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WEEKLY STORIES

Monday, July 27, 2009

Exclusive articles on state policy, politics and trends from the staff of Stateline.org

Tuesday, July 21, 2009

States closed record $142.6 billion in gaps

By Stephen C. Fehr, Stateline.org Staff Writer

(Updated 6:30 p.m. EDT, July 21, 2009)

States closed $142.6 billion in budget gaps for fiscal 2010 and could face more shortfalls in the next two budget years, according to a report released Monday (July 20).

The National Conference of State Legislatures issued the report on state budgets and taxes as it opened its annual legislative summit in Philadelphia.

The recession forced state lawmakers to close an even larger difference between revenues and spending as they wrote their budgets for fiscal 2010, which began July 1 in most states, than they faced in fiscal 2009, when the gap totaled $113.2 billion, the report said. Several states have reported new gaps in fiscal 2009 and 2010 because of continuing monthly declines in revenue over a year ago, but the report did not give a breakdown.

Nearly two-thirds of the states already are projecting budget gaps in fiscal 2011, the report said, and some state officials say the pattern will be repeated in fiscal 2012.

“Because the current state fiscal crisis began in fiscal 2008, many states are looking at a minimum of four to five consecutive years of deep fiscal problems, and maybe more,” the report said.

About $100 billion of the federal economic stimulus package helped states cover budget gaps in 2010; next year states will have about half that amount of stimulus money. The report raised questions about how states will make up the gap between revenues and spending after the stimulus dollars dry up.

Connecticut, North Carolina and Pennsylvania still do not have budgets for the fiscal year that began July 1. After missing the budget deadline, Arizona lawmakers have approved a plan but are working out the final details in a special session. California reported a breakthrough late Monday in trying to end its impasse over how to erase a $26.3 billion deficit that opened in the budget it passed in February.

Editor's Note: A previous version incorrectly stated that fiscal 2009 budget gaps totaled $133.2 billion; the correct figure is $113.2 billion.

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Report: Sales tax collections hit 50-year-low (4/14/2009)
Stimulus tax breaks threaten state revenues (4/7/2009)
Report: State tax revenue takes a dive (3/12/2009)

Contact Stephen C. Fehr at sfehr.@stateline.org

Tuesday, July 21, 2009

States' budget pain eclipses last recession

By Stephen C. Fehr and Daniel C. Vock, Stateline.org Staff Writers

PHILADELPHIA — The current recession — now 19 months long and still going — already has forced states to deal with greater budget shortfalls than they faced in the five years it took them to recover from the last national recession after the 2001 terrorist attacks.

New figures from the National Conference of State Legislatures show that states scrambling to balance their budgets already have closed at least $268.6 billion in gaps between projected spending and revenues since the recession started in December 2007. As a result of the previous eight-month-long recession, states erased $263.8 billion in red ink from fiscal 2002 to fiscal 2006.

The report released Monday (July 20) suggests legislators will face painful budget choices for years to come.

"We have a really bad situation," said Corina Eckl, NCSL's fiscal program director, at the group's annual legislative summit here. "It was like breaking your leg and then getting pneumonia."

The chief problem, she said, is that state revenues are "dismal." Nationally, both income taxes and sales taxes are bringing in less money to state coffers.

Florida, for example, is bringing in the same amount of money this year as it did nine years ago. In Michigan, revenues dropped to the same dollar levels — not even accounting for inflation — as the state collected in 1988.

The recession forced state lawmakers to close at least $142.6 billion in shortfalls as they wrote their budgets for fiscal 2010, which began July 1 in most states, on top of $113.2 billion in gaps in fiscal 2009 and $12.8 billion in fiscal 2008, the report said. Several states have reported new gaps in fiscal 2009 and 2010 because of continuing monthly declines in revenue over a year ago, but the report did not give a breakdown.

If last year is any indication, many states that balanced their budgets for fiscal 2010 must brace for their bottom line to be thrown into the red before the year is over, requiring another round of cuts or revenue-raising.

For example, when fiscal 2009 started (on July 1, 2008, for all but four states), states estimated they faced shortfalls totaling $40.3 billion. But by the time the books closed June 30, the total gap between revenues and spending needs had grown to $113.2 billion.

"It seems no matter how pessimistic (forecasters) have been, they haven't been pessimistic enough," Eckl said.

To bridge the gaps for the current year, states relied on a mix of program cuts, new taxes and federal stimulus dollars.

Montana, with a projected deficit of $67.1 million, and West Virginia, with a $200 million gap, reported using spending cuts to make up their entire budget shortfalls for the current fiscal year. Texas, on the other hand, filled 97 percent of its budget gap of $3.3 billion with money from the federal stimulus package.

But money from the stimulus package won't last long, a fact weighing heavily on the minds of legislators and analysts at the NCSL gathering. About $100 billion of the federal economic stimulus package helped states cover budget gaps in 2010; next year states will have about half that amount of stimulus money.

Several states also turned to tax increases to narrow their budget gaps. Using data provided by 36 states, NCSL reported that changes in state tax codes would net at least $24.3 billion in additional revenue for states in the coming year.

Nearly half would come from higher personal income taxes, especially on top earners. Another quarter of the new money would come from new sales and use taxes.

Nearly two-thirds of the states already are projecting budget gaps in fiscal 2011, the report said, and some state officials say the pattern will be repeated in fiscal 2012.

“Because the current state fiscal crisis began in fiscal 2008, many states are looking at a minimum of four to five consecutive years of deep fiscal problems, and maybe more,” the report said.

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Contact Stephen C. Fehr at sfehr@stateline.org and Daniel C. Vock at dvock@stateline.org.

Thursday, July 23, 2009

Q&A: What is the next big budget concern for states?

Even if the U.S. economy were to turn around by the end of the year, states are worried their own fiscal conditions will get worse before they get better. Several legislators shared their concerns for the new budget year with Stateline.org during the National Conference of State Legislatures' July 20-23 summit in Philadelphia.

Many states had to cut spending or raise taxes because of the recession. Fears are that budget conditions will get even worse.
What is your biggest concern in the coming year?

On Tuesday, Stateline.org asked governors about their biggest budget concern

Tomorrow — Stateline.org asks legislators: What development in your state would lead you to push for a second stimulus package?

Illinois state Sen.
Pamela Althoff (R) Increasing taxes. It’s a very difficult decision for legislators to make when the economy is bad and people are hurting. But people also need services. You have to balance those decisions. (In Illinois), we did not raise taxes this year. We borrowed money, which is almost as unconscionable. —Illinois state Sen. Pamela Althoff (R)

Massachusetts state Rep. Kathi Anne Reinstein (D) I believe next year could be worse. We depleted our reserve fund, and after next year, there will be no more stimulus money. I hope to institute gaming. There's no appetite for tax increases.

—Massachusetts state Rep. Kathi Anne Reinstein (D)

North Dakota state Rep. Darrell Nottestad (R)

Stability in oil and commodity prices. In our state, we can't have oil prices go up and down. Farm commodity prices need to stay at a stable level also.

—North Dakota state Rep. Darrell Nottestad (R)

Illinois state Sen.
Donne Trotter (D)

We cannot cut nor tax our way out of this. We need to make structural changes. … The problem is that we made a pledge to enhance and enrich (residents') quality of life, and my concern is that we would have to ratchet back some of the good things we've done that affect people's lives. But it's a new way of doing business now. —Illinois state Sen. Donne Trotter (D)

Texas state Rep. Charles "Doc" Anderson (R)

What I'm concerned about is we're going to have to pay for the federal stimulus, probably through higher taxes. I want to avoid a double whammy in Texas where we'd have to drive Texas taxes up.

—Texas state Rep. Charles "Doc" Anderson (R)

New Hampshire state Rep.
Patrick Long (D)

My biggest concern is finding alternative revenue sources. We could argue what's going to ruin our state socially, personal beliefs. But (now is) a time when you need job creation.

—New Hampshire state Rep. Patrick Long (D)

Arkansas state Rep. Richard Carroll (D)

The recovery stalling. It's OK for the economy to level out where we've been at, but we need to see more improvement. If it stalls out, with further loss of jobs, we'd have to address that.

—Arkansas state Rep. Richard Carroll (D)

Michigan state Sen.
Mark C. Jansen (R) If our economy does worse than it is right now. —Michigan state Sen. Mark C. Jansen (R)

Mississippi state Rep. Steve Holland (D) I've been in the Legislature for 27 years, so some
always worries me. We're in a malaise right now, but I feel we're getting over it. I'm an eternal optimist. Government is good, not bad.

—Mississippi state Rep. Steve Holland (D)

Friday, July 24, 2009

Minimum wages to rise in 31 states

By Tony Romm, Special to Stateline.org

Minimum-wage earners in 31 states and the District of Columbia can soon expect slightly bigger paychecks thanks to the third and final installment of a federal rate hike that raises the wage floor from $6.55 an hour to $7.25 an hour effective Friday (July 24).

The latest federal bump will enlarge roughly 4.5 million workers’ paychecks by about four cents an hour in some states to almost $1 an hour in others, according to the Economic Policy Institute, a nonpartisan research group in Washington, D.C. that supported the increase.

STATES' MINIMUM WAGES:
BEFORE AND AFTER JULY 24, 2009
Minimum wages will increase in 31 states on Friday, July 24. The hike -- last in a series of three Congress approved in 2007 -- will boost the wage floor from $6.55 an hour to $7.25 an hour.

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Before
July 23, 2009
After
July 24, 2009
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$8.00Delaware $7.15$7.15$7.25Washington,
D.C. $7.55$7.55$8.25Florida* $6.80$7.21$7.25Georgia $6.55$6.55$7.25Hawaii $7.25$7.25$7.25Idaho
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Virginia $6.55$6.55$7.25Wisconsin $ 6.50
$6.55$7.25Wyoming $6.55$6.55$7.25Sources: U.S. Department of Labor, Economic Policy Institute, Stateline.org reporting

* States with minimum wages indexed according to inflation data. Estimates courtesy of the Bureau of Labor Statistics/U.S. Department of Labor

Although states recently have led the charge to raise the minimum wage, the federal government historically mandates a national wage floor -- an hourly rate that states must meet or exceed. The three-part hike Congress authorized two years ago – from $5.15 an hour to $5.85 in July 2007, to $6.55 last July 24, to $7.25 this year – was the first federal increase in about 11 years.

Despite the scheduled hike, a number of states boosted their own minimum wages in the interim. Illinois lawmakers in 2007 approved three 25-cent pay raises over three years, bringing the state minimum to $8.25 an hour effective July 1, 2010. Maine lawmakers lifted the state's wage floor in 2008 by 25 cents – raising it to $7.25 an hour months before the federal government did – and approved an additional 25-cent increase for October 2009.

The Connecticut House and Senate last year even went so far as to override Governor M. Jodi Rell's veto to boost the state's minimum wage by 35 cents – from $7.65 to $8 an hour. Similar proposals are pending in states like Michigan, where Democrats hope to introduce a whopping $2.60 an hour increase – from $7.40 to $10 – as a ballot initiative next year.

Other states have automated their pay raises. Ten states – Arizona, Colorado, Florida, Missouri, Montana, Nevada, Ohio, Oregon, Vermont and Washington – adjust the minimum wage based on inflation data. The District of Columbia, meanwhile, mandates that its minimum wage be at least $1 more than the federal rate. Nevada offers an extra dollar to minimum-wage workers whose employers do not provide health benefits.

After Friday, 13 states will have a wage floor above the new federal minimum. Atop that list is Washington, which currently requires its workers to be paid at least $8.55 an hour. The state is trumped only by Santa Fe, N.M. – one of four cities that regulate their own wages – which sets its threshold at $9.85 an hour.

Yet economists and lawmakers disagree whether this flurry of wage increases will help both workers and their states' economies. On one hand, policymakers insist periodic wage bumps help low-income families and generate more consumer spending – two crucial tools to combat the effects of the recession.

Fiscal conservatives, however, oppose the hikes. They argue that wage increases force companies to staff fewer workers, which disproportionally affects young or low-skilled employees on the bottom of the hiring chain.

"There's a jobless factor to raising the minimum wage," said Kristen Eastlick, a senior economic analyst at the Employment Policies Institute, a nonprofit research group in Washington, D.C. that opposed the hike. "It does increase unemployment, and the hardest hit are low-skilled workers and families struggling to make ends meet. And you have businesses forced to adjust and make new decisions as a result of low revenue streams."

Those arguments have not stopped federal lawmakers from pondering additional increases. A pending House bill would take a nod from states and tie the minimum wage to living costs. Under the proposal, the wage floor would automatically adjust every four years to be 15 percent higher than the federal poverty threshold for a family of two – or about $8.05 an hour in 2009, using this year's poverty guidelines.

The bill, however, was previously introduced under the same name – the Living American Wage Act -- in 2007. It never emerged from a committee.

See Related Stories:
States outpace feds on minimum wage (6/20/2007)
Congress, states pledge wage hikes (11/15/2006)

Contact Tony Romm at tromm-temp@stateline.org

Friday, July 24, 2009

Weekly wrap: Health care reform takes center stage

By Pamela M. Prah, Stateline.org Staff Writer

President Obama wasn't the only one talking about revamping the U.S. health-care system this week. Prior to the president's July 22 nationally televised address, health care reform dominated the National Governors' Association summer meeting in Biloxi, Miss., where governors raised concerns that states would have to foot the bill, as outlined in a letter to Capitol Hill. The new NGA chair, Vermont Gov. Jim Douglas (R), has chosen health care as his year-long initiative.

Louisiana Gov. Bobby Jindal (R), who did not attend the NGA meeting in neighboring Gulfport, made appearances on Fox and CNN, criticizing current health care proposals moving through Congress that include a significant expansion in Medicaid, the state-federal program that currently provides health insurance for 60 million poor Americans.

During NGA's summer meeting, Cindy Mann, director of the Center on Medicaid and State Operations at the U.S. Department of Health and Human Services, acknowledged that the relationship between states and her shop have been a "bit rocky" and pledged to work with states "rather than get in your way." Mann said the Obama administration is eager for states to use newly created "express lanes" that enroll uninsured children to a state's subsidized health care plan at the same time the children are signed up for food stamps, school lunch plans or certain other benefits.

Health care and budget issues also were themes at the National Conference of State Legislatures' annual summit in Philadelphia July 20-24:

Photos from the National Conference of State Legislatures' annual summitPhoto by Daniel C. Vock, Stateline.org

A fife-and-drum corps greeted state legislators attending the National Conference of State Legislatures’ annual meeting in Philadelphia on Tuesday (July 21).Photo by Stephen Fehr, Stateline.org

Horses and jockeys galloped through the Philadelphia Convention Center to promote next year's annual meeting in Louisville, Ky.. Philadelphia Mayor Michael Nutter said he had seen a lot of such stunts in his years at the convention center, but never had he seen such an attention-grabber as the horses.
Photo by Daniel C. Vock, Stateline.org

Illinois state Rep. LaShawn Ford (D) walks among statues of signers of the U.S. Constitution. The opening reception for this year's meeting was held at the National Constitution Center in Philadelphia.Photo by Daniel C. Vock, Stateline.org

Hawaii state Sen. Les Ihara (D) and Massachusetts state Rep. Lori Ehrlich (D) stand with the likeness of George Washington, the chairman of the 1789 Constitutional Convention, during the opening reception of this year's NCSL meeting. Many legislators at the reception posed for snapshots with the statues of authors of the U.S. Constitution.

During the NCSL conference, state legislators called on Congress and the Obama Administration to fully fund the new Medicaid beneficiaries and services as outlined in federal health care reform proposals. "We just can’t enroll more people on Medicaid when we can’t pay for the ones we currently have," North Carolina House Speaker Joe Hackney and NCSL president said in a statement.

Meanwhile, Connecticut pushed ahead on health care, enacting a plan to cover uninsured residents. The Democrat-controlled legislature overrode the veto of Republican Gov. M. Jodi Rell, whose approval rating has dropped to its lowest level since becoming governor. Connecticut joins only Massachusetts, Vermont, and Maine with revamped health care systems. Elsewhere, despite the recession, at least 13 states have acted to insure more children this year.

Update on state budget showdowns: More than three weeks into the fiscal year, neither Connecticut nor Pennsylvania has new budgets. North Carolina has a tentative deal that relies on hikes in sales, personal income and cigarette taxes. California lawmakers were expected to vote Thursday night (July 23) on a new budget that relies on deep cuts and raiding local government coffers, but no new taxes, to help erase its $26 billion shortfall. Cities in California are preparing a lawsuit if the plan is approved. Arizona approved a stop-gap budget, but lawmakers remain in special session to make fixes. Republican Gov. Jan Brewer wants to let voters decide if they want to temporarily hike the state sales tax, her plan for balancing the ledgers.

Contact Pamela M. Prah at pprah@stateline.org.

Friday, July 24, 2009

Q&A: What would make you push for a second stimulus?

States are set to receive funds over the next several years under the American Recovery and Reinvestment Act. With money starting to reach stimulus projects, Stateline.org asked state legislators meeting for the National Conference of State Legislatures' Legislative Summit in Philadelphia what it would take for them to push for another stimulus program for their state.

What development in your state would lead you to push for a second stimulus package?

On Tuesday, Stateline.org asked governors about their biggest budget concern

Yesterday, Stateline.org asked state legislators about their biggest budget concern

Massachusetts state Rep. Kathi Anne Reinstein (D)

If it's going to be another stimulus, it needs to come directly to the states for infrastructure- schools, roads, parks, libraries.... I do think the stimulus is working. I think it's turning around slowly.

—Massachusetts state Rep. Kathi Anne Reinstein (D)

Michigan state Sen.

Mark C. Jansen (R) If the Big Three automakers would plunge farther than they have. They're coming out of bankruptcy, but if for some reason all three of them take an even deeper plunge, I think, for Michigan, that would be catastrophic, and that is where I could see asking for help at the national level. —Michigan state Sen. Mark C. Jansen (R)

New Hampshire state Rep.

Patrick Long (D) You're asking me a difficult question. The first stimulus didn't do what its intention was. It didn't create jobs with disposable income. If we would push a second stimulus, we would need to see that it could achieve what the first one didn't.

—New Hampshire state Rep. Patrick Long (D)

Illinois state Sen.

Pamela Althoff (R)   Nothing. Absolutely nothing. We're already so far in debt as a country. —Illinois state Sen. Pamela Althoff (R)

Illinois state Sen.

Donne Trotter (D)

None. Right now we need to internally look at how we're doing business…It's too early to tell how (the first stimulus) is going to help all of us. —Illinois state Sen. Donne Trotter (D)

Mississippi state Rep. Steve Holland (D)

I think the states could always use more money but considering our children and grandchildren will pay for this, I'm up in the air about a second stimulus. If it's done the same way, it has to trickle down more to states.

—Mississippi state Rep. Steve Holland (D)

North Dakota state Rep. Darrell Nottestad (R)

No. I'm concerned about the cost of it and how we will pay for it. We spent money we didn't have. I'm not saying we didn't make good use of it.

—North Dakota state Rep. Darrell Nottestad (R)

Arkansas state Rep. Richard Carroll (D)

Yes. The first stimulus did not have enough money for shovel ready infrastructure projects.

—Arkansas state Rep. Richard Carroll (D)

Texas state Rep.
Charles Anderson (R)

Hell no. The first stimulus hasn't worked and isn't going to work. Normally we'd have come out a recession by now.

—Texas state Rep. Charles Anderson (R)

Illinois state Rep.

Bob Flider (D) I think people would prefer that the federal government would take a deep breath and take a look at how the economy is going before they enter into a new program or try to stimulate it. Undoubtedly, if they put more money into a stimulus package, it would probably be laden with other programs that would be unrelated to stimulus. —Illinois state Rep. Bob Flider (D)

Hawaii state Sen.

Les Ihara (D) There has been discussion about the need for it – or at least looking at a – a second stimulus in order for the states to really recover. They need time to recover. Otherwise they will just sink in debt even further. —Hawaii state Sen. Les Ihara (D)

Michigan state Sen.
Bill Hardiman (R) I don't know if it's likely or not, but I am concerned that, while we needed some more money, that stimulus isn't stimulus, it's more just spending. —Michigan state Sen. Bill Hardiman (R)

Alaska state Rep.
Scott Kawasaki (D) Alaska, as we found out the last couple of days, actually has a better budget than a lot of other states here. We didn't really have any big deficits this year. A lot of our budget is oil revenues. Oil prices were really high. As far as Alaska goes, we're really in a good position. The rest of the lower 48 had to make huge cuts to their budgets. But Alaska pretty much stayed neutral. We're real excited about that. —Alaska state Rep. Scott Kawasaki (D)

Monday, July 27, 2009

Tracking the recession: Lawmakers dreading end of stimulus dollars

By Stephen C. Fehr, Stateline.org Staff Writer

Whether they welcomed or snubbed the federal economic stimulus package, state lawmakers took advantage of the bailout dollars this year to help patch their state's shaky finances.

Now, as they start thinking ahead to next year's budget and the 2010 elections, lawmakers are increasingly apprehensive about what will happen when the stimulus money dries up. They predict even deeper cuts in services, higher taxes and raids on rainy day funds to balance budgets.

"What's the exit strategy when this is over?" asked state Rep. Steven Costantino, a Democrat from Rhode Island who heads the House Finance Committee. "The stimulus is really a one-shot infusion that at some point ends."

Most of the $275 billion that states will receive from the $787 billion package will be spent in fiscal 2009, 2010 and 2011 budgets, with fewer dollars available in fiscal 2012.

The role of stimulus funds in helping soften the recession's blow on state budgets this year is clear from a newly released preliminary survey of half the states by the National Conference of State Legislatures. All of the 25 states surveyed said they used federal stimulus dollars for more than 20 percent of their gap-closing solution. The survey also shows how vulnerable states are as many start preparing for fiscal 2011 budgets.

Texas lawmakers, for example, have pointed with pride to the fact they kept taxes low, made modest spending cuts and built up a rainy day fund this year. But that was possible, the survey showed, because Texas used nearly all (96.7 percent) of its stimulus dollars to close its budget shortfall for the fiscal year beginning July 1, the highest percentage of the 25 states.

Nebraska (88 percent), Kentucky (68.4 percent), South Carolina (64.3 percent), Vermont (62 percent) and New Mexico (61.4 percent) also used a large percentage of stimulus dollars to balance their budgets. Alaska used only 3 percent of its stimulus money to cover its budget gap, the lowest percentage of the 25 states.

Because of the federal money, Alabama, Iowa, Minnesota, Oklahoma, South Carolina and South Dakota avoided a year-over-year decline in spending between fiscal 2009 and 2010, according to the survey and a recent NCSL report. Had there been less money to spend, those states would have had to make more severe cuts and or raise taxes. In Alabama, spending between the 2009 and 2010 budget years would have dipped 15.1 percent but, because of the stimulus, went up 7.6 percent. South Carolina was facing a 3.2 percent decrease in spending but came out ahead by 10.6 percent.

The stimulus funds also helped keep at least four states — Alabama, Kentucky, Washington and Wisconsin — in fiscal 2009 from having to live on fewer operating funds than the year before. In Alabama, fiscal 2009 spending would have fallen 4.8 percent without stimulus money but instead rose 8 percent — a 12.8 percent swing.

But states probably cannot avoid a drop in spending money when the stimulus money stops coming, the survey said, because the growth in tax revenue will be too slow. "State revenue performance is not expected to rebound strongly enough to make up for lost (stimulus) funds," said the survey, which was presented July 22 at NCSL's annual legislative summit in Philadelphia by NCSL fiscal specialist Corina Eckl. She said she hopes the completed survey, with results from all 50 states, will be finished this summer.

Standard & Poor's chief economist David Wyss told the summit that although the economy is improving slightly, states won't feel it for several years because of the lag time between a recovery and increases in state tax revenue.

"The good news is we're not in a free fall anymore," Wyss said of the overall economy. "The parachute is open. It doesn't mean we're on the ground yet."

Some states will take longer than others to grow revenue. The drop in revenue in Michigan between fiscal 2008 and 2010 is “unprecedented in modern times,” according to the state’s most recent economic outlook.

Many state officials told NCSL that they are forecasting shortfalls in fiscal 2011 and 2012 even if the economy rebounds.

The survey, which is the first to canvass state officials about how they used the federal bailout to shore up their budgets, warned that states will “face a cliff” if tax revenues do not start growing significantly by the time the stimulus money stops flowing next year. Economists and other tax and budget experts are predicting several more years of flat or declining revenues for states.

Photo by Stephen Fehr, Stateline.org

From left, MIT economist Simon Johnson, Standard & Poor’s chief economist David Wyss and Comcast executive David Cohen spoke about the condition of the economy at the annual legislative summit of the National Conference of State Legislatures July 22 in Philadelphia.“We are definitely one of the ‘cliff’ states,” said Maryland Del. Sheila Hixon, a Democrat from the suburbs of Washington, D.C. “I don’t know what we’re going to do when the federal funds leave.”

State Rep. Phillip Owens, a Republican from South Carolina, said the stimulus money helped the state avoid having to close four prisons and lay off hundreds of schoolteachers. “The consensus is that in two years, if we’re no better off than we are today, we gave ourselves a two-year window for the economy to try to recover,” he said.

Wyss and other economists, lawmakers and policymakers attending the conference said it is too early to talk about a second stimulus package. MIT Economist Simon Johnson told the lawmakers that the stimulus was not targeted enough to states. “If there is going to be a second stimulus, it has to be better targeted.”

Wyss said the money was targeted well to states, but too much of it is going to rural areas instead of urban areas that need to create jobs. “I would say we don’t need another one,” he said. “We need to get this one spent.”

G. Edward DeSeve, the Obama administration’s chief adviser on implementing the stimulus package, said the money is being spent at the rates that Congress required in the legislation. About 30 percent of the $787 billion has been spent in about 25 percent of the days that the program will be in effect, he said. “This is the way the spending was designed,” he said.

See Related Stories:

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Report: State tax revenue takes a dive (3/12/2009)