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April
1992

NATIONAL GOVERNORS' ASSOCIATION NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS

Fiscal Survey of the States

April 1992

National Governors' Association
National Association of State Budget Officers

ISSN 0198-6562
ISBN 1-55877-150-6

April 1992

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Price: $20.00

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Preface

The *Fiscal Survey of the 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 January, February, and March 1992. The surveys were completed by Governors' state budget officers in the fifty states.

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

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

Executive Summary

The fiscal condition of states continues to be very weak. While some of the leading indicators, such as housing starts, retail sales, and consumer confidence, began to turn up during the first quarter of 1992, most states have yet to witness any increase in revenues. Clearly, the downturn over the past two fiscal years, 1991 and 1992, has left major scars on state finances. The magnitude of the budget cuts and tax increases over this period is unprecedented since this survey began in 1977. Even after all of this effort, end-of-year balances are estimated to be only 0.8 percent in 1992 and 1.0 percent of expenditures in 1993. These balances are at the lowest level in at least the last fifteen years and substantially lower than the 1.5 percent witnessed during the 1982-83 recession.

State Spending. Total state spending is estimated to increase by 5.0 percent in fiscal 1992 and by 3.6 percent in the Governors' proposed 1993 budgets. This is dramatically below the 7.4 percent average increase over the 1979-1993 period. More than two-thirds of all states -- thirty-five -- will be forced to reduce their fiscal 1992 enacted budgets by a total of $5.7 billion. The number of states in 1992 exceeds the twenty-nine that reduced 1991 enacted budgets. Due to both the slow growth in revenues and the double-digit growth in Medicaid and corrections, states have continued to make budget cuts.

- Sixteen states are proposing benefit level changes in Aid to Families with Dependent Children (AFDC) in fiscal 1993. Of these states, eleven would increase benefits while five are proposing decreases. Nine states are proposing changes in AFDC eligibility rules. This is one of the lowest numbers of states recommending increased benefit levels in recent times.

- Fifteen states are proposing reductions in Medicaid in fiscal 1993 budgets. States have attempted to control spending through cost containment measures and have sought additional resources through assessments on health care providers.

- State employees have not remained untouched. Full-time positions supported by states' general funds would decline by 0.9 percent in fiscal 1992 and by 0.7 percent in fiscal 1993. Twenty-three states have proposed changes to employee benefits, often shifting costs to employees for health insurance. Eight states have proposed reducing or postponing pay raises. About half of the states have proposed some additional pay raises for fiscal 1993.

- Twenty-four states have proposed changes in aid to local governments for fiscal 1993. Of these, eleven states have proposed reducing aid. Additional assistance is in the form of revenue options and relief from mandates for local governments.

State Revenues. At this time, states project revenue growth of 5.9 and 5.1 percent, respectively, for 1992 and 1993. This growth is substantially less than the growth witnessed over the 1979-1993 period. To attain even this modest revenue growth, states have raised taxes by $15 billion in 1992 and are requesting an additional $5.1 billion in 1993.

- Other taxes and fees represent the largest category of proposed revenue increases for fiscal 1993 and would account for about one-third of all new revenues. New fees include primarily assessments on health care providers and environmental fees.

- Proposed state tax changes would expand state sales tax bases to include such services as consultants, car repair, waste collection, and exercise facilities.

A New Direction. Over the last two years, states have concentrated on short-term budget cuts, such as travel freezes, furloughs, and hiring freezes, in order to reduce spending. There is now a realization that they are not just dealing with short-term cyclical budget problems. It is clear that revenue growth in the

1990s will be at least moderately -- if not substantially -- below that experienced in the 1980s. As important, skyrocketing health and corrections costs will continue into the foreseeable future. The impact of both of these underlying trends is that difficult fiscal times will continue and thus permanent downsizing and government efficiency are becoming top priorities. This new emphasis has emerged in several ways, as thirty-six states are conducting statewide reviews of government functions.

- Tax reform, revenue forecasting procedures, multiyear revenue and budget projections, and rainy day funds are receiving more emphasis.

- Program efficiency is a major focus, including strategic planning, privatization, performance measures, information systems, staffing, and personnel systems.

- Restructuring of major state functions, such as education, Medicaid, and workforce policies, is receiving increased attention.

This is clearly a very difficult period for state government. However, this new focus on the long-run efficiency of state government will help states provide the services that citizens desire in a more cost-effective way. The long-run impact will be stronger state governments in the 1990s.

I. Economic Background

Like other sectors, states have been hard hit by the decline in the national economy. The recession that officially started in the summer of 1990 has wreaked havoc with state budgets. Some regions, particularly New England, were hard hit by the recession before the rest of the nation. Recovery has been slow. States have relied on the same economic forecasts by the major national firms as private sector companies and have been anticipating the elusive economic recovery.

In the first months of 1992, there are some signs of a modest recovery. Although there has been improvement in economic indicators such as retail sales, consumer confidence, and factory orders, unemployment in March remained at 7.3 percent, unchanged from the previous month. This lack of improvement in the unemployment rate illustrates employers' hesitancy to hire and uncertainty about a sustained economic recovery.

Even with some positive signs in the economy, states are unlikely to see an improvement in their revenue collections for several months. The weak performance of the economy from the previous year may in fact increase the income tax refunds states pay to corporations and individual taxpayers, thereby decreasing revenues for this year even further. There is also concern that even when the economy fully recovers, the rate of growth will be much more modest than has occurred after previous recessions. Some economists believe that the huge federal deficit will continue to depress economic growth during the 1990s (see page 2).

How has this economic stagnation affected the states? State revenues, which are sensitive to the economy, have underperformed for most states. On the spending side, the economic downturn causes more people to seek assistance from the government. States have seen their welfare programs surge during these times. Aid to Families with Dependent Children (AFDC) caseloads, for example, have risen 24.1 percent from July 1989 to November 1991. States are managing their fiscal 1992 budgets and Governors have proposed fiscal 1993 budgets in this economic context.

THE FEDERAL DEFICIT

The single most important factor affecting the fiscal condition of states is the health of the national and global economies. As a result, the federal budget deficit and the debate about how to solve the federal budget problem is a primary concern for Governors and their states. Consideration must be given to both the short- and long-run implications of states' policy changes and the proper role of states in the new federalism that will inevitably emerge as these problems are addressed in the years ahead.

In the first week of April, 100 prominent economists, including six Nobel laureates, recommended that the federal government initiate new investments in human resources even if it means increasing the deficit. Their basic message was that investments aren't neutral; instead, spending for education and other programs that build self-sufficiency are needed investments to restart the American economy.

Most states continue to face structural budget deficits, which means that their expenditures continue to exceed their revenues. The solution to these problems will be largely addressed state by state, but together states have a common interest with the federal government in finding a sustainable path for the federal budget that brings federal expenditures in balance with revenues. Key to the debate about the new federalism will be the implications of debt, interest, and the deficit.

DEBT:

- Over most of the last 200 years, federal debt hasn't been a major issue for the federal government. It has emerged as a serious issue only in the last twenty years, during which it has grown to more than $3 trillion in 1993. This means that each family of four in the United States would need to pay $75,000 to eliminate the outstanding debt.

INTEREST:

- In order to pay the debt, the federal government is now paying between $200 billion and $270 billion annually in interest (debt service on the debt), depending upon the definition used. This amount now exceeds domestic discretionary spending and is on its way to becoming one of the largest single expenses of the federal government.

- Current debt service estimates now assume one of the lowest rates of interest in recent years, which means that those estimates are probably understated over the long term.

DEFICIT:

- The deficit represents the amount that the federal government spends each year above and beyond its revenues. The 1993 federal budget proposes to spend $1.5 trillion, even though only $1.1 trillion will be collected, which means that there will be $400 billion in deficit spending.

- Deficit spending represents current consumption of goods and services that will have to be paid for at some point in the future. Aside from its economic implications, this record deficit represents a troubling shift of responsibility to future generations for current consumption.

II. State Expenditure Developments

Overview

State general fund expenditures for fiscal 1992 represent a 5.0 percent increase over the previous year, while fiscal 1993 spending in the Governors' proposed budgets is estimated to grow by 3.6 percent, as shown in Table 1. Table 2 shows that about one-quarter of all states estimate that they will have negative expenditure growth from fiscal 1991 to 1992. Two-thirds of the states project that growth will be under 5 percent in fiscal 1992. Once again, spending plans have been curtailed by the lack of economic recovery.

Table 1
STATE NOMINAL AND REAL ANNUAL BUDGET INCREASES, FISCAL 1979 TO FISCAL 1993

	State General Fund	
Fiscal Year	*Nominal Increase*	*Real Increase*
1993	3.6% (est.)	-0.4% (est.)
1992	5.0 (est.)	1.0 (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	**7.4%**	**1.5%**

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

Governors' proposed budgets for fiscal 1993 assume spending ranging from negative growth to 5 percent growth for about two-thirds of all states, as shown in Table 2. These projected increases of 5.0 percent and 3.6 percent growth in fiscal years 1992 and 1993, respectively, are occurring while Medicaid programs and corrections grow at double-digit rates in most states. Spending pressures from school enrollment, environmental needs, school finance decisions, and other court decisions are also placing pressure on states' budgets.

Table 2
ANNUAL STATE GENERAL FUND EXPENDITURE INCREASES, FISCAL 1992 AND FISCAL 1993

	Number of States	
Spending Growth	*Fiscal 1992 (Estimated)*	*Fiscal 1993 (Proposed)*
Negative Growth	13	4
0.0% to 4.9%	17	33
5.0% to 9.9%	13	9
10% or Higher	7	4
Average Growth Rate	**5.0%**	**3.6%**

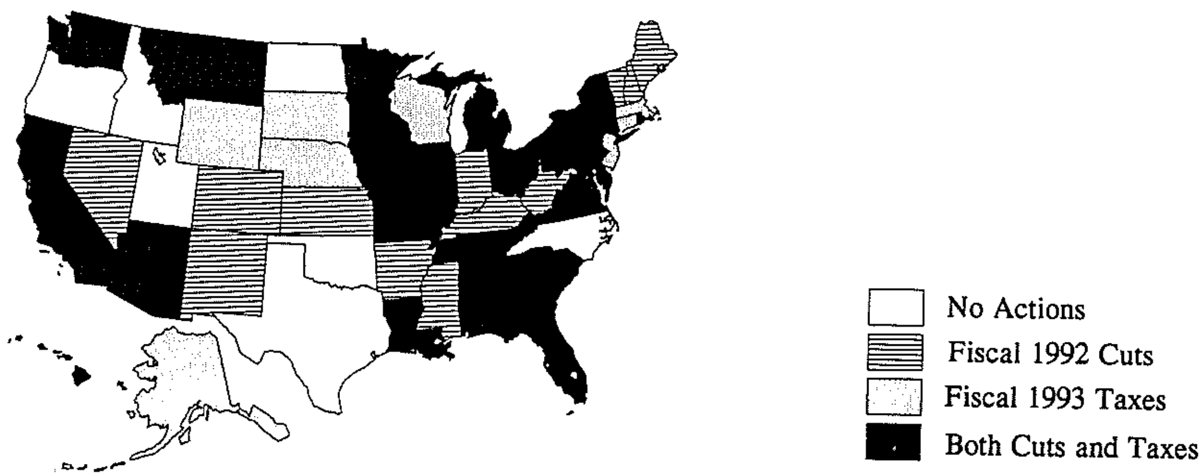
SOURCE: National Association of State Budget Officers

Budget Management in Fiscal 1992

In the current year, fiscal 1992, thirty-five states have reduced or are planning to reduce their enacted budgets by a total of $5.7 billion, as shown in Table 3. The number of states reducing 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, AFDC, Medicaid, public safety functions, and debt service. The exempted programs tend to be expenditures that are either entitlements, such as AFDC and Medicaid, or set by predetermined formulas, such as school aid.

Figure 1
BUDGET AND TAX ACTIONS TAKEN BY STATES, FISCAL 1992 AND FISCAL 1993



SOURCE: National Association of State Budget Officers

The states forced to reduce their enacted budgets represent all regions of the country. Since the fiscal 1992 figures include both enacted and proposed budget cuts, the reductions may grow as the year progresses.

Table 3
BUDGET CUTS MADE AFTER THE FISCAL 1992 BUDGET PASSED

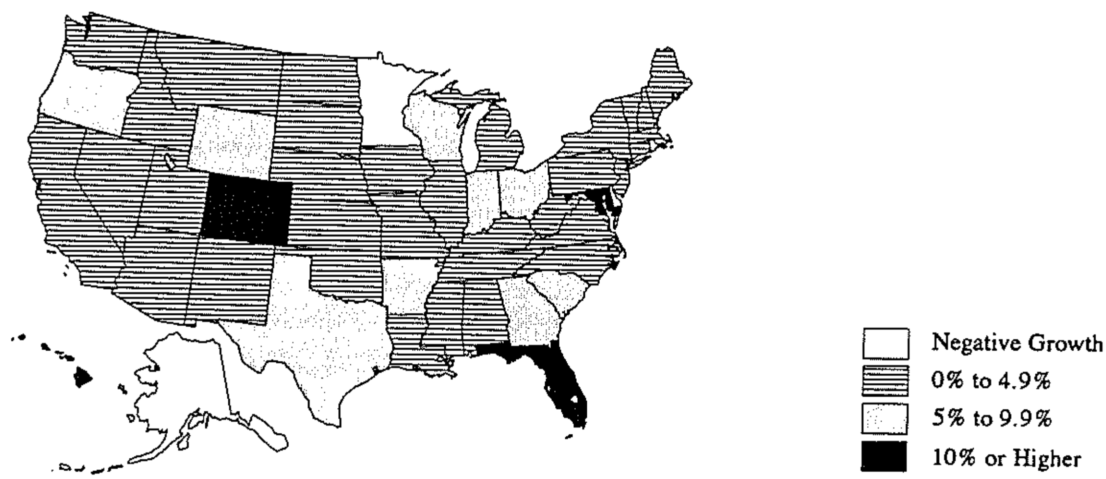
State	*Size of Cut* (millions)*	*Programs or Expenditures Exempted from Cuts*
Alabama	$183.4	Debt service
Arizona	60.0	Undetermined
Arkansas	25.0	No exemptions
California	450.0	Primarily K-14 programs that are funded with Proposition 98 monies
Colorado	100.0	No exemptions
Delaware	11.5	Debt service, judicial, public education, higher education
Florida	519.6	No exemptions
Georgia	415.0	No exemptions
Hawaii	33.0	Debt service, unemployment insurance, workers' compensation
Illinois	257.0	N/A
Indiana	64.9	Targeted reductions
Iowa	156.7	Legislature, courts, human services (AFDC, medical assistance, foster care)
Kansas	24.8	Debt service, retirement payment for school personnel
Kentucky	170.0	Education, Medicaid, benefit programs, health services
Louisiana	116.5	Non-discretionary programs
Maine	103.4	Debt service
Maryland	379.6	State debt, judiciary, legislature
Michigan	785.1	Under discussion
Minnesota	17.0	K-12 education, corrections, courts
Mississippi	76.0	Education, economic development, and law enforcement took a smaller percentage cut
Missouri	221.0	Debt service, tax refunds, judicial and legislative, AFDC, other entitlements
Montana	11.2	Public school equalization
Nevada	52.9	No exemptions
New Hampshire	24.0	Direct service positions
New Mexico	7.0	Human services, elected officials, judiciary, education
New York	347.0	School aid, welfare, unrestricted aid
Ohio	184.3	AFDC, Medicaid, student aid for higher education, debt service
Pennsylvania	388.0	Program-by-program determination
Rhode Island	17.0	No exemptions
South Carolina	167.0	Judicial and law enforcement
Tennessee	80.0	K-12 education, higher education, AFDC
Vermont	4.3	No exemptions
Virginia	57.1	Aid to individuals, public safety, debt service
Washington	205.4	K-12 basic education, pension contributions
West Virginia	33.6	Debt service
Total	**5,748.3**	

* Includes cuts recommended but not yet implemented.

SOURCE: National Association of State Budget Officers

As illustrated in Appendix Table A-5, strategies states are using to balance their fiscal 1992 budgets include eliminating programs and restructuring government functions. In fact, program eliminations are one of the most frequent approaches used by states to balance current year budget difficulties. Although many states have imposed spending freezes, hiring freezes, and program payment delays, these methods by themselves do not yield sufficient savings to balance large budget gaps. Moreover, states rely on freezes when problems are in a more temporary mode. The fact that states are looking at eliminating programs illustrates the severity of the current budget situation.

Figure 2
NOMINAL EXPENDITURE GROWTH IN FISCAL 1993 STATE BUDGETS



SOURCE: National Association of State Budget Officers

Spending Proposals for Fiscal 1993

This section looks at some of the key areas of state spending, such as Aid to Families with Dependent Children, Medicaid, employee compensation, and aid to local governments.

Aid to Families with Dependent Children (AFDC). Thirty-four states propose to maintain the same benefit level in AFDC. As Table 4 shows, of the sixteen states proposing changes, eleven plan to increase benefits while five may decrease benefits. In addition to changes in benefits, states are also making other program changes. Examples include New Jersey's recent law that would increase funds for child care and training while capping benefit levels with regard to family size. As shown in Appendix Table A-6, a total of nine states propose changing AFDC eligibility rules. In addition to proposing changes to AFDC programs, states have also changed general assistance programs. Eleven states have reduced or eliminated general assistance programs in fiscal 1992.

Medicaid. Fifteen states are proposing reductions in Medicaid for fiscal 1993 budgets. Medicaid, the most rapidly growing state program, accounts for about 14 percent of all state spending in fiscal 1991. States are both attempting to control spending and seeking additional resources for their Medicaid programs. Spending constraints include the use of managed care or health maintenance organizations (HMOs). Additional resources for Medicaid are coming from provider-based taxes such as a state tax on a percentage of a hospital's gross receipts. States have faced a great deal of uncertainty with respect to the use of provider-based taxes and voluntary contributions. (For an overview of this issue, see page 10.) States are also limiting services, reducing optional services, and modifying payments to providers in the current year.

Table 4
PROPOSED COST-OF-LIVING CHANGES FOR AID TO FAMILIES WITH DEPENDENT CHILDREN, FISCAL 1993

State	*Proposed Change*	*State*	*Proposed Change*
Alaska	3.2%	Montana	3.7
Arizona	*	Nevada	*
California	-10.0	New Jersey	*
Florida	3.0	North Dakota	5.0
Hawaii	3.0	Ohio	2.0
Kansas	1.9	Oregon	*
Maine	-14.88	Vermont	-2.0
Maryland	4.3	Washington	3.6

NOTES: Arizona would eliminate the statutory cost-of-living adjustment.

California would reduce benefits an additional 15 percent for recipients who remain on aid after six months.

Maryland's increase would restore benefit levels to original 1992 levels.

Montana's benefits are linked to 42 percent of the poverty index, as enacted in the 1991-92 session. The poverty index is expected to rise 3.7 percent in fiscal 1993.

Nevada's legislature approved an increase of 2.2 percent based on availability of funds; funds are unlikely to be available.

New Jersey's change would affect 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.

Oregon's increase is unknown at this time. Possible reductions in the future may offset the cost of the caseload increase.

Vermont's decrease is effectively 1.5 percent with the increase in food stamps.

SOURCE: National Association of State Budget Officers

As evidenced by recent national campaigns, health care is a major national issue. The health care costs that states face stem from the skyrocketing costs in health care nationwide. The lack of health insurance also affects the prices charged for those with health coverage, such as Medicaid recipients and private pay patients. Within the limits in which states find themselves in health care, states are among the leading innovators in developing cost containment measures.

Employee Compensation. Employees have not come out unscathed from the downturn in state budgets. With spending in states determined by set formulas in school spending, entitlement laws in Medicaid and AFDC, and court decisions in school finance and corrections, employee compensation is one area that is viewed as "discretionary." As shown in Appendix Table A-7, about half the states plan to give some additional pay to employees in fiscal 1993. The increases are about evenly divided among across-the-board increases, merit increases, and adjustments along a pay scale, and average 3.8 percent.

While employees may get some pay increase, employee benefits are subject to change. Twenty-three states propose some changes to employee benefits, as shown in Appendix Table A-6. These changes include increases for health care premiums, deductibles, and pension contributions. As employers, states are facing skyrocketing health care costs, and additional cost sharing with employees is viewed as a desirable option for a number of states. Illustrating the gravity of states' fiscal situation is the fact that eight states are proposing to reduce or postpone previously granted pay raises for employees.

As shown in Appendix Table A-8, the number of full-time positions supported by states' general funds would decline by about 0.9 percent from fiscal 1991 to fiscal 1992. Governors' proposed budgets for fiscal 1993 reflect a 0.7 percent decline in full-time general fund positions. Eighteen states plan to reduce positions from 1991 to 1992, while thirteen states propose reducing positions from 1992 to 1993.

States have used early retirement incentives, attrition, and layoffs to reduce the size of their workforces. Furloughs, used by some states, reduce salary expenditures on a short-term basis but do not reduce the position count. Since states face increased demands for health services, social services, and prison guards, the decline in authorized positions represents downsizing in other areas in state government. California, Florida, and other states are reviewing their workforce policies.

Table 5
PROPOSED CHANGES IN AID
TO LOCAL GOVERNMENTS, FISCAL 1993

Arizona	The Governor's proposals include eliminating state responsibility for state-only medical care for indigents, which may have an impact on local jurisdictions.
California	The Governor has proposed a 48 percent reduction in subventions to redevelopment agencies and diversion of property tax revenues from certain special districts with enterprise activities to K-14 schools.
Connecticut	The Governor has proposed various changes that would result in a reduction of state aid to local governments from fiscal 1992 levels.
Florida	The Governor supports a variety of local government revenue measures. The proposals include a partial year property tax assessment, increased revenue sharing distributions to small counties, increased flexibility in local occupational license taxes, authorization for counties to levy a utilities gross receipts tax, authorization for an expanded base for local gross receipts taxes, expanding the base and removal of referendum and spending restrictions on local option sales taxes, and expanding the base and removal of referendum requirements and spending restrictions on local option motor fuel taxes.
Georgia	The Governor has proposed creating a bond bank to allow local governments to borrow money at lower interest rates.
Idaho	The Governor's proposals include expanding the homeowners property tax exemption, which is the lesser of $50,000 or 50 percent of value, from owner-occupied homes to land as well. This is funded through a $0.332 fee assessed on sales of taxable real property.
Illinois	The Governor has proposed to shift distribution of income tax surcharges from local to state government for about $237 million and to eliminate state subsidy to Tax Increment Financing districts for $18 million.
Iowa	The Governor has proposed reductions in increases to previously enacted formulas for K-12 schools, community colleges, mental health, and various tax credits and aids.
Kansas	The Governor has proposed full state funding of local school districts with a statewide property tax levy added to existing state sources of revenue.
Maine	The Governor has proposed reducing local revenue sharing and school aid to municipalities by $2.6 million and $10.0 million, respectively.
Maryland	Proposals are to cut state aid and to permit subdivisions to increase "piggy-back" income tax rates.
Massachusetts	The Governor has proposed a $200 million increase in aid for education, contingent on education reform. Also proposed is elimination of certain mandates on local governments.
Michigan	The Governor has proposed an increase of $130 million in school aid.

Table 5 (continued)
PROPOSED CHANGES IN AID
TO LOCAL GOVERNMENTS, FISCAL 1993

Minnesota	The Governor has proposed reducing local aid to cities by $66 million per year beginning in fiscal 1993.
Missouri	The Governor has signed legislation to increase the motor fuels tax -- 25 percent is shared with local governments. Other proposals include a Medicaid provider tax proposal that would aid local hospitals, a $5.5 million increase for local convention centers and sports complexes, and implementation of use tax legislation, estimated to generate $50 million for cities and counties.
Montana	Reductions of $2.7 million in aid to local government were enacted in a January 1992 special session.
New York	The Governor's proposals include local savings, new state assistance, local mandate relief, and local revenue options. Specific proposals include Medicaid cost containment, savings in social services and mental hygiene, education mandate relief, and federal disproportionate share revenues.
Ohio	The Governor has proposed freezing aid to local governments at 1991 levels for the first half of fiscal 1993. As it stands now, aid will resume normal growth in the second half of fiscal 1993.
Rhode Island	Legislation enacted in the 1991 assembly will provide for general revenue sharing equal to 1 percent of state tax collections in the second preceding fiscal year beginning in fiscal 1994.
South Dakota	The Governor has proposed implementation of a property tax credit program that will utilize 26.75 percent of the state's video lottery revenue.
Virginia	The Governor has proposed a 4.5 percent increase in aid to localities 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.
Utah	The Governor has recommended a 2 percent cost-of-living adjustment increase to local government human service programs for substance abuse, aging, and mental health.
Wisconsin	The Governor has proposed placing permanent expenditure limits on school districts beginning in 1992-93. Cost growth will be limited to the change in the Consumer Price Index plus 50 percent of enrollment growth, up to 2.5 percent. Low spending districts will be allowed to increase spending by an additional 1 percent over the allowable rate.
Wyoming	The Governor recommends establishing an executive-legislative working group to address the issues of revenue streams and tax structure.

SOURCE: National Association of State Budget Officers

Aid to Local Governments. Twenty-four states are proposing changes in aid to local governments, as shown in Table 5. In eleven states, proposals would reduce funding to localities. Other changes include property tax adjustments in Idaho, Kansas, and South Dakota. Local assistance is in the form of a proposed bond bank in Georgia, local mandate relief in New York, and local revenue options in Florida, Maryland, and New York. Some states, such as Iowa and Wisconsin, are proposing to change the statutory spending escalators such as in school spending. States are faced with automatic spending escalators while revenues are declining. When revenues are growing, the automatic spending creates stability and helps local officials plan. Unfortunately, the recession drives revenues down while past decisions drive spending up.

The Evolution of Provider Taxes, Voluntary Contributions, and the Financing of Disproportionate Share Hospitals

1985: The Health Care Financing Administration (HCFA) published a final regulation relating to the sources of state funds for the state share of financial participation in Medicaid. One of the major provisions of this regulation was that public and private donations could be used as the state share.

1986-1987: HCFA began to contest federal matching of state programs using provider-specific taxes and voluntary contributions.

1988: Congress enacted the first in a series of one-year moratoriums prohibiting the Department of Health and Human Services (HHS) from making any regulatory changes prior to May 1, 1989.

1989: Congress again imposed a one-year moratorium to prohibit issuance of regulations on provider-specific taxes and voluntary contributions through December 31, 1990.

Feb. 9, 1990: HCFA issued a Notice of Proposed Rulemaking prohibiting the use of provider-specific taxes and voluntary contributions.

Oct. 11, 1990: HHS Inspector General Richard Kusserow issued a report on the "Use of Donations and Provider Tax Revenue as the State Share of Medicaid Expenditures" recommending that the limits in the February 9, 1990, proposed regulation be put into place.

November 1990: As part of the Omnibus Budget Reconciliation Act of 1990 (OBRA-90), Congress enacted the third moratorium on issuance of final regulations on provider-specific taxes and voluntary contributions until December 31, 1991, stating that "nothing in this title shall be construed as authorizing the Secretary to deny or limit payments to a State for expenditures, for medical assistance for items or services, attributable to taxes (whether or not of general applicability) imposed with respect to the provision of such items or services."

April 1991: OMB and HHS established a special joint Management Review Task Force. "SWAT teams" visited nine states to examine state Medicaid estimating practices and to investigate the reasons for the rising cost of Medicaid expenditures.

July 10, 1991: The SWAT teams issued a report and pointed to state use of provider-specific taxes and voluntary contributions as one of the causes for the increase in Medicaid expenditures. The report recommended that HCFA develop regulations to prevent "inappropriate" use of provider-specific taxes and voluntary contributions.

Sept. 12, 1991: HCFA published an interim final regulation interpreting the OBRA-90 tax provisions and prohibiting the use of voluntary contributions. This regulation would disqualify virtually all provider-specific tax programs and perhaps intergovernmental transfers. The effective date was set at January 1, 1992.

Oct. 31, 1991: HCFA published an interim final rule clarifying and further tightening the rule previously issued on September 12, 1991. This rule would allow HCFA to delay the effective date on the regulation until July 1992 for states making changes to conform to the regulation.

Nov. 27, 1991: Congress passed an NGA-Administration compromise, the Medicaid Moratorium Amendments of 1991, which protects all provider-specific tax, voluntary contribution, and disproportionate share hospital payments in fiscal years 1991 and 1992, establishes guidelines for structuring these programs in the future, and results in withdrawal of the October 31, 1991, regulation.

March 6, 1992: HCFA issued a "Program Summary" of the Medicaid Moratorium Amendments of 1991 to provide states with interim guidance until the regulation is developed.

August 1992: Projected date for publication of final regulations by HCFA.

III. State Revenue Developments

Overview

As shown in Table 6, proposed new taxes and fees for fiscal 1993 total $5.1 billion. States have raised taxes by record amounts in the past two fiscal years, 1991 and 1992. In many cases, these increases have allowed states to continue the current level of services rather than providing enhanced services. After a combined total of $25 billion in new taxes for fiscal 1991 and 1992, Governors' budgets for fiscal 1993 include fewer taxes and fees.

Table 7 displays the proposed tax and fee increases by type of revenue for fiscal 1993. The dominant category for new taxes and fees is one labeled "other," which covers the myriad of fees states are using to balance budgets and to assign costs. A theme in many of the proposed changes is the lack of a "general tax increase," such as an increase in the personal income rates. Instead, states are relying on environmental fees and increases in licenses. These other taxes and fees total $1.8 billion -- about one-third of the total proposed revenue increase for fiscal 1993.

Table 6
ENACTED STATE REVENUE INCREASES, FISCAL 1979 TO FISCAL 1993

Fiscal Year	*Revenue Increase ($ in billions)*	*Fiscal Year*	*Revenue Increase ($ in billions)*
1993	$5.1	1985	$0.9
1992	15.0	1984	10.1
1991	10.3	1983	3.5
1990	4.9	1982	3.8
1989	0.8	1981	0.4
1988	6.0	1980	-2.0
1987	0.6	1979	-2.3
1986	-1.1		

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

Reflecting current economic woes, more than half the states report that current revenues for fiscal 1992 are below the estimates used when the 1992 budgets passed. Appendix Table A-9 shows this underperformance in the major revenue categories for sales tax, personal income tax, and the corporate income tax. Together these sources account for about 80 percent of states' general fund revenues. Based on the latest estimates, which reflect data from half the 1992 fiscal year, states' tax collections are running about 3 percent below the original estimates used in the 1992 budgets. Unless other revenues offset these decreases, states are forced to reduce their enacted budgets or use reserve funds to balance fiscal 1992 budgets. The list of states reducing or planning to reduce 1992 enacted budgets shown in Table 3 reflects the economic distress in these tax collections. The culprit in most cases is the stalled economy. By this point in 1992, all the major forecasters were predicting economic recovery, and aside from the few positive signs in the last two months, the economy has yet to recover.

Revenue Collections Projected for Fiscal 1993

States were asked for their latest estimates for projected tax collection in fiscal 1993, excluding any proposed tax changes. As illustrated in Appendix Table A-10, projected 1993 tax collections are about 4.6 percent above the most current fiscal 1992 levels. States project a 4.8 percent increase for the sales tax, a 4.4 percent increase for the personal income tax, and a 4.6 percent increase for the corporate income tax. These increases, however, bring states only to 1.6 percent above the original levels used when enacting fiscal 1992 budgets. This means that double-digit growth in Medicaid and growth for education, as well as increases in the prices states pay to purchase materials and supplies, must be offset by program decreases or the use of reserve funds. As the following chapter shows, reserves are not an option for many states in fiscal 1993.

Proposed Revenue Changes for Fiscal 1993

Table 7 shows that twenty-eight states are proposing revenue increases and three states are proposing revenue decreases for fiscal 1993. The total proposed change of $5.1 billion is one-third of the $15 billion that was raised for fiscal 1992. A description of the proposed revenue changes appears in Appendix Table A-11. A number of states, including California, Connecticut, Kentucky, New Jersey, and Pennsylvania raised revenues by significant amounts in the past two fiscal years and are unlikely to raise taxes by a significant amount this year. After the record tax increases of $25 billion raised for fiscal years 1991 and 1992, citizens' opposition to new taxes may prevent further increases.

Sales Taxes

Thirteen states have proposed sales tax changes for fiscal 1993. The largest increase, proposed in Florida, would remove certain exemptions from the sales tax base. Maryland has proposed expanding the sales tax base to include such items as dry cleaners and repair services. Georgia and South Carolina have proposed reducing vendor discounts. The changes in the sales tax tend to broaden the base by removing current exemptions, such as consultants in Iowa and exercise facilities in Wisconsin. With the economy moving more steadily from a manufacturing base to a service base, the trend for states is to capture the underlying growth in services. Moreover, equity arguments can be made to broaden the base to avoid discriminating between types of goods and services.

Personal Income Taxes

Twelve states have proposed changes in the personal income tax. The largest proposed change is in Tennessee, a state that currently does not have an income tax. Currently nine states -- Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming -- do not have broad-based personal income taxes. Arizona and Massachusetts propose decreasing tax rates. Other changes include a change to federal taxable income in Alabama, elimination of a health care tax credit that is scheduled to begin in January 1993 in California, and a change to conform to federal estimated payment rules in New York.

Corporate Income Taxes

Thirteen states have proposed changes in corporate income taxes. Florida has proposed a minimum tax to Sub-S corporations, while Maryland has proposed increasing the rate and setting a minimum tax. A proposal in Missouri would reduce taxes by allowing a temporary corporate income tax increase to expire.

Cigarette and Tobacco Taxes

Nine states have proposed increasing tobacco taxes. Maryland's proposed increase accounts for more than half the national total. Proposed rate increases range from five to ten cents per cigarette pack.

Motor Fuels Taxes

Four states have proposed increasing gasoline taxes. In Missouri, the Governor has signed legislation to increase the tax by two cents in 1992 and an additional two cents in 1994 and 1996.

Table 7

PROPOSED 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*	*Total*
Alabama	101.8	149.2	52.0				219.0	522.0
Alaska							14.6	14.6
Arizona		-60.0						-60.0
Arkansas								0.0
California		142.0	66.0					208.0
Colorado								0.0
Connecticut							100.6	100.6
Delaware							0.5	0.5
Florida	661.8		244.0	1.9	0.2	8.0	438.0	1,353.9
Georgia	50.0						183.0	233.0
Hawaii		-4.0						-4.0
Idaho								0.0
Illinois	10.0		20.0	10.0		83.0		123.0
Indiana								0.0
Iowa	9.5			21.6			66.0	97.1
Kansas								0.0
Kentucky								0.0
Louisiana							177.6	177.6
Maine								0.0
Maryland	374.4	6.0	28.4	105.0	122.2	29.0	45.7	710.7
Massachusetts		-140.0	-52.0					-192.0
Michigan			-3.0				18.8	15.8
Minnesota	-0.7	3.0	2.0				11.0	15.3
Mississippi								0.0
Missouri			-30.0		48.4			18.4
Montana		49.0						49.0
Nebraska				13.0				13.0
Nevada								0.0
New Hampshire								0.0
New Jersey							40.6	40.6
New Mexico								0.0
New York	69.0	45.0	10.0		43.0		154.0	321.0
North Carolina								0.0
North Dakota								0.0
Ohio	72.0	53.1	64.3	11.1			84.4	284.9
Oklahoma								0.0
Oregon								0.0
Pennsylvania							77.5	77.5
Rhode Island	40.5		16.3				31.8	88.6
South Carolina	5.6						73.2	78.8
South Dakota				4.1				4.1
Tennessee		654.0						654.0
Texas								0.0
Utah								0.0
Vermont								0.0
Virginia							28.2	28.2
Washington	20.7		11.9				9.3	41.9
West Virginia								0.0
Wisconsin	9.0	15.0		19.5			1.0	44.5
Wyoming				3.2		1.5	9.5	14.2
Total	**$1,423.6**	**$912.3**	**$429.9**	**$189.4**	**$213.8**	**$121.5**	**$1,784.3**	**5,074.8**

* See Appendix Table A-11 for details on specific revenue changes.

Alcohol Taxes

Only four states have proposed increasing alcohol taxes. This category accounts for the smallest change in proposed revenues. After both state and federal increases the past several years, states have reached the limits in the revenue ability of this tax.

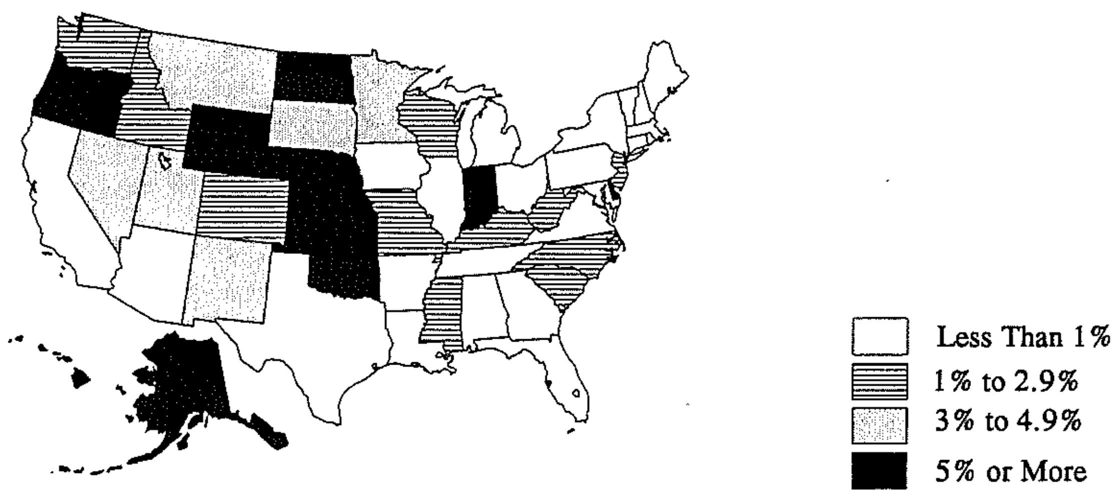
Other Taxes and Fees

This category accounts for the largest amount of new taxes and fees proposed in Governors' budgets for fiscal 1993. Twenty-one states have proposed a change in this category, totaling $1.8 billion in new revenues. Proposed increases include hazardous waste fees in Louisiana, New Jersey, and South Carolina. Other fees include health care assessments in Iowa and Virginia. As states exhaust options for other types of taxes, fees may look more attractive as a revenue option. Also, charging for a service or allocating a cost, such as in environmental areas, is more politically popular than a general tax increase. These fee increases, however, are often a flat revenue source and will not grow significantly over time. There is a danger for states that rely too heavily on balancing their budgets with fees that are not responsive to economic changes. States may find themselves with an unresponsive revenue base that will not keep pace with service demands.

IV. Year-End Balances

Year-end balances refer to the funds states have in reserve that are available for unforeseen circumstances. Appendix Tables A-1 through A-3 display the beginning balances and the ending balances for states in fiscal years 1991 through 1993. As shown in these tables, total balances may appear in the ending balance column as well as in budget stabilization or reserve funds.

Figure 3
TOTAL YEAR-END BALANCES AS A PERCENT OF EXPENDITURES, FISCAL 1992



SOURCE: National Association of State Budget Officers

Total balances and balances as a percent of expenditures are shown in Appendix Table A-12. Regardless of the type of reserve fund states may have, balances have dipped dramatically. States estimate that ending balances for the current fiscal year, 1992, will be a mere 0.8 percent of expenditures. This amount does not allow for many contingencies. States have been forced not only to reduce enacted budgets and raise taxes, but also to use reserve funds.

As shown in Table 8, balances for Governors' proposed budgets in fiscal 1993 are estimated at $3.3 billion, or 1.0 percent of expenditures. The balances in 1991 through 1993 are the lowest as a percent of expenditures in the last fifteen years. Even at the depth of the 1982-83 recession, balances exceeded the amounts states are projecting for fiscal 1992 and 1993. Twenty-three states in 1992 and twenty states in 1993 project balances at less than 1 percent of expenditures, as shown in Table 9. About two-thirds of states estimate balances as a percent of expenditures to be 2.9 percent or less in both fiscal 1992 and 1993.

Factors such as the degree of uncertainty over revenues or spending or the controls in place to reduce appropriations affect the level of reserve. Nevertheless, balances in the 1 percent range are precarious in these uncertain economic times.

Table 8
TOTAL YEAR-END BALANCES,
FISCAL 1979 TO FISCAL 1993

Fiscal Year	*Total Balance ($ in billions)*	*Total Balance (% of Expenditures)*
1993	$3.3 (est.)	1.0%
1992	2.5 (est.)	0.8
1991	5.4	1.8
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

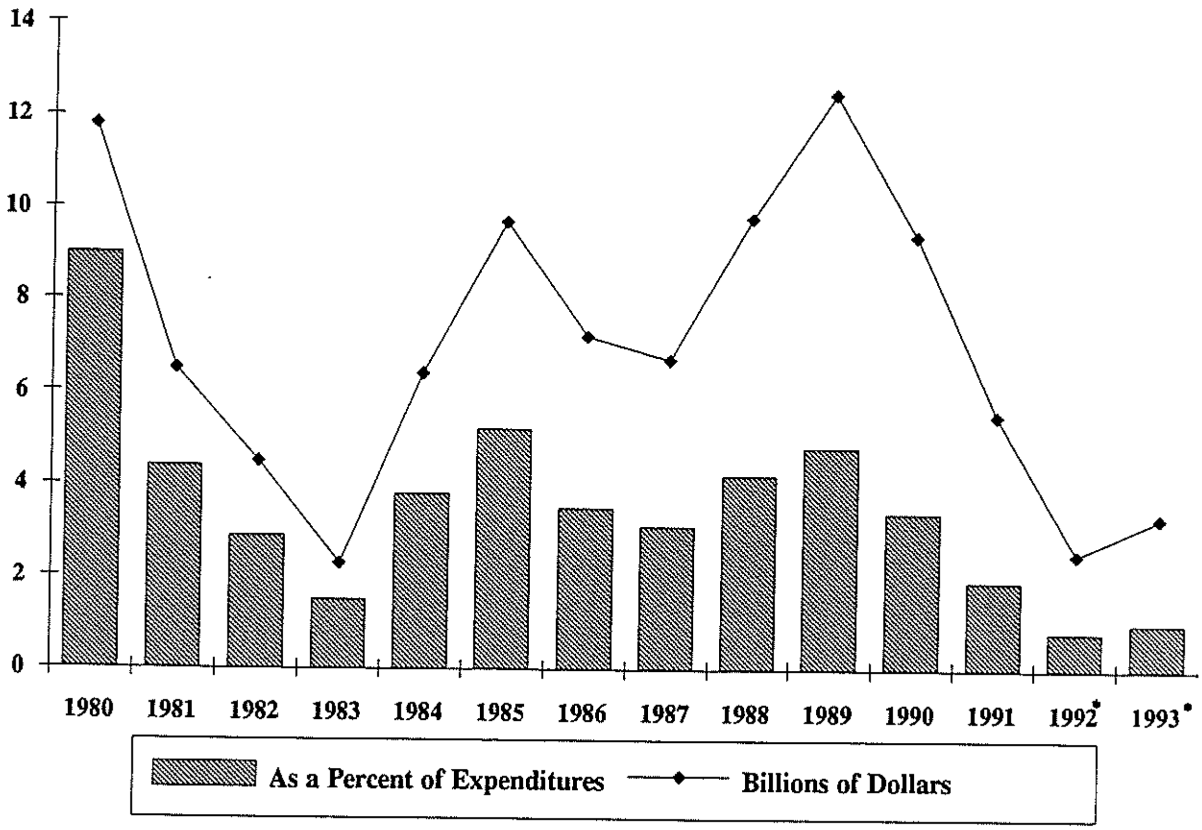
SOURCE: National Association of State Budget Officers

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 (Estimated)*	*Fiscal 1993 (Proposed)*
Less than 1.0%	21	23	20
1.0% to 2.9%	7	11	17
3.0% to 4.9%	5	6	6
5% or More	17	10	7
Average Percent	**1.8%**	**0.8%**	**1.0%**

SOURCE: National Association of State Budget Officers

Figure 4
TOTAL YEAR-END BALANCES,
FISCAL 1980 TO FISCAL 1993



*Data for these years are estimated.

SOURCE: National Association of State Budget Officers

V. Regional Fiscal Outlook

Overview

All regions of the country have been affected, though not equally, by the national recession. Forty-five states, representing all regions in the country, had higher unemployment rates in 1991 than in the previous year. Personal income growth for all regions has slowed down remarkably from previous periods. From 1982 to 1990, the growth in personal income averaged 7.3 percent annually. In stark contrast, from 1990 to 1991, personal income grew a mere 2.8 percent, or close to a drop of two-thirds from the previous eight-year period. Population growth, as shown in Table 10, is concentrated in the Southwest, Rocky Mountain, and Far West regions with 2 percent or greater annual growth. The remaining regions are under 2 percent or, in the case of New England, losing population.

Table 10
REGIONAL BUDGET AND ECONOMIC INDICATORS

Region	*Weighted Unemployment Rate*[a]	*Annual % Change in Personal Income*[b]	*Annual % 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	8.0%	0.7%	-0.6%	0.3%	1.9%	6
Mideast	6.9	2.0	0.6	0.8	3.5	5
Great Lakes	7.0	2.9	1.0	0.01	4.2	5
Plains	5.0	3.5	0.9	3.8	1.7	7
Southeast	6.6	3.3	1.7	0.7	6.2	12
Southwest	6.5	4.8	2.0	0.8	4.4	4
Rocky Mountain	5.3	4.9	2.4	3.7	6.7	5
Far West	7.0	2.4	2.4	0.6	1.3	6
Average	**6.7%**	**2.8%**	**1.4%**	**0.8%**	**3.6%**	**50**

SOURCES:

a. U.S. Department of Labor, Bureau of Labor Statistics, *State and Regional Unemployment in 1991*, February 1992, USDL 92-78.

b. *Survey of Current Business*, January 1992, 1990-91, p. 138.

c. *FFIS Issue Brief 91-22, Population Data for 1991; Impact on Bond Caps; Title XX Allocations, 1990-91*, p. 2.

New England

This region continues to be in the worst fiscal condition, having been the first hit by an economic slump and the slowest to recover. Also, defense cuts at the national level will disproportionately affect this region. As shown in Table 10, relative to other regions, New England's unemployment rates are the highest, while personal income growth and population growth are the lowest. Massachusetts had the highest unemployment rate in the region, while Rhode Island had an actual decline in personal income. Not surprisingly, balances in this region are among the lowest of all regions, and Governors' proposed fiscal 1993 budget growth is about half the national average.

Mideast

Next to New England, the mid-Atlantic states have had the most economic difficulties. New York and Pennsylvania had the highest unemployment rates in the region, while New Jersey had the lowest personal income growth in the region. Estimated balances of 0.8 percent of fiscal 1992 expenditures are at the national average and Governors' proposed fiscal 1993 expenditure growth is about at the national average.

Great Lakes

The states in the Great Lakes region have also been hard hit by the recession. Unemployment rates in 1991 exceeded the national average, while population change was below other regions. Michigan and Illinois had both the highest unemployment rates and the lowest personal income growth of all states in this region in 1991. Projected 1992 balances are estimated at 0.01 percent of expenditures -- the lowest of all regions.

Plains

The states in the Plains are relatively well off, compared with their neighbors. Unemployment in 1991 was the lowest of all regions, and personal income growth exceeded the national average. Projected 1992 balances at 3.8 percent of expenditures are the highest of all regions. Nebraska and North Dakota both project balances exceeding 10 percent of expenditures in fiscal 1992.

Southeast

This is the largest region, with twelve states. Unemployment rates in 1991 were about at the national average, while personal income growth and population changes were above the national average. Balances as a percent of 1992 expenditures are projected at 0.7 percent, slightly below the national average.

Southwest

While 1991 unemployment was approximately at the national average, personal income growth and population change exceeded the national average. Balances vary in this region, with Oklahoma carrying a balance of over 12 percent of expenditures and Texas with a projected negative balance. Governors' proposed fiscal 1993 budgets reflect an expenditure growth above the national average.

Rocky Mountain

States in the Rocky Mountain region had lower 1991 unemployment rates and higher personal income growth and population growth than the national average. Projected 1992 balances are above the nation. Balances as a percent of 1992 expenditures range from 2.6 percent in Idaho to 9.6 percent in Wyoming. Proposed fiscal 1993 budgets would increase by 6.7 percent in this region, with Colorado and Wyoming at 11.0 percent and 7.0 percent, respectively.

Far West

California dominates this region of the country, accounting for over two-thirds of this region. Other than population growth, the statistics for this region are below the national average. Both fiscal 1992 balances and proposed fiscal 1993 budget growth are below the national averages. Balances as a percent of expenditures from fiscal years 1992 to 1993 are estimated to decline in Alaska, Hawaii, Oregon, and Washington.

VI. Strategic Direction of States

With the economy yet to recover and the forecasts for recovery less than robust, states are moving further into a direction of strategic planning. States were asked about policies that had been agreed to in their states to set a direction over the next three years. Since states are in the midst of legislative sessions, an "agreed" upon direction by both the executive and legislative branch is still occurring in many states.

Nevertheless, many states are embarking on fundamental changes. Connecticut, New York, Pennsylvania, Virginia, and other states are planning to eliminate programs. Other states are restructuring a major government function. Examples of restructuring include elementary and secondary education in Colorado and Medicaid in New York and Virginia. In addition, some Governors have appointed commissions to review state expenditures. Examples include Connecticut, New Jersey, Iowa, and South Carolina.

Thirty-six states are conducting statewide reviews, examining such areas as reorganization, efficiency, tax reform, information systems, personnel/staffing, performance measures, and revenue forecasting.

As states face increasing demands for mid-year corrections in their budgets, some states are recommending changes to their budget processes. Virginia, for example, is considering an earlier budget and changes to budget stabilization funds. North Carolina is looking at a five-year analysis of spending. New York's proposed changes include a more timely budget and a long-term debt cap, while Connecticut is moving toward three-year projections.

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	1,524	1,585	1,581	4	1
Massachusetts*	258	13,612	13,870	13,633	237	*
New Hampshire	-11	629	618	643	-25	0
Rhode Island	0	1,382	1,450	1,446	4	
Vermont	0	577	577	643	-65	8
MIDEAST						
Delaware*	172	1,155	1,327	1,213	114	*
Maryland*	57	6,142	6,199	6,199	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	0
Indiana	372	5,561	5,933	5,823	109	323
Michigan	-310	7,870	7,560	7,729	-169	182
Ohio	677	12,186	12,863	12,727	135	300
Wisconsin*	307	6,172	6,478	6,364	114	*
PLAINS						
Iowa	72	3,070	3,142	3,131	11	
Kansas	275	2,382	2,657	2,495	162	
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	1,460	174	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	7,340	7,562	7,562	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	
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	79
Oklahoma*	147	3,099	3,246	3,067	179	202
Texas	467	15,776	16,243	15,514	729	0
ROCKY MOUNTAIN						
Colorado*	117	2,573	2,690	2,673	16	*
Idaho	49	902	951	917	34	35
Montana*	89	420	509	450	59	
Utah	76	1,699	1,776	1,742	34	57
Wyoming*	100	380	480	434	46	2
FAR WEST						
Alaska	381	3,217	3,598	2,807	791	791
California*	791	38,214	39,005	40,264	-1,259	*
Hawaii	456	2,690	3,146	2,799	347	
Nevada*	116	875	991	928	64	*
Oregon	333	2,411	2,744	2,364	380	
Washington	734	6,758	7,492	7,024	468	260
TOTAL	9,119	286,325	295,512	292,498	3,057	2,362

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.

California	Ending balance includes budget stabilization fund balance of -$1.715 billion.
Colorado	Ending balance includes budget stabilization reserve of $16.3 million.
Connecticut	Figures include federal reimbursements such as Medicaid. Expenditures do not include $453 million in one-time savings or other budgeted expenditures.
Delaware	Ending balance includes budget stabilization fund of $65.4 million. Revenues include any reimbursements that were credited to the general fund.
Georgia	Revenues include $149 million in cash to bond transfer.
Maryland	Revenues include $405.2 million in transfers from reserve accounts and other fund balances.
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.
Montana	Expenditures include adjustments of $7 million.
Nevada	Ending balance includes $40 million budget stabilization fund.
New York	Revenues reflect a $715 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.
South Carolina	Ending balance includes $33.4 million budget stabilization fund.
South Dakota	Expenditures include obligations incurred against cash. Cash balance is unobligated. Revenues include obligated cash carried forward.
Tennessee	Ending balance includes $7 million budget stabilization fund.
Wisconsin	Ending balance includes $63.6 million budget stabilization fund.
Wyoming	Figures assume that 48 percent of the fiscal 1993-94 biennium applies to fiscal year 1993.

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

Region/State	*Beginning Balance*	*Revenues*	*Resources*	*Expenditures*	*Ending Balance*	*Budget Stabilization Fund*
NEW ENGLAND						
Connecticut*	0	6,956	6,956	6,956	0	0
Maine	4	1,515	1,519	1,518	1	0
Massachusetts*	237	13,457	13,694	13,577	117	*
New Hampshire	-25	724	699	703	-4	0
Rhode Island	4	1,712	1,757	1,747	1	9
Vermont*	-65	674	608	659	-51	0
MIDEAST						
Delaware*	114	1,232	1,346	1,238	108	*
Maryland	0	6,152	6,152	6,139	13	0
New Jersey	1	14,971	14,972	14,569	403	0
New York*	0	29,824	29,824	29,824	0	0
Pennsylvania	-454	14,091	13,637	13,635	2	2
GREAT LAKES						
Illinois	100	12,005	12,105	11,995	110	0
Indiana	109	5,721	5,830	5,778	52	325
Michigan	-169	7,227	7,058	7,843	-785	194
Ohio	135	13,136	13,271	13,280	-8	0
Wisconsin*	114	6,590	6,704	6,586	118	*
PLAINS						
Iowa	11	3,199	3,210	3,202	8	8
Kansas	162	2,457	2,619	2,495	125	
Minnesota*	555	6,197	6,752	6,496	256	*
Missouri	40	4,329	4,369	4,335	34	14
Nebraska	174	1,501	1,675	1,534	141	27
North Dakota	105	549	654	587	67	23
South Dakota*	11	559	570	570	0	20
SOUTHEAST						
Alabama	1	3,337	3,338	3,338	0	0
Arkansas	0	1,928	1,928	1,928	0	0
Florida	142	10,985	11,127	11,127	0	69
Georgia*	65	7,390	7,455	7,455	0	0
Kentucky	170	4,470	4,640	4,613	27	24
Louisiana	418	4,048	4,466	4,466	0	0
Mississippi	4	1,925	1,928	1,928	1	43
North Carolina*	0	7,983	7,983	7,883	101	*
South Carolina*	62	3,385	3,447	3,385	62	*
Tennessee*	7	3,867	3,874	3,860	14	*
Virginia*	0	6,289	6,289	6,261	28	
West Virginia	89	1,920	2,009	1,985	24	
SOUTHWEST						
Arizona	45	3,472	3,517	3,512	5	0
New Mexico	0	2,073	2,073	2,074	-1	73
Oklahoma*	179	3,221	3,400	3,184	216	186
Texas	729	16,312	17,040	17,469	-428	164
ROCKY MOUNTAIN						
Colorado*	16	2,843	2,859	2,783	76	*
Idaho	34	963	997	997	0	26
Montana	59	477	536	520	16	
Utah*	34	1,842	1,876	1,851	24	60
Wyoming*	46	349	395	393	3	35
FAR WEST						
Alaska*	802	2,276	3,078	2,901	177	639
California*	-1,259	43,633	42,374	43,718	-1,344	*
Hawaii	347	2,804	3,151	2,769	382	
Nevada*	64	980	1,044	1,001	43	*
Oregon	380	2,597	2,977	2,687	290	
Washington	468	7,101	7,569	7,667	-98	260
TOTAL	4,064	303,248	307,353	307,020	325	2,199

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.

Alaska	The budget stabilization fund reflects a constitutional budget reserve fund balance of $462 million and a statutory budget reserve fund with an ending balance of $177 million.
California	Ending balance reflects a budget stabilization fund of -$1.781 billion.
Colorado	Ending balance includes budget stabilization fund of $76.1 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. Revenues include any reimbursements that were credited to the general fund.
Georgia	Beginning balance includes $31 million in additional surplus after initial audit.
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 $42.9 million budget stabilization fund. Includes $52.9 million in budget reductions to be reserved for reversion to the general fund.
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 $25.5 million. In 1991-92, the budget stabilization fund totals 0.4 plus 25 percent of ending balance as required by law.
Oklahoma	Expenditures include transfer to budget stabilization fund.
South Carolina	Ending balance includes a $38.2 million budget stabilization fund.
South Dakota	Expenditures include obligations incurred against cash. Cash balance is unobligated. Revenues include obligated cash carried forward.
Tennessee	Ending balance includes $14 million budget stabilization fund.
Utah	Includes $40.3 million in additional spending recommended by the Governor.
Vermont	Revenues include transfer of $8.2 million from the budget stabilization fund.
Virginia	Expenditures include reserved and designated fund balances.
Wisconsin	Ending balance includes $66.6 million in budget stabilization fund.
Wyoming	Figures assume that 48 percent of the fiscal 1993-94 biennium applies to fiscal 1993.

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

Region/State	*Beginning Balance*	*Revenues*	*Resources*	*Expenditures*	*Ending Balance*	*Budget Stabilization Fund*
NEW ENGLAND						
Connecticut*	0	7,266	7,266	7,266	0	0
Maine	1	1,562	1,563	1,563	0	0
Massachusetts*	117	13,952	14,069	13,992	77	*
New Hampshire	-4	743	739	737	2	0
Rhode Island	1	1,467	1,446	1,429	2	23
Vermont	-51	698	648	660	-12	0
MIDEAST						
Delaware*	110	1,223	1,333	1,233	100	*
Maryland	13	6,827	6,840	6,763	77	25
New Jersey	403	15,061	15,464	15,237	227	0
New York*	0	30,317	30,317	30,250	0	67
Pennsylvania	2	14,211	14,213	14,212	1	2
GREAT LAKES						
Illinois	110	12,142	12,252	12,052	200	0
Indiana	52	6,194	6,246	6,246	0	174
Michigan	0	7,928	7,928	7,928	0	207
Ohio*	-8	13,725	13,717	14,240	-524	0
Wisconsin*	118	6,878	6,996	6,921	75	*
PLAINS						
Iowa	0	3,343	3,343	3,342	1	9
Kansas	125	2,568	2,693	2,524	169	
Minnesota*	256	6,403	6,659	6,397	262	*
Missouri	34	4,528	4,562	4,487	74	17
Nebraska	141	1,546	1,687	1,580	107	20
North Dakota	67	568	635	612	23	24
South Dakota*	0	597	597	597	0	25
SOUTHEAST						
Alabama	0	3,468	3,468	3,468	0	0
Arkansas	0	2,072	2,072	2,072	0	0
Florida*	0	12,967	12,967	12,967	0	200
Georgia	0	8,134	8,134	8,134	0	0
Kentucky*	27	4,609	4,635	4,616	19	29
Louisiana	0	4,586	4,586	4,586	0	0
Mississippi	1	1,969	1,970	1,942	28	43
North Carolina*	101	8,481	8,581	8,166	415	*
South Carolina	62	3,555	3,617	3,585	32	63
Tennessee*	14	3,916	3,930	3,890	40	*
Virginia	28	6,283	6,311	6,311	1	*
West Virginia	25	2,052	2,077	2,077	0	
SOUTHWEST						
Arizona	5	3,627	3,632	3,608	25	
New Mexico	0	2,114	2,114	2,112	2	74
Oklahoma*	215	3,341	3,556	3,325	231	186
Texas	-428	18,790	18,362	18,360	2	176
ROCKY MOUNTAIN						
Colorado*	76	2,946	3,022	3,089	-67	*
Idaho	0	1,016	1,016	1,016	0	26
Montana	16	517	533	529	4	
Utah	24	1,904	1,928	1,928	0	64
Wyoming*	1	386	387	420	-33	0
FAR WEST						
Alaska*	177	2,011	2,188	2,775	-587	
California*	-1,344	45,673	44,329	43,817	512	*
Hawaii	382	2,992	3,374	3,294	80	
Nevada*	43	1,045	1,088	1,037	51	*
Oregon	290	2,793	3,083	2,911	173	
Washington*	-98	7,857	7,759	7,685	74	0
TOTAL	1,103	318,852	319,933	317,988	1,863	1,453

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.

Alaska	The shortfall of $587 million in revenues will be covered by using one-time sources.
California	Ending balance includes budget stabilization fund balance of $105 million.
Connecticut	Figures include federal reimbursements such as Medicaid.
Colorado	Expenditures include a shortfall estimate of $168.8 million for K-12 education.
Delaware	Ending balance includes budget stabilization fund of $67.7 million. Revenues include any reimbursements that were credited to the general fund.
Florida	Figures reflect the Governor's "Investment Budget." The Governor submitted a "Reality Budget" with no new taxes, which he has since disavowed.
Kentucky	The budget stabilization fund includes $23.5 million that is carried forward from fiscal 1992.
Massachusetts	Ending balance includes budget stabilization fund of $59.2 million. Figures include all budgetary funds.
Minnesota	Ending balance includes budget stabilization fund of $260 million.
Nevada	Ending balance includes $50 million budget stabilization fund. Revenues include $76.8 million in budget reductions to be reserved for reversion to the general fund.
New York	Revenues reflect a $531 million reduction for impoundment of 1991-92 deficit notes.
North Carolina	Ending balance includes budget stabilization fund of $25.5 million.
Ohio	The projected shortfall in fiscal 1993 will be addressed through the Governor's proposed spending reductions and revenue increases.
Oklahoma	Expenditures include transfer to budget stabilization fund.
South Dakota	Expenditures include obligations incurred against cash. Cash balance is unobligated. Revenues include obligated cash carried forward.
Tennessee	Ending balance includes $40 million budget stabilization fund.
Washington	Revenues include adjustments to reach available cash resources and use of rainy day fund in fiscal 1993.
Wisconsin	Ending balance includes $69.6 million budget stabilization fund.
Wyoming	Figures assume that 48 percent of the fiscal 1993-94 biennium applies to fiscal 1993.

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

Region/State	*Fiscal 1992*	*Fiscal 1993*
NEW ENGLAND		
Connecticut	5.0 %	4.5 %
Maine	-4.0	3.0
Massachusetts	-0.4	3.1
New Hampshire	9.4	4.8
Rhode Island	20.8	-18.2
Vermont	2.5	0.2
MIDEAST		
Delaware	2.0	-0.3
Maryland	-1.0	10.2
New Jersey	19.5	4.6
New York	3.2	1.4
Pennsylvania	9.8	4.2
GREAT LAKES		
Illinois	4.3	0.5
Indiana	-0.8	8.1
Michigan	1.5	1.1
Ohio	4.3	7.2
Wisconsin	3.5	5.1
PLAINS		
Iowa	2.3	4.4
Kansas	0.0	1.2
Minnesota	-5.9	-1.5
Missouri	2.2	3.5
Nebraska	5.1	3.0
North Dakota	12.2	4.3
South Dakota	9.0	4.7
SOUTHEAST		
Alabama	-1.4	3.9
Arkansas	2.6	7.5
Florida	1.7	16.5
Georgia	1.1	9.1
Kentucky	10.2	0.1
Louisiana	-1.2	2.7
Mississippi	-0.9	0.7
North Carolina	4.2	3.6
South Carolina	-2.2	5.9
Tennessee	-0.1	0.8
Virginia	-1.1	0.8
West Virginia	5.1	4.6
SOUTHWEST		
Arizona	5.3	2.7
New Mexico	7.6	1.8
Oklahoma	3.8	4.4
Texas	12.6	5.1
ROCKY MOUNTAIN		
Colorado	4.1	11.0
Idaho	8.7	1.9
Montana	15.6	1.7
Utah	6.3	4.1
Wyoming	-9.5	7.0
FAR WEST		
Alaska	3.3	-4.3
California	8.6	0.2
Hawaii	-1.1	19.0
Nevada	7.9	3.7
Oregon	13.7	8.3
Washington	9.2	0.2
TOTAL	5.0 %	3.6 %

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

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		
Vermont							X		X		
MIDEAST											
Delaware			X						X		
Maryland	X		X	X	X		X		X		X
New Jersey											
New York	X			X			X	X			
Pennsylvania						X	X				
GREAT LAKES											
Illinois					X						
Indiana											
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											
North Carolina											
South Carolina											
Tennessee											
Virginia				X	X		X		X		
West Virginia											
SOUTHWEST											
Arizona									X		
New Mexico											
Oklahoma											
Texas											
ROCKY MOUNTAIN											
Colorado	X		X	X			X		X	X	
Idaho											
Montana	X			X	X		X	X			
Utah											
Wyoming	X	X	X				X		X		
FAR WEST											
Alaska	X					X			X		X
California			X	X	X				X		
Hawaii											
Nevada	X		X	X			X				
Oregon											
Washington	X	X	X	X							
TOTAL	15	4	18	15	7	6	18	6	18	3	7

Table A-6
CHANGES CONTAINED IN GOVERNORS' PROPOSED BUDGETS

State	AFDC Eligibility	Medicaid Reductions	Employee Benefits	Reduced/Postponed Pay Raise
Alabama			X	
Alaska				
Arizona	X		X	
Arkansas				
California	X	X	X	X
Colorado				X
Connecticut			X	X
Delaware			X	
Florida	X	X	X	X
Georgia				
Hawaii				
Idaho				
Illinois		X		
Indiana			X	
Iowa			X	X
Kansas				
Kentucky				X
Louisiana			X	
Maine	X	X	X	X
Maryland		X	X	
Massachusetts	X	X	X	
Michigan				
Minnesota		X		
Mississippi			X	
Missouri				
Montana			X	
Nebraska				
Nevada				
New Hampshire				
New Jersey	X			
New Mexico		X	X	
New York		X	X	
North Carolina				
North Dakota				
Ohio			X	
Oklahoma		X		
Oregon				
Pennsylvania	X			
Rhode Island		X		
South Carolina				
South Dakota			X	
Tennessee			X	
Texas				
Utah			X	
Vermont	X			X
Virginia		X	X	
Washington		X	X	
West Virginia				
Wisconsin		X		
Wyoming	X	X	X	
TOTAL	9	15	23	8

Table A-7
PROPOSED STATE EMPLOYMENT COMPENSATION CHANGES, FISCAL 1993

State and Region	*Across the Board*	*Merit*	*Other*	*Notes*
New England				
Connecticut	---	---	---	The administration and the employee unions have negotiated an agreement which, in general, defers a 4.5 percent 1992-93 cost-of-living adjustment until May 1993 and eliminates a step increase in either 1991-92 or 1992-93.
Maine	---	---	---	Negotiations will begin sometime in April 1992.
Massachusetts	---	---	---	Increase employees' share of health care benefit costs form current 10 percent to proposed 35 percent.
New Hampshire	---	---	---	Still under negotiation.
Rhode Island	---	---	---	End 10 percent deferral. Negotiations begin in spring 1992.
Vermont	----	---	---	Currently under negotiations with employee union.
Mideast				
Delaware	---	2.0%	---	Employees above the pay grade maximum receive 1.0 percent. Employees approaching the pay grade maximum receive the greater of the amount which places them at the maximum or 1.0 percent. Appointed and elected officials will receive no increase.
Maryland	---	---	---	
New Jersey	---	---	---	Funding is included for a step or anniversary increase for those employees not at the top of their range. Virtually all employees' contracts are currently being negotiated.
New York	---	---	---	Negotiations for agreements are currently underway. The state's position calls for no salary increase in fiscal years 1992 and 1993.
Pennsylvania	3.2%	---	1.25%	The across-the-board rate is 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 under the "other" category.
Great Lakes				
Illinois	3.525%	---	*	Union groups will receive on average a 3.6 percent step increase.
Indiana	---	---	---	
Michigan	---	---	---	
Ohio	---	---	2.5%	Increase reflects step increases.
Wisconsin	3.1%	---	---	Proposed increase is 4.2 to 4.3 percent, including 1.25 percent on May 30, 1993. The across-the-board increase is effectively 3.0 percent until the last month of fiscal 1993.
Iowa		---	---	As of this time, the state anticipates no increase. However, employee groups have litigated the issue in the courts.

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

State and Region	*Across the Board*	*Merit*	*Other*	*Notes*
Plains				
Kansas	---	---	2.5%	The 2.5 percent reflects step movements provided to employees on the pay matrix.
Minnesota	2.5%	---	---	
Missouri	---	---	---	The state covered the cost increase of employee and dependent medical care coverage.
Nebraska	3.0%	---	1.5%-2.5%	All employees receive 3.0 percent on July 1, 1992, an additional 1.5 percent on their anniversary date, and an additional 1.0 percent if employed 10 years with the state and are below the midpoint of the salary range.
North Dakota	*	---	---	Employees will receive $40 flat amount per month across-the-board.
South Dakota	4.0%	---	2.5%	Other is an adjustment of 2.5 percent for employees below the midpoint of their pay range.
Southeast				
Alabama	---	5.0%	*	Merit raises are based on employee performance and may range from zero to 5 percent based on actual evaluation. In other pay, longevity increases range from $300 to $600 per employee per year 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. The "other" 2 percent will be made available to employees on July 1, 1992, providing sufficient funding is certified by the chief fiscal officer.
Florida	---	---	2.47%	The 2.47 percent is effective January 1, 1993 and will be negotiated with collective bargaining units to target critical areas and job functions where there is high turnover and low pay scales.
Georgia	3.0%	---	---	
Kentucky	---	---	*	Employees with salaries below $20,000 would receive a 2% increase; employees with salaries of $50,000 and above would receive a 2% cut. Everyone else receives zero.
Louisiana	---	3.6%	---	Approximately 10 percent of the workforce is at the top end of the pay scale and will not qualify for further merit increases; therefore, the 4 percent merit increase will average 3.6 percent.
Mississippi	---	---	---	
North Carolina	---	---	---	Employee compensation will be addressed by the 1992 session of the General Assembly.
South Carolina	2.0%	2.0%	---	The 2 percent across-the-board raise begins October 1, 1992. The 2 percent merit increase is granted on the employee's review date.
Tennessee	---	---	---	General appropriation bill will include a contingency appropriation, subject to over collection of revenue estimates, for raises effective January 1, 1993.
Virginia	---	---	---	

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

State and Region	*Across the Board*	*Merit*	*Other*	*Notes*
West Virginia	---	---	---	A $2,000 across-the-board increase for all public school teachers. No other salary increases are recommended.
Southwest				
Arizona	1.86%	---	---	
New Mexico	---	3.0%	---	The increase is 3 percent of range midpoint on an employee's anniversary date.
Oklahoma	---	5.0%	---	Governor has proposed a two-step (approximately 5 percent) increase for all employees rated satisfactory or better.
Texas	3.0%	---	---	The legislature authorized an across-the-board pay raise of 3 percent for fiscal 1993 if the state comptroller certifies that there are sufficient funds.
Rocky Mountain				
Colorado	2.51%	---	---	
Idaho	---	2.5%	0.25%	The "other" is an adjustment for those in the same position for 5 years or more to move them to the midpoint of the salary range.
Montana	*	---	---	Implemented a "market-based" pay plan in 1992-93 biennium. Increase will vary by individual employee. In fiscal 1993, all classified employees received 25 cents per hour in July and 20 cents per hour in January and one-eighth percent for each percentage point the employee is below the "market rate." The market rates were increased 3 percent in fiscal 1993.
Utah	---	3.0%	1.0%	The "other" is a health insurance increase.
Wyoming	----	---	-----	Governor recommends a $20 per month increase in the state contribution for health insurance.
Far West				
Alaska	3.6%	3.5%	---	The Governor's budget reflects a 3.6 percent cost-of-living adjustment and is the third year salary adjustment required by a 3-year contract.
California	---	5.0%	---	The Governor's budget does not propose a general salary increase. However, merit salary awards of up to 5 percent are available to eligible employees.
Hawaii	5.25%	---	---	
Nevada	*	2.5%	---	Trigger increase of up to 5 percent was based on projected fiscal 1992 ending fund balance; unlikely to go off due to declining revenue conditions.
Oregon	3.0%	*	15%	Approximately 70 percent of employees receive a merit increase that averages 4.75 percent. Other increases are for flexible benefits such as medical and dental.
Washington	---	---	0.6%	About 43 percent of classified employees received increases for "comparable worth" on July 1992. In addition, about 45 percent of all classified employees will receive an annual step increase of 5 percent.

Table A-8
NUMBER OF AUTHORIZED FULL-TIME EQUIVALENT POSITIONS IN THE GENERAL FUND, FISCAL 1991-1993

State	Fiscal 1991	Fiscal 1992	Fiscal 1993	Percent Change 1992-1993	Includes higher education faculty	State-administered welfare system
Alabama	35,034	34,855	35,000	0.42		x
Alaska	16,861	16,879	17,024	0.86	x	x
Arizona	32,041	31,737	32,252	1.62	x	x
Arkansas	16,314	17,070	17,070	0.00		x
California*	81,782	89,416	90,626	1.35		x
Colorado	25,116	25,133	25,133	0.00		
Connecticut	31,946	32,861	30,675	-6.65		x
Delaware*	20,889	19,758	19,471	-1.45	x	x
Florida*	136,493	134,148	139,829	4.23	x	
Georgia	82,662	82,126	81,496	-0.77	x	x
Hawaii	29,400	30,664	30,918	0.83	x	x
Idaho	7,704	8,198	8,363	2.01	x	x
Illinois	69,055	68,396	67,848	-0.80		x
Indiana	21,057	22,246	22,536	1.30		x
Iowa	33,983	34,551	34,108	-1.28		x
Kansas*	42,138	42,314	42,335	0.05	x	x
Kentucky	35,403	35,403	N/A			
Louisiana	52,470	52,956	53,378	0.80		x
Maine	9,022	8,580	8,777	2.30		x
Maryland	75,664	73,872	74,410	0.73	x	x
Massachusetts*	72,193	67,432	59,269	-12.11		x
Michigan	70,813	70,613	65,880	-6.70		x
Minnesota	16,357	16,535	16,540	0.03		
Mississippi	15,568	15,466	N/A			x
Missouri	30,563	29,923	28,951	-3.25		x
Montana	N/A	N/A	N/A			
Nebraska	N/A	N/A	N/A			
Nevada*	6,670	7,187	7,519	4.62		x
New Hampshire	N/A	N/A	N/A			x
New Jersey	71,324	66,616	66,616	0.00		x
New Mexico	20,021	20,581	21,051	2.28		x
New York	185,700	166,300	160,200	-3.67	x	
North Carolina	210,063	208,733	210,462	0.83	x	x
North Dakota	12,103	12,139	12,139	0.00	x	
Ohio*	28,000	28,000	28,000	0.00		
Oklahoma*	41,754	42,131	42,232	0.24		x
Oregon	45,452	46,781	46,781	0.00	x	x
Pennsylvania*	60,586	58,017	59,142	1.94		x
Rhode Island	N/A	17,671	17,250	-2.38	x	x
South Carolina	41,482	40,431	41,607	2.91	x	x
South Dakota	12,820	12,943	13,083	1.08	x	x
Tennessee	37,700	38,300	37,250	-2.74		x
Texas*	116,200	123,300	N/A		x	x
Utah	N/A	N/A	N/A			
Vermont	N/A	N/A	N/A			
Virginia	54,420	52,069	50,036	-3.90		
Washington	42,163	41,537	42,502	2.32	x	x
West Virginia	31,938	31,880	29,844	-6.39	x	x
Wisconsin	59,963	60,807	61,336	0.87	x	
Wyoming	12,923	12,923	13,114	1.48	x	x
Total	2,151,810	2,149,478	1,962,053	-0.7		

Notes:

California's figures are based on Schedule 4A personnel years and salary cost estimate data and assume that 50 percent of civil service positions are funded from the general fund.

Delaware's figures include public school employees.

Florida's figures include state trust funds and federal funds.

Kansas' figures reflect all budgetary funds.

Massachusetts' figures reflect all budgetary funds.

Nevada's 1992 figures include 266 positions eliminated due to budget cuts.

Ohio's 1992 and 1993 figures may decrease slightly due to layoffs.

Oklahoma' figures include federal and other funds.

Pennsylvania's figures include federal funds.

Table A-9
TAX COLLECTIONS COMPARED WITH PROJECTIONS USED IN ADOPTING FISCAL 1992 BUDGETS
($ in millions)

	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	2,047	2,034	1,925	625	587	T
Maine	463	537	569	591	33	52	T
Massachusetts	1,688	1,935	4,814	5,264	432	570	H
New Hampshire	N/A	N/A	N/A	N/A	116	75	L
Rhode Island	396	387	531	474	50	55	H
Vermont	159	157	298	289	31	27	T
MIDEAST							
Delaware	N/A	N/A	476	468	55	42	L
Maryland	1,683	1,600	3,291	3,016	144	139	L
New Jersey	4,138	4,055	4,572	4,466	1,136	1,002	L
New York	5,860	5,770	15,353	14,781	1,570	1,620	L
Pennsylvania	4,528	4,456	5,017	4,944	1,559	1,498	L
GREAT LAKES							
Illinois	4,176	4,001	4,611	4,526	607	535	L
Indiana	2,310	2,253	2,240	2,238	669	653	L
Michigan	2,889	2,785	4,047	3,651	1,889	1,721	L
Ohio	3,598	3,502	4,007	3,905	811	745	L
Wisconsin	2,121	2,115	3,154	3,155	438	430	T
PLAINS							
Iowa	798	802	1,583	1,590	243	244	T
Kansas	893	897	950	940	150	167	H
Minnesota	2,156	2,169	3,131	2,927	424	417	L
Missouri	1,280	1,283	2,189	2,171	265	271	T
Nebraska	606	603	650	657	106	100	L
North Dakota	222	222	123	123	49	49	T
South Dakota	259	264	N/A	N/A	N/A	N/A	H
SOUTHEAST							
Alabama	870	830	1,135	1,127	180	170	L
Arkansas	1,066	1,036	949	960	143	130	L
Florida	8,830	8,315	N/A	N/A	885	728	L
Georgia	2,927	2,750	3,260	3,097	498	450	L
Kentucky	1,388	1,361	1,769	1,670	361	284	T
Louisiana	1,521	1,520	864	872	347	260	L
Mississippi	900	838	487	490	179	183	L
North Carolina	2,185	2,185	3,594	3,594	597	597	T
South Carolina	1,228	1,177	1,538	1,439	148	139	L
Tennessee	2,446	2,420	115	97	310	275	L
Virginia	1,443	1,346	3,364	3,313	303	262	L
West Virginia	552	552	582	582	130	130	L
SOUTHWEST							
Arizona	1,547	1,508	1,286	1,297	190	195	L
New Mexico	778	783	438	440	64	72	L
Oklahoma	943	915	1,237	1,266	127	156	T
Texas	8,495	8,495	N/A	N/A	N/A	N/A	T
ROCKY MOUNTAIN							
Colorado	805	825	1,590	1,583	126	117	L
Idaho	356	358	458	468	65	60	H
Montana	N/A	N/A	331	317	54	53	L
Utah	778	784	715	775	96	89	H
Wyoming	224	223	N/A	N/A	N/A	N/A	L
FAR WEST							
Alaska	N/A	N/A	N/A	N/A	256	186	L
California	17,018	16,188	19,629	18,133	5,385	5,017	L
Hawaii	1,349	1,333	911	939	87	93	H
Nevada	311	298	N/A	N/A	N/A	N/A	L
Oregon	N/A	N/A	2,193	2,193	162	162	T
Washington*	3,487	3,382	N/A	N/A	1,284	1,172	L
TOTAL	103,779	101,262	110,086	106,753	23,375	21,979	

Key: L=Revenues lower than estimates H=Revenues higher than estimates T=Revenues on target
Washington's figures reported under corporate income tax are for the corporate business and occupations tax.

Table A-10
PROJECTED TAX COLLECTIONS
FOR FISCAL YEARS 1992 AND 1993*

($ in millions)

	Sales Tax		Personal Income Tax		Corporate Income Tax		Change From
Region/State	Projected Fiscal 1992	Projected Fiscal 1993	Projected Fiscal 1992	Projected Fiscal 1993	Projected Fiscal 1992	Projected Fiscal 1993	Fiscal 1992-1993 All Sources
NEW ENGLAND							
Connecticut	2,047	1,999	1,925	2,271	587	527	
Maine	537	600	591	661	52	51	
Massachusetts	1,935	2,000	5,264	5,082	570	574	
New Hampshire	N/A	N/A	N/A	N/A	75	123	
Rhode Island	387	409	474	500	55	58	
Vermont	157	171	289	309	27	28	
MIDEAST							
Delaware	N/A	N/A	468	479	42	51	
Maryland	1,600	1,696	3,016	3,220	139	156	
New Jersey	4,055	4,255	4,466	4,645	1,002	1,057	
New York	5,770	5,886	14,781	14,385	1,620	1,595	
Pennsylvania	4,456	4,731	4,944	4,880	1,498	1,436	
GREAT LAKES							
Illinois	4,001	4,089	4,526	4,574	535	545	
Indiana	2,253	2,396	2,238	2,335	653	710	
Michigan	2,785	2,970	3,651	3,883	1,721	1,812	
Ohio	3,502	3,736	3,905	4,193	745	805	
Wisconsin	2,115	2,255	3,155	3,360	430	470	
PLAINS							
Iowa	802	835	1,590	1,657	244	252	
Kansas	897	930	940	1,010	167	185	
Minnesota	2,169	2,270	2,927	3,017	417	425	
Missouri	1,283	1,348	2,171	2,320	271	269	
Nebraska	603	626	657	692	100	97	
North Dakota	222	238	123	129	49	44	
South Dakota	264	278	N/A	N/A	N/A	N/A	
SOUTHEAST							
Alabama	830	875	1,127	1,201	170	179	
Arkansas	1,036	1,098	960	1,036	130	154	
Florida	8,315	8,859	N/A	N/A	728	797	
Georgia	2,750	2,909	3,097	3,318	450	428	
Kentucky	1,361	1,413	1,670	1,792	284	289	
Louisiana	1,520	1,244	872	925	260	290	
Mississippi	838	858	490	506	183	190	
North Carolina	2,185	2,391	3,594	3,921	597	643	
South Carolina	1,177	1,238	1,439	1,559	139	146	
Tennessee	2,420	2,493	97	102	275	285	
Virginia	1,346	1,404	3,313	3,429	262	278	
West Virginia	552	636	582	637	130	132	
SOUTHWEST							
Arizona	1,508	1,576	1,297	1,385	195	200	
New Mexico	783	841	440	455	72	72	
Oklahoma	915	974	1,266	1,342	156	165	
Texas	8,495	9,236	N/A	N/A	N/A	N/A	
ROCKY MOUNTAIN							
Colorado	825	867	1,583	1,708	117	116	
Idaho	358	378	468	505	60	62	
Montana	N/A	N/A	317	358	53	61	
Utah	784	821	775	828	89	95	
Wyoming	223	231	N/A	N/A	N/A	N/A	
FAR WEST							
Alaska	N/A	N/A	N/A	N/A	186	149	
California	16,188	16,859	18,133	19,522	5,017	5,420	
Hawaii	1,333	1,363	939	969	93	90	
Nevada	298	316	N/A	N/A	N/A	N/A	
Oregon	N/A	N/A	2,193	2,360	162	188	
Washington	3,382	3,550	N/A	N/A	1,172	1,284	
TOTAL	101,263	106,146	106,753	111,460	21,979	22,982	4.61

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

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

State	*Tax Change Description*	*Effective Date(s)*	*Fiscal 1993 Revenue Change ($ in millions)*
SALES TAX			
Alabama	Broaden the base.	1/93	101.8
Florida	Remove certain exemptions.	6/92	661.8
Georgia	Reduce vendor discount from current 3 percent to a scale.	4/92	50.0
Illinois	Prepay.	7/92	10.0
Iowa	Extend to consultants and waste collections.	4/92	9.5
Maryland	Expand base.	1/92	374.4
Minnesota	Occasional sales tax exemption.		-0.7
New York	More frequent remittance by large vendors and technical corrections.	6/92 & 9/92	69.0
Ohio	Limit aid to local governments and districts; expand base.	1/92	72.0
Rhode Island	Broaden the base.	7/92	46.8
	Revised sales tax commitment to DEPCO.	7/92	-6.3
South Carolina	Reduce vendor discount.	7/92	5.6
Washington	Extend sales tax to cable TV services.	6/92	20.7
Wisconsin	Remove exemption for exercise facilities and administrative changes.	7/92	9.0
PERSONAL INCOME TAX			
Alabama	Change to federal taxable income.	1/93	149.2
Arizona	Reduction in each tax rate.	1/92	-60.0
California	Increase enforcement and eliminate health care credit. The health care credit would begin January 1, 1993 unless repealed, as proposed by the Governor.	1/93	142.0
Hawaii	Raise renters' tax credit to $85.	1/93	-4.0
Maryland	Repeal tax breaks for nonresidents.	1/92	6.0
Massachusetts	Reduce income tax rate from 5.95 percent to 5.75 percent.	1/92	-140.0
Minnesota	Political contributions, fiduciary payments, federal conformity.	various	3.0
Montana	Uniform taxation of retirement.	1/91	15.0
	Conform to federal estimated tax payments.	1/92	34.0
New York	Conform to federal estimated payment rules.	1/92	45.0
Ohio	Limit aid to local governments, change employer withholding, miscellaneous changes in credits.	1/92	53.1
Tennessee	Introduce a 3 percent tax on federal adjusted gross income less $4,000 exemption per person.		654.0
Wisconsin	Exclude certain miscellaneous deductions.	7/92	15.0
CORPORATE TAXES			
Alabama	Change to federal taxable income. Increase marginal rate to 6.5 percent.	1/93	52.0
California	Eliminate health care credit. This credit would begin on January 1, 1993 unless repealed, as proposed by the Governor.	1/93	66.0

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

State	*Tax Change Description*	*Effective Date(s)*	*Fiscal 1993 Revenue Change ($ in millions)*
Florida	Reduce interest deduction; minimum tax on Sub-S corporations.	6/92	244.0
Illinois	Eliminate net operating loss carry back.	7/92	20.0
Maryland	Increase rate; set minimum tax.	1/92	28.4
Massachusetts	Business tax credits for investment research and job creation.	Various	-52.0
Michigan	Single business tax.		-3.0
Minnesota	Estimated tax payments.	various	2.0
Missouri	Temporary corporate rate increase sunset.	12/91	-30.0
New York	Conform to federal estimated payment rules.	1/92	10.0
Ohio	Limit aid to local governments; close loopholes.	1/92	64.3
Rhode Island	Amendments to simulcast.		1.5
	Retain public utilities tax and corporate surtax at current levels.	7/92	8.2
	Adjust net operating loss provisions.	7/92	3.2
	Adjust business minimum tax from $100 to $250.	7/92	3.5
Washington	Extend business and occupation tax to gambling.	6/92	11.9
CIGARETTE AND TOBACCO TAXES			
Florida	Eliminate dealer collection allowance.	6/92	1.9
Illinois	Increase tax on tobacco products.	7/92	10.0
Iowa	Increase 10 cents per pack.	4/92	21.6
Maryland	Increase rate.	1/92	105.0
Nebraska	Increase cigarette tax from 27 cents to 37 cents.	7/92	13.0
Ohio	Eliminate purchase of stamps on credit, debt retirement.	1/92	11.1
South Dakota	Raise rate from 23 cents to 30 cents.	7/92	4.1
Wisconsin	Increase 5 cents per pack.	5/92	19.5
Wyoming	Increase 8 cents per pack.	7/92	3.2
MOTOR FUEL TAXES			
Florida	Eliminate dealer collection allowance.	6/92	0.2
Maryland	Increase rate.	1/92	122.2
Missouri	Increases of 2 cents in 1992, 2 cents in 1994, and 2 cents in 1996.	4/92	48.4
New York	More frequent remittance by large vendors.	9/92	43.0
ALCOHOLIC BEVERAGES			
Florida	Eliminate dealer collection allowance.	7/92	8.0
Illinois	Increase rates to national average.	7/92	83.0
Maryland	Increase rate.	7/92	29.0
Wyoming	Increase of 13 cents per gallon.	7/92	1.5
MISCELLANEOUS TAXES AND REVENUES			
Alabama	Increase 7.5 mills ad valorem.	various	122.5
	Intangibles tax.	various	30.2
	Others- increase rates.	various	66.3
Alaska	Increase fees charged and collected.	7/92	14.6

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

State	*Tax Change Description*	*Effective Date(s)*	*Fiscal 1993 Revenue Change ($ in millions)*
Connecticut	Various license and fee increases.	7/92	100.6
Delaware	Court fees.	3/92	0.5
Florida	Various increases.	6/92	438.0
Georgia	Increase fees for tags and titles.	5/92	129.0
	Increase fees for drivers' licenses.	5/92	23.0
	Increase other assorted fees.	5/92	31.0
Iowa	Assessment on health care providers.	7/92	60.0
	Court fines.	7/92	6.0
Louisiana	Assess fees on pollutants.	7/92	3.6
	Across-the-board increase in industrial fees.	7/92	3.0
	Percentage increase on hazardous waste facilities.	7/92	2.5
	Percentage increase on solid waste facilities.	7/92	1.5
	Medicaid provider fee.	7/92	167.0
Maryland	Impose new fees.	7/92	45.7
Michigan	Various fees.	during fiscal 1993	18.8
Minnesota	Various fees.		11.0
New Jersey	Increase pollutant discharge control fee.	7/92	3.7
	Increase hazardous waste fee.	7/92	3.4
	Increase filing fees in the judicial branch.	7/91	18.1
	Increase fire safety inspection fees.	10/91	2.9
	Increase insurance licensing and enforcement fees.	10/91	5.1
	Increase solid waste fees.	7/91	4.9
	Increase fees and impose new penalties to enforce work place standards.	12/91 & 7/92	2.5
New York	Various fees.	various	154.0
Ohio	Various fee increases and cash transfers.	1/92	84.4
Pennsylvania	Correction of prior year oversight in electric utilities' gross receipts tax rate.	7/92	77.5
Rhode Island	Health care provider assessment- net change.		10.6
	Increase portion dedicated to transportation fund from 5 cents to 10 cents.	7/92	21.2
South Carolina	Increase radioactive surcharge burial fees and hazardous waste processing fees.	7/92	73.2
Virginia	Shared provider financial participation for health care providers.	7/92	28.2
Washington	Extend real estate excise tax to transfers of property as sale of business assets.	6/92	9.3
Wisconsin	Remove land contract deferral for real estate transfer fee.	7/92	1.0
Wyoming	Extension of 1.5 percent severance tax on trona and coal.	7/92	9.5

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

Region/State	Total Balances ($ in millions) Fiscal 1991	Fiscal 1992	Fiscal 1993	As a Percent of Expenditures Fiscal 1991	Fiscal 1992	Fiscal 1993
NEW ENGLAND						
Connecticut	-$966	$0	$0	-14.6 %	0.0 %	0.0 %
Maine	5	1	0	0.3	0.0	0.0
Massachusetts	237	117	77	1.7	0.9	0.6
New Hampshire	-25	-4	2	-3.8	-0.6	0.2
Rhode Island	4	10	25	0.2	0.5	1.7
Vermont	-57	-51	-12	-8.9	-7.7	-1.9
MIDEAST						
Delaware	114	108	100	9.4	8.7	8.1
Maryland	0	13	103	0.0	0.2	1.5
New Jersey	1	403	227	0.0	2.8	1.5
New York	0	0	67	0.0	0.0	0.2
Pennsylvania	-452	4	3	-3.6	0.0	0.0
GREAT LAKES						
Illinois	100	110	200	0.9	0.9	1.7
Indiana	432	376	174	7.4	6.5	2.8
Michigan	13	-591	207	0.2	-7.5	2.6
Ohio	436	-8	-524	3.4	-0.1	-3.7
Wisconsin	114	118	75	1.8	1.8	1.1
PLAINS						
Iowa	0	16	10	0.0	0.5	0.3
Kansas	162	125	169	6.5	5.0	6.7
Minnesota	555	256	262	8.0	3.9	4.1
Missouri	40	48	91	0.9	1.1	2.0
Nebraska	206	168	127	14.1	10.9	8.0
North Dakota	127	90	47	24.3	15.3	7.7
South Dakota	11	20	25	2.1	3.5	4.2
SOUTHEAST						
Alabama	1	0	0	0.0	0.0	0.0
Arkansas	0	0	0	0.0	0.0	0.0
Florida	145	69	200	1.3	0.6	1.5
Georgia	35	0	0	0.5	0.0	0.0
Kentucky	190	50	48	4.5	1.1	1.0
Louisiana	418	0	0	9.2	0.0	0.0
Mississippi	46	43	70	2.4	2.2	3.6
North Carolina	0	101	415	0.0	1.3	5.1
South Carolina	62	62	95	1.8	1.8	2.6
Tennessee	7	14	40	0.2	0.4	1.0
Virginia	0	28	1	0.0	0.4	0.0
West Virginia	89	24	0	4.7	1.2	0.0
SOUTHWEST						
Arizona	45	5	25	1.3	0.1	0.7
New Mexico	79	72	77	4.1	3.5	3.6
Oklahoma	381	402	417	12.4	12.6	12.5
Texas	729	-264	178	4.7	-1.5	1.0
ROCKY MOUNTAIN						
Colorado	16	76	-67	0.6	2.7	-2.2
Idaho	69	26	26	7.5	2.6	2.6
Montana	59	16	4	13.1	3.1	0.8
Utah	91	84	64	5.2	4.5	3.3
Wyoming	48	38	-33	11.1	9.6	-7.9
FAR WEST						
Alaska	1,582	816	-587	56.4	28.1	-21.2
California	-1,259	-1,344	512	-3.1	-3.1	1.2
Hawaii	347	382	80	12.4	13.8	2.4
Nevada	64	43	51	6.8	4.3	4.9
Oregon	380	290	173	16.1	10.8	5.9
Washington	728	162	74	10.4	2.1	1.0
TOTAL	$5,408	$2,524	$3,316	1.8 %	0.8 %	1.0 %