



CSG Healthy States National Task Force Fiscal Health Subcommittee

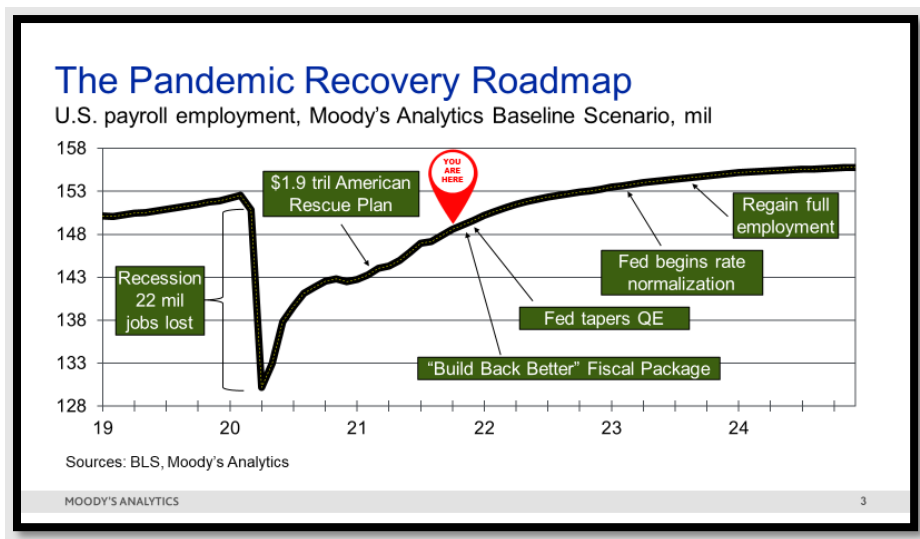
Summary of Meeting Two, Dec. 1 - 2, 2021

The second meeting of The Council of State Governments Healthy States National Task Force – Fiscal Health Subcommittee took place during the 2021 CSG National Conference in Santa Fe, New Mexico, on Wednesday, Dec. 1 and Thursday, Dec. 2, 2021. The subcommittee explored issues related to **state revenue windfalls**, with consideration of workforce participation and inflation challenges.

“Follow the Money: Putting the American Rescue Act and The Opioid Settlement to Work for Your State” – Wednesday, Dec. 1

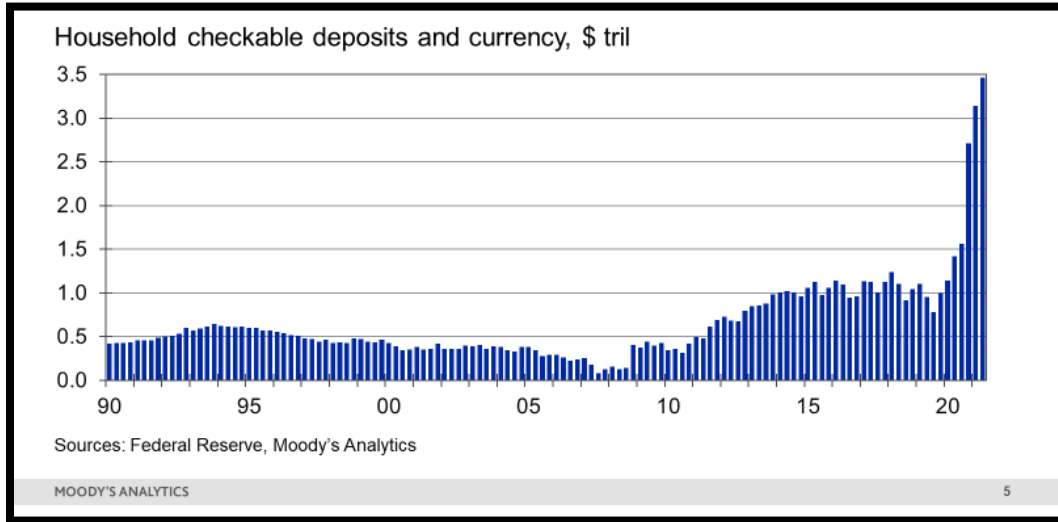
Dan White, senior director of public sector research at Moody’s Analytics, discussed the fiscal context that windfall revenues such as increased federal investment and the opioid settlement present for state budgets in 2022 and beyond. Highlights from his presentation include:

- **According to the Moody’s Analytics Recovery Map, should certain assumptions hold true, the U.S. may regain full employment sometime in late 2023.**

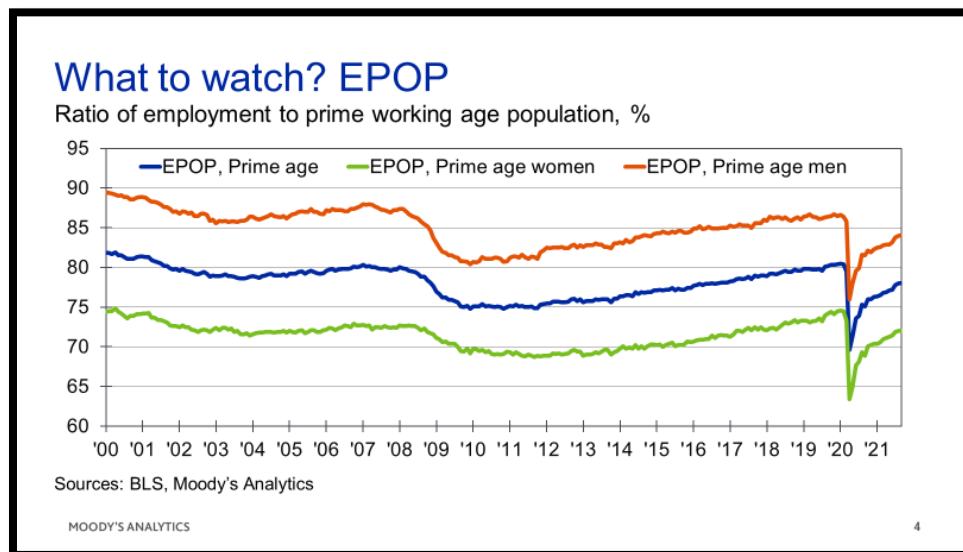




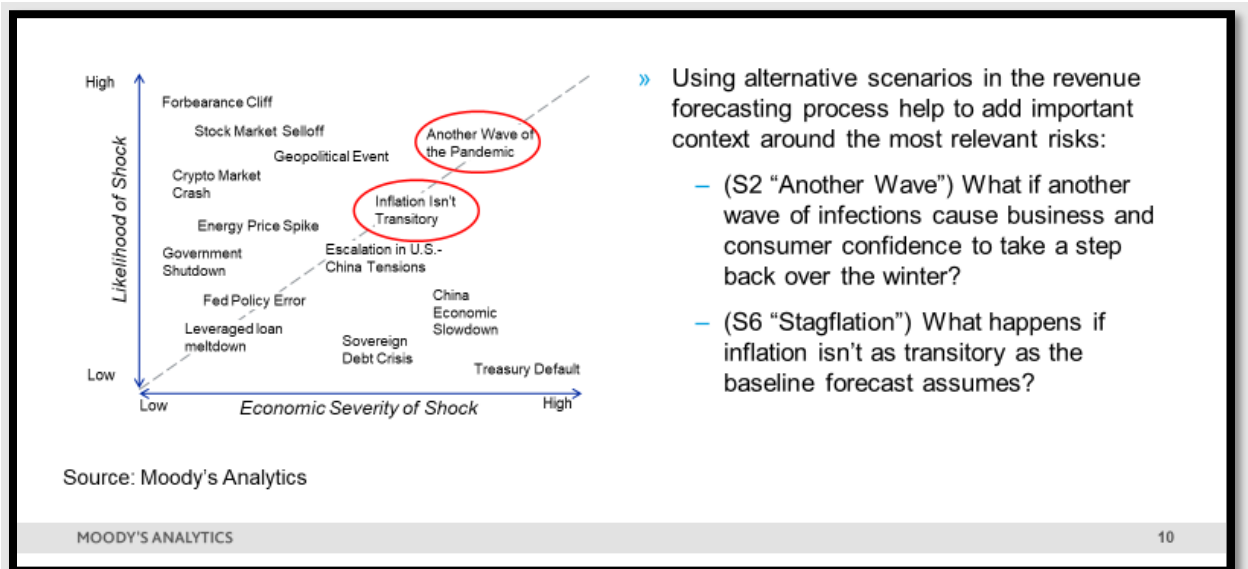
- Data on “household checkable deposits and currency” shows residents are preserving their financial resources, keeping money earned during the pandemic and from federal stimulus payments in their bank accounts.



- EPOP — the ratio of employment to prime working age population — is a better indicator of how the economy is doing than unemployment rate. In this discussion, White highlighted the EPOP rate for women was especially low due to the pandemic, indicating this subgroup was disproportionately affected by job loss and is therefore a high-needs group for employment policy.



- **Recovery forecasts may change if inflation is not as transitory as some predict or if the U.S. enters another wave of the pandemic.**



Fiscal Health Subcommittee Work Session – Thursday, Dec. 2

Fiscal Health Subcommittee members met in a working session on the second day of the CSG 2021 National Conference to discuss the content covered in the “Follow the Money...” presentation given by Dan White of Moody’s Analytics the previous day. Additionally, subcommittee members brainstormed policy guidance on how to spend budget windfalls, while considering workforce issues and the effects of inflation. The subcommittee also discussed additional programming for 2022. Key themes that emerged from that conversation include:

- Subcommittee members requested further information on maintenance of dollars changes with the federal money from American Rescue Plan Act and opioid settlement.
- Subcommittee members asked CSG staff to send out resources on how states are spending their ARPA dollars.
- There is a desire for more discussion on state policy options to address child care needs currently barring workforce participation for women.



- Subcommittee members also would like to examine the growing "benefits cliff" issue where, during workforce shortage, some people are afraid of taking a pay raise for fear of losing needed public assistance vouchers.
- Members discussed the trend of using budget windfalls to address underfunded unemployment systems.
- Members also raised the question: how can state policymakers effectively solicit public input when deciding windfall spending?

Fiscal Health Subcommittee Focuses

The Fiscal Health Subcommittee discussed the ways the task force could focus its efforts to highlight policy data and state policy examples and consider recommendations for investing **state revenue windfalls** with consideration of workforce participation and inflation challenges along the following focus areas:

- Examine opportunities available to states through federal competitive grants that have seen more investment and are requiring fewer matching dollars from states.
- Consider how, where possible, shovel-ready projects may retain the value of state investments with federal funds in the face of rising inflation.
- Consider how workforce and supply chain issues may impact states' ability to complete projects by federally mandated deadlines to expend funds.
- Seek guidance on how states can create beneficial public-private partnerships (P3) including pay for success models utilizing federal funds.

Resources

Moody's Analytics

- ["Follow the Money" Moody's Presentation](#) (PowerPoint)
- [Weekly Market Outlook, "Inflation Is a Wild Card"](#) (Article)
- [Macroeconomic Consequences of the Infrastructure Investment and Jobs Act & Build Back Better Framework](#) (Report)

The Council of State Governments

- [CSG State Recovery Resource Center](#)
- [ARPA Utilization Data \(by state and policy area\)](#)

The Council of State Governments conducted an extensive 50-state scan of the allocation of American Rescue Plan Act funds, focused on the State and Local Fiscal Recovery Fund. State ARPA allocation data was collected by analyzing state



actions, enacted legislation appropriating ARPA funding and State Recovery Plan Performance Reports submitted to the U.S. Treasury. In collaboration with the National Association of State Budget Officers (NASBO), the state allocations were reviewed and verified by state budget offices.

Fiscal Health Subcommittee

- Lt. Gov. Howie Morales, NM (co-chair)
- Rep. Steven Rudy, KY (co-chair)
- Sen. Ed Charbonneau, IN
- Rep. Marcus Evans, IL
- Rep. Leslie Herod, CO
- Sen. Jean Hunhoff, SD
- Rep. Dontavius Jarrells, OH
- Auditor Kathleen McGuinness, DE
- Rep. Ryan Martinez, OK
- Sen. Scott Meyer, ND
- Rep. Jordan Rasmusson, MN
- Sen. Blake Tillery, GA
- Rep. Mary Jane Wallner, NH

Contact Information

2021-22 CSG Health States National Task Force

| [Website](#)

| [Email](#)

CSG Staff

Carl Sims
The Council of State Governments
csims@csq.org

Dexter Horne
The Council of State Governments
dhorne@csq.org