



Federal Budget Update:
Jobs and Growth Reconciliation Act of 2003
Federal Fiscal Aid to States
National Association of State Budget Officers

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The President signed the Jobs and Growth Reconciliation Act, which includes state fiscal relief, on Wednesday, May 28. Below is information related to the allocation of funds to the states. Once more information is released, we will provide it to you as soon as possible.

Use of Funds

\$10 billion for temporary increases in FMAP

- Maintains fiscal year 2002 FMAP for last two calendar quarters of fiscal year 2003.
- Maintains fiscal year 2003 FMAP for first three quarters of fiscal year 2004.
- General 2.95 percentage points increase of FMAP for last two calendar quarters of fiscal year 2003 and first three calendar quarters of fiscal year 2004 (enhanced FMAP). FMAP increases apply only to title XIX of the Social Security Act. The enhanced FMAP for 2003 is retroactive to April 1, 2003, and is available for the first three quarters of fiscal 2004.

\$10 billion for temporary fiscal relief for 2003-2004

- \$5 billion in direct payments to the states appropriated for fiscal 2003 and fiscal 2004.

According to congressional sources, there are no restrictions for the allocation of these funds. They may be used for any “essential government services” that states deem necessary, and can be distributed to local governments.

Fund Availability

Block Grant

The first distribution of the funds will be 45 days from the date of enactment (May 28, 2003). States will receive their fiscal year 2003 distribution in mid-July, and will receive their fiscal year 2004 distribution October 1, 2003.

FMAP

The funds will be distributed once the bills are submitted by the states.

Certification

Use of the funds can be certified with the Secretary of the Treasury by the Governor or other officials within the state. Our sources say that while certification is an important step in the process, it is an informal one that can be in the form of a letter explaining the funds' use.

Rule and Regulations

According to our sources, the Department of Treasury is in the process of developing regulations for the state fiscal aid package. As of right now, it has not released them, has not given a timeframe for when the guidelines will be released, and has not indicated what the content of the guidelines might be. It is assumed by congressional sources that the regulations will be ready for distribution of funds in mid-July.

To view the enacted legislation to <http://thomas.loc.gov/cgi-bin/query/F?c108:6:./temp/~c108EoCN20:e0>:

If you would like additional information, please contact Kevin Bradley (kbradley@nasbo.org or 202-624-8433) or Scott Pattison (spattison@nasbo.org or 202-624-8804) in NASBO's Washington, D.C. office