Preparing for What’s Next

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August, 2017
Pushing the Envelope…

Duration of business cycle expansion, months, federal fiscal year

Sources: NBER, Moody’s Analytics
Revenue Patterns Are Changing

State tax collections, % change

Sources: Census, Moody’s Analytics
Recessions Affect Revenues AND Spending

% change year ago

Sources: BEA, Moody’s Analytics
Unsustainable Medicaid Path

States and local governments, 1965Q1=100

Social benefit payments to persons (predominantly Medicaid)

Revenues

Sources: BEA, Moody’s Analytics
States Becoming More Prepared…

Median state rainy-day fund balance, % of expenditures

Forecast  Estimate  Actual

Sources: NASBO, Moody’s Analytics
...Not All Budgets React Equally to Recessions

Size of potential budget hole, % of general fund revenues

Sources: Moody’s Analytics
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