THE FISCAL SURVEY OF STATES

FALL 2011

An Update of State Fiscal Conditions

A report by the National Governors Association and the National Association of State Budget Officers

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PREFACE

The Fiscal Survey of States is published twice annually by the National Association of State Budget Officers (NASBO) and the National Governors Association (NGA). The series was started in 1979. The survey presents aggregate and individual data on the states' general fund receipts, expenditures, and balances. Although not the totality of state spending, these funds are used to finance most broad-based state services and are the most important elements in determining the fiscal health of the states. A separate survey that includes total state spending, NASBO's *State Expenditure Report*, also is conducted annually.

The field survey on which this report is based was conducted by NASBO from August through September 2011. The surveys were completed by Governors' state budget officers in all 50 states. This survey also includes Puerto Rico; however, their data is not included in the 50 state totals.

Fiscal 2010 data represent actual figures, fiscal 2011 figures are preliminary actual, and fiscal 2012 data reflect state enacted budgets.

Forty-six states begin their fiscal years in July and end them in June. The exceptions are Alabama and Michigan, with October to September fiscal years; New York, with an April to March fiscal year; and Texas, with a September to August fiscal year. Additionally, 21 states operate on a biennial budget cycle.

NASBO staff member Ben Husch compiled the data and prepared the text for the report.

EXECUTIVE SUMMARY

This edition of the Fiscal Survey of States demonstrates that while state fiscal conditions are slowly improving in fiscal 2012, they are likely to remain constrained due to the lack of a strong national economic recovery and the withdrawal of federal stimulus funds provided through the *American Recovery and Reinvestment Act of 2009* (ARRA). The slow improvement in state finances began in 2011 as highlighted by 38 states reporting that they had higher general fund spending in fiscal 2011 compared to fiscal 2010 and continued with 43 states enacting fiscal 2012 budgets with increasing general fund expenditures as compared to fiscal 2011. However, 29 states still have lower general fund spending in fiscal 2012 compared to the pre-recession levels of fiscal 2008, illustrating how significantly state fiscal conditions were affected by the recession. Additionally, state revenue collections will continue to be affected by this less than robust economic recovery, especially in light of the disruption experienced by the national economy earlier this year, as unemployment remains high and consumer spending remains weak. At the same time states are beginning to experience some improvement in revenue collections, pressure for state spending in areas such as healthcare and education continues to grow. Even though states are experiencing a slight improvement over one of the worst time periods in state fiscal conditions since the Great Depression, fiscal 2012 continues to present states with significant financial management challenges.

The recent severe national recession drastically reduced state tax revenues from every revenue source. Additionally, increases in state revenue collections historically lag behind any national economic recovery, which itself has been slow to develop. Total state revenues in 2012 remain below their 2008 levels by nearly $20.8 billion. This significant drop in revenue led to actual declines in state general fund expenditures in both fiscal 2009 and fiscal 2010, which was only the second and third time that state general fund spending has declined in the history of this report. This also marked the first time in which states have had consecutive years of declining general fund spending. As the economy slowly improves, state general fund spending is expected to increase, although at a slower rate than the historical average of 5.6 percent. This slow rate of growth is evident by examining state enacted budgets for fiscal 2012 which include an aggregate 2.9 percent increase over fiscal 2011 spending levels. Additionally, while state general fund spending is expected to grow slowly over the next few years, state spending on Medicaid is likely to continue to see above average growth due to increased demand as a result of the economic downturn, the loss of additional federal funds associated with the Recovery Act, and the implementation of the Affordable Care Act.

Fiscal 2010 was a very difficult year for state finances as 43 states enacted budgets with declining levels of spending. The improvement in state finances that began in fiscal 2011 highlighted by the fact that 38 states reported that they had higher general fund spending in fiscal 2011 compared to fiscal 2010. This improvement is expected to continue in fiscal 2012 as 43 states enacted a fiscal 2012 budget with higher general fund spending than fiscal 2011. Overall, state enacted budgets in fiscal 2012 call for $666.6 billion in general fund expenditures. This represents a 2.9 percent increase compared to $648.1 billion in general fund spending in fiscal 2011. Furthermore, the $648.1 billion in general fund spending in fiscal 2011 represents a 4.0 percent increase over the $623.4 billion spent in fiscal 2010. However, even with these increases in fiscal 2011 and fiscal 2012, total enacted general fund spending in fiscal 2012 is still $20.7 billion, or 3.0 percent, less than the pre-recession high of $687.3 billion in fiscal 2008. This aggregate reduction is illustrated by the 29 states that enacted a fiscal 2012 budget with lower general fund spending than they had in fiscal 2008.

State enacted budgets for fiscal 2012 forecast total general fund revenues of $659.4 billion, 1.6 percent above the $649.0 billion collected in fiscal 2011. However, state revenue collections may be impacted by the economic slowdown experienced earlier this year. States also reported that total general fund revenues increased 6.4 percent in fiscal 2011 compared to fiscal 2010. Although state general fund revenues are expected to increase in both fiscal 2011 and fiscal 2012, the drastic declines in revenue collections experienced in fiscal 2009 and fiscal 2010 means that total general fund revenues in fiscal 2012 will still be $20.8 billion below their fiscal 2008 level.

The slow recovery of state revenue continues to result in significant gaps between projected spending and revenue collections. Additionally, certain demands and requirements for additional spending will continue to be higher than the revenue coming into many state coffers. As such, states reported $230 billion in budget gaps between fiscal 2009 and fiscal 2011. Additionally, based on data reported to NASBO and other state government reports, 39 states had to close $95 billion in gaps for fiscal 2012. Although not all state budget offices have completed official forecasts, 17 states reported $40 billion in budget gaps for fiscal 2013, which does not begin until July 1, 2012 for most states. State budget gaps that arise during the fiscal year are primarily solved through a reduction in previously appropriated spending, fund transfers, and enacted revenue increases.

In fiscal 2011, 19 states enacted aggregate mid-year budget cuts totaling $7.4 billion. Although these actions represent a large number of states, this figure still represents a decline from previous years. In fiscal 2010, 39 states made $18.3 billion in mid-year budget cuts and in fiscal 2009 43 states made mid-year cuts totaling $31.3 billion. In addition to the $7.8 billion in mid-year budget cuts in fiscal 2011, 9 states enacted $3.5 billion in mid-year tax and fee increases.

States' enacted fiscal 2012 budgets include a $584.1 million reduction in new net taxes and fees. Additionally, states enacted decreases of $2.6 billion in net revenue measures. Many of the larger decreases in both taxes and revenue measures are the result of expiring tax increases that were not renewed. In previous years, in response to the significant loss of revenue during the recession, states enacted $23.9 billion in increased taxes and fees along with an additional increase of $7.5 billion in revenue measures in fiscal 2010 as well as $6.2 billion in new taxes and fees and $2.9 billion in revenue measures in fiscal 2011.

The slight improvement in state fiscal conditions is also highlighted by an increase in states' balances. Balances reflect the funds that states may use to respond to unforeseen circumstances after budget obligations have been met and include budget stabilization funds, sometimes known as "rainy day funds." While balances had been built up during the middle part of the last decade, the sudden and drastic loss of revenue resulted in a significant depletion of balance levels during the recession. Specifically, after reaching a peak of $69 billion or 11.5 percent of general fund expenditures in fiscal 2006, total balance levels fell to $30.6 billion or 4.6 percent of expenditures at the end of fiscal 2009. Based on states' enacted budgets for fiscal 2012, states' balances are expected to be $41.2 billion, or 6.2 percent of expenditures. It is important to note that the balance levels of Texas and Alaska total $18.6 billion in fiscal 2012 and without these two states, the remaining 48 states have balance levels that represent only 3.7 percent of general fund expenditures for fiscal 2012.

Over the past three years, states were able to make use of $135 billion in flexible emergency funding that was provided through the *American Recovery and Reinvestment Act of 2009*. Spending from these funds peaked in fiscal 2010 at $61.1 billion and then fell slightly to $50.3 billion in fiscal 2011. However, fiscal 2012 will see states make use of only $3.0 billion due to the wind down of funds. These funds were distributed through increases in state Federal Medical Assistance Percentage (FMAP) rates as well as the State Fiscal Stabilization Fund. The reduction of this funding stream for states, when combined with a slow recovery in state revenue collections, will continue the tight resource environment for states in fiscal 2012.

While the overall fiscal situation of states has improved from the depths of the recession with both revenue collections and spending increasing, the *Fall 2011 Fiscal Survey of States* demonstrates the precarious financial situation facing states. In 2012, states appear on track for continued, at least moderate, financial improvement, highlighted by increasing general fund expenditures, rising tax collections, and the slow restoration of state rainy day funds. However, aggregate figures do not show states back to pre-recession levels, as the growth in revenue collections is not improving significantly enough to cover both the wind down of Recovery Act funds and the increased expenses states face in areas like health care and corrections. The trends in this report show that if the economy continues to improve, state finances will stay on a positive, albeit slow moving track.

State Spending

States enacted general fund spending of $666.6 billion in fiscal 2012 is 2.9 percent above the $648.1 billion in fiscal 2011. The $648.1 billion in general fund expenditures in fiscal 2011 is 4.0 percent above the $623.4 billion spent in fiscal 2010. Forty-three states enacted budgets with increasing general fund expenditures for fiscal 2012 compared to fiscal 2011. However, even with these proposed increases, 29 states would still have lower general fund spending in fiscal 2012 compared to the pre-recession levels of fiscal 2008. Nineteen states made mid-year budget cuts to their fiscal 2011 budgets totaling $7.4 billion. Thirty-nine states made mid-year budget cuts of $18.3 billion in fiscal 2010, while 43 states made $31.3 billion in mid-year cuts in fiscal 2009.

State Revenue Actions

States fiscal 2012 enacted budgets include tax and fee changes that will decrease general fund revenue collections by a cumulative $584.1 million. Thirteen states recommended net increases while 18 states proposed net decreases. States also enacted $2.6 billion in revenue measure decreases.

In fiscal 2011, revenues from all sources, which include sales, personal income, corporate income and all other taxes and fees, exceeded forecasts in 32 states, were on target in nine states, and were below forecasts in nine states. While a number of states reported a surplus following the end of fiscal 2011, these surpluses should not be taken as a sign that state fiscal conditions have returned to their pre-recession level. Such surpluses are more likely the result of cuts in spending from previous fiscal years as well as conservative revenue forecasts.

Specifically, in fiscal 2011, revenues from sales tax collections rose 4.8 percent, while personal income tax collections were 9.7 percent higher, and corporate income tax collections were 9.4 percent higher relative to fiscal 2010 collections.

Thus far in fiscal 2012, 15 states are exceeding revenue collection estimates, 22 states are on target, while 7 states are below expectations. Additionally, the disruption experienced by the national economy earlier this year may negatively impact state general fund revenue collections as fiscal 2012 continues. Compared to fiscal 2011 collections, state enacted budgets for fiscal 2012 reflect a 0.3 percent decrease in sales tax revenue, although this is mostly due to the end of temporary sales increases in a few states. State enacted budgets for fiscal 2012 reflect a 5.2 percent increase in personal income tax revenue and a 0.1 percent decrease in corporate income tax revenue. Within state budgets, about 40 percent of general fund revenue is from personal income tax, 33 percent is from sales tax, and seven percent is from corporate tax, with the rest from various other sources.

Year-End Balances

Total balances—ending balances and the amounts in budget stabilization "rainy day" funds—are a crucial tool that states heavily rely on during fiscal downturns and budget shortfalls. After reaching a peak in fiscal 2006 at $69 billion or 11.5 percent of general fund expenditures, the severe deterioration in state fiscal conditions resulted in balance levels falling to $30.6 billion by fiscal 2010, representing 4.6 percent of expenditures. Balance levels have begun to recover, as states' enacted budgets for fiscal 2012 would raise total balance levels to $41.2 billion, 6.2 percent of general fund expenditures.

STATE EXPENDITURE DEVELOPMENTS

CHAPTER ONE

Overview

Fiscal 2012 is expected to continue the slow improvement in state fiscal conditions that began in fiscal 2011. However states still face a challenging fiscal environment due to the lack of a strong national economic recovery, the wind down of federal stimulus funds, and the potential for significant reductions of federal aid. State fiscal conditions have improved when compared to the situation states faced in fiscal 2009 and fiscal 2010. Going forward, the spending increases associated with this improvement are likely to be slower than the historical average growth rate of 5.6 percent. Additionally, while state general fund spending is expected to grow much slower over the next few years, spending on Medicaid is likely to continue to see above average growth due to increrased demand as a result of the economic downturn, the loss of additional federal funds associated with the Recovery Act, and the implementation of the Affordable Care Act.

State Spending from All Sources

This report captures only state general fund spending. General fund spending represents the primary component of discretionary expenditures of revenue derived from general sources which have not been earmarked for specific items. According to the most recent edition of NASBO's *State Expenditure Report*, estimated fiscal 2011 spending from all sources (general funds, federal funds, other state funds and bonds) is approximately $1.7 trillion with the general fund representing 37.7 percent of the total. However, as recently as fiscal 2008, general fund spending accounted for 45.9 percent of total state spending. This decrease in the general fund's impact on total state spending is evidence of the gap that ARRA funds filled. Federal funds went from representing 26.3 percent of total state spending in fiscal 2008 to an estimated 34.1 percent in fiscal 2010 due primarily to Recovery Act funds. The components of total state spending for estimated fiscal 2011 are: Medicaid, 23.6 percent; elementary and secondary education, 20.1 percent; higher education, 10.1 percent; transportation, 7.6 percent; corrections, 3.1 percent; public assistance, 1.6 percent; and all other expenditures, 33.9 percent.

For estimated fiscal 2011, components of general fund are elementary and secondary education, 35.0 percent; Medicaid, 17.4 percent; higher education, 11.5 percent; corrections, 7.4 percent; public assistance, 1.8 percent; transportation, 0.5 percent; and all other expenditures, 26.5 percent.

State General Fund Spending

State general fund spending for fiscal 2012 is forecast to be $666.6 billion based on states' enacted budgets. This represents an increase of 2.9 percent above the $648.1 billion spent in fiscal 2011. The slight increase in state general fund spending in fiscal 2012, as compared to fiscal 2011, is evident in the 43 states which enacted a fiscal 2012 budget with general fund spending levels above those of fiscal 2011. This spending increase will be the second consecutive year-over-year increase in general fund expenditures following back-to-back declines in general fund spending in fiscal 2009 and fiscal 2010, at 3.8 percent and 5.7 percent respectively. However, even after two years of increases in state general fund spending, such spending remains $20.7 billion, 3.0 percent, below the $687.3 billion spent in fiscal 2008. Likewise, when examining individual states, there are still 29 states which enacted a fiscal 2012 budget with general fund spending levels below fiscal 2008. These 29 states highlight that a significant number of states still face an uphill path to full recovery. *(See Table 1, Figure 1, and Tables 3 - 5.)*

For fiscal 2011, general fund spending increased by 4.0 percent, the largest increase in state spending since 2008. Specifically, 12 states had negative general fund expenditure growth 2010 levels, while 23 states had general fund expenditure growth between 0 and 4.9 percent, and 15 states had general fund spending growth greater than five percent. *(See Table 2 and Table 6)*

TABLE 1

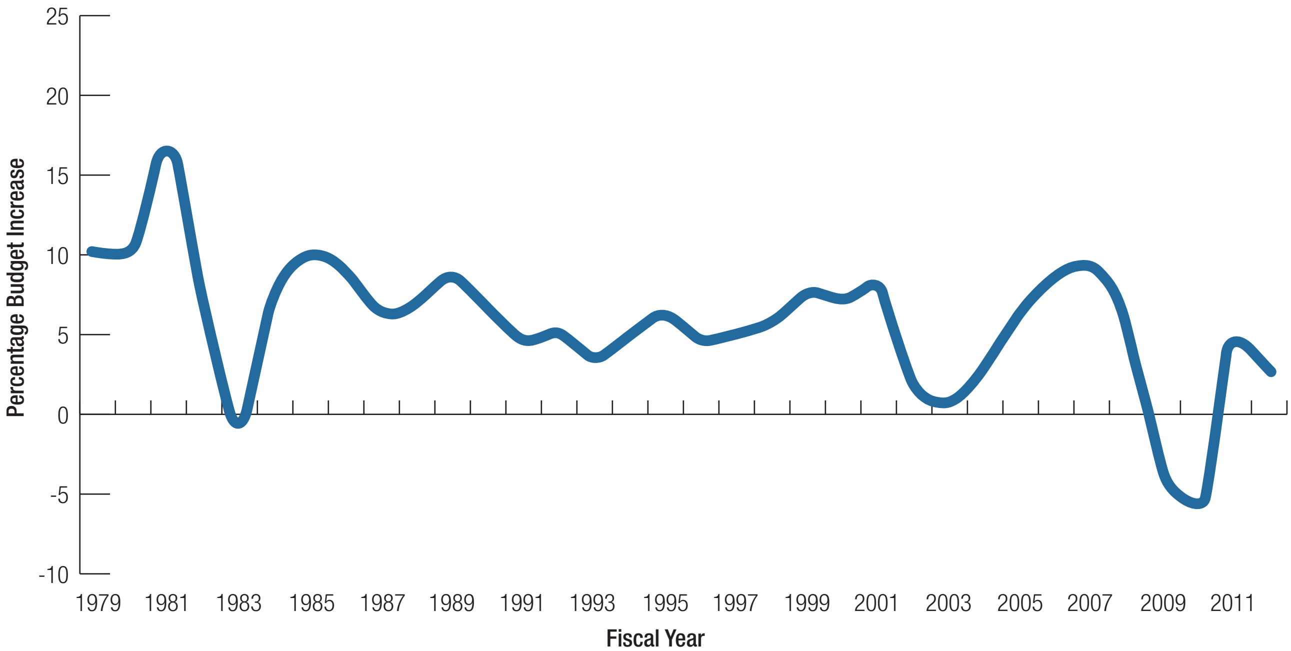
State Nominal and Real Annual Budget Increases, Fiscal 1979 to Fiscal 2012

Fiscal Year	State General Fund	
	Nominal Increase	Real Increase
2012	2.9%	
2011	4.0	2.4
2010	-5.7	-7.8
2009	-3.8	-3.4
2008	4.9	-1.0
2007	9.4	3.9
2006	8.7	3.4
2005	6.5	0.2
2004	3.0	-1.0
2003	0.6	-3.6
2002	1.3	-1.4
2001	8.3	4.0
2000	7.2	4.0
1999	7.7	5.2
1998	5.7	3.9
1997	5.0	2.3
1996	4.5	1.6
1995	6.3	3.2
1994	5.0	2.3
1993	3.3	0.6
1992	5.1	1.9
1991	4.5	0.7
1990	6.4	2.1
1989	8.7	4.3
1988	7.0	2.9
1987	6.3	2.6
1986	8.9	3.7
1985	10.2	4.6
1984	8.0	3.3
1983	-0.7	-6.3
1982	6.4	-1.1
1981	16.3	6.1
1980	10.0	-0.6
1979	10.1	1.5
1979-2012 average	**5.6%**	**1.3%**

*Notes: *The state and local government implicit price deflator cited by the Bureau of Economic Analysis in October 2011 is used for state expenditures in determining real changes. Fiscal 2011 figures are based on the change from fiscal 2010 actuals to fiscal 2011 preliminary actual. Fiscal 2012 figures are based on the change from fiscal 2011 preliminary actual to fiscal 2012 appropriated.*

SOURCE: National Association of State Budget Officers.

FIGURE 1:
Annual Percentage Budget Increases, Fiscal 1979 to Fiscal 2012



SOURCE: National Association of State Budget Officers.

TABLE 2
State General Fund Expenditure Growth, Fiscal 2011 and 2012

	Number of States	
Spending Growth	**Fiscal 2011 (Preliminary Actual)**	**Fiscal 2012 (Appropriated)**
Negative growth	12	7
0.0% to 4.9%	23	19
5.0% to 9.9%	12	17
10% or more	3	7

NOTE: Average spending growth for fiscal 2011 (preliminary actual) is 4.0 percent; average spending growth for fiscal 2012 (enacted) is 2.9 percent. See Table 6 for state-by-state data.

SOURCE: National Association of State Budget Officers.

TABLE 3

Fiscal 2010 State General Fund, Actual (Millions)

Region/State	Beginning Balance	Revenues	Adjustments	Total Resources	Expenditures	Adjustments	Ending Balance	Rainy Day Fund Balance
Alabama**	105	6,484	162	6,751	7,457	-778	72	0
Alaska**	0	5,617	18	5,635	6,603	461	-1,429	10,364
Arizona**	-481	6,460	1,866	7,846	7,852	0	-6	0
Arkansas	0	4,323	0	4,323	4,323	0	0	0
California* **	-5,375	87,041	228	81,894	87,237	0	-5,342	-6,113
Colorado* **	443	6,410	0	6,853	6,716	0	137	133
Connecticut	0	17,689	0	17,689	17,208	0	481	0
Delaware*	379	3,235	0	3,614	3,077	0	537	186
Florida	631	22,165	0	22,796	21,223	0	1,573	275
Georgia* **	1,738	15,216	156	17,110	15,971	0	1,138	116
Hawaii	-37	4,852	0	4,816	4,838	0	-22	63
Idaho**	0	2,265	71	2,336	2,507	-171	0	31
Illinois* **	2,094	25,254	5,261	32,609	25,165	6,991	453	0
Indiana**	964	12,321	371	13,656	12,877	-52	831	0
Iowa**	0	5,634	0	5,634	5,298	48	287	422
Kansas	50	5,191	0	5,241	5,268	0	-27	0
Kentucky**	40	8,331	234	8,604	8,452	72	80	0
Louisiana**	782	7,174	619	8,575	8,683	0	-108	644
Maine**	26	2,693	202	2,921	2,849	71	0	0
Maryland**	87	12,891	795	13,773	13,429	0	344	612
Massachusetts* **	1,017	30,310	0	31,327	30,424	0	903	670
Michigan**	177	6,506	1,209	7,892	7,705	0	187	2
Minnesota**	447	14,620	0	15,067	14,627	0	440	0
Mississippi**	8	4,491	0	4,499	4,320	175	5	257
Missouri**	311	6,774	670	7,755	7,570	0	185	260
Montana**	393	1,627	6	2,026	1,716	-1	311	0
Nebraska**	424	3,207	-21	3,610	3,313	0	297	467
Nevada**	212	3,007	143	3,362	3,212	-163	314	0
New Hampshire* **	9	1,398	28	1,436	1,405	-45	75	9
New Jersey* **	614	28,144	526	29,284	28,480	0	804	0
New Mexico	479	4,799	653	5,930	5,358	0	572	278
New York* **	1,948	52,556	0	54,504	52,202	0	2,302	1,206
North Carolina	92	18,657	0	18,750	18,513	0	237	150
North Dakota**	362	1,241	295	1,898	1,585	0	313	325
Ohio	735	24,950	0	25,685	25,175	0	510	0
Oklahoma**	26	5,166	-30	5,163	5,119	2	42	373
Oregon**	0	5,982	0	5,982	6,371	0	-390	216
Pennsylvania**	-2,030	26,523	2,854	27,346	27,641	0	-294	1
Rhode Island**	-61	3,017	-74	2,881	2,864	-1	18	112
South Carolina	121	5,242	0	5,363	5,117	0	245	111
South Dakota**	0	1,110	22	1,132	1,132	0	0	107
Tennessee**	77	9,732	195	10,004	9,451	314	240	453
Texas	2,427	38,371	118	40,916	39,465	-82	1,533	7,693
Utah**	22	4,193	220	4,435	4,441	22	-28	210
Vermont	0	1,038	52	1,090	1,088	2	0	57
Virginia	161	14,758	0	14,919	14,787	0	132	295
Washington**	189	13,571	715	14,475	15,036	0	-561	95
West Virginia**	481	3,758	1	4,240	3,677	11	552	556
Wisconsin**	90	12,132	742	12,963	12,824	68	71	0
Wyoming**	5	1,745	0	1,750	1,750	0	0	398
TERRITORIES								
Puerto Rico**	0	7,670	2,500	10,170	10,170	0	0	0
Total* **	**$10,181**	**$609,870**		**$638,354**	**$623,394**		**$8,014**	**$21,034**

*NOTES: NA Indicates data are not available. *In these states, the ending balance includes the balance in the budget stabilization fund. **See Notes to Table 3.*
SOURCE: National Association of State Budget Officers.

TABLE 4

Fiscal 2011 State General Fund, Preliminary Actual (Millions)

Region/State	Beginning Balance	Revenues	Adjustments	Resources	Expenditures	Adjustments	Ending Balance	Rainy Day Fund Balance
Alabama**	72	6,909	0	6,981	7,356	-414	38	0
Alaska**	0	5,307	0	5,307	6,075	17	-785	11,065
Arizona**	-6	7,250	1,131	8,376	8,372	0	3	0
Arkansas	0	4,479	0	4,479	4,479	0	0	0
California* **	-5,343	94,781	574	90,012	91,480	-262	-1,206	-1,976
Colorado* **	137	7,235	0	7,373	6,921	0	451	157
Connecticut	0	18,083	0	18,083	17,845	0	238	0
Delaware*	537	3,531	0	4,069	3,271	0	798	186
Florida	1,573	22,914	0	24,487	24,054	0	433	279
Georgia* **	1,138	16,559	498	18,195	17,064	0	1,131	445
Hawaii	-22	5,117	0	5,095	4,969	0	126	10
Idaho* **	0	2,445	74	2,519	2,384	66	69	0
Illinois**	453	28,306	7,951	36,710	25,933	9,806	971	276
Indiana**	831	13,384	-54	14,161	13,050	-12	1,124	57
Iowa**	0	5,840	-6	5,834	5,283	69	482	437
Kansas	-27	5,790	0	5,763	5,727	0	36	0
Kentucky**	80	8,859	197	9,136	8,789	57	290	0
Louisiana**	-108	7,770	106	7,768	7,731	50	-13	647
Maine**	7	2,896	86	2,990	2,873	98	19	72
Maryland**	344	13,537	347	14,228	13,238	0	990	624
Massachusetts* **	903	33,075	0	33,978	32,078	0	1,901	1,379
Michigan**	187	7,248	1,455	8,891	8,630	0	260	2
Minnesota* **	440	15,826	0	16,265	15,540	0	725	9
Mississippi**	5	4,600	0	4,605	4,528	0	76	176
Missouri**	185	7,176	723	8,084	7,705	0	379	247
Montana**	311	1,783	-1	2,092	1,747	5	340	0
Nebraska**	297	3,494	33	3,824	3,322	0	502	313
Nevada**	314	3,186	110	3,609	3,337	47	225	0
New Hampshire* **	75	1,384	4	1,462	1,302	125	36	9
New Jersey* **	804	28,180	735	29,718	29,025	0	693	0
New Mexico	278	5,164	38	5,480	5,203	0	277	235
New York* **	2,302	54,447	0	56,749	55,373	0	1,376	1,206
North Carolina	237	19,157	0	19,394	18,503	307	584	296
North Dakota**	313	1,532	865	2,710	1,651	62	997	386
Ohio	510	27,763	0	28,274	27,429	0	845	0
Oklahoma**	42	5,750	-33	5,759	5,417	249	93	249
Oregon	-390	6,532	0	6,142	6,107	0	35	16
Pennsylvania**	-294	26,347	3,160	29,213	28,321	-182	1,073	0
Rhode Island**	18	3,083	-81	3,021	2,959	-3	65	130
South Carolina	246	5,633	0	5,879	5,167	0	712	0
South Dakota**	0	1,163	-15	1,148	1,148	0	0	107
Tennessee**	240	10,519	431	11,189	10,508	310	372	284
Texas	1,533	40,515	-407	41,641	41,149	-608	1,100	5,041
Utah**	-28	4,562	190	4,724	4,710	14	0	204
Vermont**	0	1,157	71	1,228	1,162	66	0	54
Virginia	132	15,590	0	15,723	15,458	0	265	299
Washington**	-561	14,648	652	14,739	14,823	0	-84	0
West Virginia**	552	4,064	0	4,616	3,772	51	793	659
Wisconsin**	26	12,912	642	13,580	13,565	-70	86	0
Wyoming**	0	1,567	0	1,567	1,562	0	5	572
TERRITORIES								
Puerto Rico**	0	8,134	1,016	9,150	9,150	0	0	0
Total	**$8,344**	**$649,047**		**$676,868**	**$648,095**		**$18,925**	**$24,154**

*NOTES: NA Indicates data are not available. *In these states, the ending balance includes the balance in the budget stabilization fund. **See Notes to Table 4.*
SOURCE: National Association of State Budget Officers.

TABLE 5

Fiscal 2012 State General Fund, Appropriated (Millions)

Region/State	Beginning Balance	Revenues	Adjustments	Resources	Expenditures	Adjustments	Ending Balance	Rainy Day Fund Balance
Alabama**	38	7,064	293	7,395	7,357	0	38	0
Alaska**	0	7,300	0	7,300	7,371	-33	-38	11,981
Arizona**	-332	7,375	1,288	8,331	8,318	0	14	0
Arkansas	0	4,604	0	4,604	4,604	0	0	0
California*	-1,206	88,456	0	87,250	85,937	0	1,313	543
Colorado* **	157	7,268	0	7,424	7,163	0	261	261
Connecticut	0	18,789	0	18,789	18,708	0	81	0
Delaware* **	798	3,423	0	4,221	3,575	0	646	186
Florida	433	24,309	0	24,742	23,384	0	1,358	495
Georgia*	1,131	17,208	0	18,338	17,208	0	1,131	445
Hawaii	126	5,518	0	5,644	5,599	0	45	6
Idaho**	0	2,494	38	2,532	2,529	0	3	0
Illinois**	971	31,589	1,866	34,151	29,188	4,561	402	276
Indiana	1,124	13,889	0	15,014	13,855	0	1,159	61
Iowa**	0	6,355	-77	6,277	5,998	0	279	596
Kansas	36	6,045	0	6,080	6,073	0	8	0
Kentucky**	133	8,974	153	9,260	9,230	30	0	122
Louisiana**	0	8,264	0	8,264	8,261	0	3	647
Maine* **	19	2,946	79	3,044	3,039	5	1	46
Maryland**	990	13,910	249	15,149	14,749	0	400	682
Massachusetts*	1,901	32,253	0	34,154	32,533	0	1,622	1,275
Michigan**	260	7,550	900	8,709	8,271	427	11	258
Minnesota**	725	16,481	0	17,206	16,733	0	473	0
Mississippi	7	4,622	0	4,628	4,628	0	0	87
Missouri**	379	7,295	396	8,071	7,971	0	100	250
Montana**	340	1,786	0	2,125	1,824	0	302	0
Nebraska**	502	3,591	-253	3,841	3,468	240	132	421
Nevada**	225	2,983	60	3,268	3,105	0	163	0
New Hampshire* **	9	1,381	-11	1,379	1,248	137	-5	9
New Jersey*	693	29,339	0	30,032	29,393	0	639	0
New Mexico	235	5,431	0	5,667	5,431	0	235	263
New York* **	1,376	57,293	0	58,669	56,932	0	1,737	1,306
North Carolina**	583	19,175	124	19,882	19,683	124	75	296
North Dakota**	997	1,442	495	2,933	1,993	0	941	386
Ohio**	845	27,173	0	28,018	27,863	0	155	247
Oklahoma	93	5,846	0	5,938	5,578	0	361	0
Oregon**	35	6,704	-35	6,704	7,078	0	-375	61
Pennsylvania**	1,073	26,571	63	27,706	27,149	140	418	140
Rhode Island**	65	3,246	-91	3,220	3,170	-5	55	149
South Carolina	712	5,489	0	6,201	5,677	108	416	288
South Dakota**	0	1,165	-13	1,153	1,150	0	3	107
Tennessee**	372	10,979	-27	11,323	11,238	73	12	311
Texas	1,100	39,508	4,331	44,939	44,153	0	786	5,882
Utah**	0	4,677	123	4,800	4,781	12	7	204
Vermont**	0	1,191	30	1,221	1,236	-15	0	58
Virginia	265	16,294	0	16,559	16,557	0	2	304
Washington**	-84	15,324	-16	15,224	15,766	0	-542	136
West Virginia**	793	4,016	0	4,809	4,080	0	729	820
Wisconsin**	86	13,297	674	14,058	14,166	-182	73	0
Wyoming**	5	1,567	0	1,572	1,572	0	0	571
TERRITORIES								
Puerto Rico**	0	8,650	610	9,260	9,260	0	0	0
Total	**$18,010**	**$659,445**		**$687,817**	**$666,572**		**$15,624**	**$30,175**

*NOTES: NA Indicates data are not available. *In these states, the ending balance includes the balance in the budget stabilization fund. **See Notes to Table 5.*
SOURCE: National Association of State Budget Officers.

TABLE 6

General Fund Nominal Percentage Expenditure Change, Fiscal 2011 and Fiscal 2012**

Region/State	Fiscal 2011	Fiscal 2012
Alabama	-1.3%	0.0%
Alaska	-8.0	21.3
Arizona	6.6	-0.7
Arkansas	3.6	2.8
California	4.9	-6.1
Colorado	3.1	3.5
Connecticut	3.7	4.8
Delaware	6.3	9.3
Florida	13.3	-2.8
Georgia	6.8	0.8
Hawaii	2.7	12.7
Idaho	-4.9	6.1
Illinois	3.1	12.6
Indiana	1.3	6.2
Iowa	-0.3	13.5
Kansas	8.7	6.0
Kentucky	4.0	5.0
Louisiana	-11.0	6.9
Maine	0.8	5.8
Maryland	-1.4	11.4
Massachusetts	5.4	1.4
Michigan	12.0	-4.2
Minnesota	6.2	7.7
Mississippi	4.8	2.2
Missouri	1.8	3.5
Montana	1.8	4.4
Nebraska	0.3	4.4
Nevada	3.9	-6.9
New Hampshire	-7.3	-4.2
New Jersey	1.9	1.3
New Mexico	-2.9	4.4
New York	6.1	2.8
North Carolina	-0.1	6.4
North Dakota	4.2	20.7
Ohio	9.0	1.6
Oklahoma	5.8	3.0
Oregon	-4.1	15.9
Pennsylvania	2.5	-4.1
Rhode Island	3.3	7.1
South Carolina	1.0	9.9
South Dakota	1.5	0.2
Tennessee	11.2	6.9
Texas	4.3	7.3
Utah	6.1	1.5
Vermont	6.9	6.3
Virginia	4.5	7.1
Washington	-1.4	6.4
West Virginia	2.6	8.2
Wisconsin	5.8	4.4
Wyoming	-10.7	0.6
TERRITORIES		
Puerto Rico	-10.0	1.2
Average	**4.0%**	**2.9%**

**See Notes to Table 6. **Fiscal 2011 reflects changes from fiscal 2010 expenditures (actual) to fiscal 2011 expenditures (preliminary actual). Fiscal 2012 reflects changes from fiscal 2011 expenditures (preliminary actual) to fiscal 2012 expenditures (appropriated).*

Budget Cuts, Budget Gaps, and the Recovery Act

One of the clearest signs of state fiscal stress are mid-year budget cuts, as they are evidence that states will not be able to meet previously set revenue collection forecasts. Even though 19 states made aggregate mid-year budget cuts totaling $7.4 billion in fiscal year 2011, this amount is significantly lower than fiscal 2010, when 39 states made mid-year budget cuts totaling $18.3 billion. In fiscal 2009, 41 states made mid-year budget cuts. At the depth of the previous state fiscal crisis, which occurred more than a year after the official end of the national recession, 37 states in both fiscal 2002 and fiscal 2003 made mid-year budget cuts totaling nearly $14 billion and $12 billion, respectively. *(See Figure 2 and Table 7)*

In fiscal 2011, the program areas where many states made mid-year general fund expenditure cuts were K-12 and higher education, as 18 states reduced K-12 education and 19 states cut higher education. Medicaid and corrections were other program areas that were cut by a number of those states making mid-year cuts. Transportation spending drew the smallest number of mid-year cuts from states. *(See Tables 8 and 9)*

For fiscal 2012, although state general fund spending is forecast to grow 2.9 percent, there are significant differences with certain program areas. While fiscal 2012 state enacted budgets show a combined $19.4 billion increase in general fund spending for Medicaid, general fund spending on higher education was reduced by $3.2 billion. Additionally, although K-12 education saw an overall increase in funding, there were 12 states which enacted reductions in K-12 general fund spending. Also, 19 states enacted reductions in general fund spending for public assistance. *(See Tables 12 and 13)*

Budget gaps are loosely defined as the difference between expected or enacted levels of spending and anticipated revenue collections. Highlighting the degree to which state revenue collections fell as a result of the economic downturn is that states have already solved nearly $230 billion in budget gaps between fiscal year 2009 and fiscal year 2011. However, the slow recovery of the national economy and state revenues continue to result in significant gaps between spending and revenue collections. For fiscal 2012, based on data reported to NASBO and other state government reports, 39 states faced approximately $95 billion in budget gaps. Although not all state budget offices have completed official forecasts, 17 states are expected to face at least $40 billion in budget gaps for fiscal 2013, which does not begin until July 1, 2012 for most states.

In order to help close these budget gaps, states engaged in a number of actions. In fiscal 2011, the actions taken most consistently were targeted spending cuts, which were put in place by 26 states, as well as across the board spending cuts, which were utilized by 16 states. Additionally, 7 states addressed their budget gap by making use of their “rainy day” fund, while 11 states imposed new user fees. In eliminating fiscal 2012 budget gaps, 29 states used specific, targeted cuts, while 18 states employed across the board cuts. Another method used by 17 states was to reduce aid to localities while 5 states made use of their “rainy day” funds and 14 states reported that they engaged in agency reorganization. As a number of states enacted two-year biennial budgets that include both fiscal 2012 and fiscal 2013, the most common strategy enacted for 2013 were targeted cuts, which were used by 9 states along with reduction in local aid, enacted by 6 states. *(See Tables 14, 15, and 16)*

TABLE 7

Mid-Year Budget Cuts: Fiscal 2011 and Fiscal 2012**

Region/State	FY 2011 Size of Cuts ($ in Millions)	Programs or Expenditures Exempted from Cuts	FY 2012 Size of Cuts ($ in Millions)	Programs or Expenditures Exempted from Cuts
Alabama	$414.0	Debt Service and Federal Court Ordered Payments		
Arizona	119.3			
California	987.7			
Colorado		Had to comply with ARRA		
Illinois*	647.3	Federally mandated and those with revenue matching		
Indiana	956.2	Student Financial Aid, Public Assistance, and Transportation		
Kansas	7.0	Debt Service		
Louisiana	106.7			
Maine	5.3			
Missouri	254.4	K-12 Foundation Formula	111.5	K-12 Foundation Formula
Montana	28.4	Exempt from reductions are payment of interest and principal on state debt; the legislative branch; the judicial branch; the school BASE funding program, including special education; salaries of elected officials during their terms of office; and the Montana school for the deaf and blind.		
Nevada	293.3	Biennial budget. Some changes to FY 11 made during FY 10 special session.		
New Jersey	737.3			
New Mexico	150.9	Medicaid & Developmental Disabilities programs		
Oregon	954.6	Debt service and non-GF programs		
Pennsylvania	167.8	After budget enactment, the Governor does not have the authority to reduce appropriations to the Attorney General, Auditor General, Treasurer (which are independently elected); the legislature and judiciary.		
South Dakota	15.7			
Texas	802.0	The net of mid-year budget adjustments was a decrease of $802 million.		
Washington	722.0	Basic Education, Debt Service, Retirement Contributions		
Total	**$7,369.9**	**—**	**$111.5**	**—**

*Notes: *See Notes Table 7. **Budget Cuts for Fiscal 2012 are currently ongoing. See Tables 9 & 11 for state-by-state data.*
SOURCE: National Association of State Budget Officers.

TABLE 8
Fiscal 2011 Mid-Year Program Area Cuts

Region/State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other
Alabama	x	x			x		x
Alaska							
Arizona			x	x	x		x
Arkansas							
California*	x	x	x	x	x	x	x
Colorado	x			x			x
Connecticut							
Delaware							
Florida							
Georgia*		x	x			x	x
Hawaii	x	x			x		x
Idaho							
Illinois	x	x	x			x	x
Indiana	x	x			x		x
Iowa							
Kansas							
Kentucky							
Louisiana	x	x	x	x	x		x
Maine	x	x			x		x
Maryland							
Massachusetts		x					
Michigan							
Minnesota							
Mississippi							
Missouri*	x	x	x	x		x	x
Montana	x	x		x	x		x
Nebraska							
Nevada*	x		x	x			x
New Hampshire							
New Jersey	x	x	x		x		x
New Mexico	x	x			x		x
New York							
North Carolina							
North Dakota							
Ohio							
Oklahoma							
Oregon	x	x	x	x	x	x	x
Pennsylvania	x	x	x	x	x		x
Rhode Island*	x	x			x		
South Carolina							
South Dakota				x	x		x
Tennessee							
Texas		x		x	x	x	x
Utah							
Vermont*							
Virginia*							
Washington	x	x	x	x	x	x	x
West Virginia							
Wisconsin							
Wyoming							
TERRITORIES							
Puerto Rico							
Total	**17**	**18**	**11**	**12**	**16**	**7**	**20**

*NOTE: *See Notes to Table 8. See Table 9 for state-by-state values*
SOURCE: National Association of State Budget Officers.

TABLE 9

Fiscal 2011 Mid-Year Program Area Cuts by Value

Region/State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other
Alabama	115.1	44.0	0.0	0.0	50.7	0.0	204.2
Alaska	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Arizona	0.0	0.0	31.0	70.8	15.6	0.0	2.0
Arkansas	0.0	0.0	0.0	0.0	0.0	0.0	0.0
California	52.7	75.0	19.6	187.4	83.1	352.7	217.2
Colorado	x	0.0	0.0	x	0.0	0.0	x
Connecticut	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delaware	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Florida	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Georgia*	0.0	118.7	3.5	0.0	0.0	8.3	47.0
Hawaii	4.2	1.5	0.0	0.0	0.2	0.0	8.8
Idaho	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Illinois	65.8	2.5	15.0	0.0	0.0	0.6	563.3
Indiana	326.0	24.3	0.0	0.0	45.6	0.0	560.3
Iowa	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Kansas	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Kentucky	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Louisiana	6.8	34.7	2.2	4.9	9.6	0.0	48.5
Maine	9.1	0.0	0.0	0.0	2.2	0.0	24.2
Maryland	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Massachusetts	0.0	2.2	0.0	0.0	0.0	0.0	0.0
Michigan	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minnesota	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mississippi	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Missouri	76.8	61.5	8.4	27.6	0.0	6.0	74.1
Montana	2.6	5.4	0.0	4.8	4.2	0.0	11.4
Nebraska	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nevada	191.9	0.0	5.5	54.9	0.0	0.0	41.0
New Hampshire	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Jersey	7.2	123.9	29.4	0.0	30.9	0.0	545.9
New Mexico	78.0	24.3	0.0	0.0	8.8	0.0	39.8
New York	0.0	0.0	0.0	0.0	0.0	0.0	0.0
North Carolina	0.0	0.0	0.0	0.0	0.0	0.0	0.0
North Dakota	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ohio	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Oklahoma	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Oregon	401.9	94.4	40.9	178.1	105.4	0.8	133.1
Pennsylvania	10.2	0.2	13.7	16.5	32.2	0.0	95.0
Rhode Island*	10.1	1.3	0.0	0.0	0.7	0.0	0.0
South Carolina	0.0	0.0	0.0	0.0	0.0	0.0	0.0
South Dakota	0.0	0.0	0.0	31.1	0.8	0.0	0.1
Tennessee	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Texas	0.0	417.0	0.0	154.0	31.0	21.0	634.0
Utah	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vermont	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Virginia	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Washington	311.0	77.0	41.0	53.0	49.0	3.0	188.0
West Virginia	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wisconsin	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wyoming	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TERRITORIES							
Puerto Rico	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**1,669.4**	**1,107.9**	**210.2**	**783.1**	**470.0**	**392.4**	**3,437.9**

*NOTE: *See Notes to Table 9. Dollar values are in millions*
SOURCE: National Association of State Budget Officers.

TABLE 10
Fiscal 2012 Mid-Year Program Area Cuts

Region/State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other
Alabama							
Alaska							
Arizona							
Arkansas							
California							
Colorado	x		x	x		x	
Connecticut							
Delaware							
Florida							
Georgia							
Hawaii							
Idaho							
Illinois							
Indiana							
Iowa							
Kansas							
Kentucky							
Louisiana							
Maine							
Maryland							
Massachusetts							
Michigan							
Minnesota							
Mississippi							
Missouri	x		x	x		x	
Montana							
Nebraska							
Nevada							
New Hampshire							
New Jersey							
New Mexico							
New York							
North Carolina							
North Dakota							
Ohio							
Oklahoma							
Oregon							
Pennsylvania							
Rhode Island							
South Carolina							
South Dakota							
Tennessee							
Texas							
Utah							
Vermont							
Virginia							
Washington							
West Virginia							
Wisconsin							
Wyoming							
TERRITORIES							
Puerto Rico							
Total	**2**	**0**	**2**	**2**	**0**	**2**	**0**

*NOTE: *See Notes to Table 10. See Table 11 for state-by-state values*
SOURCE: National Association of State Budget Officers.

TABLE 11

Fiscal 2012 Mid-Year Program Area Cuts by Value

Region/State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other
Alabama	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Alaska	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Arizona	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Arkansas	0.0	0.0	0.0	0.0	0.0	0.0	0.0
California	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Colorado	x	0.0	x	x	0.0	x	0.0
Connecticut	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delaware	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Florida	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Georgia	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hawaii	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Idaho	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Illinois	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Indiana	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Iowa	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Kansas	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Kentucky	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Louisiana	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Maine	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Maryland	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Massachusetts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Michigan	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minnesota	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mississippi	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Missouri	19.8	0.0	13.9	2.0	0.0	73.7	0.0
Montana	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nebraska	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nevada	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Hampshire	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Jersey	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Mexico	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New York	0.0	0.0	0.0	0.0	0.0	0.0	0.0
North Carolina	0.0	0.0	0.0	0.0	0.0	0.0	0.0
North Dakota	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ohio	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Oklahoma	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Oregon	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pennsylvania	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rhode Island	0.0	0.0	0.0	0.0	0.0	0.0	0.0
South Carolina	0.0	0.0	0.0	0.0	0.0	0.0	0.0
South Dakota	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tennessee	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Texas	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Utah	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vermont	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Virginia	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Washington	0.0	0.0	0.0	0.0	0.0	0.0	0.0
West Virginia	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wisconsin	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wyoming	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TERRITORIES							
Puerto Rico	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**19.8**	**0.0**	**13.9**	**2.0**	**0.0**	**73.7**	**0.0**

*NOTE: *See Notes to Table 11. Dollar values are in millions*
SOURCE: National Association of State Budget Officers.

TABLE 12

Fiscal 2012 Enacted Program Area Adjustments

Region/State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other
Alabama	x	x		x	x		x
Alaska	x	x	x	x	x	x	x
Arizona	x	x	x	x	x		x
Arkansas	x	x	x		x		x
California	x	x	x	x	x		x
Colorado*	x	x		x	x		x
Connecticut*	x	x		x	x		x
Delaware	x	x	x	x	x		x
Florida	x	x		x	x		x
Georgia	x	x	x	x	x	x	x
Hawaii	x	x	x	x	x		x
Idaho	x	x		x	x		x
Illinois	x	x	x	x	x	x	x
Indiana	x	x		x	x	x	x
Iowa							
Kansas	x	x	x	x	x		x
Kentucky	x	x		x	x		x
Louisiana							
Maine	x	x	x	x	x	x	x
Maryland	x	x	x	x	x		x
Massachusetts*							
Michigan*		x	x	x	x		x
Minnesota	x	x	x	x	x	x	x
Mississippi*	x	x	x	x			x
Missouri	x	x		x	x	x	x
Montana*	x	x		x	x	x	x
Nebraska	x	x	x	x	x		x
Nevada	x	x	x	x	x		x
New Hampshire							
New Jersey	x	x	x	x	x	x	x
New Mexico	x	x		x	x		x
New York*	x	x	x	x	x	x	x
North Carolina	x	x		x	x		x
North Dakota							
Ohio	x	x	x	x	x	x	x
Oklahoma	x	x			x	x	x
Oregon	x	x		x	x	x	x
Pennsylvania*	x	x	x	x	x	x	x
Rhode Island*	x	x	x	x	x		
South Carolina	x	x			x		
South Dakota	x	x		x	x	x	x
Tennessee	x	x	x	x	x	x	x
Texas	x	x	x	x	x	x	x
Utah	x	x		x	x		x
Vermont	x		x	x	x	x	x
Virginia	x	x	x	x	x	x	x
Washington	x	x	x	x	x	x	x
West Virginia	x	x	x	x	x	x	x
Wisconsin*	x	x		x	x	x	x
Wyoming							
TERRITORIES							
Puerto Rico*	x	x		x	x		x
Total	**43**	**43**	**27**	**41**	**43**	**22**	**42**

*NOTE: *See Notes to Table 12. See Table 13 for state-by-state values.*
SOURCE: National Association of State Budget Officers.

TABLE 13

Fiscal 2012 Enacted Program Area Adjustments By Value

Region/State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other
Alabama	54.6	13.3	0.0	298.5	38.5	0.0	-115.0
Alaska	56.0	24.9	12.1	62.7	21.1	11.0	177.8
Arizona*	202.9	270.1	55.8	611.9	3.4	0.0	17.7
Arkansas	56.1	6.9	5.9	0.0	10.5	0.0	30.4
California	-1,777.0	-1,241.3	-156.9	2,264.0	889.9	0.0	-593.3
Colorado*	-129.9	-81.1	0.0	402.4	-23.9	0.0	45.5
Connecticut	72.2	-26.1	0.0	166.0	5.4	0.0	-700.0
Delaware	67.3	0.8	26.8	63.8	11.3	0.0	33.3
Florida	-502.8	-215.4	0.0	274.0	-288.8	0.0	63.1
Georgia	-20.7	-179.9	-3.6	606.6	82.9	38.2	57.2
Hawaii	112.1	25.6	5.7	236.4	5.8	0.0	115.0
Idaho	9.3	-8.5	0.0	128.0	12.4	0.0	3.9
Illinois	1,936.0	783.0	-8.7	-199.0	-43.0	-47.0	687.7
Indiana	-298.5	-58.4	0.0	287.7	-28.7	42.6	-77.0
Iowa	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Kansas	76.0	-1.0	-3.0	240.0	42.0	0.0	26.0
Kentucky	12.3	16.5	0.0	3.1	13.6	0.0	40.2
Louisiana	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Maine	22.0	2.7	-3.5	153.3	6.3	-7.0	-7.8
Maryland	650.2	-8.0	6.3	810.5	66.9	0.0	81.1
Massachusetts*	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Michigan*	0.0	-291.6	142.6	731.5	-43.0	0.0	212.4
Minnesota	248.3	-75.4	6.4	1,370.5	-20.3	-6.7	-329.9
Mississippi*	87.2	64.2	6.4	-92.2	0.0	0.0	51.0
Missouri	29.6	-77.5	0.0	206.9	1.8	-6.2	-72.3
Montana*	26.2	25.0	0.0	40.6	-1.0	-2.1	-52.2
Nebraska	4.9	-4.0	-8.6	110.5	13.5	0.0	-53.1
Nevada	29.0	-85.6	1.6	71.6	-7.6	0.0	-100.2
New Hampshire	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Jersey	855.2	-149.9	-99.6	423.9	-24.3	129.4	-787.2
New Mexico	29.2	-42.9	0.0	295.0	-5.9	0.0	-46.8
New York*	-1,877.0	-44.0	240.0	3,166.0	-168.0	-216.0	238.0
North Carolina	378.9	-196.7	0.0	590.0	52.5	0.0	-100.6
North Dakota	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ohio	-232.0	-282.0	-159.0	1,453.0	-66.0	-4.0	-255.0
Oklahoma	-97.4	-58.2	0.0	0.0	-2.3	-8.0	-52.1
Oregon	256.8	228.3	0.0	330.2	162.4	-2.7	-3.6
Pennsylvania*	-784.5	-268.8	-52.1	73.7	0.5	5.7	-147.2
Rhode Island*	17.1	4.2	-2.6	162.7	4.5	0.0	0.0
South Carolina	122.0	-28.7	0.0	-58.6	0.0	0.0	0.0
South Dakota	-40.4	-17.1	0.0	24.6	2.4	-0.1	-10.7
Tennessee	439.1	-252.8	1.4	657.9	-7.9	9.3	-93.0
Texas	609.0	-559.0	-15.0	1,641.0	-74.0	82.0	1,928.0
Utah	85.6	30.6	0.0	74.0	3.9	0.0	115.5
Vermont	-23.2	0.0	-4.1	-34.8	-3.3	-4.0	-17.6
Virginia	238.5	-75.3	-4.0	661.3	-3.4	23.3	259.0
Washington	506.0	-168.0	-61.0	346.0	47.0	1.0	272.0
West Virginia	164.7	44.9	-0.3	2.4	6.5	-1.0	70.5
Wisconsin*	-408.6	-208.4	0.0	713.6	-49.4	-33.3	108.9
Wyoming	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TERRITORIES	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Puerto Rico*	134.5	15.0	0.0	-255.0	17.6	0.0	124.5
Total	**1,262.3**	**-3,164.6**	**-71.0**	**19,429.8**	**585.7**	**4.5**	**1,019.7**

*NOTE: *See Notes to Table 13. Dollar values are in millions. Value of changes are in reference to funding level of FY 2011 enacted budget*
SOURCE: National Association of State Budget Officers.

TABLE 14
Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2011

Region/State	User Fees	Higher Education Related Fees	Court Related Fees	Transportation/ Motor Vehicle Related Fees	Business Related Fees	Layoffs	Furloughs	Early Retirement	Salary Reductions
Alabama						x			
Alaska									
Arizona*	x	x	x	x	x		x		x
Arkansas									
California*		x	x			x	x		x
Colorado*	x					x	x		x
Connecticut*							x		
Delaware									
Florida						x			
Georgia*	x	x	x	x	x		x		
Hawaii*							x		
Idaho*							x		
Illinois			x	x			x	x	
Indiana									
Iowa									
Kansas			x						
Kentucky							x		
Louisiana						x		x	
Maine*	x					x	x	x	x
Maryland*						x	x		x
Massachusetts						x	x		
Michigan									
Minnesota									
Mississippi									
Missouri						x			
Montana									
Nebraska									
Nevada		x				x	x	x	
New Hampshire						x	x		
New Jersey									
New Mexico*	x								
New York*	x		x		x			x	
North Carolina									
North Dakota									
Ohio							x		
Oklahoma	x							x	
Oregon	x	x	x		x	x	x		x
Pennsylvania*						x			
Rhode Island*		x							x
South Carolina		x				x	x		
South Dakota*	x								
Tennessee*									
Texas									
Utah									
Vermont	x				x			x	x
Virginia	x								
Washington						x	x		
West Virginia									
Wisconsin									
Wyoming									
TERRITORIES									
Puerto Rico*								x	
Total	**11**	**7**	**7**	**3**	**5**	**15**	**18**	**7**	**8**

*NOTE: *See Notes to Table 14.*
SOURCE: National Association of State Budget Officers.

Table 14 continues on next page.

TABLE 14 (CONTINUED)

Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2011

Region/State	Cuts to State Employee Benefits	Across-the-Board Percent Cuts	Targeted Cuts	Reduce Local Aid	Reorganize Agencies	Privatization	Rainy Day Fund	Lottery Expansion	Gaming/ Gambling Expansion	Other (Specify)
Alabama		x								
Alaska										
Arizona*			x	x				x		x
Arkansas										
California*	x	x	x	x						x
Colorado*		x	x	x			x			x
Connecticut*		x	x							x
Delaware										
Florida			x							
Georgia*		x	x							
Hawaii*			x				x			x
Idaho*							x			x
Illinois			x	x		x			x	
Indiana	x	x	x		x					
Iowa										
Kansas			x	x						
Kentucky		x	x							
Louisiana					x	x				
Maine*	x	x	x	x						x
Maryland*	x	x	x	x	x					x
Massachusetts	x	x	x							
Michigan										
Minnesota										
Mississippi										
Missouri		x	x		x					
Montana										
Nebraska										
Nevada		x	x				x			
New Hampshire										
New Jersey										
New Mexico*	x		x		x					x
New York*		x	x	x	x			x		x
North Carolina			x				x			x
North Dakota										
Ohio										
Oklahoma			x							
Oregon		x	x	x			x			
Pennsylvania*		x	x							x
Rhode Island*	x	x		x						x
South Carolina			x	x						
South Dakota*			x							x
Tennessee*										x
Texas										
Utah										
Vermont			x							
Virginia				x						
Washington			x	x			x			
West Virginia										
Wisconsin										
Wyoming										
TERRITORIES										
Puerto Rico*					x		x			x
Total	7	16	26	13	6	2	7	2	1	15

*NOTE: *See Notes to Table 14.*
SOURCE: National Association of State Budget Officers.

TABLE 15
Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2012

Region/State	User Fees	Higher Education Related Fees	Court Related Fees	Transportation/ Motor Vehicle Related Fees	Business Related Fees	Layoffs	Furloughs	Early Retirement	Salary Reductions
Alabama									
Alaska									
Arizona*	x	x	x	x	x				
Arkansas									
California*	x	x	x	x		x			x
Colorado*						x			x
Connecticut*	x			x		x			
Delaware									
Florida*						x			
Georgia									
Hawaii*				x					x
Idaho*									
Illinois						x		x	
Indiana									
Iowa									
Kansas			x					x	
Kentucky									
Louisiana						x		x	
Maine*						x		x	x
Maryland*				x		x			x
Massachusetts						x			
Michigan*	x					x	x		
Minnesota*									
Mississippi									
Missouri					x				
Montana									
Nebraska						x			
Nevada*	x	x	x	x		x	x	x	x
New Hampshire									
New Jersey									
New Mexico*									
New York*	x								
North Carolina									
North Dakota									
Ohio						x			
Oklahoma									
Oregon	x	x	x		x	x	x		x
Pennsylvania									
Rhode Island*	x	x		x	x				
South Carolina		x					x		
South Dakota*						x			
Tennessee*									
Texas	x								
Utah									
Vermont	x				x				x
Virginia	x								
Washington		x				x			x
West Virginia*									
Wisconsin									
Wyoming									
TERRITORIES									
Puerto Rico*									
Total	**11**	**7**	**5**	**7**	**5**	**16**	**4**	**5**	**9**

*NOTE: *See Notes to Table 15.*
SOURCE: National Association of State Budget Officers.

Table 15 continues on next page.

TABLE 15 (CONTINUED)

Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2012

Region/State	Cuts to State Employee Benefits	Across-the-Board Percent Cuts	Targeted Cuts	Reduce Local Aid	Reorganize Agencies	Privatization	Rainy Day Fund	Lottery Expansion	Gaming/ Gambling Expansion	Other (Specify)
Alabama										
Alaska										
Arizona*			x	x				x		x
Arkansas										
California*	x	x	x	x						x
Colorado*		x	x	x						x
Connecticut*	x	x	x		x					x
Delaware										
Florida*	x		x		x	x				
Georgia		x	x							
Hawaii*	x	x	x							x
Idaho*										x
Illinois			x	x		x		x	x	x
Indiana										
Iowa										
Kansas			x	x	x					
Kentucky		x	x							
Louisiana			x		x	x				
Maine*	x		x	x	x		x	x		x
Maryland*	x	x	x	x	x					x
Massachusetts	x	x	x				x			
Michigan*	x		x	x		x				x
Minnesota*		x	x	x			x			x
Mississippi										
Missouri	x	x								
Montana										
Nebraska			x	x			x			
Nevada*	x	x	x		x					x
New Hampshire										
New Jersey										
New Mexico*	x		x		x					x
New York*		x	x	x	x			x		x
North Carolina										
North Dakota										
Ohio			x	x	x	x				
Oklahoma			x		x					
Oregon		x	x	x			x			
Pennsylvania		x	x							
Rhode Island*		x								x
South Carolina			x	x						
South Dakota*			x	x	x					x
Tennessee*										x
Texas										
Utah										
Vermont	x		x							
Virginia				x						
Washington	x		x	x	x					
West Virginia*										
Wisconsin	x	x	x	x	x					x
Wyoming										
TERRITORIES										
Puerto Rico*					x		x			x
Total	**14**	**16**	**29**	**18**	**14**	**5**	**5**	**4**	**1**	**18**

*NOTE: *See Notes to Table 15.*
SOURCE: National Association of State Budget Officers.

TABLE 16

Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2013

Region/State	User Fees	Higher Education Related Fees	Court Related Fees	Transportation/ Motor Vehicle Related Fees	Business Related Fees	Layoffs	Furloughs	Early Retirement	Salary Reductions
Alabama									
Alaska									
Arizona									
Arkansas									
California	x		x						
Colorado									
Connecticut	x			x		x			
Delaware									
Florida						x			
Georgia									
Hawaii*									x
Idaho									
Illinois									
Indiana									
Iowa									
Kansas									
Kentucky									
Louisiana									
Maine*						x		x	x
Maryland									
Massachusetts									
Michigan*									
Minnesota									
Mississippi									
Missouri									
Montana									
Nebraska									
Nevada*	x	x	x	x		x	x	x	x
New Hampshire									
New Jersey									
New Mexico									
New York									
North Carolina									
North Dakota									
Ohio						x			
Oklahoma									
Oregon	x	x	x		x	x	x		x
Pennsylvania									
Rhode Island									
South Carolina									
South Dakota									
Tennessee*									
Texas	x		x		x				
Utah									
Vermont									
Virginia									
Washington		x				x			x
West Virginia*									
Wisconsin									
Wyoming									
TERRITORIES									
Puerto Rico									
Total	**5**	**3**	**4**	**2**	**2**	**7**	**2**	**2**	**5**

*NOTE: *See Notes to Table 16.*
SOURCE: National Association of State Budget Officers.

Table 16 continues on next page.

TABLE 16 (CONTINUED)

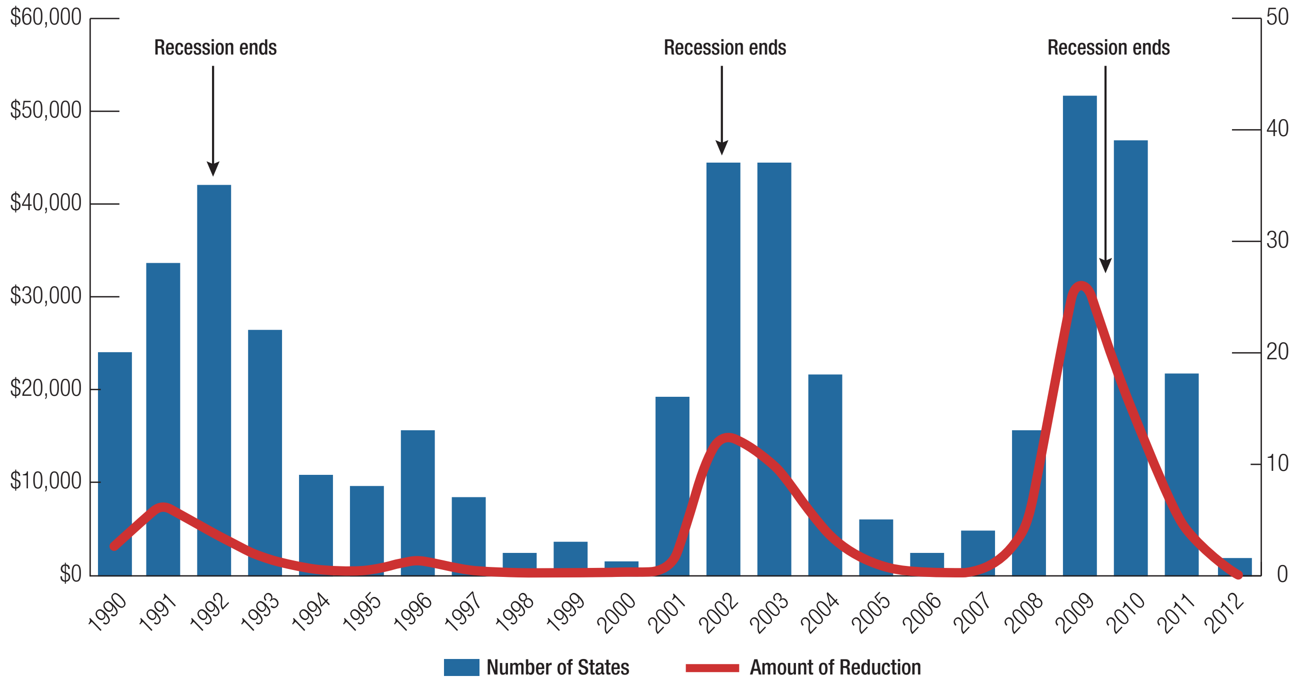
Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2013

Region/State	Cuts to State Employee Benefits	Across-the-Board Percent Cuts	Targeted Cuts	Reduce Local Aid	Reorganize Agencies	Privatization	Rainy Day Fund	Lottery Expansion	Gaming/ Gambling Expansion	Other (Specify)
Alabama										
Alaska										
Arizona										
Arkansas										
California				x	x					
Colorado										
Connecticut	x	x	x		x					
Delaware										
Florida			x							
Georgia										
Hawaii*	x	x	x							x
Idaho										
Illinois										
Indiana										
Iowa										
Kansas										
Kentucky										
Louisiana										
Maine*	x	x	x	x	x			x	x	x
Maryland										
Massachusetts										
Michigan*										
Minnesota										
Mississippi										
Missouri		x	x							
Montana										
Nebraska										
Nevada*	x	x	x		x					x
New Hampshire										
New Jersey										
New Mexico										
New York										
North Carolina										
North Dakota										
Ohio				x	x	x				
Oklahoma										
Oregon		x	x	x			x			
Pennsylvania										
Rhode Island										
South Carolina										
South Dakota										
Tennessee*										x
Texas					x		x			x
Utah										
Vermont										
Virginia										
Washington	x		x	x	x					
West Virginia*										
Wisconsin	x	x	x	x						
Wyoming										
TERRITORIES										
Puerto Rico					x		x			x
Total	**6**	**7**	**9**	**6**	**7**	**1**	**2**	**1**	**1**	**5**

*NOTE: *See Notes to Table 16.*
SOURCE: National Association of State Budget Officers.

FIGURE 2:

Budget Cuts Made After the Budget Passed, Fiscal 1990 to Fiscal 2012 ($ Millions)



SOURCE: National Association of State Budget Officers November 2011 Fiscal Survey of States

State Employment Changes

Although state fiscal conditions have improved when compared to the strained fiscal conditions that existed in fiscal 2009 and fiscal 2010, the impact of the recession continues to have a significant impact on state employment. This significant impact is viewable in a number of ways. First, although the overall number of full time equivalent (FTE) positions grew slightly in fiscal 2011, 33 states actually reduced their overall number. For fiscal 2012, the number of FTE positions declined by 1.2 percent as 31 states reduced their total number. Additionally, in fiscal 2011, 15 states employed layoffs while 18 states instituted furlough programs as methods to help solve their budget gaps. Similarly, in fiscal 2012, 16 states employed layoffs and four states used furlough programs. *(See Tables 14, 15, 16, and 17)*

The issue of state employee compensation has also been widely affected by the recession and the lack of a strong economic recovery. However, as each state has been impacted differently by the economy over the past few years, there has been wide variability in how states have made changes to their employee compensation packages. For fiscal 2012, some states enacted a budget which forgoes compensation increases for state employees, while other states enacted higher pension and health insurance contributions, and still other states enacted compensation increases. *(See Table 18)*

TABLE 17

Number of Filled Full-Time Equivalent Positions at the End of Fiscal 2010 to Fiscal 2012, in All Funds

Region/State	Fiscal 2010	Fiscal 2011	Fiscal 2012	Percent Change 2010-2011	Percent Change 2011-2012	Includes Higher Education Faculty	State-Administered Welfare System
Alabama	35,175	33,950	33,950	-3.48%	0.00%		x
Alaska	21,619	21,623	21,724	0.02	0.47	x	x
Arizona	37,697	37,156	38,159	-1.44	2.70		x
Arkansas	31,798	31,939	34,501	0.44	8.02		x
California*	345,777	357,316	351,630	3.34	-1.59	x	x
Colorado*	52,025	52,864	52,174	1.61	-1.30	x	
Connecticut*	44,559	45,733	46,352	2.63	1.35		x
Delaware	30,823	31,027	31,188	0.66	0.52	x	x
Florida	128,131	126,729	122,235	-1.09	-3.55		x
Georgia	61,606	59,723	54,748	-3.06	-8.33		x
Hawaii*	46,048	45,241	44,747	-1.75	-1.09	x	x
Idaho	18,341	17,873	17,757	-2.55	-0.65		x
Illinois*	53,507	53,738	53,415	0.43	-0.60		x
Indiana	29,389	28,069	27,500	-4.49	-2.03		x
Iowa	41,572	42,238	41,790	1.60	-1.06	x	x
Kansas	42,913	42,735	40,721	-0.41	-4.71	x	x
Kentucky	32,540	32,470	32,470	-0.22	0.00		
Louisiana*	43,871	76,205	72,682	73.70	-4.62	x	
Maine	13,921	13,338	13,444	-4.19	0.79		x
Maryland	75,834	75,567	74,610	-0.35	-1.27	x	x
Massachusetts*	84,848	84,070	83,836	-0.92	-0.28	x	x
Michigan	47,687	44,786	42,200	-6.08	-5.77		x
Minnesota	35,635	35,516	NA	-0.33	NA		
Mississippi	32,800	31,909	36,714	-2.72	15.06		x
Missouri	57,336	55,389	56,508	-3.40	2.02		x
Montana	13,542	13,565	13,488	0.17	-0.57		x
Nebraska*	16,144	15,940	NA	-1.26	NA		x
Nevada*	16,380	16,650	16,466	1.65	-1.11		x
New Hampshire*	10,965	10,596	9,733	-3.37	-8.14		
New Jersey	72,999	69,772	71,724	-4.42	2.80		
New Mexico	24,135	23,993	21,900	-0.59	-8.72		x
New York*	195,800	188,511	178,200	-3.72	-5.47	x	
North Carolina	326,909	316,959	322,564	-3.04	1.77	x	
North Dakota	7,713	7,636	8,259	-1.00	8.16		
Ohio*	59,045	57,295	55,650	-2.96	-2.87		
Oklahoma	38,466	36,384	36,458	-5.41	0.20		
Oregon	51,747	51,546	50,531	-0.39	-1.97	x	x
Pennsylvania	82,183	81,473	80,423	-0.86	-1.29		x
Rhode Island	13,653	14,173	14,166	3.80	-0.05	x	x
South Carolina	79,590	71,710	67,526	-9.90	-5.83	x	
South Dakota	14,153	13,101	13,628	-7.43	4.02	x	x
Tennessee	43,606	42,478	42,500	-2.59	0.05		x
Texas	234,213	240,862	235,240	2.84	-2.33	x	x
Utah	21,473	21,183	20,746	-1.35	-2.06		x
Vermont	7,665	7,683	7,709	0.23	0.34		x
Virginia	113,672	114,125	114,566	0.40	0.39	x	
Washington	109,974	107,496	107,170	-2.25	-0.30	x	x
West Virginia	36,887	37,198	37,421	0.84	0.60	x	x
Wisconsin*	62,495	61,722	60,327	-1.24	-2.26	x	
Wyoming	7,158	7,699	7,699	7.56	0.00		x
TERRITORIES							
Puerto Rico	201,629	180,171	180,788	-10.64	0.34	x	x
Total* **	**3,054,239**	**3,055,497**	**3,019,149**	**0.04%**	**-1.19%**		

*NOTE: *NA indicates data are not available. *See Notes to Table 17. **Unless otherwise noted, fiscal 2010 reflects actual figures, fiscal 2011 reflects preliminary actuals and fiscal 2012 reflects appropriated figures. ***Totals exclude states that were not able to provide data for all three years.*

TABLE 18
State Employee Compensation Changes, Fiscal 2012

Region/State	Across-the-Board (percent)	Merit (percent)	Other (percent)	Notes
Alabama	0 0	-5.0	-2.25	Annual merit raises (5 percent) are frozen through December 31, 2011; Employee retirement contribution rates are set to increase 2.25 percent on October 1, 2011.
Alaska	3.0	3.5		COLA 2 percent for most bargaining units. Merit/longevity approx. 3.5 percent for most employees placed within the first seven wage steps within their range, and for approximately half of employees at a more advanced step (increases provided every other year). Geo diff. changes +/-, health insurance premium increases.
Arizona			2.0	Approximately 70 percent of State employees were required to furlough 5 days in FY 2011. These furloughs were eliminated in FY 2012 for an approximate increase of 1.96 percent for each affected employee.
Arkansas				The cost of living and merit increases for FY 2012 will be determined at the end of the year based on available funding.
California	-2.0 to 9.6 percent	Depends on individual eligibility		Different bargaining units negotiated different employee compensation packages for pay and benefits. The percentages represent the reduction to take-home pay negotiated.
Colorado	2.5			SB11-076 continued the PERA retirement "swap" whereby the State GF contribution is decreased and the employee contribution is commensurately increased.
Connecticut				
Delaware	2.0			Effective January 1, 2012
Florida				
Georgia				
Hawaii	5.0			Only certain bargaining units have ratified contracts; the collective bargaining process with other units are continuing.
Idaho				If agencies have the money they can give out a few merit increases for completion of probation period or to address a salary equity issue. No across the board increases will be approved.
Massachusetts				
Illinois	2.6			Applicable bargaining unit employees receive approximately a 3.77 percent step increase on their anniversary. The 2.6 percent ATB increase is the effective annual increase for bargaining unit employees. It is a statistical approximation based on the largest union employee working in the State of Illinois.
Indiana				Employee compensation package for FY 2012 has not yet been determined. State employees received performance-based pay raises in FY 2011 averaging 1.3 percent. In addition, Governor Daniels provided a 1-time, efficiency dividend to state employees of $1,000, $750 or $500 depending upon their performance evaluation.
Iowa	4.5	2.5		
Kansas				No compensation packages were adopted.
Kentucky	0.0	0.0	0.0	
Louisiana				
Maine				Collective bargaining agreements with State employees not settled as of 9/1/2011. It is not expected that state employees will receive any compensation adjustment.
Maryland			$750	Employees receive a one-time $750 bonus.
Massachusetts	3.0	3.0		Three percent for unions and 3 percent merit for managers.

Table 18 continues on next page.

TABLE 18 (CONTINUED)

State Employee Compensation Changes, Fiscal 2012

Region/State	Across-the-Board (percent)	Merit (percent)	Other (percent)	Notes
Michigan	2.0			The two percent across the board percent general increase is for enlisted state police personnel; no increase for all other classified employees. Existing classified employees pay 10 percent of annual health plan premium amounts, and increased deductibles, prescription, and office visit co-pay amounts. Effective 4/1/2010, newly hired state employees pay 20 percent of annual health plan premium amounts with higher co-pays and a co-insurance requirement, paying more for a skinnier package when compared to existing classified employees. Some classified employees will receive step increases; pay adjustments for satisfactory performance in the amounts and at intervals provided for in the compensation schedule for the employee's classification level. Other employees may be eligible for promotion to a higher classification grade and pay level. Career employees receive an annual longevity payment following completion of 6 years of continuous full-time service. The amount of the longevity payment varies depending on the number of years of full-time service and is increased in four-year increments.
Minnesota				Not available. Labor contract negotiations are currently underway for the two-year bargaining period that began July 1, 2011.
Missouri				Employees will have higher out of pocket expenses related to employer provided health care plans.
Montana				State employees will be held harmless for projected increases to the state health care plan.
Nebraska			See Note	Employees covered by the NAPE/AFSCME, State Law Enforcement (SLEBC), and State Teachers (SCATA) collective bargaining contracts agreed to a salary freeze for the 2011-2012 fiscal year. With a few exceptions, employees of the Judicial Branch were given no salary increase for FY 2011-2012. Salaries of employees of the Dept. of Education were also frozen for FY 2011-2012. Supervisory and Management (non-contract) staff of most other agencies received a 1.5 percent salary increase for FY 2011-2012 effective 7/1/2011. Employees of the Legislative Branch received salary increases of 1.5 percent for FY 2011-2012 effective July 1, 2011.
Nevada	-2.5	0.0	-2.3	Reduction in "other" is a furlough of six days
New Hampshire				Employee compensation for annual step increases, for classified employees represented through collective bargaining, has been frozen for the period effective September 1, 2011 through August 31, 2012. Nonrepresented, nonclassified, and unclassified employees in the Executive Branch, those eligible for step increases, have had that action frozen by an executive order of the governor for the same timeframe.
New Jersey			1.5	The 1.5 percent increase represents increment increases. The State is under collection bargaining negotiations with approximately 75 percent of the workforce and no across-the-board increases are assumed in FY 2012. Approximately 8,900 employees received a contractual 3.5 percent across-the-board increase effective July 2012. About 2,700 employees are under interest arbitration proceedings.
New Mexico				No compensation package for employees

Table 18 continues on next page.

TABLE 18 (CONTINUED)

State Employee Compensation Changes, Fiscal 2012

Region/State	Across-the-Board (percent)	Merit (percent)	Other (percent)	Notes
New York				The State's most recent labor contracts with most of the State employee labor unions expired at the end of FY 2011. Under existing law, unionized employees automatically receive any performance advances and longevity payments that they are eligible for (i.e., employees who have not reached the job rate) at their existing salary levels. Approximately 33 percent of the workforce is eligible to receive such increases. Pending wage and benefit agreements being negotiated with labor unions at the time the FY 2012 Budget was enacted, Management/Confidential (M/C) employees were administratively delayed their performance advancements and longevity increases at the beginning of FY 2012. The FY 2012 Enacted Budget Financial Plan included $1.5 billion in savings from State agency operations, including $450 million in gap-closing savings from, among other things, wage and benefit changes negotiated with State employee unions. In August 2011, members of the State's largest union ratified a five-year labor contract with the State. Under the five-year agreement, there will be no general salary increases in fiscal year 2012. In addition, employees will take a five-day unpaid deficit reduction leave during fiscal year 2012. The State's second largest union is scheduled to vote on a contract with comparable terms in late September 2011.
North Carolina				
North Dakota			3.0	Salary increases are to be given on the basis of merit and equity and are not to be given across-the-board.
Ohio	0.0	0.0	0.0	The current collective bargaining agreement contained no increases of any kind for state employees for the period of FY 2010-2012. However, in FY 2012 ten cost savings days (unpaid days off) are restored, step increases begin again, and 32 hour personal leave payout eligibility returns for employees.
Oklahoma				
Oregon	0.5	0.0	3.6	Fiscal year percentages displayed are of "Total Compensation", not just salaries & wages. Prior year reports were for salaries & wages only. "Across-the-board" is a 1.5 percent COLA on wages in December 2011. "Other" includes increased costs to maintain retirement benefits of 3.67 percent of total compensation (not reported in previous surveys) plus assumes 5 percent annual inflation in flexible benefits such as health and life insurances. Package also includes offsets to these increases: 5 to 7 furlough days per employee and employees beginning to pay 5 percent of insurance premiums starting in December 2011. Additional 1.45 percent COLA increase scheduled for December 2012. Total 2011-13 biennium compensation package increase is 6 percent.
Pennsylvania				There is a pay freeze for the majority of state employees in FY 2012.
Rhode Island	3.0			Step increases are automatic based on the date of hire for a period of 2 1/2 years. Longevity pay increases have ended for non-union employees in FY 2012 and will end for union employees in FY 2013.
South Carolina	0.0	0.0	0.0	No pay raises.
South Dakota				
Tennessee	1.6			
Texas				
Utah				
Vermont				No step increases. Effective 7/1/11, employees received 3 percent cut, then frozen for 2 years.
Virginia			5.0	The 5.0 percent salary increase was offset by the increase in the employee's contribution to the Virginia Retirement System.

Table 18 continues on next page.

TABLE 18 (CONTINUED)
State Employee Compensation Changes, Fiscal 2012

Region/State	Across-the-Board (percent)	Merit (percent)	Other (percent)	Notes
Washington	-3.0			Most employees took a 3 percent pay cut, but in exchange are given 5.2 hours/month exchange time, to be used as paid time off.
West Virginia				2 percent for Public Employees (min. $504/Max $1200), except Troopers got $970 and DNR Police Officers $835, additional $5,004 ATB for MHS&T inspectors/instructors, $1,488 for Teachers ATB 2 percent (min $500) for Service Personnel ATB, Adjutant General increase from $92,500 to $125,000, Cabinet Level Veterans Assistance established @ $70,000 (increase each year by $5k to $95k), Judicial Increases: Justices (5) $121,000 to $136,000 = $15,000 increase Circuit (70) $116,000 to $126,000 = $10,000 increase Family (45) $82,500 to $94,500 = $12,000 increase Magistrate (42 <8400) $43,625 to 51,125 = $7,500 increase Magistrate (116) $50,000 to $57,500 = $7,500 increase
Wisconsin				Employees to pay 5.8 percent of salary towards pension and 12.6 percent of health insurance premium (up from 6 percent of premium).
Wyoming				
Territories				
Puerto Rico				Each agency must evaluate their fiscal ability to offer salary increases to the employees. No across the board salary increases are included in FY 2012 adopted budget.

Medicaid Outlook: Medicaid Spending, Enrollment, Cost Containment Proposals, and the Affordable Care Act

Medicaid is a means-tested entitlement program financed by the states and the federal government that provides comprehensive and long-term medical care for more than 60 million low-income individuals. Medicaid is estimated to account for about 23.6 percent of total spending in fiscal 2011, the single largest portion of total state spending.

Medicaid spending for fiscal 2011 is estimated at $398.6 billion, an increase of 10.1 percent over fiscal 2010 according to NASBO's *2010 State Expenditure Report*. State funds increased by an estimated 16 percent while federal funds increased by 6.9 percent over fiscal 2010 amounts.

Medicaid enrollment increased by 7.2 percent during fiscal 2010, by 5.5 percent in fiscal 2011 and is estimated to increase an additional 4.1 percent in fiscal 2012. This would represent a 17.7 percent increase in Medicaid enrollment over this three year period. Although Medicaid enrollment is decelerating for now, the implementation of the Affordable Care Act will greatly increase the individuals served in the Medicaid program in 2014 and thereafter. During the last economic downturn, enrollment growth peaked at 9.5 percent in fiscal 2002.

Cost containment in Medicaid is a dominant theme. Nearly every state implemented at least one new Medicaid policy to address costs in fiscal 2011 according to the Kaiser Commission on Medicaid and the Uninsured's 2011 annual survey on Medicaid and state budgets. As in previous years, provider rate restrictions were the most commonly reported cost containment strategy. Based on the Kaiser Commission survey, 39 states restricted provider rates in fiscal 2011 and 46 states plan to do so in fiscal 2012. States continued to eliminate, restrict or reduce Medicaid benefits in areas such as dental, therapies, medical supplies, durable medical equipment and personal care services. States also made substantial changes in Medicaid pharmacy programs and introduced higher co-payments for beneficiaries.

The Affordable Care Act, enacted in March 2010, has a significant impact on states and especially on state Medicaid programs. Beginning in January 1, 2014, state Medicaid programs will be expanded to cover non-pregnant, non-elderly individuals with income up to 133 percent of the federal poverty level. The cost for those newly eligible for coverage will be fully federally funded in calendar years 2014, 2015, and 2016 with federal financing phasing down to 90 percent by 2020. States are required to apply a 5 percent income disregard when determining Medicaid eligibility, effectively bringing the new Medicaid minimum eligibility level to 138 percent of the federal poverty level.

There are many challenges ahead as states move forward with implementation of the Affordable Care Act. Some of the most significant challenges include upgrading current Medicaid eligibility systems, accommodating the significant number of new enrollees under Medicaid, setting up health insurance exchanges, and dealing with the lack of administrative resources and staff at the state level to carry out the implementation. Other challenges include the aggressive timeline for implementation and how controlling growth in the program is difficult under maintenance-of-effort requirements.

States are planning to make changes in the payment and delivery aspects of their health care systems to control costs, improve outcomes, and to position themselves for the significant number of new Medicaid enrollees resulting from the Affordable Care Act. The type of changes underway and on the planning horizon include expanding managed care and coordinated care options, using health homes for those with chronic conditions, pursuing dual eligible initiatives to provide managed care services for those eligible for both Medicare and Medicaid.

Medicaid spending, similar to health care spending is projected to increase faster than the economy as a whole. The release of the 2010 Actuarial Report on the Financial Outlook for Medicaid by the Centers for Medicare & Medicaid Services (CMS) Office of the Actuary in December 2010 underscores the challenges ahead. As stated in the report, Medicaid costs will almost certainly continue to increase as a share of gross domestic product (GDP) in the future and will be a serious strain on states' budgets. Medicaid is projected to increase at an average annual increase of 8.3 percent over the next 10 years according to the CMS Office of the Actuary.

Temporary Assistance for Needy Families Program

The Temporary Assistance for Needy Families (TANF) program was reauthorized under the Deficit Reduction Act in February 2006. The TANF block grant is funded at $16.6 billion each year and is currently authorized under a continuing resolution.

The program includes specific definitions of work, work verification requirements, and penalties if states do not meet the requirements. As a result of these changes, most states have to significantly increase work participation rates.

Since welfare reform was initially passed in 1996, states have focused on providing supportive services for families to achieve self-sufficiency rather than cash assistance. Since 1996, caseloads have declined significantly. The average monthly number of recipients fell from 12.8 million prior to the enactment of TANF to 4.4 million on average in 2011, a decrease of over two-thirds.

This report has information only on the changes in the cash assistance benefit levels within the program which represents approximately 41 percent of total program costs. For fiscal 2012, forty-six states maintain the same cash assistance benefit levels that were in effect in fiscal 2011. Three states decrease cash assistance benefit levels, ranging from 1.8 to 8 percent, while one state increased cash assistance benefit levels by 4.1 percent. *(see Table 19 and Notes to Table 19)*

TABLE 19

Enacted Cost-of-Living Changes for Cash Assistance Benefit Levels Under the Temporary Assistance For Needy Families Block Grant, Fiscal 2012

State/Territory	Original Fiscal 2011
Arizona*	
California	-8.0%
Florida	4.1%
Michigan*	
Nebraska*	
Nevada	-1.8%
Wisconsin*	-2.9%

NOTE: See Notes to Table 19.

SOURCE: National Association of State Budget Officers.

CHAPTER 1 NOTES

Notes to Table 3
Fiscal 2010 State General Fund, Actual

For all states, unless otherwise noted, transfers into budget stabilization funds are counted as expenditures, and transfers from budget stabilization funds are counted as revenues.

Alabama Revenue Adjustments include an increase for a transfer from the General Fund Rainy Day Account of $161.6 million. Expenditure adjustments include a reduction due to across the board percentage cuts of $695.8 million, and a reduction of $81.9 million for reversions and other adjustments.

Alaska Revenue adjustments: $17.8 million reappropriation and carry forward. Expenditure adjustments: $401.6 million Constitutional Budget Reserve savings deposit plus net of ($1,057.4) million Public Education Fund draw and $1,117.0 Public Education Fund forward funding. Rainy Day = $9,166.1 million CBR + $1,197.5 million SBR.

Arizona Adjustments to revenue include fund transfers, county transfer, proceeds from asset sales lease back and lottery revenue bonds.

California Represents adjustments to the Beginning Fund Balance.

Colorado Colorado's ending reserve statutory requirement per Section 24-75-201.1, CRS is the rainy day fund balance.

Georgia Agency surplus returned.

Idaho In order to help balance the FY 2010 budget there was $71 million transferred from various dedicated funds to the General Fund. The Legislature also approved a General Fund reduction of $187.6 million that was distributed among all General Fund agencies.

Illinois Revenue adjustment accounted for by the sum of transfers in plus pension obligation note proceeds. Expenditure adjustment is accounted for by the sum of the statutory transfers out plus repayment of the pension obligation notes.

Indiana Revenue Adjustment: Transfer from Rainy Day Fund to General Fund; Expenditure Adjustments: Local Option Income Tax Distributions; PTRF Adjust for Abstracts.

Iowa Expenditure adjustments include $48.3 million which was credited from the ending balance of the General Fund to the Senior Living Trust Fund. This completes all funding of the Senior Living Trust Fund.

Kentucky Revenue includes $105.5 million in Tobacco Settlement funds. Adjustment for Revenues includes $66.2 million that represents appropriation balances carried over from the prior fiscal year, and $167.4 million from fund transfers into the General Fund. Adjustment to Expenditures represents appropriation balances forwarded to the next fiscal year.

Louisiana Actuals—(FY 09-10) reflect the Legislative Auditors reviewed revenues and expenditures made per the fiscal status summary presented to the Joint Legislative Committee on the Budget (JLCB) on January 21, 2011, as required by Louisiana Revised Statue 39:75 A.(3)(a). Revenue—State General Fund (SGF) revenues estimated to be $7,173.7 million; Act 122 of 2009 allowed the use of $86.2 million of Budget Stabilization Fund (BSF); Act 51 of 2010 used $198.4 million of BSF; Act 20 used $782.3 million of the Fiscal Year 2007-2008 surplus; Act 633 of 2010 transferred $83.4 million from various funds to the SGF; Act 226 of 2009 transferred $13.5 million from the Rapid Response Fund, $75.6 million from the Insure Louisiana Program Fund, and $3.9 million from the Incentive Fund to the SGF; $42.8 million was carried forward from prior years SGF appropriations to FY 10-11; and Act 51 of 2010 appropriated $115 million from the Amnesty Fund.

Maine Revenue and Expenditure adjustments reflect Legislatively authorized transfers.

Maryland Revenue adjustments reflect a $13.0 million reimbursement from the reserve for Sustainable Community Tax Credits, $6.0 million reimbursement from the reserve for Biotechnology Tax Credits, and transfers of $775.6 million from other special funds.

Massachusetts Includes Budgeted Fund balances.

Michigan Fiscal 2010 revenue adjustments include the impact of federal and state law changes ($279.3 million); revenue sharing law changes ($528.4 million); and deposits from state restricted revenues ($401.6 million).

Minnesota	Ending balance includes cash flow account of $266 million and appropriations carried forward of $106.7 million.
Mississippi	Adjustments (Expenditures) represent net transfers resulting from budget cuts. General Fund Ending Balance and Rainy Day Fund are before splits. Rainy Day Fund Balance not inclusive of $15 million for Ayers court settlement.
Missouri	Revenue adjustments include transfers from other funds into the general revenue fund, including $370.7 million from enhanced FMAP authorized in the American Recovery and Reinvestment Act of 2009.
Montana	Adjustments to Revenues and Expenditures reflect prior year revenue collected, prior year expenditures made, and other minor adjustments to tie to the CAFR.
Nebraska	Revenue adjustments are transfers between the General Fund and other funds. Among others, this includes a $112 million transfer from the General Fund to the Property Tax Credit Cash Fund as well as a $105 million transfer to the General Fund from the Cash Reserve Fund (Rainy Day Fund).
Nevada	FY 2010 revenue adjustments included fund sweeps and capital improvement reversions. FY 2010 expenditure adjustments include appropriations transferred between years and reductions to operating appropriations ($252.5 million) approved by the 26th special session during FY 2010.
New Hampshire	Revenue Adjustments: +25 million payment from the University System/ Expenditure Adjustments +36.6 million transfer in from the Education Trust fund/ +6.5 million transfers in from both the Highway and Liquor funds.
New Jersey	Transfers from other funds and budget vs. GAAP adjustments.
New York	Total expenditures are not adjusted for the impact of delaying the end-of-year school aid payment ($2.06 billion) from March 2010 to the statutory deadline of June 1, 2010, which was done to carry forward the FY 2010 budget shortfall into FY 2011. The ending balance includes $1.2 billion in rainy day reserve funds, $96 million in a community projects fund, $73 million reserved for debt reduction and $21 million reserved for litigation risks. The ending balance also includes a reserve of $905 million for deferred payments, a result of deferring more payments than were needed to carry forward the FY 2010 budget shortfall, which was used when the deferred payments were made during the first quarter of FY 2011.
North Dakota	Revenue adjustments are a $295.0 million transfer from the permanent oil tax trust fund to the general fund.
Oklahoma	Revenue adjustment represents the difference in cash flow. $1.6 million expenditure adjustment is amount paid in interest on funds borrowed for cash management until actions was taken by the legislature on budget shortfall.
Oregon	Rainy Day Fund balance includes normal RDF (primarily General Fund) plus an Education Stability Fund (primarily Lottery Funds). Balances in RDF & ESF may include donations.
Pennsylvania	Revenues include $755 million transferred from the Rainy Day fund. Revenue adjustments include a $5.0 million adjustment to the beginning balance, $150.4 million in prior year lapses, $1,776.7 million in Enhanced Federal Medical Assistance Percentage and $921.4 million in State Fiscal Stabilization Funds.
Puerto Rico	The General Fund Budget included an allocation of $1.0 million to facilitate the orderly implementation of certain expense reduction measures adopted by the Government of Puerto Rico pursuant to Act 7 of March 8, 2009. This allocation covered the cost of transitioning public employees to non-government sectors by proving re-training vouchers, self employment opportunities, relocation and salary subsidies alternatives. On the other hand, the General Fund Budget also included an allocation from the Local Stabilization Fund of $1.5 billion to cover payroll and operating expenses that were expected to be reduced through fiscal year 2010, but whose savings will not be realized in such fiscal year. The Local Stabilization Fund is funded with proceeds from the bonds issued by the Sales Tax Financing Corporation.
Rhode Island	Opening balance includes a deficit of $62.3 million and re-appropriations of $1.0 million from the prior year. Adjustments to revenues reflect a transfer to the Budget Stabilization Fund.
South Dakota	Adjustments in Revenues: $21.8 million was from one-time receipts.

Tennessee	Adjustments (Revenues): 109.0 million transfer from debt service fund unexpended appropriations; $103.4 million transfer from Rainy Day Fund; -$17.3 million transfer to dedicated revenue reserves. Adjustments (Expenditures): $69.9 million transfer to capital outlay projects fund. $13.1 million transfer to state office buildings and support facilities fund; $230.8 million transfer to reserves for dedicated revenue appropriations. Ending Balance: $239.4 million reserve for appropriations 2010-2011; $0.3 million undesignated balance.
Utah	Includes transfers from previous year balance, to/from Rainy Day Fund, and special revenue funds.
Washington	Fund transfers between General Fund and other accounts, and balancing to the final audited ending balance.
West Virginia	Fiscal Year 2010 Beginning balance includes $432.6 million in Reappropriations, Unappropriated Surplus Balance of $22.2 million, and FY 2009 13th month expenditures of $26.0 million. Expenditures include Regular, Surplus and Reappropriated funds and $26.0 million of 31 day prior year expenditures. Revenue adjustments are prior year redeposits. Expenditure adjustment represents the amount transferred to the Rainy Day Fund. The ending balance is mostly the historically carried forward reappropriation amounts that will remain and be reappropriated to the next fiscal year, the 13th month expenditures & unappropriated surplus balance.
Wisconsin	Revenue adjustments include Transfers In General Fund, $418.8 million; Other Revenue, $297.7 million; Tribal Gaming, $25.1 million. Expenditure adjustments include Designation for Continuing Balances, $78.5 million; and Unreserved Designated Balance, -$10.6 million.
Wyoming	WY budgets on a biennial basis. To arrive at annual figures assumptions and estimates were required.

Notes to Table 4
Fiscal 2011 State General Fund, Preliminary Actual

For all states, unless otherwise noted, transfers into budget stabilization funds are counted as expenditures, and transfers from budget stabilization funds are counted as revenues.

Alabama	Expenditure Adjustments are a reduction due to across the board percentage cuts.
Alaska	Revenue adjustments: $21.4 million reappropriation and carry forward. Expenditure adjustments: Net of ($1,114.3) million Public Education Fund draw and $1,131.0 million Public Education Fund forward funding. Rainy Day = $10,016.8 million CBR + $1,048.6 million SBR.
Arizona	Adjustments to revenue include fund transfers, VLT shift, county transfer, and temporary 1 percent sales tax increase.
California	Represents adjustments to the Beginning Fund Balance.
Colorado	Colorado's ending reserve statutory requirement per Section 24-75-201.1, CRS is the rainy day fund balance. Note that FY 2010-2011 contains a $294.4 million transfer (per the June 2011 OSPB forecast) from the GF to the State Education Fund ($226.9 million) and Public School Fund ($67.5 million) per SB11-230 (source: footnote E and F to Table 1 on page 7 in the OSPB September 2011 forecast).
Georgia	Agency surplus returned.
Idaho	The remainder of the rainy day fund balances were transferred to the General Fund for FY 2011, this included $30.1 million from the Budget Stabilization Fund and $48.8 million from the Economic Recovery Reserve Fund. There was an additional $1.5 million transferred to the General Fund from various other dedicated accounts and $1 million was transferred to the Disaster Recovery Fund/Military Division.

Illinois	Revenue adjustment accounted for by the sum of inter-fund borrowing, short term borrowing, pension obligation note proceeds, tobacco securitization proceeds and statutory transfers in. Expense adjustment is accounted for by the sum of repayment of our short term borrowing, FY 2011 pension payment and statutory transfers out.
Indiana	Revenue Adjustment: Transfer from General Fund to Rainy Day Fund; Expenditure Adjustments: Local Option Income Tax Distributions, PTRF Adjust for Abstracts.
Iowa	Revenues are based upon the March 2011 REC, adjustments to revenues include $15.4 million increase due to the passage of the Tax Relief Act of 2010, and also due to tax legislation passed during the 2011 Legislative Session. Adjustments to expenditures are due to legislative changes passed during the 2011 Legislative Session that changed appropriation levels.
Kentucky	Revenue includes $99.8 million in Tobacco Settlement funds. Adjustment for Revenues includes $72.0 million that represents appropriation balances carried over from the prior fiscal year, and $125.1 million from fund transfers into the General Fund. Adjustment to Expenditures represents appropriation balances forwarded and to the next fiscal year and budgeted balances to be expended in the next fiscal year.
Louisiana	Data included in Table 4 is based on response to Spring 2011 Fiscal Survey of States. Actual State General Fund collections were less than official projections adopted by REC on June 21, 2010. Per R.S. 39:75, the Fiscal Year 2009-2010 projected deficit was presented to JLCB on October 22, 2010. Also in accordance with R.S. 39:75, the certified deficit for Fiscal Year 2009-2010 was recognized by JLCB on January 21, 2011, as being $107,977,368. Pursuant to R.S. 39:75, the Governor issued an Executive Order calling for an adjustment to appropriated SGF expenditures in Fiscal Year 2010-2011.
Maine	Revenue and Expenditure adjustments reflect Legislatively authorized transfers. Beginning balance differs from FY 10 ending balance due to Controller's year end adjustments.
Maryland	Revenue adjustments reflect a $5.2 million reimbursement from the reserve for Sustainable Community Tax Credits, $8.0 million reimbursement from the reserve for Biotechnology Tax Credits, and transfers of $333.9 million from other special funds.
Massachusetts	Includes Budgeted Fund balances.
Michigan	Fiscal 2011 revenue adjustments include the impact of federal and state law changes ($275.8 million); revenue sharing law changes ($514.9 million); and deposits from state restricted revenues ($664.3 million).
Minnesota	Ending balance includes cash flow account of $266 million.
Mississippi	General Fund Ending Balance and Rainy Day Fund are before splits. Rainy Day Fund Balance not inclusive of $15 million for Ayers court settlement.
Missouri	Revenue adjustments include transfers from other funds into the general revenue fund, including $572.4 million from enhanced FMAP authorized in the American Recovery and Reinvestment Act of 2009
Montana	Adjustments to Revenues and Expenditures reflect prior year revenue collected, prior year expenditures made, and other minor adjustments to tie to the preliminary unaudited ending fund balance for FY 2011.
Nebraska	Revenue adjustments are transfers between the General Fund and other funds. Among others, this includes a $112 million transfer from the General Fund to the Property Tax Credit Cash Fund as well as a $154 million transfer to the General Fund from the Cash Reserve Fund (Rainy Day Fund).
Nevada	Adjustments include fund sweeps and reduction of legislatively approved appropriations approved by the 26th special session.
New Hampshire	Revenue adjustments: +1.5 million community college system payment/ Expenditure Adjustments +124.7 million transfer to the Education trust fund.
New Jersey	Balances targeted to be lapsed.

New York Total expenditures are not adjusted for the impact of delaying the end-of-year school aid payment ($2.06 billion) from March 2010 to the statutory deadline of June 1, 2010, which was done to carry forward the FY 2010 budget shortfall into FY 2011. The ending balance includes $1.2 billion in rainy day reserve funds, $136 million in a community projects fund, $13 million reserved for debt reduction and $21 million reserved for litigation risks.

North Dakota Revenue adjustments are an $830.0 million transfer from the permanent oil tax trust fund and a $35.0 million transfer from the lands and minerals trust fund to the general fund. Expenditure adjustments include a $61.4 million transfer to the budget stabilization fund and miscellaneous adjustments and transfers.

Oklahoma Revenue adjustment represents the difference in cash flow. $249.2 million expenditure adjustment is amount deposited into the Rainy Day fund from surplus revenues.

Pennsylvania Revenue adjustments include a $0.25 million adjustment to the beginning balance, $93.7 million in prior year lapses, $1,756.5 million in Enhanced Federal Medical Assistance Percentage, $921.4 million in federal State Fiscal Stabilization Funds and $387.8 million in federal Education Jobs Funds. Expenditure adjustment reflects $181.5 million in current year lapses. The year-end transfer to the Rainy Day Fund (25 percent of the ending balance) was suspended for FY 2011.

Puerto Rico Included $1.0 billion from the Local Stabilization Fund to cover operational expenses expected to be reduced through the fiscal year 2011.

Rhode Island Opening balance includes a surplus of $17.7 million, re-appropriations of $3.4 million from the prior year, and prior period adjustments. Adjustments to revenues reflect a transfer to the Budget Stabilization Fund and the adjustments to expenditures are the appropriations from FY 2010.

South Dakota Adjustments in Revenues: $9.9 million addition to revenue is from one-time receipts; $26.1 million decrease to revenue is a one-time refund of taxes.

Tennessee Adjustments (Revenues): 92.9 million transfer from debt service fund unexpended appropriations; $181.4 million transfer from TennCare Reserve; -$28.1 million transfer to TennCare Trust Fund; $169.5 million transfer from Rainy Day Fund; $15.0 million transfer from reserves for dedicated revenue appropriations. Adjustments (Expenditures): $291.7 million transfer to capital outlay projects fund; $13.1 million transfer to state office buildings and support facilities fund; $4.7 million transfer to reserves for dedicated revenue appropriations. Ending Balance $371.3 million reserve for appropriations 20110-2012; $0.2million undesignated balance.

Utah Includes transfers from previous year balance, to/from Rainy Day Fund, and special revenue funds.

Vermont Transfer to Human Services Caseload Reserve and other transactions.

Washington Fund transfers between General Fund and other accounts.

West Virginia Fiscal Year 2011 Beginning balance includes $418.7 million in Reappropriations, Unappropriated Surplus Balance of $102.6 million, and FY 2010 13th month expenditures of $30.6 million. Expenditures include Regular, Surplus and Reappropriated funds and $30.6 million of 31 day prior year expenditures. Revenue adjustments are prior year redeposits. Expenditure adjustment represents the amount transferred to the Rainy Day Fund. The ending balance is mostly the historically carried forward reappropriation amounts that will remain and be reappropriated to the next fiscal year, the 13th month expenditures & unappropriated surplus balance.

Wisconsin Revenue adjustments include Transfers out of General Fund, -$14.8 million; Other Revenue, $632.4 million; Tribal Gaming, $24.7 million. Expenditure adjustments include Designation for Continuing Balances, $8.2 million; and Unreserved Designated Balance, -$78.5 million.

Wyoming WY budgets on a biennial basis. To arrive at annual figures assumptions and estimates were required.

Notes to Table 5
Fiscal 2012 State General Fund, Appropriated

For all states, unless otherwise noted, transfers into budget stabilization funds are counted as expenditures, and transfers from budget stabilization funds are counted as revenues.

Alabama Revenue Adjustments include one-time revenues of $293.1 million.

Alaska Revenue adjustments: none. Expenditure adjustments: Net of ($1,127.3) million Public Education Fund draw and $1,094.0 million Public Education Fund forward funding. Rainy Day = $10,589.0 million CBR + $1,392.4 million SBR.

Arizona Adjustments to revenue include fund transfers, VLT shift, county transfer, temporary 1 percent sales tax increase, and revenue from the tax recovery program. At the time FY12 budget was enacted, the beginning balance (i.e. FY 2011 ending balance) was estimated to be -$332 million. Thanks to much stronger-than-expected revenue performance, FY 2011 ended with a positive balance.

Colorado Colorado's ending reserve statutory requirement per Section 24-75-201.1, CRS is the rainy day fund balance. Current forecast shows FY 2011-2012 slightly below the required ending balance (GF reserve) of 4 percent (by $18.3 million GF). See Table 1 line 21 in the FY 11-12 column, of the September 2011 OSPB forecast.

Delaware Represents DEFAC June 2011 revenue estimates as adjusted by enacted revenue changes plus internal expenditure estimates.

Idaho Transfers for FY 2012 included $38 million from various dedicated funds; house concurrent resolution 25 gave the Governor the authority to delay the implementation of the next phase of the Grocery Tax Credit ($15 million); and it was estimated that there would be an additional $19.7 million in revenue from the Tax Compliance Initiative. The revenue estimate was also reduced by $91.5 million to set the budgets for FY 2012.

Illinois Revenue adjustment accounted for by statutory transfers in. Expenditure adjustment is accounted for by statutory transfers out.

Iowa Revenues are based upon the March 2011 REC, adjustments to revenues include $119.3 million increase due to the passage of the Tax Relief Act of 2010, and also to legislation adjusting revenues passed during the 2011 Legislative Session. Expenditures are based upon appropriations passed during the 2011 Legislative Session.

Kentucky Revenue includes $102.7 million in Tobacco Settlement funds. Adjustment for Revenues includes $29.8 million that represents appropriation balances carried over from the prior fiscal year, and $122.7 million from fund transfers into the General Fund. Adjustment to Expenditures represents appropriation balances forwarded and to the next fiscal year and budgeted balances to be expended in the next fiscal year.

Louisiana The recommended Executive Budget for FY 2011-2012 reflects the Official Revenue Forecast from June 21, 2010, meeting of the Revenue Estimating Conference for State General Fund.

Maine Revenue and Expenditure adjustments reflect Legislatively authorized transfers.

Maryland Revenue adjustments reflect a $13.3 million reimbursement from the reserve for Sustainable Community Tax Credits, $8.0 million reimbursement from the reserve for Biotechnology Tax Credits, and transfers of $227.7 million from other special funds.

Michigan Fiscal 2012 revenue adjustments include the impact of federal and state law changes (-$288.3 million); revenue sharing law changes ($622.5 million); sale of properties ($6.5 million); and deposits from state restricted revenues ($558.8 million). Also, the fiscal 2012 enacted expenditures include $427.4 million of one-time spending financed from one-time revenues.

Minnesota Ending balance includes cash flow account of $95 million.

Missouri Revenue adjustments include transfers from other funds into the general revenue fund, including $68 million from enhanced FMAP authorized in the American Recovery and Reinvestment Act of 2009 and $209.3 million from enhanced FMAP authorized in the Education Jobs and Medicaid Assistance Act.

Montana Revenues and Expenditures reflect amounts enacted when budget was adopted by legislature in April, 2011.

Nebraska	Revenue adjustments are transfers between the General Fund and other funds. Among others, this includes a $110 million transfer from the General Fund to the Property Tax Credit Cash Fund as well as a $37 million transfer to the General Fund from the Cash Reserve Fund (Rainy Day Fund). Revenue adjustments also include a $25 million transfer from the General Fund for the University of Nebraska Innovation Campus to jump-start significant new investment in research infrastructure. Expenditure adjustments are reappropriations ($235.3 million) of the unexpended balance of appropriations from the prior fiscal year and a small amount ($5 million) reserved for supplemental/deficit appropriations.
Nevada	FY 2012 revenue adjustments include accessing a line of credit from the Local Government Investment fund, treasurer's interest earnings, and anticipated reversions.
New Hampshire	Expenditure Adjustments: +136.5 to be moved to the Education Trust Fund at year end. Enacted budget for FY 2012 assumed a Rainy Day Fund Balance of .5 million to be carried over to FY 2012 from FY 2011, not the 9.3 million estimated at this time.
New York	The ending balance includes $1.3 billion in rainy day reserve funds, $346 million reserved to cover costs of potential retroactive labor settlements with certain unions, $51 million in a community projects fund, $13 million reserved for debt reduction and $21 million reserved for litigation risks.
North Carolina	Repair and renovation.
North Dakota	Revenue adjustments include a $295.0 million transfer from the property tax relief sustainability fund and a $200.0 million transfer from the strategic investment and improvements fund.
Ohio	FY 2012 expenditures include a $246.9 million transfer to the Budget Stabilization Fund. FY 2012 expenditures include estimated encumbrances for the end of FY 2012.
Oregon	Revenue adjustment transfers prior biennium ending GF balance to Rainy Day Fund (which can be up to 1 percent of total budgeted appropriation). Oregon budgets on a biennial basis. The constitution requires the state to be balanced at the end of each biennium (June 30, 2013), so a negative balance at the end of the first fiscal year does not necessarily translate into a budget gap.
Pennsylvania	Revenue adjustments include $62.7 million in prior year lapses. Expenditure adjustment reflects a transfer of $139.5 million (25 percent of ending balance) to the Rainy Day Fund.
Puerto Rico	Includes $610 million from the Local Stabilization Fund to cover operational expenses.
Rhode Island	Opening balance includes a surplus of $60.8 million and re-appropriations of $4.5 million from the prior year. Adjustments to revenues reflect a transfer to the Budget Stabilization Fund and the adjustments to expenditures are the appropriations from FY 2011.
South Dakota	Adjustments in Revenues: $1.0 million addition to revenue is from one-time receipts; $13.6 million decrease to revenue is a budgeted one-time refund of taxes.
Tennessee	Adjustments (Revenues): -$27.4 million transfer to Rainy Day Fund. Adjustments (Expenditures): $55.4 million transfer to capital outlay projects fund; $13.1 million transfer to state office buildings and support facilities fund; $4.6 million transfer to reserves for dedicated revenue appropriations. Ending Balance: $11.1 million reserve for capital outlay 2012-2013. $0.5 million undesignated balance.
Utah	Includes transfers from previous year balance and special revenue funds.
Vermont	Transfer from Human Services Caseload Reserve and other transactions.
Washington	Fund transfers between General Fund and other accounts.
West Virginia	Fiscal Year 2012 Beginning balance includes $425.6 million in Reappropriations, Unappropriated Surplus Balance of $338.8 million, and FY 2011 13th month expenditures of $28.6M. Revenues are FY 12's Official General Revenue Estimate. Expenditures include FY 12 Regular General Revenue & FY 12 Surplus Appropriations.

Wisconsin Revenue adjustments include Other Revenue, $647.9 million; Tribal Gaming, $26.5 million. Expenditure adjustments include Compensation Reserve, $28.8 million; Transfers to other funds, $27.5 million; Other legislation, $65.0 million; and Lapses, -$303.0 million.

Wyoming WY budgets on a biennial basis. To arrive at annual figures assumptions and estimates were required.

Notes to Table 7
Mid Year Budget Cuts 2011 – 2012

Illinois When calculating the difference between FY 2011 and FY 2012, it should be noted that in FY 2011 Pension Obligation Notes paid for the General Revenue Funds pension liability. In FY 2012, the state appropriated sufficient GRF in order to fully meet the annual pension obligation. For comparison, if the pension liability were to be recognized in FY 2011, there would have been an overall GRF reduction of $571 million from FY 2011 to FY 2012.

Notes to Table 8
Mid Year Program Cuts – 2011

California For K-12 education $52.7 million was set aside in 2010-11 for potential increased costs for childcare programs. These costs failed to materialize. For transportation, this change is not a cut, but rather a shift of expenditures from the General Fund to a special fund for debt service costs.

Georgia Overall budgetary changes led to increase in budget.

Missouri Expenditure restrictions effective July 1, 2010, while $17.5 million expenditure restrictions released in K-12 Ed in Jan/Feb 2011. Additionally, Missouri Public Assistance cuts were done through ARRA funding in place of the GR cut.

Nevada Nevada has a biennial budget and thus some changes to FY 2011 were made during FY 2010 special session. Note that the net cuts were smaller than the gross cuts, because higher education and corrections received more money. Gross cuts are displayed in survey.

Rhode Island Overall the state added $32.1 million in general funds for FY 2011 to restore funding related to Medicaid FMAP match change; however, some departments' budgets were cut.

Vermont There were only technical appropriation changes in the FY 2011 Budget Adjustment Act. Net effect was increase of $5.9 million with increases offsetting decreases.

Virginia Any adjustments to FY 2011 and FY 2012 were addressed during the regular session.

Notes to Table 9
Mid Year Program Cuts by Value – 2011

Georgia Overall budgetary changes led to increase in budget.

Rhode Island Overall the state added $32.1 million in general funds for FY 2011 to restore funding related to Medicaid FMAP match change; however, some departments' budgets were cut.

Notes to Table 12
Enacted Program Cuts – 2012

Colorado Medicaid changes include CHP+/all of HCPF. Other includes non-appropriated GF.

Connecticut Transportation is non-General Fund. All other changes include bottom-line reduction of $700 million related to collective bargaining that the Governor is required to achieve.

Massachusetts Data is based on response to Spring 2011 Fiscal Survey

Michigan Budget adjustments for K-12 education are included in the restricted School Aid Fund, separate from the general fund. Therefore this survey does not reflect School Aid decreases of $525.8 million. Additionally, fiscal 2012 enacted budget adjustments do not include shifts between general fund and restricted revenue sources of funding. Enacted general fund increases include nearly $900 million in general fund revenues to replace one-time federal revenues not available for fiscal 2012.

Mississippi All amounts are General Fund only, and no general fund equivalents are included.

Montana The 2011 enacted budget for K-12 was adjusted to normalize for the Otter Creek bonus payment received in FY 2010. This payment reduced the general fund obligation in FY 2010 and then effectively increased the appropriation in FY 2011 due to the biennial nature of the appropriation for K-12. The reduction in the “All Other” category between FY 2011 and FY 2012 is largely attributable to the continuation of Governor’s reductions per 17-7-140, MCA made in FY 2011, other reductions approved by the legislature, and the discontinuation of some one-time-only funded items (attributable to ARRA) in FY 2012.

New York Not reflected in the estimates used to calculate year-to-year spending changes is the deferral of the end-of-year school aid payment ($2.06 billion) from March 2010 to the statutory deadline of June 1, 2010, which was done to carry-forward the FY 2010 budget shortfall into FY 2011, and the phasing-out of extraordinary Federal aid from the American Recovery and Reinvestment Act (ARRA), which will shift approximately $5 billion in Medicaid and Education costs back to the General Fund in FY 2012.

Pennsylvania The Fiscal 2011 Budget amounts used to calculate the Appropriation Changes in the Enacted Fiscal 2012 Budget include Federal ARRA funds appropriated from the Enhanced Medical Assistance Percentage, State Fiscal Stabilization Fund and Education Jobs Fund.

Puerto Rico All other includes Police, Municipalities, Electoral Activities, Health, & Justice.

Rhode Island Medicaid and Public Assistance adjustments incorporates year-over-year caseload and FMAP fluctuations, as well as programmatic modifications.

Wisconsin Legislative Fiscal Bureau Comparative Summary of 2011 Wisconsin Act 32, General Fund Taxes section, August 2011.

Notes to Table 13
Enacted Program Cuts by Value – 2012

Arizona FY 2012 General Fund appropriations level is similar to FY11 level. However, it's not true to say that there's no spending cut in FY 2012. Due to the expiration of one-time federal assistance and funding formula increases, FY12 would have an estimated shortfall of $1.1 billion, this increase is offset by enacted spending reductions.

Colorado Medicaid changes include CHP+/all of HCPF. Other includes non-appropriated GF.

Massachusetts Data is based on response to Spring 2011 Fiscal Survey

Michigan	Budget adjustments for K-12 education are included in the restricted School Aid Fund, separate from the general fund. Therefore this survey does not reflect School Aid decreases of $525.8 million. Additionally, fiscal 2012 enacted budget adjustments do not include shifts between general fund and restricted revenue sources of funding. Enacted general fund increases include nearly $900 million in general fund revenues to replace one-time federal revenues not available for fiscal 2012.
Mississippi	All amounts are General Fund only, and no general fund equivalents are included.
Montana	The 2011 enacted budget for K-12 was adjusted to normalize for the Otter Creek bonus payment received in FY 2010. This payment reduced the general fund obligation in FY 2010 and then effectively increased the appropriation in FY 2011 due to the biennial nature of the appropriation for K-12. The reduction in the "All Other" category between FY 2011 and FY 2012 is largely attributable to the continuation of Governor's reductions per 17-7-140, MCA made in FY 2011, other reductions approved by the legislature, and the discontinuation of some one-time-only funded items (attributable to ARRA) in FY 2012.
New York	Not reflected in the estimates used to calculate year-to-year spending changes is the deferral of the end-of-year school aid payment ($2.06 billion) from March 2010 to the statutory deadline of June 1, 2010, which was done to carry-forward the FY 2010 budget shortfall into FY 2011, and the phasing-out of extraordinary Federal aid from the American Recovery and Reinvestment Act (ARRA), which will shift approximately $5 billion in Medicaid and Education costs back to the General Fund in FY 2012.
Pennsylvania	The Fiscal 2011 Budget amounts used to calculate the Appropriation Changes in the Enacted Fiscal 2012 Budget include Federal ARRA funds appropriated from the Enhanced Medical Assistance Percentage, State Fiscal Stabilization Fund and Education Jobs Fund.
Puerto Rico	All other includes Police, Municipalities, Electoral Activities, Health, and Justice.
Rhode Island	Medicaid and Public Assistance adjustments incorporates year-over-year caseload and FMAP fluctuations, as well as programmatic modifications.
Wisconsin	Legislative Fiscal Bureau Comparative Summary of 2011 Wisconsin Act 32, General Fund Taxes section, August 2011.

Notes to Table 14
Budget Gap Strategies for FY 2011

Arizona	Other actions include temporary revenue increase, fund transfer.
California	For K-12 Education, both the 2010-11 budget included deferrals of general purpose funding for local education agencies and targeted cuts primarily in child care and development. The 2010-11 budget also included deferrals of general purpose funding for community college districts. Other actions include suspended Mandates, fund shift.
Colorado	Other actions include GF transfers and revenue augmentation, refinancing/other.
Connecticut	Other actions include travel ban, rescissions, hiring freeze, transfers from other funds.
Georgia	Minimum furloughs at agency level with a maximum of six days.
Hawaii	Other actions include transfer of excess balances from non-general funds.
Idaho	Other actions include transfers from other funds.
Maine	Other actions include hiring freeze, transfers in from other funds, rebidding of liquor contract.
Maryland	Other actions include fund balance transfers from special funds and public higher education institutions to the general fund.

New Mexico User Fees include an increase in cigarette tax, gross receipts and compensating taxes. Cuts to State Employee Benefits include Shift in employer pension costs of 1.75 percent to employees. Other actions include Transfer of unobligated balances in state agency accounts to the General Fund.

New York Early Retirement: The FY 2011 Enacted Budget included workforce savings of $250 million, expected to be achieved in part through an optional time-limited early retirement incentive offered to employees that met certain age and service requirements, which was subject to DOB-approved agency plans. Reduce Local Aid: The FY 2011 Enacted Budget included, in addition to specifically allocated local assistance reductions, an FMAP Contingency Plan requiring a mid-year local assistance reduction, uniformly allocated across all State funded local assistance appropriations (excluding constitutional exemptions), in order to close the difference between the assumed value of the FMAP extension at the time the Budget was enacted, and the actual benefit received upon passage by the Federal government. Other: The State benefitted from a six-month FMAP extension authorized by Congress and signed into law by the President in August 2010; additional revenue actions which included modifications to personal income taxes and a reduced dormancy period for abandoned property; the option to amortize pension contribution costs in excess of the amortization threshold, to be paid over a ten-year period at an interest rate to be determined by the State Comptroller; audit and overpayment recoveries; additional sweeps to available fund balances.

Pennsylvania Other actions include $2.7 billion in Federal ARRA funds, $387.8 million in Federal Education Jobs funds and various one-time revenues.

Puerto Rico Other actions include alcohol, cigarettes, and temporary excise taxes.

Rhode Island Salary reductions include four pay reduction days and a six month delay of the 3 percent cost of living increase achieved through labor negotiations. Across the board actions include a 0.5 percent reduction was taken in personnel funding and operating expenditures. These reductions were taken in the budgets of all cabinet-level agencies, as well as, elected officials, the Judiciary and Legislature. Local aid reductions include education Aid was cut by $28.0 million from the FY 2011 enacted budget.

South Dakota Other actions include use of the state fiscal stabilization fund Ed Jobs Fund.

Tennessee Other actions include one-time revenue and reserves.

Notes to Table 15
Budget Gap Strategies for FY 2012

Arizona Other actions include temporary revenue increase, fund transfer.

California For K-12 Education, both the 2011-2012 budget included deferrals of general purpose funding for local education agencies and targeted cuts primarily in child care and development. The 2011-2012 budget also included deferrals of general purpose funding for community college districts. California. Other actions include suspended Mandates, fund shift.

Colorado Other actions include GF transfers and revenue augmentation, refinancing/other.

Connecticut Cuts to employee benefits include a wage freeze. Other actions include a hiring freeze.

Florida Tuition did increase for FY 2012, but does not flow through the General Revenue Fund.

Hawaii Other actions diversion of special fund revenues to the general fund.

Idaho Other actions include delayed grocery tax credit and transfer from other funds.

Maine Other actions include hiring freeze, transfers in from other funds, rebidding of liquor contract. Increase in GF revenue from rebidding of Lottery contract.

Maryland Other actions include transfer of balance and interest from special funds to the general fund.

Michigan Other fiscal 2012 strategies include reducing university operations; shifting a portion of higher education spending from general fund to School Aid Fund revenue; closing state facilities including two prisons, state police posts and dispatch facilities; establishing a 48-month time limit for Family Independent Program clients; competitively bidding prisoner health and mental health services; eliminating nearly 370 jobs across state government; requiring employee contributions into defined benefit retirement plan; refinancing debt; eliminating/reducing revenue sharing payments to local government units; establishing a health care insurance claims assessment in anticipation of federal action to phase-out the existing use tax on Medicaid health maintenance organizations.

Minnesota Other actions include K-12 payment shift, cash flow account, bonds secured by tobacco settlement receipts.

Nevada Other actions include moved some services from state to counties.

New Mexico Cuts to State Employee Benefits include Shift in employer pension costs of 1.75 percent to employees. Other actions include Transfer of unobligated balances in state agency accounts to the General Fund.

New York Layoffs: The FY 2012 Enacted Budget contains savings related to the Governor's initiative to redesign Agency service delivery, which includes, but is not limited to, facility closures reflecting excess capacity conditions, operational efficiencies, and wage and benefit changes pending negotiation with the State's employee unions. If the State is unsuccessful in negotiating changes, significant layoffs will be necessary to achieve the State agency savings expected in the Financial Plan. Furloughs: The FY 2012 Enacted Budget included savings from the Governor's initiative to redesign Agency service delivery through several means including, but not limited to, wage changes pending negotiation with the State's employee unions. By November 2011, the State's two largest employee unions, the Civil Service Employees Association (CSEA) and the Public Employees Federation (PEF), ratified multi-year labor agreements with the State. Under these agreements, there are no general salary increases for three years (FY 2012 through FY 2014). Employee compensation during FY 2012 and FY 2013 will be temporarily reduced. Employees will receive deficit reduction leave (totaling nine days). CSEA-represented employees will receive a $1,000 lump sum payment ($775 paid in FY 2014 and $225 paid in FY 2015). Employees will receive a 2 percent increase in FY 2015 under both agreements, and CSEA-represented employees will receive a 2 percent increase in FY 2016. Employees represented by CSEA will be repaid the value of four days in equal consecutive installments starting at the end of the CSEA contract term and employees represented by PEF will be repaid the value of nine days in equal consecutive installments starting in FY 2016. Salary Reductions: The FY 2012 Enacted Budget included savings from the Governor's initiative to redesign Agency service delivery through several means including, but not limited to, wage changes pending negotiation with the State's employee unions. By November 2011, the State's two largest employee unions, the Civil Service Employees Association (CSEA) and the Public Employees Federation (PEF), ratified multi-year labor agreements with the State. Under these agreements, there are no general salary increases for three years (FY 2012 through FY 2014). Employee compensation during FY 2012 and FY 2013 will be temporarily reduced. Employees will receive deficit reduction leave (totaling nine days). CSEA-represented employees will receive a $1,000 lump sum payment ($775 paid in FY 2014 and $225 paid in FY 2015). Employees will receive a 2 percent increase in FY 2015 under both agreements, and CSEA-represented employees will receive a 2 percent increase in FY 2016. Employees represented by CSEA will be repaid the value of four days in equal consecutive installments starting at the end of the CSEA contract term and employees represented by PEF will be repaid the value of nine days in equal consecutive installments starting in FY 2016. Cuts to State Employee Benefits: The FY 2012 Enacted Budget included savings from the Governor's initiative to redesign Agency service delivery through several means including, but not limited to, benefit changes pending negotiation with the State's employee unions. By November 2011, the State's two largest employee unions, the Civil Service Employees Association (CSEA) and the Public Employees Federation (PEF), ratified multi-year labor agreements with the State. These agreements included substantial changes to employee health care contributions. Other: Additional revenue actions including tax modernization initiatives and improving voluntary compliance, increasing the level of resources available from abandoned property and withholding tax debts from certain Lottery winnings; sweeping additional available fund balances from other State funds to the General Fund; other non-recurring measures.

Puerto Rico Other actions include alcohol, cigarettes, and temporary excise taxes.

Rhode Island User Fees include increased beach parking fees, increase securities sales rep license fees, increase Federal covered advisor fees, institute fee for background checks, and reinstitute hospital licensing fees at 5.465 percent. Transportation/Motor Vehicle Related Fees related fees include increases to NSF Check Return fee at the DMV. Business related fees include Offsets to Income Tax Refunds for probation and parole fees owed. Across the board cuts include a 3 percent reduction was taken in personnel funding, impacting all cabinet-level agencies and a 2 percent reduction was taken against personnel funding for elected officials, the Judiciary and Legislature. A 1 percent reduction was taken against operating expenditures for all agencies listed above. Other actions include new work support strategies grant.

South Dakota Other actions include use of the Education Jobs Fund.

Tennessee Other actions include base budget reductions.

West Virginia Use onetime surplus from General Revenue and Lottery Funds from previous fiscal years.

Notes to Table 16
Budget Gap Strategies for FY 2013

Hawaii Other actions include diversion of special fund revenues to the general fund.

Maine Other action include hiring freeze, transfers in from other funds, rebidding of liquor contract. Increase in GF revenue from rebidding of Lottery contract.

Michigan Other fiscal 2013 strategies include a recommended two-year budget plan with permanent fiscal 2012 solutions that generate an ending balance sufficient to offset the projected fiscal 2013 budget gap.

Nevada Other actions include moved some services from state to counties.

Tennessee Other actions include base budget reductions

West Virginia Use onetime surplus from General Revenue & Lottery Funds from previous fiscal years.

Notes to Table 17
FTE

California FY 2012 figure includes a reduction of 98.4 personnel years related to efficiencies and state operations reductions.

Colorado FY 09-10 appropriated (not actual); FY 10-11 appropriated (not actual); FY 11-12 appropriated.

Connecticut Figures include General Fund and Special Transportation Fund only.

Illinois FY 2012 appropriated headcount is equal to the managed headcount that was included in the Governor's FY 2012 introduced budget minus proposed layoffs of 1,938 employees. Due to the General Assembly's reduction of personal service appropriations below what was introduced, without appropriation authority from the General Assembly to address the resulting budgetary shortfalls, the FY 2012 headcount will have to be significantly reduced beyond the current 1,938 employee reduction.

Louisiana In FY 2011, Higher Education and LSU Health Science Center-Healthcare Services Division positions were reestablished as Authorized Table of Organization (T.O.) positions. Prior to FY 2011, they were not part of the Authorized T.O. Position count.

Massachusetts The FY11 number reflects actuals through September 2010 rather than appropriated.

Nebraska Appropriations bills do not limit authorized FTE to a specific number.

Nevada	Filled position numbers do not include higher education, Legislature and their staff, Boards & Commission and Courts. They do include Temporary, Seasonal, and Intermittent positions.
New Hampshire	FY 2012 figure is actual projection. Note: FY 2010 and 2011 includes Community College System of NH employees. Effective FY 2012, 883 CCSNH employees are removed from the State's payroll system.
New York	Projected full-time equivalent totals for FY 2012 reflects an estimate of up to 9,700 layoffs that may be necessary in the absence of negotiated workforce savings.
Ohio	Ohio does not count employees by full-time equivalents, but instead by actual number employed. The FY 2012 amount represents employees as of 9/30/2012.
Wisconsin	FY 2012 appropriated number assumes 15 percent vacancy rate for non-UW and 4 percent for UW times budgeted FTE positions.

Notes to Table 19
TANF

Arizona	Level of benefit did not change. However, the lifetime time limit was changed from 36 months to 24 months.
Michigan	The enacted fiscal 2012 budget does not include an increase or decrease for TANF cash assistance benefit levels. In addition, an approximate $100.00 annual clothing allowance for all children from birth through age 18 is substantially reduced; remaining funds are limited to "child only" cases, such as adopted children and those in foster care.
Nebraska	No increase in the maximum grant an individual may receive has been enacted for FY2012. Effective July 1, 2011 Nebraska is increasing the maximum "standard of need" for TANF cash assistance from $710 to $740 per month (family of three). This increase is based on a 2.7 percent CPI increase in CY 2009 and 1.5 percent CPI increase in CY 2010.
Wisconsin	$20 decrease in maximum monthly benefit for an individual in a community service job placement.

STATE REVENUE DEVELOPMENTS

CHAPTER TWO

Overview

State general fund revenue collections are forecast to increase in fiscal 2012, the second consecutive annual increase. However, not all aspects of state general fund revenues are set to rise as states are forecasting a slight drop in sales taxes. This is primarily related to the end of temporary sales taxes in a few states. Additionally, state finances can take many years to fully recover from a national recession, as was the case after the 2001 recession. A combination of this lag time and the slow recovery in the national economy is expected to result in fiscal 2012 state general fund revenue collections remaining below 2008 levels by $20.8 billion.

Revenues

According to the latest report from the Rockefeller Institute of Government[1], total revenue collections have now increased in six consecutive quarters, beginning in the first quarter of calendar year (CY) 2010.

Based on states enacted budgets, general fund revenues in fiscal 2012, are expected to increase to $659.4 billion, a 1.6 percent increase from the $649.0 billion collected in fiscal 2011. Additionally, fiscal 2011 collections, at $649.0 billion, are 6.4 percent above the 2010 level. However, the five consecutive quarterly drops in 2008 and 2009, as reported by the Rockefeller Institute, were so severe, that total state general fund revenues for fiscal 2012 are forecast to be $20.8 billion below their 2008 level. *(See Tables 3, 4, and 5)*

The revenue growth turnaround that occurred in fiscal 2011 is visible when looking at whether total revenue collections, which include revenues from sales, personal income, and corporate income taxes along with all other taxes and fees, were above, below or on target with projections. In fiscal 2011, 32 states reported that their total collections were above forecast, while 9 states reported that such collections were on target, and only 9 states reported that total collections were below their forecast. Although we are only a few months into fiscal 2012 and revenue collections are growing, they are below forecast in some states, possibly due to a noticeable slowdown in economic activity earlier this year. As such, 15 states are exceeding their forecast, while 22 states are on target and seven states are below forecast. *(See Table 20)*

Projected Collections in Fiscal 2012

Revenue collections of sales, personal income, and corporate income tax collections make up approximately 80 percent of general fund revenue. In 2012, sales tax collections are projected to be $207.4 billion, a 0.3 percent decline, while personal income tax collections are projected to be $273.6 billion, a 5.2 percent increase. Corporate income tax collections are projected to be $43.0 billion, a decrease of 0.1 percent. *(See Tables 22 and 23)*

Collections in Fiscal 2011

Fiscal 2011 collections of sales tax were $207.9 billion, a 4.8 percent increase over fiscal 2010, while personal income tax collections were $259.9 billion, a 9.7 percent increase. Corporate income tax collections were $43.1 billion, an increase of 9.4 percent. *(See Tables 22 and 23)*

[1] Dadayan, Lucy. State Revenue Report. The Nelson A. Rockefeller Institute of Government. September 2011. http://bit.ly/vwCVYP

TABLE 20

Number of States With Revenues Higher, Lower, and On Target with Projections*

	Fiscal 2011	Fiscal 2012
Lower	9	7
On Target	9	22
Higher	32	15

**Fiscal 2011 reflects whether revenues from all sources came in higher, lower, or on target with final projections. Fiscal 2012 reflect whether Fiscal 2012 collections thus far have been coming in higher, lower, or on target with projections.*

TABLE 21

Fiscal 2011 Tax Collections Compared With Projections Used in Adopting Fiscal 2011 Budgets (Millions)**

Region/State	Sales Tax		Personal Income Tax		Corporate Income Tax		
	Original Estimate	Current Estimate	Original Estimate	Current Estimate	Original Estimate	Current Estimate	Revenue Collection***
Alabama	1,887	1,920	2,553	2,794	414	333	L
Alaska	NA	NA	NA	NA	669	615	H
Arizona	3,602	3,467	2,471	2,864	446	560	H
Arkansas	2,087	2,056	2,203	2,270	344	351	T
California*	27,044	27,140	47,127	50,027	10,897	9,963	H
Colorado*	1,933	2,044	4,604	4,496	368	394	T
Connecticut	3,165	3,342	6,683	7,220	663	784	H
Delaware	NA	NA	849	997	79	168	H
Florida	16,824	16,638	NA	NA	2,180	1,875	L
Georgia	5,254	5,098	7,282	7,659	602	670	H
Hawaii	2,496	2,496	1,349	1,231	37	51	H
Idaho	989	972	1,171	1,153	133	169	H
Illinois	6,385	6,833	9,625	12,261	1,900	1,983	T
Indiana	6,438	6,218	4,547	4,586	819	705	H
Iowa	2,267	2,395	3,202	3,435	369	386	T
Kansas	2,273	2,253	2,595	2,710	231	225	H
Kentucky	2,919	2,896	3,300	3,418	235	301	H
Louisiana	2,402	2,627	2,466	2,449	372	283	L
Maine	972	976	1,393	1,415	193	209	H
Maryland	3,667	3,656	6,292	6,643	514	571	H
Massachusetts	4,897	4,905	10,704	11,576	1,397	1,951	H
Michigan	6,261	6,499	5,538	6,222	2,191	2,060	H
Minnesota	4,492	4,403	7,342	7,529	799	925	H
Mississippi	1,765	1,791	1,353	1,383	393	448	H
Missouri	1,746	1,760	4,522	4,640	310	386	H
Montana	61	65	762	816	97	119	H
Nebraska	1,365	1,373	1,630	1,735	185	155	H
Nevada	849	815	NA	NA	NA	NA	T
New Hampshire	NA	NA	NA	NA	261	248	L
New Jersey	8,353	8,236	9,855	10,536	2,455	2,382	T
New Mexico	1,740	1,797	1,055	1,055	220	180	H
New York	10,775	10,782	36,897	36,210	5,714	5,279	H
North Carolina	5,691	5,872	9,543	9,735	1,018	1,014	L
North Dakota	599	782	334	428	119	147	H
Ohio	7,267	7,578	7,568	8,120	132	237	H
Oklahoma	1,584	1,668	1,703	1,832	172	274	H
Oregon	NA	NA	5,781	5,524	331	469	L
Pennsylvania	8,337	8,590	10,125	10,436	1,847	2,132	H
Rhode Island	787	813	938	1,021	119	85	L
South Carolina	2,137	2,245	2,046	2,396	120	183	H
South Dakota	671	710	NA	NA	NA	NA	H
Tennessee	6,249	6,475	186	189	1,476	1,518	H
Texas	22,500	20,600	NA	NA	NA	NA	L
Utah	1,430	1,556	2,229	2,248	217	267	T
Vermont	321	326	527	553	66	90	H
Virginia	2,881	2,969	9,588	9,746	793	767	T
Washington	7,768	6,501	NA	NA	NA	NA	L
West Virginia	1,174	1,196	1,586	1,689	214	307	H
Wisconsin	4,321	4,109	6,432	6,701	808	853	T
Wyoming	433	439	NA	NA	NA	NA	H
TERRITORIES							
Puerto Rico	604	555	2,812	2,348	1,667	1,566	T
Total	**$209,057**	**$207,883**	**$247,956**	**$259,947**	**$42,919**	**$43,068**	**-**

*NOTES: NA indicates data are not available because, in most cases, these states do not have that type of tax. *See Notes to Table 21. **Unless otherwise noted, original estimates reflect the figures used when the fiscal 2011 budget was adopted, and current estimates reflect preliminary actual tax collections. ***Refers to whether preliminary actual fiscal 2011 collections of Sales, Personal Income and Corporate Taxes were higher than, lower than, or on target with original estimates. Key: L=Revenues lower than estimates. H=Revenues higher than estimates. T=Revenues on target. ****Totals include only those states with data for both original and current estimates for fiscal 2011.*

TABLE 22

Comparison of Tax Collections in Fiscal 2010, Fiscal 2011, and Enacted Fiscal 2012**

	Sales Tax			Personal Income Tax			Corporate Income Tax		
Region/State	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2010	Fiscal 2011	Fiscal 2012
Alabama	1,852	1,920	2,022	2,586	2,794	2,785	415	333	321
Alaska	NA	NA	NA	NA	NA	NA	528	615	640
Arizona*	3,423	3,467	3,666	2,416	2,864	2,671	413	560	687
Arkansas	1,966	2,056	2,162	2,091	2,270	2,277	362	351	359
California*	26,741	27,140	19,009	44,852	50,027	50,408	9,115	9,963	9,012
Colorado	1,825	2,044	1,888	4,084	4,496	4,666	372	394	403
Connecticut	3,204	3,342	3,789	6,586	7,220	8,457	667	784	708
Delaware	NA	NA	NA	853	997	1,054	88	168	138
Florida	16,015	16,638	17,436	NA	NA	NA	1,790	1,875	2,112
Georgia	4,865	5,098	5,333	7,016	7,659	7,979	685	670	685
Hawaii	2,316	2,496	2,590	1,528	1,231	1,487	59	51	51
Idaho	956	972	1,044	1,062	1,153	1,205	97	169	136
Illinois	6,308	6,833	6,586	9,430	12,261	16,500	1,649	1,983	2,853
Indiana	5,915	6,218	6,518	3,876	4,586	4,774	592	705	687
Iowa	2,293	2,395	2,470	3,236	3,435	3,615	389	386	432
Kansas	1,858	2,253	2,386	2,418	2,710	2,727	225	225	226
Kentucky	2,794	2,896	3,031	3,155	3,418	3,470	238	301	237
Louisiana	2,363	2,627	2,672	2,212	2,449	2,815	175	283	255
Maine	954	976	1,013	1,298	1,415	1,446	175	209	180
Maryland*	3,523	3,656	4,164	6,178	6,643	6,688	689	571	623
Massachusetts	4,612	4,905	5,095	10,110	11,576	11,595	1,600	1,951	1,850
Michigan	6,177	6,499	6,646	5,532	6,222	6,798	1,864	2,060	1,065
Minnesota	4,177	4,403	4,647	6,531	7,529	7,774	664	925	852
Mississippi	1,781	1,791	1,817	1,340	1,383	1,389	403	448	432
Missouri	1,732	1,760	1,823	4,434	4,640	4,815	288	386	331
Montana	66	65	61	718	816	809	88	119	115
Nebraska	1,290	1,373	1,425	1,515	1,735	1,758	154	155	200
Nevada	784	815	833	NA	NA	NA	NA	NA	NA
New Hampshire	NA	NA	NA	NA	NA	NA	259	248	259
New Jersey	7,898	8,236	8,539	10,323	10,536	11,132	2,275	2,382	2,543
New Mexico	1,634	1,797	1,810	957	1,055	1,095	125	180	283
New York	9,871	10,782	11,173	34,752	36,210	39,059	5,371	5,279	6,101
North Carolina	5,565	5,872	5,293	9,048	9,735	9,800	1,198	1,014	1,000
North Dakota*	610	782	756	302	428	266	88	147	62
Ohio	6,995	7,578	7,869	7,479	8,120	8,147	100	237	220
Oklahoma	1,516	1,668	1,747	1,655	1,832	1,830	168	274	203
Oregon	NA	NA	NA	4,943	5,524	5,839	359	469	430
Pennsylvania	8,029	8,590	8,788	9,969	10,436	11,000	1,791	2,132	2,232
Rhode Island	803	813	847	898	1,021	1,010	147	85	121
South Carolina	2,191	2,245	2,251	2,171	2,396	2,323	110	183	187
South Dakota	652	710	720	NA	NA	NA	NA	NA	NA
Tennessee*	6,158	6,475	6,658	173	189	201	1,400	1,518	1,548
Texas	19,600	20,600	22,200	NA	NA	NA	NA	NA	NA
Utah	1,403	1,556	1,522	2,105	2,248	2,394	258	267	280
Vermont	311	326	337	498	553	595	63	90	78
Virginia	3,083	2,969	3,116	9,088	9,746	10,330	807	767	832
Washington	6,840	6,501	7,649	NA	NA	NA	NA	NA	NA
West Virginia	1,143	1,196	1,227	1,542	1,689	1,742	237	307	178
Wisconsin*	3,944	4,109	4,270	6,089	6,701	6,868	835	853	881
Wyoming	413	439	455	NA	NA	NA	NA	NA	NA
TERRITORIES									
Puerto Rico	539	555	680	2,575	2,348	2,109	1,678	1,566	1,515
Total* **	**$198,448**	**$207,833**	**$207,351**	**$237,048**	**$259,941**	**$273,591**	**$39,373**	**$43,068**	**$43,026**

*NOTES: NA indicates data are not available because, in most cases, these states do not have that type of tax. *See Notes to Table 22. **Unless otherwise noted, fiscal 2010 figures reflect actual tax collections, 2011 figures reflect preliminary actual tax collections estimates, and fiscal 2012 figures reflect the estimates used in enacted budgets. ***Totals include only those states with data for all years.*

TABLE 23

Percentage Changes Comparison of Tax Collections in Fiscal 2010, Fiscal 2011, and Enacted Fiscal 2012**

	Sales Tax			Personal Income Tax			Corporate Income Tax		
State	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2010	Fiscal 2011	Fiscal 2012
Alabama	1.6%	3.7%	5.3%	-3.6%	8.1%	-0.3%	-7.3%	-19.7%	-3.6%
Alaska	NA	NA	NA	NA	NA	NA	-13.9	16.5	4.1
Arizona	-8.9	1.3	5.8	-5.9	18.5	-6.7	-30.2	35.6	22.6
Arkansas	-5.5	4.6	5.1	-6.6	8.6	0.3	12.0	-3.1	2.3
California	12.6	1.5	-30.0	3.4	11.5	0.8	-4.4	9.3	-9.5
Colorado	-5.5	12.0	-7.6	-5.8	10.1	3.8	27.2	5.9	2.2
Connecticut	-3.5	4.3	13.4	3.1	9.6	17.1	8.3	17.6	-9.8
Delaware	NA	NA	NA	-6.3	16.9	5.7	-30.5	91.5	-17.9
Florida	-3.1	3.9	4.8	NA	NA	NA	-2.4	4.7	12.7
Georgia	-8.3	4.8	4.6	-10.2	9.2	4.2	-1.4	-2.1	2.2
Hawaii	-4.2	7.7	3.8	14.1	-19.4	20.8	10.7	-14.4	1.4
Idaho	-6.5	1.7	7.4	-9.1	8.5	4.5	-31.2	74.1	-19.4
Illinois	-6.9	8.3	-3.6	2.2	30.0	34.6	-3.6	20.3	43.9
Indiana	-3.9	5.1	4.8	-10.1	18.3	4.1	-29.4	19.1	-2.6
Iowa	-1.5	4.4	3.1	-2.8	6.2	5.2	-6.5	-0.8	11.9
Kansas	-3.5	21.3	5.9	-9.8	12.1	0.6	-6.4	0.0	0.5
Kentucky	-2.2	3.7	4.7	-4.9	8.3	1.5	-11.2	26.4	-21.3
Louisiana	-23.1	11.2	1.7	-25.4	10.7	15.0	-78.8	61.6	-9.7
Maine	-2.1	2.3	3.8	4.5	9.0	2.2	22.5	19.2	-13.9
Maryland	-2.7	3.8	13.9	-4.6	7.5	0.7	25.2	-17.1	9.0
Massachusetts	19.2	6.4	3.9	-4.5	14.5	0.2	3.3	21.9	-5.2
Michigan	1.4	5.2	2.3	-5.5	12.5	9.3	-18.4	10.5	-48.3
Minnesota	-3.8	5.4	5.5	-6.5	15.3	3.3	-6.3	39.4	-7.8
Mississippi	-7.3	0.5	1.5	-9.1	3.2	0.5	-4.5	11.2	-3.7
Missouri	-4.5	1.6	3.6	-9.1	4.7	3.8	-19.6	33.9	-14.1
Montana	15.3	-1.8	-5.8	-11.9	13.7	-0.8	-47.2	35.4	-3.3
Nebraska	-2.7	6.4	3.8	-5.3	14.5	1.3	-22.3	0.5	29.0
Nevada	-8.7	3.9	2.2	NA	NA	NA	NA	NA	NA
New Hampshire	NA	NA	NA	NA	NA	NA	2.7	-4.3	4.6
New Jersey	-4.4	4.3	3.7	-1.5	2.1	5.7	-19.0	4.7	6.7
New Mexico	-29.2	9.9	0.7	-0.2	10.3	3.8	-23.0	43.9	57.4
New York	-3.9	9.2	3.6	-5.7	4.2	7.9	-3.3	-1.7	15.6
North Carolina	19.0	5.5	-9.9	-4.5	7.6	0.7	43.4	-15.4	-1.4
North Dakota*	-2.0	28.2	-3.3	-19.6	41.8	-37.8	-11.2	66.7	-57.9
Ohio	-1.7	8.3	3.8	-2.0	8.6	0.3	-80.8	136.6	-7.0
Oklahoma	-7.9	10.1	4.7	-15.5	10.7	-0.1	-36.9	63.6	-26.1
Oregon	NA	NA	NA	-3.4	11.7	5.7	47.3	30.5	-8.3
Pennsylvania	-1.3	7.0	2.3	-2.3	4.7	5.4	-9.5	19.0	4.7
Rhode Island	-0.6	1.2	4.1	-4.5	13.7	-1.1	40.6	-42.4	43.4
South Carolina	-2.5	2.5	0.3	-6.7	10.4	-3.1	-46.9	66.0	2.4
South Dakota	-1.0	8.9	1.3	NA	NA	NA	NA	NA	NA
Tennessee	-2.6	5.1	2.8	-21.7	9.3	6.6	2.8	8.4	2.0
Texas	-6.2	5.1	7.8	NA	NA	NA	NA	NA	NA
Utah	-9.3	10.9	-2.2	-10.0	6.8	6.5	-4.1	3.5	4.9
Vermont	45.3	4.9	3.2	-6.1	11.1	7.5	-5.1	42.8	-12.9
Virginia	6.2	-3.7	4.9	-4.1	7.2	6.0	24.5	-4.9	8.5
Washington	-6.7	-5.0	17.7	NA	NA	NA	NA	NA	NA
West Virginia	-1.3	4.6	2.6	-6.7	9.5	3.2	-16.7%	29.6	-42.1
Wisconsin	-3.4	4.2	3.9	-2.1	10.0	2.5	32.6%	2.2	3.3
Wyoming	-16.1	6.3	3.6	NA	NA	NA	NA	NA	NA
TERRITORIES									
Puerto Rico	-39.8	3.0	22.5	-1.5	-8.8	-10.2	23.0	-6.7	-3.3
Total* **	**-1.6%**	**4.8%**	**-0.3%**	**-3.4%**	**9.7%**	**5.2%**	**-6.8%**	**9.4%**	**-0.1%**

*NOTES: NA indicates data are not available because, in most cases, these states do not have that type of tax. *See Notes to Table 23. ** Unless otherwise noted, fiscal 2010 figures reflect actual tax collections, 2011 figures reflect preliminary actual tax collections estimates, and fiscal 2012 figures reflect the estimates used in enacted budgets. ***Totals include only those states with data for all years.*

Enacted Fiscal 2012 Revenue Changes

For fiscal 2012, states enacted a decrease of $584.2 million in new taxes and fees along with a decrease of $2.6 billion in new revenue measures. Revenue measures differ from taxes and fees in that they enhance general fund revenue, but do not affect taxpayer liability and may rely on enforcement of existing laws, additional audits and compliance efforts, and increasing fines or late filings. The decrease in new net taxes and fees for fiscal 2012 is the first time since fiscal 2007 that states did not enact an increase. Both fiscal 2011 and fiscal 2010 saw significant tax and fee increases of $6.2 billion and $23.9 billion respectively. Specifically, for fiscal 2012, 13 states enacted net tax and fee increases while 18 state enacted net decreases. Although states enacted a decrease of $584.1 million in new taxes and fees and a decrease of $2.6 billion in new revenue measures, the expiration of temporary taxes that had been enacted in previous years was a primary factor in the decrease.

The largest enacted change will occur in corporate income taxes (-$1.3 billion). Of this, -$1.1 billion is the result of the replacement of the Michigan Business Tax with a 6 percent corporate income tax. Other enacted tax and fee increases include increases of $571 million in personal income taxes, $511.2 million in other tax increases, $127.8 million in fee increases, $97.1 million in alcohol tax increases, $58.1 million in cigarette tax increases, and $8.7 million in motor fuel tax increases. Additionally, sales taxes were decreased by $690.5 million. *(See Table 26)*

Sales Taxes—Eight states enacted sales tax increases while 5 states enacted decreases in their fiscal 2012 budgets for a net decrease of $690.5 million. Much of this change is due to the expiration of a temporary sales tax in North Carolina.

Personal Income Taxes—Three states enacted personal income tax increases in their fiscal 2012 budgets while 14 states enacted decreases for a net increase of $571.0 million. Much of this is due to changes in Connecticut and Michigan.

Corporate Income Taxes—Four states enacted personal income tax increases while 13 states enacted decreases in their fiscal 2012 budgets for a net decrease of $1.3 billion. Much of this is due to changes in Michigan.

Cigarette and Tobacco Taxes—Three states enacted cigarette and tobacco tax increases for a net increase of $58.1 million. Much of this is due to rate changes in Connecticut.

Motor Fuel Taxes—One state enacted motor fuel tax increases for a net increase of $8.7 million. This change is due to rate changes in Connecticut.

Alcohol Taxes—Three states enacted alcohol tax increases for a net increase of $97.1 million. Much of this is due to rate increase in Maryland.

Other Taxes—Six states enacted other tax increases while 9 states enacted decreases in their fiscal 2012 budgets for a net increase of $511.2 million. Much of this is due to changes in Connecticut.

Fees—10 states enacted fee increases for a net increase of $127.8 million. Much of this is due to changes in Oregon and Massachusetts.

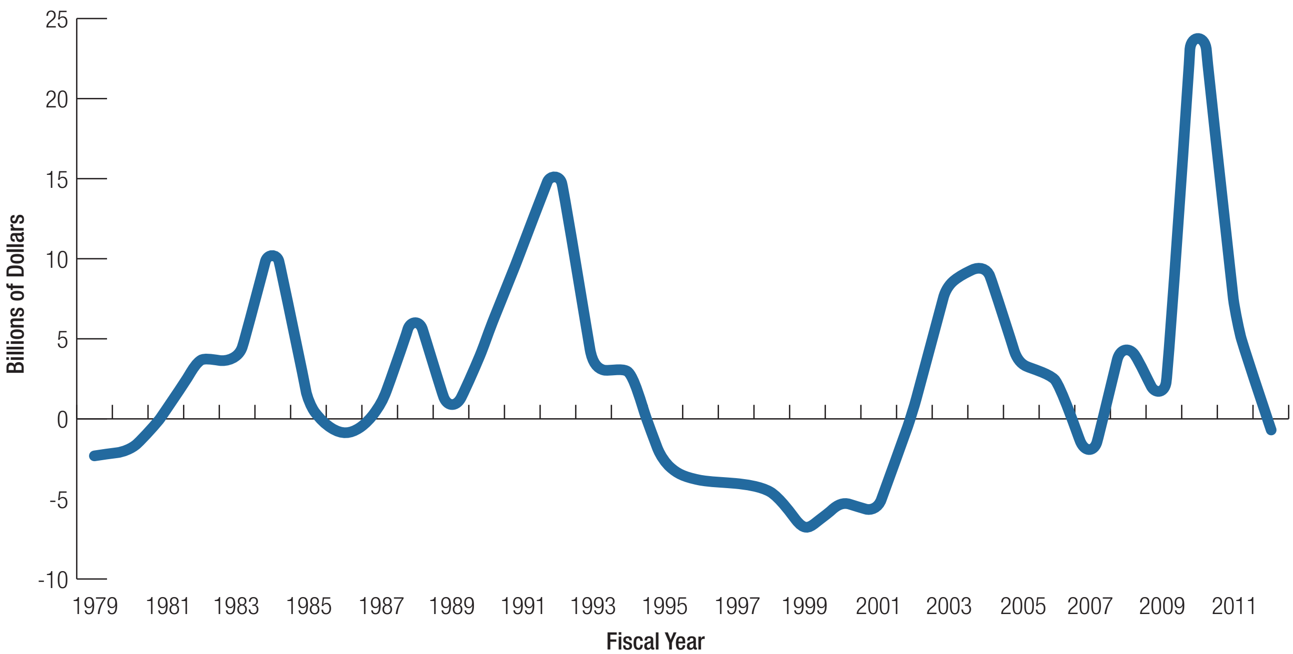
TABLE 24

Enacted State Revenue Changes, Fiscal 1979 to Fiscal 2012

Fiscal Year	Revenue Change (Billions)
2012	-0.6
2011	6.2
2010	23.9
2009	1.5
2008	4.5
2007	-2.1
2006	2.5
2005	3.5
2004	9.6
2003	8.3
2002	0.3
2001	-5.8
2000	-5.2
1999	-7.0
1998	-4.6
1997	-4.1
1996	-3.8
1995	-2.6
1994	3.0
1993	3.0
1992	15.0
1991	10.3
1990	4.9
1989	0.8
1988	6.0
1987	0.6
1986	-1.1
1985	0.9
1984	10.1
1983	3.5
1982	3.8
1981	0.4
1980	-2.0
1979	-2.3

SOURCES: Advisory Commission on Intergovernmental Relations, Significant Features of Fiscal Federalism,1985-86 edition, page 77, based on data from the Tax Foundation and the National Conference of State Legislatures. Fiscal 1988–2011 data provided by the National Association of State Budget Officers.

FIGURE 3:
Enacted State Revenue Changes, Fiscal 1979 to Fiscal 2012



SOURCE: National Association of State Budget Officers.

TABLE 25

Enacted Mid-Year Fiscal 2011 Revenue Actions by Type of Revenue and Net Increase or Decrease* (Millions)

State	Sales	Personal Income	Corporate Income	Cigarettes/ Tobacco	Motor Fuels	Alcohol	Other Taxes	Fees	Total
Alabama									0.0
Alaska									0.0
Arizona									0.0
Arkansas	-2.1	-3.7							-5.8
California		-4.8							-4.8
Colorado									0.0
Connecticut									0.0
Delaware									0.0
Florida									0.0
Georgia									0.0
Hawaii									0.0
Idaho									0.0
Illinois		2,884.0	180.0						3,064.0
Indiana									0.0
Iowa									0.0
Kansas									0.0
Kentucky									0.0
Louisiana									0.0
Maine			-1.7					4.7	3.0
Maryland									0.0
Massachusetts	-19.9								-19.9
Michigan									0.0
Minnesota		-9.3	-3.8						-13.1
Mississippi									0.0
Missouri									0.0
Montana									0.0
Nebraska									0.0
Nevada									0.0
New Hampshire									0.0
New Jersey									0.0
New Mexico	71.8			35.8					107.6
New York									0.0
North Carolina									0.0
North Dakota									0.0
Ohio		400.0							400.0
Oklahoma									0.0
Oregon									0.0
Pennsylvania									0.0
Rhode Island									0.0
South Carolina									0.0
South Dakota									0.0
Tennessee									0.0
Texas									0.0
Utah									0.0
Vermont									0.0
Virginia			-14.9						-14.9
Washington									0.0
West Virginia									0.0
Wisconsin									0.0
Wyoming									0.0
TERRITORIES									0.0
Puerto Rico		-414.0	-91.0				505.0		0.0
Total	**$49.8**	**$3,266.2**	**$159.6**	**$35.8**	**$0.0**	**$0.0**	**$0.0**	**$4.7**	**$3,516.1**

*NOTE: *See Appendix Table A-1 for details on specific revenue changes. **See Notes to Table 25.*
SOURCE: National Association of State Budget Officers.

TABLE 26

Enacted Fiscal 2012 Revenue Actions by Type of Revenue and Net Increase or Decrease* (Millions)

State	Sales	Personal Income	Corporate Income	Cigarettes/ Tobacco	Motor Fuels	Alcohol	Other Taxes	Fees	Total
Alabama									0.0
Alaska									0.0
Arizona									0.0
Arkansas	-28.6							4.6	-24.0
California*		-38.0							-38.0
Colorado									0.0
Connecticut	326.9	875.1	39.0	50.5	8.7	9.8	521.8	19.9	1,851.7
Delaware		-6.8					-19.1		-25.9
Florida	-25.5		-17.7				-1.6		-44.8
Georgia									0.0
Hawaii	50.0	45.3					60.6		155.9
Idaho									0.0
Illinois									0.0
Indiana			-2.9						-2.9
Iowa		-29.1	-5.6			2.5			-32.2
Kansas	8.8	-1.5	-5.0						2.3
Kentucky									0.0
Louisiana									0.0
Maine	-1.4	-36.4	-17.1						-54.9
Maryland	18.8	-7.5	-1.3			84.8	1.9	8.1	104.9
Massachusetts								45.9	45.9
Michigan		559.1	-1,094.3				0.0	1.9	-533.3
Minnesota	2.2	-44.8	8.6				35.7	2.3	4.0
Mississippi									0.0
Missouri		-15.0	-24.3						-39.3
Montana							-1.3		-1.3
Nebraska		-2.0							-2.0
Nevada	1.1						158.8		159.9
New Hampshire				0.0					0.0
New Jersey		-23.0	-100.0				-62.0		-185.0
New Mexico									0.0
New York				3.0					3.0
North Carolina	-1,061.0	-177.0	-26.0				-189.0		-1453.0
North Dakota		-60.0	-12.5				-4.5		-77.0
Ohio		-446.0							-446.0
Oklahoma									0.0
Oregon							-10.3	31.2	20.9
Pennsylvania							-66.6		-66.6
Rhode Island	17.2		0.8					3.7	21.7
South Carolina									0.0
South Dakota									0.0
Tennessee	4.0						101.8	1.8	107.6
Texas									0.0
Utah									0.0
Vermont				4.6				8.4	13.0
Virginia			7.4						7.4
Washington									0.0
West Virginia	-10.8		-5.0				-15.0		-30.8
Wisconsin		-16.1	-9.2						-25.3
Wyoming									0.0
TERRITORIES									
Puerto Rico		-265.0	-239.0				969.0		465.0
Total	**-$698.3**	**$576.3**	**-$1,265.1**	**$58.1**	**$8.7**	**$97.1**	**$511.2**	**$127.8**	**-$584.1**

*NOTE: *See Appendix Table A-3 for details on specific revenue changes. **See Notes to Table 26.*
SOURCE: National Association of State Budget Officers.

CHAPTER 2 NOTES

Notes to Table 21
Compared to Original Projections

California Compared to projection at 2010-2012 Budget Act.

Colorado On target relative to the basis for the final appropriation authorized by the General Assembly during the 2011 Legislative Session.

Notes to Table 22
Dollar Value — Taxes

Arizona FY 2011 and FY 2012 Sales Tax amounts do not include the temporary 1 cent sales tax (passed in May 2010), which generates $835 million in FY 2011 and estimated $901 million in FY 2012.

California It is too early to judge our 2011-2012 revenues.

Maryland FY 2010 corporate income tax collections includes $129.0 million of extraordinary income from the sale of Constellation Energy.

North Dakota North Dakota reduced Personal Income Tax and Corporate Income Tax rates for FY 2012.

Tennessee Sales tax, personal income tax, and corporate income tax are shared with local governments.

Wisconsin FY 2011 Preliminary Actuals from September 2, Legislative Fiscal Bureau memorandum to the Joint Committee on Finance; FY 2012 estimates from LFB Comparative Summary of Act 32, Table 7.

Notes to Table 23
Dollar Value — Percentages

North Dakota North Dakota reduced Personal Income Tax and Corporate Income Tax rates for FY 2012.

Notes to Table 26
2012 Enacted Revenue Actions

California Not a Budget Act tax change but included in the Budget Act estimate.

TOTAL BALANCES

CHAPTER THREE

Overview

Maintaining adequate balance levels helps states to mitigate disruptions to state services during an economic downturn. Total balances include both ending balances and the amounts in states' budget stabilization funds (rainy day funds) and reflect the funds that states may use to respond to unforeseen circumstances. Additionally, rainy day funds are needed to ensure that budgets can be balanced when revenues do not meet expectations in the latter part of the fiscal year when budget cuts and revenue increases do not have enough time to take effect. Though budget experts' views vary, an informal rule-of-thumb used by some states prior to the economic downturn was to build up total budget reserve balances to a level that equals at least five percent of total general fund expenditures in order to provide a relatively adequate fiscal cushion. However, in the wake of the recent financial crises, there have been calls by some to increase the standard size of a state's rainy day fund above five percent. In general, state officials often try and avoid drawing down balance levels at the beginning of a downturn, and may also be prohibited from draining all rainy day funds immediately. In total, 48 states have budget stabilization funds, which may be budget reserve funds, revenue-shortfall accounts, or accounts used for cash flow. About three-fifths of the states have limits on the size of their budget reserve funds, ranging from 3 to 10 percent of appropriations. States with low balance levels may be impeded in their ability to respond to events that occur during the fiscal year, including unanticipated budget gaps that appear towards the end of the fiscal year.

Total Balances

Prior to the start of the recession, states built up fairly significant balance levels. In fiscal 2006, total balances reached a peak at $69 billion or 11.5 percent of general fund expenditures. However, the difficult fiscal conditions in fiscal 2009 and fiscal 2010 resulted in balance levels falling to $30.6 billion, or 4.6 percent of general fund expenditures in fiscal 2009. The slight improvement in state fiscal conditions that began in 2011 allowed states to increase total balance levels in fiscal 2012 to $41.2 billion, 6.2 percent of expenditures. *(See Figures 6, 7, and 8 along with Tables 28, 29, and 30)*

Although total balance levels of $41.2 billion, representing 6.2 percent of general fund expenditures, may seem like an adequate cushion given the difficulties experienced by states over the past few years, when examining balance levels a bit further, a starker picture emerges. The balance levels for Texas and Alaska, at $6.7 billion and $11.9 billion respectively, combine to represent 45.2 percent of total balance levels. If you remove these two states from total balance levels, fiscal 2012 balance levels represent only 3.7 percent of expenditures, well below the 5 percent level. Additionally, this view that total balance levels across all states are inflated due to the robust levels in two states is reinforced when looking at individual state balance levels. For fiscal 2012, 12 states enacted budgets with balance levels below 1 percent, while 19 states enacted budgets with balance levels greater than one percent, but less than five percent. Nineteen states enacted a budget with a balance level greater than five percent. *(See Table 28)*

Budget Stabilization Funds

Budget stabilization (rainy day) funds, which do not include ending balances, also show a similar trend. Total levels fell to $21.0 billion, or 3.4 percent of general fund expenditures in fiscal 2010 as a result of the recession. Additionally, when you factor out the budget stabilization funds of Texas and Alaska, the remaining 48 states had budget stabilization funds of $3.0 billion, representing only 0.5 percent of expenditures. However, these levels have improved since fiscal 2010, with fiscal 2012 enacted budgets calling for rainy day funds totaling $12.3 billion, which represents 2.1 percent of general fund expenditures. *(See Table 30)*

TABLE 27

Total Year-End Balances, Fiscal 1979 to Fiscal 2012

Fiscal Year	Total Balance (Billions)	Total Balance (Percentage of Expenditures)
2012*	$41.2	6.2
2011*	41.4	6.4
2010*	32.5	5.2
2009	30.6	4.6
2008	59.1	8.6
2007	65.9	10.1
2006	69.0	11.5
2005	46.6	8.4
2004	27.5	4.6
2003	16.4	3.2
2002	18.3	3.7
2001	44.1	9.1
2000	48.8	10.4
1999	39.3	8.4
1998	35.4	9.2
1997	30.7	7.9
1996	25.1	6.8
1995	20.6	5.8
1994	16.9	5.1
1993	13.0	4.2
1992	5.3	1.8
1991	3.1	1.1
1990	9.4	3.4
1989	12.5	4.8
1988	9.8	4.2
1987	6.7	3.1
1986	7.2	3.5
1985	9.7	5.2
1984	6.4	3.8
1983	2.3	1.5
1982	4.5	2.9
1981	6.5	4.4
1980	11.8	9.0
1979	11.2	8.7
Average	**—**	**5.8%**

*NOTE: *Figures for fiscal 2010 are preliminary actual; figures for fiscal 2011 are based on appropriated data; figures for fiscal 2012 are enacted.*
SOURCE: National Association of State Budget Officers.

TABLE 28

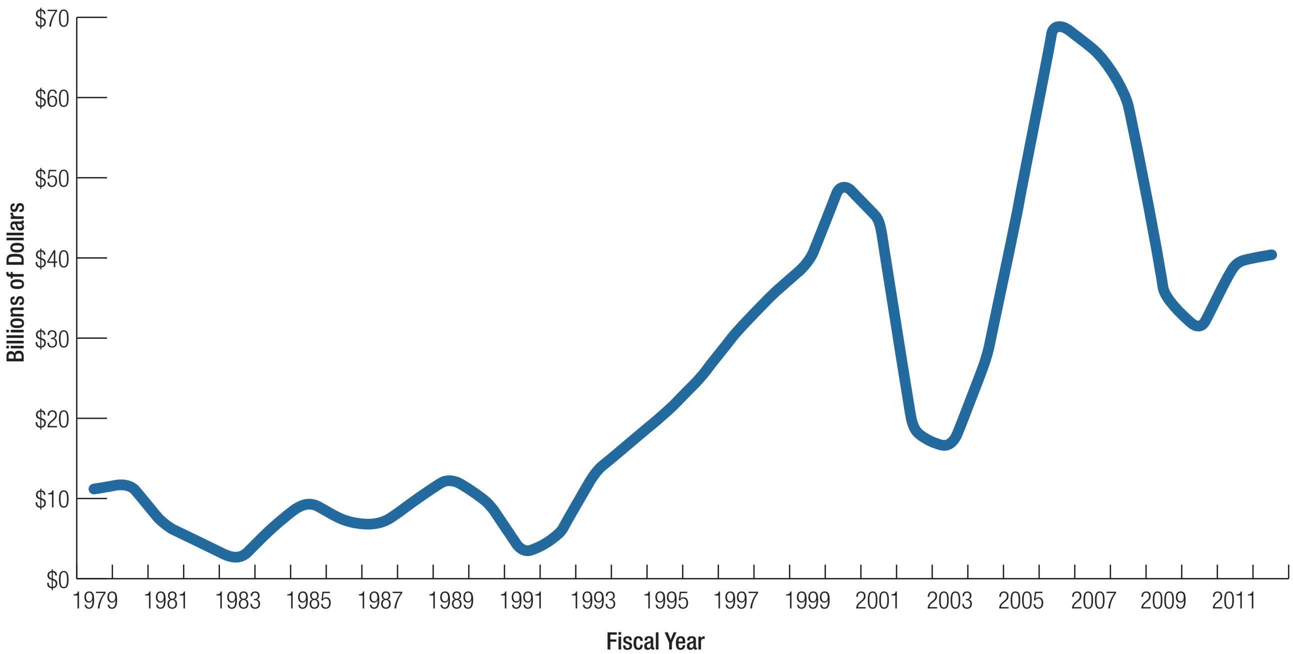
Total Year-End Balances as a Percentage of Expenditures, Fiscal 2010 to Fiscal 2012

	Number of States		
Percentage	Fiscal 2010 (Actual)	Fiscal 2011 (Preliminary Actual)	Fiscal 2012 (Appropriated)
Less than 1.0%	12	8	12
1.0% to 4.9%	15	18	19
5.0% to 9.9%	13	13	10
10% or more	10	11	9

NOTE: The average for fiscal 2010 (actual) was 5.2 percent; the average for fiscal 2011 (preliminary actual) is 6.4 percent; and the average for fiscal 2012 (appropriated) is 6.2 percent.
SOURCE: National Association of State Budget Officers.

FIGURE 4:

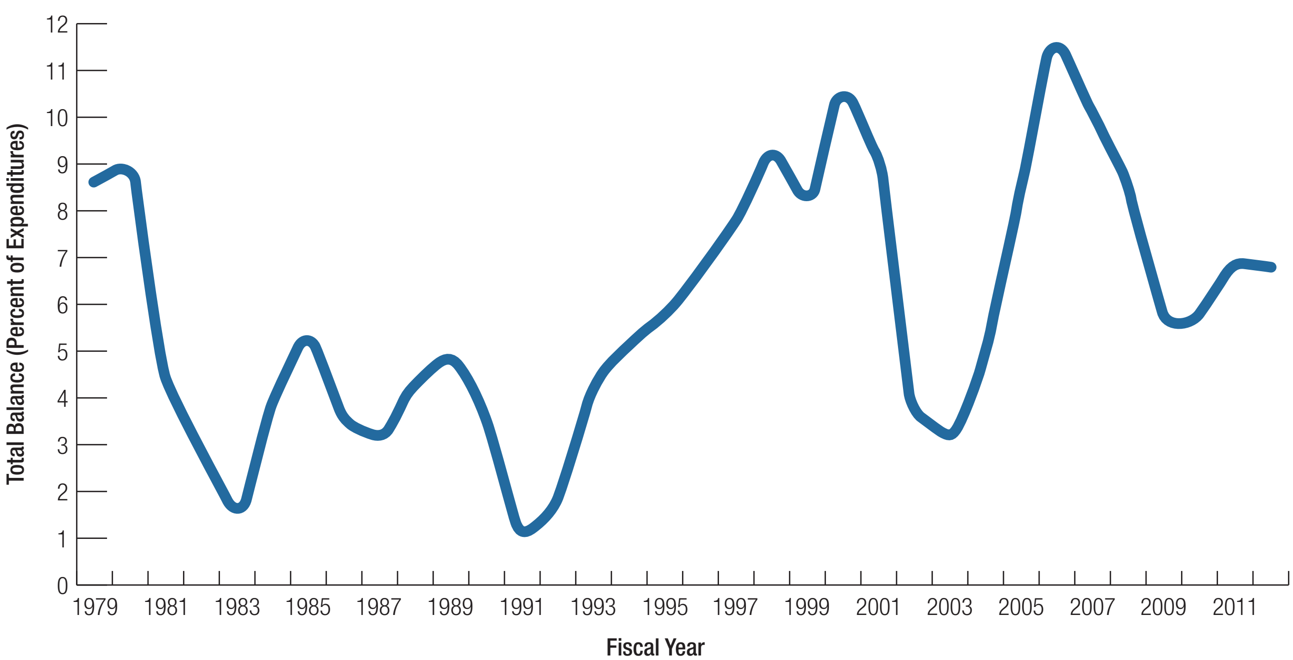
Total Year-End Balances Fiscal 1979 to Fiscal 2012



SOURCE: National Association of State Budget Officers.

FIGURE 5:

Total Year-End Balances as a Percentage of Expenditures Fiscal 1979 to Fiscal 2012



SOURCE: National Association of State Budget Officers.

Changing Balance Levels 2008, 2010, 2012

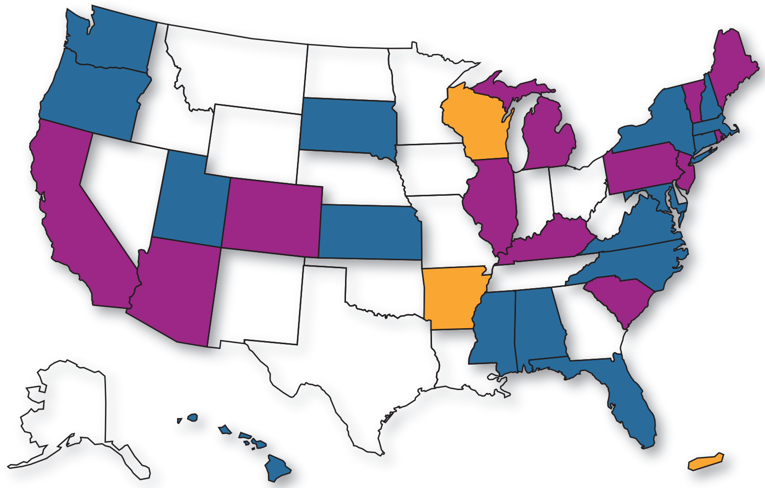


FIGURE 6:
Total State Balance Levels 2008

- Less than 1 percent (3)
- Greater than 1 percent but less than 5 percent (12)
- Greater than 5 percent but less than 10 percent (15)
- Greater than 10 percent (20)

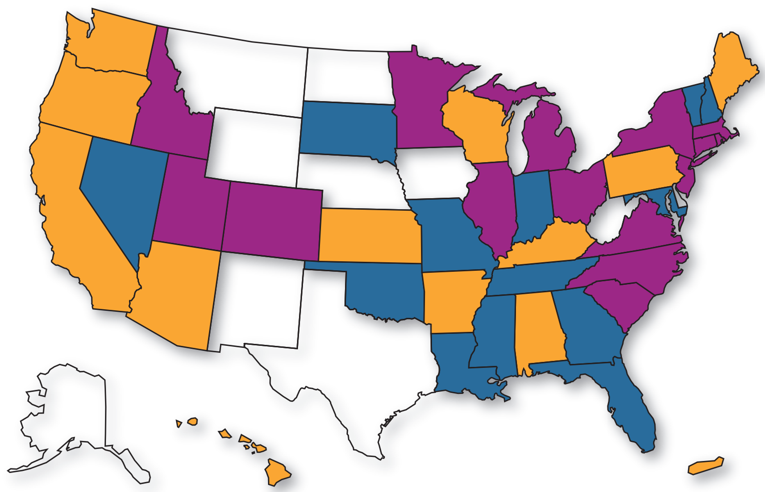


FIGURE 7:
Total State Balance Levels 2010

- Less than 1 percent (11)
- Greater than 1 percent but less than 5 percent (14)
- Greater than 5 percent but less than 10 percent (13)
- Greater than 10 percent (10)

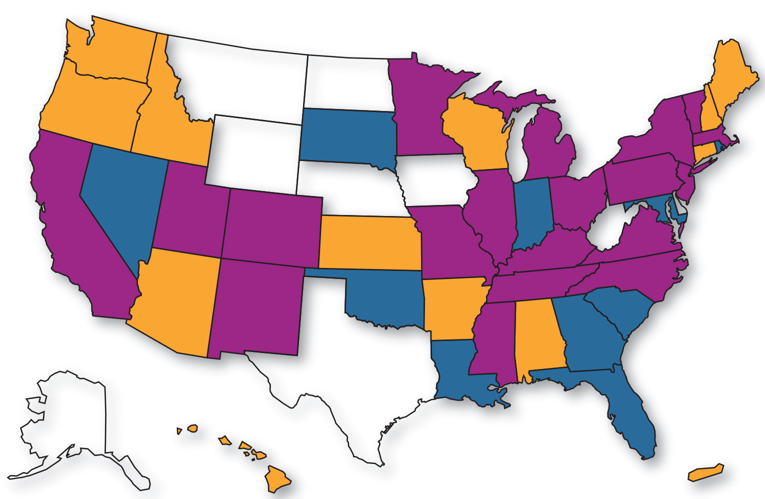


FIGURE 8:
Total State Balance Levels 2012

- Less than 1 percent (11)
- Greater than 1 percent but less than 5 percent (19)
- Greater than 5 percent but less than 10 percent (9)
- Greater than 10 percent (9)

TABLE 29

Total Balances and Balances as a Percentage of Expenditures, Fiscal 2010 to Fiscal 2012

Region/State	Total Balance ($ in Millions)**			Balances as a Percent of Expenditures		
	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2010	Fiscal 2011	Fiscal 2012
Alabama	$72	$38	$38	1.0%	0.5%	0.5%
Alaska	8,934	10,281	11,944	135.3	169.2	162.0
Arizona	-6	3	14	-0.1	0.0	0.2
Arkansas	0	0	0	0.0	0.0	0.0
California***	-5,342	-1,206	1,313	-6.1	-1.3	1.5
Colorado***	137	451	261	2.0	6.5	3.6
Connecticut	481	238	81	2.8	1.3	0.4
Delaware***	537	798	646	17.5	24.4	18.1
Florida	1,848	712	1,853	8.7	3.0	7.9
Georgia***	1,138	1,131	1,131	7.1	6.6	6.6
Hawaii	40	136	50	0.8	2.7	0.9
Idaho***	31	69	3	1.2	2.9	0.1
Illinois***	453	1,247	678	1.8	4.8	2.3
Indiana	831	1,182	1,220	6.5	9.1	8.8
Iowa	709	919	875	13.4	17.4	14.6
Kansas	-27	36	8	-0.5	0.6	0.1
Kentucky	80	290	122	0.9	3.3	1.3
Louisiana	536	633	649	6.2	8.2	7.9
Maine***	1	90	1	0.0	3.2	0.0
Maryland	956	1,615	1,082	7.1	12.2	7.3
Massachusetts***	903	1,901	1,622	3.0	5.9	5.0
Michigan	189	262	269	2.5	3.0	3.2
Minnesota***	440	725	473	3.0	4.7	2.8
Mississippi	262	252	87	6.1	5.6	1.9
Missouri	445	627	350	5.9	8.1	4.4
Montana	311	340	302	18.1	19.4	16.5
Nebraska	764	815	553	23.1	24.5	15.9
Nevada	314	225	163	9.8	6.8	5.2
New Hampshire	75	36	-5	5.3	2.7	-0.4
New Jersey***	804	693	639	2.8	2.4	2.2
New Mexico	572	277	235	10.7	5.3	4.3
New York	2,302	1,376	1,737	4.4	2.5	3.1
North Carolina	387	879	371	2.1	4.8	1.9
North Dakota	638	1,383	1,327	40.3	83.8	66.6
Ohio	510	845	402	2.0	3.1	1.4
Oklahoma	414	342	361	8.1	6.3	6.5
Oregon	-174	51	-313	-2.7	0.8	-4.4
Pennsylvania	-294	1,073	558	-1.1	3.8	2.1
Rhode Island	131	196	203	4.6	6.6	6.4
South Carolina**	245	712	416	4.8	13.8	7.3
South Dakota	107	107	110	9.5	9.3	9.5
Tennessee	693	655	323	7.3	6.2	2.9
Texas	9,226	6,141	6,668	23.4	14.9	15.1
Utah	182	204	211	4.1	4.3	4.4
Vermont	57	54	58	5.3	4.7	4.7
Virginia	428	565	306	2.9	3.7	1.8
Washington	-466	-84	-406	-3.1	-0.6	-2.6
West Virginia	1,108	1,452	1,549	30.1	38.5	38.0
Wisconsin	71	86	73	0.6	0.6	0.5
Wyoming	398	577	571	22.7	36.9	36.3
TERRITORIES						
Puerto Rico	0	0	0	0.0	0.0	0.0
Total**	**$32,451**	**$41,428**	**$41,176**	**5.2%**	**6.4%**	**6.2%**

*NOTES: NA indicates data not available. *Fiscal 2010 are actual figures, fiscal 2011 are preliminary actual figures, and fiscal 2012 are appropriated figures. **Total balances include both the ending balance and Rainy Day Funds. ***Ending Balance includes Rainy Day Fund.*

TABLE 30

Total Rainy Day Fund Balances and Rainy Day Fund Balances as a Percentage of Expenditures, Fiscal 2010 to Fiscal 2012

Region/State	Total Balance ($ in Millions)**			Fund Balances as a Percent of Expenditures		
	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2010	Fiscal 2011	Fiscal 2012
Alabama	$0	$0	$0	0.0%	0.0%	0.0%
Alaska	10,364	11,065	11,981	157.0	182.1	162.5
Arizona	0	0	0	0.0	0.0	0.0
Arkansas	0	0	0	0.0	0.0	0.0
California	-6,113	-1,976	543	-7.0	-2.2	0.6
Colorado	133	157	261	2.0	2.3	3.6
Connecticut	0	0	0	0.0	0.0	0.0
Delaware	186	186	186	6.1	5.7	5.2
Florida	275	279	495	1.3	1.2	2.1
Georgia	116	445	445	0.7	2.6	2.6
Hawaii	63	10	6	1.3	0.2	0.1
Idaho	31	0	0	1.2	0.0	0.0
Illinois	0	276	276	0.0	1.1	0.9
Indiana	0	57	61	0.0	0.4	0.4
Iowa	422	437	596	8.0	8.3	9.9
Kansas*	0	0	0	0.0	0.0	0.0
Kentucky	0	0	122	0.0	0.0	1.3
Louisiana	644	647	647	7.4	8.4	7.8
Maine	0	72	46	0.0	2.5	1.5
Maryland	612	624	682	4.6	4.7	4.6
Massachusetts	670	1,379	1,275	2.2	4.3	3.9
Michigan	2	2	258	0.0	0.0	3.1
Minnesota	0	9	0	0.0	0.1	0.0
Mississippi	257	176	87	5.9	3.9	1.9
Missouri	260	247	250	3.4	3.2	3.1
Montana	0	0	0	0.0	0.0	0.0
Nebraska	467	313	421	14.1	9.4	12.1
Nevada	0	0	0	0.0	0.0	0.0
New Hampshire	9	9	9	0.7	0.7	0.7
New Jersey	0	0	0	0.0	0.0	0.0
New Mexico	278	235	263	5.2	4.5	4.8
New York	1,206	1,206	1,306	2.3	2.2	2.3
North Carolina	150	296	296	0.8	1.6	1.5
North Dakota	325	386	386	20.5	23.4	19.4
Ohio	0	0	247	0.0	0.0	0.9
Oklahoma	373	249	0	7.3	4.6	0.0
Oregon	216	16	61	3.4	0.3	0.9
Pennsylvania	1	0	140	0.0	0.0	0.5
Rhode Island	112	130	149	3.9	4.4	4.7
South Carolina	111	0	288	2.2	0.0	5.1
South Dakota	107	107	107	9.5	9.3	9.3
Tennessee	453	284	311	4.8	2.7	2.8
Texas	7,693	5,041	5,882	19.5	12.3	13.3
Utah	210	204	204	4.7	4.3	4.3
Vermont	57	54	58	5.3	4.7	4.7
Virginia	295	299	304	2.0	1.9	1.8
Washington	95	0	136	0.6	0.0	0.9
West Virginia	556	659	820	15.1	17.5	20.1
Wisconsin	0	0	0	0.0	0.0	0.0
Wyoming	398	572	571	22.7	36.6	36.3
TERRITORIES						
Puerto Rico	0	0	0	0.0	0.0	0.0
Total**	**$21,034**	**$24,154**	**$30,175**	**3.4%**	**3.7%**	**4.5%**

*NOTES: *See Notes to Table 26. NA indicates data not available. **Fiscal 2010 are actual figures, fiscal 2011 are preliminary actual figures, and fiscal 2012 are appropriated figures.*

CHAPTER 3 NOTES

Notes to Table 30
Rainy Day

Kansas	Kansas does not have a "Rainy Day" fund. However, the balanced budget provision of the constitution requires revenues to finance the approved budget.

OTHER STATE BUDGETING CHANGES

CHAPTER FOUR

Enacted Changes to Budgeting and Financial Management Practices

For fiscal 2012, a number of states enacted changes to their financial management practices ranging from the consolidation and reorganization of state agencies and programs to trial efforts with zero based budgeting. The most commonly cited change was a reorganization or consolidation of state agencies. Some states eliminated programs or agencies while others chose to take multiple agencies or programs and fold them into each other in hopes of achieving efficiency savings. Some states made changes to their pension and health insurance policies. Such changes almost always resulted in state employees having to pay a higher cost of their health insurance premiums or contributing a higher percentage towards their pension. Also, a few states reported initial exercises in zero-based budgeting that are expected to impact future state budgets. *(See Table 31)*

Enacted Changes in Aid to Local Governments, Fiscal 2012

A large number of states reported changes to the amount of aid that was directed to local governments. Although the manner in which states reduced aid may have differed, the overall effect was largely the same; keeping funds at the state level in order to help satisfy the increasing demand for state services in the face of slowly rising tax revenues. While a majority of states reduced such aid, there were some examples of states increasing local aid. *(See Table 32)*

TABLE 31
Enacted Changes to Budgeting and Financial Management Practices

Connecticut	Some agencies have been consolidated, across many areas of government, including higher education, health and human services, public safety, etc. Also, business office functions (fiscal, purchasing, capitol, human resources, etc.) for some state agencies have been absorbed centrally by the Department of Administrative Services. Labor concessions to achieve $700 million in savings through various reductions such as wage freezes and benefit changes. The agreement also mandates job security for all union members until June 30, 2015.
Delaware	Legislation was enacted to reform pension and health care for state employees. This legislation is expected to generate approximately $500 million in savings over a 15 year period. A new Delaware Budget System (DBS) was implemented by the Office of Management and Budget for use in constructing the FY 2012 budget.
Georgia	Office of Planning and Budget (OPB) will examine 10 percent of programs within each of the Governor's policy areas for Zero Based Budgeting Analysis.
Hawaii	Act 163, SLH 2011, changed the pension benefit structure for new hires beginning July 1, 2012, including increasing member's contribution rate, increasing the vesting period, increasing the age and service requirements and reducing the benefit multiplier of retirement benefits. Act 29, SLH 2011, established a moratorium on enhancement of pension benefits until the funded ratio is 100 percent.
Idaho	Governor's Zero-Based Budgeting (ZBB) initiative: ZBB examines the base budgets of each area of state government in search of efficiencies and best practices. We are currently in the fifth year of a six year cycle.
Illinois	The legislature has convened hearings to review Illinois' business tax structure and incentive programs. In February 2011, the Governor signed into law Public Act 096-1529, which was a further expansion of an already historic performance budgeting reform in Illinois (Public Act 096-0958). Public Act 096-1529 further expanded on Public Act 096-0958, by requiring that the budget process begin by determining the revenue available for the coming year, and after deducting the cost of essential government services, assigning a percentage of the remaining funds to statewide prioritized goals. With the backing of a Senate Committee, Illinois has convened a steering committee to develop a business plan and RFP for the purpose of implementing an ERP system.
Indiana	The Department of Toxicology was transferred from the Indiana University School of Medicine to a stand-alone state agency. The Indiana Tobacco Prevention and Cessation Board was abolished, and the functions were merged into the Indiana State Department of Health. Implemented civil service reform, updating the State Personnel Act of 1941. Civil service modernization codified much of the performance-based culture that had been implemented administratively since 2005. The State Budget Agency is currently implementing Hyperion, a new budgeting system that will be seamlessly integrated with the PeopleSoft financials system.
Kansas	Six state agencies were merged elsewhere.
Maine	Task Force established by Legislature to streamline and prioritize core government services that will achieve at least $25 million in permanent savings effective with FY 2013. The administration's policy is to continue its effort to reduce the size of the state's work force. The administration's plan is to continue its efforts to achieve further tax reductions and reduce spending. Zero based budgeting approach to be used for developing the 2014-2015 biennial budget. This preparatory effort may result in expenditure reductions and / or revenue savings in FY 2012 and FY 2013. Effective with the 2011-2012 budget the Bureau of the Budget changed the State's Budget and Financial Management System by requiring departments and agencies, working in conjunction with the Office of Information Technology, to identify and budget for all of their technology related expenditures utilizing a new budget template for recording the technology data in the state's automated budget system.

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TABLE 31 (CONTINUED)

Enacted Changes to Budgeting and Financial Management Practices

Maryland	The State made numerous changes to its pension and health benefits plans including employee contribution levels and benefits received. Additional details may be found at www.dbm.maryland.gov.
Michigan	The fiscal 2012 budget recognizes various organizational changes under Executive Order 2011-4, including further consolidation of economic development and workforce development programs within the Michigan Strategic Fund and creation of the Michigan Administrative Hearings System as an independent and autonomous agency within the Department of Licensing and Regulatory Affairs to centralize statewide administrative hearing functions. Effective November 2010 through September 30, 2012, all state employees contribute 3 percent of their compensation to the retiree health care fund (Public Act 185 of 2010). Contributions are currently in escrow pending the outcome of litigation. Effective October 2011 and each subsequent fiscal year, $280 million is earmarked to pay unfunded retiree health care obligations. Effective October 2011, employee concession contingency plans are implemented to meet savings required by the fiscal 2012 budget including the elimination of 367 funded vacancies, potential employee contributions to defined benefit pension system, collectively-bargained Corrections reforms savings, and a minimum of four furlough days for represented state employees. Effective January 2012, the state income tax of 4.35 percent is imposed on public pensions (Public Act 38 of 2011). Implementation of the pension tax is dependent on constitutional questions pending before the Michigan Supreme Court. Effective for the fiscal 2012 budget, revenue forecasts are required to include 5 fiscal periods: the fiscal year in which the revenue estimating conference is being held and the next two ensuing fiscal years, plus revenue trend line projections for the next two ensuing fiscal years. In addition, the May revenue estimating conference must include expenditure forecasts for Medicaid expenditures and for human services caseloads and expenditures for the fiscal year in which the conference is being held and the next two ensuing fiscal years (Public Act 47 of 2011). Effective with the fiscal 2012 budget, two "omnibus" budget bills are enacted; one bill includes all departmental operations, the other bill is comprehensive to education. The enacted budget is a two-year spending plan with fiscal 2012 appropriations and fiscal 2013 anticipated appropriations to allow for more long-term strategic planning. Agency-specific performance measures are key to the Governor's focus on managing for results and are transitional. A process is underway to develop detailed balanced scorecards for each agency.
Minnesota	Enacted statewide reform initiatives to improve government operations, including consolidation of executive branch IT activities. Establishment of a sunset commission to recommend continuation, abolition or reorganization of state agencies. Authority to issue performance bonds; issuance of RFPs for services to improve procurement, building and fleet management; mandated statewide performance appraisal system. New accounting system went online July 1, 2011.
Missouri	Targeted reviews of expenditures; Medicaid cost containment; State employee health care cost containment.
Nevada	The departments of personnel and information technology were folded into the Department of Administration. Divisions of the Department of Cultural Affairs (Museums and History, Library and Archives, Historical Preservation, etc.) were folded into other departments. The 2011 – 2013 Executive Budget included a Priority and Performance Budget in addition to the traditional line item budget. Going forward, the Governor's Executive Budget was given permission to include program-based budgeting in addition to the still-required line item budgeting. The bill can be found online at http://leg.state.nv.us/Session/76th2011/Bills/AB/AB248_EN.pdf Changes were made to our automated budget and financial system to accommodate performance budgeting.

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TABLE 31 (CONTINUED)

Enacted Changes to Budgeting and Financial Management Practices

New Mexico	New Administration did not perform across the board cuts for departments.
North Carolina	Consolidation of three public safety departments, Crime Control and Public Safety, Correction and Juvenile and Delinquency Prevention.
Ohio	Authority was granted to sell up to 6 state correctional facilities to private operators. Also, many economic development activities were transferred to a newly created non-profit entity outside of state government.
	Major adjustments were made to the state's public employee collective bargaining law. Changes included a floor for percentage of health insurance costs paid by employees, prohibition against government entities paying employee share of pension contributions, and limitation of the scope of collective bargaining to wage issues, with the exception of fire and police who could negotiate safety equipment. The change is currently on hold as it is subject to voter referendum in the November 2011 election.
	As part of the FY 2012-13 biennial budget process the expenditures and activities of all state agencies were closely scrutinized and significant reductions in appropriations occurred to address a projected $7.7 billion General Revenue Fund imbalance.
Oklahoma	By the Governor's initiative, have begun the process to flatten and "right-size" government. This legislative session brought about a major consolidation of five (5) agencies, folding other service oriented agencies into the Office of State Finance.
	Oklahoma has also taken the first steps to require that all payments to vendors be made by electronic payment processing.
Oregon	The 2011-13 Legislatively Adopted Budget included a "supplemental ending balance" due to uncertainty regarding the state's overall economic situation. This ending balance was created by holding back 3.5 percent of the General and Lottery Fund budgets from agency budgets. Agencies are instructed to expend 54 percent of the budgets during the first fiscal year (essentially maintaining a regular burn rate). The supplemental ending balance will be held until the February 2012 session following the results of a General Fund revenue forecast.
South Dakota	South Dakota enacted a 10 percent targeted general fund cut or more to the FY2012 budget to all agencies in state government.
Texas	Texas Youth Commission and Texas Juvenile Probation Commission incorporated into Texas Juvenile Justice Department, Department of Rural Affairs consolidated into Department of Agriculture. Legislature continued Small Business Tax Exemption beyond FY 2011 Sunset date. Legislature continued funding Texas Enterprise and Emerging Technology economic development programs. The Legislature adopted Senate Bill 1 during a special called session. The bill included provisions: 1) A one-day deferral of state payments to school districts will result in a one-time savings of $2.3 billion in fiscal year 2013; 2) Changes to the calculation of Foundation School Program (FSP) formulas estimate savings of approximately $2.0 billion each year will be achieved in the 2012-2013 biennium; 3) Legislature continued small business tax exemption beyond FY 2011 sunset date; 4) Legislature continued funding Texas Enterprise and Emerging Technology economic development programs; and 5) the Legislature adopted various tax speed ups, revenue enhancements and cost control measures.
Vermont	Executive driven strategic planning process underway. Three percent pay cut as well as employee retirement contribution rate increased by 1.3 percent. Also, legislative budget bill language to increase focus on performance measures. Also, executive implementation in FY 2014 of new budget system to include performance measures.

TABLE 32
Enacted Changes in Aid to Local Governments, Fiscal 2012

Arizona	Require counties to transfer money to the General Funds—increases cash contribution from counties from $34.6 million in FY 2011 to 38.6 million in FY12; $38.6 million shifting from local to state via VLT; $23.6 million from shifting DPS funding to HURF.
California	Pursuant to the 2011 public safety realignment, Chapter 15, Statutes of 2011 (AB 109) as subsequently amended by Chapter 35, Statutes of 2011 (AB 117), people who are sentenced or released to supervision on or after October 1, will be the responsibility of the counties. Realignment is expected to reduce the state prison population by 39,750 or 24.5 percent. To fund this population realignment, the state is proposing to provide $400 million in 2011-12, $33 million of which would be provided on a one-time basis, through a redirection of tax resources to local governments. AB 118 (Chapter 40, Statutes of 2011) sets forth allocation methods and various technical requirements for the programs affected by the realignment plan that was enacted in the 2011 Budget Act. Pursuant to this legislation trial court security would be realigned to county sheriffs, who under existing law are responsible for providing court security in all but two counties. Funds will be reduced from the trial court budget and allocations will be made to sheriffs based on 2010-11 allocation amounts adjusted for inflation. The amount to be allocated in 2011-12 is $496 million. Due to the expiration of a variety of short-term tax increases as of June 30, 2011, the state deferred an additional $2.1 billion in payments to K-14 education agencies from FY 2012 to FY 2013, approximately 6 percent of the state's K-14 General Fund Support. The Budget includes a major realignment of public safety programs from the state to local governments, which totals $5.6 billion in FY 2012. The Budget funds the $5.6 billion realignment by dedicating 1.0625 cents of the existing state sales tax rate ($5.1 billion) and by redirecting a portion of vehicle license fee revenues ($453.4 million). The realignment moves program and fiscal responsibility to the level of government that can best provide the service, eliminating duplication of effort, generating savings, and increasing flexibility. Realigned programs include local public safety programs, mental health, substance abuse, foster care, child welfare services, and adult protective services. This also includes shifting lower level offenders and parole violators to local jurisdictions. This realignment effort became effective July 1, 2011 and is intended to be permanent. Of the $400 million allocated to local governments in 2011-2012, $33 million will be provided on a one-time basis to provide for the training and retention of local government employees and to allow for community corrections partnership planning. A Constitutional Amendment passes by voters is necessary to provide local governments with funding to implement the 2011 public safety realignment. The $496 million in court security funding will be supported by sales tax revenues provided to county sheriffs. The suspended/deferred mandate payments in FY 2011-2012 resulted in approximately $233M or 83 percent of reimbursement payments deferred to future years. As a result of the FY 2012 K-14 education deferrals, school and community college districts will be required to borrow $2.1 billion (6 percent of General Fund support) in additional funds to support local operations or use their reserves to cover the shortfall for FY 2012.
Colorado	In FY 2011-2012 a total of $71 million is scheduled for transfer to the General Fund from Severance Tax and Federal Mineral Lease Revenues that would otherwise have been distributed to mineral development impacted communities via grants through the Department of Local Affairs.
Connecticut	Several taxes (sales, hotel, real estate conveyance and the rental car surcharge) were increased in calendar year 2011, with a portion of the increase dedicated to municipalities. The P.I.L.O.T. Manufacturing, Machinery and Equipment grant program was revised, reducing grants from the program. In addition, the FY 2011 municipal real estate conveyance tax rate was set to sunset to a lower rate July 1, 2011. The FY 2011 rate was instead made permanent. Lastly, a fine increase for failure to register a motor vehicle is anticipated to result in additional FY 2012 revenues for municipalities. These changes will yield an estimated $73.0 million in additional revenue for municipalities in FY 2012.

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TABLE 32 (CONTINUED)

Enacted Changes in Aid to Local Governments, Fiscal 2012

Florida	Effective July 1, 2011, the employer contribution rates for the Florida Retirement System (FRS) were reduced for the state Fiscal Year 2011-2012. Counties and other local government entities participating in the FRS are expected to save $706.5 million during the fiscal year. The reduction is roughly 50 percent of the amount of employer contributions paid by those entities during Fiscal Year 2010-2011.
Hawaii	Act 103, SLH 2011, limited the amount of transient accommodations taxes distributed to the counties to $93 million per fiscal year from FY 2012 to FY 2015.
Maine	State-Municipal Revenue Sharing. The State provides funds to municipalities to stabilize the municipal tax burden and to aid in financing all municipal services. Revenue sharing payments were reduced by a fixed amount that will be transferred to the General Fund as undedicated revenue. The revenue transfer amount for FY 2012 is $40 million. The Tax & Rent Circuit Breaker program provides property tax relief to certain low and middle residents & renters is limited to 80 percent of the amount resulting in a $10 million decrease to benefits and expenditure reduction to the General Fund. The Homestead Reimbursement program helps offset the effect on local property tax burdens arising from the municipal exemption of certain homestead property of qualified residents. Funding was increased $7.4 million in FY 2012 from fiscal year 2011 levels to account for a change in mil rates and for a projected increase in the number of exemptions. General Purpose Aid to Local Schools- K-12 Education. Funding was decreased by -$55 million in FY 2012 which reduces the State share funding of K-12 public education from 55 percent for essential programs and services to 46.19 percent. The Tree Growth Tax Reimbursement program helps restrain municipal property tax rates for towns which experience a substantial tax shift due to the mandated use of (lower) current use values in place of (higher) ad valorem values for assessing classified forest land. The funding was increased by $2.7 million over fiscal year 2011 amounts to cover a projected increase in requests for reimbursement.
Maryland	The 2012 Budget provides for an increase in local aid of $87.1 million or 1.4 percent offset by shifting $55 million in costs to local governments. Transferred obligations include 90 percent of the cost of property valuation ($34 million), a portion of the cost to educate certain children in State custody ($4 million) and $17 million in administrative fees for the Pension system.
Massachusetts	The fiscal 2012 budget provides $4.88 billion in state-funded local aid to municipalities. The budget includes state funding for chapter 70 education aid of $3.99 billion, an increase over the $ 3.85 billion in state funding for chapter 70 in fiscal 2011. Municipalities will see a reduction in total Chapter 70 funding received, as $75.3 million of federal State Fiscal Stabilization funds provided for through the American Recovery and Reinvestment act for Chapter 70 education aid in fiscal 2011 were not available in fiscal 2012. The fiscal 2012 budget level funded unrestricted general government aid at $898 million. The $898 million included $833 million appropriated directly for unrestricted general government aid, and an additional $65 million pursuant to a provision in the fiscal budget which reserved and allocated $65 million of the fiscal 2011 surplus to local aid in fiscal 2012. On July 12, 2011, Governor Patrick signed municipal health care reform legislation that will provide significant and immediate savings to cities and towns, while preserving a meaningful role for organized labor in the process and protecting health care quality for retirees and municipal employees. The municipal health care reform law could help communities collectively save more than $100 million. Cities and towns now have the choice of a new, expedited process to implement changes to existing local health care plan design or join the state's health insurance pool. This reform is one of the most significant measures to assist cities and towns in the past 30 years. The bill builds on the Patrick-Murray Administration's success in reducing rising health care costs for thousands of small businesses and working families across the Commonwealth, and is an important step in the Administration's efforts to bring health care system costs down.

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TABLE 32 (CONTINUED)

Enacted Changes in Aid to Local Governments, Fiscal 2012

Michigan	Effective for fiscal 2012, beginning October 1, 2011: per pupil funding for K-12 education (-$452.5 million, -4.1 percent); discretionary/non-mandated K-12 programs (-$85.6 million, -100 percent); elimination of statutory revenue sharing, with funding to create incentive-based program (-$92 million, -32 percent); revenue sharing payments to counties (-$51.8 million, -34 percent); community mental health non-Medicaid (-$8.5 million, -3 percent); funding to local health departments (-$1.7 million, -5 percent); various payment-in-lieu-of-taxes programs (-$1.6 million, -15 percent) Effective January 1, 2012, certain limits are imposed on the portion of employees' medical benefit plan coverage paid for by public employers such as a school district, city, county, or township. Payments are limited to capped amounts tied to medical inflation, or split on a proportional basis with the employer paying no more than 80 percent. A local unit may exempt itself from these requirements with a two-thirds vote of its governing body (Public Act 152 of 2011).
Minnesota	In FY 2012 enacted changes reduced aids to local governments $242 million (23.2 percent). Reductions included cuts to general city aid, ($102 million; 19.4 percent) and general county program aid ($36 million; 18.4 percent). Additionally the market value credit program in which property owners receive property tax credits and then the state reimburses local governments for the reduced revenue was eliminated. Due to timing of the program, in FY 2012 property owners will still receive the credit but the state reduced its reimbursements to local governments by $104 million (39 percent); the program is completely eliminated in FY 2013. The legislature enacted several changes affecting local government finances. These changes include the authorization of local option sales tax of 0.5 percent for six cities, the extension of sales tax authority for a regional center and the authorization of a sales tax increase for one city. Additionally, legislation included a reduction to maintenance of effort obligations of current year requirements for counties as long as the reduction would not affect federal funding or trigger an increase in state payments. This provision is effective for one year. Estimates of actual dollar impacts for these provisions are not available.
Missouri	Changes include a decrease to County Assessment Maintenance of $1.3 million or 10.8 percent.
Montana	SB 372 Lowers the property tax rate on the first $2 million in Business Equipment. This reduces the local government tax base by 1.25 percent. This loss is reimbursed by the state. This is estimated to increase transfers to local governments by $5.8 million in TY 2012. HB 495 freezes the growth rate of entitlement share transfers to local governments for FY 2012 and FY 2013. This reduces transfers by $5.6 million in FY 2012 (0.5 percent of the local property tax base) and $8.4 million in FY 2013 (0.8 percent of the local property tax base).
Nebraska	State General Fund Only (All July 1, 2011 – June 30, 2012): • Aid to K-12 Schools: $5.1; 0.01 percent • Aid to Counties: -$9.67 million; -100 percent • Aid to Cities: -$10.96 million; -100 percent • Aid to Natural Resources Districts: -$1.44 million; -100 percent • Homestead Exemption Reimbursement: $7.3 million; 11.2 percent

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TABLE 32 (CONTINUED)

Enacted Changes in Aid to Local Governments, Fiscal 2012

New Jersey	*Municipal Aid* Reduced Transitional Aid to Localities program funding by $149 million (94 percent) to $10 million. This program provides assistance to municipalities facing fiscal distress, primarily aiding the state's large urban centers. On July 18, 2011, Governor Christie announced his commitment to restore funding to the Transitional Aid program through new legislation proposed by his Administration. The Administration expects the legislature to restore $139 million; in this case, the reduction from FY 2011 would be $10 million (6 percent). *Other Local Aid* Reduced Local Transportation Project Aid by $10 million (5 percent) to $190 million. This program supports transportation improvements on municipal and county roads. Reduced County College Aid by $3.4 million to $204 million (2 percent). This program provides aid to the county college system, including funding for operating aid, fringe benefits, and debt service funding. Reduced Aid to County Psychiatric Hospitals by $13.1 million (9 percent) to $131.7 million. This program supports patients in county psychiatric hospitals by reimbursing allowable costs incurred by counties. Eliminated County Solid Waste Program ($16.2 million). This program provided aid to counties' solid waste treatment and removal systems. *P.L.2010, c.44* This law, passed in FY 2011, reduced the school district, county, and municipal property tax levy cap from 4 percent to 2 percent and permits unused school district, county, and municipal increases to be banked for three succeeding years. However, this change did not take effect until this year, impacting local budgets corresponding to the State's FY 2012. *P.L.2010, c.105* This law revises the arbitration procedure for police and fire contract disputes and imposes a "cap" on certain arbitration awards. It will reduce the growth of municipal public safety employee compensation and the related growth in municipal budgets. *P.L. 2011, c.78* This law introduces reforms that will reduce pension and health benefits costs for local governments, including those at the school district, county, and municipal levels. The reforms include changes to benefits for new pension system enrollees, increases in employee contribution rates for pension and health benefits for current employees, and suspension of automatic cost-of-living adjustments for pension benefits for all current and future retirees. The combined effect of these reforms is expected to provide immediate and long-term reduction in cost growth in the State and local pension and health benefit systems.
New York	The 2011-12 Enacted State Budget will have an estimated $1.4 billion negative impact on municipalities in local fiscal years ending in 2012—the first full-annual local fiscal year affected by changes by the Enacted Budget. Major Enacted State Budget program changes include the following: • Reduced funding for School Districts in the 2011-12 school year ($1.3 billion). • Human services programs net of savings actions ($84 million). • Personal income tax and sales tax collection initiatives expected to generate additional revenue for local governments ($58 million). • Eliminated funding for Optional General Public Health Work Services ($33 Million). • Reduced Aid and Incentives for Municipalities (AIM) funding for cities, towns and villages ($15 million).

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TABLE 32 (CONTINUED)
Enacted Changes in Aid to Local Governments, Fiscal 2012

	In addition, the Enacted State Budget continues $2.4 billion in fiscal relief for counties and New York City under the State's cap on local Medicaid expenditures and takeover of the Family Health Plus program. Counting this assistance, the total fiscal impact on local governments in 2010 is a positive $973 million. The 2011-2012 Enacted State Budget will have an estimated $1.4 billion negative impact on municipalities in local fiscal years ending in 2012—the first full-annual local fiscal year affected by changes in the Executive Budget. School districts outside of New York City will experience a $863 million negative impact in the 2011-12 school year driven mostly by a $844 million reduction in School Aid. School districts will also incur increased costs related to the State shifting a portion of its cost of overseeing the room and board of students who are placed in residential schools by a CSE ($17 million). New York City will experience a $505 million negative impact in CFY 2011-12. In addition to a $461 million reduction in school aid, the City will also be negatively impacted in other areas including: $66 million for human services programs; $14 million from discontinuing reimbursement for certain optional public health programs; $2 million for mental health programs; and $2 million for criminal justice programs. These reductions are partially offset by $40 million in PIT and sales tax receipts due to a statewide tax modernization initiative and Early Intervention program reforms that will reduce City spending with estimated savings of $1 million. County governments are projected to experience a $14 million negative impact, primarily due to: $20 million from eliminating reimbursement for certain optional public health programs; $3 million in reductions for criminal justice programs; $3 million in reductions for mental health programs; $2 million in reductions to Madison and Oneida Counties; and $3 million in reductions for other programs. These funding reductions will be partially offset by $13 million in sales tax receipts due to a statewide tax modernization initiative and $4 million in savings from Early Intervention program reforms. Other cities, towns and villages will experience an overall $18 million negative impact in local fiscal years ending in 2012, mostly due to a $15 million reduction in AIM funding. The Enacted State Budget continues $2.4 billion in fiscal relief for counties and New York City under the State's cap on local Medicaid expenditures and takeover of the Family Health Plus program. Counting this assistance, the total fiscal impact on local governments in 2012 is a positive $973 million.
North Dakota	For the 2011-2013 biennium, mill levy reduction grants were increased by $42.6 million, or 14.2 percent, and state school aid grants were increased by $93.3 million, or 10.2 percent.
Ohio	Payments through the Local Government Fund (LGF) were reduced from 3.68 percent of total state GRF tax revenue to 75 percent of the FY 2011 allocation for 2012 and 50 percent of the FY 2011 allocation in FY 2013 (estimated FY 12 savings $152 million). Payments to local libraries were limited to 95 percent of the amounts provided in FY 2011 in both FY 2012 and 2013 (estimated FY 2012 Savings $35.0 million).
Oregon	Total state funding for K-12 schools increased by $426 million (8.6 percent) for the 2011-13 biennium compared to the previous biennium. This increase includes General Fund backfill to replace $342.6 million in ARRA funding in 2009-2011. State support for community colleges was reduced by $7.2 million (1.7 percent). Local community college districts will determine how the funds are expended. State funding for community corrections increased $1.7 million between 2009-11 and 2011-13, or 0.8 percent. Funding for Alcohol and Drug Prevention was reduced $0.5 million (4.2 percent). Funding for Gambling Treatment and Prevention increased $0.1 million (1.5 percent).
Vermont	Aid to local educational authorities reduced by $23 million, via elimination of ARRA federal education aid.
Virginia	Certain programs within the Aid to Localities FY 2012 budget was reduced by a total of $60 million dispersed across localities.

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TABLE 32 (CONTINUED)

Enacted Changes in Aid to Local Governments, Fiscal 2012

Washington	A 4 percent reduction was made to each of the following local revenue-sharing items for both FY 2012 and 2013. The annual dollar amount of the cut follows each item: Liquor Board Profits -$1.2 million; Liquor Excise Tax -$.9 million; County Criminal Justice Assistance -$1.2 million; City Criminal Justice Assistance -$.5 million; Streamlined Sales Tax Mitigation -$.9 million; City-County Assistance Account -$.3 million
Wisconsin	The following changes were made in 2011 Wisconsin Act 32 to state support for school aid: (a) general equalization aid was reduced by $390.5 million (8.1 percent) in FY 2012 compared to FY 2011, although districts may receive a minimum of 90 percent of prior year aid, rather than 85 percent; (b) across-the-board cuts of 10 percent were applied to most categorical aid programs, resulting in an overall reduction of $7.5 million; and (c) several categorical aid programs were eliminated, resulting in a $29.9 million reduction. Parental choice programs were expanded, affecting general school aid to two school districts. Schools outside the city of Milwaukee may now participate in the Milwaukee parental choice program, which may increase the number of participating pupils and decrease equalization aid to the Milwaukee school district (unknown fiscal effect). A parental choice program was created in Racine, which will result in an estimated reduction of $618,400 in equalization aid to the Racine Unified School District. Youth aids to counties for juvenile corrections were reduced by $9.8 million (10 percent) annually compared to FY 2011 levels. The payments for municipal services program funding, which reimburses local governments for services provided to state property, was reduced by $2.0 million (10 percent) compared to the FY 2011 level. From other funds, the financial assistance for local government recycling programs, which is funded from the recycling and renewable energy fund, was reduced by $20 million (63 percent) in FY 2012 compared to FY 2011; and from the transportation fund, general transportation aids to counties are reduced by 9.39 percent for calendar year 2012, aids to municipalities are reduced by 6.97 percent in calendar year 2012 and mass transit operating aids are reduced by 10 percent for calendar year 2012 (FY 2012 impact is a $169,300 reduction for general transportation aids and a $373,200 reduction for transit operating aids) and Local Roads Improvement Program - Discretionary program funding was increased by $5 million in FY 2012. For purposes of calculating school district revenue limits (which limit the amount of revenue a district can raise from a combination of property takes and state general aid), base revenues were reduced 5.5 percent for property tax levies set in 2011. Districts with per pupil limits below $9,000 after the cut are permitted to raise revenues up to $9,000 per pupil. A new state aid program for FY 2012 provides $6.2 million to match amounts between $8,900 and $9,000 per pupil for districts receiving the adjustment to $9,000. Exceptions to the limits for pupil transportation, school nurses and school safety were eliminated (these were due to be effective in FY 2012). Exceptions to the limits for refunded an rescinded taxes and for prior year hold harmless adjustments were created. The county and municipal levy limits reduced the minimum increase allowed from 3 percent to 0 percent and extended the limits for all future years. Other changes included repealing the maintenance of effort requirement for counties and municipalities to maintain emergency services expenditures at or above 2009 levels, and for municipalities, the expenditure restraint program budget test was modified, which will affect eligibility. Local government transportation mandates include: prohibiting a county from using its own workforce to perform a highway improvement project on a highway under the jurisdiction of another county or municipality, unless part of the project lies within the county doing the work; require local governments to require sealed competitive bids, awarding the bid to the lowest responsible bidder; prohibit local governments from using its own workforce to perform a construction project for which a private person is financially responsible.

APPENDIX

TABLE A-1

Enacted Mid-Year Revenue Changes by Type of Revenue, Fiscal 2011

State	Tax Change Description	Effective Date	Fiscal 2011 Revenue Changes ($ in Millions)
	SALES TAXES		
Arkansas	Sales tax holiday for clothing and school supplies (ACT 757)	03-11	-$2.1
Massachusetts	The impact of a two-day sales tax holiday held on August 14-15, 2010		-19.9
New Mexico	Increase state gross receipts and compensating tax rate by 0.125 percent and eliminate compensating tax loophole	07-10	71.8
Total Revenue Changes—Sales Tax			**$49.8**
	PERSONAL INCOME TAXES		
Arkansas	Income tax relief for certain head of household tax payers with 2 or more dependents. (ACT 736)	01-11	-$3.7
California	Conformity: Health care (exclusion or deduction for kids < age 27) Ch. 17/2011 (4/7/11) AB 36	04-10	-4.8
Illinois	Two percent tax rate increase authorized by PA 096-1496	01-11	2,884.0
Minnesota	Federal Conformity	03-11	-9.3
Ohio	Delay in previously enacted income tax reduction for fiscal years 2010-11, retroactively enacted late in 2009. The reduction is programmed into the FY 2012-13 budget at an estimated value of $446 million per year.		400.0
Puerto Rico	Income Tax Credit to individual and corporate taxpayers	11-10	-414.0
Total Revenue Changes—Personal Income Taxes			**$3,266.2**
	CORPORATE INCOME TAXES		
Illinois	2.2 percent tax rate increase authorized by PA 096-1496	01-11	$180.0
Maine	Revenue loss from conformity with Federal IRS tax code		-4.5
	Adopts new process for calc sales apportionment factor C Corps		2.9
Minnesota	Federal Conformity	03-11	-3.8
Puerto Rico	Income Tax Credit to individual and corporate taxpayers	11-10	-91.0
Virginia	Federal Tax Conformity	01-11	-14.9
Total Revenue Changes—Corporate Income Taxes			**$159.6**
	CIGARETTE AND TOBACCO TAXES		
New Mexico	Increase Cigarette Tax per $0.75 per pack	07-10	$35.8
Total Revenue Changes—Cigarette and Tobacco Taxes			**$35.8**

Table A-1 continues on next page.

TABLE A-1 (CONTINUED)

Enacted Mid-Year Revenue Changes by Type of Revenue, Fiscal 2011

State	Tax Change Description	Effective Date	Fiscal 2011 Revenue Changes ($ in Millions)
	OTHER TAXES		
Puerto Rico	Temporary excise tax imposed at a declining rate		
	(from 4 percent for 2011 to 1 percent for 2016).		
	Special Property Tax term reduction	01-11	$505.0
Total Revenue Changes—Other Taxes			**$0.0**

State	Tax Change Description	Effective Date	Fiscal 2011 Revenue Changes ($ in Millions)
	FEES		
Maine	Excludes tel-com tower with antenna from BETE program		$0.5
	One time hospital assessment		4.2
Total Revenue Changes—Fees			**$4.7**

SOURCE: National Association of State Budget Officers.

TABLE A-2

Enacted Mid-Year Revenue Measures, Fiscal 2011

State	Description	Effective Date	Fiscal 2011 Recommended Changes ($ in Millions)
California	Income—Enforcement: Tax Shelter Amnesty—Ch. 14/11 (3/24/11) SB 86	08-11	$270.0
Kansas	Income—Use federal TANF dollars to pay for part of the state's earned income tax credit	01-11	3.4
Maine	Other—Increase cap on milk subsidy		-0.6
	Other—Additional transfer from revenue sharing		2.9
	Other—Establishes ceiling for transfer of GF Racino $ to DHHS increasing amount to GF		0.9
	Other—Additional transfer to Maine Milk pool		-4.0
	Other—Adjust Milk Handling Fee increasing GF revenue		0.8
	Other—Sale of State owned buildings		1.5
	Other—Additional transfer from revenue sharing		10.0
	Other—Implement Mega Millions lottery game		1.5
	Income—changes tax increment financing deposit date		0.7
	Income Tax collection initiative		9.5
Minnesota	Sales—Release legislatively delayed refunds in FY 2011	03-11	-133.9
	Corporate Income—Release legislatively delayed refunds in FY 2011	03-11	-72.0
Missouri	Income—Tax Credit redemptions anticipated to be lower than originally forecast based on economic conditions. Also, more carefully review all tax credits before they are authorized.	07-10	47.0
Nevada	Fees	07-10	73.6
Rhode Island	Lottery—Restoration of Newport Grand's Marketing Funds	07-11	-0.2
	Other Taxes—DOH: Influenza Hospitalization Surveillance Project	07-11	0.1
	Other Taxes—DOH: Grant Cancer Registration Research	07-11	0.0
	Fees—Bond Proceeds from State Police Headquarters Project	07-11	2.3
Total			**$211.2**

TABLE A-3

Enacted Revenue Changes by Type of Revenue, Fiscal 2012

State	Tax Change Description	Effective Date	Fiscal 2012 Revenue Changes ($ in Millions)
	SALES TAXES		
Arkansas	Reduction on sales and use tax for food from 1.875 percent to 1.375 percent (ACT755)	07-11	-$20.8
	Reduction of sales tax rate on manufacturers' utilities from 3.25 percent to 2.75 percent (ACT 754)	07-11	-5.3
	Exemption from sales tax for used vehicles sold below $4,000 (previous level $2,500) (ACT 753)	01-12	-2.5
Connecticut	Increase sales tax rate to 6.35 percent, Tax clothing and footwear under $50, Base expansion, Rate changes	07-11	326.9
Florida	3 day back to school sales tax holiday	08-11	-25.5
Hawaii	Temporarily suspends some exemptions from sales tax	07-11	50.0
Kansas	Several exemptions were repealed	07-11	8.8
Maine	Exempts from the sales tax certain meals provided to residents of full-service retirement facilities and applies the exemption retroactively to tax periods beginning on or after January 1, 2010.		-1.4
Maryland	Permanently extends a cap on the amount that vendors may receive for collecting and remitting the State Sales Tax at $500 regardless of the number of returns filed.	06-11	18.8
Minnesota	Miscellaneous exemption changes	07-11	2.2
Nevada		07-11	1.1
North Carolina	Expiration of temporary sales tax	07-11	-1,061.0
Rhode Island	Impose 7.0 percent Tax on Sightseeing Package Tours	10-11	1.1
	Impose 7.0 percent Tax on Over the Counter Drugs, includes medical marijuana	10-11	8.6
	Impose 7.0 percent Tax on digital downloads	10-11	6.7
	Sales Tax Modernization Proposal: No Insurance Proceeds for Totaled or Stolen Motor Vehicle as Trade-In Value	07-11	0.8
	Eliminate two sales and use tax exemptions administered by the Rhode Island Industrial Facilities Corporation and the Rhode Island Economic Development Corporation for the sales and use tax on eligible materials/equipment used in the construction or rehabilitation of a building.	07-11	0.1
Tennessee	Several adjustments	07-11	4.0
West Virginia	Reduction is sales tax rate on food from 3 percent to 2 percent	01-12	-10.8
Total Revenue Changes—Sales Tax			**-$698.3**

Table A-3 continues on next page.

TABLE A-3 (CONTINUED)

Enacted Revenue Changes by Type of Revenue, Fiscal 2012

State	Tax Change Description	Effective Date	Fiscal 2012 Revenue Changes ($ in Millions)
	PERSONAL INCOME TAXES		
California	Conformity: Health care (exclusion or deduction for kids < age 27) Ch. 17/2011 (4/7/11) AB 36.	07-11	-$38.0
Connecticut	Rate changes, Reduce property tax credit, Earned income tax credit—refundable—25 percent, Lower rate benefit capture	01-11	875.1
Delaware	Reduces from 6.95 percent to 6.75 percent the personal income tax rate on taxable income in excess of $60,000.		-6.8
Hawaii	Repeals deduction for state income taxes and caps itemized deductions for high-income taxpayers	01-11	45.3
Iowa	Update of tax law for Internal Revenue Code changes		-13.0
	Various deduction increases		-16.1
Kansas	Rural opportunity zone tax credits	07-11	-1.5
Maine	Provides new minimum taxability thresholds for non residents to permit greater income earning activity by non residents in the State before Maine income tax liability is triggered. It also excludes from the determination of taxability in the State up to 24 days of personal services related to certain training, management functions, equipment upgrades and new investment.		-3.1
	Conforms to Federal Standard deduction & eliminates tax additions starting January 2012. It establishes new income tax rate schedules that contain a 6.5 percent rate bracket and reduces the 8.5 percent rate bracket to 7.95 percent for tax years beginning on or after January 1, 2013.		-9.8
	Provides a credit equal to 10 percent of the federal bonus depreciation on property placed in service in Maine during tax years beginning 2011 and 2012, excluding certain utility and telecommunications property.		-9.1
	Repeals the income tax additions modifications related to the federal section 179 business expensing thresholds for tax years beginning on or after January 1, 2011.		-6.1
	Conforms to the US Internal Revenue Code contained in Maine revised Statutes		-8.3
Maryland	A tax credit for qualified costs of film and television production	07-11	-7.5
Michigan	Eliminate or reduce many credits, exemptions, & deductions, and delay scheduled tax cut.	01-12	559.1
Minnesota	Federal Conformity	various	-44.8
Missouri	Deduction for businesses that create new jobs.		-15.0
Nebraska	Angel Investment Tax Credit	01-11	-2.0
New Jersey	50 percent Phase-In Business Income/Loss Netting and Loss Carry-Forward Relief	01-12	-23.0
North Carolina	Expiration of temporary income tax surtax	01-11	-177.0
North Dakota	Reduced individual income tax rates.	01-11	-60.0
Ohio	Final installment of delayed income tax reduction. This was delayed for FY 2010-2011.	01-11	-446.0
Puerto Rico	Income Tax Credit to individual and corporate taxpayers	11-10	-265.0
Wisconsin	Defer capital gains taxes if taxpayer reinvests proceeds in qualified Wisconsin business within 180 days of the original sale.	01-11	-16.1
Total Revenue Changes—Personal Income Taxes			**$576.3**

Table A-3 continues on next page.

TABLE A-3 (CONTINUED)

Enacted Revenue Changes by Type of Revenue, Fiscal 2012

State	Tax Change Description	Effective Date	Fiscal 2012 Revenue Changes ($ in Millions)
	CORPORATE INCOME TAXES		
Connecticut	Impose 20 percent surcharge for IY 2012 and IY 2013 (01/12), Credit Changes (01/11)	01-12, 01-11	$39.0
Florida	increase in exemption from $5,000 to $25,000 additional tax credits for R&D and rehabilitation of contaminated sites	01-12	-17.7
Indiana	Phased-in reduction of corporate income tax rate from 8.5 percent to 6.5 percent over 4 years. Internal revenue code update	07-12	-2.9
Iowa	Update of tax law for Internal Revenue Code changes		-5.0
	Various deduction updates		-0.6
Kansas	Expensing deduction for capital investment	01-11	-4.5
	Extended HPIP investment tax credits	01-11	-0.5
Maine	Provides a credit equal to 10 percent of the federal bonus depreciation on property placed in service in Maine during tax years beginning 2011 and 2012, excluding certain utility and telecommunications property.		-15.6
	Repeals the income tax additions modifications related to the federal section 179 business expensing thresholds for tax years beginning on or after January 1, 2011.		-1.5
Maryland	A tax credit to locate businesses in an economically distressed county. Some credits may be claimed against the personal income tax	07-11	-1.3
Michigan	Replace Michigan Business Tax with a 6 percent corporate income tax	01-12	-1,094.3
Minnesota	Federal Conformity	various	8.6
Missouri	Cap on Corporate Franchise Tax at Tax Year 2010 level; First year of five-year phase-out.		-24.3
New Jersey	Three-Year Phase-In Single Sales Factor	01-12	-24.0
	Reduce S Corporation Minimum Tax 25 percent	01-12	-13.0
	Increase R&D Credit to 100 percent	01-12	-33.0
	Allow the Technology Business Tax Certificate Transfer Program to be allocated $60 million instead of the FY 2011 amount of $30 million	01-12	-30.0
North Carolina	Expiration of temporary income tax surtax	01-11	-26.0
North Dakota	Reduced individual income tax rates.	01-11	-12.5
Puerto Rico	Income Tax Credit to individual and corporate taxpayers	11-10	-239.0
Rhode Island	Subject LPs and LLPs to $500.00 minimum tax.	07-11	0.8
Virginia	Federal Tax Conformity	01-11	7.4
West Virginia	Reduction in Corporation Net Income Tax Rate from 8.5 percent to 7.75 percent	01-12	-$5.0
Wisconsin	Authorize combined groups to share net business loss carry-forwards that were incurred by group members before January 1, 2009 (when combined reporting became effective in Wisconsin).	01-12	-9.2
Total Revenue Changes—Corporate Income Taxes			**-$1,265.1**

Table A-3 continues on next page.

TABLE A-3 (CONTINUED)

Enacted Revenue Changes by Type of Revenue, Fiscal 2012

State	Tax Change Description	Effective Date	Fiscal 2012 Revenue Changes ($ in Millions)
	CIGARETTE AND TOBACCO TAXES		
Connecticut	Rate changes	07-11	$50.5
New Hampshire	Ten cent per pack of cigarettes reduction ($1.78 per to $1.68 per) became effective 7/1/11. Impact on revenues is expected to be zero, as decline in revenue is expected to be offset by increased cigarette sales.	07-11	0.0
New York	Repeals the graduated annual retail registration fee of between $1,000 and $5,000 annually and replaced it with a flat $300 annual fee.	09-11	3.0
Vermont	38 cent per pack increase	07-11	4.6
Total Revenue Changes—Cigarette and Tobacco Taxes			**$58.1**

State	Tax Change Description	Effective Date	Fiscal 2012 Revenue Changes ($ in Millions)
	MOTOR FUELS TAXES		
Connecticut	Rate changes	07-11	$8.7
Total Revenue Changes—Motor Fuel Taxes			**$8.7**

State	Tax Change Description	Effective Date	Fiscal 2012 Revenue Changes ($ in Millions)
	ALCOHOLIC BEVERAGES		
Connecticut	Rate changes	07-11	$9.8
Iowa	Allows convenience stores to sell liquor without a walled off area.	07-11	2.5
Maryland	Increases the sales tax on alcoholic beverages from 6 percent to 9 percent	07-11	84.8
Total Revenue Changes—Alcoholic Beverages			**$97.1**

Table A-3 continues on next page.

TABLE A-3 (CONTINUED)

Enacted Revenue Changes by Type of Revenue, Fiscal 2012

State	Tax Change Description	Effective Date	Fiscal 2012 Revenue Changes ($ in Millions)
	OTHER TAXES		
Connecticut	Inheritance and estate exemption level, Insurance companies rate changes, Electric generation tax, Repeal admissions and dues exemptions, Health provider tax changes	07-11	$521.8
Delaware	Bank Tax: Increases the incentive for major financial institutions to locate their charters and operations in Delaware by lowering the location benefit tax paid by banks that elect into the alternative bank franchise tax. Encourages job creation and retention by creating a 10-year tax credit for banking organizations that add 200 or more jobs after 2011	Various	-6.2
	Public Utility: Reduces the general public utility tax rate on electricity and gas from 5.00 percent to 4.25 percent. Also reduces the rate on electricity and gas distributed to manufacturers, food processors and other agribusinesses from 2.35 percent to 2.00 percent. Transfers the first $5 million in proceeds generated by the public utility tax to the new Energy Efficiency Investment Fund, which will be used to finance energy efficiency projects that will reduce overall energy use and create jobs.		-9.5
	Gross Receipts: Provided gross receipts tax cut to all taxpayers by: (a) cutting rates across-the-board by 3 percent and (b) increasing by 25 percent the monthly and quarterly exclusion levels for all business categories. It clarifies the rate reduction scheduled to take effect in 2014 and it restores full funding for the Hazardous Substance Clean-up program two-years earlier than originally planned.		-3.4
Florida	Insurance Premium Tax: exemption of entities providing services solely to Medicaid recipients under a contract with Medicaid	07-11	-1.6
Hawaii	Temporarily raises rental motor vehicle tax rate	07-11	60.6
Maryland	Extends the State's current 2 percent premium tax to the Injured Worker's Insurance Fund	06-11	1.9
Michigan	One percent assessment on health care insurance paid claims	01-12	396.9
	Repeal 6 percent use tax on Medicaid managed care organizations	04-12	-396.9
Minnesota	Estate tax on farm and small business property	01-11	-1.0
	Tax compliance	07-11	35.7
	Federal offset program	07-11	1.0
Montana	SB 372 Property tax (lower tax rate on first $2 million in business equipment)	07-11	-1.3
Nevada		07-11	158.8
New Jersey	Transitional Energy Facility Assessment—Phase-out over three years		-62.0
North Carolina	Small Business Tax Relief	01-11	-132.0
	Conforming to Federal Estate Tax	01-11	-57.0
North Dakota	Reduced financial institution tax rates	01-11	-1.1
	Reduced and gaming tax rates	01-11	-3.4
Oregon	Extending various tax credits that otherwise would sunset.	07-11	-10.3
Pennsylvania	Continued phase-out of the Capital Stock and Franchise Tax.	01-12	-66.6
Puerto Rico	Temporary excise tax imposed at a declining rate (from 4 percent for 2011 to 1 percent for 2016). Special Property Tax term reduction	01-11	969.0
Tennessee	Annual hospital coverage assessment rate increase from 3.52 percent to 4.52 percent for a covered hospital's annual coverage assessment base		100.4
	Surplus lines insurance premium taxes changed		1.4
West Virginia	Reduction of Business Franchise Tax rate from 0.34 percent to 0.27 percent	01-12	-15.0
Total Revenue Changes—Other Taxes			**$511.2**

Table A-3 continues on next page.

TABLE A-3 (CONTINUED)

Enacted Revenue Changes by Type of Revenue, Fiscal 2012

State	Tax Change Description	Effective Date	Fiscal 2012 Revenue Changes ($ in Millions)
	FEES		
Arkansas	Increased vehicle title fees (ACT 718)	07-11	$4.6
Connecticut	DMV and DOT Rate changes, Increase cremation certificate fee	07-11	19.9
Maryland	Increase fees for individuals under parole and probation supervision	07-11	3.2
	Increase in fees for birth certificates	07-11	4.9
Massachusetts	A one-year delay of the FAS 109 deductions		45.9
Michigan	Solid waste management fee increase		1.9
Minnesota	Unclaimed property	07-11	1.1
	Labor & Industry—Extension of fixed rate permit surcharge (CCF fund)	07-11	1.2
Oregon	Extending a bottle surcharge that otherwise would sunset and new fee for some new liquor license applicants.	07-11	31.2
Rhode Island	DEM: Increase Beach Parking Fees	07-11	1.5
	DOR: Increase Estate Tax Filing Fee to $50	07-11	0.1
	DOR: Increase Letter of Good Standing Fee to $50	07-11	0.1
	DOR: Impose 4.0 percent Surcharge on Compassion Center Net Revenues	07-11	0.7
	DCYF: Institute $10 Fee for Background Clearances	07-11	0.1
	DBR: Increase Federal Covered Advisor Fee to $300	07-11	0.0
	DBR: Increase Securities Sales Rep License Fee to $75	07-11	1.2
Tennessee	Drives license revocation fee	07-11	1.8
Vermont	Hospital provider assessment increase		8.0
	Various miscellaneous fees		0.4
Total Revenue Changes—Fees			**$127.8**

SOURCE: National Association of State Budget Officers.

TABLE A-4

Enacted Revenue Measures, Fiscal 2012

State	Tax Change Description	Effective Date	Fiscal 2012 Recommended Changes ($ in Millions)
California	Sales—Use Tax Table on IT form	01-11	$6.5
	Sales—Nexus for Internet out-of-state retailers	07-11	200.0
	Sales—Shift from General Fund to Special Fund Realignment	07-11	-5105.7
	Personal Income—Tax Shelter Amnesty	08-11	-50.0
	Personal Income—Financial Institution Record Match	04-11	40.0
	Personal Income—Repeal refundability of Child & Dependent Care Credit	01-11	75.0
	Fees—California Community Colleges were increased from $26 per unit to $36 per unit, commencing with the fall 2011 term.	07-11	110.0
Connecticut	Other—Transfers, DRS-Risk Based Scoring Decision, Federal Grant Reimbursements and Changes	07-11	187.7
Delaware	Abandoned Property—Increase earmarking to Transportation Trust Fund from $24.0 million to $40.0 million		16.0
	Abandoned Property—For FY 2012, earmark $115.0 million to “Building Delaware’s Future Now Fund”, which will be targeted toward investments that promote economic growth and job creation in Delaware		115
Florida	Other—Special Disability Trust Fund: change in assessment calculation from fiscal to calendar year basis	01-12	2.8
Hawaii	Delays 10 percent increase slated for standard deduction and personal exemption	01-11	11.5
	Alters allocation of the transient accommodations tax to the General Fund	07-11	36.5
Iowa	Cigarette—The first $106 million of cigarette and tobacco tax is to be deposited into the Health Care Trust Fund instead of the General Fund.	07-11	-106.0
	Fees—Provides for fees collected by various Commerce divisions and gaming enforcement and regulation to be deposited into separate funds instead of the General Fund	07-11	-32.5
Kentucky	Corporate—Declaration requirement for non-resident business income		8.2
	Other—Combination of tax expenditure limits and small business tax credit.		19.4
Maine	Other—Amends the Tax and Rent "Circuitbreaker" program to limit the amount of the benefit to 80% of the amount that would otherwise be available in FY 2012 and FY 2013.		10.0
	Other—Provides for a continued fixed amount to be credited as revenue to the General Fund in lieu of paying these funds out as revenue sharing to municipalities.		40.4
Maryland	Sales—Diverts a portion of revenue from the Chesapeake Bay 2011 Fund to the General Fund	06-11	15.2
	Personal Income—Tax Clearance—Requires payment of unpaid taxes to renew a driver's license or vehicle registration. Some revenue may be collected from other sources.	06-11	25.4
	Motor Fuel—Diverts a portion of revenue from the Chesapeake Bay 2011 Fund to the General Fund	06-11	5.0
	Other—Credits interest earned on special funds of the State to the general fund, some funds are exempt.	06-11	7.0
	Other—Diverts a portion of the Admissions and Amusement Tax to the General Fund.	06-11	3.7

Table A-4 continues on next page.

TABLE A-4 (CONTINUED)

Enacted Revenue Measures, Fiscal 2012

State	Tax Change Description	Effective Date	Fiscal 2012 Recommended Changes ($ in Millions)
Minnesota	Sales—Release legislatively delayed refunds in FY 2011	03-11	$133.9
	Corporate Income—Release legislatively delayed refunds in FY 2011	03-11	72.0
	Cigarette—Reduce tax in MERC fund and increase tax in general fund by $4.6 million for a net change of zero.		0.0
	Fees—Deposit Water Management Account fees of $5 million in Natural Resources fund instead of general fund.	07-11	0.0
Montana	Other—SB 361 Video gaming (new line of games)	04-11	1.5
Nebraska	Sales—Suspension of redirection of portion of utility sales tax from General Fund to low-income home energy conservation program	07-11	4.6
Nevada	Other Taxes		69.7
	Fees		88.9
New Mexico	Other—Amended Movie Tax Credit program	07-11	25.0
New York	Extension of Power for Jobs tax credit through 2012.	03-11	-6.4
North Carolina	Sales—Repeal Wildlife Resources Commission sales tax earmark	07-11	23.0
	Personal Income—Accounts Receivable Program	07-11	13.0
	Corporate—Suspend Public School Building Capital Fund earmark	07-11	72.0
	Fees—Increase Judicial Fees	07-11	62.0
North Dakota	Sales—Change in allocation of motor vehicle excise taxes from highway fund to general fund.	07-11	22.9
	Other Taxes—Change in allocation of oil taxes to increase state general fund share.	07-11	221.0
Ohio	Sales—Redirection of existing non-auto sales tax receipts as a result of reducing Public Library Fund allocation of these receipts. Expansion of managed care under Medicaid which is subject to the Sales and Use tax.	07-11	$73.6
	Income—Redirection of existing personal income tax receipts as a result of reducing Local Government Fund allocation of these receipts.	07-11	151.5
	Other—Redirect revenues from Commercial Activities Tax and Kilowatt Hour Taxes now deposited in other funds to the General Revenue Fund. Additional increase in GRF Kilowatt Hour Tax receipts from reductions in Public Library Fund allocations. Expansion of managed care under Medicaid which is subject to the domestic insurance tax.	07-11	548.9
Oklahoma	Sales—Create two locations for statewide tax hearings; Add sales tax audit personnel	08-11	12.8
	Corporate Income—Strengthen corp/partnership audit division shorten aerospace tax credit moratorium by 1 year	08-11	-1.5
	Other Taxes—Delay change in apportionment of motor vehicle late fees by 1 year	08-11	16.4
Oregon	Personal Income—Increase number of tax auditors to improve collections.	07-11	5.5
	Corporate Income—Increase number of tax auditors to improve collections.	07-11	9.2
	Fees—Several fund sweeps some court fees transferred to GF.	07-11	95.0
Pennsylvania	Other—Transfer of special fund moving violation surcharges to the General Fund.	07-11	44.0
	Other—Decrease in Film Production and Job Creation Tax Credits offset by an increase in the Research and Development Tax Credit.	07-11	9.1

Table A-4 continues on next page.

TABLE A-4 (CONTINUED)
Enacted Revenue Measures, Fiscal 2012

State	Tax Change Description	Effective Date	Fiscal 2012 Recommended Changes ($ in Millions)
Rhode Island	Sales—Separate Posting of Business Tax Delinquents	07-11	$0.6
	Personal Income—Separate Posting of Individual Tax Delinquents	07-11	0.8
	Personal Income—Offset Lottery Winnings for Taxes Owed	07-11	0.1
	Personal Income—Add four full time equivalent revenue agents to Taxation.	07-11	2.0
	Corporate Income—Separate Posting of Business Tax Delinquents	07-11	0.1
	Other Taxes—Health Care Provider Assessment: Separate Posting of Business Tax Delinquents	07-11	0.3
	Other Taxes—Health Care Provider Assessment: Eliminate the COLA that was due to Nursing Homes on top of additional funding	07-11	-0.3
	Fees—Rhode Island Resource Recovery Corporation Transfer	07-11	3.5
	Fees—DHS: Reinstitute Hospital Licensing Fee at 5.430 percent on FY 2010 Net Patient Revenues	07-11	144.0
	Fees—DOC: Offset Income Tax Refunds for Probation and Parole Fees Owed (Taxation as a Collection Agency)	07-11	0.2
	Fees—DHS: Work Support Strategies Grant	07-11	0.3
	Fees—DMV: NSF Check Return Fee of $25	07-11	0.0
	Lottery—Increased revenues due to reduced expenditures within the Division of Lottery	07-11	1.0
	Lottery—Increase Net Terminal Income share to the Town of Lincoln for 24 Hrs operation	07-11	-0.9
	Lottery—Restoration of Newport Grand's Marketing Funds	07-11	-0.3
	Other—Transfer Land Sales to the IT Fund	07-11	-1.0
Texas	Cigarette—Accelerated collection		
	Motor Fuel—Accelerated collection		
	Alcohol—Accelerated collection		
	Other—Small business tax exemption extension		-143.2
West Virginia	Personal Income—Updating definition of federal adjusted gross income to federal definitions (includes Section 179 & Bonus Depreciation Changes)	09-10	-9.0
	Corporate Income—Updating definition of federal taxable income to federal definitions (includes Section 179 & Bonus Depreciation Changes)	09-10	-46.0
Total			**-$2,639.2**

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