



REPORT: Maine needs fiscal relief now to address revenue shortfall of at least \$1.2 billion

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Just two months after the pandemic's first ripples were felt in the economy, forecasters say unprecedented state revenue shortfalls jeopardize state and local budgets. **In Maine, revenue losses will total roughly \$1.2 billion in the fiscal year ending on June 30, 2021.** Maine will likely face further losses in the subsequent budget cycle, as state revenue shortfalls nationwide are projected to total \$650 billion by the end of fiscal year 2022.

Those projections represent the steepest revenue drop on record. Without fiscal relief, states will be forced to lay off teachers and other workers, cut important services like health care and education, and take other actions that will ultimately make the recession and its recovery longer and more painful.

The best solution lies with the federal government, which has unparalleled power to backfill state budget shortfalls, thereby protecting jobs, essential services, and other public investments when they are needed most.

Congress has created a Coronavirus Relief Fund that provided some relief to states. Those funds are a start, but more is needed to prevent an unprecedented state budget catastrophe, that would harm Mainers' health and economic security. Congress and the President must increase and extend the Fund and give states more flexibility in using relief funds to cover rising costs and make up for lost revenues.

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