

EMBARGOED UNTIL MARCH 31, 2021, 1 P.M. EDT

Contact: Neilia Stephens, Director of Communications

nstephens@volckeralliance.org

347-683-9625

VOLCKER ALLIANCE RELEASES TRUTH AND INTEGRITY IN STATE BUDGETING REPORT

Fourth annual report details strengths and weaknesses of all fifty states' budgeting practices from fiscal 2015 through 2019 and provides insight into their preparedness for the COVID-19 fiscal crisis

NEW YORK, NY (March 31, 2021) – Today, the [Volcker Alliance](#) released its fourth annual report assessing the budget practices of all fifty states, entitled [Truth and Integrity in State Budgeting: Preparing for the Storm](#). The report provides a comprehensive analysis of states' budgetary actions from fiscal 2015 through 2019 as well as an examination of states' initial reactions to the pandemic-induced recession. Among the report's conclusions is that many states leveraged a record-long economic recovery and growing tax revenues to replenish rainy day funds—just in time for the tumult of the COVID-19 pandemic and resulting economic fallout. As in the previous *Truth and Integrity in State Budgeting* reports, the study grades states on a scale of A to D-minus in five critical budgeting areas: budget forecasting, budget maneuvers, legacy costs, reserve funds, and budget transparency.

“While no one could have foreseen the immense economic and fiscal stresses caused by COVID-19, actions taken by many states during recent boom times left them better prepared than they would have been only a few years earlier,” said William Glasgall, Volcker Alliance senior vice president and director of state and local initiatives. “The report analyzes the budgetary foundation states laid in the five years prior to the pandemic, which directly impacted how well-equipped states were to deal with the fiscal crisis of 2020.”

The report is a product of an extensive, multiyear study in which the Volcker Alliance's nationwide team of university-based research partners analyzed and graded the budgetary practices of states. It features detailed report cards for each state, outlining budgetary strengths and weaknesses and comparing states in the same region. The Volcker Alliance also released an updated digital [State Data Laboratory](#) to facilitate further exploration of the research results.

Key findings in *Truth and Integrity in State Budgeting: Preparing for the Storm* include:

- Seventeen states received A averages in the Reserve Funds category for FY 15-19, and only two, Illinois and Kansas, averaged Ds because of policy deficiencies.
- While a large majority of states still fail to fully follow recommended budget disclosure practices, holding down overall Transparency grades, the number of states issuing deferred infrastructure maintenance cost reports jumped from two to five over the study period. Hawaii, Illinois, and Tennessee joined Alaska and California in receiving As.

- Trillions of dollars in funding shortfalls in public worker pensions and other post-employment benefits (OPEB), mainly health care, weighed heavily on Legacy Costs. However, states making their full actuarially determined or recommended contributions to public employee pensions rose from thirty-three to thirty-nine states over the study period.

“This report is a culmination of five years of rigorous research and fruitful partnerships with universities across the nation,” said Thomas W. Ross, Volcker Alliance president. “We hope that the findings provide public leaders with budgetary best practices and strategies they need to deliver effective results.”

The Volcker Alliance partnered with public finance institutes and schools within The City University of New York, Florida International University, Georgia State University, University of Illinois Springfield, University of Illinois at Chicago, University of Kentucky, University of Utah, and University of California, Berkeley, as well as with [Barrett and Greene Inc.](#) and [Municipal Market Analytics](#), to carry out this study and produce the report.

The Volcker Alliance and [Penn Institute for Urban Research](#) will cohost a [Special Briefing](#) on the study’s findings on April 15, 2021 at 11 a.m. EDT. Panelists will include key research partners and public finance experts, who will discuss how numerous states strengthened their reserves and budget processes before COVID-19 sent the US into a tailspin and examine how increasing vaccinations, unprecedented federal pandemic aid, and a recovering economy will impact state revenues this year and beyond.

Read the full report: [*Truth and Integrity in State Budgeting: Preparing for the Storm*](#)

The Volcker Alliance empowers the public sector workforce to solve the challenges facing our nation. The nonprofit, nonpartisan organization is inspired by the legendary public service of our founder, Paul A. Volcker, former chairman of the Federal Reserve, and his vision of a public sector workforce with the experience, preparation, and commitment to ensure government is accountable and delivers with excellence. Visit volckeralliance.org to learn more. Follow us on social media [@VolckerAlliance](#) and [subscribe](#) to the Volcker Alliance newsletter for the latest news and developments. The Volcker Alliance is a 501(c)(3) organization.