The Fiscal Survey of States

October 1992

National Governors' Association
National Association of State Budget Officers

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★ of
★ States

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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 1977. The survey presents aggregate and individual data on the states' general fund receipts, expenditures, and balances. While 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 also is conducted annually.

The field survey on which this report is based was conducted by the National Association of State Budget Officers in July, August, September, and October 1992. The surveys were completed by Governors' state budget officers in the fifty states.

Fiscal 1991 data represent actual figures, fiscal 1992 figures are preliminary actual estimates, and fiscal 1993 data are figures contained in enacted budgets.

The Fiscal Survey of States is a cooperative effort of the National Association of State Budget Officers and the National Governors' Association. Stacey Mazer of NASBO compiled data for the report and prepared the text. Laura Shaw of NASBO produced the report using PageMaker, Ventura Publisher, and Excel. Editorial and production assistance was provided by Karen Glass of NGA's Office of Public Affairs.

EXECUTIVE SUMMARY

The Fiscal Survey of States reveals continued weakness in state finances, which mirror the national economy. This is the third consecutive year states have experienced tremendous fiscal pressures. Although all states are feeling the effects of the weak economy, there is diversity in states' economic conditions. California's well-publicized budget woes focused attention on the state's dilemma of dealing with declining revenues, demographic pressures, and natural disasters. While not all states have had problems of the same degree, all have been forced to make tough choices to maintain balanced budgets during slow economic growth. Unlike previous economic recoveries, which witnessed 5 to 6 percent economic growth, the national economy is expected to grow by a mere 1.8 percent in 1992. The national economy and state revenues are inextricably bound. Until the nation is on a path of sustainable growth, states will continue to struggle.

State Spending

State budgets reflect a 5.1 percent increase in fiscal 1992 and a 2.4 percent increase for fiscal 1993. These are well below the 8.0 percent average increase during the 1980s. About two-thirds of all states — thirty-five — were forced to reduce their fiscal 1992 enacted budgets by a total of $4.5 billion. This number exceeds the twenty-nine states that reduced 1991 enacted budgets. Both the modest budget growth and mid-year budget adjustments reflect the tepid economy as well as pressures from double-digit growth in Medicaid spending and increased welfare caseloads.

- Fourteen states changed benefit levels in Aid to Families with Dependent Children for fiscal 1993. Of these states, eleven increased benefits, while three decreased benefits. This is one of the lowest numbers of states increasing benefit levels in recent years.
- Seventeen states made reductions to Medicaid in their fiscal 1993 budgets. States have attempted to control spending through cost containment measures and have sought additional resources through assessments on health care providers.
- Forty-two states used some type of cost containment strategy in fiscal 1992. Even with these measures, Medicaid continues to grow, increasing by about 16 percent from fiscal 1992 to fiscal 1993.
- State employees continue to share states' financial woes. Full-time positions supported by states' general funds are projected to decline by 1.2 percent from fiscal 1991 to fiscal 1993. Eighteen states made changes to employee benefits, often shifting costs for health insurance to employees. About one-third of the states give employees no pay raise for fiscal 1993.
- Twenty-three states enacted changes in aid to local governments for fiscal 1993. Of these, eight states reduced aid. The changes often affect public school funding. Additional assistance is in the form of revenue options and dedicated revenues for local governments.

State Revenues

States' revenue growth was 6.5 percent in fiscal 1992 and is projected to be 3.3 percent for fiscal 1993. This growth is substantially less than the growth witnessed over the fiscal 1979 to 1993 period. To attain even this modest revenue growth, states have raised taxes by $15 billion in fiscal 1992 and a net of $3 billion in fiscal 1993. Without the revenue increases, revenue growth would be 1.2 percent and 2.3 percent in fiscal 1992 and fiscal 1993, respectively.

- State revenue projections for fiscal 1993 are only 1.1 percent above fiscal 1992 enacted budgets. The lack of an economic recovery continues to plague state revenue collections.
- "Other taxes and fees" represents the largest category of revenue increases for fiscal 1993, accounting for about one-half of all new revenues. New fees include assessments on health care providers and licensing fees.

State Balances

As a percent of expenditures, states' balances were 0.3 percent in fiscal 1992 and are estimated to be 1.4 percent for fiscal 1993. These levels of reserves are woefully inadequate to address unforeseen circumstances.

Strategic Directions of States

During the first years of economic difficulty, states used one-time methods to balance their budgets. With the continued slow economic growth, states were forced to make reductions in state programs. After one-time budget saving measures and program reductions, states are now looking to curb state spending by restructuring state operations. The public's desire for services and dislike for tax increases have brought a new urgency to this review of state government. The "reinventing government" theme has been receiving a lot of attention, and signs of statewide management change are on the horizon. Recent examples include:

- restructuring some major state functions, including local aid, Medicaid, and pensions;
- contracting out for services and privatizing selected government functions;
- reforming workforce policies on management and staffing to forge new models of horizontal organizations;
- changing budget procedures such as revenue estimating, bonding and capital maintenance policies, and budget planning; and
- reviewing statewide expenditures and all sources of revenues.

A second strategic direction of states is health care reform. This is a pivotal issue for states because of the financial implications for state budgets and concerns about the rising numbers of uninsured people. Access, cost containment, and financing strategies generally build on the existing public-private system of health coverage. Some states are pursuing strategies to stabilize the private insurance market by making insurance available and affordable. Other states are focusing on Medicaid for containing costs, financing, and improving access to appropriate care.Examples of recent state initiatives in health care reform include:

- **Access.** Colorado, Florida, Kentucky, Minnesota, Oklahoma, Oregon, and Vermont are trying to ensure that all state residents have access to private or public health insurance. Delaware, Montana, and Pennsylvania are extending coverage to children in low-income families.
- **Cost Containment.** Minnesota and Vermont are establishing global budgets and overall health expenditure targets. Washington is developing a state purchasing strategy.
- **Financing.** Florida and Oregon are seeking broad Medicaid waiver authority to finance expanded coverage to the poor; Colorado, Minnesota, Pennsylvania, and Washington have proposed or adopted increases in the state tax on cigarettes; and Colorado and Washington have proposed a payroll tax.

Through their focus on statewide management changes and health care reform, states will be in a better position to confront the prolonged period of slow economic growth ahead. Weak revenue growth and mounting demands for government services, such as health care and education, will continue to place pressure on state budgets throughout the decade. Economic recovery in the 1990s is not expected to resemble the 1980s, when state revenues grew strongly. These factors point to continuing challenges for states as they try to meet growing needs with fewer resources.

ECONOMIC BACKGROUND

CHAPTER ONE

Since the United States entered a recession in July 1990, when the real gross domestic product declined in the final quarter of 1990 and the first quarter of 1991, economic growth has occurred in fits and starts. In the spring of both 1991 and 1992 the economy showed signs of recovery, only to fizzle out later in the year. The economy has continued its lackluster performance since the last *Fiscal Survey of States* was published in April 1992. Even the concomitant easing of monetary policy by the Federal Reserve and reductions in interest rates have failed to yield significant economic growth. According to all major forecasters, projected economic growth will be much less than after previous recessions. The average forecast of economic growth by economists surveyed by *Blue Chip Economic Indicators* in September is an anemic 1.8 percent for 1992 and 2.8 percent for 1993. This contrasts sharply with the 5 to 6 percent average growth after previous recessions.

As the Congressional Budget Office noted in its August 1992 *Economic and Budget Outlook*, "The economy must struggle to work off various imbalances that developed during the 1980s." These imbalances include high office and commercial vacancy rates, the shrinking defense industry, decreased spending by debt-laden families, and workforce reductions in the private sector. Factors such as the sizable federal budget deficit also exert their toll on the economy. Unfortunately, forecasts for a more robust recovery are few and far between. Even if the pace of economic growth were to quicken, the outlook for state budgets in fiscal 1993 would not change dramatically.

A continuing fallout of weak economic growth is the weak labor market. August's unemployment rate of 7.6 percent was only a slight improvement from the 7.7 percent jobless rate in July. The loss of jobs is a disturbing trend in the economy. From June 1990 to June 1992, the number of employees on nonagricultural payrolls actually decreased by 1.7 percent. This decline was particularly pronounced in the largest ten states with nonfarm employment; only Texas showed any job gain during this period. Other underlying trends in the economy also affect state budgets. For example, the Labor Department's Bureau of Labor Statistics recently reported that 5.6 million tenured workers were displaced from their jobs between 1987 and 1992. Of those employed by January 1992, about half took jobs with lower pay. Lower pay in turn results in lower state tax revenues. The survey found that workers in New England states were more likely to report long-term unemployment than were workers in other states.

The barrage of recent economic statistics reinforces the situation of sluggish state finances. As the Commerce Department's Bureau of Economic Analysis recently reported, the 1991 per-capita gain in personal income of 2.4 percent was the lowest in thirty years. After adjusting for inflation, per capita personal income in 1991 actually declined by 2 percent. Feeble personal income growth translates into weak revenue yield from personal income taxes and lowers consumer spending. State revenues, mirroring the national economy, are reflecting this slow growth. Fiscal 1992 budgets assumed a more robust growth in keeping with the projections of most economists. Reflecting their concerns about the reliability of these forecasts for estimating purposes, states are cautiously using modest growth assumptions for fiscal 1993. Recent economic statistics confirm that in their buying hesitancy, consumers have been behaving "rationally" as personal income growth has been slow and uncertainty about the economy continues.

STATE EXPENDITURE DEVELOPMENTS

CHAPTER TWO

Overview

State general fund budgets for fiscal 1993 are 2.4 percent above the previous fiscal year, as shown in Table 1. This spending increase is well below the average of 8.0 percent during the 1980s. For fiscal 1993, proposed and enacted budgets do not differ substantially in the overall percentage change. Excluding California, with its 5.2 percent decrease, fiscal 1993 budgets show a 3.6 percent increase over the previous year — the same increase found in Governors' proposed fiscal 1993 budgets. State revenues have been growing modestly, and enacted revenue changes account for about a 1 percent increase in state resources for fiscal 1993.

About one-fifth of all states had negative expenditure growth in fiscal 1992 (see Table 2). Almost two-thirds of the states showed expenditure growth below 5 percent in fiscal 1992. Fiscal 1993 enacted budgets range from negative growth to 5 percent growth in more than half the states (see Figure 1). States are spending less even though pressures from Medicaid and other entitlements, school enrollment and finance, and corrections continue to mount.

Budget Management in Fiscal 1992

Thirty-five states reduced their fiscal 1992 enacted budgets by a total of $4.5 billion, as shown in Table 3. The number of states that reduced budgets in fiscal 1992 reflects an increase over the past few years. In fiscal 1989 eight states reduced budgets by $1 billion; in fiscal 1990 twenty states reduced budgets by $2.7 billion; and in fiscal 1991 twenty-nine states reduced budgets by $7.5 billion. Many states have exempted programs from budget cuts, including education, Aid to Families with Dependent Children (AFDC), Medicaid, public safety, and debt service. The exempted programs typically are entitlements, such as AFDC and Medicaid, or those set by predetermined formulas, such as school aid.

Table 1

State Nominal and Real Annual Budget Increases, Fiscal 1979 to Fiscal 1993

	State General Fund	
Fiscal Year	Nominal Increase	Real Increase
1993	2.4% (est)	-1.2% (est)
1992	5.1 (est)	1.5 (est)
1991	4.5	-0.1
1990	6.4	1.7
1989	8.7	3.5
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
1979-1993 AVERAGE	**7.3%**	**1.5%**
1980-1990 AVERAGE	**8.0%**	**1.9%**

NOTE: The state and local government implicit price deflator was used for state expenditures in determining real changes.

SOURCE: National Association of State Budget Officers

The states forced to reduce their enacted budgets represent all regions of the country, as shown in Figure 2. The largest percentage reductions occurred in Florida, Georgia, Iowa, Maryland, Missouri, Montana, Nevada, and South Carolina, which all had budget cuts exceeding 5 percent of fiscal 1992 general fund expenditures. Although most states are just completing the first quarter of fiscal 1993, some are reacting quickly to the weak economy by reducing 1993 enacted budgets. Georgia and Maryland have announced cuts, and California has warned that its long-awaited fiscal 1993 budget could become unbalanced.

As illustrated in Appendix Table A-5, strategies states used to balance their fiscal 1992 budgets included eliminating programs and restructuring government functions. Program elimination was one of the most frequently used approaches. Although many states have imposed spending freezes,

Table 2

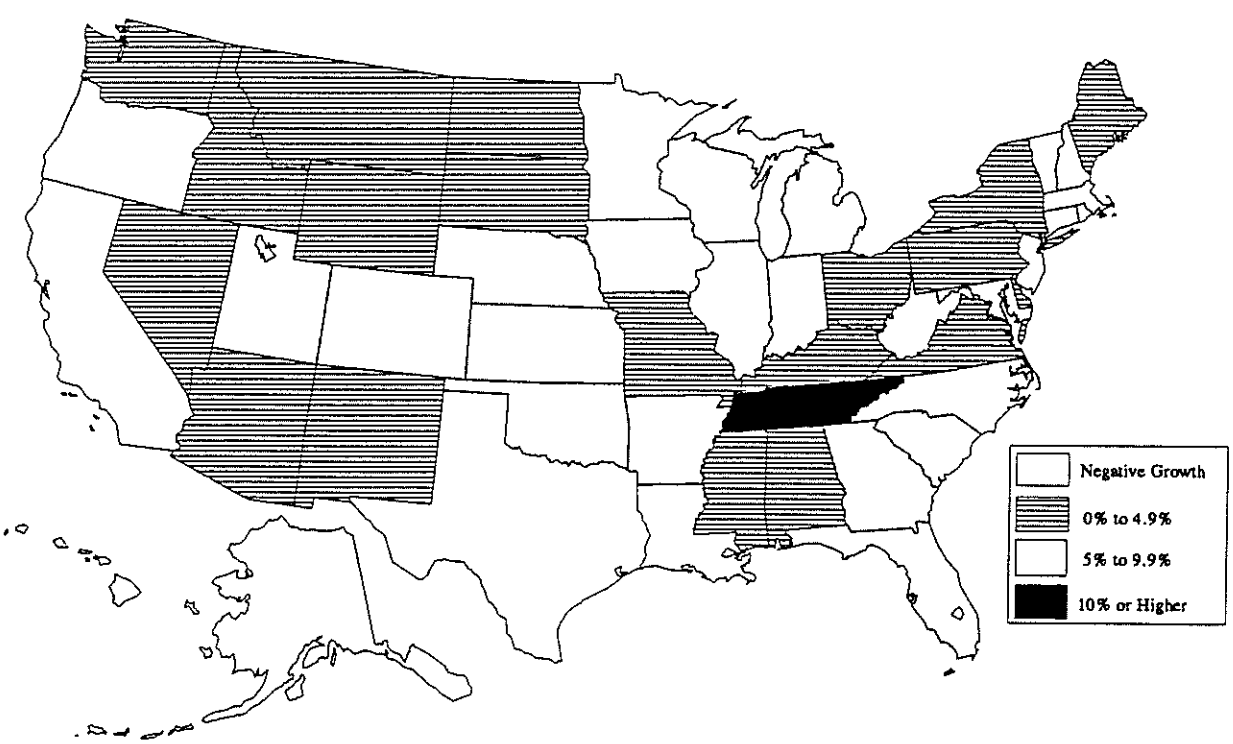
Annual State General Fund Expenditure Increases, Fiscal 1992 and Fiscal 1993

	Number of States	
Spending Growth	Fiscal 1992 (Preliminary Actual)	Fiscal 1993 (Enacted)
Negative Growth	10	9
0.0% to 4.9%	21	19
5.0% to 9.9%	11	21
10% or Higher	8	1
Average Growth Rate	**5.1%**	**2.4%**

SOURCE: National Association of State Budget Officers.

Figure 1

Nominal Expenditure Growth in Fiscal 1993 State Budgets



SOURCE: National Association of State Budget Officers.

Table 3

Budget Cuts Made After the Fiscal 1992 Budget Passed

State	Size of Cut (millions)	Programs or Expenditures Exempted from Cuts
Alabama	$153.0	Debt service.
Arizona	23.3	No exemptions.
Arkansas	21.0	No exemptions.
Colorado	36.0	No exemptions.
Connecticut	12.0	Reductions were made on a selective basis.
Delaware	11.0	Judicial, higher education, public education, debt service.
Florida	557.9	No exemptions.
Georgia	540.0	No exemptions.
Hawaii	22.0	K-12 education, community hospitals, unemployment insurance, workers' compensation.
Idaho	2.0	Public schools.
Illinois	257.0	N/A
Indiana	99.2	Targeted reductions; education, and property tax relief exempted.
Iowa	176.7	Legislature, courts, medical assistance, AFDC, foster care.
Kansas	24.7	Debt service, state assumption of school employer contributions.
Kentucky	155.0	Education, Medicaid, public health, mental health/mental retardation.
Louisiana	116.5	Nondiscretionary programs.
Maine	28.4	Debt service.
Maryland	379.6	Legislative and judicial branches, public debt, K-12 education.
Michigan	149.2	Education, welfare programs.
Minnesota	23.0	K-12 education, corrections, courts.
Mississippi	75.8	Judiciary, economic development, law enforcement, and education did not have full cut.
Missouri	221.0	Debt service, legislative and judicial branches, AFDC.
Montana	30.3	K-12 education.
Nevada	52.0	Excludes nongeneral fund agencies.
New Mexico	5.5	Human services programs (Medicaid, AFDC), public defender, other selected agencies.
New York	407.0	Most reductions were in executive agency operations.
Ohio	184.3	AFDC, Medicaid, student aid for higher education, debt service, property tax rollbacks.
Pennsylvania	258.1	Program-by-program determination.
Rhode Island	17.0	No exemptions.
South Carolina	194.2	Judicial, law enforcement, elementary/secondary education.
Tennessee	80.0	K-12 education, higher education, AFDC grants.
Vermont	6.4	Targeted reductions.
Virginia	57.1	Aid to individuals (AFDC, foster care, general relief), public safety, debt service.
Washington	48.0	K-12 education, pensions, debt service.
West Virginia	33.6	Debt service.
TOTAL	$4,457.8	

SOURCE: National Association of State Budget Officers.

hiring freezes, and program payment delays, these methods alone do not yield sufficient savings to balance large budget shortfalls or to close recurring budget gaps. Changes such as Iowa's realignment of school aid reflect states' efforts to make reductions that decrease the rate of growth in state spending. As states increasingly have been forced to make mid-year corrections, many are seeking solutions to permanently reduce state obligations. Delays or one-time adjustments during times of slow economic growth do not address the budget imbalance over the long run.

State Spending in Fiscal 1993

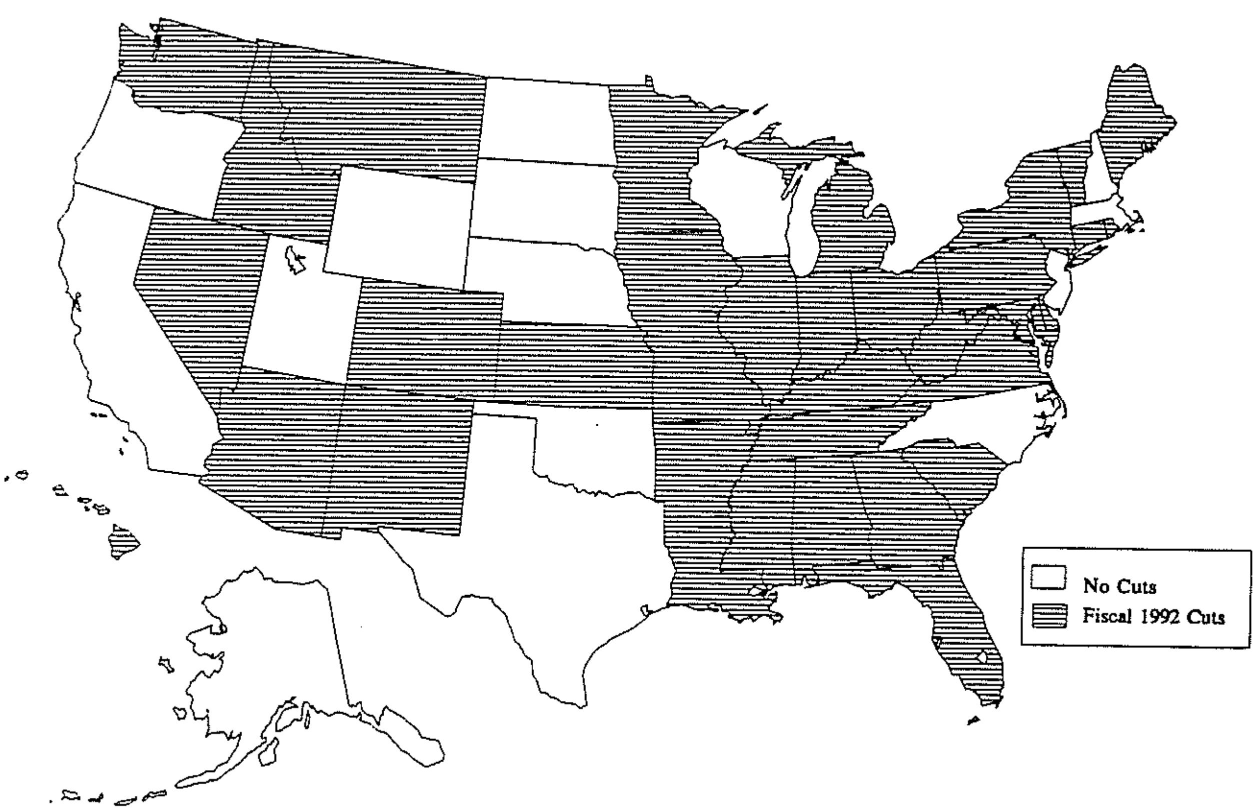
While not inclusive of all state spending, the key areas discussed in this section—AFDC, Medicaid, employee compensation and benefits, and aid to local governments—provide information on trends and indicate how states are responding to the sluggish economy.

Aid to Families with Dependent Children. In their enacted budgets for fiscal 1993, thirty-six states maintained the same benefit levels in AFDC that were in effect in fiscal 1992. Table 4 shows the fourteen states that enacted changes to benefit levels. Of the fourteen states, eleven increased benefit levels, while three decreased levels. Alabama's and Texas' increases of 10.4 percent and 8.8 percent, respectively, are notable during these times of tight budgets. Although most states are not changing benefit levels, they are continuing their welfare reform initiatives. California, Maryland, Michigan, New Jersey, Oregon, and Wisconsin recently were granted federal waivers to change aspects of their AFDC programs. These initiatives often seek to strengthen education and training requirements and to change the behavior of recipients by linking benefits to school attendance.

As shown in Appendix Table A-6, four states enacted AFDC changes to restrict eligibility. The

Figure 2

Budget Cuts Made by States, Fiscal 1992



SOURCE: National Association of State Budget Officers.

number of enacted changes is fewer than the nine proposed changes in eligibility. In addition to changing AFDC programs, states also have changed general assistance programs. Eleven states reduced or eliminated general assistance programs in fiscal 1992.

Medicaid. Seventeen states enacted Medicaid reductions for fiscal 1993 budgets. Medicaid, the most rapidly growing state program, accounted for about 14 percent of all state spending in fiscal 1991 and is projected to account for 28 percent of state spending by fiscal 1995. In fiscal 1992 forty-two states reported using some type of cost containment measure to curb Medicaid costs. Managed care or health maintenance organizations (HMOs) were the most frequently used strategies. States also have enacted provider-based taxes, such as a state tax on a percentage of a hospital's gross receipts, to generate additional resources for health care. By the end of fiscal 1992, at least thirty-three states had some type of provider assessment.

State Employment. As shown in Appendix Table A-8, the number of full-time positions supported by states' general funds are projected to decline by about 1.2 percent from fiscal 1991 to fiscal 1993. From 1992 to 1993, state general funded positions are projected to increase by about 0.1 percent. Twenty-one states report that positions will decline between 1991 and 1993, while eighteen states project that authorized positions will decline from 1992 to 1993. New Jersey, Michigan, and Massachusetts have the most significant declines of 7.4 percent, 5.1 percent, and 4.2 percent, respectively, from 1992 to 1993. The reduction of New Jersey's sales tax from 7 to 6 percent, coupled with weak revenue growth, resulted in the precipitous drop in employment levels.

The state hiring that is occurring tends to be for prison guards and health care workers. Many states indicate plans to reduce mid-management positions, particularly Iowa and New Jersey. While state layoffs have not been numerous as a percent of payrolls, states have relied on early retirement and attrition to reduce state workforces. A number of states, including Maine, continue to use furloughs to reduce personnel costs. Furloughs do not affect the number of authorized positions but do affect payroll costs.

Employee Compensation. State employees have shared in states' financial woes. As shown in Appendix Table A-7, about one-third of the states give employees no pay raise for fiscal 1993. Among the states granting pay raises, the increase averaged 3.7 percent. The pay increases are about

Table 4

Enacted Cost-of-Living Changes for Aid to Families with Dependent Children, Fiscal 1993

State	Enacted Change
Alabama	10.4%*
Alaska	3.0
Arizona	4.7
California	-4.5*
Hawaii	3.7
Kansas	2.0
Maryland	-4.8*
New Jersey	*
North Dakota	5.0
Ohio	2.0*
Oklahoma	1.0
South Dakota	*
Texas	8.8
Vermont	-1.0

NOTES:

Alabama's increase is at least 10.4 percent and may reach 16 percent if additional federal funds are received.

California's benefit level would decrease another 1.3 percent, conditional on federal approval.

Maryland's decrease reflects the latest action by the Governor and the Board of Public Works to rescind a previously granted increase of 6.4 percent that would have gone into effect January 1, 1993.

New Jersey's change affects the AFDC-N segment by increasing the benefit from two-thirds to 100 percent of the AFDC-C and AFDC-F segments.

Ohio's increase is effective January 1, 1993.

South Dakota's increase is an average of 5 percent for working families on AFDC.

SOURCE: National Association of State Budget Officers.

evenly divided among across-the-board increases, merit increases, and adjustments along a pay scale. Several states, such as Connecticut, Maine, and Vermont, are delaying pay increases for employees, while California employees are having their pay reduced.

Employee Benefits. In eighteen states employees will have to shoulder additional costs for benefits, in fourteen states for health insurance, and in four states for pensions costs, as shown in Appendix Table A-6. In Idaho the increase reflects enhanced benefits for employees in both pensions and health insurance. In other states the changes include increases for health care premiums, deductibles, and pension contributions. Skyrocketing health care costs are exerting tremendous pressure on states as both purchasers and providers of health care. Some states, such as Virginia, have adopted managed care programs for state employees to limit health care costs for the state.

Aid to Local Governments. Twenty-three states enacted changes in aid to local governments, as shown in Table 5. Eight states reduced funding to localities. Kansas fundamentally changed the financing for public schools by reducing property taxes and replacing the revenues with sales taxes. Other changes include Tennessee's enactment of a half-cent sales tax dedicated to education and Iowa's changes in school funding. Georgia enacted a bond bank to help localities borrow at reduced interest rates, while Florida and New York give localities some flexibility to raise revenues. Some states, including Iowa and Ohio, change the statutory spending escalators, such as in school spending, in an attempt to align spending commitments with revenue growth to avoid the continued imbalance in revenues and spending.

Table 5

Enacted Changes in Aid to Local Governments, Fiscal 1993

Alaska	Funding for municipal assistance programs was reduced by 8 percent.
California	A shift of $1.3 billion in local property tax revenues from cities, counties, special districts, and redevelopment agencies to K-12 schools and community colleges was enacted. Counties were provided significant flexibility to limit expenditures in various health and welfare programs in recognition of reduced revenues. Included were reduced amounts that counties must provide for general assistance programs.
Florida	Changes were made to provide counties with a population of 50,000 or less with financial flexibility enhancements, such as a sales surtax and a one-cent gas tax by vote of county commission.
Georgia	A bond bank was created to allow local governments to borrow money at lower interest rates.
Illinois	$40 million portion of income surtax was shifted from local to state government. The Governor's veto of tax increment financing is still subject to veto override.
Iowa	Most aid to counties and cities was frozen at the fiscal 1992 level. School aid projected growth was reduced.
Kansas	A restructuring of school finance was accomplished by enacting replacement revenues to offset the reduction in property taxes for local school districts. Replacement revenues include an increased sales tax rate and expansion of the base.
Kentucky	The percentage of coal severance tax returned to coal-producing counties was increased from 12 percent to 18 percent.
Maine	General purpose aid to local schools was reduced with the burden shared relative to the amount of funds received.
Massachusetts	Direct local aid to cities and towns was increased by a total of $181.8 million. Changes include an expansion of $184.8 million earmarked for education, a $23 million increase in lottery proceeds, a new appropriation in lieu of taxes on state-owned land, and a $35.7 million decrease in gas tax proceeds.

Table 5 (continued)

Enacted Changes in Aid to Local Governments, Fiscal 1993

Maryland	Took back the local share of several small revenue sources ($60.7 million) and authorized counties to increase piggyback income tax percentage from maximum of 50 percent of state tax liability to 60 percent. Legislation reduced state aid for K-12 pupil transportation by $55 million from $143 to $88 million, or 38 percent.
Minnesota	In lieu of local government aid cuts, the sales tax exemption for cities, counties, townships, and other local governments was removed. There were no significant changes to state and local programs.
Mississippi	The state changed the percentage of sales tax collections returned to municipalities from 21 percent to 18 percent effective August 15, 1992, and to 18.5 percent effective August 15, 1993.
Missouri	Changes in aid to local government programs include the local use tax and domestic violence court fees.
Nebraska	State aid to county governments was reduced by $3.5 million to offset increased property tax revenues.
New York	Several local governments facing fiscal difficulties were given authority to raise their own sales and mortgage taxes. Other changes included a modest increase in school aid, more timely reimbursements to counties for costs of child protective services, and the federal government's assumption of a 50 percent share for some additional services now deemed Medicaid-reimbursable (under the Federal Disproportional Share Act).
Ohio	Changes were made in fiscal 1992 for the 1992-93 biennium. Calendar year 1992 local distributions are capped at 1991 levels; natural growth is allowed in first six months of calendar year 1993.
Rhode Island	The state assumed administrative responsibility for general public assistance in fiscal 1993. Certain distressed communities will benefit by a portion of earnings from video gambling authorized in fiscal 1993. Beginning in fiscal 1994, general aid to local governments will be increased due to the sharing of 1 percent of all general taxes to be distributed on the basis of population and wealth characteristics.
South Dakota	A property tax credit program was created, dedicating 26.75 percent of the state's share of video lottery revenue.
Tennessee	A "basic education program" for K-12, funded by the 0.5 percent sales tax increase, was enacted.
Virginia	Spending in aid to localities is projected to increase 4.5 percent in the 1992-94 biennium over 1990-92 levels. Three-quarters of the increase is for direct aid to public education and most of that increase is to restore reductions made to the fiscal 1992 allocation.
West Virginia	A fire and casualty insurance surcharge is 1 percent of premiums, with 50 percent of revenue to benefit volunteer fire departments and the other 50 percent to be deposited in the teacher retirement system.
Wisconsin	The small municipalities shared revenue program was created, though no funding was provided for the program.

STATE REVENUE DEVELOPMENTS

CHAPTER THREE

Overview

New taxes and fees total $3 billion for fiscal 1993, as shown in Table 6. This amount of new revenues represents less than 1 percent of state general fund budgets and is modest compared with the previous two years. States raised taxes by record amounts in the past two fiscal years. After a combined total of $25 billion in new revenues for fiscal 1991 and fiscal 1992, fiscal 1993 budgets include fewer taxes and fees.

Table 7 presents tax and fee increases by type of revenue for fiscal 1993. The dominant revenue categories for changes are in "other taxes and fees," which include fees and taxes that states are using to balance budgets and to charge those using state services. Higher education tuition or fees are excluded from the totals, though many states are relying on increased fees and even limits on enrollment to balance budgets. Revenue changes in sales taxes and personal income taxes for fiscal 1993 often involve changes in exemptions or the elimination of vendor discounts. While fee increases are numerous, the amounts that can be raised often are modest. Unless states plan to constantly raise fees, these sources may provide only limited relief for state budgets.

Table 6

Enacted State Revenue Increases, Fiscal 1979 to Fiscal 1993

Fiscal Year	Revenue Increase ($ in billions)
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, 1989, 1990, 1991, 1992, and 1993 data provided by the National Association of State Budget Officers.

Revenue Collections for Fiscal 1992

Using the latest state revenue collections for fiscal 1992, thirty-one states report that revenues for fiscal 1992 were below the estimates used when their 1992 budgets passed. Appendix Table A-9 shows this underperformance in the major revenue categories — sales tax, personal income tax, and corporate income tax. Together these sources account for about 80 percent of states' general fund revenues. State tax collections were about 3.6 percent below the original estimates used for fiscal 1992 budgets. Not surprisingly, most states were forced to reduce their enacted budgets to make up for the revenue shortfall. Unless other revenues offset these decreases, states are forced to reduce their enacted budgets or to use reserve funds to balance their budgets. States that reduced 1992 enacted budgets are listed in Table 3.

Revenue Collections Projected for Fiscal 1993

States' fiscal 1993 budgets assume an increase of 4.9 percent over fiscal 1992 tax collections. Projected 1993 tax collections show about a 5.0 percent increase for the sales tax, a 5.0 percent increase for the personal income tax, and a 4.4 percent increase for the corporate income tax (see Appendix Table A-10). However, these increases bring states only to 1.1 percent above the original levels used when enacting fiscal 1992 budgets. This means that double-digit growth in Medicaid expenditures and growth in spending for education, as well as increases in the prices states pay to purchase materials and supplies, must be offset by decreases in spending for other programs or the use of reserve funds. As shown in the following chapter, the use of reserves is not an option for many states in fiscal 1993.

Revenue Changes for Fiscal 1993

Table 7 shows that twenty-nine states enacted revenue increases and seven states enacted revenue decreases for fiscal 1993. The total change of $3 billion is one-fifth of the $15 billion that was raised in fiscal 1992. Many of the changes are specifically tied to expenditures, such as the increase in sales tax for education in Tennessee and the shift from property tax revenues to sales and income taxes in Kansas. Fiscal 1993 revenue changes are described in Appendix Table A-11.

Sales Taxes. Nineteen states enacted sales tax changes for fiscal 1993. Iowa, Kansas, Mississippi, and Tennessee enacted rate increases, while New Jersey decreased its rate. Georgia, South Carolina, and Tennessee reduced vendor discounts. Other states, such as Florida, Georgia, Maryland, Minnesota, Ohio, and Virginia, expanded the coverage of their sales tax to include items such as nondealer vehicle sales in Georgia, selected services in Maryland, and liquor sales in state stores in Virginia. Although arguments can be made for including more services in the sales tax, states gradually sought to broaden their sales tax base this year.

Personal Income Taxes. Sixteen states changed the personal income tax. The largest change was in Pennsylvania, where the rate decreased. The largest increase occurred in Kansas, where the revenue increase was tied to a specific policy—a reduction in the property tax. Currently nine states do not have broad-based personal income taxes (Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming). Arizona and Iowa also decreased personal income taxes. Other changes include an additional tax bracket in Maryland, an upper bracket adjustment in Rhode Island, and a change to conform to federal estimated payment rules in Minnesota, Montana, and New York.

Corporate Income Taxes. Thirteen states enacted changes in corporate income taxes. Florida, Michigan, Missouri, and North Carolina reduced corporate income taxes. Florida enacted enterprise zone incentives, Michigan added small business credits, North Carolina earmarked revenue to local governments, and Missouri allowed a temporary corporate income tax increase to expire. Kansas enacted a corporate income tax reduction for small businesses and a corporate income tax increase for large businesses.

Cigarette and Tobacco Taxes. Seven states changed tobacco taxes. Maryland's increase accounts for more than half the national total. Rate increases for cigarettes range from one cent to twenty cents per pack.

Motor Fuels Taxes. Seven states changed gasoline taxes. In Missouri the Governor has signed legislation to increase the tax by two cents in 1992 and an additional two cents in both 1994 and 1996. Increases range from a half cent in South Carolina to five cents in Alabama and Maryland.

Alcohol Taxes. Two states changed alcohol taxes. This category accounts for a net revenue reduction. After both state and federal increases the past several years, states have reached the limit in the revenue capacity of this tax.

Other Taxes and Fees. This category, which includes fees and taxes that states use to balance budgets and to charge those using state services, accounts for the largest amount of new revenues for fiscal 1993. Twenty-six states made changes in this category, totaling $1.3 billion in new revenues or about half of all enacted new revenues for fiscal 1993. The most significant increase occurred in Tennessee, with the enactment of a professionals privilege tax, a services tax, and a nursing home bed tax. Other increases include Minnesota's health care surcharge and hospital tax. Many of the taxes in this category are related to health care.

Table 7

Enacted Fiscal 1993 Revenue Increases by Type of Revenue and Net Increase or Decrease*
($ in millions)

State	Sales	Personal Income	Corporate Income	Cigarette/ Tobacco	Motor Fuels	Alcohol	Other Taxes	Fees	Total
Alabama					104.9				104.9
Alaska								13.7	13.7
Arizona		-4.2							-4.2
Arkansas									0.0
California	9.0	96.0	330.0			-21.0		193.0	607.0
Colorado		50.0							50.0
Connecticut	-7.8							20.5	12.7
Delaware								0.5	0.5
Florida	167.3		-0.7	-1.5			134.7	54.9	354.7
Georgia	94.0							142.1	236.1
Hawaii									0.0
Idaho									0.0
Illinois		43.0	5.0						48.0
Indiana									0.0
Iowa	220.6	-12.5					17.0		225.1
Kansas	221.6	111.9	7.0				13.6		354.1
Kentucky		5.0					18.0		23.0
Louisiana							-6.0	167.0	161.0
Maine	8.5	2.0							10.5
Maryland	110.1	69.7	3.2	89.0	125.0		26.3	12.3	435.6
Massachusetts							-2.2	30.0	27.8
Michigan			-15.0				-5.0		-20.0
Minnesota	66.3	16.3	1.9	16.9			66.5	21.0	188.9
Mississippi	166.0								166.0
Missouri			-30.0		64.6				34.6
Montana		94.2	1.3	0.8	6.0	0.8	14.0		117.1
Nebraska									0.0
Nevada									0.0
New Hampshire									0.0
New Jersey	-608.0							48.0	-560.0
New Mexico									0.0
New York	69.0	45.0	32.0				25.0	77.0	248.0
North Carolina			-237.8					11.0	-226.8
North Dakota									0.0
Ohio	72.0	53.1	64.3	11.1	39.6		55.9	17.4	313.4
Oklahoma				1.4			-2.6		-1.2
Oregon									0.0
Pennsylvania		-450.0							-450.0
Rhode Island	-4.3	16.8	7.2		-8.7		51.7	-2.1	60.6
South Carolina	4.4	10.8			11.5		5.0	67.4	99.1
South Dakota									0.0
Tennessee	250.0						208.0		458.0
Texas									0.0
Utah	11.6								11.6
Vermont									0.0
Virginia	11.5							6.0	17.5
Washington							30.2	-208.0	-177.8
West Virginia							7.9		7.9
Wisconsin	3.1			29.8					32.9
Wyoming									0.0
Total	$864.9	$147.1	$168.4	$147.5	$342.9	($20.2)	$658.0	$671.7	$2,980.3

NOTE: See Appendix Table A-11 for details on specific revenue changes.
SOURCE: National Association of State Budget Officers.

More changes occurred in fees that states charge than were made in any other category. In some cases there is a thin line between a tax and fee. Examples of fee increases include drivers' licenses, tags and titles, hazardous waste and inspection fees, court fees, and a radioactive waste burial fee. Growth in fees is occurring in environmental areas as states are attempting to assign the costs of pollution. While states have been creative and diligent in minding the balance sheet for additional and increased fees, there is a limit to the user fee approach to state government. For example, education is the largest item in state spending, but direct user fees are not as readily available to fund this service.

YEAR-END BALANCES

CHAPTER FOUR

Year-end balances refer to the funds states have in reserve that are available for unforeseen circumstances. Fiscal 1992 and fiscal 1993 balances are precipitously low at 0.3 percent and 1.4 percent of expenditures, respectively. This is roughly equivalent to a family with a $50,000 annual income with $700 in the bank — hardly enough for many emergencies. Balances in fiscal 1992 are especially low due to California's 11.2 percent negative balance (see Figure 3). Excluding California, balances would be 2.2 percent in fiscal 1992. Appendix Tables A-1 through A-3 display the beginning and ending balances for states in fiscal 1991 through fiscal 1993. As shown in these tables, total balances may appear in the ending balance column as well as in the budget stabilization or reserve fund column.

Total balances and balances as a percent of expenditures are shown in Appendix Table A-12. Balances have dipped dramatically. Most states in the New England and Mid-Atlantic regions are estimating improved reserves from fiscal 1991 to fiscal 1993. This scenario probably reflects better estimating in a stagnant economy than it suggests an improved fiscal condition. Missouri deposited $17 million into its Budget Stabilization Fund in fiscal 1992.

As shown in Table 8, balances for fiscal 1993 are estimated at $4.4 billion, or 1.4 percent of expenditures. The balances in 1991 through 1993 are the lowest as a percent of expenditures in the last fifteen years (see Figure 4). Even at the depth of the 1982-83 recession, balances exceeded the amounts states are projecting for fiscal 1992 and fiscal 1993. Eighteen states in 1992 and twenty-one states in 1993 project balances at less than 1 percent of expenditures, as shown in Table 9. About two-thirds of the states estimate balances as a percent of expenditures to be 2.9 percent or less in both fiscal 1992 and fiscal 1993.

Table 8

Total Year-End Balances, Fiscal 1979 to Fiscal 1993

Fiscal Year	Total Balance ($ in billions)	Total Balance (% of expenditures)
1993	$4.4 (est)	1.4% (est)
1992	0.8 (est)	0.3 (est)
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

SOURCE: National Association of State Budget Officers.

Some states have more authority to retain appropriations by holding a set percentage in escrow. For these states, such as Arkansas, Indiana, and Missouri, the level of reserves may not be as significant. Factors affecting balances include the degree of uncertainty over revenues or spending or the controls in place to reduce appropriations. Nevertheless, balances in the 1 percent range are precarious in these difficult economic times.

Table 9

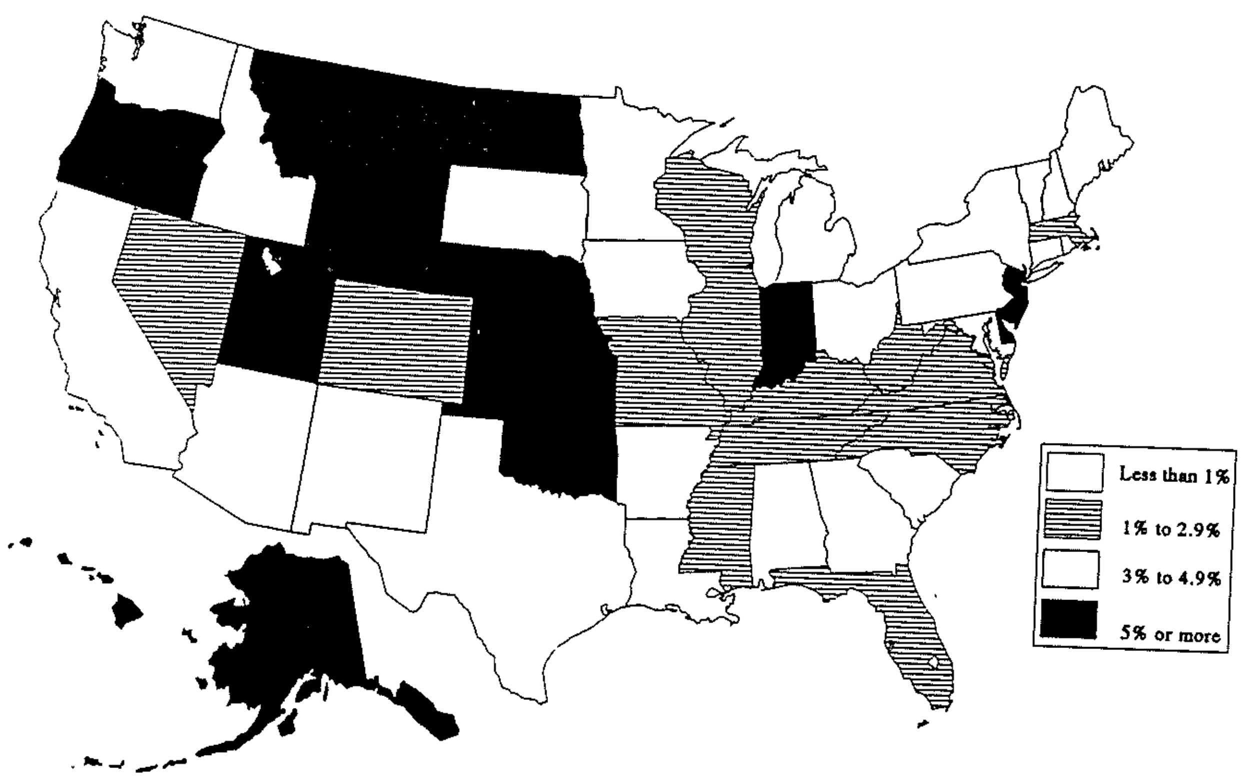
Total Year-End Balances as a Percent of Expenditures, Fiscal 1991 to Fiscal 1993

	Number of States		
Percentage	Fiscal 1991 (Actual)	Fiscal 1992 (Preliminary Actual)	Fiscal 1993 (Appropriated)
Less than 1.0%	21	18	21
1.0% to 2.9%	7	13	12
3.0% to 4.9%	5	6	10
5% or More	17	13	7
Average Percent	**1.1%**	**0.3%**	**1.4%**

SOURCE: National Association of State Budget Officers.

Figure 3

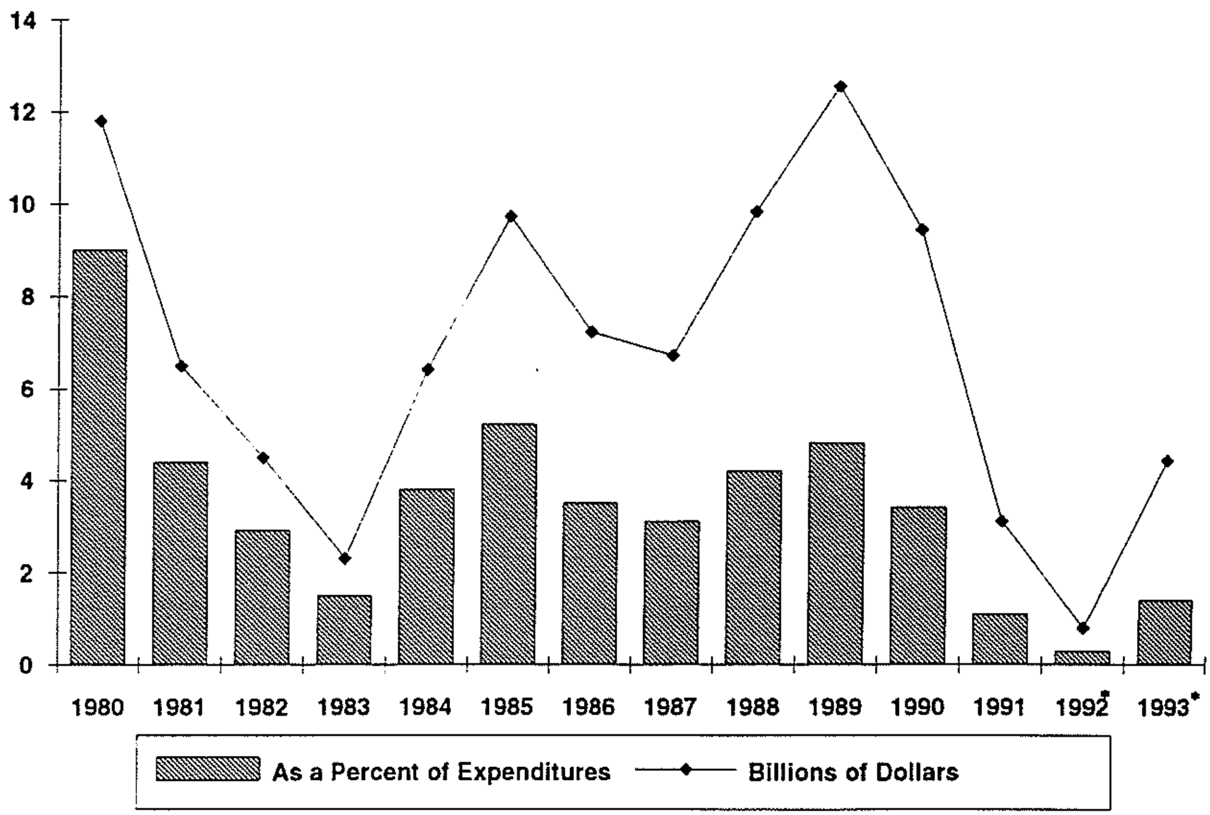
Total Year-end Balances as a Percent of Expenditures, Fiscal 1992



SOURCE: National Association of State Budget Officers.

Figure 4

Total Year-End Balances, Fiscal 1980 to Fiscal 1993



NOTE: *Data for these years are estimated.

SOURCE: National Association of State Budget Officers.

REGIONAL FISCAL OUTLOOK

CHAPTER FIVE

Overview

Almost all states have felt the effects of the recession, though not equally. The East Coast states and California continue to have the worst economic outlook, while the Rocky Mountain and Plains regions have the most favorable economic outlook. Of the ten largest states with nonfarm employment, only Texas showed a job gain from June 1990 to June 1992. During this same period, job losses were 7.1 percent in New Jersey, 6.3 percent in New York, and 4.7 percent in California.

Per capita personal income data for 1991 illustrate some of the regional differences from the recession. The wealthiest states on the East Coast had the lowest per capita income growth, while the poorest states in the South had the highest growth. The East Coast states also experienced the most sluggish population growth (see Table 10). The Rocky Mountain region experienced the greatest influx, with 2.2 percent annual growth. The remaining regions are below 2 percent or, in the case of New England, are losing population.

Table 10

Regional Budget and Economic Indicators

Region	Weighted Unemployment Rate [a]	Per Capita Annual Percentage Change in Personal Income [b]	Annual Percentage Change in Population [c]	Fiscal 1992 Total Balances as a Percent of Expenditures	Appropriated 1993 General Fund Budget Growth (%)	Number of States in Region
New England	8.1%	2.2%	-0.2%	1.7%	5.4%	6
Mideast	8.4	2.2	0.5	1.4	2.2	5
Great Lakes	7.0	2.1	0.8	1.9	4.6	5
Plains	5.4	2.9	0.7	4.1	4.0	7
Southeast	7.6	3.0	1.3	1.2	6.4	12
Southwest	7.9	3.6	1.7	1.5	-0.8	4
Rocky Mountain	6.3	3.6	2.2	4.6	4.7	5
Far West	8.8	1.6	1.7	-5.9	-3.4	6
Average	**7.8%**	**2.4%**	**1.1%**	**0.3%**	**2.4%**	**50**

SOURCES:

a. U.S. Department of Labor, Bureau of Labor Statistics, *State and Metropolitan Area Employment and Unemployment in 1991*, June 1992, USDL 92-529.

b. U.S. Department of Commerce, Bureau of Economic Analysis, 1991.

c. U.S. Department of Commerce, Bureau of the Census, 1991.

New England

This region has been in an economic slump for four years, with the timing of a recovery still uncertain. Growth over the next year is projected to be extremely modest. The duration of the economic decline has allowed for some adjustment in the region's economy. With its new personal income tax, Connecticut is in a more stable budget situation than it was a year ago, though along with Rhode Island, the state is bearing a disproportionate share of defense cutbacks. Rhode Island and Massachusetts had the highest unemployment rates in the region at 9.7 percent and 8.8 percent, respectively. Job loss continues, ranging from 3.4 percent in Connecticut to 0.7 percent in Maine from June 1991 to June 1992. Although New England states benefit from a mix of education, medical research, and financial management industries, they are still recovering from an overbuilt real estate sector and the decline of the service sector. As shown in Table 10, relative to other regions, New England's unemployment rates are among the highest, while population growth is the lowest.

Mideast

Next to New England the Mid-Atlantic states are the most affected region from the recession. Job losses as a percent of payrolls are the largest of all regions. From June 1990 to June 1992, these states lost 5.5 percent of their payrolls. This region also is particularly affected by the decline in the service sector that has occurred in this recession. During the mid-to-late 1980s, the Mid-Atlantic states benefited from the growth of the service sector, but now they are suffering the brunt of the decline in the overbuilt commercial real estate sector and the downsizing of banking services. New Jersey and New York lead the region in job loss and unemployment rates. Delaware, New Jersey, and Pennsylvania all showed signs of improvement in residential construction, manufacturing, and retail sales in the first half of 1992.

Great Lakes

There are a few bright signs in this region, though economic growth is very modest. While Illinois, Michigan, and Ohio had slight job losses from June 1991 to June 1992, Indiana and Wisconsin each showed job gains of 1.5 percent. Both Illinois and Michigan had unemployment rates above the national average in June 1992, while Indiana, Ohio, and Wisconsin had unemployment rates below the national average. These states did not enjoy the 1980s boom that affected the East Coast states and California more dramatically. States in this region also had restructured their manufacturing industries after being hit hard in the recession of the early 1980s. A growth in exports should help this region.

Plains

This region is outperforming the national economy. Except for Missouri, with a 0.1 percent decline, all states in this region had job gains in nonfarm employment from June 1991 to June 1992. Missouri's unemployment rate was 6.9 percent in June 1992, compared with the national rate of 7.8 percent. Unemployment rates in this region are well below the national average, with both Kansas and North Dakota experiencing the lowest rate of 3.5 percent as of June 1992. Manufacturing in this region is strong.

Southeast

With twelve states, the Southeast is the largest region. Growth is slow in this region, and the recovery still is uneven. Per capita personal income growth was above the national average, with the poorer states such as Louisiana and Mississippi experiencing the highest rate of growth. Florida and Virginia, the wealthiest states in the region, were the only states in the Southeast with 1991 per capita personal income below the national average. Arkansas and Kentucky fared the best of all states in the region during the recession. Housing, manufacturing, health services, and retail sales all have shown positive signs. While devastating to individuals and families, Hurricane Andrew nonetheless should cause a spurt in construction over the next few years in Florida and Louisiana. Florida also has been disproportionately affected by the lowered interest rates due to the large number of retirees relying on interest income. Regional unemployment rates in June 1992 were slightly below the nation at 7.6 percent, though they range from a high of 11.4 percent in West Virginia to a low of 6.2 percent in Kentucky.

Southwest

States in this region had above average per capita personal income growth in 1991. They had adjusted to the declines in real estate and financial services before the national recession. Although growth is slow, it still exists. Weaknesses in the Southwest include defense-related cutbacks and the decline in the oil and gas industries, while its strengths include anticipated impacts from the proposed North American Free Trade Agreement. Unemployment rates in the region are all below the national average of 7.8 percent in June 1992, except in Texas, where the jobless rate stands at 8.2 percent.

Rocky Mountain

This region is the strongest economically, with per capita personal income growth above the national average and unemployment rates below the national average. From June 1991 to June 1992, Utah and Idaho had the second and third highest job growth in the nation, respectively. The Rocky Mountain states also did not experience the growth of the East Coast states in the 1980s. Regional strengths include residential construction, high technology, in-migration from California, and health care.

Far West

California dominates the Far West, accounting for more than two-thirds of this region's population. Job loss in the state was 1.8 percent from June 1991 to June 1992. And at 9.5 percent in June 1992, California's unemployment rate was the fourth highest in the nation. Other states in the region are faring better than California; except for Alaska, all have below-average unemployment rates. Job gains occurred in all states except California from June 1991 to June 1992, ranging from a low of 0.5 percent in Hawaii to a high of 1.6 percent in Nevada. Per capita personal income growth in 1991 was above the national average in Hawaii, Oregon, and Washington, while it was below the national average in Alaska, California, and Nevada. The slump in the oil industry is affecting Alaska, while the decline in timber and defense is hurting the economies of Oregon and Washington, respectively.

STRATEGIC DIRECTIONS OF STATES

CHAPTER SIX

New policy directions in the states fall into two main areas — statewide management changes and health care reform. The slow growth of the economy and the extent of mid-year budget changes have led a number of states to re-examine major state operations. Often these reviews are taking the form of a Governor's commission on economy or efficiency or restructuring commissions. The escalating costs of health care and the burgeoning number of people who lack health coverage have made health care reform a top priority of Governors. States are aggressively moving to reform their health care financing and delivery systems to improve access and control costs.

Statewide Management Changes

The slow economic growth and continuing budget demands have led many states to evaluate the types of services they deliver, the methods of service delivery, workforce policies, and budgetary methods and authority. The public's demand for improved government services and its resistance to further tax increases have put enormous pressure on government to do more with less and have given rise to citizen ballot initiatives.

In response to these demands and pressures, many states are making fundamental changes in the way state government is organized and managed and in the way services are delivered — raising quality, increasing efficiency, and reducing costs.

In the survey, states were asked whether a "strategic direction" had been agreed to during the 1992 legislative session with respect to government operations. Legislatures did not meet in a number of states with biennial budgets. Nevertheless, a majority of states reported that a new direction was an outcome of their recent legislative session.

Eliminating government functions is a strategy some states are using to limit government obligations in times of tight budgets. Examples include:

- eliminating the Commission on Women, Committee on Aging, and Division ofCommunity Services in Maine;
- eliminating minor boards and commissions in New York; and
- returning state mine and meat inspections to the federal government and closing state facilities in Virginia.

Restructuring government functions is an approach to address overlapping jurisdictions, management inefficiencies, and costly administrative overhead. Other restructuring focuses on changes in service delivery. Examples include:

- restructuring/downsizing administrative functions in several agencies in Delaware;
- merging the Department of Administration and the Department of Finance in Maine;
- restructuring education payments to local schools in Michigan and children's services in Missouri;
- privatizing selected government services in New Jersey and reviewing privatization opportunities in Michigan;
- encouraging contracting out for services in Missouri;
- restructuring general assistance programs, teachers' pensions, and municipal aid in Connecticut; and
- restructuring Medicaid and the Six-Year Capital Outlay Plan in Virginia.

States are highly dependent upon their workforces to deliver state services. Personnel costs are also a major part of state budgets. State reviews of workforce policies are looking at management levels, civil service provisions, automatic pay raises, and merit-based systems. Examples include:

- reducing workforce levels in Connecticut;
- eliminating automatic within-pay grade increases in Georgia; and

- downsizing the state workforce and reducing middle management in Iowa and New Jersey.

States also are changing budget processes or authority. Examples include:

- producing a bimonthly report on revenues and expenditures for the Joint Fiscal Committee in Vermont;
- initiating a strategic budget and planning process in Nebraska;
- implementing the Joint Legislative Audit and Review Commission's review of the revenue estimating process and budget process in Virginia; and
- enacting legislation instituting reforms in the presentation of budgetary information to the public, the administration of the state's tax structure, and the planning process for capital maintenance projects in New York.

Health Care Reform

Health care continues to be a pivotal issue for states. Led by Medicaid, state expenditures for health services are consuming an increasingly larger proportion of state budgets. In many states the demand for health dollars is making it difficult to fund other priorities such as education and infrastructure, thus threatening economic recovery and investment for the future. The rising cost of health care has other implications. More and more people are facing the prospect of being uninsured or being unable to bear the cost of health insurance. Responding to this crisis, many states have embarked on comprehensive health care reform to reduce health care costs and improve access to care. While the initiatives vary among states, they share a number of features.

Access. The most comprehensive strategies seek to provide universal coverage. For example, Colorado, Florida, Kentucky, Minnesota, Oklahoma, Oregon, and Vermont are trying to ensure that all state residents have access to private or public health insurance. Other states are looking to provide coverage to certain segments of the population, primarily women and children, who comprise the greatest proportion of the uninsured. For example, Delaware, Montana, Pennsylvania, and Virginia are extending coverage to children in low-income families.

Strategies for improving coverage typically combine private health insurance — provided primarily through employers — and public programs and subsidies. Almost all the reforms use state authority to regulate insurance in order to correct inequities in the health insurance market that exclude people from coverage. States are adopting policies that limit restrictions on medical underwriting, require guaranteed acceptance and renewability of insurance, and restrict the use of pre-existing condition clauses in insurance policies. States also are extending Medicaid eligibility to greater numbers of low-income uninsured people. Minnesota, for example, has expanded Medicaid eligibility to children in families with incomes up to 275 percent of the federal poverty level.

Cost Containment. States are using cost containment strategies to control the rate of increase in health expenditures for both private and public purchasers. For example, Minnesota and Vermont are establishing global budgets and overall health expenditure targets. Virtually all states are adopting regulations to control the costs of health insurance by limiting rate increases, restricting the criteria that can be used by insurers in establishing premium prices, and developing community rating of insurance premiums.

Another cost containment strategy seeks to reduce the administrative expenses associated with health insurance. Colorado, Florida, Maine, Ohio, South Carolina, Vermont, and Washington are developing standardized claims forms for all insurers, and are establishing simplified billing procedures for providers.

States also are trying to control the rate of increase in Medicaid expenditures. Illinois, New Mexico, New York, and Ohio are among the states that are increasing the use of managed care for Medicaid beneficiaries.

Another area of state cost containment activity is purchasing boards. Under this strategy the state negotiates discounts with insurers and providers for populations for whom the state is responsible, including state employees, prison inmates, and residents of mental health facilities. States take advantage of their market share to get better prices and ensure that state programs are not competing with one another by paying different prices. Washington, for example, is developing a state purchasing strategy.

Finally, states are investing in long-term cost control and quality enhancement through strategies aimed at providers of care. For example, Florida and Minnesota are developing practice guidelines that will be used to reduce unnecessary care, protect providers from malpractice suits, and expand primary care. Another cost control strategy assesses the costs of the supply and diffusion of health care facilities and new technologies. Colorado and South Carolina have instituted or strengthened the certificate of need requirements for hospitals. Minnesota and South Carolina are studying alternative methods for determining the appropriate distribution of new technology.

Financing. States are using a variety of financing strategies to fund their reform initiatives, from targeting revenue sources to levying broad-based taxes. Delaware, Minnesota, Oregon, Pennsylvania, Vermont, and Virginia are expanding their Medicaid programs, which share costs between the state and the federal government. Other states, such as Florida and Oregon, are seeking broad Medicaid waiver authority to finance expanded coverage to the poor. Another financing strategy uses "sin" taxes and health care provider taxes to raise revenue dedicated to health reform. Colorado, Minnesota, Pennsylvania, and Washington have proposed or adopted increases in the state tax on cigarettes. Minnesota has enacted a tax on physicians and hospitals. Colorado and Washington are proposing a payroll tax to underwrite their broader based financing strategy.

Another financing strategy uses pools to subsidize the purchase of public and private health insurance. Pooling aggregates the contributions of employers, government, and individuals to purchase health care. Some states are looking to establish reinsurance pools that would limit the cost exposure of purchasers and spread the costs above a certain limit to all members of the pool. Oklahoma is considering establishing a system of health accounts to allow individuals and families to purchase health insurance, which also would include employer and government contributions. A portion of the funds would go into a pool used to subsidize health insurance for the poor.

APPENDIX

Table A-1
FISCAL 1991 STATE GENERAL FUND, ACTUAL
($ in millions)

Region/State	*Beginning Balance*	*Revenues*	*Resources*	*Expenditures*	*Ending Balance*	*Budget Stabilization Fund*
NEW ENGLAND						
Connecticut*	-157	5,818	5,661	6,626	-966	0
Maine	61	1,424	1,485	1,482	4	0
Massachusetts*	258	13,612	13,870	13,633	237	*
New Hampshire	-11	629	618	643	-25	0
Rhode Island*	0	1,449	1,449	1,446	3	0
Vermont	8	577	586	643	-57	0
MIDEAST						
Delaware*	172	1,155	1,327	1,213	114	*
Maryland	57	6,147	6,204	6,204	0	0
New Jersey	1	12,187	12,188	12,187	1	0
New York*	0	28,898	28,898	28,898	0	0
Pennsylvania	136	11,831	11,967	12,421	-454	2
GREAT LAKES						
Illinois	395	11,207	11,602	11,502	100	
Indiana*	372	5,561	5,933	5,823	109	323
Michigan	-310	7,870	7,560	7,729	-169	182
Ohio	445	9,524	9,969	9,833	135	300
Wisconsin	307	6,172	6,479	6,365	114	0
PLAINS						
Iowa	72	3,070	3,142	3,131	11	0
Kansas	275	2,382	2,658	2,495	162	0
Minnesota*	885	6,574	7,459	6,904	555	*
Missouri	57	4,224	4,281	4,241	40	0
Nebraska	259	1,375	1,634	1,382	251	32
North Dakota	54	574	628	523	105	22
South Dakota*	32	502	534	523	11	0
SOUTHEAST						
Alabama	65	3,322	3,387	3,386	1	0
Arkansas	0	1,879	1,879	1,879	0	0
Florida	97	10,988	11,085	10,943	142	3
Georgia	57	7,351	7,408	7,373	35	0
Kentucky	87	4,270	4,358	4,188	170	20
Louisiana	702	4,236	4,938	4,520	418	0
Mississippi	5	1,944	1,949	1,945	4	43
North Carolina	222	7,208	7,430	7,430	0	0
South Carolina*	136	3,389	3,524	3,462	62	*
Tennessee*	168	3,702	3,870	3,863	7	*
Virginia	0	6,331	6,331	6,331	0	0
West Virginia	100	1,877	1,977	1,888	89	
SOUTHWEST						
Arizona	34	3,346	3,381	3,336	45	0
New Mexico	0	1,884	1,884	1,928	0	63
Oklahoma*	147	3,099	3,246	3,067	179	202
Texas	467	15,776	16,243	15,514	729	0
ROCKY MOUNTAIN						
Colorado*	117	2,562	2,678	2,662	16	*
Idaho	49	902	951	917	34	35
Montana	89	428	517	458	59	0
Utah	77	1,727	1,804	1,742	62	57
Wyoming	101	380	480	434	46	35
FAR WEST						
Alaska*	381	3,217	3,598	2,807	0	802
California	791	38,214	39,005	40,241	-1,236	-1,643
Hawaii	456	2,700	3,156	2,810	346	
Nevada*	116	875	991	928	64	*
Oregon	181	2,411	2,592	2,203	390	
Washington	734	6,758	7,492	7,024	468	260
TOTAL	8,745	283,538	292,283	289,125	2,411	739

Notes to Table A-1

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.

Alaska	Funds were placed in a budget reserve fund to be used as necessary during the fiscal year. For this reason the balance is considered a carry-forward.
Colorado	Ending balance includes budget stabilization fund of $16.3 million.
Connecticut	Figures include federal reimbursements such as Medicaid. Ending negative balance will be eliminated through the issuance of five-year notes.
Delaware	Ending balance includes budget stabilization fund of $65.4 million.
Indiana	Figures include property tax replacement fund but exclude the balance of the general fund tuition reserve, which was $144 million at the beginning of fiscal 1991; $155 million at the end of fiscal 1991 and the beginning of fiscal 1992; and $165 million at the end of fiscal 1992, the beginning of fiscal 1993, and the end of fiscal 1993 (estimated).
Massachusetts	Ending balance includes budget stabilization fund of $59.2 million. Figures include all budgetary funds.
Minnesota	Ending balance includes budget stabilization fund of $400 million.
Nevada	Ending balance includes $40 million budget stabilization fund.
New York	Revenues reflect a $775 million reduction for impoundment of 1989-90 deficit notes and receipt of $1.081 billion in proceeds from 1990-91 deficit notes.
Oklahoma	Expenditures include transfer to budget stabilization fund.
Rhode Island	Figures reflect general revenues only; excludes federal and restricted revenues and expenditures.
South Carolina	Ending balance includes budget stabilization fund of $33.4 million.
South Dakota	Revenues include obligated cash carried forward. Expenditures include obligations.
Tennessee	Ending balance includes budget stabilization fund of $7 million.

Table A-2
FISCAL 1992 STATE GENERAL FUND, PRELIMINARY ACTUAL
($ in millions)

Region/State	*Beginning Balance*	*Revenues*	*Resources*	*Expenditures*	*Ending Balance*	*Budget Stabilization Fund*
NEW ENGLAND						
Connecticut*	0	6,965	6,965	6,915	50	0
Maine*	4	1,543	1,547	1,534	13	0
Massachusetts*	237	13,679	13,916	13,528	388	*
New Hampshire*	-25	748	724	703	21	
Rhode Island*	3	1,746	1,748	1,747	2	8
Vermont	-57	648	591	656	-65	0
MIDEAST						
Delaware*	114	1,269	1,383	1,230	153	*
Maryland	0	6,277	6,277	6,271	6	0
New Jersey	1	15,312	15,313	14,543	770	0
New York*	0	29,842	29,842	29,842	0	0
Pennsylvania	-454	14,220	13,766	13,757	9	2
GREAT LAKES						
Illinois*	100	11,982	12,082	11,951	131	
Indiana*	109	5,785	5,894	5,755	139	329
Michigan	-169	7,516	7,347	7,347	0	18
Ohio	135	10,108	10,243	10,153	90	0
Wisconsin	114	6,575	6,688	6,589	100	0
PLAINS						
Iowa	11	3,173	3,184	3,184	0	0
Kansas	165	2,467	2,632	2,499	133	0
Minnesota*	555	6,199	6,754	6,490	264	*
Missouri	40	4,306	4,346	4,303	43	17
Nebraska	251	1,495	1,746	1,545	201	27
North Dakota	105	523	628	586	42	23
South Dakota*	11	563	574	568	6	20
SOUTHEAST						
Alabama*	1	3,404	3,405	3,400	5	0
Arkansas	0	1,935	1,935	1,935	0	0
Florida	142	11,027	11,169	11,047	123	62
Georgia*	65	7,356	7,421	7,403	18	0
Kentucky	170	4,425	4,595	4,546	49	24
Louisiana	418	4,008	4,426	4,426	0	0
Mississippi	4	1,941	1,945	1,925	20	15
North Carolina*	0	7,817	7,818	7,652	165	*
South Carolina	62	3,342	3,404	3,396	8	*
Tennessee*	7	4,010	4,017	3,916	101	*
Virginia	0	6,271	6,271	6,203	68	0
West Virginia	89	1,927	2,016	1,959	57	
SOUTHWEST						
Arizona	45	3,489	3,534	3,524	10	0
New Mexico	0	2,078	2,078	2,053	0	101
Oklahoma	179	3,148	3,327	3,160	167	140
Texas	729	18,037	18,766	18,934	-168	163
ROCKY MOUNTAIN						
Colorado*	16	2,863	2,879	2,807	72	*
Idaho	34	957	991	991	0	30
Montana*	59	491	550	524	26	0
Utah	62	1,828	1,891	1,853	38	58
Wyoming*	46	393	439	387	52	25
FAR WEST						
Alaska*	802	2,410	3,211	2,913	0	298
California	-1,236	42,064	40,828	43,019	-2,191	-2,633
Hawaii	346	2,784	3,130	2,793	337	
Nevada*	64	983	1,047	1,018	29	*
Oregon	390	2,597	2,986	2,686	300	
Washington*	468	7,371	7,839	7,619	220	100
TOTAL	4,211	301,894	306,105	303,785	1,998	-1,173

Notes to Table A-2

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	Figures do not incorporate changes from the legislature made to revenues and expenditures during the special session that ended October 1, 1992.
Alaska	Funds were placed in a budget reserve fund to be used as necessary during the fiscal year. For this reason the balance is considered a carry-forward.
Colorado	Ending balance includes budget stabilization fund of $72.1 million.
Connecticut	Figures include federal reimbursements such as Medicaid. Expenditures exclude $367.3 million in reimbursements for psychiatric facilities that participate in the Medicaid program and serve a disproportionate share of low-income individuals.
Delaware	Ending balance includes budget stabilization fund of $67.7 million.
Georgia	Beginning balance includes $30 million in additional surplus after the audit.
Illinois	Revenues include $185 million in short-term borrowing.
Indiana	Figures include property tax replacement fund but exclude the balance of the general fund tuition reserve, which was $144 million at the beginning of fiscal 1991; $155 million at the end of fiscal 1991 and the beginning of fiscal 1992; and $165 million at the end of fiscal 1992, the beginning of fiscal 1993, and the end of fiscal 1993 (estimated).
Maine	Revenue figures include fund transfers not defined as revenue.
Massachusetts	Ending balance includes budget stabilization fund of $159.8 million. Figures include all budgetary funds.
Minnesota	Ending balance includes budget stabilization fund of $400 million.
Montana	Revenues include $34 million from change in accounting policy to full accrual of revenues and $2 million from residual equity transfers.
Nevada	Ending balance includes budget stabilization fund of $28.9 million. Revenues include $52 million in forced reversions through budget cuts in fiscal 1992.
New Hampshire	Ending balance includes budget stabilization fund of $20.9 million.
New York	Revenues reflect a $1.081 billion reduction for impoundment of 1990-91 deficit notes and receipt of $531 million in proceeds from 1991-92 deficit notes.
North Carolina	Ending balance includes budget stabilization fund of $41.6 million.
Rhode Island	Figures reflect general revenues only; excludes federal and restricted revenues and expenditures. Fiscal 1992 figures based upon budget as enacted, not actual closing. Ending surplus does not include an estimated $8.4 million balance in the budget reserve account.
South Dakota	Revenues include obligated cash carried forward. Expenditures include obligations.
Tennessee	Ending balance includes budget stabilization fund of $40 million.
Washington	Revenues include adjustments to reach available cash resources and use of budget stabilization fund in fiscal 1992.
Wyoming	Ending cash balance in the general fund includes general fund reversions of $19.3 million to be transferred to the budget reserve account.

Table A-3
FISCAL 1993 STATE GENERAL FUND, APPROPRIATED
($ in millions)

Region/State	*Beginning Balance*	*Revenues*	*Resources*	*Expenditures*	*Ending Balance*	*Budget Stabilization Fund*
NEW ENGLAND						
Connecticut*	0	7,321	7,321	7,318	4	0
Maine	13	1,561	1,574	1,563	11	0
Massachusetts*	388	14,355	14,743	14,719	24	0
New Hampshire*	0	777	777	741	35	*
Rhode Island*	2	1,465	1,467	1,465	1	23
Vermont*	-66	688	623	640	-17	0
MIDEAST						
Delaware*	153	1,257	1,409	1,288	121	*
Maryland*	6	6,645	6,651	6,602	49	0
New Jersey	770	13,653	14,423	14,346	77	0
New York*	0	30,851	30,851	30,784	0	67
Pennsylvania	9	14,039	14,048	14,046	2	3
GREAT LAKES						
Illinois	131	11,995	12,126	11,926	200	
Indiana*	139	6,069	6,208	6,208	0	303
Michigan	0	8,001	8,001	8,038	-37	19
Ohio*	91	10,362	10,452	10,620	-168	0
Wisconsin	100	6,874	6,974	6,933	41	0
PLAINS						
Iowa	0	3,473	3,473	3,405	69	0
Kansas	133	2,896	3,029	2,728	301	0
Minnesota*	264	6,461	6,725	6,483	242	*
Missouri	43	4,470	4,513	4,473	40	20
Nebraska	201	1,548	1,749	1,645	104	17
North Dakota*	42	544	586	609	0	0
South Dakota*	6	590	596	592	4	25
SOUTHEAST						
Alabama*	5	3,444	3,449	3,445	4	0
Arkansas	0	2,055	2,055	2,055	0	0
Florida	123	11,779	11,901	11,901	0	203
Georgia	18	8,134	8,152	8,134	18	0
Kentucky	49	4,610	4,658	4,625	34	29
Louisiana*	0	4,318	4,318	4,411	-93	0
Mississippi	7	1,993	2,000	1,993	7	50
North Carolina*	165	8,089	8,255	8,210	45	*
South Carolina*	8	3,762	3,770	3,729	41	*
Tennessee*	101	4,467	4,568	4,528	40	*
Virginia	68	6,361	6,429	6,374	55	0
West Virginia	57	2,062	2,119	2,116	3	
SOUTHWEST						
Arizona	10	3,654	3,664	3,653	11	0
New Mexico	0	2,131	2,131	2,132	0	98
Oklahoma	167	3,349	3,516	3,318	198	140
Texas	-168	18,790	18,622	18,360	262	176
ROCKY MOUNTAIN						
Colorado*	72	3,037	3,109	2,973	136	*
Idaho*	0	1,000	1,000	1,007	-7	30
Montana*	26	530	556	540	16	0
Utah	38	1,923	1,960	1,956	4	61
Wyoming*	32	390	423	390	33	10
FAR WEST						
Alaska*	298	2,473	2,772	2,706	0	66
California	-2,191	43,421	41,230	40,795	435	28
Hawaii	337	2,848	3,185	2,953	232	
Nevada*	29	1,081	1,110	1,059	50	*
Oregon	300	2,781	3,081	2,892	189	
Washington'	220	7,569	7,789	7,626	163	100
TOTAL	2,194	311,943	314,135	311,051	2,975	1,467

Notes to Table A-3

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	Figures do not incorporate changes from the legislature made to revenues and expenditures during the special session that ended October 1, 1992.
Alaska	Funds were placed in a budget reserve fund to be used as necessary during the fiscal year. For this reason the balance is considered a carry-forward.
Colorado	Ending balance includes budget stabilization fund of $135.6 million.
Connecticut	Figures include federal reimbursements such as Medicaid.
Delaware	Ending balance includes budget stabilization fund of $68.1 million.
Idaho	The executive branch revenue estimate is sufficient to alleviate the projected deficit.
Indiana	Figures include property tax replacement fund but do not include the balance of the general fund tuition reserve, which was $144 million at the beginning of fiscal 1991; $155 million at the end of fiscal 1991 and the beginning of fiscal 1992; and $165 million at the end of fiscal 1992, the beginning of fiscal 1993, and the end of fiscal 1993 (estimated).
Louisiana	The official forecast was revised downward at the August 13, 1992 meeting of the Revenue Estimating Conference.
Maryland	At the end of September 1992 the Board of Revenue Estimates decreased the estimated fiscal 1993 revenues by $422 million. The Governor has proposed a plan to offset this reduction. Agency general fund appropriations have been reduced by $168.2 million. The balance of the plan, which includes reductions in mandated local aid and certain fund transfers, requires legislative action.
Massachusetts	Figures include all budgetary funds.
Minnesota	Ending balance includes budget stabilization fund of $240 million.
Montana	Revenues include $7 million residual equity transfers from nongeneral fund accounts.
Nevada	Ending balance includes $50 million budget stabilization fund. Revenues include $137.9 million in forced reversions through budget cuts in fiscal 1993. Expenditures include anticipated $79.2 million supplemental to the distributive school account for fiscal 1992-93.
New Hampshire	Ending balance includes budget stabilization fund of $38.8 million.
New York	Revenues reflect a $531 million reduction for impoundment of 1991-92 deficit notes. Expenditures do not reflect $67 million in repayment to the Tax Stabilization Reserve Fund.
North Carolina	Ending balance includes budget stabilization fund of $41.6 million.
North Dakota	Ending balance reflects the use of $23 million in rainy day funds to arrive at a zero ending balance.
Ohio	The fiscal 1993 figures reflect the current status estimate as of August 1992. The current status estimate takes into account the most recent revenue estimates and expenditure requirements for entitlements. Actions will be taken so that the ending balance is zero or greater, per Ohio's constitution requiring a balanced budget.
Rhode Island	Figures reflect general revenues only; excludes federal and restricted revenues and expenditures. Fiscal 1993 based upon budget as enacted, and has not been revised for fiscal 1992 actual closing. Estimated ending surplus does not include estimate of $22.8 million in budget reserve account.
South Carolina	Ending balance includes budget stabilization fund of $33 million.
South Dakota	Revenues include obligated cash carried forward. Expenditures include obligations.
Tennessee	Ending balance includes budget stabilization fund of $40 million.
Vermont	Expenditures reflect Governor's allotments and proposed reductions.
Wyoming	Revenues include an estimated transfer of $34.6 million from the budget reserve account. Expenditures reflect half of the biennial appropriation.

Table A-4
NOMINAL PERCENTAGE EXPENDITURE CHANGE, FISCAL 1992 AND FISCAL 1993

Region/State	*Fiscal 1992*	*Fiscal 1993*
NEW ENGLAND		
Connecticut	4.4	5.8 %
Maine	3.5	1.9
Massachusetts	-0.8	8.8
New Hampshire	9.4	5.4
Rhode Island	20.8	-16.1
Vermont	2.1	-2.5
MIDEAST		
Delaware	1.4	4.7
Maryland	1.1	5.3
New Jersey	19.3	-1.4
New York	3.3	3.2
Pennsylvania	10.8	2.1
GREAT LAKES		
Illinois	3.9	-0.2
Indiana	-1.2	7.9
Michigan	-5.0	9.4
Ohio	3.2	4.6
Wisconsin	3.5	5.2
PLAINS		
Iowa	1.7	6.9
Kansas	0.1	9.2
Minnesota	-6.0	-0.1
Missouri	1.5	3.9
Nebraska	11.8	6.5
North Dakota	12.0	3.9
South Dakota	8.6	4.2
SOUTHEAST		
Alabama	0.4	1.3
Arkansas	3.0	6.2
Florida	1.0	7.7
Georgia	0.4	9.9
Kentucky	8.6	1.7
Louisiana	-2.1	-0.3
Mississippi	-1.0	3.5
North Carolina	3.0	7.3
South Carolina	-1.9	9.8
Tennessee	1.4	15.6
Virginia	-2.0	2.8
West Virginia	3.8	8.0
SOUTHWEST		
Arizona	5.6	3.7
New Mexico	6.5	3.8
Oklahoma	3.0	5.0
Texas	22.0	-3.0
ROCKY MOUNTAIN		
Colorado	5.5	5.9
Idaho	8.1	1.6
Montana	14.4	3.1
Utah	6.4	5.6
Wyoming	-10.9	0.9
FAR WEST		
Alaska	3.8	-7.1
California	6.9	-5.2
Hawaii	-0.6	5.7
Nevada	9.7	4.1
Oregon	22.0	7.6
Washington	8.5	0.1
TOTAL	5.1	2.4 %

Table A-5
STRATEGIES USED TO REDUCE OR ELIMINATE BUDGET GAPS, FISCAL 1992

Region/State	*Fees*	*Taxes*	*Eliminate Programs*	*Layoffs*	*Furloughs*	*Early Retirement*	*Reduce Local Aid*	*Delay Payments*	*Reorganize Programs*	*Reduce Pension Contributions*	*Privatization*
NEW ENGLAND											
Connecticut	X		X				X				
Maine	X	X	X	X	X		X	X	X	X	X
Massachusetts			X	X		X	X		X		X
New Hampshire											
Rhode Island	X	X	X						X		
Vermont							X		X		
MIDEAST											
Delaware			X						X		
Maryland	X		X	X	X		X		X		X
New Jersey	X			X	X	X					
New York	X			X			X	X			
Pennsylvania						X	X				
GREAT LAKES											
Illinois					X						
Indiana								X			
Michigan			X	X	X	X	X	X	X		X
Ohio	X	X	X	X		X	X		X		X
Wisconsin											
PLAINS											
Iowa	X		X	X		X	X		X		X
Kansas			X						X		
Minnesota	X		X				X		X		
Missouri				X			X				
Nebraska											
North Dakota											
South Dakota											
SOUTHEAST											
Alabama											
Arkansas											
Florida	X		X					X			
Georgia			X	X			X		X	X	
Kentucky											
Louisiana								X			
Mississippi		X	X		X						
North Carolina											
South Carolina											
Tennessee											
Virginia				X	X		X		X		
West Virginia											
SOUTHWEST											
Arizona									X		
New Mexico		X	X				X	X	X		
Oklahoma											
Texas											
ROCKY MOUNTAIN											
Colorado	X		X	X			X		X	X	
Idaho								X			
Montana	X			X	X		X	X			
Utah											
Wyoming							X		X		
FAR WEST											
Alaska	X								X		X
California			X	X	X				X		
Hawaii											
Nevada	X		X	X			X				
Oregon											
Washington	X	X	X	X		X					
TOTAL	15	6	19	16	9	7	19	9	19	3	7

Table A-6
CHANGES CONTAINED IN FISCAL 1993 BUDGETS

State	*AFDC Eligibility Restrictions*	*Medicaid Reductions*	*Increased Employee Share: Health Insurance*	*Increased Employee Share: Pension*
Alabama			X	
Alaska		X		
Arizona				
Arkansas			X	
California	X	X	X	
Colorado			X	
Connecticut				
Delaware				
Florida		X	X	
Georgia				
Hawaii				
Idaho			X	X
Illinois		X		
Indiana		X		
Iowa			X	X
Kansas				
Kentucky				
Louisiana			X	
Maine				X
Maryland	X	X	X	
Massachusetts			X	
Michigan				
Minnesota				
Mississippi			X	
Missouri				
Montana	X			
Nebraska				
Nevada	X	X		X
New Hampshire				
New Jersey				
New Mexico		X		
New York		X		
North Carolina		X		
North Dakota				
Ohio				
Oklahoma				
Oregon		X		
Pennsylvania		X		
Rhode Island				
South Carolina		X		
South Dakota			X	
Tennessee				
Texas				
Utah		X		
Vermont			X	
Virginia		X		
Washington		X	X	
West Virginia				
Wisconsin				
Wyoming		X		
TOTAL	4	17	14	4

Table A-7
STATE EMPLOYMENT COMPENSATION CHANGES, FISCAL 1993

Region/State	Across-the-Board	Merit	Other	Notes
NEW ENGLAND				
Connecticut	---	---	---	The administration and the employee unions have negotiated an agreement that generally defers a 4.5 percent cost-of-living adjustment until May 1993 and eliminates a step increase in either fiscal 1992 or fiscal 1993.
Maine	----	2.0%	---	Employee contracts expired June 30, 1992. Negotiations for a new contract are still in progress; no raises are expected. Merit increases are frozen for fiscal 1993.
Massachusetts	---	---	---	No collective bargaining adjustments are anticipated. A limited number of employees will receive step increases.
New Hampshire	---	---	---	Still under negotiation.
Rhode Island	---	---	---	Employees receive anniversary step and longevity increases.
Vermont	---	---	*	Includes a six-month delay of step increases.
MIDEAST				
Delaware	---	3.0%	---	Employees above paygrade maximum receive 1.5 percent. Employees approaching pay grade maximum receive the greater of 1.5 percent or the amount that places them at the maximum.
Maryland	---	---	---	
New Jersey	---	3.0%	---	Merit ranges from 3.5 percent to 5 percent depending on the employee's step and range. At maximum of range, no merit increase is given.
New York	---	0.9%	---	Merit increase (performance advance) reflects cost of increases as a percentage of total payroll costs. Only certain eligible employees receive annual performance advances. Also, a one-time lump sum payment of about 1 percent is attributable to fiscal 1992 merit payments paid in fiscal 1993.
Pennsylvania	3.2%	---	1.25%	The across-the-board increase has an effective rate of 30 cents per hour on July 1, 1992, and January 1, 1993. Those not at the maximum step will receive a 1.25 percent longevity increase effective January 1, 1993.
GREAT LAKES				
Illinois	3.525%	---	*	Union employees also receive a 3.6 percent step increase.
Indiana	---	---	---	No increase since July 1990 in health insurance contributions made by state employees.
Michigan	---	---	---	
Ohio	---	---	*	Some employees are eligible for a 4 percent step increase and a 0.5 percent longevity increase, depending on placement in their pay range and total service time.
Wisconsin	4.25	0.25	---	The 1.25 percent of the across-the-board increase is effective May 30, 1993.

Table A-7 (continued)
STATE EMPLOYMENT COMPENSATION CHANGES, FISCAL 1993

Region/State	*Across-the-Board*	*Merit*	*Other*	*Notes*
PLAINS				
Iowa	4.0%	1.0%	1.3%	Due to a court decision, the state also was required to make back payments of fiscal 1992 salaries in fiscal 1993.
Kansas	---	---	3.5%	The 3.5 percent increase is all merit-based for unclassified employees and 2.5 percent step and 1.0 percent cost-of-living adjustment for classified employees for the last half of fiscal 1993.
Minnesota	2.5%	---	---	No additional funding is provided; agencies are required to absorb the cost of negotiated compensation packages.
Missouri	---	---	---	The state paid the cost of the medical care increase for employees and dependents.
Nebraska	3.0%	---	1.5%-2.5%	All employees received 3.0 percent on July 1, an additional 1.5 percent on their anniversary date, and an additional 1.0 percent on their anniversary date if employed 10 years with the state and below the midpoint of their salary range.
North Dakota	---	---	*	Employees received $40 per month effective July 1, 1992.
South Dakota	4.0%	---	2.5%	The other is adjustment to the midpoint of the salary ranges.
SOUTHEAST				
Alabama	---	5.0%	*	Merit raises are based on employee performance and range from 0 percent to 5 percent. Longevity increases range from $300 to $600 per employee annually based on years of state service.
Arkansas	2.5%	2.5%	2.0%	Employees are eligible for a 2.5 percent merit increase on their anniversary date. Sufficient funding was certified by the chief fiscal officer to provide an additional 2 percent on July 1, 1992.
Florida	---	---	---	
Georgia	2.5%	---	---	The across-the-board increase is 2.5 percent up to a maximum of $1,000 per year.
Kentucky	---	----	*	Employees making less than $20,000 will get a 2 percent increase.
Louisiana	---	3.6%	---	Approximately 10 percent of the workforce is at the top of the pay scale and will not qualify for further merit increases. Therefore, a 4 percent increase averages 3.6 percent.
Mississippi	---	---	---	No pay raises proposed.
North Carolina	*	---	---	State employees received $522 annually, an average increase of 2 percent.
South Carolina	2.0%	---	---	Additional bonus paid in December -- $290 for employees earning less than $25,000 annually and $145 for employees earning more than $25,000 annually.
Tennessee	4.0%	---	---	Contingency across-the-board salary increase of up to 4 percent effective January 1, 1993.
Virginia	1.1%	---	---	A 2 percent increase is effective December 1, 1992.
West Virginia	---	---	---	Public school teachers receive a $2,000 across-the-board increase, the third year of a three-year plan. No other employees received salary increases.

Table A-7 (continued)
STATE EMPLOYMENT COMPENSATION CHANGES, FISCAL 1993

Region/State	Across-the-Board	Merit	Other	Notes
SOUTHWEST				
Arizona	---	---	*	All full-time employees employed September 1, 1992, receive a $1,000 increase effective April 1, 1993.
New Mexico	---	*	---	The increase is 3 percent of the midpoint of the range on employee's anniversary date.
Oklahoma	2.5%	2.5%	---	A 2.5 percent mandated increase must be funded within existing personnel services budgets. A 2.5 percent "discretionary" increase is authorized if an agency also can absorb costs within personnel services budgets.
Texas	3.0%	---	*	The legislature authorized a 3 percent across-the-board increase for all employees provided the comptroller certifies that the state has enough funds.
ROCKY MOUNTAIN				
Colorado	2.51%	---	---	
Idaho	0.67%	0.83%	---	The across-the-board increase will be used to pay the employee's share of retirement premium increase needed to enhance benefits.
Montana	45 cents/hour	---	---	Fiscal 1993 pay increase of 25 cents per hour beginning in July, and an additional 20 cents per hour starting in January. In addition, each employee covered by the general pay matrix receives 1/8 of 1 percent increase in pay for each 1 percent of pay, after hourly raises, that he or she is below the "market" for the grade. The state contribution for insurance increased $240 for each employee.
Utah	0.25%	2.75%	---	The state implemented a sixteen-step pay plan. The 0.25 percent increase was required to move employees to the nearest step. The merit increase is effective September 14, 1992.
Wyoming	---	---	---	No raises for state employees.
FAR WEST				
Alaska	3.6%	3.0%	---	Across-the-board increase was given only to those employees covered by collective bargaining settlements; all are eligible for merit increases.
California	-4.7%	---	---	According to the collective bargaining agreement, state employees will undergo a 4.7 percent salary reduction in fiscal 1993. Employees will receive a one-day pay reduction in exchange for a one-day personal leave credit. Most employees will participate for an 18-month period.
Hawaii	5.25%	---	---	
Nevada	---	---	---	A salary increase based upon an ending fund balance in July 1992 did not activate.
Oregon	3.0%	*	*	Merit increases average 4.75 percent for 70 percent of state employees eligible. Other increases are for flexible benefits (medical, dental).
Washington	3.0%	---	--	All classified employees will receive a 3 percent across-the-board increase on January 1, 1993.

Table A-8
Number of Authorized Full-Time Equivalent Positions in the General Fund, Fiscal 1991 to 1993

State	*Fiscal 1991*	*Fiscal 1992*	*Fiscal 1993*	*% Change, 1991-1993*	*% Change, 1992-1993*	*Includes higher education faculty*	*State-administered welfare system*
Alabama	35,034	34,276	34,500	-1.52	0.65		x
Alaska	16,861	16,881	16,842	-0.11	-0.23	x	x
Arizona	32,193	31,955	31,728	-1.44	-0.71	x	x
Arkansas	16,314	17,070	17,070	4.63	0.00		x
California	130,311	135,586	136,984	5.12	1.03	x	x
Colorado	N/A	N/A	N/A				
Connecticut	32,271	32,494	31,852	-1.30	-1.98		x
Delaware*	20,889	19,758	19,544	-6.44	-1.08	x	x
Florida*	136,493	134,321	137,652	0.85	2.48	x	x
Georgia*	82,662	81,882	82,165	-0.60	0.35	x	x
Hawaii	29,400	30,664	32,371	10.11	5.57	x	x
Idaho	7,704	8,197	8,277	7.44	0.98	x	x
Illinois	69,055	67,035	65,000	-5.87	-3.04		x
Indiana	18,109	18,070	18,044	-0.36	-0.14		x
Iowa	33,983	34,551	34,108	0.37	-1.28		x
Kansas*	42,138	42,327	42,949	1.92	1.47	x	x
Kentucky*	35,246	35,850	37,490	6.37	4.57		x
Louisiana	52,470	52,956	54,050	3.01	2.07		x
Maine	8,867	8,539	8,784	-0.94	2.87		x
Maryland*	76,831	73,805	72,953	-5.05	-1.15	x	x
Massachusetts*	72,194	66,468	63,701	-11.76	-4.16	x	x
Michigan	69,750	67,132	63,717	-8.65	-5.09		x
Minnesota	16,357	16,629	16,783	2.60	0.93		
Mississippi	42,137	41,378	42,851	1.69	3.56	x	x
Missouri	30,566	29,867	29,070	-4.89	-2.67		x
Montana	11,293	11,534	11,519	2.00	-0.13		
Nebraska	N/A	N/A	N/A				
Nevada	6,670	7,187	7,519	12.73	4.62		x
New Hampshire	N/A	N/A	N/A				x
New Jersey	69,300	67,812	62,812	-9.36	-7.37		x
New Mexico	20,021	20,351	20,691	3.35	1.67		x
New York*	217,831	205,372	198,446	-8.90	-3.37	x	
North Carolina	210,063	210,643	213,088	1.44	1.16	x	x
North Dakota*	12,103	12,139	12,139	0.30	0.00	x	
Ohio*	60,909	58,580	N/A				
Oklahoma*	40,549	41,020	41,100	1.36	0.20		x
Oregon	45,452	46,999	47,002	3.41	0.01	x	x
Pennsylvania*	60,586	58,212	58,351	-3.69	0.24		x
Rhode Island*	N/A	17,671	17,250		-2.38	x	x
South Carolina	42,753	41,699	41,368	-3.24	-0.79	x	x
South Dakota*	12,840	13,083	13,349	3.97	2.03	x	x
Tennessee	37,700	38,300	37,250	-1.19	-2.74		x
Texas*	224,345	237,258	N/A			x	x
Utah	N/A	N/A	N/A				
Vermont*	7,859	7,525	7,599	-3.31	0.98		x
Virginia	96,001	94,292	103,921	8.25	10.21	x	
Washington	42,163	41,623	41,358	-1.91	-0.64	x	x
West Virginia	16,490	16,179	16,240	-1.52	0.38	x	x
Wisconsin	30,785	31,398	31,553	2.49	0.49	x	
Wyoming*	10,501	10,501	10,846	3.29	3.29	x	x
TOTAL**	2,384,049	2,387,068	2,091,885	-1.20	0.10		

Note: **The figures on total percent change exclude states without estimates for all three fiscal years.

Notes to Table A-8

Delaware	Includes public school employees.
Florida	Reflects all budgetary funds.
Georgia	Excludes local health employees paid by the state.
Kansas	Reflects all budgetary funds.
Kentucky	Reflects full-time permanent positions from all funds.
Maryland	Reflects all budgetary funds.
Massachusetts	Reflects all budgetary funds.
New York	Figures reflect annual and non-annual salaried full-time equivalent employees in the executive, legislative, and judicial branches. New York's January 1992 survey excluded non-annual salaried employees and employees of the legislature and judiciary. Excluding these, the state's annual-salaried executive branch workforce trend is as follows: November 1990 - 185,700, Fiscal 1992 Actual - 164,400, Fiscal 1993 Enacted - 160,900.
North Dakota	Reflects all budgetary funds.
Ohio	Reflects all budgetary funds.
Oklahoma	Reflects all budgetary funds.
Pennsylvania	Reflects all budgetary funds.
Rhode Island	Reflects full-time equilivalent positions for all budgetary funds as reflected in 1993 "Executive Summary"; comparable figures for fiscal 1991 are not available.
South Dakota	Reflects all budgetary funds.
Texas	Reflects all budgetary funds.
Vermont	Reflects all budgetary funds.
Wyoming	Includes university employees.

Table A-9
TAX COLLECTIONS COMPARED WITH PROJECTIONS USED IN ADOPTING FISCAL 1992 BUDGETS

	Sales Tax		*Personal Income Tax*		*Corporate Income Tax*		*Total*
Region/State	*Original Estimate*	*Current Estimate*	*Original Estimate*	*Current Estimate*	*Original Estimate*	*Current Estimate*	*Revenue Collection*
NEW ENGLAND							
Connecticut	2,110	2,054	2,034	1,967	625	635	T
Maine	546	554	645	574	51	68	L
Massachusetts*	1,688	1,979	4,819	5,337	432	644	H
New Hampshire	N/A	N/A	N/A	N/A	80	91	L
Rhode Island*	393	391	531	474	51	54	L
Vermont	159	157	298	271	31	28	L
MIDEAST							
Delaware*	N/A	N/A	476	487	55	43	H
Maryland	1,656	1,580	3,204	2,906	143	124	L
New Jersey*	4,138	4,055	4,572	4,085	1,136	955	L
New York*	5,860	5,794	15,353	14,913	1,570	1,671	L
Pennsylvania	4,528	4,500	5,019	4,807	1,559	1,613	L
GREAT LAKES							
Illinois	4,176	3,986	4,611	4,477	607	577	L
Indiana	2,310	2,246	2,240	2,247	669	672	L
Michigan	2,889	2,745	4,047	3,554	1,889	1,697	L
Ohio	3,598	3,555	4,007	3,911	811	762	L
Wisconsin	2,121	2,127	3,154	3,142	438	438	H
PLAINS							
Iowa	798	800	1,583	1,588	243	237	T
Kansas	893	901	950	944	150	164	H
Minnesota*	2,156	2,168	3,131	2,927	424	420	L
Missouri	1,280	1,276	2,189	2,168	265	275	T
Nebraska	606	592	650	659	106	104	T
North Dakota	222	224	123	119	49	37	L
South Dakota	259	264	N/A	N/A	N/A	N/A	H
SOUTHEAST							
Alabama*	830	858	1,197	1,170	163	160	L
Arkansas	1,066	1,033	949	967	143	144	L
Florida	8,830	8,375	N/A	N/A	885	801	L
Georgia	2,927	2,676	3,260	3,081	498	394	L
Kentucky	1,388	1,364	1,770	1,679	361	271	L
Louisiana	1,521	1,472	864	870	347	224	L
Mississippi	873	838	502	490	192	183	L
North Carolina	2,185	2,161	3,594	3,583	597	606	T
South Carolina	1,228	1,166	1,538	1,411	148	132	L
Tennessee*	2,446	2,464	115	93	310	295	H
Virginia	1,443	1,349	3,364	3,321	303	376	L
West Virginia	552	569	582	613	130	108	L
SOUTHWEST							
Arizona	1,547	1,503	1,286	1,237	190	211	L
New Mexico	880	886	438	441	64	78	H
Oklahoma	943	910	1,237	1,205	127	151	L
Texas	8,495	8,550	N/A	N/A	N/A	N/A	H
ROCKY MOUNTAIN							
Colorado	805	838	1,590	1,581	126	122	T
Idaho	356	364	458	460	65	58	T
Montana	N/A	N/A	331	294	54	55	L
Utah	778	803	715	783	96	81	H
Wyoming	112	119	N/A	N/A	N/A	N/A	H
FAR WEST							
Alaska	N/A	N/A	N/A	N/A	226	207	H
California	17,018	16,025	19,629	17,400	5,385	4,630	L
Hawaii	1,349	1,295	911	906	87	44	L
Nevada	311	289	N/A	N/A	N/A	N/A	L
Oregon	N/A	N/A	2,202	2,179	161	155	T
Washington*	3,487	3,493	N/A	N/A	1,284	1,216	L
TOTAL	103,755	101,348	110,168	105,319	23,324	22,011	

Note: Current estimates reflect preliminary actual collections for fiscal 1992.

Key: L=Revenues lower than estimates. H=Revenues higher than estimates. T=Revenues on target.

Notes to Table A-9

Alabama	Figures do not incorporate changes from the legislature made to revenues and expenditures during the special session that ended October 1, 1992.
Delaware	Revenue collections for personal and corporate taxes are net of refunds.
Massachusetts	Revenue collections for personal and corporate taxes are net of refunds.
Minnesota	Revenues include local government trust fund.
New Jersey	Fiscal 1992 revenue collections reflect revised estimates.
New York	Sales tax collections are before the deposit to the local government assistance tax fund.
Rhode Island	Fiscal 1992 revenues reflect revised estimates for fiscal 1992, not actual collections.
Tennessee	Sales tax collections exclude the 0.5 percent sales tax increase effective April 1, 1992.
Washington	Corporate income tax figures are for the corporate business and occupations tax.

Table A-10
FISCAL 1992 TAX COLLECTIONS COMPARED WITH PROJECTIONS USED IN ADOPTING FISCAL 1993 BUDGETS

($ in millions)

Region/State	Sales Tax Fiscal 1992	Sales Tax Fiscal 1993	Personal Income Tax Fiscal 1992	Personal Income Tax Fiscal 1993	Corporate Income Tax Fiscal 1992	Corporate Income Tax Fiscal 1993	Change from Fiscal 1992-1993, All Sources
NEW ENGLAND							
Connecticut	2,054	2,023	1,967	2,263	635	542	
Maine	554	600	574	661	68	49	
Massachusetts*	1,979	2,160	5,337	5,320	644	630	
New Hampshire	N/A	N/A	N/A	N/A	91	80	
Rhode Island*	391	407	474	517	54	65	
Vermont	157	171	271	311	28	28	
MIDEAST							
Delaware*	N/A	N/A	487	488	43	47	
Maryland	1,580	1,794	2,906	3,295	124	163	
New Jersey*	4,055	3,647	4,085	4,250	955	1,022	
New York*	5,794	6,185	14,913	15,284	1,671	1,723	
Pennsylvania	4,500	4,799	4,807	4,841	1,613	1,532	
GREAT LAKES							
Illinois	3,986	4,089	4,477	4,647	577	599	
Indiana	2,246	2,396	2,247	2,335	672	710	
Michigan	2,745	2,905	3,554	3,801	1,697	1,870	
Ohio*	3,555	3,775	3,911	4,185	762	830	
Wisconsin	2,127	2,242	3,142	3,410	438	453	
PLAINS							
Iowa	800	1,037	1,588	1,657	237	248	
Kansas	901	1,151	944	1,112	164	183	
Minnesota*	2,168	2,337	2,927	3,030	420	427	
Missouri	1,276	1,339	2,168	2,313	275	269	
Nebraska	592	625	659	688	104	105	
North Dakota	224	238	119	129	37	44	
South Dakota	264	277	N/A	N/A	N/A	N/A	
SOUTHEAST							
Alabama*	858	875	1,170	1,214	160	166	
Arkansas	1,033	1,079	967	1,039	144	158	
Florida	8,375	9,066	N/A	N/A	801	835	
Georgia	2,676	2,909	3,081	3,318	394	428	
Kentucky	1,364	1,413	1,679	1,798	271	289	
Louisiana	1,472	1,523	870	940	224	235	
Mississippi*	838	853	490	516	183	190	
North Carolina*	2,161	2,326	3,583	3,797	606	443	
South Carolina	1,166	1,251	1,411	1,568	132	146	
Tennessee*	2,464	2,493	93	102	295	285	
Virginia	1,349	1,434	3,321	3,488	376	300	
West Virginia	569	636	613	640	108	132	
SOUTHWEST							
Arizona	1,503	1,659	1,237	1,330	211	205	
New Mexico	886	953	441	457	78	73	
Oklahoma	910	973	1,205	1,342	151	165	
Texas	8,550	9,236	N/A	N/A	N/A	N/A	
ROCKY MOUNTAIN							
Colorado	838	887	1,581	1,768	122	133	
Idaho	364	369	460	500	58	57	
Montana	N/A	N/A	294	355	55	61	
Utah	803	837	783	814	81	97	
Wyoming	119	119	N/A	N/A	N/A	N/A	
FAR WEST							
Alaska	N/A	N/A	N/A	N/A	207	226	
California	16,025	16,145	17,400	17,745	4,630	5,210	
Hawaii	1,295	1,280	906	936	44	85	
Nevada*	289	298	N/A	N/A	N/A	N/A	
Oregon	N/A	N/A	2,179	2,345	155	185	
Washington*	3,493	3,600	N/A	N/A	1,216	1,260	
TOTAL	101,348	106,410	105,319	110,550	22,011	22,983	4.93

NOTE: 1992 figures reflect the latest tax collection estimates as shown in Table A-9.

Notes to Table A-10

Alabama	Figures do not incorporate changes from the legislature made to revenues and expenditures during the special session that ended October 1, 1992.
Delaware	Revenue collections for personal and corporate taxes are net of refunds.
Massachusetts	Revenue collections for personal and corporate taxes are net of refunds.
Minnesota	Revenues include local government trust fund.
Mississippi	Sales tax collections exclude the one-cent increase earmarked for education.
Nevada	Revenue collections for fiscal 1993 reflect the most current estimate.
New Jersey	Fiscal 1992 revenue collections reflect revised estimates.
New York	Sales tax collections are before the deposit to the local government assistance tax fund.
North Carolina	Fiscal 1993 corporate tax collections reflect the enacted earmarking provision, which will reduce reported corporate collections by $237.8 million.
Ohio	Revenue collections for fiscal 1993 reflect the most current estimate as of August 1992.
Rhode Island	Fiscal 1993 revenues reflect revised estimates for fiscal 1992, not actual collections.
Tennessee	Sales tax collections exclude the 0.5 percent sales tax increase effective April 1, 1992.
Washington	Corporate income tax figures are for the corporate business and occupations tax.

Table A-11
ENACTED REVENUE CHANGES BY TYPE OF REVENUE, FISCAL 1993

State	*Tax Change Description*	*Effective Date*	*Fiscal 1993 Revenue Change ($ in millions)*
SALES TAX			
California	Settlement authority granted. Certain exemptions provided.	9/92	9.0
Connecticut	New exemptions.	7/92	-7.8
Florida	Removal of certain exemptions.	8/92	167.3
Georgia	Vendors' compensation reduced.	4/92	56.0
	Impose on non-dealer vehicle sales.	6/92	38.0
Iowa	Increase of 1 cent.	7/92	220.6
Kansas	Expanded base and increased rate.	6/92	221.6
Maine	Delay of local government transfer and increased estimate.	7/92	8.5
Maryland	Repeal certain exemptions and tax selected services.	5/92-7/92	110.1
Minnesota	Sales tax on local governments and other miscellaneous changes.	6/92	66.3
Mississippi	Sales tax increased by 1 cent. Additional revenues earmarked for education.	7/92	166.0
New Jersey	Reduction in sales tax from 7 percent to 6 percent.	7/92	-608.0
New York	Remittance accelerated; technical changes.	12/92	69.0
Ohio	Expansion of base and cap distribution to local governments.	8/91	72.0
Rhode Island	Dedication to the Depositers' Economic Protection Corporation increased from 0.5 cents to 0.6 cents; several exemptions eliminated.	7/92	-4.3
South Carolina	Vendor discount lowered from $10,000 to $3,000 per year.	7/92	4.4
Tennessee	A 0.5 percent rate increase; vendors' compensation reduced.	4/92	250.0
Utah	Monthly collection of sales tax adopted.	7/92	11.6
Virginia	New ABC store sales tax.	7/92	11.5
Wisconsin	Retailers' discount modified to a flat 0.5 percent of tax payable.	1/93	3.1
PERSONAL INCOME TAX			
Arizona	Increased personal exemption and elderly exemption.		-12.0
	Income threshold lowered for estimated payments.		7.8
California	Federal conformity prepayment requirement increased.	1/93	96.0
Colorado	Tax deduction eliminated.	7/92	50.0
Illinois	Double deduction eliminated.	7/92	7.0
	Surcharge reallocated.	7/92	36.0
Iowa	Income floor increased.	7/92	-12.5
Kansas	Accelerators in fiscal 1992; rate increase in fiscal 1993.	1/92	120.4
	Military retirement pay exempted from tax.	1/92	-8.5
Kentucky	IRS reference date updated to 12/31/91.	7/92	5.0
Maine	Collection enforcement positions.		2.0

Table A-11 (continued)
ENACTED REVENUE CHANGES BY TYPE OF REVENUE, FISCAL 1993

State	*Tax Change Description*	*Effective Date*	*Fiscal 1993 Revenue Change ($ in millions)*
Maryland	Additional tax bracket of 6 percent on total income over $100,000/$150,000; other minor changes. Revenue deposited in state reserve fund.	1/92	69.7
Minnesota	Federal estimated tax rules adopted.	1/93	16.3
Montana	Uniform taxation of retirement.	1/91	15.0
	Conform to federal estimated payments.	1/92	34.0
	7 percent surtax.	1/92	15.0
	Full accrual of revenues.	7/92	27.0
	Taxation of non-residents revised.		3.2
New York	Estimated tax payment conformity.	1/92	45.0
Ohio	Schedule changed for employer withholding and cap distribution to local governments.	8/91	53.1
Pennsylvania	Rate lowered to 2.8 percent from 3.1 percent.	7/92	-450.0
Rhode Island	Upper bracket adjustment from 27.5 percent to 32.0 percent of federal liability.	7/92	16.8
South Carolina	Delay in scheduled reduction in capital gains tax rate.	1/92	10.8
CORPORATE TAXES			
California	Settlement authority granted. Prepayment requirement increased.	9/92	330.0
Florida	Enterprise zone tax incentives.	9/92	-0.7
Illinois	Surcharge reallocated.	7/92	5.0
Kansas	Rate on higher income corporations increased; rate on small businesses decreased.	1/92	7.0
Maryland	Repeal subtraction modifications; double weight sales.	1/92	3.2
Michigan	Small business credits.	immed.	-15.0
Minnesota	Estimated tax payments.	1/92	1.9
Missouri	Temporary corporate rate increase sunset.	12/91	-30.0
Montana	7 percent surtax.	1/92	1.3
New York	Estimated tax payment conformity.	1/92	10.0
	Method of taxation of State Insurance Fund altered.	1/92	22.0
North Carolina	Reimbursements to local governments for mandated tax reduction earmarked from corporate income tax revenues previously appropriated from the general fund.	7/92	-237.8
Ohio	Loopholes closed and small miscellaneous changes.	8/91	64.3
Rhode Island	More restrictive provisions. Surtax retained until fiscal 1997.	7/92	7.2
CIGARETTE AND TOBACCO TAXES			
Florida	Children's access to tobacco restricted.	7/92	-1.5
Maryland	Increase of 20 cents per pack.	5/92	89.0
Minnesota	Increase of 5 cents per pack.	7/92	16.9
Montana	7 percent surtax.	8/92	0.8
Ohio	An additional 1 cent per pack from bond retirement and stamp sale on credit eliminated.	1/92	11.1

Table A-11 (continued)
ENACTED REVENUE CHANGES BY TYPE OF REVENUE, FISCAL 1993

State	*Tax Change Description*	*Effective Date*	*Fiscal 1993 Revenue Change ($ in millions)*
Oklahoma	Estimated impact of tribal compacts.		1.4
Wisconsin	Increase per pack tax from 30 cents to 38 cents.	5/92	29.8
MOTOR FUEL TAXES			
Alabama	Increase of 5 cents in gasoline and diesel tax.	7/92	104.9
Maryland	Increase of 5 cents per gallon	6/92	125.0
Missouri	Increase of 2 cents per gallon.	4/92	64.6
Montana	7 percent surtax.	8/92	6.0
Ohio	Increase rate from 20 cents per gallon to 21 cents per gallon.	7/91	39.6
Rhode Island	2 cents dedicated to highway fund.	7/92	-8.7
South Carolina	A 0.5 cent per gallon petroleum inspection fee expended and deposited in general fund.	7/92	11.5
ALCOHOLIC BEVERAGES			
California	Disaster relief.	9/92	-21.0
Montana	7 percent surtax.	8/92	0.8
OTHER TAXES			
Florida	1.5 mill intangible tax increase.	1/93	134.7
Iowa	Health care provider assessment.	7/92	17.0
Kansas	Revenue accelerators for financial institutions.	6/92	13.6
Kentucky	Road fund weight-distance tax on heavy trucks extended.	7/92	18.0
Louisiana	Off-site rate reduced and transportation tax on hazardous waste repealed.	7/92	-6.0
Maryland	Change to billed revenue method for telecommunications; compliance and enforcement measures.	various	26.3
Massachusetts	Estate tax reductions.		-2.2
Michigan	Inheritance tax increased exemptions.	1/93	-5.0
Minnesota	1-900 telephone service.	7/92	1.4
	Health care surcharge.	1/93	50.6
	Hospital tax.	1/93	14.5
Montana	7 percent surtax on coal, oil, and gas severance taxes, video gaming tax, insurance tax, gross vehicle weight taxes and fees, and numerous other taxes.	8/92	14.0
New York	Targeted penalty abatement program.	1/92	25.0
Ohio	Miscellaneous small tax changes.	7/91	55.9
Oklahoma	State share of funds under parimutuel wagering reduced.		-2.6
Rhode Island	Health care provider tax.	various	29.4
	Video betting.	various	17.4
South Carolina	5 percent rental vehicle surcharge.	7/92	1.2
	5 percent bingo tax.	7/92	3.8
Tennessee	$200 professionals privilege tax.	4/92	21.0
	6.75 percent services tax (net increase).	7/92	128.0
	$2600/bed nursing home tax (net increase).	7/92	59.0

Table A-11 (continued)
ENACTED REVENUE CHANGES BY TYPE OF REVENUE, FISCAL 1993

State	*Tax Change Description*	*Effective Date*	*Fiscal 1993 Revenue Change ($ in millions)*
Washington	Medicaid provider tax on intermediate care facilities.	4/92	30.2
West Virginia	Insurance tax surcharge on fire and casualty insurance.	7/92	7.9
FEES			
Alaska	New and increased user fees; converts utility commission to program receipts ($3.6 million).	7/92	13.7
California	Various fee and assessments increased.	9/92	193.0
Connecticut	Various fee increases.	7/92	20.5
Delaware	Certain civil filing fees and other civil fees increased.	7/92	0.2
	Minimal supervision fee to those on probation and parole. Fees dependent on level of supervision provided.	7/92	0.3
Florida	Corporation filing fee increased.	7/92	54.9
Georgia	Fees for tags and titles increased.	5/92	108.4
	Fees for drivers' licenses increased.	5/92	14.9
	Other assorted fees increased.	5/92	18.8
Louisiana	Fees imposed on long-term care, pharmacy, non-emergency transportation providers.	7/92	167.0
Maryland	Various fees.	various	12.3
Massachusetts	Various fee increases.		30.0
Minnesota	Various fees.	various	21.0
New Jersey	Vehicle registration fee increased by $1 to fund N.J. Emergency Medical Service Helicopter Response Program.	9/92	4.0
	Housing code enforcement.	6/91	3.3
	Hazardous waste fee increased.	7/91	8.0
	Filing fees in the judicial branch increased.	7/91	0.7
	Fire safety inspection fees increased.	10/91	3.1
	Insurance licensing and enforcement fees increased.	10/91	1.0
	Uniform construction code inspections.	9/92	1.7
	New administrative penalties regarding enforcement of wage and hour laws.	12/91	2.5
	Toxic Catastrophe Prevention Act.	7/91	1.6
	Freshwater wetlands.	7/91	1.8
	Surface/groundwater.	7/91	20.3
New York	Various increases, including corporate ($15.0), motor vehicle ($19.0), and judiciary ($21.0).	various	77.0
North Carolina	Court fees.	7/92	6.4
	Insurance assessment.	7/92	1.2
	Miscellaneous fees.	7/92	3.4
Ohio	Various fee increases and cash transfers.	7/91	17.4
Rhode Island	Various shifts to restricted accounts.	7/92	-2.1

Table A-11 (continued)
ENACTED REVENUE CHANGES BY TYPE OF REVENUE, FISCAL 1993

State	*Tax Change Description*	*Effective Date*	*Fiscal 1993 Revenue Change ($ in millions)*
South Carolina	Hazardous waste fee increased.	7/92	3.5
	Radioactive waste burial fee increased.	1/92	73.7
	Nursing home bed fee rescinded.	10/92	-9.8
Virginia	Court filing and clerk fees added.	7/92	6.0
Washington	Higher education tuition removed to dedicated funds (both revenues and expenditures).	7/92	-208.0

Table A-12
TOTAL BALANCES AS A PERCENT OF EXPENDITURES, FISCAL 1991 TO 1993

	Total Balances ($ in millions)			Balance as a Percent of Expenditures		
Region/State	Fiscal 1991	Fiscal 1992	Fiscal 1993	Fiscal 1991	Fiscal 1992	Fiscal 1993
NEW ENGLAND						
Connecticut	-$966	$50	$4	-14.6	0.7	0.1 %
Maine	4	13	11	0.2	0.8	0.7
Massachusetts	237	388	24	1.7	2.9	0.2
New Hampshire	-25	21	35	-3.8	3.0	4.8
Rhode Island	3	10	24	0.2	0.6	1.6
Vermont	-57	-65	-17	-8.9	-9.9	-2.7
MIDEAST						
Delaware	114	153	121	9.4	12.4	9.4
Maryland	0	6	49	0.0	0.1	0.7
New Jersey	1	770	77	0.0	5.3	0.5
New York	0	0	67	0.0	0.0	0.2
Pennsylvania	-452	11	5	-3.6	0.1	0.0
GREAT LAKES						
Illinois	100	131	200	0.9	1.1	1.7
Indiana*	432	468	303	7.4	8.1	4.9
Michigan	13	18	-19	0.2	0.2	-0.2
Ohio	436	90	-168	4.4	0.9	-1.6
Wisconsin	114	100	41	1.8	1.5	0.6
PLAINS						
Iowa	0	0	69	0.0	0.0	2.0
Kansas	162	133	301	6.5	5.3	11.0
Minnesota	555	264	242	8.0	4.1	3.7
Missouri	40	60	60	0.9	1.4	1.3
Nebraska	283	228	121	20.5	14.8	7.4
North Dakota	127	65	0	24.3	11.1	0.0
South Dakota	11	26	29	2.1	4.6	4.8
SOUTHEAST						
Alabama	1	5	4	0.0	0.1	0.1
Arkansas	0	0	0	0.0	0.0	0.0
Florida	145	185	203	1.3	1.7	1.7
Georgia	35	18	18	0.5	0.2	0.2
Kentucky	190	72	62	4.5	1.6	1.3
Louisiana	418	0	-93	9.2	0.0	-2.1
Mississippi	47	35	57	2.4	1.8	2.8
North Carolina	0	165	45	0.0	2.2	0.5
South Carolina	62	8	41	1.8	0.2	1.1
Tennessee	7	101	40	0.2	2.6	0.9
Virginia	0	68	55	0.0	1.1	0.9
West Virginia	89	57	3	4.7	2.9	0.1
SOUTHWEST						
Arizona	45	10	11	1.3	0.3	0.3
New Mexico	63	101	98	3.3	4.9	4.6
Oklahoma	381	307	338	12.4	9.7	10.2
Texas	729	-5	438	4.7	0.0	2.4
ROCKY MOUNTAIN						
Colorado	16	72	136	0.6	2.6	4.6
Idaho	69	30	23	7.5	3.0	2.3
Montana	59	26	16	12.9	5.0	3.0
Utah	119	96	64	6.8	5.2	3.3
Wyoming	81	77	43	18.8	19.9	10.9
FAR WEST						
Alaska	802	298	66	28.6	10.2	2.4
California	-2,879	-4,824	463	-7.2	-11.2	1.1
Hawaii	346	337	232	12.3	12.1	7.9
Nevada	64	29	50	6.9	2.8	4.8
Oregon	390	300	189	17.7	11.2	6.5
Washington	728	320	263	10.4	4.2	3.4
TOTAL	$3,138	$825	$4,442	1.1	0.3	1.4 %

Notes to Table A-12

Indiana	Figures include property tax replacement fund but do not include the balance of the general fund tuition reserve, which was $144 million at the beginning of fiscal 1991; $155 million at the end of fiscal 1991 and the beginning of fiscal 1992; and $165 million at the end of fiscal 1992, the beginning of fiscal 1993, and the end of fiscal 1993 (estimated).