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Shutdown Delayed: What Comes Next for State and Local Budgets?

While Congress has temporarily averted a government closure, the next 45 days provide uncertainty and opportunity to prepare for future fiscal turmoil.

In Brief:

- Programs that serve some of the most vulnerable parts of the population will be the most affected.
- States and local governments will have to decide how to allocate existing funds to shore up their budgets in the event of a future shutdown.
- The next 45 days can provide state and local governments with the time necessary to lay out contingency plans to lessen financial burdens in the event of a shutdown.

Despite comments from Democratic Senate Majority Leader Chuck Schumer, stating that, “The American people can breathe a sigh of relief: There will be no government shutdown,” the reality is that the problem hasn’t been stopped so much as it has been deferred.

In the hours before the end of the current fiscal year, Congress came together for a bill that serves as a stopgap measure to hold off the potential of a government shutdown. While H.R. 5860 provides fiscal appropriations to federal agencies, it only extends funding until Nov. 17, leaving its fate up in the air as Congress returns to negotiations.

For states and localities, the primary threat of a potential shutdown lies in the way it would dry up federal funds necessary for some key aspects of day-to-day operations and essential programs. A primary concern is the way that a shutdown moves the burden of funding onto the states and cities themselves, exerting pressure on already tight budgets.

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