

9th Annual Government Fiscal Sustainability Workgroup Meeting

Kimpton Monaco Hotel Chicago, Paris Ballroom

May 19-20, 2022

The COVID-19 pandemic caused a public health emergency and a sudden, severe economic recession. The U.S. government responded with enacting various spending bills to respond to these dual crises. In March 2021, the American Rescue Plan spending package was enacted providing \$1.9 trillion aimed at public health efforts fighting COVID-19; extending and expanding tax and economic incentives for individuals, families and businesses; and providing grant aid to states and localities through the Coronavirus State and Local Fiscal Recovery Funds (“SLFRF”) program. In order to make these resources quickly available Treasury launched and began distributing program funds in May under an interim final rule. The SLFRF provided an unprecedented amount of flexible grant aid directly to local governments and to smaller units of government through each state.

Under our federalist system of government, states are responsible for overseeing and maintaining local unit fiscal health. To that end, states have constructed various oversight and supervision mechanisms comprising a complex regulatory system targeted at monitoring local unit fiscal health and a variety of other goals. The federal SLFRF aid provided much needed fiscal support to weather the economic downturn, especially to local units experiencing systemic fiscal and service capacity problems. Over the next few years it will become known if and how these federal resources have helped and perhaps changed the fiscal trajectory for these localities.

There are two interrelated objectives for this workshop. Objective one is to focus on the initial impact of the SLFRF funding on local unit budgets and overall fiscal health. The second objective is how the SLFRF and other grant aid may impact the development, adoption and use of fiscal monitoring.

State Update Guiding Questions (suggested topics to focus your presentation/comments):

1. How’s the ARPA SLFRF program going for local units in your state? Topics to consider: Overall assessment/impression of first year roll out; spending plans and activity; logistical hurdles, purchasing hurdles and other concerns with the ARPA funds in general; communication strategies communities are engaging in regarding their ARPA money (loudly publicizing vs. hiding it under a bushel); role of community groups in spending decisions; political issues and strategies around this external funding
2. Inflationary impacts on local units? Budgetary implications?
3. Looking ahead a bit: once the CARES Act and ARPA surplus spending tappers off, what are your thoughts on the situation/position state and local budgets will be in?

Thursday, May 19, 2022

8:00 – 9:00 am	Breakfast
9:00 – 10:00 am	Welcome and Introductions, Eric Scorsone, Michigan State University
10:00 – 11:00 am	Economic Outlook David B. Oppedahl, Federal Reserve Bank of Chicago This talk will cover recent trends and the current outlook for the U.S. economy, as well as information on state and local fiscal situations.
11:00 – 12:00 am	State Updates MA, OH, NY, CT
12:00 – 1:00 pm	Lunch
1:00 – 2:00 pm	Financial Foundations for Thriving Communities Shayne Kavanagh, GFOA How can local governments make financial decisions that are sustainable over the long-term and that support a thriving community at the same time? Government officials have been frustrated in trying to find an answer to this question for a long time. This frustration arises because there hasn't been a good understanding of the fundamental nature of the problem...until now. GFOA's Financial Foundations for Thriving Communities brings Nobel Prize winning research to local government to solve the challenge of how stakeholder groups with different interests can make collaborative and sustainable decisions on public finance. An
2:30 – 2:45 pm	Break
3:00 – 4:00 pm	State Updates LA, TN, WA, CO
4:00 – 4:30 pm	Reflections on the day and adjourn

Dinner on your own

Friday May 20, 2022

8:00 – 9:00 am	Breakfast
9:00 – 9:30 am	State Updates PA, MI
9:30 – 10:30 am	Flexible Aid in an Uncertain World: the Coronavirus State and Local Fiscal Recovery Fund Program Philip Rocco, Marquette University Emergency fiscal transfers to state, local, tribal, and territorial governments have been at the core of the U.S. federal government’s response to the COVID-19 pandemic. The most extensive of these is the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF), contained in the American Rescue Plan Act of 2021. The CSLFRF is not only larger than prior rounds of emergency aid, it was also designed to address a broader series of crises, address pre-existing inequities, and provide greater discretion to public officials in deciding how to allocate funds. In this presentation, I consider the extent to which this program represents a departure from what some have called “fend for yourself” federalism and discuss the implications of the program’s design for the politics of accountability.
10:30 – 10:45 am	Break
10:45 – 11:15 am	State Updates UT, IL, NJ
11:15 – 12:00 pm	Reflections on the overall workshop and next steps
12:00 – 1:00 pm	Box lunch
1:00 pm	Adjourn