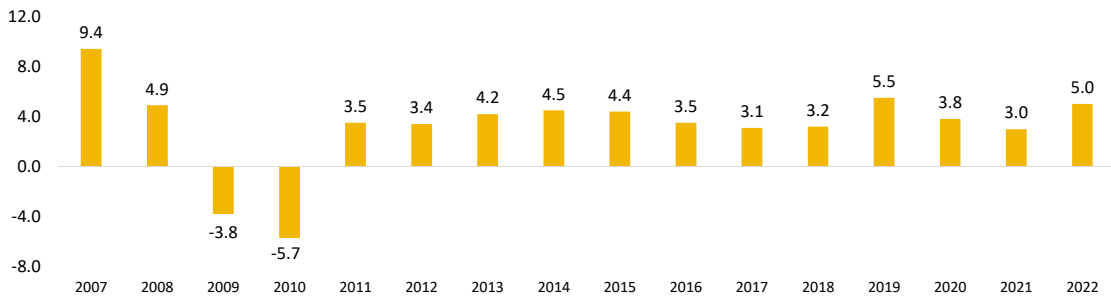
Source: NASBO State Expenditure Report

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General Fund Spending Experienced Modest Growth During Pandemic

Annual General Fund Spending Changes, Fiscal 2008 To Fiscal 2022 (Percentage Change)

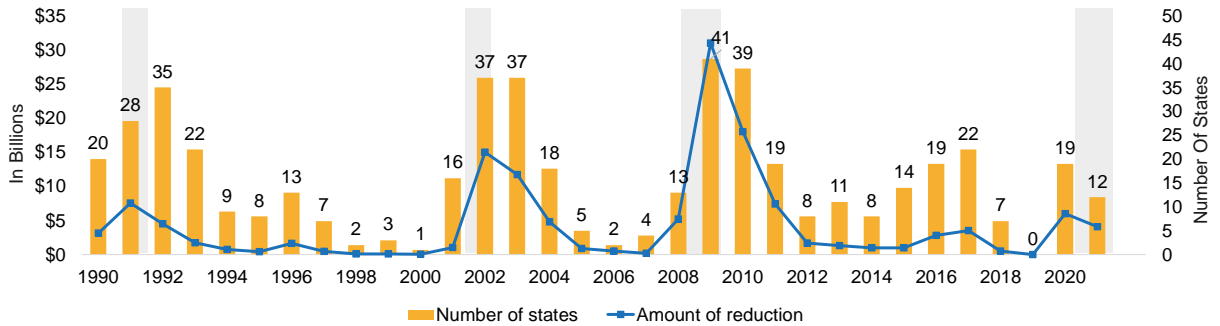


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12 States Made Mid-Year Budget Reductions in Fiscal 2021 Due to a Shortfall

Budget Cuts Made After The Budget Passed



Gray boxes denote recessionary periods, based on a July-June fiscal year calendar that most states follow. Recession dates are as follows: Early 1990s recession (July 1990 to March 1991); Early 2000s recession (March 2001 to November 2001); Great Recession (December 2007 to June 2009); COVID-19 Recession (February 2020 - present).

Note: Beginning in Fiscal 2018, NASBO asked states reporting net mid-year budget reductions whether the reductions were made due, at least in part, to a revenue shortfall. Effective in FY2018 going forward, only states reporting mid-year budget cuts due to a revenue shortfall are included in the totals reported in this figure. Prior to FY2018, particularly in non-recessionary periods, states that reported mid-year cuts that were due to other reasons, such as a reduction in caseload, would have been included in the counts above.



Polling Question

Do you think government employment is

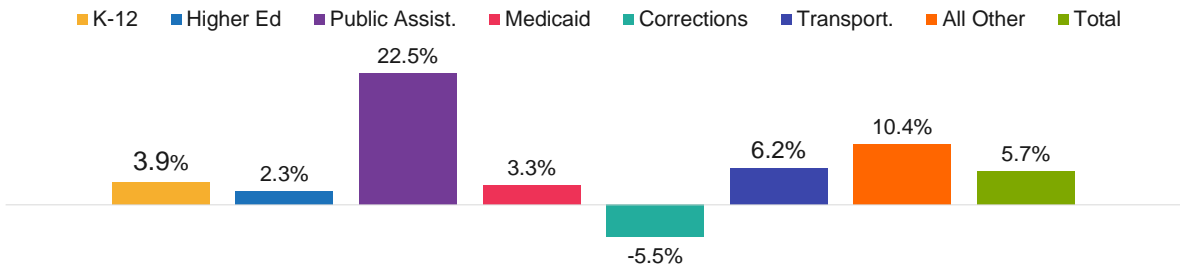
- A. Growing
- B. Holding Steady
- C. Declining

State Funds Spending

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STATE FUNDS PERCENTAGE SPENDING GROWTH BY PROGRAM AREA



ESTIMATED FISCAL 2021

*State Funds are general funds and other state funds combined, excluding bonds

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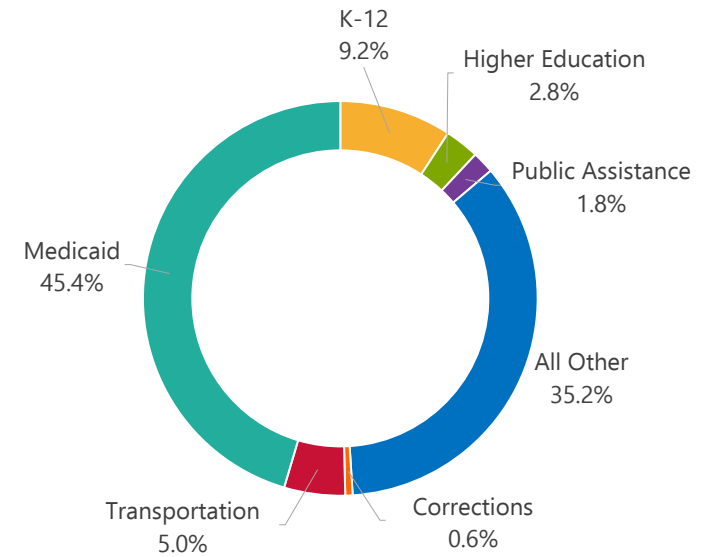
Federal Funds Spending

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Federal Funds Expenditures

By Function

Estimated Fiscal 2021



Source: NASBO State Expenditure Report

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Polling Question

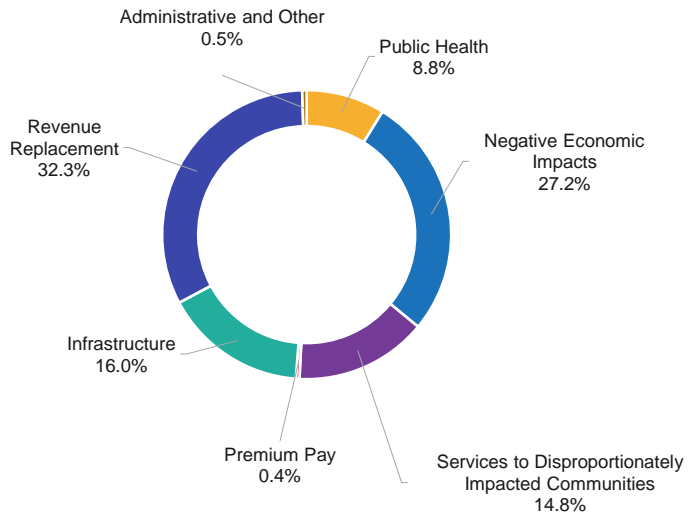
What expenditure category do you think has seen the greatest allocation of ARPA recovery funds by states?

- A. Administrative and Other
- B. Public Health
- C. Negative Economic Impacts
- D. Services to Disproportionately Impacted Communities
- E. Premium Pay
- F. Infrastructure
- G. Revenue Replacement

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Allocated Funds by
Category
(ARPA)



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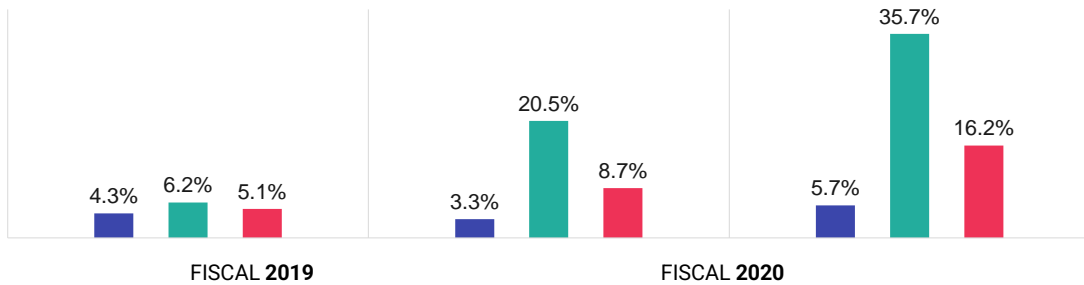
Total State Spending

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YEAR-OVER-YEAR PERCENTAGE SPENDING GROWTH BY FUND SOURCE

■ State Funds* ■ Federal Funds ■ Total State Expenditures



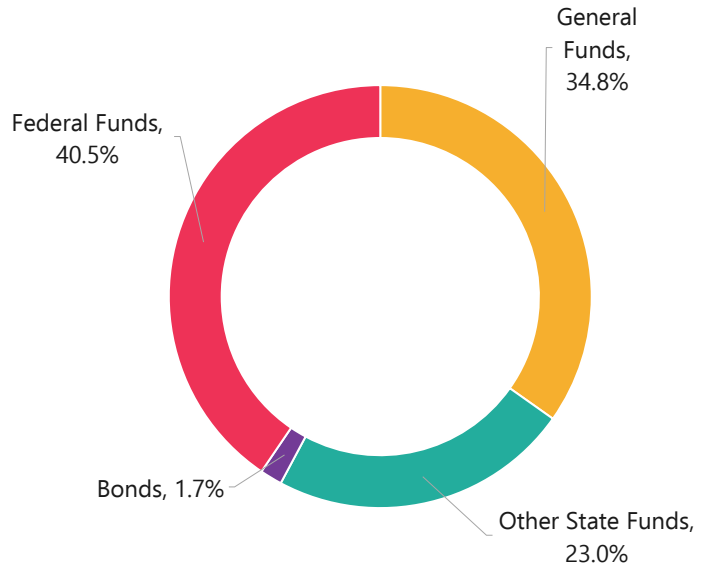
*State funds are general funds and other state funds combined, excluding bonds. Total state expenditures are all federal and state funds.

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Total State Expenditures

By Fund Source

Estimated Fiscal 2021



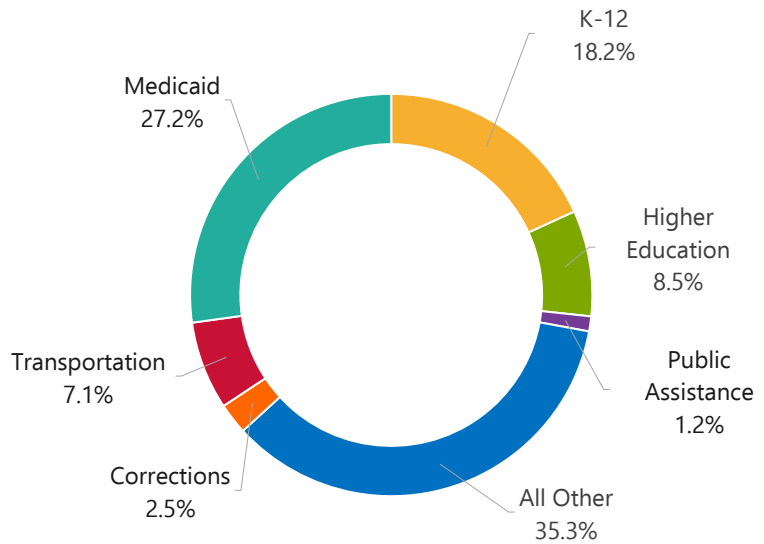
Source: NASBO State Expenditure Report

Total State Expenditures

By Function

FY 21

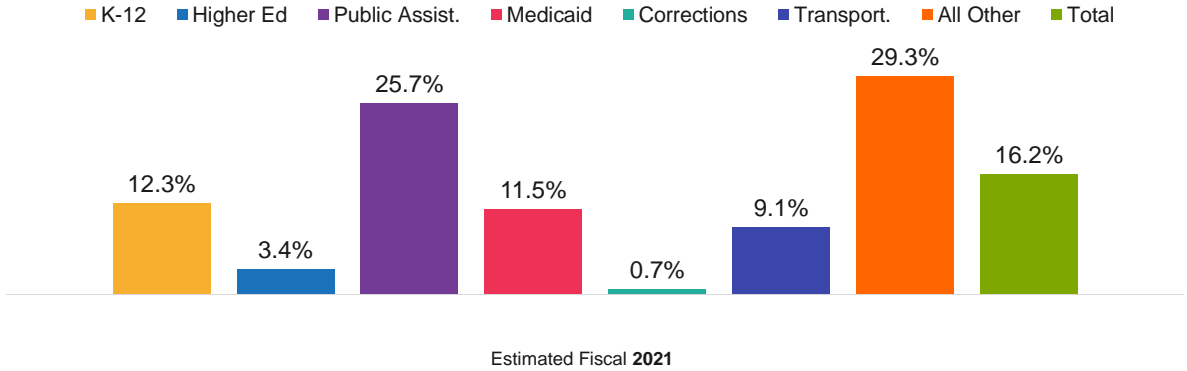
\$2,654 Billion



Source: NASBO State Expenditure Report



Total State Expenditures Percentage Spending Growth By Program Area



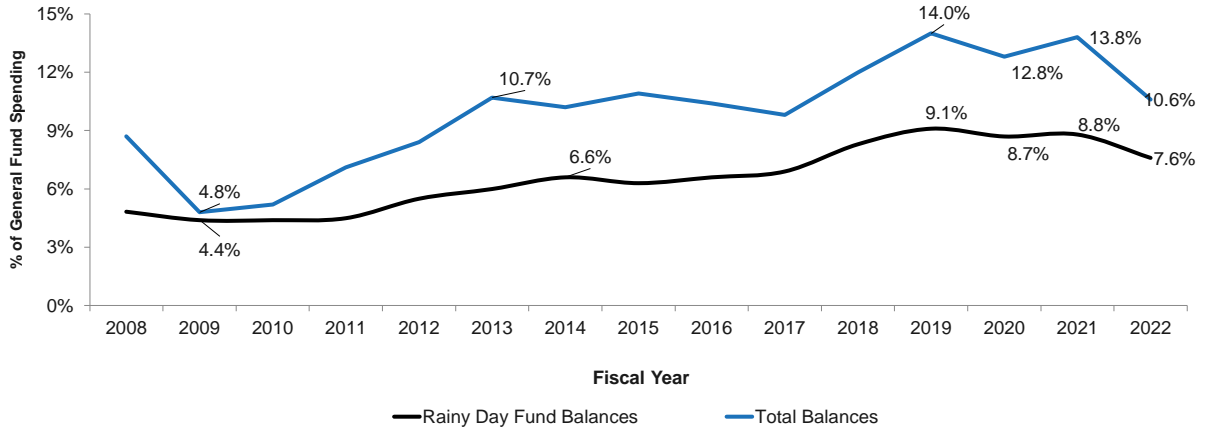
**Total state expenditures include spending from general funds, other state funds, bonds, and federal funds to states*





Overall State Balances See Small Reductions During Pandemic

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



*Fiscal 2022 total balance and rainy day fund balance figures exclude Texas and Wisconsin. Fiscal 2021 and fiscal 2022 rainy day fund balance figures exclude Georgia.



Looking Ahead

Polling Question

How do you currently feel about the economy?

- A. Optimistic
- B. Ok
- C. Pessimistic

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Current Economic Outlook



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What's next for state budgets?

Uncertain future

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