



The federal stimulus dollars that Idaho received in the past six months cushioned the blow from lost wages and decreased economic activity due to COVID-19, helping set the stage for a stronger than anticipated revenue outlook for the current fiscal year. These revenues can be invested in critical services that enhance longer-term growth. As a state with a large share of low-paid workers, federal aid went further in Idaho than in many other states. However, the majority of the federal aid has now expired and with many Idahoans still out of work and with the pandemic causing economic stress and uncertainty, it is unclear if Idaho's revenues will meet the state's revised projections through the current fiscal year.

Idaho's Revenues Expected to Grow Modestly

State revenue has not dropped as much as previously projected because of a combination of policy changes, restoration of jobs lost during the pandemic, and changes in consumer patterns. As a result, the state expects revenues to grow by 2 percent in fiscal year 2021—down from the pre-pandemic estimate of 6.1 percent growth.¹

Since federal and state tax filing deadlines were extended this year, Idaho revenue collections in July 2020 were almost \$76 million higher than in the same month last year.² This suggests that the current-year outlook has been strengthened by revenues that normally would have been collected in the previous fiscal year.³ However, there was also an increase in withholdings in August and September over 2019, indicating that businesses were able to rehire previously laid-off workers.⁴ Online sales have also been a bright spot as consumers have shifted their consumption patterns and Idaho's population growth has helped increase consumer demand.⁵

Federal Stimulus Boosted Idaho Revenues

In the spring and summer, many Idahoans who lost their jobs or experienced cuts in their hours or wages were able to make ends meet and participate in the consumer economy because of the substantial federal stimulus from which they directly and indirectly benefited. Other low wage states such as neighboring Utah have also managed to maintain relatively stable state revenues in the midst of the pandemic, with federal aid providing a significant bang for the buck.

When combining the aid from the Paycheck Protection Program, Economic Impact Payments, and the federal pandemic unemployment assistance programs, Idahoans received \$2,723 per capita, a boost equivalent to 5.4 percent of Idaho's annual personal income.⁶ Nationally, the pandemic aid packages are estimated to increase GDP by 4.7 percent in 2020, but this positive impact on GDP will decline significantly if Congress does not pass another aid package.⁷

While these federal supports have been particularly helpful in maintaining a stable revenue stream in Idaho, the funds - including the majority of the federal unemployment aid - have mostly run out. In September, President Trump's Lost Wages Assistance program, which authorized \$300/week in unemployment assistance using FEMA money, ended after five weeks of payments. It is unclear how Idaho's revenues will fare without continuing federal supports.

Summary of Federal Aid to Idahoans and Idaho Business

As of September 21, Idaho had been allocated \$8.87 billion in federal aid aimed to blunt the effects of the pandemic, which includes Idaho's \$1.25 billion Coronavirus Relief Fund.

Direct Aid to Idahoans

Direct financial supports have come largely in the form of stimulus checks and enhanced unemployment insurance. Though for each family the impact of this aid varies by how deeply impacted they were by job and income loss, in the aggregate it has infused about \$2.26 billion into the economy. Because they were directed to families with middle and low incomes, they are the more likely to be spent in Idaho's economy.

Federal Aid Direct to Idahoans	Amount
Economic Impact Payments (\$1,200 Stimulus Checks)	\$1.57 billion
Federal Unemployment Supports	\$687 million
Total	\$2.26 billion⁸

The federal pandemic unemployment supports include several programs, with the majority of the aid - \$538 million - provided in the form of the Federal Pandemic Unemployment Compensation program.⁹ This temporary program granted eligible unemployed individuals an additional \$600/week through July. In comparison, regular unemployment insurance payments, covered by Idaho's Unemployment Insurance Trust Fund, were considerably less over the same period (\$202.8 million).¹⁰

Direct Aid to Idaho Businesses

Idaho businesses have also benefited from federal supports, which provided liquidity to distressed companies and helped preserve jobs.

Federal Aid to Idaho Businesses	Amount
Paycheck Protection Program	\$2.6 billion
Economic Injury Disaster Loans	\$668.7 million
Economic Injury Disaster Loan Advance	\$61 million
Total	\$3.3 billion¹¹

In addition to \$2.26 billion in direct aid programs to Idahoans and \$3.3 billion in business aid, Idaho also received \$1.25 billion from the Coronavirus Relief Fund, which has been used for a wide range of initiatives including small business grants, back to work bonuses, and additional school funding. The remainder of the \$8.87 billion in federal aid to Idaho has come through smaller initiatives such as grants to individuals, other types of loans to small businesses, grants to health care providers, support for schools and other targeted programs.¹²

Looking Ahead

Idaho's revenue outlook is uncertain because it is difficult to predict how income tax withholdings will look in the coming months, particularly if there is a second wave of COVID-19 and businesses are forced to temporarily close down again. If a second wave occurs, Idahoans and consequently state revenue does not currently have federal stimulus dollars to address hardship (which is still widespread despite policy

responses), stimulate the economy, and ensure strong revenue to invest in critical services for long-term growth.

¹ Division of Financial Management, “Idaho General Fund Revenue Report,” August 2020, Accessed at: https://dfm.idaho.gov/publications/eab/gfrr/gfrr2021/gfrr_aug2020.pdf & Division of Financial Management, “Idaho General Fund Revenue Report,” January 2020, Accessed at: https://dfm.idaho.gov/publications/eab/gfrr/gfrr2020/gfrr_jan2020.pdf.

² Division of Financial Management, “Idaho General Fund Revenue Report,” August 2020, Accessed at: https://dfm.idaho.gov/publications/eab/gfrr/gfrr2021/gfrr_aug2020.pdf.

³ While Idaho’s filing deadline was June 15, 2020, according to the Tax Commission, many Idaho businesses and citizens filed their taxes on the July 15, 2020 federal deadline. Idaho filers did not receive penalties for the late filings if they remitted their payment in full by July 15, 2020.

⁴ Division of Financial Management, “Idaho General Fund Revenue Report,” October 2020, Accessed at: https://dfm.idaho.gov/publications/eab/gfrr/gfrr2021/gfrr_oct2020.pdf. Division of Financial Management, “Idaho General Fund Revenue Report,” September 2020, Accessed at: https://dfm.idaho.gov/publications/eab/gfrr/gfrr2021/gfrr_sept2020.pdf & Division of Financial Management, “Idaho General Fund Revenue Report,” October 2019, Accessed at: https://dfm.idaho.gov/publications/eab/gfrr/gfrr2020/gfrr_oct2019.pdf

⁵ Division of Financial Management, “Idaho General Fund Revenue Report,” October 2020, Accessed at: https://dfm.idaho.gov/publications/eab/gfrr/gfrr2021/gfrr_oct2020.pdf.

⁶ Idaho Department of Labor, “Idaho’s Weekly Unemployment Continued Claims Decrease for 22 Consecutive Weeks”, October 8, 2020 Accessed at: <https://idahootwork.com/2020/10/08/idahos-unemployment-continued-claims-decrease-for-22-consecutive-weeks/>; 2019 Census Quick Facts: Idaho, Accessed at: <https://www.census.gov/quickfacts/ID>; Committee for a Responsible Federal Budget, “Interactive Table COVID Response,” Accessed on October 8, 2020, at: <https://www.covidmoneytracker.org/explore-data/interactive-table>; Federal Reserve Bank of St. Louis, “ Total Personal Income in Idaho,” Accessed on October 8, 2020, at: <https://fred.stlouisfed.org/series/IDOTOT>

⁷ Congressional Budget Office, “The Effects of Pandemic-Related Legislation on Output,” September 18, 2020, Accessed at: <https://www.cbo.gov/publication/56537>

⁸ IRS, “IRS Statement on Economic Impact Payments by state (as of Aug.28,2020)” Accessed at: <https://www.irs.gov/newsroom/irs-statement-on-economic-impact-payments-by-state-as-of-aug-28-2020> & Idaho Department of Labor, “Idaho’s Weekly Unemployment Continued Claims Decrease for 23rd Consecutive Week”, October 15, 2020 Accessed at: <https://idahootwork.com/2020/10/15/idahos-unemployment-continued-claims-decrease-for-23rd-consecutive-week/#more-11846>

⁹ Idaho Department of Labor, “Idaho’s Weekly Unemployment Continued Claims Decrease for 23rd Consecutive Week”, October 15, 2020 Accessed at: <https://idahootwork.com/2020/10/15/idahos-unemployment-continued-claims-decrease-for-23rd-consecutive-week/#more-11846>

¹⁰ Ibid.

¹¹ Committee for a Responsible Federal Budget, “COVID Money Tracker,” Accessed on September 22, 2020 at: <https://www.covidmoneytracker.org/explore-data/interactive-table>

¹² Ibid.