
State Budget Processes Spotlight: New NASBO Issue Brief on Spending Federal Funds

In an issue brief released today entitled State Budget Processes & Spending Federal Funds, NASBO describes the various nuances around states' and territories' legislative session and budget calendars, how they appropriate and spend federal funds, how they handle unanticipated funding – especially outside of legislative session, and recent changes to these processes in some states in response to the pandemic. States are better positioned to meet goals for federally-funded programs when federal granting agencies consider these aspects of their budget processes as they issue program guidance and set deadlines. While there is variation across the states, the following general statements summarize certain key relevant aspects, further detailed in the issue brief:

The Calendar

- Most state legislatures meet in session annually for a limited period (typically convening in early to mid-January and adjourning sometime between March and June).
- A number of states budget on a biennial (two-year) basis, and a few of these states only meet in regular session once every two years.
- The most common month for governors to submit their budget proposals is January, and most legislatures adopt budgets for the next fiscal year or two-year budget cycle (biennium) sometime between April and June.
- If federal funds for some programs are in question or if funding levels are uncertain at the time the governor's budget is prepared for release or by the time the legislature passes appropriation bills, this can complicate state budgeting and planning processes.

Authorizing the Use of Federal Funds

- Some or all federal funds are subject to appropriation by the legislature in 43 states.
- In most states, the executive branch has some power to spend unanticipated federal funds without requiring full legislative approval, but this authority is typically restricted.
- Depending on the state and type of funding, state legislatures may need to sign off before accepting, allocating or spending federal funds – and this is often not possible outside of a state's legislative session. This is especially the case for federal grant programs with state matching or maintenance of effort requirements.
- In response to states' experiences with federal COVID-19 assistance, some state legislatures have taken steps to curtail executive authority to spend federal funds without legislative approval.

For more state-by-state comparative information and details on budget processes, see NASBO's Budget Processes in the States report.

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