Nonprofit Essentials for Preparing for the COVID-19 Pandemic: State Policy and Budget Implications Due to COVID-19
Bonita Robertson
Director for Civic Leadership
Housekeeping Notes

- All audience members are muted
- Please use the **Q&A Feature** to submit questions
- If you experience any technology or internet issues, please dial **1-312-626-6799**, the webinar ID is **589-793-431**. This will allow you to listen in to the presentation.
- This webinar is being recorded and will be emailed after the session
- A FAQ will also be emailed after the session
Meet Our Expert!

Jan Moller
Executive Director
Louisiana Budget Project
Covid-19 and the budget: What we know

- **Most states are poorly positioned for recessions**
  - Balanced budget requirement
  - Need rises while resources dwindle

- **Louisiana is among the worst prepared states**
  - Reliance on tourism and mineral revenue
  - Low financial reserves
  - Unemployment Insurance system is flawed
  - Higher education more expensive
What about ALICE?

- **Asset Limited Income Constrained Employed**

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty</td>
<td>19%</td>
</tr>
<tr>
<td>ALICE</td>
<td>29%</td>
</tr>
<tr>
<td>Above ALICE Threshold</td>
<td>52%</td>
</tr>
</tbody>
</table>

Source: United Way
Gov. Edwards’ focus on education
  • $25M for Early Care & Education
  • $40M for higher education
  • $39M for K-12 funding formula

The REC stalemate continues

Surplus: $534M plus $170-$236M “excess”

“Tort reform,” minimum wage, pre-emption.
## Revenues in a “severe” recession

<table>
<thead>
<tr>
<th>State</th>
<th>Rainy Day Balance (percent of general fund-2019)</th>
<th>Fiscal Shock</th>
<th>Total Shortfall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wyoming</td>
<td>138.3%</td>
<td>-20.8%</td>
<td>117.5%</td>
</tr>
<tr>
<td>Alaska</td>
<td>134.3%</td>
<td>-61.2%</td>
<td>59.3%</td>
</tr>
<tr>
<td>North Dakota</td>
<td>41.7%</td>
<td>-33.3%</td>
<td>12%</td>
</tr>
<tr>
<td>U.S. Sum</td>
<td>8.2%</td>
<td>-16.1%</td>
<td>-4.2%</td>
</tr>
<tr>
<td>Texas</td>
<td>20.8%</td>
<td>-19%</td>
<td>9.2%</td>
</tr>
<tr>
<td>Louisiana</td>
<td>3.7%</td>
<td>-26.8%</td>
<td>-19.9%</td>
</tr>
</tbody>
</table>

Source: Moody’s Analytics, 2019
There’s no playbook for this

- Personal income and sales taxes = 2/3 of general fund revenue ($7.5 billion)
- Tax filing deadline moved to July 15
- Gambling = $60 million/month
- Mineral revenues = $750 million
- Court fines & fees? Hotel/motel taxes?
- Unemployment high through 2021 (Goldman Sachs)
- No post-hurricane "bounce" like before

You cannot cut your way out
What happens to the budget?
Discretionary general fund

Discretionary General Fund

- Human Resources: 60%
- Education: 29%
- Business & Infrastructure: 1%
- Environment & Natural Resources: 1%
- Public Safety: 1%
- General Government: 4%
The federal response (so far)

“C2” (Families First): Raises FMAP by 6.2%. Doesn’t apply to Medicaid expansion
- Only lasts for duration of public health emergency
- Worth about $35 billion total. A good start

C3 (CARES Act): Includes $150 billion for states, with some going to tribes and local governments. Treasury must release within 30 days.
- Also $30 billion for education “stabilization” (tied to Title 1 and Pell)

Source: Center on Budget and Policy Priorities
What will Louisiana get?

- $1.8 billion for state government (none for New Orleans)
- $501.6 million for education ($283.6 for K-12; $170.3 higher ed; $47.3 emergency relief)
- Must be spent by Dec. 30
- Can be used to cover FY20 and FY21 shortfalls
- **Key questions:**
  - How can it be used? Must be “necessary” expenses “incurred” due to virus.
  - Must not be “accounted for” in current budget. Anything you no longer have revenue for is not accounted for.

*Source: Center on Budget and Policy Priorities*
What else is in the CARES Act?

- $350 billion for Paycheck Protection Program (covers payroll, rent & other overhead through June 30). Applications start today.

- $67 million more for CDBG
Key upcoming dates

- **April 8**: Revenue Estimating Conference meets
  - First look at revenue shortfall

- **June 1**: Legislative session must end by 6 p.m.
  - Special session likely to follow

- **June 30**: Last day of 2020 fiscal year

- **C4?** (May or June). Must include more fiscal relief
How can states respond?

- Paid sick days (12 states; New York just passed)
- Paid family leave (Nine states and counting)
- Modernize Unemployment Insurance (work-share; benefits)
- Broadband access
- Tax reform
Next Steps

• This recording and the slides will be emailed to you

• Please visit our COVID-19 page for resources and our other webinar recordings: https://www.gnof.org/covid19-nonprofits/