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[S&P: Federal Aid Helps Lift The Cloud Over U.S. State Budgets](#)

Key Takeaways

- Most U.S. state budgets have shown resiliency in the face of the COVID-19 pandemic though challenges remain for fiscal 2022 and beyond.
- Unprecedented federal aid has contributed to budget stability and the most recent stimulus package grants states additional flexibility to manage their budgets.
- Ability to use rainy-day reserves remains a crucial tool for budgetary management, especially for states with economic recovery that lags that of the nation.
- States must focus on long-term structural budget balance to preserve credit quality once federal aid tapers off.

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